

African Development Bank to close continent's infrastructure gap

The African Development Bank Group has taken a crucial step to further address the infrastructure gap in African countries, with the approval of its first strategic framework for the development of public-private partnerships.



Source: Supplied. Senegal's Regional Express Train, co-financed by the African Development Bank, was launched in December 2021.

This follows approval by the Board of Directors of the Bank Group on 19 January 2022.

Africa's infrastructure investment gap is estimated at more than \$100bn per year, affecting the living conditions of Africans and the continent's global competitiveness. Bank experts say public-private partnerships offer an additional approach to increase private-sector investments and higher levels of efficiency in the development and operation of infrastructure assets in Africa.

Bank Group president Akinwumi A. Adesina said the new framework would form the bedrock of the bank's engagements in the infrastructure sector. "This eagerly awaited strategic framework will go a long way to enabling the bank to provide much required assistance for the development and implementation of public-private partnerships in our regional member countries, and we look forward to its success."

Public-private partnerships are already a key feature of infrastructure projects being supported by the bank, among them several transport and energy- sector projects in all the regions of the continent.



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To achieve its development ambitions, the bank's Public-Private Partnership Strategic Framework is rooted in three pillars that will provide an end-to-end solution to member countries, from upstream to downstream. Pillar one covers upstream support, more specifically to ensure an enabling environment and capacity in member countries. Pillar two will provide midstream support, in particular project preparation and transaction advisory services to help structure projects to achieve financial closure. The final pillar entails downstream support to finance the implementation of investment projects.

Africa Public-Private Partnership Development Fund

To aid pillars one and two, the bank will establish a dedicated special instrument, to be known as the Africa Public-Private Partnership Development Fund.

The strategic framework streamlines bank-wide public-private partnership efforts across various departments, and provides guidance on financial instruments and resources. It recommends a selective approach to operations and markets, based on the bank's comparative advantage in Africa's infrastructure sector, its convening power on the continent, and the level of maturity of the different markets respectively.

The bank's Private Sector, Infrastructure and Industrialization Complex will coordinate the implementation of the framework over a 10-year period, starting in 2022. Vice President of the Complex, Solomon Quaynor, said the framework would enable African countries to scale up private-sector investment in the economic sector, including transport, energy, and ICT, and the social sector, including healthcare and education. It would also ensure better debt sustainability and management, innovation and efficiency, and enhance the competitiveness of their economies.

"The current global and African context, widening infrastructure gap and limited fiscal space, due to the Covid-19 pandemic, among other factors, builds a strong case for the Bank to scale up its support for public-private partnerships, to crowd in more private-sector investment in both economic and social infrastructure, and to provide a foundation for the Bank to become a leading voice and financier of public-private projects in Africa."

In rolling out the strategic framework, the Bank will engage clients and partners and begin dialogue with member countries to identify priority areas.

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