

Long-term line of credit put in place

The African Development Bank and Standard Bank have put together a \$22-million long-term foreign currency line of credit to finance a number of different infrastructure development projects in different parts of Africa. Projects likely to be financed through this line of credit include a part of the highway being built from Mombasa, through Nairobi to Kampala.

In South Africa the partnership is concentrating on financing public-private partnership agreements and it seems likely that one of these – a new prison – will go ahead soon. The arrangement between the two banks comes at a time when Eskom has received 'greater-than-expected interest' from international development agencies in the organisation's power generation programme.

Eskom expects to sell bonds worth about R15-billion over the next 12 months as part of its plan to raise funds for its huge capital expenditure programme over the coming years. Senior Eskom executives have also met with representatives of the World Bank and the International Monetary Fund to discuss the funding requirements for the new power stations.

Eskom has cancelled plans to sell about \$500-million of its bonds internationally in the wake of the current worldwide financial crisis.

According to Peter Levy of International Power, international investors are now extremely wary about investing in infrastructure projects in Africa even though the lack of infrastructure is causing delays and increasing the costs of doing business in Africa.

Standard Bank's head of project finance, Jonathan Wood, says big infrastructure projects that are supported by the governments involved in the developments will still go ahead even though raising the finance might take a little longer than originally expected.

Wood expects that the prices of materials such as steel,

cement and fuel will continue to decrease over the coming months but any gains here might be offset by depreciating currencies on world markets.

At the same time, the shortages of skills for infrastructure development will continue for at least the next ten years in spite of the global economic slowdown that has prompted many projects to be delayed or shelved. This is the view of Landelahni chief executive, Sandra Burmeister, who says that South Africa's own skills shortage is in line with the global shortages, particularly in engineering.

Quoting figures from the International Labour Organisation, Burmeister said that about 70 different professions would probably be entirely obsolete within the next two years because of advances in technology.

She says that the bursary spend by companies involved in infrastructure development has increased over the past three years from a base of between 0,5% and 1% of the total payroll. She says that the number of civil engineering graduates had increased from 507 in 2003 to almost 1 200 in 2006.

"What is worrying, though, is that only 42% of the artisans who were given trade tests between 1986 and 2006 had actually passed indicating that there were only 3 222 new artisans added to the skills market over the ten year period, even though there were more than 9 000 undergoing training," she said.

She warned that both government and the private sector needed to significantly increase their investments in artisan training to address the skills shortages that show South Africa currently needs at least 50 000 artisans over the next four years to meet the demands from industry.