



**DEVELOPMENT  
REIMAGINED**

# **Which Financial Institutions Are Bridging Africa's Infrastructure Financing Gaps?**

Report by  
Development Reimagined

## Acknowledgements

We are grateful for and acknowledge the opinions and insight provided by our practitioners and expert interviewees that contributed to the thinking and analysis expressed in this report through their own work as well as joint and one-on-one discussions with the Development Reimagined team.

However, our opinions, insights, conclusions, recommendations, and errors are ours alone.

We are also grateful to the following banks for their research support and for granting our team access to data used in this report's analyses: African Development Bank, African Export Import Bank, Development Bank of Southern Africa, ECOWAS Bank for Investment and Development, Trade and Development Bank, as well as the West African Development Bank.

Special thanks also goes to our researchers David Nyagweta, Etsehiwot Kebret, Rugare Mukanganga, Dennis Severin, Trevor Lwere, and Jade Scarfe. We also thank Hannah Ryder and Leah Lynch for their overall guidance.

## Table of contents

<b>Acknowledgements .....</b>	<b>1</b>
<b>List of Figures.....</b>	<b>3</b>
<b>List of Tables .....</b>	<b>4</b>
<b>1. Introduction.....</b>	<b>5</b>
<b>2. Methodology .....</b>	<b>8</b>
2.1 AMFIs under consideration .....	9
<b>3. The Role of International Financial Institutions.....</b>	<b>10</b>
<b>4. Report findings.....</b>	<b>16</b>
4.1 Introduction.....	16
4.1.1 African Development Bank (AfDB).....	17
4.1.2 West African Development Bank (BOAD) .....	22
4.1.3 Development Bank of Southern Africa (DBSA) .....	25
4.1.4 ECOWAS Bank for Investment and Development (EBID) .....	28
4.1.5 Trade and Development Bank (TDB).....	33
4.1.6 African Export and Import (Afrexim) Bank .....	37
4.2 Sectors and Regions Which Receive the Most Financing from AMFIs and AfDB. ....	41
4.3 Key Takeaways.....	45
4.3.1 Trends in Infrastructure Financing in Africa. ....	45
4.3.2 The Role and Constraints of AfDB and AMFIs in Infrastructure Financing. ....	45
4.3.2 Obstacles to Scaling Up Financing for Infrastructure in Africa. ....	46
<b>5. Conclusions and Recommendations.....</b>	<b>48</b>
5.1 Conclusions.....	48
5.2 Recommendations.....	49

## List of Figures

Figure 1: Data collected by share.....	8
Figure 2: Financing of Infrastructure in Africa (3-Year Rolling Average). ....	12
Figure 3: Infrastructure Trends in Africa (AIDI Index).....	14
Figure 4: Regional Development Banks To Be Analysed.....	17
Figure 5: AfDB Shareholders by Capital Share.....	18
Figure 6: Countries Eligible for AfDB Financing. ....	19
Figure 7: AfDB Annual Disbursements.....	20
Figure 8: AfDB Average Annual Disbursements by Sector.....	21
Figure 9: BOAD Shareholders by Capital Share. ....	22
Figure 10: Countries Eligible for BOAD Financing.....	23
Figure 11: BOAD Annual Disbursements. ....	24
Figure 12: BOAD Annual Disbursements in Percentage Share. ....	25
Figure 13: Countries That Have Received DBSA Financing. ....	26
Figure 14: DBSA Annual Disbursements.....	27
Figure 15: DBSA Average Annual Disbursements by Sector. ....	28
Figure 16: EBID Shareholders by Capital Share. ....	29
Figure 17: Countries Eligible for EBID Financing.....	30
Figure 18: EBID Annual Disbursements. ....	31
Figure 19: EBID Average Annual Disbursements by Sector. ....	32
Figure 20: TDB Shareholders by Capital Share .....	33
Figure 21: TDB Countries Eligible for TDB Financing .....	34
Figure 22: TDB Annual Disbursements. ....	35
Figure 23: TDB Annual Disbursements in Percentage Share.....	36
Figure 24: Afrexim Shareholder Capital By Share.....	38
Figure 25: Afrexim Countries Eligible for Afrexim Financing .....	39
Figure 26: Afrexim Disbursements Over Time. ....	40
Figure 27: Afrexim Average Annual Disbursements By Sector .....	41
Figure 28: Combined Average AMFI and AfDB Disbursements Over Time.....	43
Figure 29: Total Financing of AMFIs and AfDB by Country.....	44

## List of Tables

Table 1: Summary of Results for Average Annual Infrastructure Investment Needs by Country .....6

Table 2: List of Selected Regional Development Banks and Asset Values\* ..... 10

Table 3: Infrastructure Projects in Different African Regions..... 13

## 1. Introduction

The world is in poly-crisis, with economic turmoil from the COVID-19 pandemic, conflicts, the rise in global inflation and much more. These global crises continue to have ramifications for African countries given the impact on critical drivers of development. Infrastructure - amongst other issues such as food security, and employment - is one of the main drivers of development, which African countries have recognised as critical in enabling not only the achievement of developmental goals but also the reduction in the severity of global shocks.<sup>1</sup> Defined as a system of public works in a country, which includes several structures such as railways, electricity generation and transmission, and public buildings, infrastructure is foundational to sustainable, and long-term development. Given this key role, infrastructure is critical in Africa's progress towards the achievement of developmental goals such as the 2030 United Nations Sustainable Development Goals (SDGs).<sup>2</sup> African countries and organisations have been proactive in establishing frameworks on how to best implement new infrastructure and upgrade existing networks. Specifically, the African Union (AU) has developed a continent-wide developmental blueprint - Agenda 2063 - which includes seven long-term goals. Agenda 2063 prioritises certain sectors, specifically agriculture, energy, mining, trade, and transport.<sup>3</sup>

Despite Agenda 2063 being well-formulated, with extensive research and financing into feasibility studies, there is still insufficient alignment and implementation gaps with the AU's development plan, especially in infrastructure financing. Overall, infrastructure financing to the African continent is far below expectations and is not enough to meet African developmental needs. A handful of organizations have estimated the financing gap. For example, by African Development Bank (AfDB) estimates, Africa has an annual infrastructure finance gap of US\$ 68 billion – US\$ 108 billion.<sup>4</sup> AfDB also estimates that African continent needs at least [US\\$ 86.7 billion](#) annually to achieve Agenda 2063 goals, with 76% of these resources targeting infrastructure alone.<sup>5</sup> The GI Hub's econometric forecasts estimate that between 2007 to 2040, US\$ 79 trillion will be invested in infrastructure on a global level. To meet the 2030 SDGs and to match the pace of the world's leading infrastructure investment

---

<sup>1</sup> African Union, (2013, June 10<sup>th</sup>). Agenda 2063: The Africa we want. [Available here](#)

<sup>2</sup> United Nations, (n.d.). The 17 Goals. [Available here](#)

<sup>3</sup> African Union, (n.d.). Continental Frameworks. [Available here](#)

<sup>4</sup> African Development Bank, (2024). Africa Economic Outlook 2024 – Driving Africa's Transformation: The Reform of The Global Financial Architecture. [Available here](#)

<sup>5</sup> African Development Bank, (2023, November). Public-private partnerships needed to bridge Africa's infrastructure development gap. [Available here](#)

destinations, the GI Hub estimates that US\$ 94 trillion will be required - leaving a massive US\$ 15 trillion financing gap.

However, at a country level, significant data gaps remain, particularly in Africa. Out of the 56 countries GI Hub has forecasted infrastructure finance needs for, only 15 are African, leaving 72% of the continent unaccounted for.<sup>6</sup> Additionally, GI Hub's forecasts were last updated in 2018, reflecting a lag in outlooks.

More recently, empirical studies by Development Reimagined estimate that for infrastructure spending to meet the SDGs and Agenda 2063 in 13 African countries, there is a financing gap of US\$ 108.9 – US\$ 149.9 billion annually through 2030<sup>7</sup>. For African countries that are part of the G21 Common Framework for Debt Treatments, a separate analysis estimated infrastructure financing needs to range from US\$ 1.9 billion – US\$ 16.9 billion.<sup>8</sup>

Notably, the above forecasts were based on current infrastructure investment trends. Under a simulated scenario that benchmarks infrastructure investment needs to achieve the 2030 SDGs, average annual financing needs would have to either double or be much higher, for all the countries analysed (see Table 1). This is an alarming conclusion considering the scale of the needs in comparison to each country's current economic performance as measured by Gross Domestic Product (GDP).

*Table 1: Summary of Results for Average Annual Infrastructure Investment Needs by Country*

Country	Current Annual Investment Trend (US\$ billion)	Annual Investment Needs to Reach the SDGs (US\$ billion)
Nigeria	10.2 - 14.3	534.6 - 700.4
Côte d'Ivoire	2.5 - 3.5	82.5 - 108.4
Ghana	2.9 - 4.0	7 - 9.1
Senegal	1.2 - 1.6	59.7 - 81.1
Kenya	5.6 - 8.3	14.5 - 21.4
Chad	1.9 - 2.9	3.2 - 5.6
Zambia	4.4 - 6.4	7.4 - 10.8
Ethiopia	12 - 16.9	23.6 - 34.8
Republic of Congo	1.2 - 1.9	3.9 - 5.5
Morocco	5.8 - 7.8	13.4 - 18.5
Mozambique	4.1 - 5.8	8.9 - 12.7
Sudan	2.7 - 3.8	6.7 - 10.2
Tunisia	1.8 - 2.4	8.9 - 12

<sup>6</sup> African countries with GI Hub forecasts are Angola, Benin, Côte d'Ivoire, Egypt, Ethiopia, Ghana, Guinea, Kenya, Morocco, Nigeria, Rwanda, Senegal, South Africa, Tanzania, and Tunisia.

<sup>7</sup> Development Reimagined, (2024, February). African Priorities for the G21. [Available here](#)

<sup>8</sup> Development Reimagined, (2023). Infrastructure Spending to Meet the SDGs and Debt Sustainability - How to Square the Circle? [Available here](#)

There is a strong relationship between infrastructure development, the overarching global financial system, and international financial institutions (IFIs). Given their global reach, the most notable and influential IFIs are the Bretton Wood Institutions (BWIs) - the World Bank Group and the International Monetary Fund (IMF), both of which provide concessional financing for development. Beyond the BWI, there are several regional Multilateral Development Banks (MDBs) which engage in infrastructure financing, such as the African Development Bank (AfDB), the Asian Development Bank, the Inter-American Development Bank (IADB or IDB) as well as the European Bank for Reconstruction and Development (EBRD).<sup>9</sup> The roles of the IFIs and the MDBs include offering technical guidance to their members, as well as providing financing to members either in the form of grants or loans with varying maturities and interest rates.

Infrastructure financing across the continent comes from several sources, both private and public. However, African governments provide the largest share, at approximately 35%.<sup>10</sup> Beyond African governments, infrastructure financing is distributed amongst foreign governments, private sector partnerships, and IFIs. First, in terms of foreign governments, the People's Republic of China has funded the largest share of recent projects, accounting for 12% of the funding and overtaking other countries such as Germany, and India. Secondly, in terms of Development Finance Institutions (DFIs), financing by regional MDBs and Africa's Multilateral Financial Institutions (AMFIs) has also played a key role in the region, with regional MDBs such as AfDB, West African Development Bank (BOAD), and Development Bank of South Africa (DBSA) providing approximately 8% of the financing.

There are numerous obstacles to mobilizing African infrastructure finance at scale, including a biased Debt Sustainability Analysis (DSA) framework by the BWIs, a biased credit rating system and the flawed MDB budget financing system.<sup>11</sup> Indeed, as African experts have highlighted, there is a serious need for DSA reform to account for the growth-producing assets that debt funds – including physical infrastructure.<sup>12</sup>

Although several studies present the role of different sources of finance, there exists a gap in analysing AMFIs and Africa's regional MDB, the AfDB. Accordingly, this report offers new

---

<sup>9</sup> World Bank Group, (2006). Global Issues for Global Citizens: An Introduction to Key Development Challenges. [Available here](#)

<sup>10</sup> The Infrastructure Consortium for Africa, (2022). Infrastructure Financing Trends in Africa 2019-2020. [Available here](#)

<sup>11</sup> Development Reimagined, (2021). Options for Reimagining Africa's Debt System. [Available here](#)

<sup>12</sup> Development Reimagined, (2023). Breaking the Bias: Rethinking Debt Sustainability for Africa's Future. [Available here](#)

insight into the role, scope and trends in infrastructure financing by such institutions. It also examines the obstacles these institutions face in regard to playing a more dominant role relative to other IFIs where African countries have less influence. The key areas the report sets out to analyse are as follows:

- i. The role of AMFIs and AfDB in African countries' infrastructure development to date.
- ii. The scale and trends of infrastructure financing, including an evaluation of key drivers and impediments to infrastructure financing in African countries.
- iii. A comparative analysis of AMFI and AfDB infrastructure financing between African countries and other regions. This research will also determine the extent to which AMFIs and AfDB support should be expanded to support African countries.

Following these evaluations, conclusions are drawn, and recommendations are made to guide future research in this area. The hope is that the recommendations will steer policymakers and stakeholders towards scaling up AMFI and AfDB infrastructure financing.

## 2. Methodology

This report was conducted using a mixed methods approach and incorporated both qualitative and quantitative data. The use of methodological pluralism in the report enabled the inclusion of several sources, thereby increasing the level of complexity of the research.

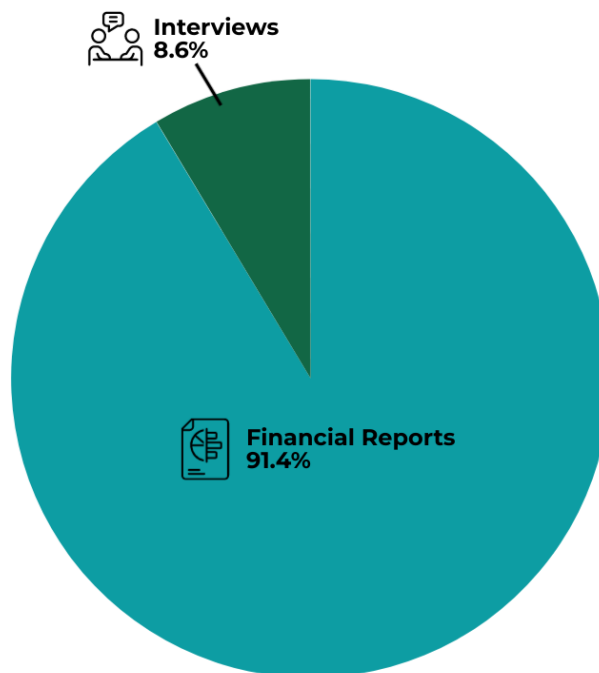


Figure 1: Data collected by share

Primary and secondary data were acquired from interviews and financial reports from DFIs. Semi-structured interviews which make up a smaller portion of the data (9%) were conducted with experts and professionals in the development, finance, and infrastructure fields. The main institutions of affiliation include the AfDB, the World Bank, the AU, the AU's New Partnership for Africa's Development (AU-NEPAD), think tanks and consultancies. In terms of secondary data, 91% of the data was obtained from publicly available sources. These include reports published by the respective institutions analysed and their datasets of disbursements.

Regarding infrastructure spending, this report explored both hard, and soft infrastructure. Soft infrastructure refers to services which are used for maintaining the economic, or social needs of a country such as health, education, security, and financial services. Soft infrastructure may also include manufacturing and logistics services in an economy. Hard infrastructure refers to baseline physical infrastructure which supports a country's economic activities. Due to the broad nature of soft infrastructure, only hard infrastructure is considered at the sectoral level whilst soft infrastructure is analysed in aggregate. The sectors explored are as follows.

