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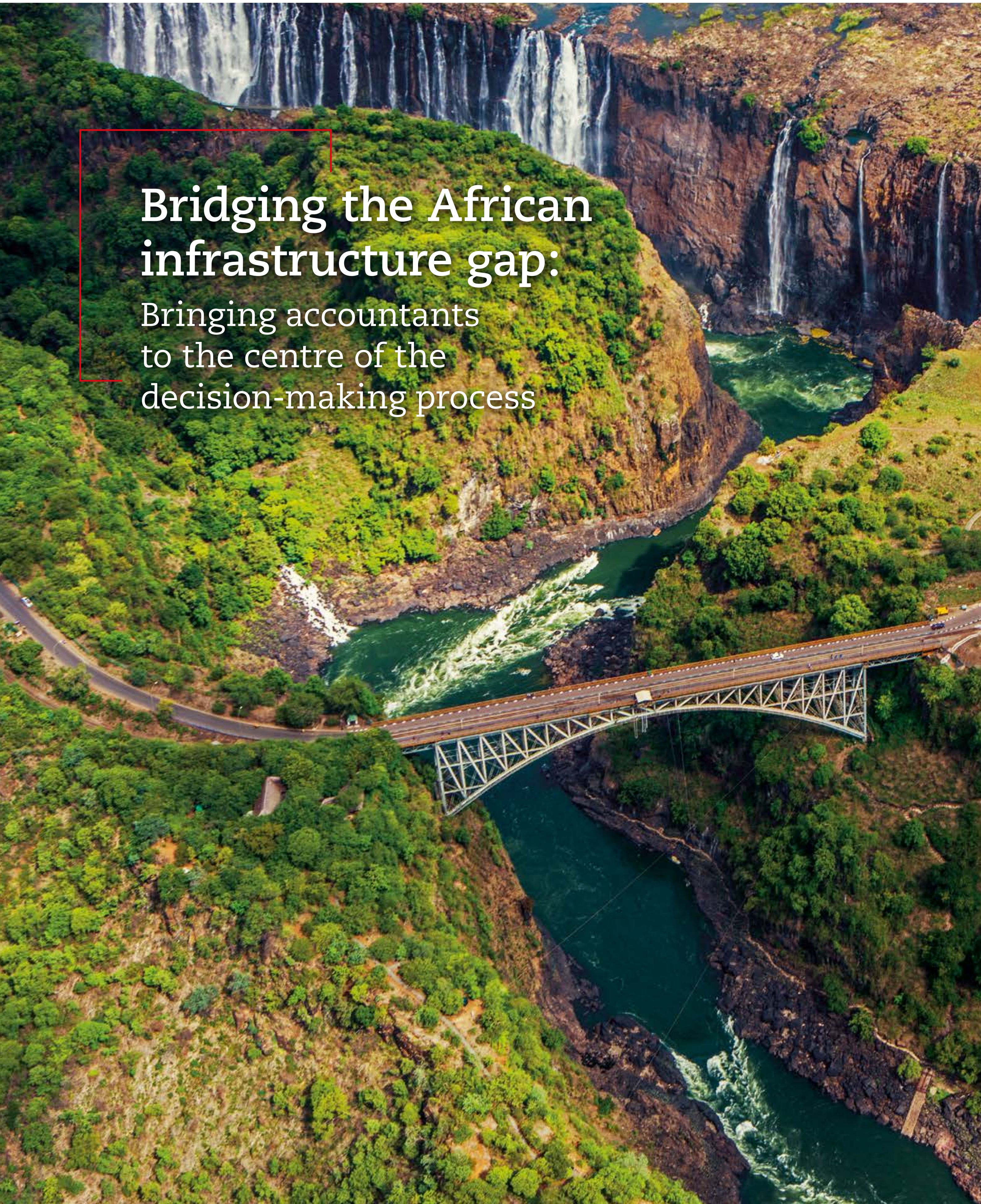

Bridging the African infrastructure gap:

Bringing accountants to the centre of the decision-making process

About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants, offering business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

ACCA supports its **219,000** members and **527,000** students (including affiliates) in **179** countries, helping them to develop successful careers in accounting and business, with the skills required by employers. ACCA works through a network of **110** offices and centres and **7,571** Approved Employers worldwide, and **328** approved learning providers who provide high standards of learning and development.

Through its public interest remit, ACCA promotes appropriate regulation of accounting and conducts relevant research to ensure accountancy continues to grow in reputation and influence.

ACCA has introduced major innovations to its flagship qualification to ensure its members and future members continue to be the most valued, up to date and sought-after accountancy professionals globally.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability.

More information is here: www.accaglobal.com

About CPA Canada

Chartered Professional Accountants of Canada (CPA Canada) is one of the largest national accounting organizations in the world, representing more than 210,000 members. Domestically, CPA Canada works cooperatively with the regional CPA bodies who are charged with regulating the profession.

Globally, it works together with the International Federation of Accountants and the Global Accounting Alliance to build a stronger accounting profession worldwide. CPA Canada, created through the unification of three legacy accounting designations, is a respected voice in the business, government, education and non-profit sectors and champions sustainable economic growth and social development.

The unified organization is celebrating five years of serving the profession, advocating for the public interest and supporting the setting of accounting, auditing and assurance standards. CPA Canada develops leading-edge thought leadership, research, guidance and educational programs to ensure its members are equipped to drive success and shape the future.

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Bridging the African infrastructure gap:

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About this report

This report quantifies the African infrastructure gap and demonstrates how bringing the accountant to the forefront of infrastructure decision-making will improve the selection, financing, and delivery of projects.

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The Programme for Infrastructure Development in Africa (PIDA) provides a common framework for African stakeholders to build the infrastructure necessary for more integrated transport, energy, information and communications technology (ICT) and trans-boundary water networks to boost trade, spark growth and create jobs.

As a multi-sector programme, PIDA is dedicated to facilitating continental integration through improved regional infrastructure. It will help address the infrastructure deficit that severely hampers Africa's competitiveness in the world market, transforming the way business is done and helping to achieve a well-connected and prosperous Africa.

The World Economic Forum ranks Morocco 57th for the quality of its infrastructure out of the 137 countries it covers, while major African countries rank far lower. The experience of Morocco, as a lower middle income country, in building infrastructure over the last two decades holds lessons that other African countries might draw. The overriding message from Morocco for most African countries focuses on the crucial role played, directly or indirectly, by the government in ensuring that infrastructure projects are bankable. However, Morocco has much to learn from some African and other foreign countries for models where the private sector is heavily involved or where it takes the lead in infrastructure provision.

In this context, it is relevant to highlight that the accountancy profession can support infrastructure development in a number of ways: starting from improving the business environment and helping the government to assess the infrastructure project's financial feasibility and economic impact through innovative models and methods. Until now, the profession's role in supporting growth in the private sector has been demonstrated through the creation and dissemination of reliable and transparent financial information; accountants and auditors contribute to the efficient allocation and management of resources, helping companies to attract investment and access credit.

