



African Development Bank Group

ACCESSING LOCAL MARKETS FOR INFRASTRUCTURE

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Presented at European Investment Bank Roundtable, “Banking in Africa”

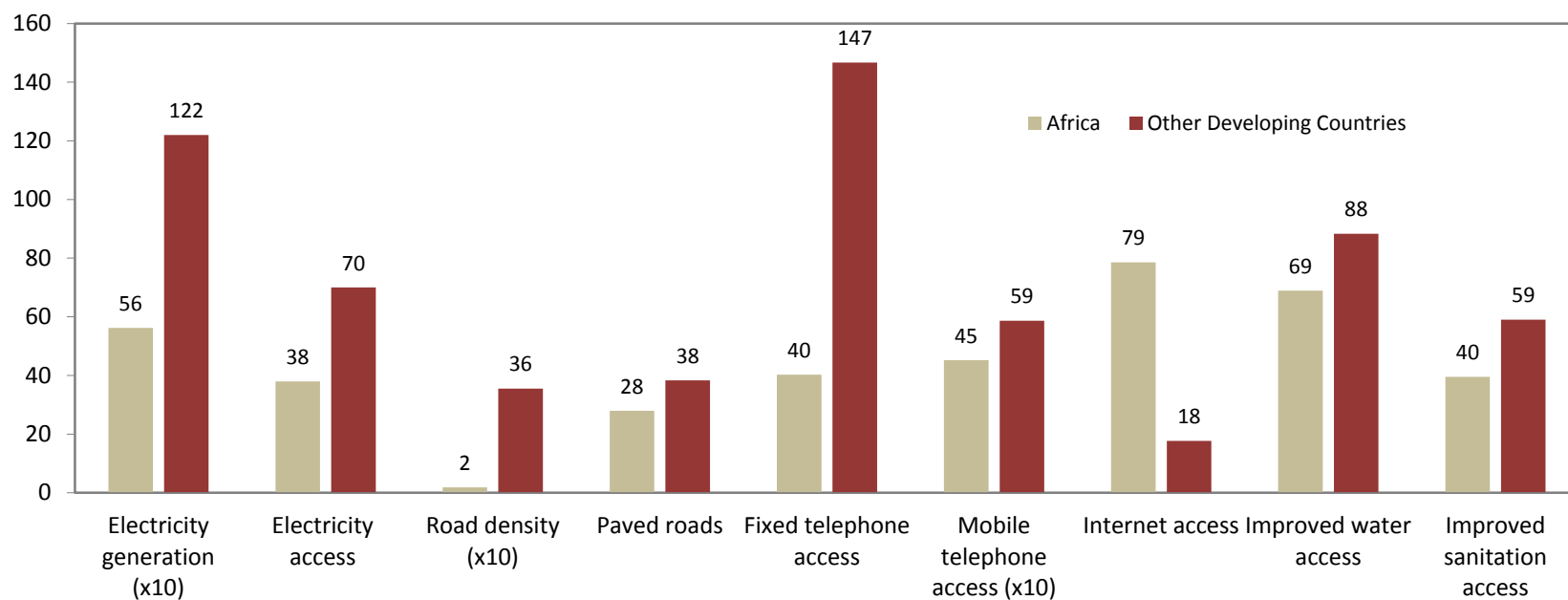
23 January 2013, Luxembourg.

State of Infrastructure in Africa

- Africa suffers from critical shortage of infrastructure.
- Infrastructure deficit condemns Africa to perform below its economic potential.
- Addressing the deficiencies in sub-Saharan Africa's infrastructure will require investments of about US\$93 billion per year.
- African governments have a critical role to play in providing incentives for private investment in infrastructure.
- With adequate infrastructure, African firms could achieve productivity gains of up to 40%.
- The AfDB is involved in financing infrastructure and catalyzing funds through traditional and innovative methods for both public and private sectors in order to facilitate PSD.



