

THE ECONOMIC TIMES

Indian cos look at USD 176 bn investments on infra development in Africa: Afcons

Last Updated: Jun 14, 2023, 06:39 PM IST

Indian infrastructure firms are looking at an annual investment of USD 130-176 billion in [Africa](#) for infrastructure development, Afcons Managing Director [S Paramasivan](#) said on Wednesday. Addressing the 18th CII-EXIM Bank Conclave on India-Africa Growth Partnership, [Paramasivan](#) pointed out that there is a funding deficit to the tune of USD 60-160 billion on infrastructure development in Africa, and there is scope for further investment in multiple areas.

"Most of us failed to notice, last one decade practically Africa had consistently had an investment of an average of USD 80 billion per year, which I rate as very very significant," he noted.

He pointed out that nearly 47 per cent of investments in infrastructure happened between South and East Africa, while about 44 per cent of investments were in East and West Africa.

About eight per cent of investments were done in Central Africa, he added.

"If you look at sectoral distribution (of investments), energy comes

on the top. Next comes transport and infrastructure. The third (position) is for water infrastructure and others. That is how investment patterns happened during the past decade," Paramasivan said.

Going forward, what we (Indian firms) are looking at is an annual investment requirement of anything between USD 130-176 billion, he stated.

About the huge requirement for infrastructure development in Africa, he informed that the global average is 944 km of roads per thousand square kilometres against the African existence of 204 km per thousand square kilometres.

"Due to this poor transport infrastructure, the cost of logistics goes up by 50 per cent to 175 per cent, making the products less cost competitive in the marketplace," he stated.

About railways in Africa, he said that there is only 84,000 km of railway lines for nearly 30 million square kilometres (in Africa).

The average container movement is less than 20 as compared to 30 in other parts of the world, he highlighted.

Indian EXIM bank contributed USD 11 billion during the last few years and several companies from India contributed to the growth of infrastructure in Africa.

"There are political risks in some countries (in Africa). The government and policy changes. There is an increased government debt level due to COVID restrictions. There are debt restructuring

and related areas. There are institutional challenges in some countries in terms of [PPP](#) (public-private partnership) and other related projects," Paramasivan said.

About the transformation of infrastructure in Africa, he suggested that apart from conventional multi-level funding, there is a need to look at alternative business models like the receivable purchase model and barter system.

[Tunji Lawson](#), Executive Director and [CFO](#), LandAfrique (Nigeria) said, "Africa is the most under-served region from an infra perspective. Two-thirds of people are without access to energy. It is also the continent with infra that is least resistant to the issue of climate change".

He opined that the infrastructure gap will continue to grow as Africa's population is growing faster and urbanisation is continuing at a rapid speed.