

# Joint venture to invest in African infrastructure sector

A joint venture, led by General Electric, the Mara Group and Atlas Merchant Capital, seeks to invest in infrastructure equity projects in selected countries throughout Africa.



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With the African population set to rise to 1.5bn by 2025<sup>1</sup>, the continent's economic growth potential is significant. According to the Africa 2030 report, the overall sense is one of progress and optimism and that changes are sustainable, making Africa an attractive socio-economic focus in the coming years. Africa presents high growth prospects in power generation, transport, oil and gas, and other infrastructure areas including mining. The joint venture will focus on this broad set of segments by facilitating access to capital, thus offering the ability to execute and fully finance both advanced and early development stage projects.

## Hurdles in Africa

The hurdles to address are rapid urbanisation, and a growing middle class devoid of infrastructure. More than 50% of our African nations including Nigeria, Kenya, Ethiopia, Tanzania and the DRC, don't have access to electricity<sup>2</sup> and an infrastructure investment of \$360bn in power production, power transmission, water storage, modern railways, port capacity and modern highways will be required until 2040<sup>3</sup>. Furthermore, Africa needs to spend \$90bn a year for the next decade in order to upgrade and maintain its existing infrastructure alone<sup>4</sup>.

Jay Ireland, president and CEO GE Africa, comments: "This joint venture unifies three businesses with a strong commitment and expertise in infrastructure in Africa. The joint venture is our response to an integrated infrastructure approach in Africa. We are proud to partner with the expertise and talent of Atlas Merchant Capital and Mara Group, who have an extensive footprint in Africa, to address the necessities of the African continent. We have been significantly involved in social enterprises to date and will seek to further enhance and promote social and community development in the region to complement their expertise, knowledge and entrepreneurial spirit."

## Intra-African trade

Ashish J Thakkar, founder, Mara Group, adds: "Africa is a continent of 54 countries, but there is very low connectivity between them. Intra-African trade, a key driver for economic growth, represents only a fraction of Africa's total trade over the past decade and this is largely due to a growing shortfall in infrastructure development. Through our joint venture with

GE and Atlas Merchant Capital, we hope to tackle the funding deficit by creating a platform that has the power to truly change the lives of those living on the continent.”

Akinwumi Ayodeji Adesina, president, African Development Bank, said: “We are delighted to see this partnership between three world-class players who, together, can have a real impact on infrastructure development in Africa.

“We all know painfully well the imperative to fill Africa’s annual \$50bn infrastructure funding gap. Partnerships like these are a crucial part of the development agenda as we seek to promote social and economic development and fight poverty in Africa.”

The joint venture will act as a leading shareholder alongside sponsors of infrastructure projects and will use its relationships with lending banks and connectivity to power Africa and related institutions to meet the debt component of its funding.

- (1) *United Nations’ World Population Prospects 2015*
- (2) *Africa Energy Outlook 2014*
- (3) *Programme for Infrastructure Development in Africa (PIDA)*
- (4) *Africa’s Attractiveness Survey (EY)*

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