- **Transportation and Trade** – roads, railways, airports, and ports.
- **Information and Communications Technology (ICT)** – communication satellites, fixed transceivers, broadband infrastructure.
- **Energy** – power plants<sup>13</sup>, electricity transmission lines, gas pipelines and other supportive infrastructure.
- **Water and Sanitation** – water supply infrastructure, sanitary sewer, sewage treatment plants.
- **Soft infrastructure** – Education, health, financial services and systems, factories, manufacturing, logistics, agriculture, and other miscellaneous services or systems.

## 2.1 AMFIs under consideration

In terms of institutions considered, the following criteria were used.

- i. Meets the definition of an AMFI, as an institution established by more than one state or DFI that is not an AMFI but operates at a similar level as AMFIs in terms of regional projects.
- ii. Provides infrastructure financial support to more than one African country as per report focus.




---

<sup>13</sup> Power plants include renewable energy areas such as large solar farms.

- iii. Majority-owned by African governments or institutions.
- iv. Have publicly available financial reports or data online or by request with sectoral annual disbursements.

**The list of regional banks analysed is as follows:**

*Table 2: List of Selected Regional Development Banks and Asset Values\**

 <p>AFRICAN DEVELOPMENT BANK GROUP</p> <p>African Development Bank (AfDB) Assets: US\$ 175.7 billion</p>	 <p>West African Development Bank (BOAD) Assets: US\$ 5.4 billion</p>	 <p>ECOWAS Bank for Investment and Development (EBID) Assets: US\$ 1.6 billion</p>
 <p>Development Bank of Southern Africa (DBSA)<sup>14</sup> Assets: US\$ 5.5 billion</p>	 <p>Trade Development Bank (TDB) Assets: US\$ 8.4 billion</p>	 <p>African Export-Import (Afrexim) Bank Assets: US\$ 27.9 billion</p>

\*Balance sheets as of 2022

### 3. The Role of International Financial Institutions

Post-independence, several countries in Africa conceptualised the creation of institutions which would become critical for the development of the continent. Following the formation of the Organization of African Unity (OAU) in 1963, institutions such as the AfDB were established to mobilise resources towards investments in projects and programmes critical for the continent's development.<sup>15</sup> Several countries also spurred the creation of local DFIs post-1960, such as the Development Bank of Zambia, Development Bank of Seychelles, and Development Bank of Rwanda to name a few. Outside of the national institutions which focused on infrastructure, there was also a rise in regional institutions such as BOAD, TDB, and EBID that also cooperated with AfDB on other projects. Regardless of these key changes

<sup>14</sup> Although established by South African government alone as a DFI, DBSA is included due to project focus being across African countries at similar levels as other AMFIs.

<sup>15</sup> United Nations, (n.d.). Agreement establishing the African Development Bank. [Available here](#)

which also coincided with increased infrastructure financing by major IFIs such as the World Bank, there remains a gap in progress due to a lack of financing, and reprioritisation. The lack of infrastructure to meet critical developmental needs is cited by Africans as one of the bottlenecks in respective countries alongside unemployment, health, and education.<sup>16</sup> Given the intersection of both these hard and soft infrastructure needs, there is a clear societal impact of the financing gap to meet these needs.

IFIs play a crucial role in infrastructure financing but have underprioritized infrastructure financing and ultimately failed to reach their potential in providing adequate finance. Between the 1980s and the early 2000s, the World Bank and the IMF reoriented their priorities from infrastructure investment to focus on social spending, technical assistance, and governance reforms.<sup>17</sup> The World Bank drastically reduced its infrastructure financing from 70% of its lending in the 1950s and 1960s to merely 19% of its lending by 1999, with the Asian Development Bank (ADB) following suit with a sharp decline in infrastructure investment until the early 2000s.<sup>18</sup> This reprioritization coincided with reduced domestic spending in most African governments due to policy conditionalities from the IMF's Structural Adjustment Programs and the Heavily Indebted Poor Countries (HIPC) debt relief program at the time. It was not until 2009 that the World Bank and other major multilateral institutions and creditors conducted research on the African infrastructure deficit, thereby reviving some infrastructure financing.<sup>19</sup> From 2004 to 2012, there was a surge in Official Development Financing (ODF) – especially from the AfDB and World Bank – targeted at infrastructure. Under the development agendas of the Millennium Development Goals (MDGs) and the SDGs, MDBs have been collaborating with the UN and other stakeholders to promote more comprehensive development – especially through sustainable infrastructure financing that meets social, environmental and governance safeguards. Infrastructure development gained prominence with the World Bank's launch of the Global Infrastructure Facility (GIF) in 2014, which coordinates infrastructure investment work between MDBs, governments, and the private sector. The surge in financing towards infrastructure, which also coincided with the expansion of several African development institutions both at the national and regional levels, led to progress in meeting development needs.

---

<sup>16</sup> Brookings Institution, (2023). Foresight Africa: Top priorities for Africa in 2023. [Available here](#)

<sup>17</sup> Rose Cirolia, L., (2020, October). Fractured fiscal authority and fragmented infrastructures: Financing sustainable urban development in Sub-Saharan Africa. [Available here](#)

<sup>18</sup> Wang, H., (2017). New Multilateral Development Banks: Opportunities and Challenges for Global Governance. [Available here](#)

<sup>19</sup> Gutman, J., Sy, A., & Chattopadhyay, S., (2015, March). Financing African Infrastructure: Can the World Deliver? [Available here](#)

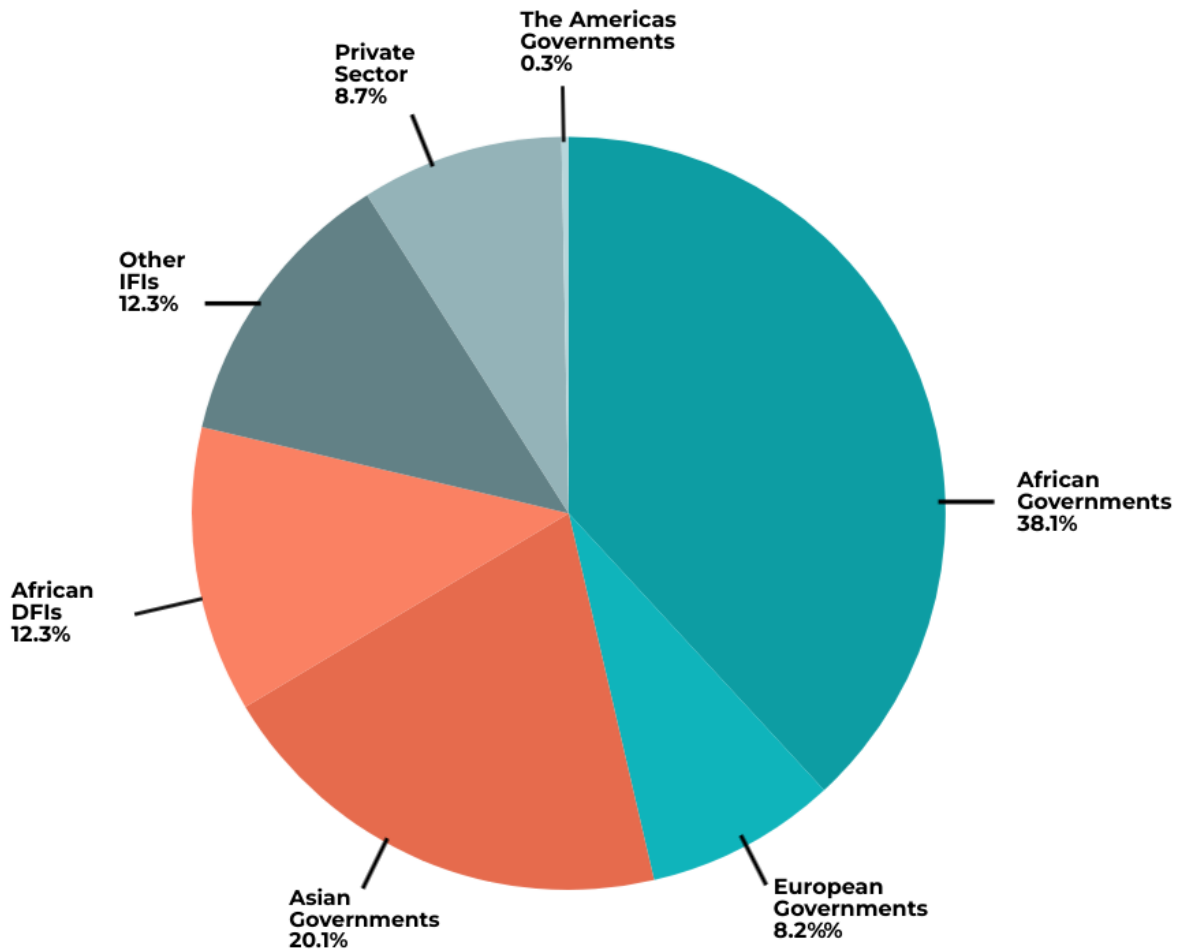


Figure 2: Financing of Infrastructure in Africa (3-Year Rolling Average).<sup>20</sup>

As Figure 2 shows, the share of African DFIs and multilateral institutions in infrastructure financing on the continent is approximately 12%. A large proportion of African DFIs in terms of asset size is regional. Thus, African DFIs continue to play a major role in infrastructure financing, together with other IFIs such as the World Bank, and AIIB. The role of African DFIs surpasses that of European governments and the private sector. In addition, excluding the level of financing from African DFIs, African governments provide most of the financing in infrastructure, at an average of 38%. An important note is that in recent years, the share of financing by African states has remained above 40%. This has been supported by several studies from organizations such as ICA, and Deloitte.<sup>21</sup>

<sup>20</sup> The Infrastructure Consortium for Africa, (2022). Infrastructure Financing Trends in Africa 2019-2020. [Available here](#)

<sup>21</sup> Pieterse, E., Rose Cirolia, L., & Pollio, A., (2022). Infrastructure financing in Africa: Overview, research gaps and research agenda. [Available here](#); Deloitte, (2021). Africa Construction Trends Report 2021. [Available here](#)

IFIs and MDBs need to do more in mobilizing finance for infrastructure investment in Africa. Indeed, a 2022 panel of the Independent Review of Multilateral Development Banks demonstrated that MDBs could unlock several hundred billion dollars in lending over the medium term.<sup>22</sup> This would require them to adjust their limited risk appetite and ease capital requirements through reforms such as the recognition of callable capital.<sup>23</sup> It has been shown that this could happen without any negative effect on their financial stability or AAA credit rating while serving their development mandate. Unfortunately, the increase in lending is yet to be seen.

Nonetheless, IFIs remain critical actors in infrastructure financing. Not only do they coordinate among infrastructure actors through mechanisms such as the Global Infrastructure Forum, but they also engage in the creation of sustainability frameworks and standards to support the development of quality infrastructure.<sup>24</sup> Broadly, economic infrastructure is the largest area of MDB disbursements, with transport as the priority sub-sector for many MDBs.<sup>25</sup> Meanwhile, social sectors such as education and health constitute the largest sectors of financing by the World Bank, with programmatic support related to governance and civil society making up the largest share of social sector financing.<sup>26</sup>

As shown in Table 3 below, there is a notable variation in project value and project activity among the different regions of Africa regarding regional distribution and project value between 2016 and 2021.

*Table 3: Infrastructure Projects in Different African Regions.*

African Region	2016 - 2021 Project Total	2016 - 2021 Project Value (US\$ billion)
North	435	689.5
West	580	633.7
Central	119	64
East	655	431
South	581	699

*Note: adapted from the 2021 Africa Construction Trends Report.*<sup>27</sup>

<sup>22</sup> MDB Reform Accelerator, (2022). Boosting MDBs' investing capacity - An Independent Review of Multilateral Development Banks' Capital Adequacy Frameworks. [Available here](#)

<sup>23</sup> Oteh, A., Karsenti, R., Nelson, E., & Humphrey, C. (2022, September 28<sup>th</sup>). Reforming capital adequacy at MDBs: How to prudently unlock more financial resources to face the world's development challenges. [Available here](#)

<sup>24</sup> United Nations, (n.d.). Financing the Sustainable Development Goals: The Contributions of the Multilateral Development Banks. [Available here](#)

<sup>25</sup> Engen, L., & Prizzon, A, (2018). A guide to multilateral development banks. [Available here](#)

<sup>26</sup> Ibid.

<sup>27</sup> Ibid.

In terms of sectoral spending, the data from the World Bank points to larger spending in the social sectors, followed by the economic and productive sectors (see Figure 3). Examining the sectoral trends of MDB infrastructure financing with private participation in Africa from 2007 to 2020, MDBs have expanded investments in transport and renewable energy in recent years, aside from a drop in 2020. However, fossil fuel energy continues to constitute a significant share of total MDB investment, at 56% in 2020.<sup>28</sup> Research by AfDB shows that overall, there has been an increase in infrastructure development across countries when measured using the Africa Infrastructure Development Index (AIDI).<sup>29</sup>

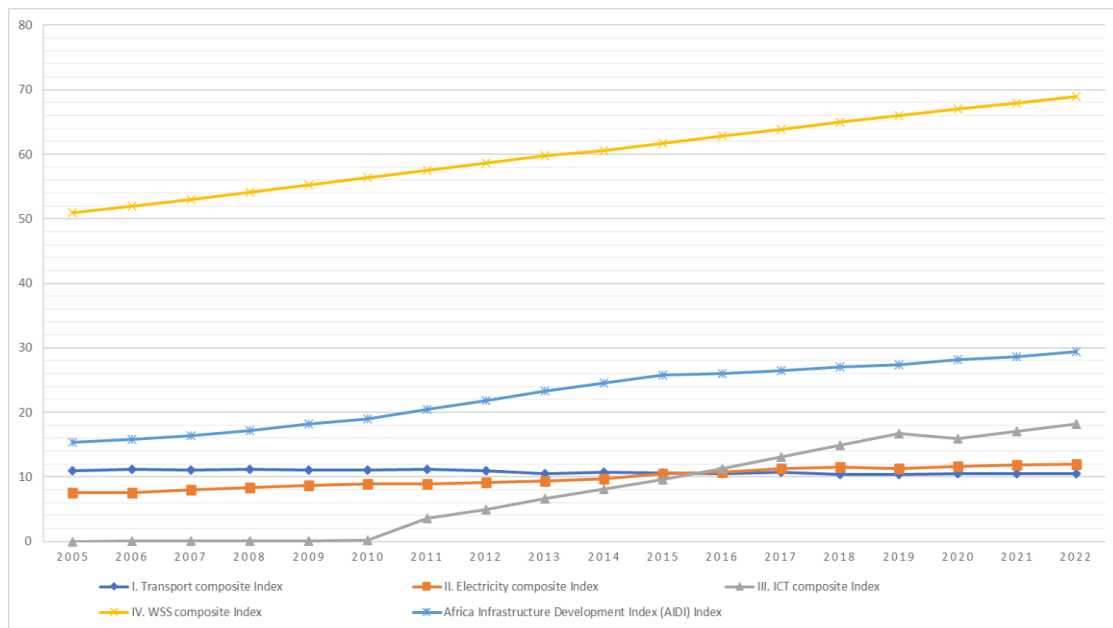


Figure 3: Infrastructure Trends in Africa (AIDI Index).<sup>30</sup>

On average, there have been clear increases in ICT, water and sanitation, and electricity composite index since 2005. ICT increased from 0.004 to 18.2 which has been due to the increased adaptation of new technologies within Africa such as the leap to cellular mobiles of which many countries did not have fixed landlines.<sup>31</sup> Water and sanitation which already had higher levels of available infrastructure has increased since 2005. Among various infrastructure sub-sectors, available research shows the critical role water storage and distribution infrastructure plays in creating water security.<sup>32</sup> This has direct implications for the growth and development of agriculture in African countries, both from the perspective of staple crop

<sup>28</sup> Lee, N., & Cardenas Gonzalez, M, (2022). Stuck Near Ten Billion: Public-Private Infrastructure Finance in Sub-Saharan Africa. [Available here](#)

<sup>29</sup> Africa Development Bank, (2023), Africa Infrastructure Knowledge Program. [Available here](#)

<sup>30</sup> Ibid.