In the public sphere, the accountancy profession supports the development of a public sector that is transparent and accountable to its citizens. Effective financial reporting is critical to governments' understanding of their achievements and areas of improvement. It is also crucial for providing legislators, markets, and citizens with the information they need to make efficient policy decisions and to hold governments accountable for their performance.

In the aggregate, the accountancy profession supports an environment of trust that allows businesses to flourish. This is an essential role and we would like to emphasise that the profession also has an important role in stimulating, strengthening and expanding infrastructure in the African countries. Furthermore, the profession can contribute significantly to the achievement of the United Nation's Sustainable Development Goals, which aim to end poverty, protect the planet and ensure prosperity for all. The ability of countries and corporations to measure progress, monitor impact and report on achievements in these areas will be critical. This is where, in our opinion, accountants have a key, but easily overlooked, role to play.

Accountants contribute to bridging the infrastructure gap through improvements in the selection, prioritising, rationalising, financing, and delivery of projects and so add value to the public and private sector and local economies. International studies have shown that the level of development of a country is closely correlated with the involvement of the accountancy profession. Thus the 53 professional organisations that are members of the Pan-African Federation of Accountants (PAFA) are working to contribute to the emergence of African economies. When African accountancy institutes function effectively, they have the power to support the production of high-quality financial information and good governance, which will contribute to the development of the public and private sectors.

On behalf of the Moroccan institute of public certified accountants (OEC : Ordre des Experts Comptables), we wish to thank PAFA for establishing a common platform through the Africa Congress of Accountants (ACOA), which enables us to benefit from international studies and experiences.

Last but not least, we take this opportunity to address our sincere congratulations to the Association of Chartered Certified Accountants (ACCA) for its great achievements and for challenging us to think ahead, and on their research with the Chartered Professional Accountants of Canada (CPA Canada) in completing a global report that provides insights that will contribute high value in our work toward the Africa We Want.

Introduction

The proper provision of infrastructure is critical for economic and social development across Africa. Physical infrastructure systems ensure that basic human needs are met: people need access to energy to light and heat their homes and safe water for drinking, sanitation and cooking. Transport infrastructure allows people to travel to work and transport goods to different markets.

In these, and many other ways, infrastructure is vital to social and economic activity and development – and its provision is intrinsically tied to achieving the United Nation's Sustainable Development Goals, which seek to address key challenges such as poverty, inequality, climate change and environmental degradation, and to achieve a better and more sustainable future for all (UNDP 2019). Cases of natural disaster – such as cyclone Idai in Mozambique and the droughts in the East African region – are becoming increasingly common, and future infrastructure projects must be adaptable and resilient to enable all countries to meet the threats of climate change.

This pamphlet shows that the successful provision of public infrastructure requires governments to have the right professional team in place to be able to harness the benefits of additional investment, while working to mitigate the significant risks associated with infrastructure projects. The accountant must be brought to the centre of the decision-making process on the selection, financing, building and operation of infrastructure, where the finance professional's particular skills and perspective can mean the difference between success and failure.

Research methodology

The full report, *How Accountants can Bridge the Global infrastructure Gap – Improving Outcomes across the Entire Project Life Cycle* is the result of a joint research project conducted by ACCA and CPA Canada (2019). The objective of this study was to quantify and explain the nature of the global infrastructure gap, and explore how accountants can contribute to bridging that gap through improvements in the selection, financing and delivery of projects.

The conclusions of the study were derived from evidence collected by:

- quantifying the cumulative global infrastructure investment gap to 2040 through desktop research
- carrying out a global online survey of a random sample of ACCA members and CPA Canada members
- conducting a desktop literature review of specialist publications to determine leading practices
- holding in-person roundtable discussions with experts.

ACCA and CPA Canada jointly undertook a survey of a random sample of each body's respective membership, working across all sectors, including respondents from accountancy firms, the corporate sector and the public sector. Overall, more than one in three respondents (35%) worked in the corporate sector, while about 20% worked in the public or not-for-profit sectors. The survey design and administration were consistent across both bodies, except for the addition of one question on infrastructure planning and sustainability considerations in the CPA Canada survey. This survey used the perspectives of finance professionals to illuminate the nature of the global infrastructure gap, highlight the barriers to closing the gap, and clarify the diverging expectations of public- and private-sector actors in the use of public–private partnerships (PPPs) in infrastructure projects.

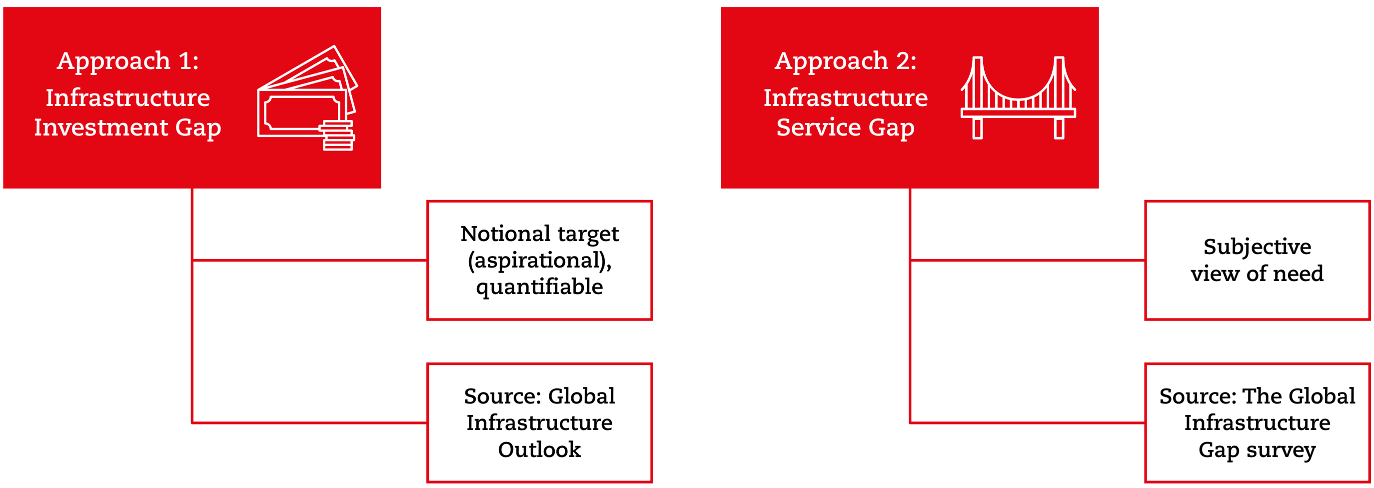
A more detailed description of the methodology and a copy of the survey are available in the full report, which can be accessed here:

1. Quantifying the infrastructure gap in Africa

The term 'infrastructure gap' refers to the difference between the infrastructure investment needed and the resources made available to address that need. This report offers two approaches to understanding the infrastructure gap: a notional, quantifiable investment gap and a subjective, needs-based service gap. Together, these approaches establish the size and nature of the overall challenge that frames this project.

