

## **INFRASTRUCTURE AFRICA Business Forum to provide solutions for Africa's socio-economic challenges**

**27 July, Johannesburg** - The International Monetary Fund, after a visit to the country in June, warned South Africa that its economy *"is extremely vulnerable to external shocks and funding shortfalls."* The Fund added that current political and domestic factors could exacerbate the situation, *"especially if accompanied by further downgrades of local currency sovereign credit ratings to below investment grade."* The Fund also said political uncertainty and instability would affect investor and business confidence. Hostile divisions within the ruling African National Congress (ANC), motivated by the contest to replace President Jacob Zuma have raised investor fears that government policy to promote socio-economic development and revive economic growth would be neglected.

Against this backdrop, the impact of Africa's current economic status and future growth potential on infrastructure development will be deliberated during the **6th annual Infrastructure Africa Business Forum (IABF)** at the Sandton Convention Centre on the 21st and 22nd of August. This event will be attended by prominent government officials, infrastructure experts and business professionals from across the continent. These participants will collaborate and discuss ways to advance infrastructure in the face of current socio-economic and political challenges – not only in the South Africa but within the whole of Africa.

**Infrastructure Africa** will address a myriad of issues raised by national governments, regional businesses and infrastructure players as they seek new opportunities of growth and address obstacles in the African infrastructure space. The event is the biggest regional event dedicated to the topic of infrastructure and focused on regional integration of infrastructure projects and opportunities.

The following themes will be addressed:

- **Transboundary Infrastructure Projects**

Integrating infrastructure is critical to deepening regional integration and developing transboundary infrastructure projects, allowing for better economies of scale and the development of cross-border public goods industries. Road and rail transport corridors, airports and seaports link countries physically, politically and economically, and also provide global market access. Transport infrastructure is often linked to other regional infrastructure projects in energy, communications, water and sanitation.

- **Developments, challenges & opportunities for infrastructure development in Africa**

Every productive economy has strong infrastructure networks. Infrastructure connects cities and countries together, is the backbone of transport systems, healthcare systems, technology and schools. In Sub-Saharan Africa, poor infrastructure cuts national economic growth by two percentage points every year and reduces productivity by as much as 40 per cent. The continent has made strides, but there are always new opportunities for seizing when it comes to developing infrastructure to set the stage for economic expansion of Africa's countries.

- **Mobilising financial resources & revenue sustainability**

In an increasingly volatile global political context, mobilising financial resources for infrastructure projects has become more complex and challenging. Africans are innovative and entrepreneurial and with the political will and accountability from its governments, and with sound public-private-partnerships that are in the interests of the people, Africa can look inward to finance its own growth to find African solutions to Africa's problems. These solutions need to ensure revenue sustainability and long-term income generation plans.

- **Employment opportunities, job creation & youth development: Maximising African content in African infrastructure projects**

Youth are Africa's greatest asset. Africa's population is 1.2 billion and is projected to more than double by 2050, when it will make up one-fourth of the world's population. Africa will remain the world's youngest region, with the median age of the population under 25 years old. If properly harnessed, this growing working age population could drive Africa's economic transformation. Political and private sector leadership must focus on providing long-term opportunities for growth by building infrastructure that will support the growth of industries and job creation for future generations.

- **Transport regulations should promote the use of railway infrastructure to enhance the growth of local business**

The development and maintenance of efficient and competitive transport systems ensures an integrated infrastructure network that can then serve as a catalyst for social and economic development; will promote safe and secure transport sectors; improve rural access, infrastructure and mobility; improve public transport systems, and increase the contribution of the transport sector to job creation in Africa. Transport regulations in Africa should look at promoting the use of railway infrastructure to support local and regional businesses, rather than using the road network, which slows down the continent's productivity and keeps the costs of doing business and moving goods very high.

- **Project bankability - Proper project preparation and due diligence**

Many an infrastructure project has failed for lack of proper planning and preparation in the early stages of a project. Structuring a project as a bankable project requires detailed consideration on the technical, legal and economic aspects of the project. Every bank and financial institution has its own set of criteria through which it assesses the bankability of a project. However, the basic requirement is that a project should have a stable and visible cash flow throughout the entire financing period of the project.

- **Transformational technology & innovation in Africa**

African governments are increasingly seeing infrastructure development as a job creation opportunity and the last 10 years has seen a marked change in the number of infrastructure projects in Africa reaching financial close, and several of these have been in transformational technologies. However, Africa still has much to do to leapfrog its innovation and development into a world where technological advancements and innovation are becoming increasingly important for being a global business player. Africa has the potential to leap frog by utilising the technological advances of other countries investing in Africa's infrastructure.

- **De-Risking transboundary infrastructure projects**

Infrastructure investments require long-term policy planning, with strategic policy frameworks that exceed political cycles, have broad political consensus and are able to endure beyond the next elections. This is particularly true for projects that take place across and between national borders. Co-ordinating the priority-setting of regional projects has been especially difficult, given the significant differences across countries and sectors in governance and regulatory environments, the varying levels of private-sector involvement, the intensity of economic activity, the conditions of peace and stability, as well as the demand for, and acceptance of, these projects.

- **Potential investments in South Sudan**

South Sudan is an emerging market that is being built from scratch. The road network, housing, business sector, healthcare, schools and other infrastructure need urgent attention. A lot has been done since the signing of the Comprehensive Peace Agreement (CPA) in 2005 and Juba, for instance, has been transformed from a virtual ghost town into a commercial hub. But the nation and potential investors still need to be patient as the government and other stakeholders put the necessary infrastructure and systems in place.

- **China Inc. in African infrastructure: Implications and opportunities for the continent and its infrastructure players**

China has become a primary financier of infrastructure projects in Africa and a strategic trading partner for Africa as Europe's growth has slowed. However, this has raised a variety of concerns among international financial institutions, non-governmental organisations, and Western governments, especially with regard to the impact of Chinese financing on debt creation, good

governance, and environmental protection

Africa's potential for development is huge and the IABF will play a crucial role in unlocking the potential for business development within infrastructure development across the continent as well as exploring valued trade partnerships with key investors such as those emerging from China.