Africa's Infrastructure Stock



Electricity generation is measured in kilo watt hours per capita; road density in kilometers per 100 square kilometers of land; paved roads in percentage of total roads; electricity, improved water and improved sanitation access in population percentage; fixed telephone, mobile telephone and internet access in users per 1000 people



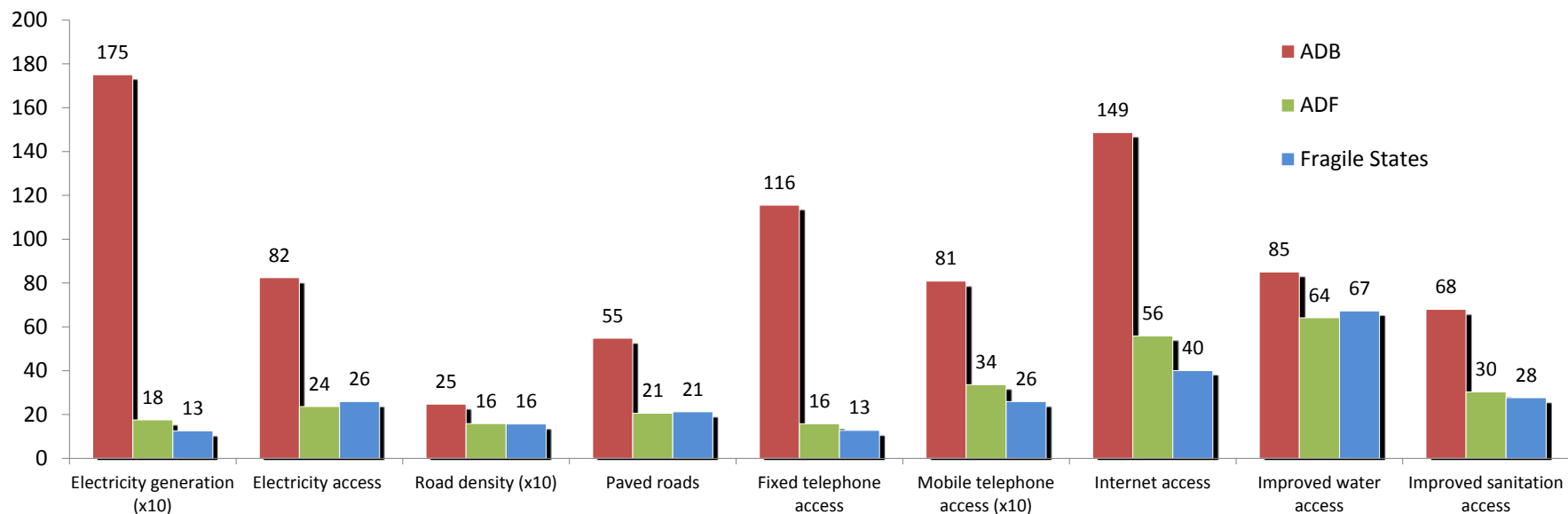
Africa Infrastructure Development Index

Rank	Country	Index	Rank	Country	Index	Rank	Country	Index	Rank	Country	Index
1	Seychelles	100	14	Comoros	43	27	Ghana	28	40	Burkina Faso	18
2	Mauritius	90	15	Swaziland	39	28	Cote d'Ivoire	27	41	Togo	17
3	South Africa	81	16	Namibia	38	29	Uganda	26	42	Mozambique	14
4	Libya	80	17	Djibouti	37	30	Rwanda	25	43	Liberia	13
5	Egypt	80	18	Senegal	34	31	Burundi	24	44	Tanzania	12
6	Tunisia	77	19	Malawi	31	32	Angola	24	45	CA R	12
7	Algeria	71	20	Zimbabwe	30	33	Sudan	21	46	Eritrea	11
8	Morocco	59	21	Guinea	29	34	Benin	21	47	Madagascar	7
9	Cape Verde	58	22	Mauritania	29.4	35	Guinea-Bissau	21	48	Niger	6
10	Botswana	57	23	Zambia	28.6	36	Kenya	20	49	Chad	5
11	Gambia, The	49	24	Congo, Rep.	28.6	37	Nigeria	20	50	Sierra Leone	5
12	Gabon	45	25	Lesotho	28.5	38	Equatorial Guinea	19	51	Congo, Dem. Rep.	5
13	Sao Tome and Principe	43	26	Cameroon	28.0	39	Mali	18	52	Ethiopia	4
									53	Somalia	-