The infrastructure investment gap relies on a dataset produced by the G20's Global Infrastructure Hub and sets an aspirational metric, which is benchmarked against a country's peers (GHI and Oxford Economics 2018). This quantified infrastructure investment gap shows what investment would be required for a particular country to move to the top 25th percentile of its peers in its income group. This works as an effective benchmark against which to assess how a country's gap could be closed over time. The second approach relies on the views of the specialist respondents to the member survey. The quality of infrastructure is assessed across seven different subtypes, demonstrating where service gaps exist for different world regions. The first approach provides a quantified output and aspirational target for countries seeking to meet infrastructure needs, and is described below.

FIGURE 1.1: Comparison of different approaches to assessing infrastructure needs



> Cumulatively, between 2018 and 2040 the infrastructure investment gap is expected to stand at US$1.59 trillion, with the amount of infrastructure investment needed expected to be 39% higher than under current trends.

THE GLOBAL INFRASTRUCTURE INVESTMENT GAP

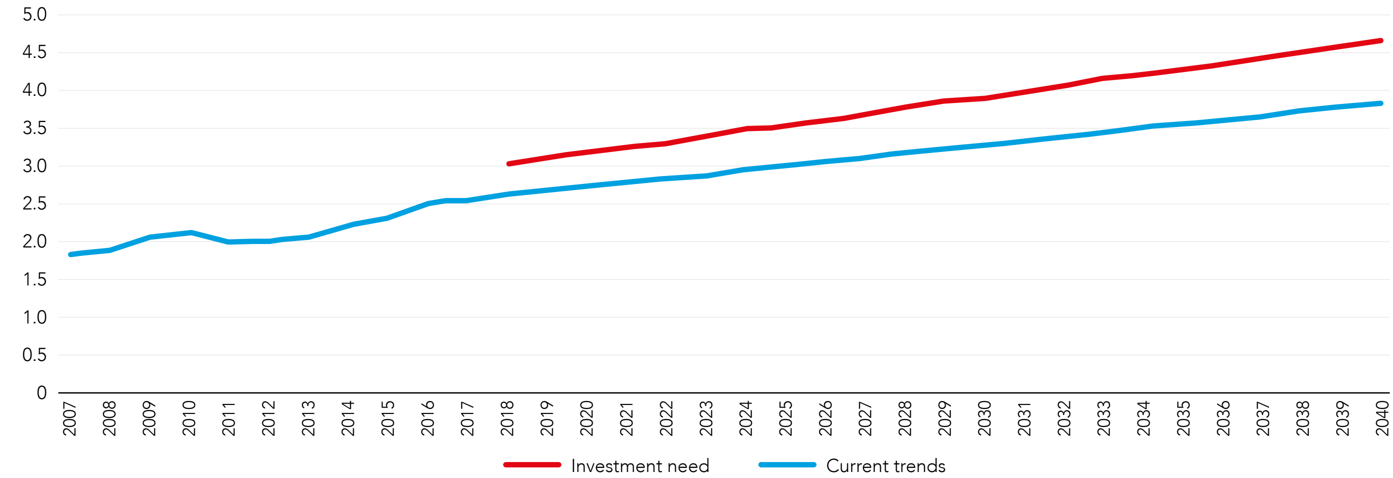
Analysis of the G20's *Global Infrastructure Outlook* shows that the global infrastructure investment gap is set to grow to US$14 trillion by 2040 (GHI and Oxford Economics 2018). In 2018 alone, the investment gap grew by over US$400bn. This represents a cumulative gap of 19% by 2040.

THE AFRICAN INFRASTRUCTURE INVESTMENT GAP

In comparison, in 2018 an estimated US$132.8bn was spent on infrastructure in Africa. Meanwhile, US$177.7bn of investment was estimated to have been required in the region, putting the infrastructure investment gap at US$45.5bn in 2018. Cumulatively, between 2018 and 2040 the infrastructure investment gap is expected to stand at US$1.59 trillion, with the amount of infrastructure investment needed expected to be 39% higher than under current trends.

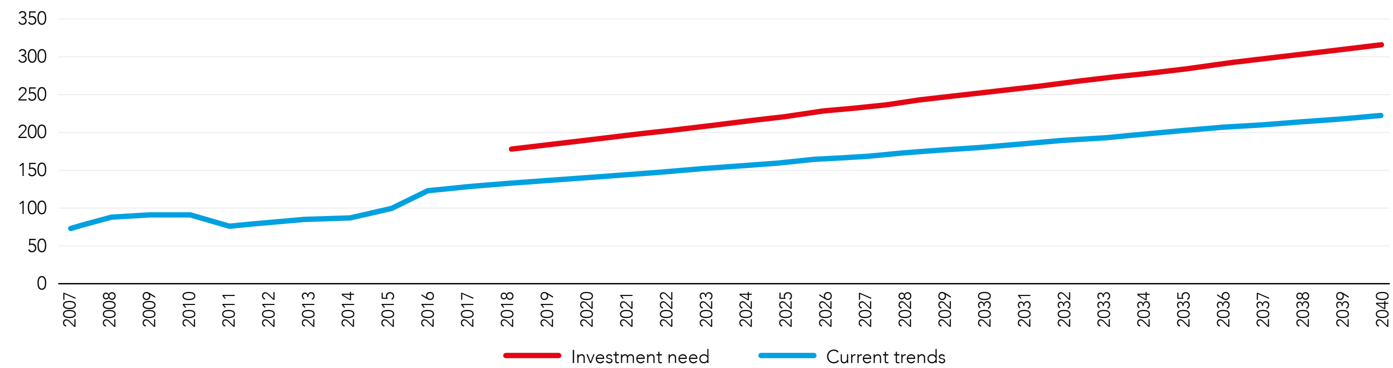
In order to close the global gap, total forecasted spending would have to increase by 19% over current investment levels. In other words, for every five US dollars of infrastructure spending forecast across the world by 2040, governments and investors would need to find a further 95 cents in order to bring the global stock of infrastructure up to a satisfactory standard. In comparison with this global benchmark, Africa is doing worse and needs to increase investment by 39% to close the forecasted infrastructure investment gap by 2040.