<sup>31</sup> Adeleye, N. and Eboagu, C, (2019, March 14<sup>th</sup>). Evaluation of ICT development and economic growth in Africa. [Available here](#)

<sup>32</sup> Mwendera, E., & Atyosi, Y., (2018, March). A Review of Water Storage for Socio-Economic Development in South Africa. [Available here](#)

production which ensures food security, as well as for volume expansion when targeting external trade and foreign currency generation for an economy.<sup>33</sup> With the bulk of irrigation in African countries being rain-fed and therefore vulnerable to climate-change-induced rainfall fluctuations, a significant threat exists to the livelihoods of populations.

Electricity has continued to receive increased financing from IFIs, especially renewable energy, increasing from an average index of 8.0 to 12.0. Nevertheless, this is extremely low as the continent continues to face issues of high cost of electricity as well as unstable electricity supply. Frequent nationwide electricity production shortfalls are a burden on national healthcare and education systems as well as businesses.<sup>34</sup> Energy infrastructure is also key to creating value-added industries. As Kouakou (2018) identifies, there is a unidirectional relationship between electricity, GDP and industry value added.<sup>35</sup> Consequently, the prospects of product value-addition in African countries and, therefore, progress of the African Continental Free Trade Area (AfCFTA) are highly dependent on adequate electricity production and supply.

Transport is a sector in which investment has remained low, regardless of an increased focus on the sector with the AfCFTA. Developing effective transport infrastructure helps African countries to achieve sustained economic growth. For example, research highlights that import and freight costs are a barrier to the East African Community's (EAC) economic competitiveness as a region. As the cost of doing business becomes inflated and profits dampened, foreign direct investment is disincentivized.<sup>36</sup> Furthermore, the necessity of infrastructure extends beyond ports to inland transport networks. Investments towards road or railway network maintenance, reduction of trade barriers, and rehabilitation of ports amongst others are critical areas for which local and regional DFIs should increase financing.<sup>37</sup>

Although there have been improvements in African infrastructure development over the past decades, this progress has been slower relative to other regions of the world. Ultimately, to catalyse financing for infrastructure development, the MDB system needs to be reformed. The current system does not provide enough support for developing climate-resilient infrastructure,

---

<sup>33</sup> Kadigi, R. M. J., Tesfay, G., Bizoza, A., Zinabou, G., & Zilberman, D., (2019). Supporting policy research to inform agricultural policy in Sub-Saharan Africa and South Asia - Irrigation and water use efficiency in Sub-Saharan Africa. [Available here](#)

<sup>34</sup> Makoni, M., (2023). Power cuts and South Africa's health care. [Available here](#)

<sup>35</sup> Agbaje, B. A., & Idachaba, E., (2018). Electricity consumption, corruption and economic growth: Evidence on selected African countries. [Available here](#)

<sup>36</sup> Adero, N. and Aligula, E., (2012). Challenges facing transport infrastructure in the East African Community, Research Networking and Regional Development Policy Making in the East Africa Community (EAC). [Available here](#)

<sup>37</sup> Ndebele, R., Aigbavboa, C. and Ogra, A., (2018, October). Urban transport infrastructure development in African Cities: Challenges and opportunities. [Available here](#)

as there is a zero-sum conflict between climate and development goals when it comes to MDB financing. Moreover, private finance mobilization at scale remains a key challenge, as the existing MDB system overly emphasizes senior lending under MDB commitments and has a limited array of financial products, thereby constraining the flow of private capital.<sup>38</sup> Senior lending obliges debt repayments above other providers of loans and thereby increases the risk for other stakeholders in the context of issues such as default.

Despite the challenges explored above, the literature is clear on the necessity of infrastructure. A regional analysis by the World Bank estimated a 1.2% increase in GDP per capita as a result of infrastructure improvements in the Southern African Development Community (SADC) in the period from 1995 to 2005.<sup>39</sup> In India, S&P Global estimates that an investment in infrastructure worth 1% of the country's GDP yields 2% economic growth, highlighting the multiplier effect infrastructure investment has.<sup>40</sup> These examples reinforce the urgent need for more infrastructure financing in Africa. To chart a path towards closing the gap, this report will explore the current trends and impediments to scaling up IFI infrastructure financing as well as the role played by MDBs in reducing Africa's infrastructure gap.

## 4. Report findings

### 4.1 Introduction.

The previous sections ascertained the critical role of development banks in infrastructure financing. Each development bank has several priorities, and financial capabilities which are mostly supported by the mandate, capital, and infrastructure needs of members. This section provides an in-depth analysis of six key regional developmental banks in Africa, and respective findings from interviews. In terms of sectoral coverage, this section focuses on soft and hard infrastructure. Soft infrastructure refers to services which are used for maintaining the economic, or social needs of a country such as health, education, security, and financial services. However, it may also include manufacturing and logistics services in an economy. Hard infrastructure refers to baseline physical infrastructure which supports a country's economic activities.

<sup>38</sup> Lee, N., Laxton, V., & Matthews, S., (2023), What Would the Ideal Development and Climate MDB Look Like? [Available here](#)

<sup>39</sup>Ranganathan, R., & Foster, V., (2011, December). The SADC's Infrastructure: A Regional Perspective. [Available here](#)

<sup>40</sup>Dangra, A., (2016, August 2<sup>nd</sup>). The Missing Piece in India's Economic Growth Story: Robust Infrastructure. [Available here](#)



African  
Development Bank  
(AfDB)



West African  
Development Bank  
(BOAD)



ECOWAS Bank for  
Investment and  
Development  
(EBID)



Development Bank of  
Southern Africa  
(DBSA)



Trade and  
Development Bank  
(TDB)



African Exort-Import  
Bank  
(Afreximbank)

*Figure 4: Regional Development Banks To Be Analysed*

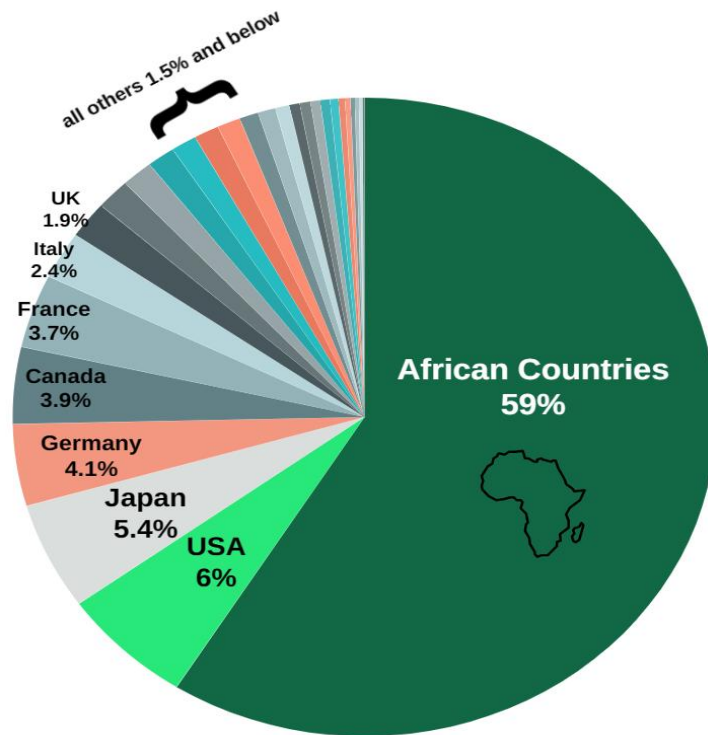
#### 4.1.1 African Development Bank (AfDB)

The African Development Bank (AfDB) is the largest regional MDB in Africa both in terms of country membership and financing. The AfDB has funded approximately 5,699 projects through both allocated financing and funds under its disposal, amounting to over US\$ 108 billion.<sup>41</sup> The focus of the bank since its inception has been ensuring that resources - both technical and financial - are allocated or mobilised towards development projects across regions. Infrastructure development has been a focal point, with the bank playing a crucial role in regional integration infrastructure projects under overarching programmes, such as the AU's Programme for Infrastructure Development in Africa (PIDA). Compared to other regional banks, the AfDB is the leading financier of infrastructure across sectors.<sup>42</sup> This section presents trends in infrastructure financing from AfDB as well as the allocated funds under the bank since 2000.

#### **The AfDB at a glance.**

<sup>41</sup> African Development Bank, (2023). Annual Report 2022. [Available here](#); African Development Bank, (n.d.). MapAfrica. [Available here](#)

<sup>42</sup> Nyadera, I. N., Agwanda, B., Onder, M., and Mukhtar, I. A., (2022). Multilateralism, Developmental Regionalism, and the African Development Bank. [Available here](#)



*Figure 5: AfDB Shareholders by Capital Share.*

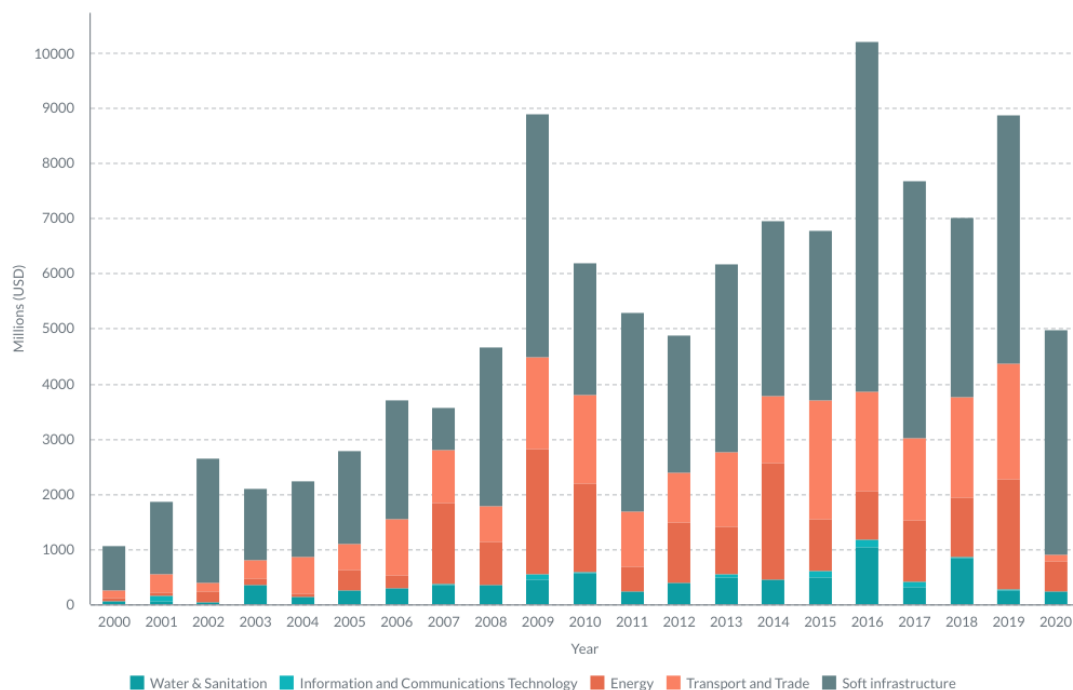
In terms of shareholders, most shares are owned by African countries with a 59% share, followed by 27 non-regional shareholders accounting for the remaining 41%. In terms of external partners, no shareholder holds more than 10%. These non-regional shareholders comprise 27 members with the United States of America (6%), Japan (5.4%), and Germany (4.1%) holding the most shares in the regions of Americas, Asia and Europe. In terms of voting power, the shares comprise votes, implying that African countries hold the most voting power. Of this, Nigeria is the highest shareholder at 8.7%, followed by Egypt and South Africa with 6.1% and 5%, respectively.



*Figure 6: Countries Eligible for AfDB Financing.*

All African countries are eligible for financing from the AfDB, which is disbursed through different funding streams. These streams include the African Development Bank (ADB), African Development Fund (ADF), and Nigerian Trust Fund (NTF).<sup>43</sup> All countries, excluding the Sahrawi Republic, are eligible for the NTF, with only the ADF and ADB having different eligibility rules. The main difference between the funds is that ADB focuses on investments, both private and public, which aim to improve Africa's economic well-being. Comparatively, the ADF prioritises issues such as food security within low-income, and fragile states on the continent. Lastly, NTF co-finances projects across both ADF and ADB but also has specific projects, particularly in low-income areas, with further financial capital provided through the Nigerian government.

<sup>43</sup> African Development Bank Group - Corporate Information., (n.d.). [Available here](#)



*Figure 7: AfDB Annual Disbursements.*

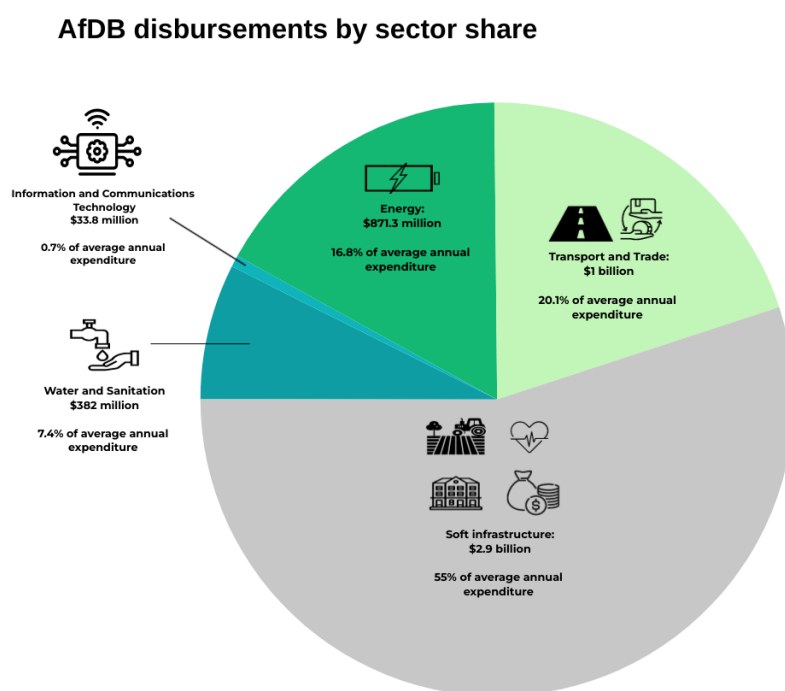
Since the 2000s, the total annual disbursements from AfDB have increased, reaching a peak in 2016 at US\$ 10.2 billion, from a low of US\$ 1 billion in 2000. The total annual financing has averaged US\$ 5.2 billion annually, with AfDB becoming the largest lending institution across the MDBs located, and founded, within Africa. But relative to the AfDB's own forecasts on annual infrastructure finance needs of about US\$ 86.7 billion for the continent, past disbursement trends reflect the size of existing funding gaps in Africa.

Excluding 2007, which included increased financing towards electricity supply across multiple countries, soft infrastructure disbursements have remained the highest at US\$ 2.9 billion annually, while transport and trade account for almost half the value at US\$1 billion.

In contrast, water and sanitation, as well as ICT infrastructure, have been the least financed sectors, receiving an average of US\$ 382.6 million and US\$ 33.8 million, respectively. The main reason for this is that these sectors are less capital-intensive and therefore tend to be funded from state budgets. In terms of ICT, there is also increased contribution from both the state and private sector companies that operate local and regional networks.

