Distinguished Ladies and Gentlemen,

I regard it a singular honour to be called upon to give the opening remarks at this important conference which is a meeting of some of the best minds in the public and private sectors in Africa and beyond. There is no doubt that this is a great opportunity to engage in meaningful dialogue and jointly develop best practice solutions for Private-Public Partnerships (PPP), which is universally acknowledged as the most realistic and sustainable route to addressing Africa’s acute infrastructure gap.

For the majority of us in attendance, the subject matter of this conference is very familiar, as the principle of public-private partnerships as a catalyst for socio-economic growth in Africa has been on the agenda for some time. However, until fairly recently, the often repeated statistics and unfavourable conditions associated with Africa were so overwhelmingly negative that they undermined any urgency to bridge the gap between PPP theory and effective practice.

Some of those statistics bear repetition to emphasize the demand for PPP:

- The power generating capacity of sub-Saharan Africa, with a population of over 800 million, is roughly equivalent of Spain with its 45 million citizens. Indeed, the power sector in Africa is by far the neediest of the infrastructure sub-sectors.

- The combined power consumption per capita of Brazil, Russia, India and China “the BRIC countries” is more than twice the entire African continent. Africa is currently spending only $11.6 Billion out of $40 billion per annum that it should spend on power – this represents only a quarter.

- Road density, measured per square kilometres of land, is almost five times as high in BRIC countries as in all of Africa.
Due to poor infrastructure and inefficiencies, logistics costs, whether measured in Dollars or time, are twice as high in Africa as in the BRIC’s.

Today, in spite of the fact that 48 out of Africa’s 53 countries require $93 billion year on year to plug the infrastructure gap, and that Africa’s demand outstrips existing infrastructure, we have every reason to be optimistic.

This optimism arises from the fact that though for the near-sighted, Africa’s infrastructure gap is a major prohibiting challenge but for the far-sighted, these infrastructure gap provides great investment opportunities in public services such as roads, transport, power, water, health, ICT, and ports. This is not only because they are routed in real, tangible, user demand, but they are the product of astonishing economic growth over the last few years. According to the African Development Bank, Africa’s real GDP grew by roughly 5% a year from 2000-2008, at par with China and Brazil, putting money into the hands of millions of Africans.

Indeed, the global recession which brought havoc to the developed world merely slowed a remarkable growth-trend in Africa to 3.5%, with the expectation that by YE 2011, growth rates will be back to 5%. This resilience is testament to the long term sustainability of its growth story. This means that the time to leverage the incredible potential that Africa presents is now and I sincerely believe that our discussions should be unashamedly optimistic and focused on how best to convert this demand to attractive business propositions for the private sector. The pertinent questions must dwell on what strategies will be required or appropriate for private-public partnerships under the new dispensation of growing demand driven by good economic forecasts for Africa?

It is clear that African Governments cannot provide the funding required for infrastructural development. Of the estimated $93 Billion a year required to bring African infrastructure to acceptable levels, Governments are presently spending an estimated $45 Billion a year. The question of efficiency of the deployment of the resources then stares us in the face. Even though external donor commitments for infrastructure rose from $7 Billion in 2005 to $38.4 Billion in 2009, a huge funding gap remains and there is a critical need to create the right environment for private funding.
When I refer to the right environment, I speak of a practical demonstration by African Governments, politicians and indeed the citizenry that they fully appreciate and understand the transformative power of PPPs, by creating the necessary environment and incentives to attract the requisite long term funding. The measures required will also result in a positive adjustment to the negative sovereign risk index, which have plagued many African countries to date and discouraged investors.

I speak of reforms which are commonly referred to as institutional reforms but I will like to call them non-physical infrastructure which is the backbone for sustainable PPP. These elements include:

- Judicial reforms which entrench the rule of law, sanctity of contract and security of lives and property: Indeed in many African countries, significant improvements have been recorded in this regard and the results in terms of an increase in foreign investment and private entrepreneurship are clear to see.

- Stable Government and a marked decrease in corruption: The private sector should be viewed as a much needed partner with common long term objectives for national growth and development. This will drive policy consistency, forward planning and the provision of incentives to encourage and stimulate private enterprise.

- Regulatory stability and predictability: This is critical particularly for the key industries that support important indices for development. An obvious success story is the GSM industry in Nigeria which is today the fastest growing market in Africa. This is directly attributable to a robust and visionary regulatory environment.

- An empowered and capable civil service with a superior manpower quality reminiscent of the post-colonial, pre-military era in many African countries. In Nigeria, the recruitment of respected private sector technocrats at federal and state level has brought many positive changes to governance.

- Enabling legislation which underpins the necessary governance structure around the required processes and procedure for PPP. Such legislation must also create and safeguard credible,
autonomous and apolitical regulatory bodies - (neutral, i.e. depersonalised and depoliticised national institutions with unquestionable credibility).

- A paradigm shift on the part of Government such that their citizenry are viewed as deserving consumers of critical public services, and like other discerning consumers of goods and services anywhere in the world, they are prepared to pay an economic fee for access to those services. The Government must cease to regard itself as a welfare state, but as a compassionate enabler of a decent quality of life for its citizens with the requisite political will and maturity to see it through.

- A clear understanding by Governments of the distinction between PPP and Corporate Social responsibility. PPP should be viewed as strictly commercial in nature with the parameters for success routed in the usual commercial and legal paradigms.

This is the reality and if we do not hasten to put these institutional frameworks in place, many countries in Africa will not be able to compete for the resources needed to plug the yawning infrastructure gap on a sustainable basis.

It would appear that many economic ‘think-tanks’ have reached similar conclusions as many of us in the private sector, and they have advanced many hypotheses on how we can build the required institutional frameworks for development. However, Africa requires practical support to translate these findings to a practical road map for effective PPP. That is why this conference organized by the IFC is so useful and timely.

This conference and all the work being done by the World Bank, the ADB, and many other organizations, individuals and Governments may well be the ‘tipping point’ towards unleashing the full potential of Africa’s economic ascendancy.

I wish to thank the IFC for facilitating our discussions today and I am excited at the possibilities that this conference offers, for public-private collaboration.

I welcome you all and I wish you fruitful deliberations.

Thank you.