FIGURE 1.2: Global infrastructure investment need and current trends, 2015 US$ trillions



Source: GHI and Oxford Economics 2018

FIGURE 1.3: Investment need and current trends in Africa, 2015 US$ billions

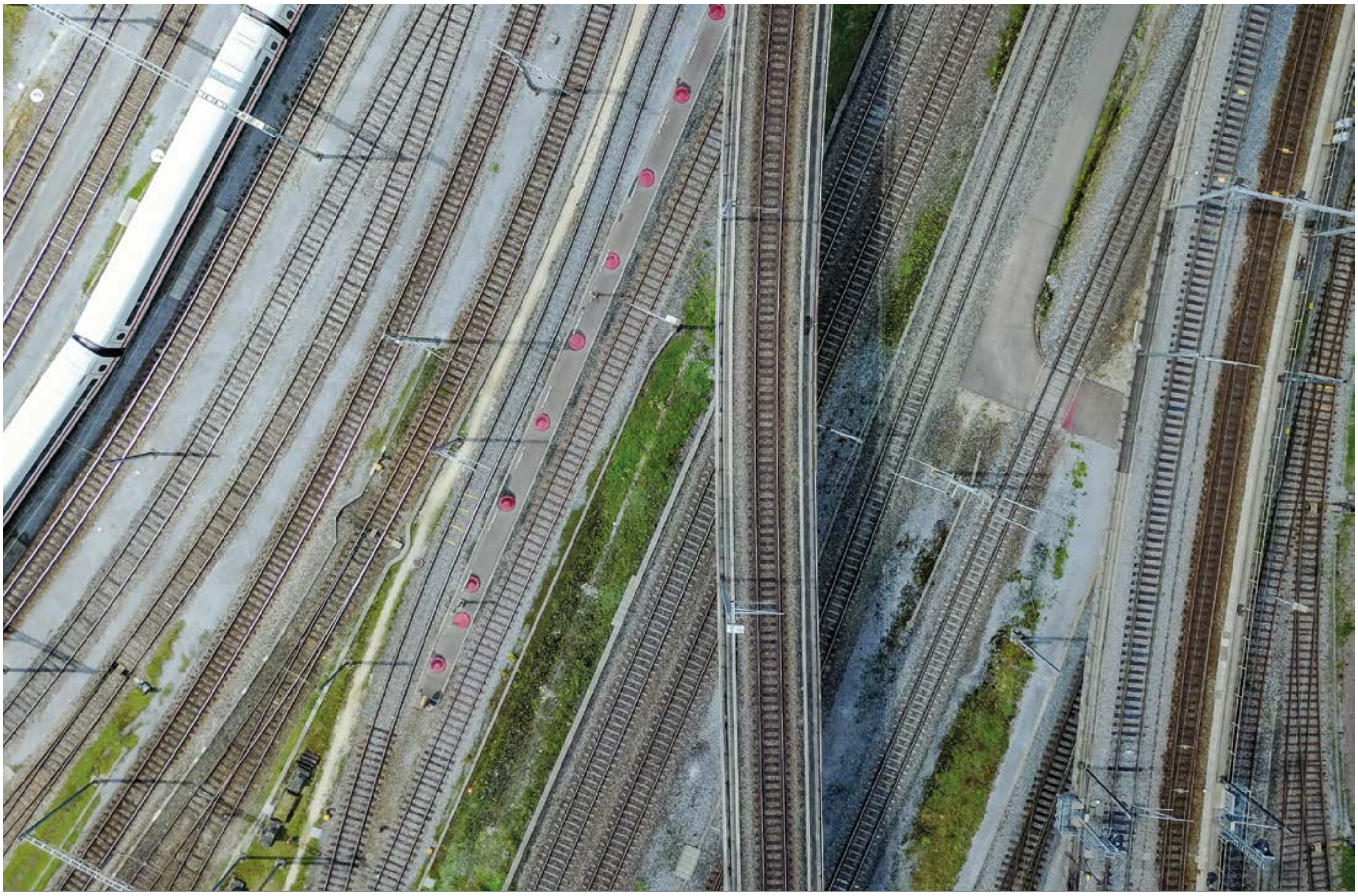


Source: GHI and Oxford Economics 2018

TABLE 1.1: Projected infrastructure investment and gaps among African countries, 2018–40, 2015 prices

COUNTRY	INFRASTRUCTURE INVESTMENT, USD BILLIONS	INFRASTRUCTURE INVESTMENT GAP, USD BILLIONS	DIFFERENCE BETWEEN INVESTMENT NEED AND INVESTMENT FORECAST
Angola	$251.4	$92.0	37%
Benin	$19.9	$13.4	67%
Cote d'Ivoire	$61.4	$12.9	21%
Egypt	$418.6	$218.2	52%
Ethiopia	$421.5	$146.7	35%
Ghana	$68.5	$42.1	61%
Guinea	$16.7	$14.0	84%
Kenya	$174.2	$37.1	21%
Morocco	$196.7	$34.8	18%
Nigeria	$616.8	$210.3	34%
Rwanda	$29.5	$9.6	33%
Senegal	$57.8	$18.1	31%
South Africa	$269.6	$144.2	53%
Tanzania	$194.3	$109.5	56%
Tunisia	$50.2	$20.6	41%

Source: GHI and Oxford Economics 2018



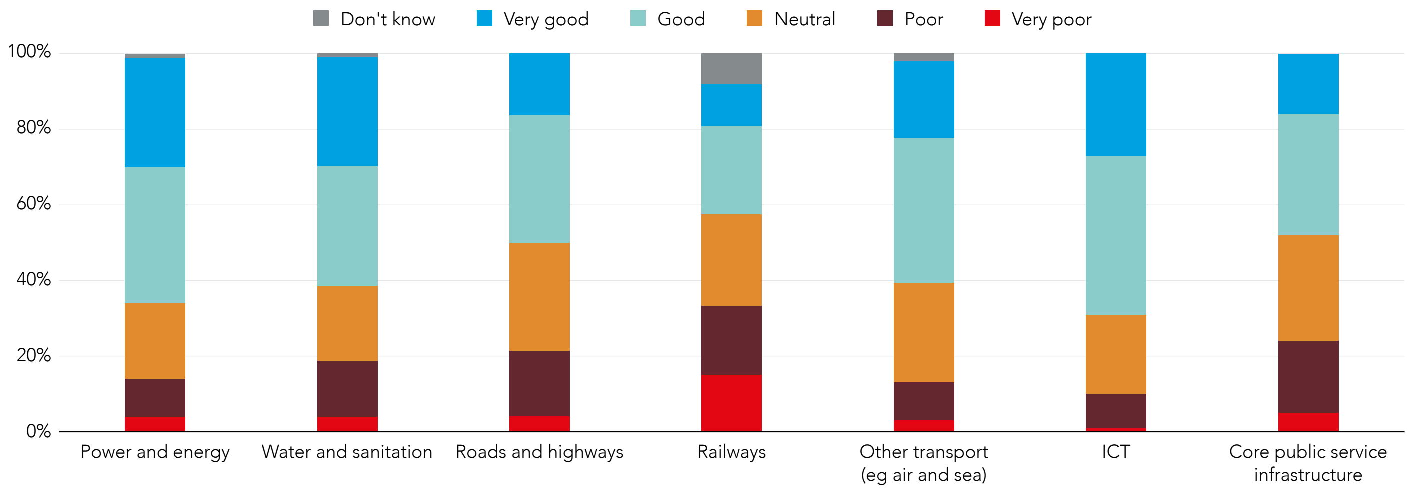
The results show that finance professionals in Africa reported consistently poor levels of infrastructure across all seven subtypes, with the notable exception of ICT.