However, this does not mean there is a high level of development within these areas, as approximately 60% of the population in Africa lacks reliable access to clean water.<sup>44</sup> In terms of ICT, the internet penetration rate shows that a large portion of the continent remains unserved in terms of ICT access, thereby reducing the potential of creating a digital economy.

The implications of numerous macroeconomic shocks on financing are visible in the disbursement trends. For example, there was a decline in disbursements between 2010 and 2012 because of the 2008 financial crisis. A similar trend was identified between 2017 and 2020, when it coincided with the bank's special operations efforts in 2016 and the COVID-19 pandemic, respectively. The rise in disbursements in 2016 was mostly due to the countercyclical operations by the bank since 2013 and its sudden reduction. In 2020, as COVID-19 hit, financial flows reduced, especially as infrastructural projects were put to a halt due to lockdowns and there was a reprioritisation towards health and welfare needs. Figure 7 explores the different share patterns across sectors in detail to identify financing changes over the years.



*Figure 8: AfDB Average Annual Disbursements by Sector.*

At a sectoral level, soft infrastructure has the highest share of average annual disbursements at 55%, amounting to US\$ 2.9 billion on average. Hard infrastructure accounts for 45%, with

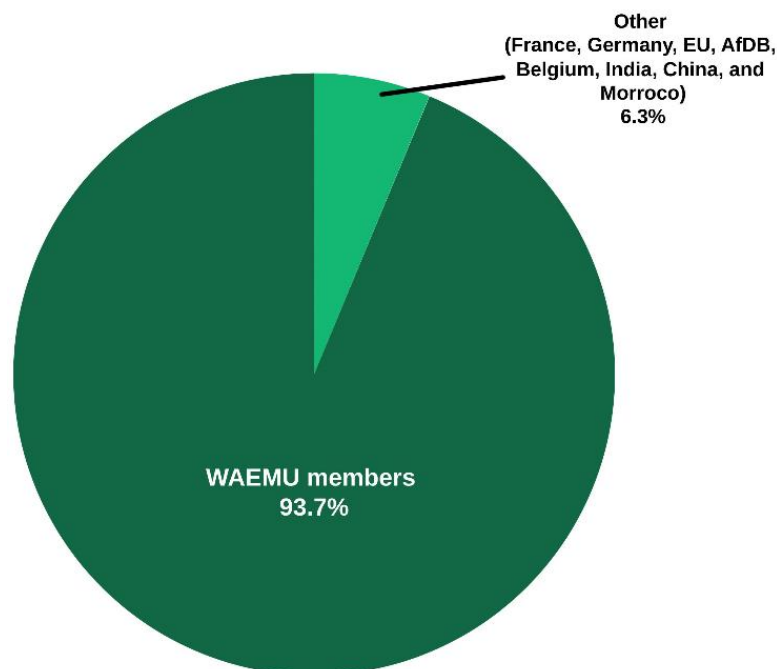
<sup>44</sup> United Nations Children's Fund, (2022). Progress on Drinking Water, Sanitation and Hygiene in Africa 2000-2020: 5 Years into the SDGs. [Available here](#)

primary sectors being transport and trade, and energy. Due to the increased need for infrastructure coupled with increased integration, several countries have received financial support for projects. The AfDB has contributed 20.1% of its annual disbursements towards the transport and trade sector, amounting to US\$ 1 billion. Energy needs have been relatively high, with approximately 43% of the population lacking access, and most countries expanding supply through green technologies. The need for countries to both mitigate ecological effects through a green transition, as well as expand their capacities in production and access to electricity, has led to several inter-country projects under PIDA. Thus, an average of US\$ 871.3 million of financing has gone to energy annually, accounting for 16.8% of the total disbursement share. Water and sanitation, and ICT, as discussed previously, have received less financing, accounting for only 7.4%, and 0.7%, respectively, in average annual disbursement share.

#### 4.1.2 West African Development Bank (BOAD)

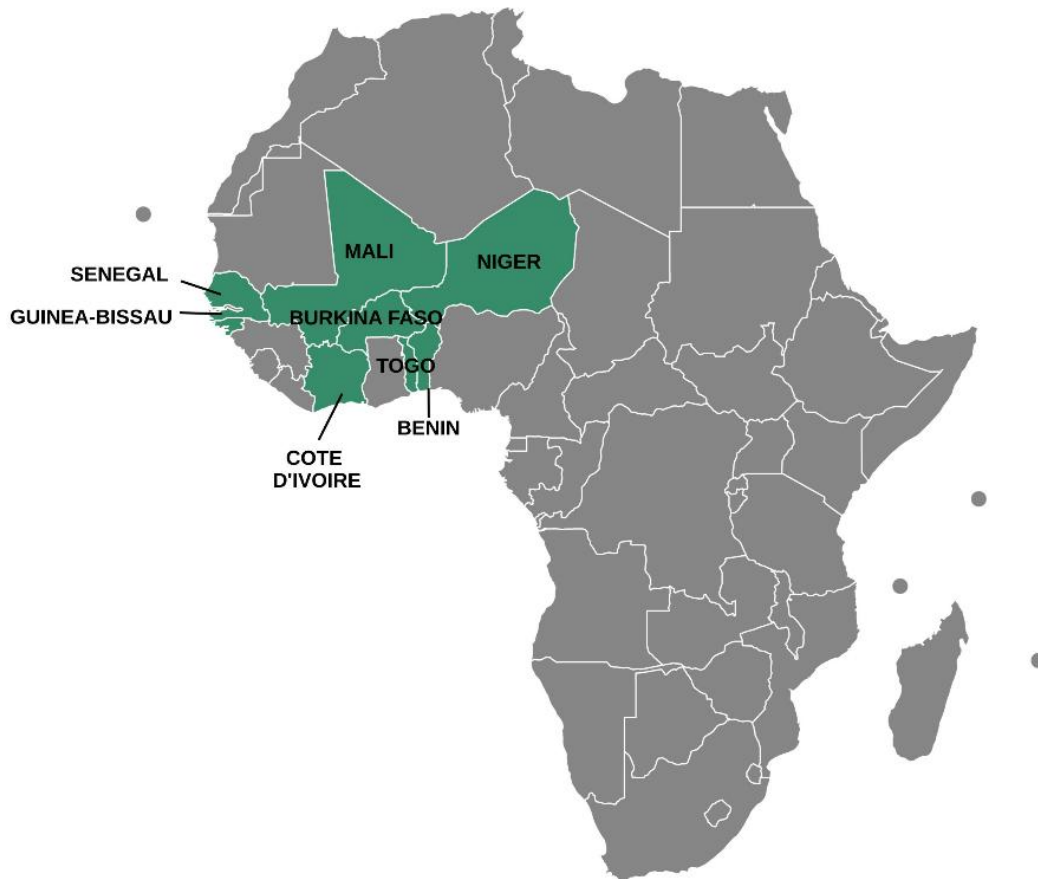
Created by, and operating as, a regional development finance organisation for the West African Monetary Union (WAMU) in 1976, the West African Development Bank (BOAD) has become a vital institution in infrastructure financing for countries in West Africa. The institution has financed several projects spanning the transport, health, education, agriculture, real estate, energy, and insurance sectors. In total, since 1976 commitments have been worth US\$ 11.4 billion within the region. This section explores financing trends post-2000 across sectors.

##### **The BOAD at a glance.**



*Figure 9: BOAD Shareholders by Capital Share.*

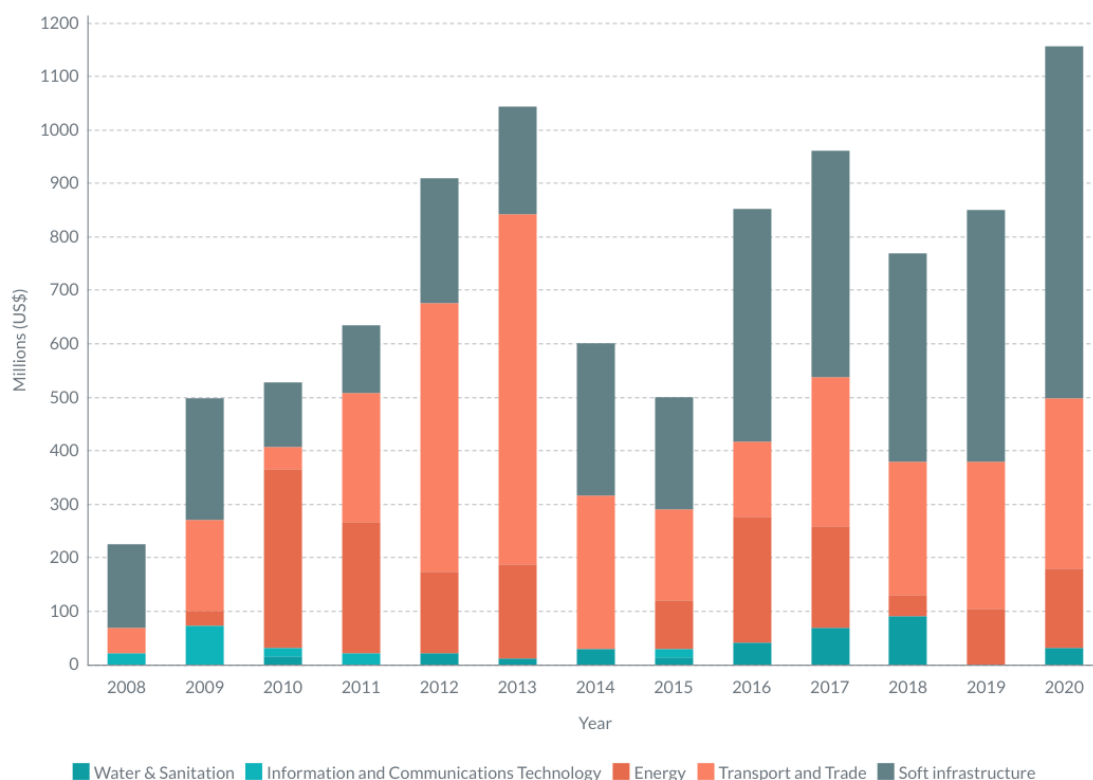
BOAD shareholders are composed of 8 WAEMU member countries, with the Central Bank of West African States (BCEAO), and 8 non-members.<sup>45</sup> WAEMU members located within Africa hold 93.7% of capital in the AMFI, whilst non-members hold 6.3%. Thus, African countries hold the majority in terms of capital.



*Figure 10: Countries Eligible for BOAD Financing.*

BOAD provides financing for all countries within the WAMU, whose membership includes Senegal, Guinea-Bissau, Burkina Faso, Togo, Benin, Niger, Mali, and Cote D'Ivoire.

<sup>45</sup> France, Germany, European Union, AfDB, Belgium, India, China, and Morocco

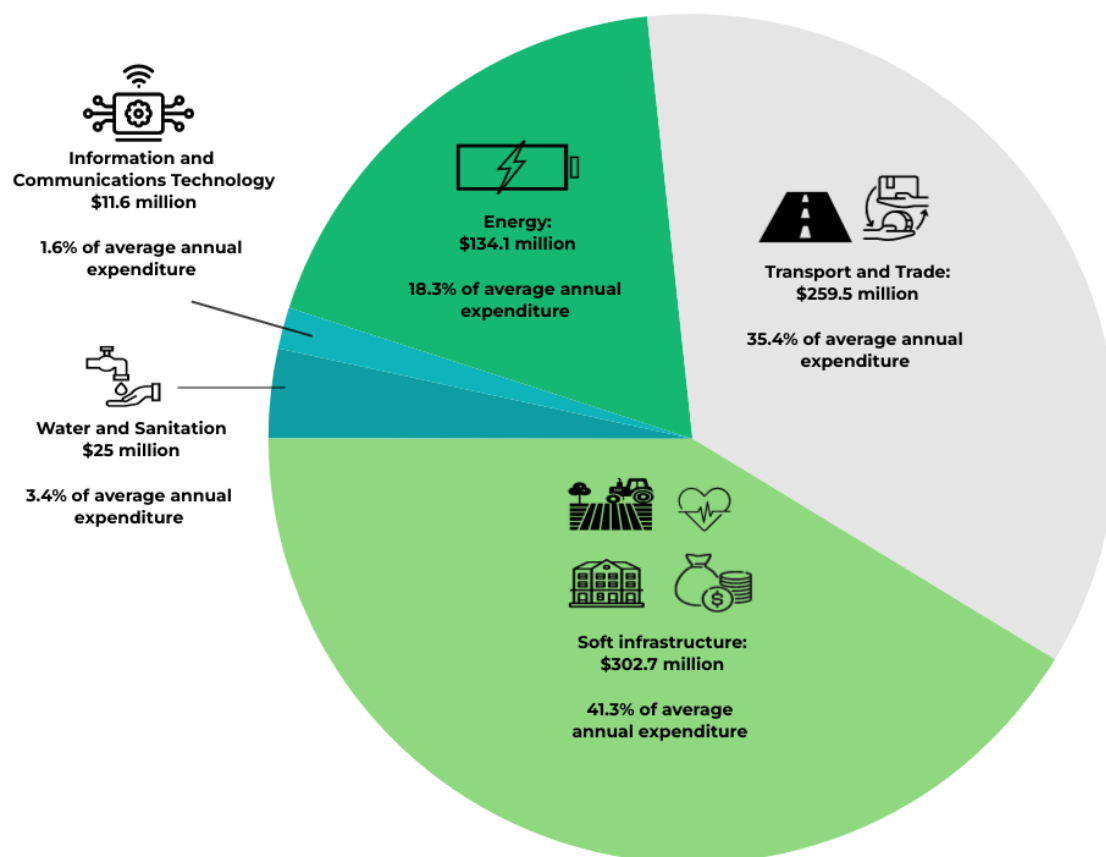


*Figure 11: BOAD Annual Disbursements.<sup>46</sup>*

Since 2008, BOAD's financing towards soft infrastructure needs of West African states has experienced growth. Like other regional banks, however, such growth has not been constant across the years. Overall, annual disbursements have averaged US\$ 732.9 million, with the highest average financing going towards soft infrastructure. The main soft infrastructure projects include the building of schools, social housing, health facilities, and agricultural infrastructure.<sup>47</sup> Although financing has been predominantly towards these areas in aggregate, the transport and trade sectors have received most of the financing, reaching a peak in 2013. In comparison with other sectors, average annual disbursements have been US\$ 259,5 million, while the energy, ICT, and water and sanitation sectors have received US\$ 134.1 million, US\$ 11.6 million, and US\$ 25 million, respectively. The increased financing towards transport and trade is attributed to road development across West African countries, with initiatives such as Community Action for Road Infrastructure and Transport (PACITR). In 2013 alone, 17 non-commercial projects were directed towards roads, reaching 1215.7 km in construction and rehabilitation. Thus, transport and trade infrastructure surpassed all sectors including the aggregates of soft infrastructure between 2011 and 2014.

<sup>46</sup> West African Development Bank, (2022). West African Development Bank Annual Report 2021. [Available here](#)

<sup>47</sup> Ibid



*Figure 12: BOAD Annual Disbursements in Percentage Share.*

In terms of percentage share allocated to each sector annually, soft infrastructure disbursements account for 41.3%, equating to US\$ 302.7 million per year on average. Transport and trade infrastructure, and energy have - like other regional banks, such as AfDB - accounted for the largest share in terms of hard infrastructure. The respective sectors account for 35.4%, and 18.3% in terms of average annual financing by BOAD, amounting to US\$ 259.5 million and US\$ 134.1 million, respectively. Although there remain increased needs in terms of water and sanitation and ICT, the two sectors receive less financing on average accounting for only 3.4% and 1.6%, a stark difference from other sectors.

