

Report: Governments own most African infrastructure projects

Governments remain the single largest developers of infrastructure projects - a common thread emanating from the 2017 edition of the [Deloitte Africa Construction Trends Report](#). This is supported by the fact that governments own between 57% and 90% of tracked projects per region. Moreover, it shows the varied impact of the private sector across the various regions.



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The report draws attention to the fact that infrastructure development on the African continent include 303 projects valued at \$50m or above, that have broken ground since 1 June 2017. In total, these projects are worth \$307bn.

“Investment in infrastructure tends to increase business confidence and lowers transaction costs, making it easier for companies to move people and goods, and to provide services. Governments that invest in enabling infrastructure are seen as more proactive and tend to attract more investors, ultimately making them more likely to achieve economic and export diversification objectives,” said J-P Labuschagne, Deloitte Africa infrastructure & capital projects leader.

Regional development

As a region, Southern Africa has the largest number of projects with 93 projects while West Africa remains as the region with the largest share of projects in terms of value, worth \$98.3bn. South Africa is the single country with the most projects (44 projects) while Nigeria has the most projects by value (worth \$69.1bn).

The report highlights that large-scale investment into social development projects remains low with only 1.2% of total investment going to the water sector and even less into education. Between 2016 and 2017, there were two fewer energy and power projects in Africa and three fewer healthcare projects. The transport sector – accounting for more than half of projects this year – continues to be the largest sector, with 27 road and bridge projects currently underway.

Either over budget or over time

Research globally shows that an alarming number (nine out of 10) of megaprojects (value of at least \$1bn) run either over budget or over time. It should be noted that countries with stronger regulatory and institutional governance frameworks tend to have a lower risk of project overruns.

Emerging markets, with weaker governance institutions, tend to have significant time and cost overruns. At the time of writing the report, only seven of Africa's top 20 projects under construction are likely to be completed on time. Government-owned projects are the worst offenders, with 83.3% of projects delayed. Three-quarters of private-owned projects are on time. This shows a consistent pattern of overruns compared to global projects.

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