BIZCOMMUNITY

Partnerships giving Africa a new look

The private sector in Africa is playing a crucial role in the continent's economic development - more than it did a decade ago.

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Following deep shortfalls in national budgets, African governments are turning to public-private partnerships (PPPs) to bric the financing gap. Foreign investments supported by collaborative co-financing with development finance institutions offer prospect of necessary capital to finance industries, build infrastructure, provide social amenities and create jobs.

Narrowing sub-Saharan Africa's infrastructure gap could have a big effect on growth. For instance, growth of GDP per capita for the region would increase by an estimated 1.7% per year if the region were to close the gap with the median fo the rest of the developing world, according to a World Bank report of April 2017.

Closing the infrastructure gap relative to the best performers in the world could increase growth of GDP per capita by 2.6 per year. The largest potential growth benefits would come from closing the gap in electricity-generating capacity.

In the last 10 years, the continent has welcomed partnerships in such infrastructure projects, with the construction of road bridges and dams being the most common. There are also partnerships in power generation, renewable energy, health an telecommunications.

Côte d'Ivoire, Ethiopia, Ghana, Kenya, Morocco, Nigeria, Rwanda, South Africa, Tanzania, Uganda, and others, have benefitted from PPPs. Examples of PPPs at work in Africa, include the Henri Konan Bédié Bridge in Côte d'Ivoire; the Lal Turkana Wind Power Project in Kenya; Senegal's Dakar-Diamniadio Road; power and water projects in Ghana, Nigeria a Rwanda; and the Tanger-Med port project in Morocco, among others.

MARKETING

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However, even as PPPs continue to change the face of Africa through megaiprojects, experts are urging African governments to be careful and learn from failed PPPs when signing on to new partnerships.

Mukhisa Kituyi, the secretary-general of the United Nations Conference on Trade and Development, the UN body that dea with trade, investment and development issues, is advising governments to avoid bad debt by engaging experts with the necessary skills to negotiate favourable partnerships.

The Brooking Institution's John Mbaku, also a Professor of economics at Weber State University in the US, agrees with Kituyi on the need for African governments to ensure that PPPs work to the countries' advantage. Potential negative impac include ballooning debts and environmental damages.

The UK-based Bretton Woods Project, an institutional watchdog of World Bank and IMF policies, stresses the need for African countries to ascertain the true costs and benefits of PPPs over the lifetime of a PPP project. Governments should disclose information on risk assessments of such megaprojects, including potential environmental and social impacts.

For partnerships to work well there is a need for more informed consultations, broader civil society involvement and closer monitoring of projects by all stakeholders.

Source: Africa Renewal.