Source: AfDB (2011)

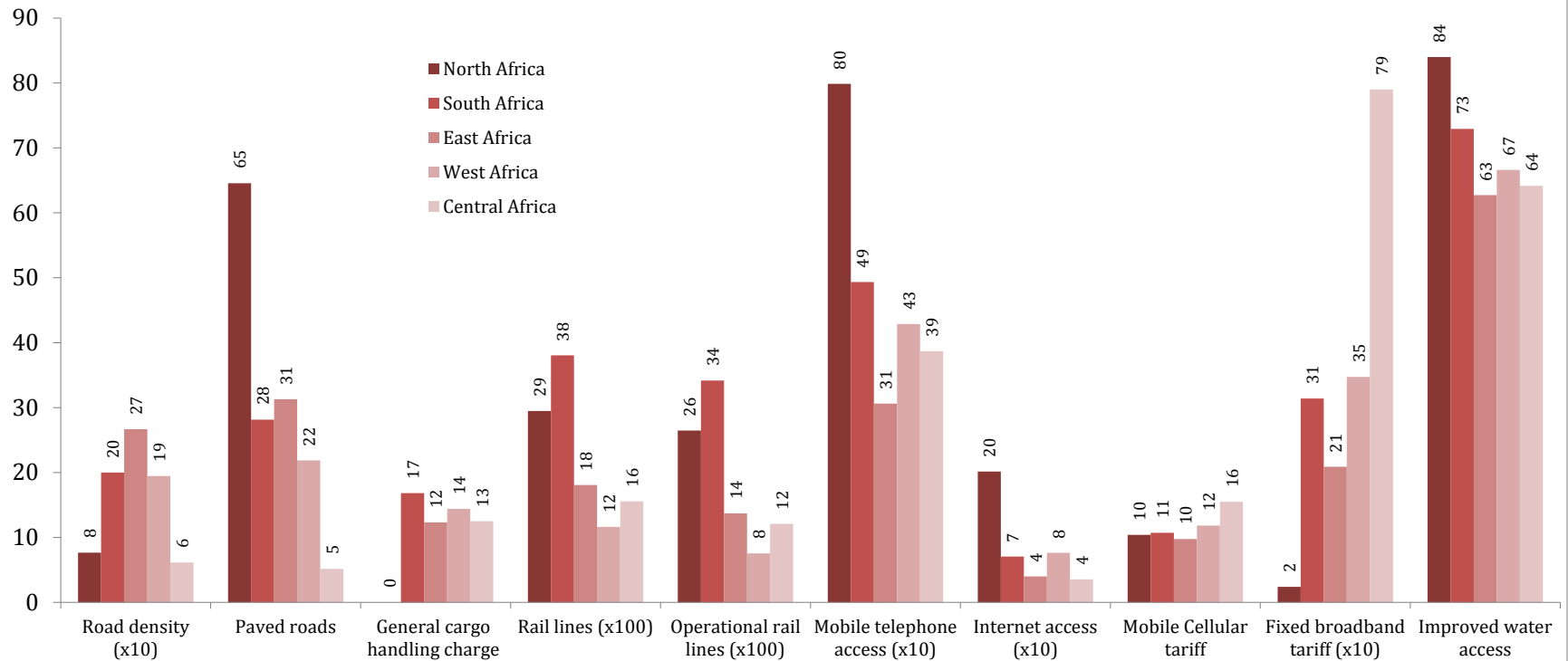
Access to Infrastructure by Income Level and Fragility