THE INFRASTRUCTURE SERVICE GAP

The ultimate objective in meeting a country's infrastructure need is not a notional investment figure; rather, it is closing a recognised service gap. Doing this requires that governments develop a vision of what the country seeks to achieve through the development and maintenance of its infrastructure.

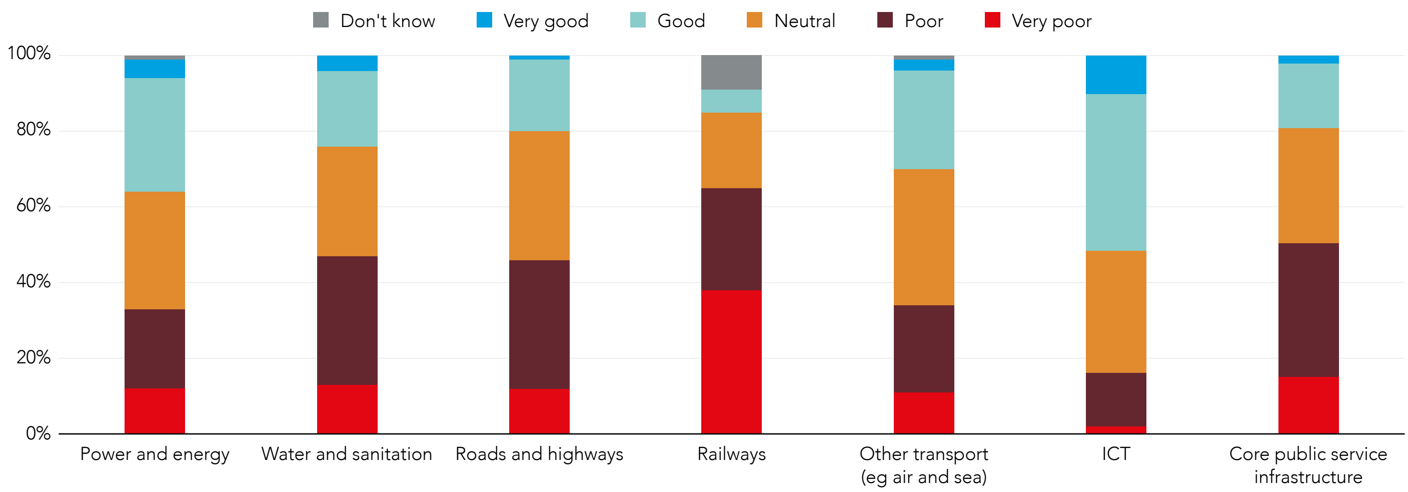
The survey responses showed particular service gaps emerging in certain world regions across seven types of infrastructure: power and energy; water and sanitation; road and highways; other transport (eg air and sea); ICT; railways; and core public service infrastructure (eg hospitals and schools). The results show that finance professionals in Africa reported consistently poor levels of infrastructure across all seven subtypes, with the notable exception of ICT. The comparatively positive ICT results seem to reflect the view that many African nations successfully 'leapfrogged' the typical path taken by developed nations in the provision of telephone connectivity, eliminating the need for landline infrastructure.

FIGURE 1.4: Infrastructure service gap – global benchmark



Source: The Global Infrastructure Gap survey; specialist respondents only; n: 1,966

FIGURE 1.5: Infrastructure service gap – Africa



Source: The Global Infrastructure Gap survey; specialist respondents only; n: 478

2. Capacity for infrastructure investment

Governments can fund an increase in expenditure on infrastructure directly through increases in either taxation or borrowing. The latter places a burden on future generations in the form of the higher taxation needed to fund the repayment of the debt.

The major constraints on a government's capacity for funding infrastructure are therefore a fairly complex mix of institutional, economic and social factors. The size of the tax base, how easily taxes can be evaded and political or cultural expectations about what constitutes a fair level of taxation all present practical barriers to raising revenues.

Table 2.1 presents summary statistics for the level of government debt and taxation across high-income, upper-middle-income, lower-middle, and low-income countries. African countries are represented in the upper-middle, lower-middle and low-income groups – with the UK, Canada and China used as benchmarks for the African results.

Using this data gives the distribution of tax and borrowing levels relative to GDP, increasing our understanding of each country's capacity for further investment. The figures cover the 1995 to 2016 period in order to show variation across a range of different economic and political cycles.

TABLE 2.1: Forecasted infrastructure gap, investment, and stock of debt and tax revenues as a share of GDP, selected countries

INCOME GROUP (WORLD BANK DEFINITION)	COUNTRY	FORECASTED INFRASTRUCTURE GAP IN 2040, % OF GDP	INFRASTRUCTURE INVESTMENT AS A SHARE OF GDP, 2015	GENERAL GOVERNMENT DEBT AS A PROPORTION OF GDP	TAX REVENUE AS A SHARE OF GDP
High-income	UK	9%	1.59%	111.7%	32.5%
	Canada	2%	2.26%	114.7%	32.0%
Upper-middle income	China	7%	7.02%	44.3%*	21.7%*
	South Africa	53%	3.34%	53%*	26.6%*
Lower-middle income	Morocco	18%	5.15%	65.1%*	20.9%*
	Nigeria	34%	3.16%	19.6%*	3.5%*
Low income	Tanzania	56%	7.21%	37.0%*	15.2%*
	Rwanda	33%	5.44%	40.5%*	21.3%*

Sources: World Bank, OECD, IMF, *CIA World Factbook

Combining these two variables (size of infrastructure gap and government fiscal room to meet the gap) generates a typology that helps us think about each country's capacity for infrastructure investment (Table 2.2).

Among the high-income countries, both the UK and Canada have relatively high levels of indebtedness, as measured by the Organization for Economic Co-operation and Development (OECD) gross general government debt indicator (OECD 2019). Indebtedness varies considerably across African nations. Morocco maintains a public debt of over 65% of GDP, while Nigeria – though relying on a weak tax base – has kept government debt below 20% of GDP. There is also considerable variation in the size of each country's forecasted infrastructure investment gap (Table 2.1). Combining these two variables (size of infrastructure gap and government fiscal room to meet the gap) generates a typology that helps us think about each country's capacity for infrastructure investment (Table 2.2).