### **4.1.3 Development Bank of Southern Africa (DBSA)**

The Development Bank of Southern Africa (DBSA) is the largest single state-owned development bank focused on development across several countries in the African continent. Established in 1983, the objective of DBSA is to extend its reach, particularly within the Southern African Development Community (SADC) region, although it is wholly owned by

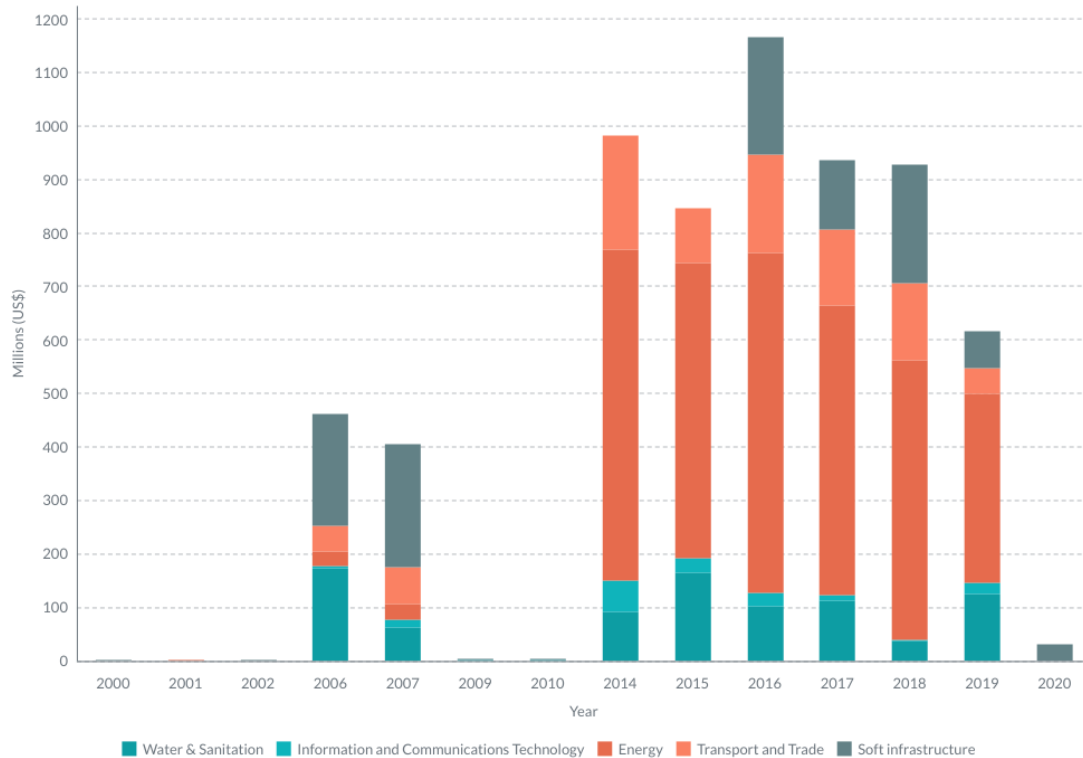
the South African government. In its portfolio, the DBSA has approximately US\$ 4.4 billion in developmental loans across the region. Financing has been disbursed in key industries including ICT, water and sanitation, transport, and energy, coupled with disbursement towards health, education, and human settlements in terms of both economic and social infrastructure. This section explores the trend in financing in the post-2000 period across sectors.

### The DBSA at a glance.



*Figure 13: Countries That Have Received DBSA Financing.*

Unlike most national AMFIs in the continent, the DBSA has had a mandate to contribute to all countries within the SADC region. As shown in Figures 12, 13 countries have received financing for both soft and hard infrastructure.

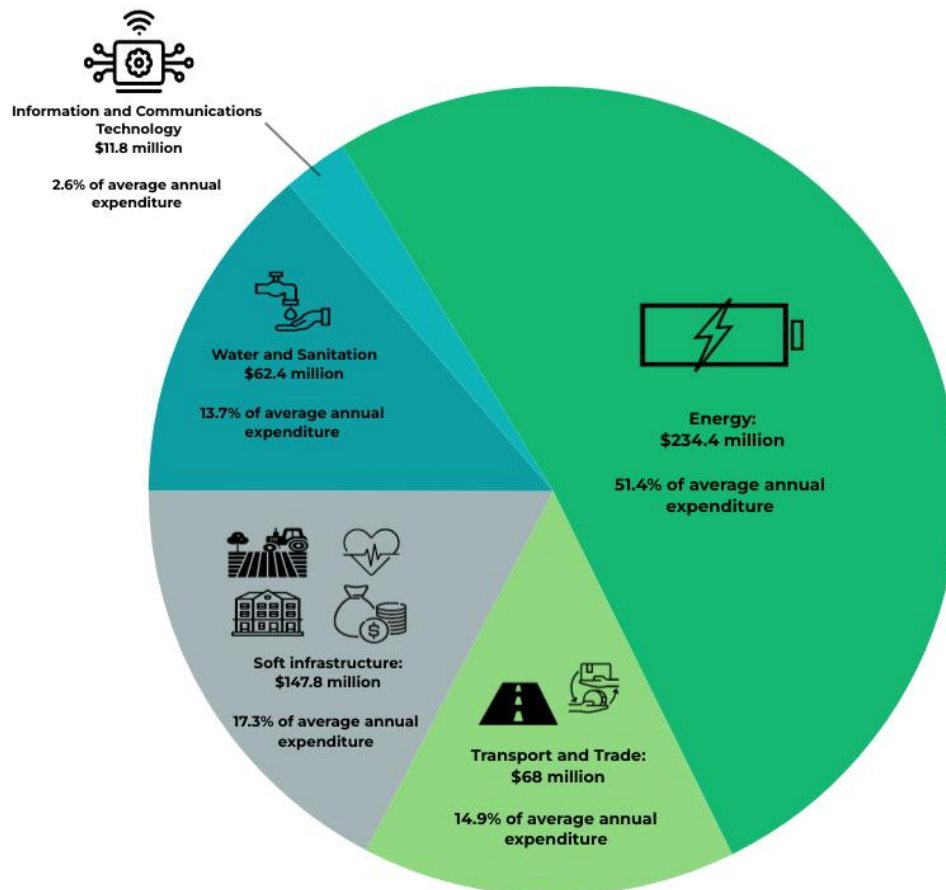


*Figure 14: DBSA Annual Disbursements.*

From 2000 to 2020, the DBSA has disbursed US\$ 455.8 million annually on average. However, it is important to note that there are significantly high levels of financing, particularly between 2014 to 2018. During this period, there was an expansion in financing towards the energy sector, focusing on increasing supply within South Africa and the SADC, as both continue to face shortages and are currently on a green transition plan. Financing towards energy projects reached its peak of US\$ 635.2 million in 2016, during which there were also increased funds disbursed towards soft infrastructure and the transport and trade sector. These sectors are relatively similar in overall financing, with disbursements amounting to US\$ 79.1 million and US\$ 68.1 million on average annually, respectively.

In terms of soft infrastructure, the DBSA is having a direct impact on households with investments in areas such as human settlements. The less-financed sectors include water and sanitation, as well as ICT, which received disbursement that amounted to US\$ 62.4 million and US\$ 11.8 million annually, respectively. In terms of overall financing across sectors, there is a clear impact of macro factors influencing financing in the post-2008 and post-2019 periods. Before the 2008 global financial crisis, there was a relative boom in financing, which was also coupled with disbursements towards soft infrastructure, as well as the water and sanitation

sector, that addressed the needs both within South Africa and the SADC. However, during the 2008 global financial crisis, finance decreased to historic lows. This drop in financing is similar to the collapse in financing experienced during the COVID-19 pandemic due to financial reprioritization, as well as several projects facing delays in reducing the spread of infections.



*Figure 15: DBSA Average Annual Disbursements by Sector.*

Since 2000, the most financed sector on average has been energy, with a share of 51.4% or US\$ 234.4 million annually. This is followed by soft infrastructure which has been a crucial sector, especially within South Africa, with a 17.3% share. This is marginally above the transport and trade sector, with a 14.9% share. The lowest financed areas in terms of average annual disbursement share are water and sanitation, at US\$ 62.4 million (13.7%), and ICT at US\$ 11.8 million (2.6%).

#### **4.1.4 ECOWAS Bank for Investment and Development (EBID)**

Officially reorganised in 2006 following a unification between the ECOWAS Regional Development Fund (ERDF) and ECOWAS Regional Investment Bank (ERIB), the ECOWAS

Bank for Investment and Development (EBID) has been a critical AMFI for the ECOWAS region. The conception of EBID first arose due to the establishment of the ECOWAS fund in the mid-1970s. The bank was created to meet the financing needs for ECOWAS in areas including infrastructure. In terms of built infrastructure, the sectors that have benefitted from financing across the 15 member states include transport, energy and water, whilst soft infrastructure in areas such as education and health have also received financing. As of 2021, the authorised capital of the bank amounted to US\$ 1.5 billion. The following section explores allocations to various infrastructure sectors since 2012 as per data collected.

### The EBID at a glance.

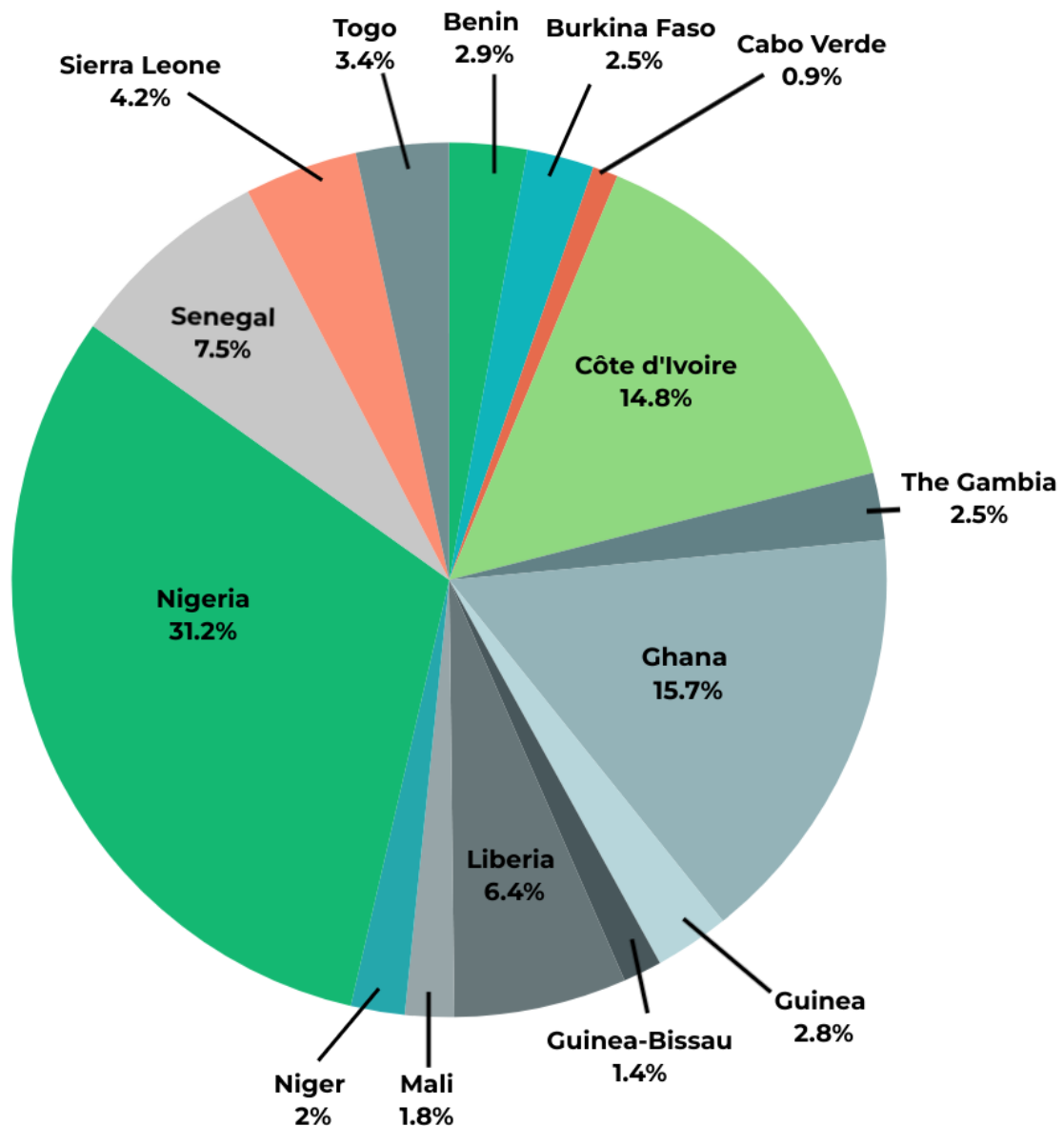


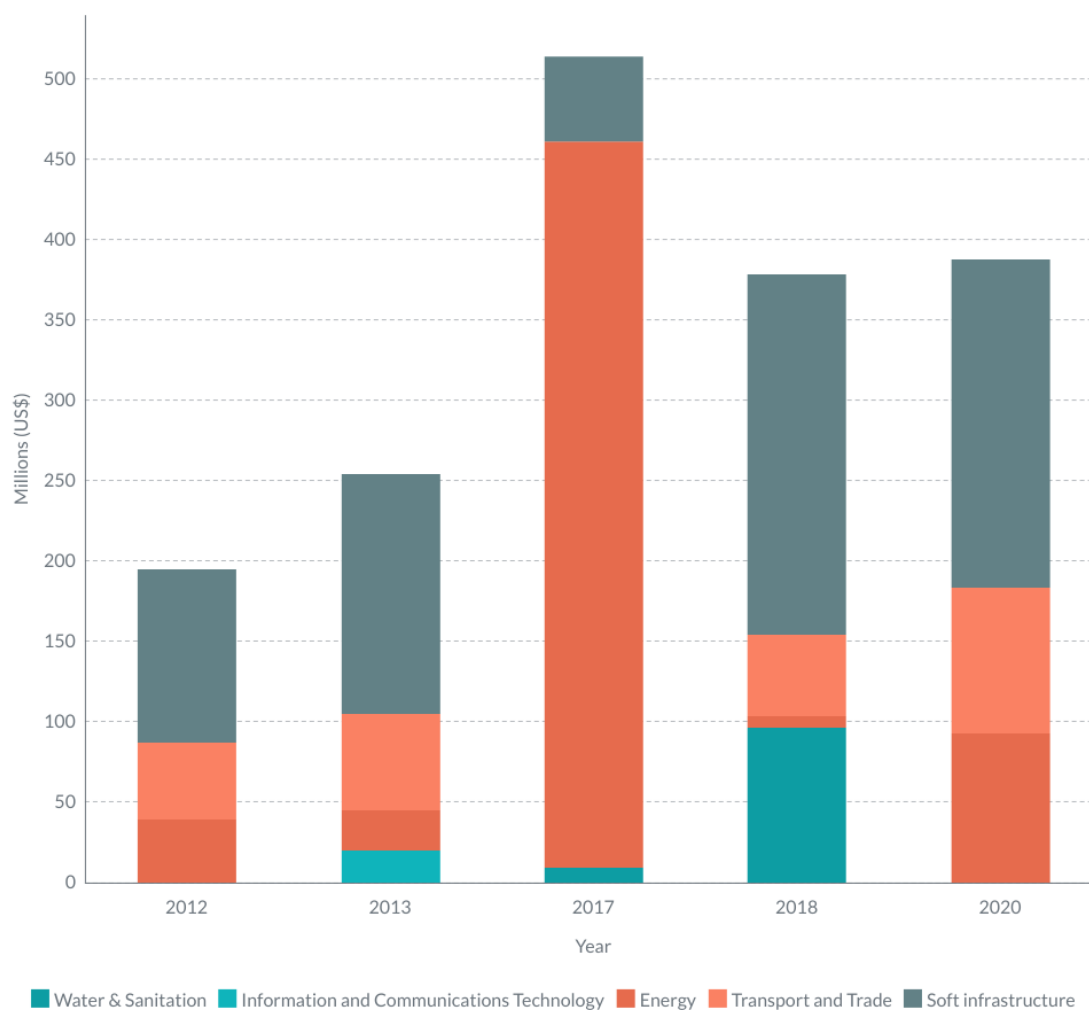
Figure 16: EBID Shareholders by Capital Share.