Electricity generation is measured in kilo watt hours per capita; road density in kilometers per 100 square kilometers of land; paved roads in percentage of total roads; electricity, improved water and improved sanitation access in population percentage; fixed telephone, mobile telephone and internet access in users per 1000 people



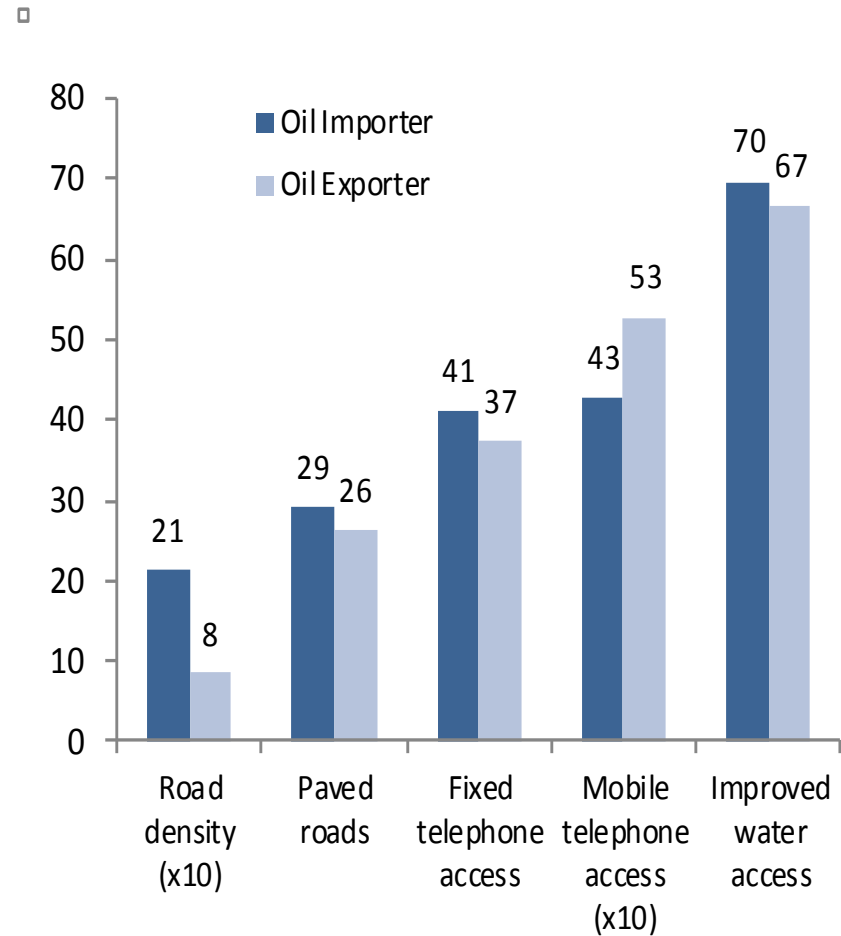
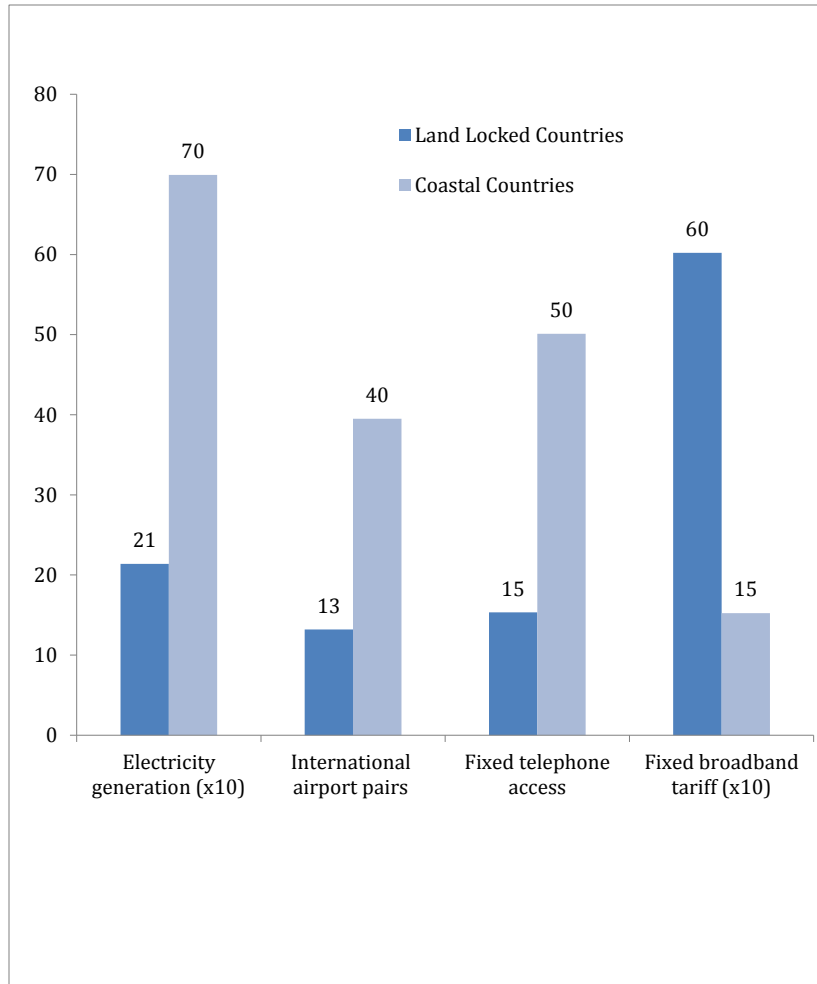
Access to Infrastructure by Region