TABLE 2.2: A typology of infrastructure gap responsiveness

	LIMITED FISCAL ROOM	GREATER FISCAL ROOM
Low infrastructure gap	'Small gap, fiscally restricted' (eg Canada, Morocco)	'Small gap, Fiscally flexible' (eg China)
High infrastructure gap	'Large gap, Fiscally restricted' (eg Nigeria)	'Large gap, Fiscally flexible' (eg Rwanda)

3. Perceptions of foreign direct investment

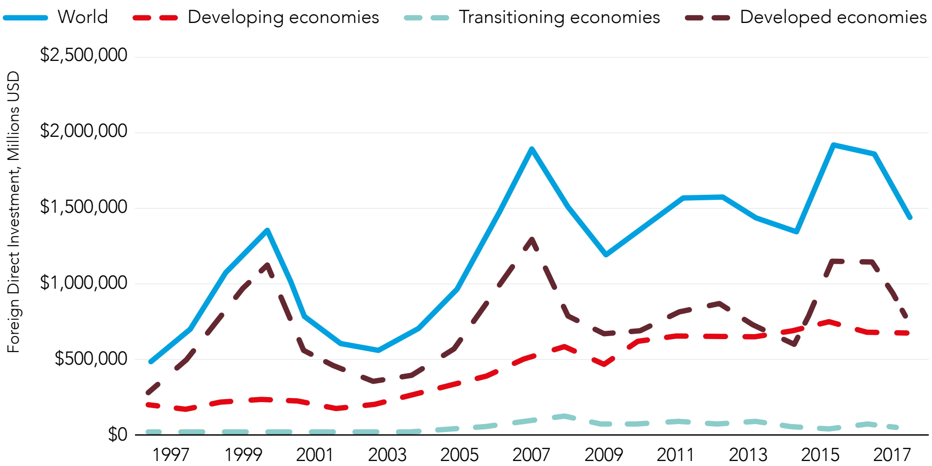
Foreign direct investment (FDI) in public infrastructure can also help bridge the growing infrastructure investment gap in a country. This is particularly true for African countries, such as Nigeria and Tanzania, with large infrastructure gaps and limited government fiscal capacity to meet this need.

The United Nations Conference on Trade and Development (UNCTAD) estimates that there was over $1.4 trillion of FDI in 2017 – a substantial potential source of finance for a country to draw on in developing its public infrastructure. At the same time, global FDI flows have been dropping year-on-year since reaching their highest level, $1.9 trillion, in 2015. A general protectionist trend can help explain the fall in global FDI in 2016 and 2017, which has been greatest in developed countries. There are rising concerns in some developed countries that certain types of FDI can be harmful to national interests or security – a particular concern for some types of public infrastructure.

In comparison, the level of FDI in developing and transitioning economies has generally been increasing since the turn of the millennium. It is important for African governments to balance the overall negative perception of FDI against the imperative of successfully financing important public projects.

In 2019, African countries launched their first infrastructure performance index (RisCura 2018). This publication will help governments understand what steps they need to take to entice institutional investors to increase investment in African infrastructure projects. It also provides insight into the performance of investment in the infrastructure sector and, in time, should contribute to closing the infrastructure gap.

FIGURE 3.1: Global FDI, 1997–2017



Source: UNCTAD (n.d.)

The member survey showed that concern from finance professionals over FDI investment in a country's infrastructure varied considerably by world region.

The member survey showed that concern from finance professionals over FDI investment in a country's infrastructure varied considerably by world region. Only the Middle East and Central and Eastern Europe had net positive views of FDI in their country's infrastructure – with the most positive sentiment in Central and Eastern Europe. The world regions most concerned about FDI in infrastructure were Western Europe (–0.41 net perception score), North America (–0.39 net perception score), and Africa (–0.11 net perception score). This hesitance, particularly in the West, is reflected in recent policy decisions – such as the German government's passing of legislation in December 2018 that increases its powers to investigate and block FDI in key sectors such as defence, critical infrastructure and civil technologies related to IT-security. The new German powers lower the threshold for reviewing an FDI deal from a 25% equity stake to 10%, with the option of blocking the investment (Dentons 2018).

TABLE 3.1: What are your views on the role of foreign direct investment in building and maintaining infrastructure in your country?

	NORTH AMERICA	MIDDLE EAST	ASIA PACIFIC	CENTRAL AND EASTERN EUROPE	SOUTH ASIA	WESTERN EUROPE	AFRICA	CARIBBEAN
Concerned	46%	27%	35%	33%	43%	50%	44%	44%
Neutral	31%	32%	34%	20%	16%	28%	15%	18%
Positive	18%	36%	27%	43%	38%	17%	39%	36%
Don't know	6%	5%	4%	3%	3%	6%	2%	3%
Net view on FDI	-0.39	0.08	-0.14	0.14%	-0.16	-0.41	-0.11	-0.13

Source: The Global Infrastructure Gap survey; all respondents; n: 3,611

4. The role of the accountant in bridging the gap

BARRIERS TO MEETING INFRASTRUCTURE NEEDS

Respondents to the member survey were also asked what they saw as the biggest barriers to meeting the infrastructure needs in their country. The results of this question showed significant variation by world region. For example, corruption was seen as a serious challenge in Africa, South Asia, Central and Eastern Europe, and the Caribbean – but was cited by only 10% of respondents, or fewer, in North America and Western Europe.

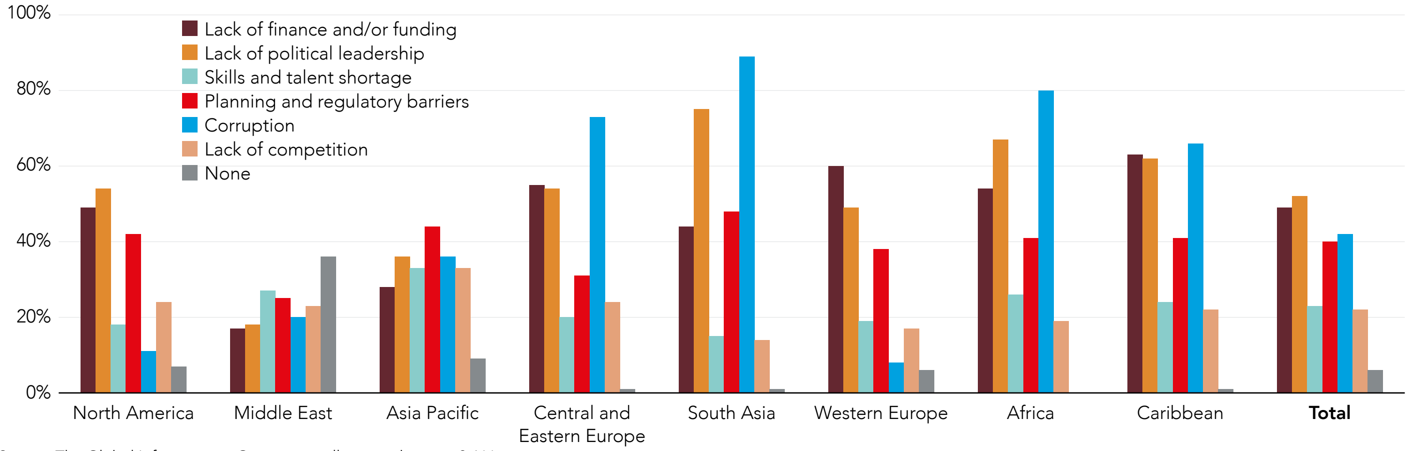
Interestingly, there were barriers to closing the gap that were more important than insufficient resources. For example, in Africa, corruption and a lack of political leadership were both ranked as more significant barriers than a lack of funding or finance. Of course, the importance of putting in place mechanisms for reducing corruption, such as effective whistle-blowing legislation, also resonated in the roundtable discussions. A participant in Nigeria emphasised that 'if project selection was looked into as it should be, it would definitely help us in reducing corruption and, hence, reduce the infrastructure gap'. The top global barriers identified in the survey informed the analysis of how accountants can best act to close the infrastructure gap. The accountant is clearly essential in selecting and planning projects (reflected in the lack of political leadership), the proper financing of projects, and the interaction of the public and private sector in the delivery of infrastructure projects (planning and regulatory barriers).

