Prof. Carlos Lopes

« Obstacles must be overcome to increase investment in infrastructure »

President of the of the Conference Board, Professor Carlos Lopes delivered a great message of orientation for roads and transport in Africa, on the occasion of the Final Conference 2020 of The Africa Road Builders – Trophée Babacar NDIAYE. On the sidelines of AfDB Annual Meetings 2020. « We must mobilize more for infrastructure », he said.

It is truly a pleasure to speak at this conference which confirms one more year of hard work on the part of the General Commission and Barthelemy Kouamé and the team whom I would really like to thank on behalf of all of us.
Of course, this conference is linked to the name of Babacar Ndiaye who is our inspiration and it is also very important for us to remember that his commitment to development, his commitment to the transformation of the continent was very much linked to real development, practical infrastructure. Hence the need for the Africa Road Builders to really associate the Prize with something very tangible to the thought of Babacar Ndiaye which is to contribute to the development of infrastructure on the continent. Given the role they play in the economy and social transformation of each.
As I mentioned during the preparatory conference, I participated in the Dakar summit on infrastructure and finance in June 2014, a summit which was chaired by President Maky Sall in his capacity as coordinating President of NEPAD. He decided to organize such a conference to push and advance high impact projects across the continent, including those of integrated corridors with a regional dimension. This is to strengthen ambitious national and transnational projects. Projects that have been presented each year by NEPAD and various agencies for funding and we have difficulties in mobilizing the necessary funding.
I must admit that since 2014, the progress we have made on infrastructure projects although spectacular have not yet hit the nerve center related to the regional impact and that is why we continue to insist on the 16 more important. Impactful infrastructure projects require a qualitative leap, a change in attitude so that we can benefit from transnational arrangements. Because they are the ones who will propel african integration and as we know, we are entering a very interesting phase of political mobilization for the integration of Africa.
At the time, Ibrahim Mayaki (NEPAD) my colleague and friend and I in my capacity as executive secretary of the Economic Commission for Africa presented a book with the most impactful projects and this book was an attempt to show that we have bankable projects even on regional dimensions. So it's not a question of what we want but what we need to put in place so that the implementation follows our big ideas.

24% to 25% increase in investments in 2018 compared to 2017

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African governments were the main source of this funding with 37% of the total commitments followed by China which committed about a quarter of the total. For its part, the private sector contributed only 12% and it is rather small and that is where the problem lies. This is why we must mobilize more.
These figures represent an increase in funding commitments in all sectors but they also demonstrate that there are winners and among them the ICT sector in particular. If ICT, which is very important for our future, mobilizes a lot of money, and this comes mainly from the private sector, then the private sector seems to be much more comfortable with intangible infrastructures than with physical infrastructures.
Even with the significant increase in commitments, there remains a financial deficit which the African Development Bank now estimates at around 90 billion per year. So we need to mobilize a lot more and we also need to look at areas that do not seem to be of great interest.
Water and sanitation have the biggest financing gap of any sector. Yet it is so important to our health and we know it because COVID-19 alerts us and we need to make sure we understand the importance of health as a threat, even for what we have achieved economically. Money is not the main problem we face. I want to confirm to you that part of the problem of accelerated private sector involvement in infrastructure in Africa is really related to the lack of appropriate legal and regulatory policy frameworks that can facilitate the financing of cross-border infrastructure.
There are many factors. One of them is of course the colonial heritage, with different languages, different business environments. Some are political challenges. It is all this that intimidates the private sector's interest in cross-border infrastructure.

Egypt proves that we can do it...

But given the potential for significantly increased private sector investment, our efforts must be focused on structuring the infrastructure to meet these requirements and this is not rocket science.We can do it because we have been able to do it at the national level with a lot of skills. As the winner of this year's Prize, Egypt is demonstrating that the time required to properly develop and structure infrastructure projects is normally very long and we have to shorten it. We need to make sure that we introduce more innovative mechanisms like public-private partnerships which have been abandoned and sometimes because of lack of funding but mostly because of poor design and because they were not commercially viable.

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This gave PPPs a bad reputation because they were not properly implemented. This prevents us from attracting significant partners, managing an incredible excess of savings. We are highly dependent on external financing and this external financing is obviously very difficult to mobilize because of the long-term nature of the infrastructures but also because of all the perceptions of risks that are associated with us.
We know that a lot of them are true but we also know that a lot of them are exaggerated or not completely misplaced but distorted and therefore we suffer from this perception of risk and the only way to reduce it and managing risk is ensuring that state intervention is carried out intelligently.
From energy to public transport, water supply to buildings, etc., is part of an integrated transformation policy. So it's clear that it's not just white elephants, and this is something definitely worth watching. We can eliminate poverty and reduce the risk of climate change. All together we need integrated policies, and as I said before, more money alone would not be enough. A series of obstacles must be overcome to increase the quantity and quality of infrastructure investments.
According to the World Commission on the Economy and the Climate to which I belong, we are in desperate need of urgent attention in four interrelated areas. The first: we must fight against the fundamental distortions of prices; the second: we can no longer hide behind inadequate political frameworks. We need good political frameworks; The third: we need to transform financial systems to deliver the scale and quality of the investments needed. To increase funding from all sources, including our own national sources. And finally four, we must step up research and development. Our own research and development to contribute to solutions that will reduce costs and improve the accessibility of our technology, our infrastructure by using things that we can actually afford, that do not require the most sophisticated platforms. Knowing how to use sophisticated platforms combined with our own frugal innovation can be a good thing.
We are all aware that climate change could increasingly disrupt critical systems. We know there is something we can do about it. We know that we can find a range of responses related to infrastructures that are able to take into account climate change such as with renewable energies or on constructions using sustainable materials.
In short, we have everything to skip stages. We must move from those who are late for a better situation. COVID 19 has just dramatically demonstrated the importance for us of accelerating some of the choices. We need to understand that COVID 19 is fundamentally a consequence of our relationship with nature and it won't just be an episode. This is something that is going to be a part of our lives, that we have to face, as well as dealing with the consequences of many viruses of this type that can mutate. These changes, which took 100 years to occur, do so much faster today, because of connectivity but also because the environment is stressed by human interventions and also by the expansion of industrial activity, as well as by urbanization. So our ability to understand and respond is going to be challenged all the time.
I think we really have to thank the General Commission for the work they have done. We must congratulate Egypt for winning this Prize and we must also thank our Patron President of the African Development Bank, Dr Adesina for his support. This conference, which is held on the sidelines of the AfDB General Assemblies, is once again an opportunity to pay a deserved tribute to Babacar Ndiaye.

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