Business News of Thursday, 21 May 2015 **Source:** Graphic.com.gh

Ghana is 5th most attractive to infrastructure investors

Ghana is the fifth country in Africa that has great opportunities for infrastructural investment, given the gaping gap in infrastructural delivery.

The country's infrastructure and capital project financing totalled $590 million for the last 10 years and it is expected to rise by eight per cent every year and reach $12 billion in new financing for the next 10 years to 2025, a new PriceWaterhouseCoopers (PwC) report has identified.

The country also came sixth in overall ranking in the Capital Projects and Infrastructure Report, a global study conducted by accounting and business advisory firm.

However, with such opportunities and trailing countries such as Tanzania, Kenya, Zambia and Nigeria, Ghana needs to put its house in order by developing skills set within the public sector, especially in designing projects and conducting rigorous feasibility studies to determine the actual viability of projects.

This bankability of projects is important to attracting financing in the delivery of infrastructure in the country, including social and commercial infrastructure, a gap the International Finance Corporation (IFC) has estimated would take the country about 10 years of $1.5 billion investment each year to close.

A Partner and Leader, Capital Projects and Infrastructure, PwC Africa, Mr Jonathan Cawood, who co-presented the report in Accra, said opportunities in Ghana's infrastructure and capital projects space followed the global front.

"According to PwC's recent Infrastructure Spend Review, portfolios will increase at an annual average of 10 per cent through to 2025, exceeding $180 billion per annum by the end of this period in sub-Saharan Africa," he said.

Underlying the growth in expenditure will be transport, logistics, power and utilities. According to a Partner at PwC Ghana, Mr Vish Ashiagbor, social infrastructure such as schools and hospitals would also define infrastructure investments in Ghana.

While Ghana's spending on infrastructure and capital projects was projected to grow at eight per cent a year for the next 10 years, spending a total of $12 billion, growth in Nigeria and South Africa was expected to be 31 per cent and 37 per cent respectively.

Access to capital

Both speakers were unanimous that access to capital would not be an issue for any country. However, a country needed in attracting investments was "good project preparation."

"We don't think there is a lack of finance, we think there is a tremendous amount of capital around looking for good projects. Mainly we think it's due to projects not being part of a master plan or a pipeline of projects and insufficient project preparation," Mr Cawood said.

He explained that feasibility and understanding demand and supply dynamics, levels of affordability and willingness to pay were all factors that impacted the viability of the project.

The availability of skilled resources, which was identified as a pressing challenge in West Africa, including Ghana, contributed to project delays and cost overruns. The delays cause budget overruns in between 10 per cent and 50 per cent of such capital and infrastructure projects in West Africa.

In spite of that, the country still remains an attractive destination for infrastructure and capital projects investments, as stated by Mr Ashiagbor: "Ghana is still an attractive environment not only in Africa. Overall, if we are more forward-looking, Ghana has potential. The issue is to realise that potential and that takes action. It's time we stopped talking and take action."

Public-private partnership

The Minister of Finance, Mr Seth Terkper, who was at the presentation, recounted the new school of thought for financing infrastructure, which includes partnering with the private sector to develop public-private partnership (PPP) projects to take pressure off government coffers.

He said it should be possible for cities, metropolitan and municipal authorities to assume the responsibility of implementing such infrastructural projects that could pay for themselves in their localities.

Mr Terkper said the new thinking was that for such projects sovereign guarantees given to back them should only trigger in the final stage, where the projects fail to pay for themselves, saying: "The guarantees should not assume the debt, but should be a fallback for bailing out the authorities."

Comments:
This article has 4 comments, give your comment