CURRENT INFRASTRUCTURE PROJECTS: THE MISSING TEAM MEMBER

The successful provision of public infrastructure requires governments to have the right professional team in place. And yet, a clear message resounded from the roundtable discussions: a key player is often missing from the infrastructure project team — the accountant.

The accountant should be at the centre of the planning process, and not only in the areas of infrastructure policy. The accountant can put the 'numbers' on ideas and concepts, by applying consistent methodology to ensure that each is evaluated against other options for meeting policy goals.

FIGURE 4.1: Biggest barriers to meeting infrastructure needs



Source: The Global Infrastructure Gap survey; all respondents; n: 3,611

Accountants offer important competencies to any business team in any sector. But in the face of possible misconceptions of the role of accountants, how does the accountant gain a more central place in the professional infrastructure team?

FUTURE INFRASTRUCTURE PROJECTS: THE ESSENTIAL TEAM MEMBER

The full global report (ACCA and CPA Canada 2019) examined the barriers associated with three fundamental phases of infrastructure projects: project selection, project financing, and project delivery. With modern qualifications that facilitate barrier removal in each of these phases, the accountant plays an essential role in bridging the global infrastructure gap.

The roundtable participants highlighted the following core competencies.

a) Planning and selection of projects

The accountant:

- develops strategy, identifies goals/ objectives and ensures they can be achieved (giving consideration to financial constraints and potential monetary gains)
- sets frameworks and uses standard assessment tools to ensure accountability and transparency, and prioritisation according to evidence of need
- questions project assumptions and assesses alternative scenarios
- employs mechanisms that ensure ethical behaviour and reduce corruption, while offering sound risk assessment
- supports organisations' holistic decision-making in a way that accounts for the impact of climate change on strategy, risk, and operational and financial performance, thus enhancing organisational resilience.

b) Financing projects

The accountant:

- considers sustainable finance options, including climate-change adaptation and resiliency needs
- assesses financial viability and identifies long-term impact and strategies for risk mitigation
- acts as a visionary, by providing sound life-cycle advice to decision makers and giving them better understanding of the long-term financial difference between maintaining services and enhancing services, and of how the latter can create greater cost pressures over time
- supports clearer and more objective public discourse, increases public awareness of risks, and supports taxpayers' better understanding of the value of projects.

c) Delivering projects and oversight

The accountant:

- implements the required monitoring and oversight
- allocates project risk between parties of a PPP to reduce moral hazard
- is supported by several frameworks (eg ICAS 2012; KPMG 2013) for professional judgement and ethics, which promote the use of logic, flexibility, consistency, reliability, relevant evidence, unbiased information, and alternative framing to avoid precipitous decisions; and which promote a balance of experience, knowledge and emotion.

NEXT STEPS TOWARD THE INFRASTRUCTURE TEAM

Accountants offer important competencies to any business team in any sector. But in the face of possible misconceptions of the role of accountants, how does the accountant gain a more central place in the professional infrastructure team?
The roundtable participants made the following recommendations.

- Increase awareness of the accountant's qualifications as a strategic business adviser and as an essential member of the professional infrastructure team, alongside the engineers and architects.
- Equip accountants to voice arguments that are compelling both to political leaders and to the general public.
- Offer elected officials the opportunity to gain financial training from accountants so that they understand the true costs and are better equipped to act as financial ambassadors.
- Establish an accountant-informed certification process for project selection.
- Develop and implement clearer governance structures and decision-making processes that involve the finance function.
- Institute whistle-blowing protection legislation for accountants internationally.

5. Recommendations based on observed good practice

To tackle the growing infrastructure gap, this project offers a variety of observations and international good practices. Below is a summary of the recommendations arising from the project's analysis, demonstrating the variety of functions and actions in which accountants can lead to help close the infrastructure gap.

SELECTING PROJECTS

In summary, the global report (ACCA and CPA Canada 2019) made the following recommendations.

Governments should:

1. establish expert-led bodies to forecast infrastructure requirements and recommend projects on the basis of need
2. collect reliable data on the service potential of existing infrastructure and on the performance of past projects, and
3. disaggregate expenditure on infrastructure to enable reporting on both maintenance and new project spend.

Accountants should:

4. take the lead in applying standard selection tools to determine the need for, and priority of, a project
5. advise on the distributional impact, and regional growth outcomes, of selecting particular projects – good practice in this area can be found in Japan, and
6. embed adaptation and resilience in the project-selection process.

FINANCING INFRASTRUCTURE PROJECTS

In summary, the global report (ACCA and CPA Canada 2019) made the following recommendations.

Governments should:

7. consider innovative solutions for closing the funding gap, such as a value capture, civic crowdfunding and other revenue funding schemes
8. direct supreme audit institutions to monitor the interaction of off balance sheet liabilities and fiscal targets in order to improve the efficient allocation of public sector funds
9. align long-term infrastructure plans with the annual budget process, in order to minimise the use of higher-cost private finance and achieve capital budget flexibility, and
10. adopt full accrual accounting and maintain a public sector balance sheet to support decision-making on infrastructure policy.

Accountants should:

11. advocate a more holistic approach to maintaining fiscal discipline, to avoid poor financial decisions driven by 'fiscal illusions'
12. conduct a balance sheet review to maximise the value of public sector assets
13. produce an intertemporal balance sheet to improve long-term decision-making and support the sustainability of public finances, as is done, for example, in New Zealand, and
14. produce disaggregated assets in the balance sheet, to include commercial, social and financial assets – in order to improve the return on public assets.

There is also a clear need to prioritise tackling corruption in the provision of public infrastructure, where corruption and a lack of political leadership are cited in the survey as the two biggest barriers to meeting infrastructure need in Africa.

DELIVERING INFRASTRUCTURE PROJECTS

In summary, the global report (ACCA and CPA Canada 2019) made the following recommendations.