EBID is made up of 70% capital available only to members of ECOWAS, and 30% to external stakeholders. As of 2023, there has been no offering for the 30%, thus the only shareholders have been ECOWAS members. Amongst the respective countries Nigeria, Ghana, and Côte D'Ivoire hold the most capital at 31.2%, 15.7%, and 14.8%, respectively.



*Figure 17: Countries Eligible for EBID Financing.*

EBID finances infrastructure projects across the 15 ECOWAS member states. Members outside of ECOWAS are not eligible to receive financing for projects due to EBID's mandate.



*Figure 18: EBID Annual Disbursements.*

Over the years, financing from EBID has increased from an annual disbursement of US\$ 193.6 million in 2012 to US\$ 388.1 million in 2020, despite COVID-19. In terms of sectoral disbursements, soft infrastructure constitutes the most financed sector, akin to several AMFIs analysed. From 2012 to 2020, the soft infrastructure sector received an average of US\$171.6 million annually, with the highest financing of US\$ 149.5 million in 2013. Energy ranks second, receiving a total of US\$ 616.5 million within the period evaluated, peaking in 2017.

Over time, ECOWAS has increased its project focus on energy, particularly in rural electrification and the rollout of renewables. Only 42% of the population in the West African region has access to electricity, and only 16% of the rural population.<sup>48</sup> The West African region aims to reach 100% electrification by 2030.<sup>49</sup> Similar to other prominent AMFIs in the

<sup>48</sup> Economic Community of West African States Parliament, (n.d.). "Only 42% of West African Citizens Have Access to Electricity". [Available here](#)

<sup>49</sup> Economic Community of West African States, (2023). ECOWAS Renewable Energy Policy. [Available here](#)

region, transport and trade infrastructure is one of the top three sectors in terms of financing volume, receiving a total of US\$ 248.7 million during the analysed period. Thus, financing towards transport, and trade during this period is approximately two times less than disbursements towards energy. This difference mostly arose out of the increased financing in energy in 2017. Regardless of the difference, ECOWAS is highly integrated, unlike other regions, due to its historic union, which is one of the most prominent in the continent. Considering this, several projects - particularly rehabilitation and road infrastructure - have been major focuses of the region, to enable enhanced integration.

Lastly, like with other AMFIs, the water and sanitation, as well as the ICT sector, receive the lowest amount of financing. The two sectors received US\$ 105.4 million and US\$ 20.2 million, respectively, remaining underfunded for most of the years at near zero financing. Thus, financing in the respective sectors has mostly been channelled either through other regional banks, the private sector, or respective government spending.

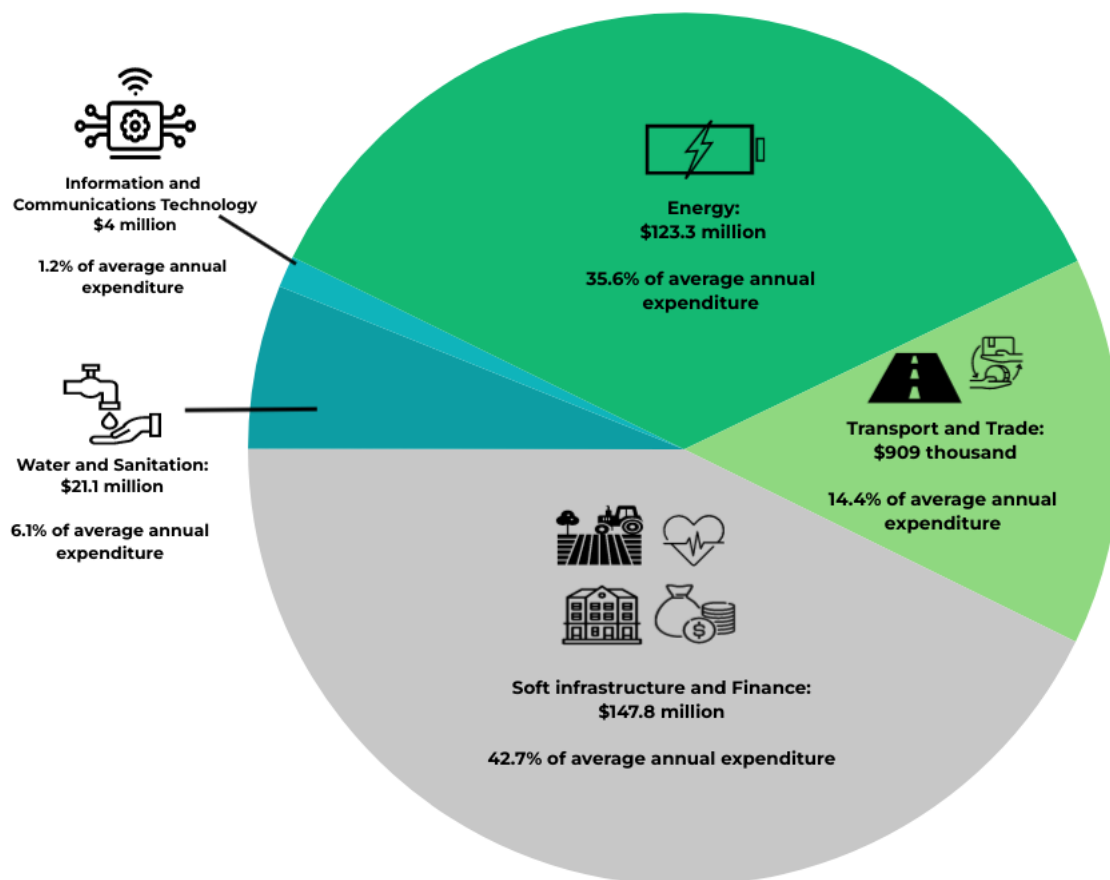


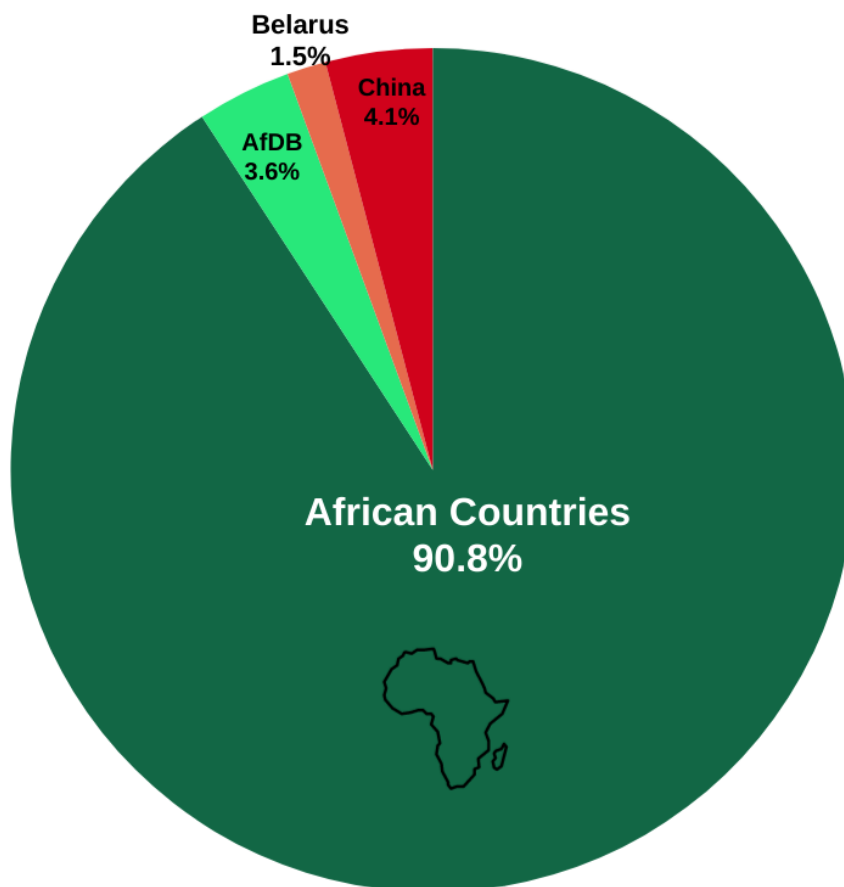
Figure 19: EBID Average Annual Disbursements by Sector.

On a sectoral basis, over 52% of financing each year goes towards soft infrastructure - except for 2017 when 88% of the share went towards the energy sector. As demonstrated previously, this is a trade-off in financing for other projects, with only the water and sanitation sector witnessing a relative rise to a 1.8% share from zero financing in prior years. In the years before and after 2017, the energy sector had a share that fluctuated between the two extremes of 1.9% and 24%. Meanwhile, the transport and trade infrastructure received over 23% of the financing in all years, except in 2018 when there was a decline to 13.4%.

#### **4.1.5 Trade and Development Bank (TDB)**

Launched in 1985, the Trade and Development Bank (TDB) was formed by the former preferential trade structure that led to the Common Market for Eastern and Southern Africa (COMESA). Serving 25 member states, the TDB funds infrastructure projects, especially those related to trade and sustainable development.

#### **TDB at a glance.**



*Figure 20: TDB Shareholders by Capital Share*

TDB shareholding is split into three classes, where 25 African countries own 90.8% of Class A shares, followed by China and Belarus at 4.1% and 1.5% respectively.<sup>50</sup> While AfDB is the only non-sovereign subscriber of TDB Class A capital shares at 3.6%, it also leads in Class B subscriptions at 18.1% alongside China's 11.7%, as well as 15 African national funds, insurance corporations, and the Arab Bank for Economic Development in Africa (BADEA).<sup>51</sup> Lastly, 83.6% of Class C subscriptions are held by a TDB staff fund, while the remaining subscriptions are held by an executive TDB fund and a Seychelles-owned insurance corporation.<sup>52</sup>



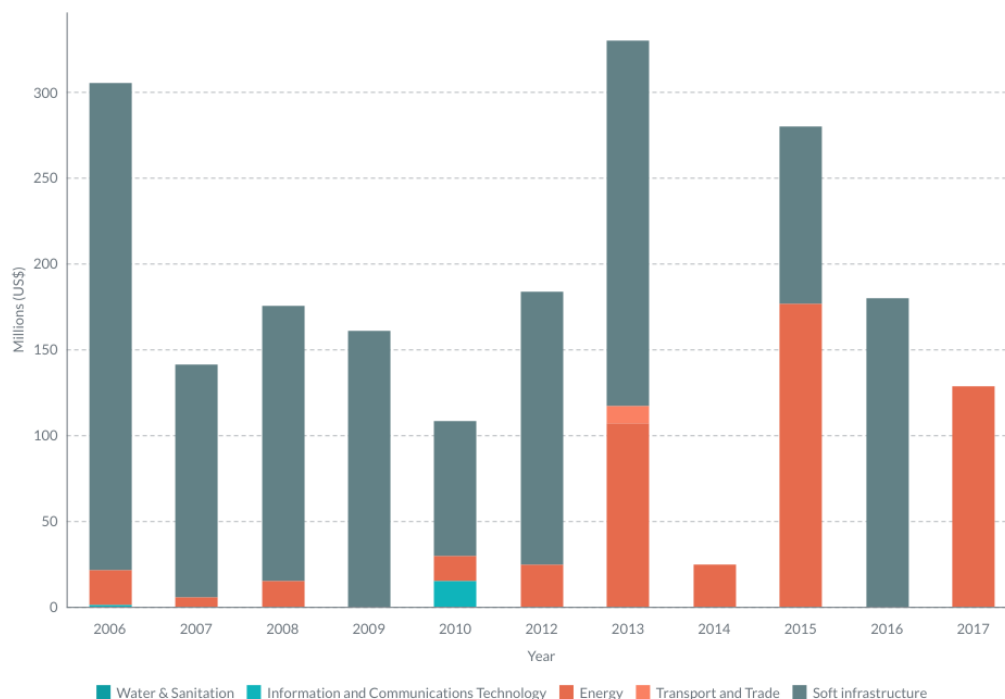
*Figure 21: TDB Countries Eligible for TDB Financing*

In terms of assets, the bank has over US\$ 8.4 billion and provides financing both to public and private projects. This section explores the different sectors financed by TDB both in disbursement value and share per sector.

<sup>50</sup> Trade & Development Bank, (2022). Annual Report & Financial Statements 2022. [Available here](#)

<sup>51</sup> OPEC Fund for International Development is the only non-African subscriber of TDB Class B shares.

<sup>52</sup> Trade & Development Bank, (2022). Annual Report & Financial Statements 2022. [Available here](#)



*Figure 22: TDB Annual Disbursements.*

Since 2006, financing from the TDB has declined steadily, with only 2013 exceeding 2006 levels. In 2013 disbursements peaked at US\$ 330.3 million reaching an all-time high. This was mostly due to increased financing across sectors, with a notable peak rise in soft infrastructure sectors. As in other banks assessed, the most funded sector is soft infrastructure, which accounts for US\$ 1.5 billion in total financing during the period of analysis. The TDB is heavily involved in small-scale projects, such as schools and manufacturing infrastructure, across the region. Thus, most financing continues to be injected into these smaller projects both in the public and private sectors. Furthermore, a larger portion of financing is directed towards soft infrastructure given the role of the organisation within trade finance - such as providing facilities for trade arrangements.

In terms of tangible infrastructure, energy is the most financed sector, accounting for US\$ 518.9 million in total, and approximately US\$ 47.2 million annually. The region has financed several projects to meet its energy needs, given that approximately 40% of the population lacks energy access.<sup>53</sup>

As opposed to other regional banks, the TDB also funds ICT infrastructure, more than transport and trade. During the period of analysis, US\$ 16.6 million was channelled towards ICT, whilst

<sup>53</sup> Gakunga, M., (2021, July 2<sup>nd</sup>). "Access to Electricity in COMESA Region is on Average 60%". [Available here](#)

US\$ 10 million was disbursed towards transport and trade. Over the years, the TDB has provided ample financing towards telecommunication companies - such as Malawi Telecommunications Limited and Uganda Telecom Limited - to expand network access in the region. Other institutions assessed, such as DBSA and AfDB, as well as local or partner governments, continue to finance transport and trade infrastructure in the region.

Lastly, the least funded sector by TDB is water and sanitation infrastructure. Within the years analysed, zero financing went towards major infrastructure within this sector. This is likely due to the TDB's priorities of focusing mostly on issues of trade and regional projects. Moreover, since governments and larger banks finance the sector, there could be less focus within TDB due to its limited financial resources, leading to trade-offs in what projects should be financed. Several interviewees did raise the issue of limited resources which limits the extent to which several institutions in Africa can finance projects.