Road density is measured in kilometers per 100 square kilometers of land; paved roads in percentage of total roads; general cargo handling charges in US dollars per ton; rail lines in kilometers; improved water and sanitation access in population percentage; mobile telephone and internet access in users per 1000 people; mobile cellular and fixed broadband tariffs in US dollars per month

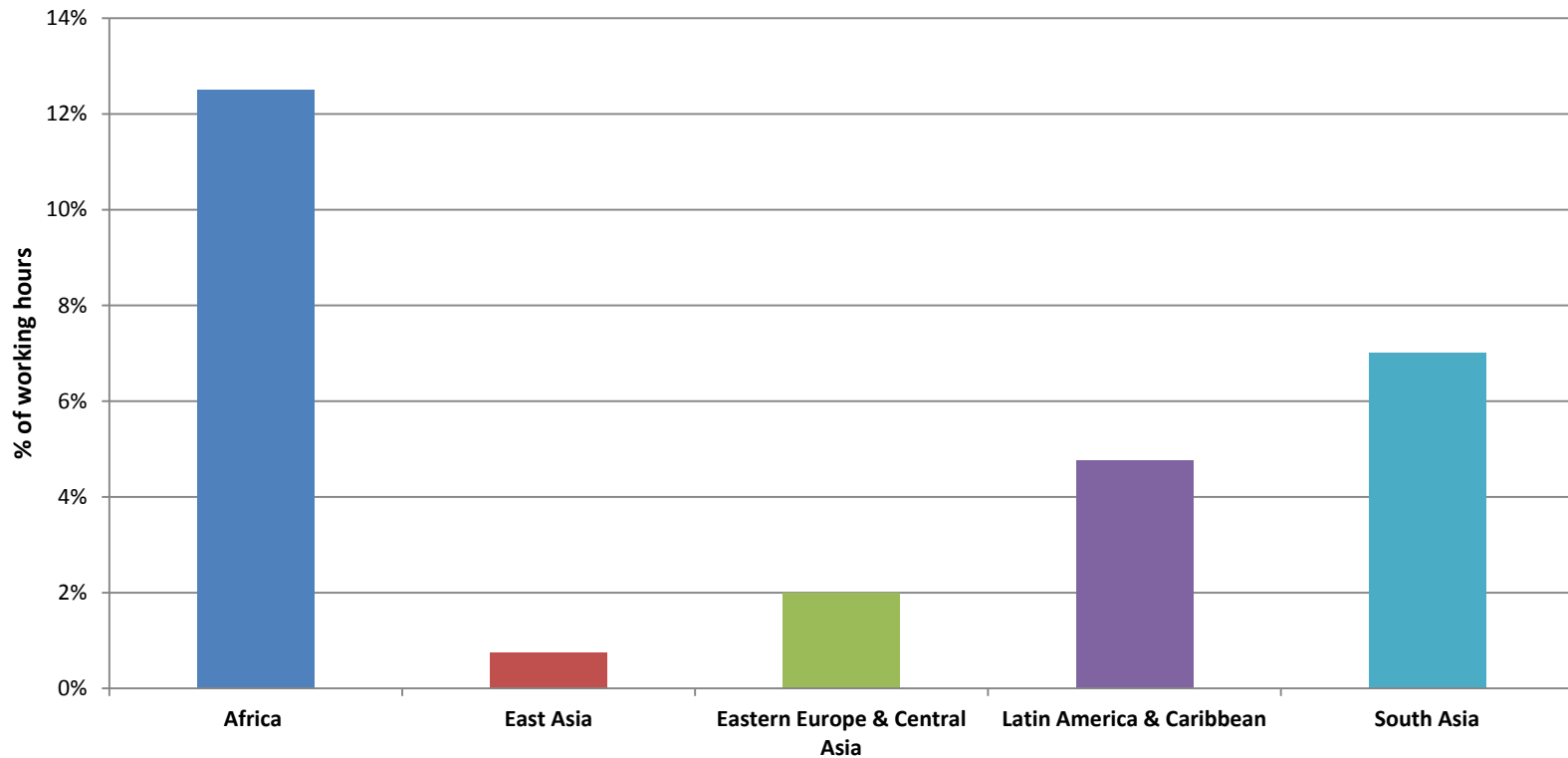


Access to Infrastructure by Location and Oil Resources

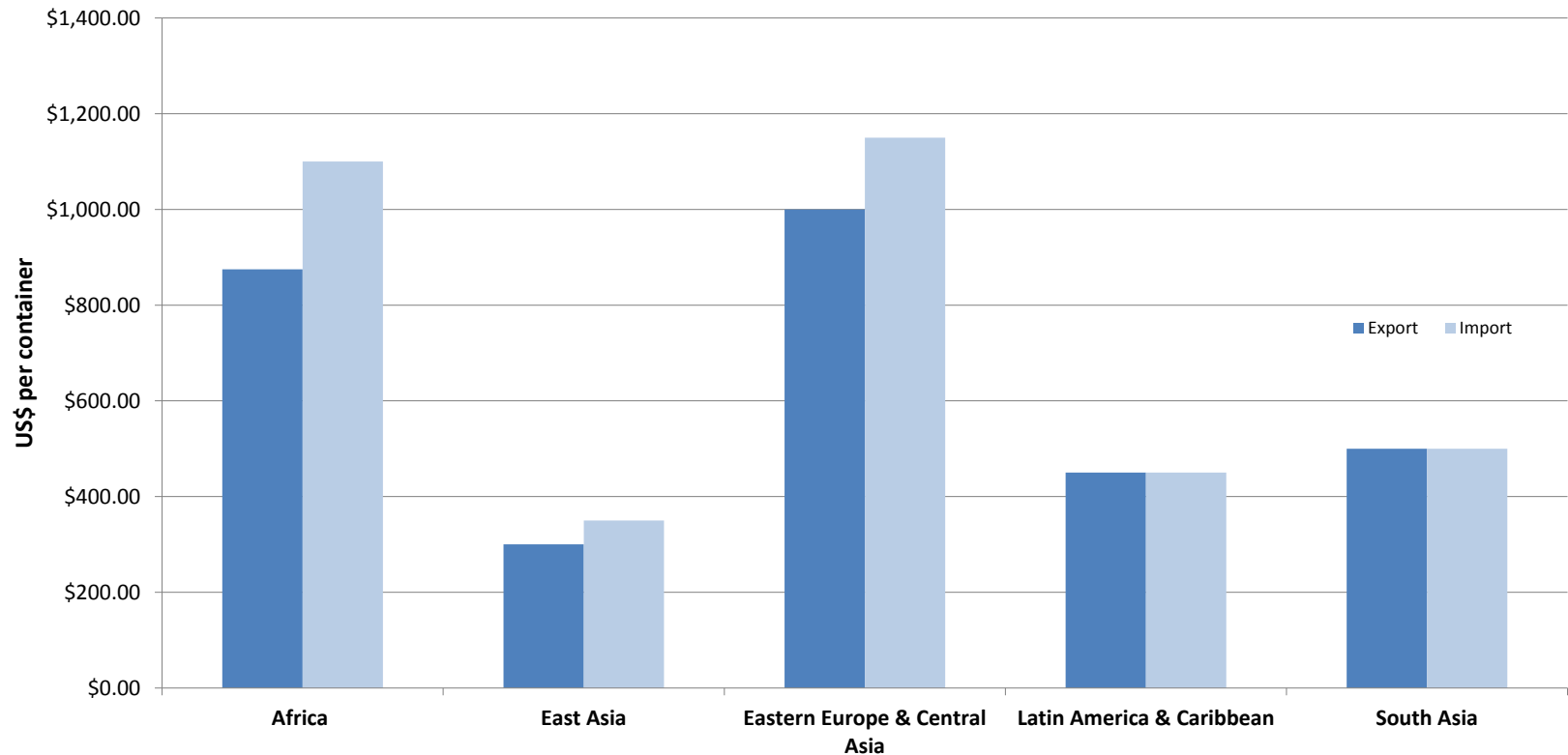


Source: AICD (2010) and AfDB (2011)

Constraints to Infrastructure Development in Africa:- Productivity Loss from Power Outages



Constraints to Infrastructure Development in Africa:- Inland Transport Costs



Source: Iarossi (2009)

Innovative Local Sources of Financing Infrastructure Development in Africa

