

HOW INFRASTRUCTURE DEVELOPMENT SHAPES AFRICA'S BUSINESS AVIATION FUTURE



Kevin Singh, CEO Icarus Jet

Icarus Jet founder, CEO, and pilot, Kevin Singh, examines how infrastructure investments in Africa could help the continent reach its full potential in terms of sustained growth for present and future business aviation users.

Recognized as an indispensable component within the broader investment ecosystem, infrastructure emerges as the foundation that not only mitigates the costs associated with business operations but also unlocks unprecedented access to diverse markets. A unique contrast arises when scrutinizing the state of African aviation, where infrastructure deficiencies, notably lagging other developing regions such as Latin America, stand as a formidable impediment to realizing the continent's economic potential.



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Confronting these challenges requires a multifaceted approach, with an urgent statement to expedite privatization and create an environment conducive to both local and foreign investments. In this landscape, a public-private collaboration emerges as the most logical pathway toward aviation infrastructure development in Africa.

Central to this discourse is the blunt reality that a chronic lack of investment has not only stifled the promise of exponential growth but has precipitated the decay of Africa's air transport sector. Over decades, strategic vision shortcomings and tactical mismanagement have led to obsolete infrastructure, outdated equipment, and compromised safety systems both on the ground and in the air.

We have witnessed the previous for years at Icarus Jet when we provide trip support services in the region, as sometimes finding reliable providers in some countries is a daunting task, especially when our customer's expectations are aligned with the European and U.S. reality.

Simultaneously, the global recognition of the economic gains linked to private sector engagement in airport development has not been fully mirrored in Africa. While governments across the continent have embraced "airport privatization" and facility development as means to finance and develop their airports, the inflow of foreign investment for project financing faces challenges due to governmental control over ownership structures.

How Can Africa Finance Infrastructure Development?

Investors navigating this complex terrain contend with a trifecta of obstacles: slower economic growth, declining business confidence, and foreign currency shortages. Despite the availability of insurance as a risk mitigation tool for currency liquidity, the associated costs often pose a considerable barrier.

Africa, relative to wealthy nations, stands as both labor and resource-abundant, theoretically making it an attractive destination for international capital flows. However, high public debt levels and an uncertain international aid outlook curtail the potential for growth through large public investment programs. Consequently, the responsibility shifts to the private sector to play a more prominent role in fostering economic development, thereby steering clear of economic stagnation.

The realm of infrastructure, encompassing both physical (roads, electricity) and social (health, education) domains, calls for the private sector to take a more active role. Africa's infrastructure development needs loom large, constituting an estimated 20 percent of GDP on average by the end of the decade. While increased tax revenue collections are a primary source of financing, the sheer magnitude of the requirements requires new financing sources from the international community and the private sector.

Private or Public Push?

In recent years, there has been a notable uptick in infrastructure projects, as elucidated by local infrastructure researcher Professor Eyden Samunderu in his study titled 'Africa's Air Transport Infrastructure: Challenges, Complexities, and Opportunities'.

Specified in the study are various projects, each representing a concerted effort to bridge the infrastructure gap in African aviation. Projects in countries like Ghana, Benin, Mali, Uganda, South Africa, Sudan, and Tanzania are poised to lead in a new era of modernization in airport facilities, reflecting a collective commitment to clear the hurdles that have hindered progress.

As the push for modernization gains momentum, the imperative of both investment and expertise surfaces, ideally sourced through public-private partnerships (PPPs). Africa must throw open its doors to private capital investment, emulating the strategic endeavors of countries like Côte d'Ivoire and Rwanda.

These nations serve as models, blending strategic bets in the sector with best practices to propel vibrant aviation growth. Injecting capital into Africa's aviation ecosystem promises improved operational efficiency, incorporating modern technologies to enhance traffic flows and passenger numbers - the latter being a key variable for securing investment.



Lagos, Nigeria is one of the cities with new airport terminals

The core of progress therefore lies in leveraging private sector engagement to foster airport infrastructure improvement, an indispensable driver for Africa's economic advancement. Acknowledging the absence of a one-size-fits-all financing option, designing bespoke models tailored to the African market emerges as an effective strategy. In essence, the prerequisites for any African country aspiring to carve a niche in the global supply and value chains within the aerospace industry extend beyond mere aspirations. A trio of factors - adequate infrastructure, robust human capital, and seamless access to financing - forms the bedrock for developing a solid aviation ecosystem in any region of the world, and Africa is no exception.

The need for stable and efficient infrastructure encompasses power supply, access roads, free zones, ports, and various facilities, and the common denominator for nurturing this ecosystem lies in identifying and harnessing the appropriate investment streams - a journey that holds the promise of transforming Africa's business aviation future. ◻