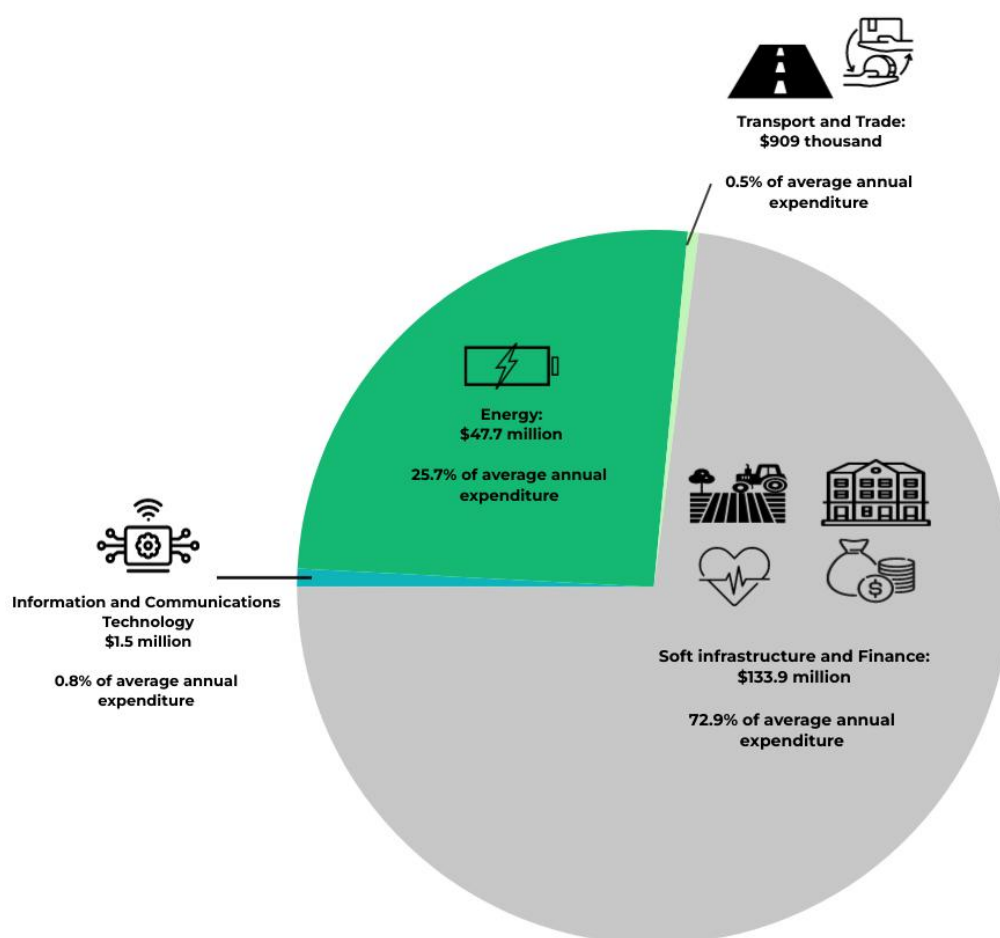


Figure 23: TDB Annual Disbursements in Percentage Share.

Examining the sectoral share of TDB financing, soft infrastructure disbursements constitute US\$ 140 million (73%) of total average annual disbursements. Thus, only 27% is spent on hard infrastructure sectors on average on an annual basis. The most financed sector is the energy sector which accounts for 25.7% of the share, leaving only 0.5% and 0.8% for transport and trade, and ICT, respectively. The low levels of financing, particularly in projects that need increased capital are also due to the focus of the TDB being within trade finance as a component of COMESA. It is therefore no surprise that soft infrastructure has been a critical focus of the institution, providing finance in areas such as export credit financing. However, this also means that other sectors have remained underfunded.

#### **4.1.6 African Export and Import (Afrexim) Bank**

By asset size, Afrexim is among the largest regional development bank on the continent.<sup>54</sup> Similarly, Afrexim is a leading financier of infrastructure in Africa, preceded only by the AfDB. Established in 1993, Afrexim has focused on expansion, diversification, and development of trade by African countries through trade and project financing, export development, finance guarantees, as well as trade and information advisory services. Accordingly, Afrexim plays a pivotal role in PIDA and the AfCFTA by financing regional connectivity infrastructure.

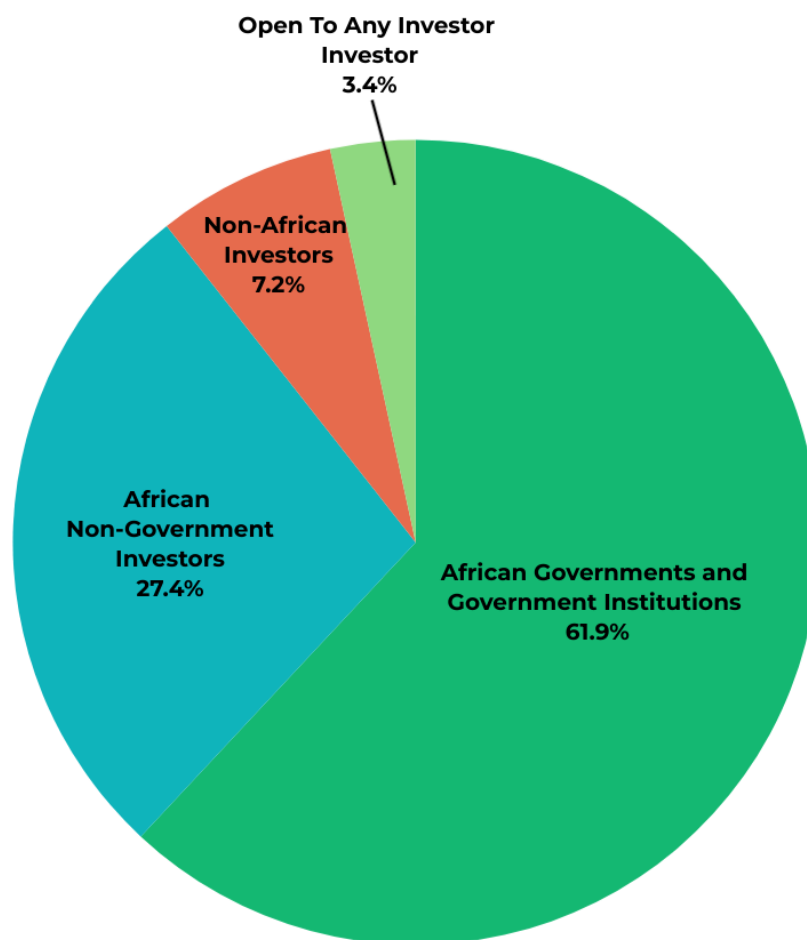
##### **Afrexim at a glance**

In terms of ownership, shareholding is divided into four categories, with African governments and state institutions, as well as African non-government investors holding the majority share. At the time of Afrexim's establishment, there were 50 Class A shareholders, 89 Class B shareholders, 14 shareholders under the Class C category, and one Class D shareholder.<sup>55</sup> In terms of ownership size, the following 10 African countries are Afrexim's largest shareholders: Egypt, Nigeria, Zimbabwe, Côte d'Ivoire, Republic of Congo, Tunisia, Uganda, Cameroon, Kenya, and Ghana.<sup>56</sup>

<sup>54</sup> African Export-Import Bank, (2024). Afreximbank Annual Report 2023. [Available here](#)

<sup>55</sup> African Export-Import Bank, (1993), The African Export Import Bank (Established pursuant to the Agreement for the Establishment of the African Export-Import Bank, signed in Abidjan, Côte D'Ivoire, 8 May 1993. [Available here](#)

<sup>56</sup> African Export-Import Bank, (n.d). CLARIFICATION ON QUESTIONS RECENTLY RECEIVED IN RELATION TO THE GENERAL CAPITAL INCREASE OF \$2.6 BILLION. [Available here](#)  
Full shareholding distribution not publicly disclosed.



*Figure 24: Afrexim Shareholder Capital By Share.*

While membership is needed to unlock Afrexim credit, the bank's seven-year Project-Related Financing programme accommodates African non-member states, as well as non-regional stakeholders.<sup>57</sup> The scope of projects eligible for financing under this programme ranges from infrastructure and manufacturing, to mining, and tourism related projects such as hotels and resorts.<sup>58</sup>

<sup>57</sup> Out of the African Union's 55 member states, only the Sahrawi Arab Republic is not eligible for Afrexim financing.

<sup>58</sup> African Export-Import Bank, (n.d.). Project-Related Financing. [Available here](#)

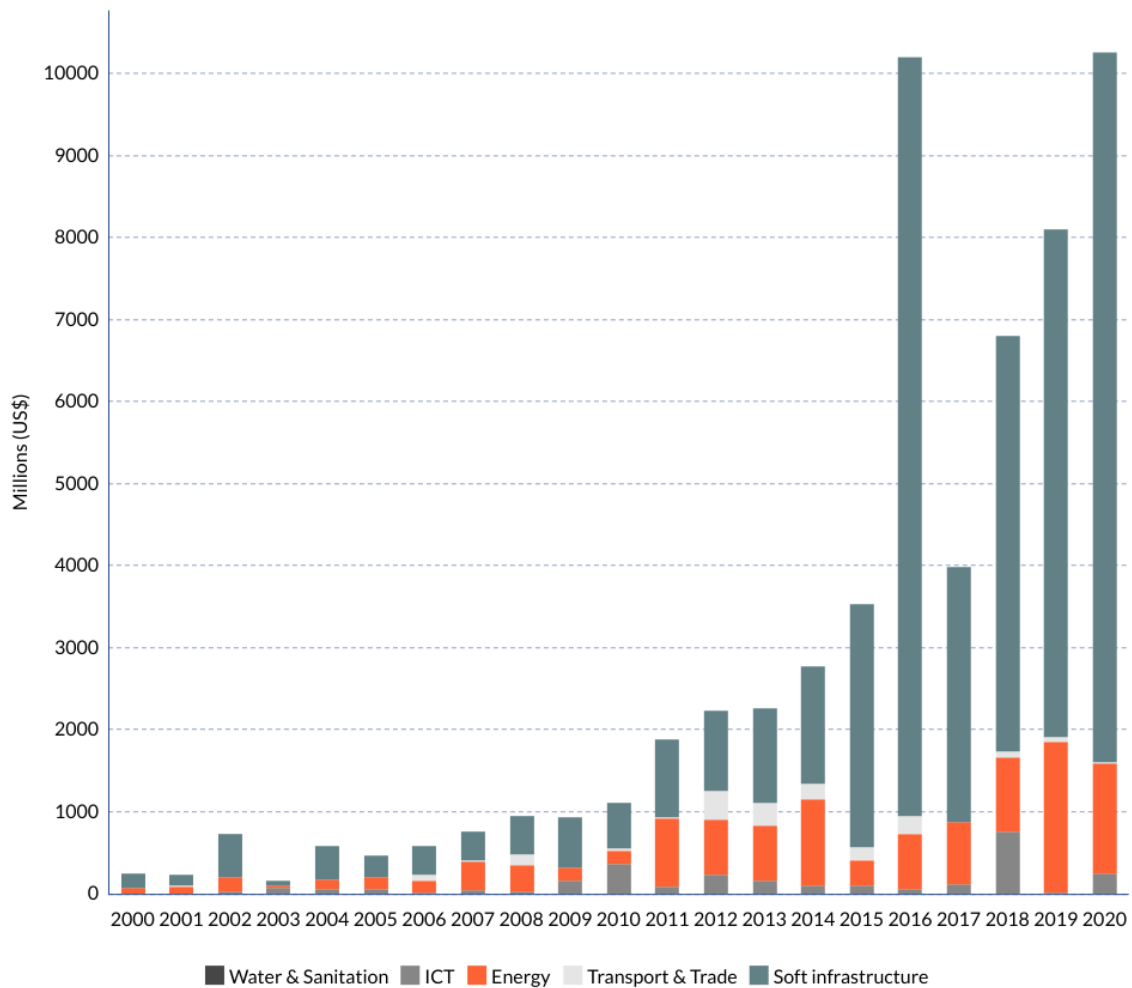


*Figure 25: Afrexim Countries Eligible for Afrexim Financing*

Additionally, beneficiaries should either promote projects in Africa, or meet Afrexim's 60% threshold for procurement content requirements.<sup>59</sup>

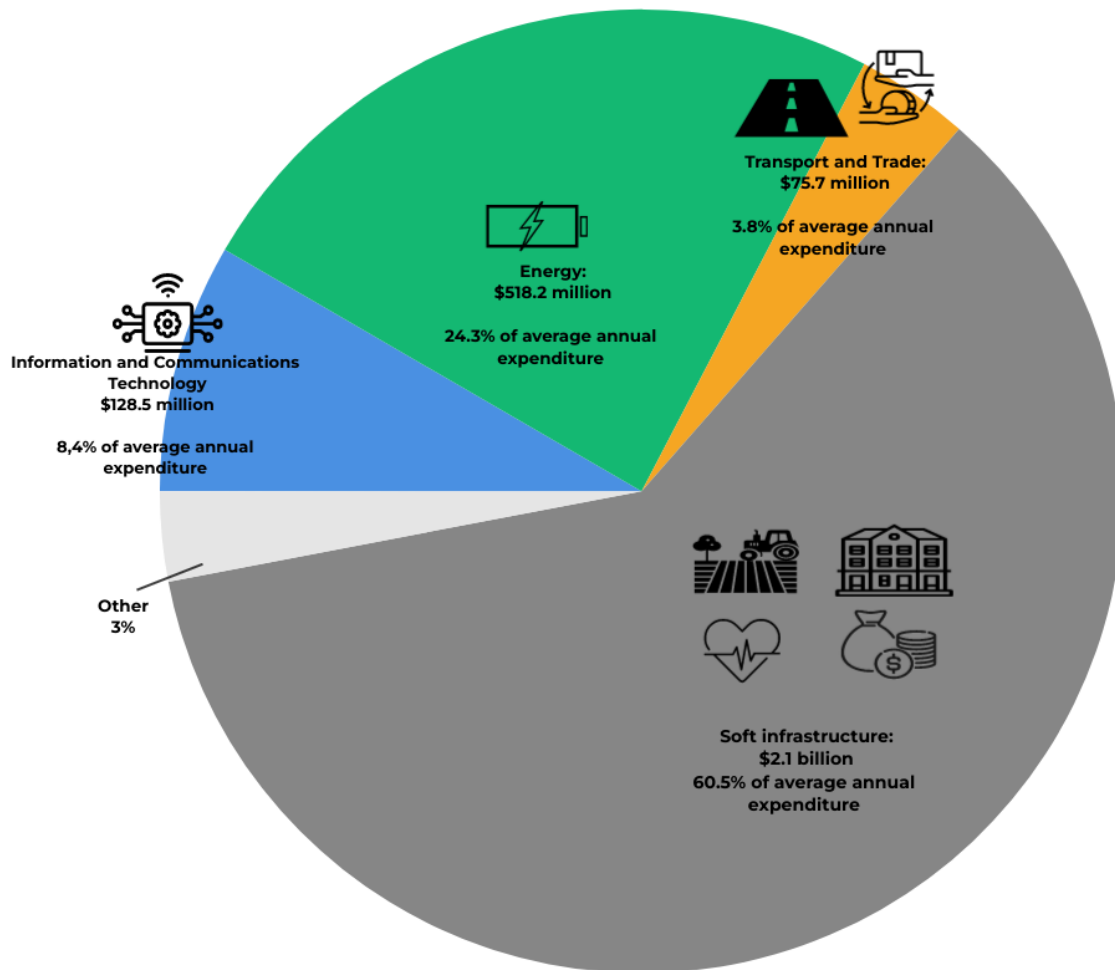
The section below presents trends in infrastructure financing from Afrexim, as well as allocated funds under the bank since 2020.

<sup>59</sup> Ibid



*Figure 26: Afrexim Disbursements Over Time.*

Overall, the general trend in disbursements has been upward, peaking in 2020 at US\$ 11 billion. Between 2000-2020, Afrexim's disbursements grew at an annual average of 42%, with significant declines recorded in 2003, and the 2017-2018 period. On the other hand, 2002, 2004, and 2016 achieved remarkable annual growth in disbursements, reaching 224%, 228%, and 192% respectively.