Innovative Government Financing Instruments	Innovative Private Financing Instruments
Government Infrastructure Bonds	Corporate Bonds
Sovereign Wealth Funds	Specialized Infrastructure Funds
Diaspora Bonds	Private Equity Funds
Resource-backed Infrastructure Financing	Commodity-linked Debt Instruments



AfDB's Infrastructure Development Activities

Lending

- **US\$3.7 billion to infrastructure projects in 2010 (60% approvals)**
 - ❑ **US\$1.9 billion for transport**
 - ❑ **US\$1.2 billion for energy**
 - ❑ **US\$ 650 million for water and sanitation**
 - ❑ **US\$50 million for communication**
- **US\$1.7 billion earmarked for regional operations for the period 2011 to 2013**

Technical assistance

- **Funds for African Private Assistance (US\$16 million per year for private operations)**
- **NEPAD Infrastructure Project Preparation Facility (\$15 million per year for regional projects)**
- **MIC Technical Assistance Fund (US16 million for operations in middle income countries)**
- **Technical Assistance for bond issues in RMC**

Risk Management Instruments

- **Guarantees**
 - **Partial credit guarantee**
 - **Partial risk guarantee**
- **Hedging products**
 - **Currency swaps**
 - **Interest rate swaps, caps, collars**
 - **Commodity/index swaps**
 - **Indexed loans**

Support to access climate finance

- **Setting up of the Africa Green Fund to mobilize resources.**
- **Supporting pioneer development of clean energy projects at commercial scale (i.e., Cabeolica wind farm in Cape Verde)**
- **Financing energy efficient projects (reached US\$5 billion for MDBs collectively in 2009)**
- **Improving Investment Funds, Global Environment Facility)**





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THANK YOU