

Private equity seen as key to Africa's infrastructure speed-up

Tuesday, 14 June 2016

Article by: Martin Creamer

Gaborone (miningweekly.com) – Mobilising private equity to help fill Africa's \$31-billion infrastructure expenditure gap is key to the continent's future, says Africa Infrastructure Investment Managers' regional director Vuyo Ntoi.

Ntoi, who addressed the Botswana Resource Sector Conference here, outlined the funding case for infrastructure building in Africa, where the macroeconomic fundamentals are favourable.

Against the backdrop of gross domestic product growth of Africa being second and the infrastructure gap in Africa remaining large, Ntoi called for deregulation to allow private owners to become the facilitators of infrastructure provision.

Needed to close the \$31-billion expenditure gap was also the need for willingness on the part of independent regulators to provide the returns that would enable private players to enter the market.

The head of the group managing five [sic] funds that were keen on investing in infrastructure in Africa, said regulators could emulate the model used to facilitate South Africa's renewable energy programme as the South African toll road programme that opened three major routes to the private sector in the 1990s.

"We believe that private infrastructure funds are key to unlocking Africa's potential," Ntoi commented.

While project finance was the most efficient, consideration should also be given to the fast-tracking of risk-based financing.

The capital that went in first was not necessarily the funding at the end and projects could be fully equity funded initially with a view to introducing debt at a later stage.

"Equity is agile and can be quickly deployed," Ntoi told the conference attended by Creamer Media's Mining Weekly Online.

ENDS