Governments should:

15. enact effective whistle-blowing legislation and professionalise the public sector finance function to allow public servants to challenge unethical behaviour, which can derail infrastructure projects
16. establish centres of excellence that coordinate public sector expertise in contract management, which will allow any organisation within the public sector to draw on specialist skills when negotiating a PPP contract, and
17. consider introducing guarantee schemes for nationally significant infrastructure projects in order to encourage additional private sector involvement in infrastructure projects.

Accountants should:

18. implement proper monitoring and oversight for all projects, and
19. advocate embedding themselves in the professional teams responsible for infrastructure by highlighting their expertise of risk management.

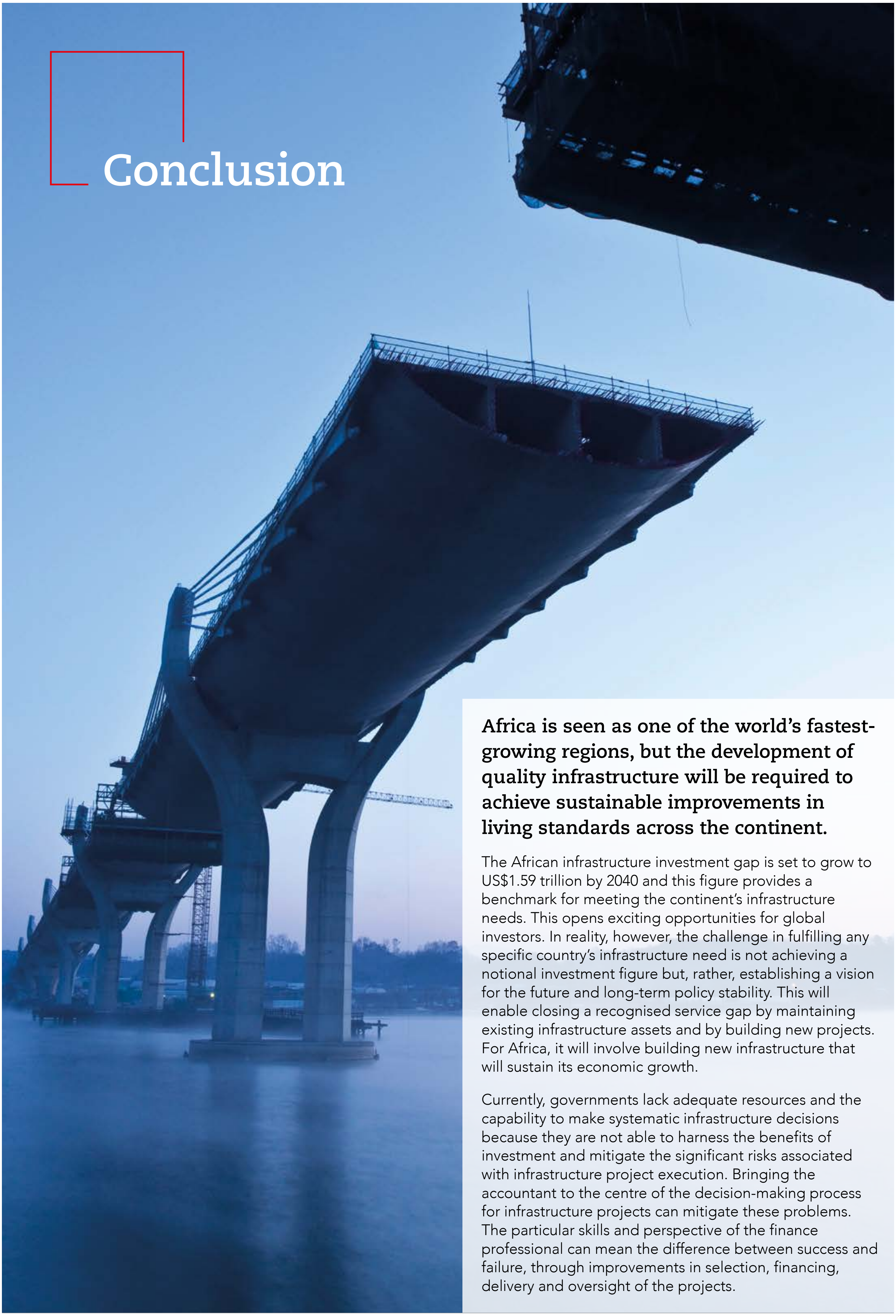
Professional bodies should:

20. act as facilitators of knowledge transfer between the public and private sector, through thought-leadership events and roundtables.

In addition to the above, comparing the African results with the global benchmarks suggests that the perceived service quality of African infrastructure is well below the level of global peers. There is also a clear need to prioritise tackling corruption in the provision of public infrastructure, where corruption and a lack of political leadership are cited in the survey as the two biggest barriers to meeting infrastructure need in Africa. Given this difficult base line, it will be important for **politicians to work closely with experts, such as accountants, to articulate a vision of future infrastructure provision** and set out a feasible roadmap for meeting this objective.

The analysis of governments' capacity to invest in infrastructure demonstrated the variability in African countries' ability to meet their infrastructure need. There is a clear need for **public finance officials to prioritise minimising the shadow economy and increasing the tax base** to create additional capacity for public investment in infrastructure.

Finally, it has been demonstrated that Africa's poor quality infrastructure is slowing its economic development (UN Habitat 2018). Foreign investment, however, is helping fill in some of the gaps. Given the constrained fiscal position of governments, the role of FDI in supporting the provision of public infrastructure will continue to be essential. At the same time, the member survey found that Africa was in the top three of world regions concerned about the role of FDI in building and maintaining infrastructure. Therefore, the **role of the accountant in completing due diligence and monitoring the impact of FDI in the country concerned will be critica**l for the successful provision of new infrastructure, while also providing assurance to each country's citizens that FDI is not negatively impacting national priorities.



Conclusion

Africa is seen as one of the world's fastest-growing regions, but the development of quality infrastructure will be required to achieve sustainable improvements in living standards across the continent.

The African infrastructure investment gap is set to grow to US$1.59 trillion by 2040 and this figure provides a benchmark for meeting the continent's infrastructure needs. This opens exciting opportunities for global investors. In reality, however, the challenge in fulfilling any specific country's infrastructure need is not achieving a notional investment figure but, rather, establishing a vision for the future and long-term policy stability. This will enable closing a recognised service gap by maintaining existing infrastructure assets and by building new projects. For Africa, it will involve building new infrastructure that will sustain its economic growth.

Currently, governments lack adequate resources and the capability to make systematic infrastructure decisions because they are not able to harness the benefits of investment and mitigate the significant risks associated with infrastructure project execution. Bringing the accountant to the centre of the decision-making process for infrastructure projects can mitigate these problems. The particular skills and perspective of the finance professional can mean the difference between success and failure, through improvements in selection, financing, delivery and oversight of the projects.

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