*Figure 27: Afrexim Average Annual Disbursements By Sector*

By disbursement volumes, soft infrastructure outsizes hard infrastructure annually, reflecting the scope of fund recipient priorities on the continent over time. About 60% of soft infrastructure disbursements flowed to financial services and central banking, while value-added services like manufacturing and agro-processing represent 6% of soft infrastructure disbursements. For hard infrastructure, the bulk of Afrexim disbursements were channelled towards the oil and gas industry, while telecommunications, transportation, and power trail considerably.

## 4.2 Sectors and Regions Which Receive the Most Financing from AMFIs and AfDB.

Across financial institutions analysed, there are clear trends in terms of sectoral focus, and overall trends in financing. The analysis explores this with averages of annual disbursements per financial institution, and the total financing.

Including all the financial institutions in focus, average disbursements show that the split between soft infrastructure and hard infrastructure is almost balanced, with each sector accounting for 56.8% and 43.2%, respectively. Whereas most other financial institutions assessed have an almost even split between hard and soft infrastructure, Afrexim skews this distribution with a 60% share for soft infrastructure and 36.5% for hard infrastructure. At a sectoral level, transport and trade, and energy are the most financed at 16%, and 20%, respectively. This is similar to previous analyses of individual financial institutions that show that these two are the most financed due to costs and focus based on developmental goals chartered by each financial institution. Furthermore, given that base infrastructure such as roads, railways, and electricity grid provide a critical foundation for other services such as trade, and production these have become major focus areas under programmes such as the AU's PIDA.

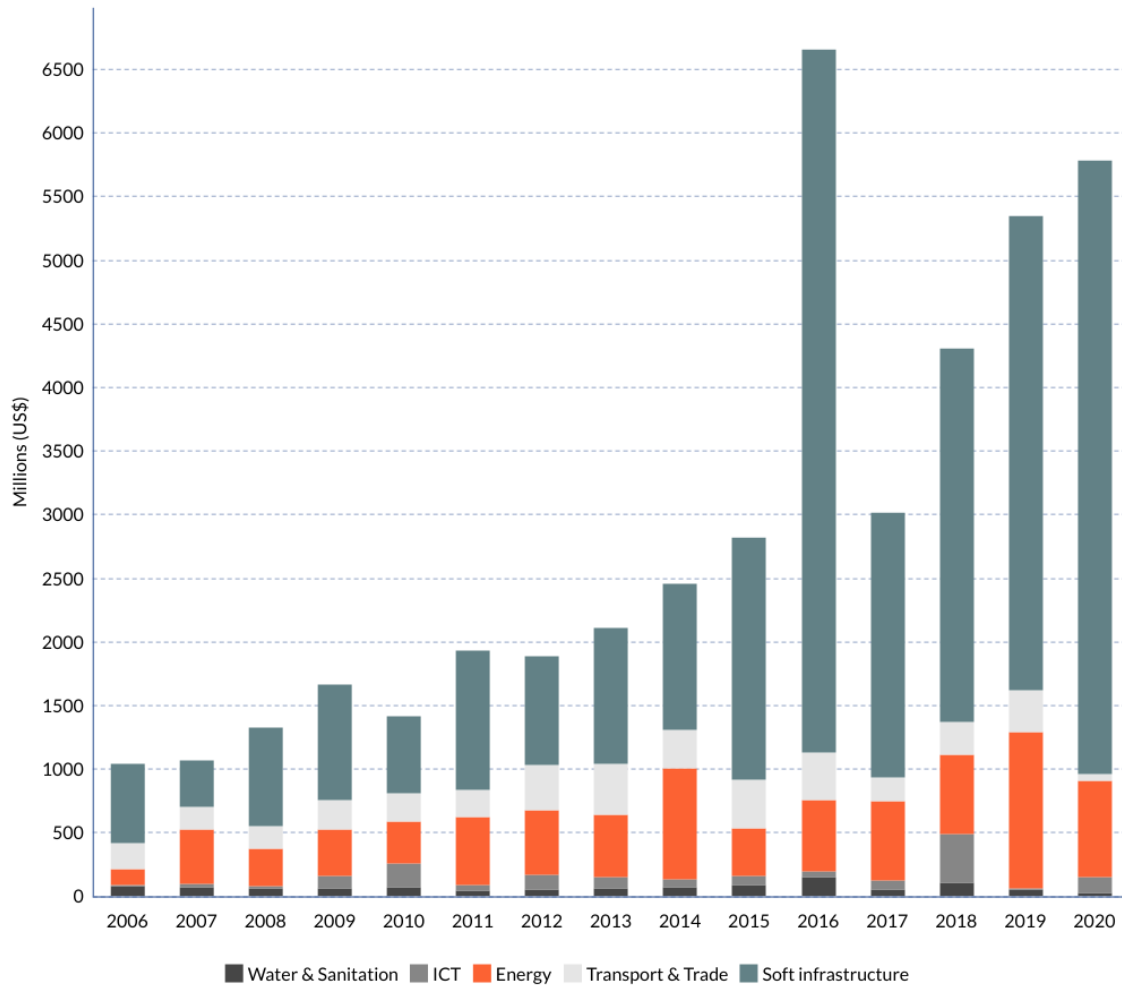
However, despite this prioritisation of roads, railways and energy infrastructure, econometric forecasts on infrastructure finance needs indicate that African countries lag significantly in terms of funding received for these sectors annually. From a climate adaptation and mitigation point of view, approximately 66% of the continent's US\$ 2 trillion in finance needs fall under climate mitigation.<sup>60</sup> Additionally, about half of mitigation finance needs are for transport and energy sectors alone, highlighting the importance and urgency of upscaling annual infrastructure disbursements to these sectors. If African financial institutions fail to plug larger portions of existing funding gaps, achievement of 2030 SDGs and Agenda 2063 will become increasingly unattainable due to annual funding backlogs on the continent.

Comparatively, ICT as well as water and sanitation receive less financing across sectors. Although water and sanitation gains financing of around 5.3% on average, ICT is less financed with a share five times less than water and sanitation. In most cases, water and sanitation and ICT are mostly financed through government budgets, and private sector participation, coupled with increased financing, especially in ICT from external stakeholders such as China.<sup>61</sup> Additionally, these trends are validated by previous forecasts on African infrastructure finance needs at a sectoral level, where ICT is among sectors with the least absolute and annual funding gaps.

---

<sup>60</sup> China Council for International Cooperation on Environment and Development, (2024). Special Policy Report: Green Opening-Up and South-South Cooperation. [Available here](#)

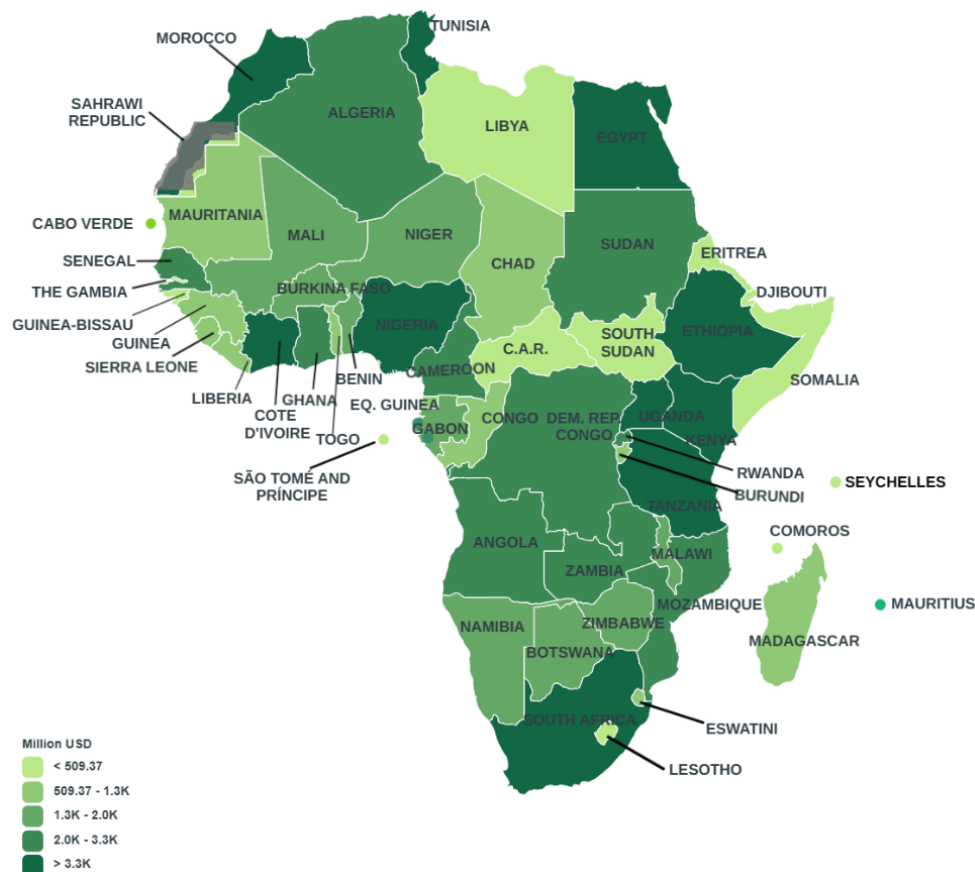
<sup>61</sup> The Infrastructure Consortium for Africa, (n.d.). ICT Financing Trends. [Available here](#); The Infrastructure Consortium for Africa, (2016). Infrastructure Financing Trends in Africa – 2015. [Available here](#)



*Figure 28: Combined Average AMFI and AfDB Disbursements Over Time.*

In the context of average expenditures over time, the data shows that average financing has mostly been above the initial 2006 average. The largest reductions in finance are in 2007, which is also shown in declines in previous analyses by both the AfDB and the DBSA. Other declines can be seen in 2020 due to the impact of COVID-19.

Outside of these years, there has been a relative increase in financing of infrastructure with changes revolving around transport and trade, and energy. There have been notable peaks of over US\$ 6.5 billion in 2016, and just over US\$ 5 billion in 2019. Furthermore, soft infrastructure continued to dominate across sectors, with the lowest year only being 2007 whereby the highest average financing was in the energy sector. This was due to the increased financing from AfDB during the year which was above soft infrastructure projects.



*Figure 29: Total Financing of AMFIs and AfDB by Country.<sup>62</sup>*

As Figure 29 shows, there are clear inequalities in which countries receive more finance from financial institutions analysed. Morocco, South Africa, Tunisia, Nigeria, Egypt, Kenya and Tanzania have a percentage share above 4% in terms of total financing since inception. These seven countries have a total share of 43% of total financing and make up the top recipients of disbursements. Contrarily, a majority of 39 countries received financing below 2% each, with 24 of these countries having a share of less than 1% each. The least funded from the bottom include Sahrawi Republic, Libya, Equatorial Guinea, São Tomé and Príncipe and Eritrea. These five countries receive a total share of 0.5%, with no country having a share above 0.2%.

The remaining nine countries in the middle, which consist of countries such as Ethiopia and Rwanda, receive financing which is above 2% but below 4% each. Thus, this group in the middle receives in total 25% of the share in disbursements leaving only 31.8% for the rest of the countries in the continent. There are several reasons for differences in financing, issues that include perceived risk and economic size of a country.

<sup>62</sup> Total financing includes AfDB and AMFIs analysed since their establishment up to 2021; DBSA and TDB total values are estimated using portfolios from financial statements.

## 4.3 Key Takeaways.

### 4.3.1 Trends in Infrastructure Financing in Africa.

Our analysis found five key takeaways regarding the trends of infrastructure financing in Africa. These are:

1. African governments are the largest financiers of infrastructure projects in comparison to other external financing institutions.
2. China is the main contributor to infrastructure financing in Africa amongst non-regional governments.
3. Funding peaked in 2016, with AfDB and AMFIs disbursing US \$6.5 billion in infrastructure financing.
4. Major sectoral shifts are witnessed across the African continent. There is a growing emphasis on the transportation and logistics, energy, electric vehicle (EV) manufacturing, vaccine manufacturing, real estate, and industrial sectors. Infrastructure financing for the transportation and energy sectors has generally increased since 2016.<sup>63</sup> Also, new trends in industrialization point towards a regional focus on logistical platforms and industrial parks.
5. Although the COVID-19 pandemic diverted resources to social spending, it has raised the significance of healthcare, pharmaceuticals, and vaccine manufacturing in the African continent. Following the supply chain disruptions from the COVID-19 pandemic, there is a consensus among regional DFIs to support the AfCFTA for enhanced resilience against external shocks.

### 4.3.2 The Role and Constraints of AfDB and AMFIs in Infrastructure Financing.

Our analysis found six key takeaways regarding the role and constraints that financial institutions analysed face in infrastructure financing. These are:

1. AfDB and AMFIs are critical in financing Africa's infrastructure and most countries benefit from financing, although inequalities exist.
2. The AfDB and AMFI contributions have been around 12% annually in comparison to other financiers, making AfDB and AMFIs one of the largest contributors in aggregate towards infrastructure on the continent.

---

<sup>63</sup> According to interview conducted with key stakeholders.

3. Most financing from AfDB and AMFIs benefited several sectors in Africa, with soft infrastructure projects in aggregate being financed. Transport and trade and energy have also received significant financing, at roughly 20% each.
4. Shareholding differentiates AfDB and AMFIs from other institutions, as more African countries and institutions have a voice in priorities. However, the increasing role of external shareholders within the continent's financial institutions has constrained the power of African shareholders. It is critical to ensure that AfDB and AMFIs are well structured to ensure more decision-making roles from African institutions.
5. Shareholding and location of AfDB and AMFIs currently ensure fewer policy concessions as opposed to other IFIs, such as the World Bank, which include stricter conditionality.
6. AfDB and AMFIs face several constraints in financing, which include issues such as debt sustainability thresholds by the BWIs. This can limit disbursements from AfDB and AMFIs, as well as their ability to increase debt levels in recipient countries.

#### **4.3.2 Obstacles to Scaling Up Financing for Infrastructure in Africa.**

Our analysis found seven key takeaways regarding the obstacles in scaling up financing for infrastructure in Africa. These are:

1. Stakeholders noted that poor project preparation in developing feasibility assessments, environmental and social impact assessments, robust financial models, and the right credit-bearing instruments are impediments to increased financing.
2. There is a higher perceived risk for the private sector to invest in the continent's infrastructure development, largely because of biased credit ratings of African countries.
3. The absence of a scalable bilateral and multilateral development bank model, outside of China, for funding public-private infrastructure impedes private finance. The development of private transactions is time-consuming and uncoordinated across bilaterals, the AfDB and AMFIs. The infrastructure project pipelines can also be inefficient, due to the inability to intervene in countries to support better policies and regulatory regimes for infrastructure.
4. Urgent reform of the AfDB and AMFI budget finance system is needed. Currently, each financial institution has a different country strategy, therefore, there is not one single country strategy that governs the support from all financial institutions. Further, there is a lack of integration of climate and development goals into the same strategy, resulting in concerns over choosing one at the expense of the other.

5. There are concerns over the lack of local agency in infrastructure financing. This has resulted in a mismatch between supply and demand, with the continent receiving less than US\$100 million in concessional finance. The dominance of IFIs in infrastructure financing decisions means that the funds are not directed to priority areas under Agenda 2063. This is further compounded by the lack of awareness and knowledge about PIDA projects.
6. Infrastructure funding tends to be channelled from entities outside of Africa, lacking an understanding of the local development context. For instance, SADC received direct funds but had to restrict the fund disbursement to areas such as institutional capacity-building, criteria which were set by the IFIs. In addition, international intervention programs are hesitant to provide enough financing to African institutions for project alignment with African priorities.
7. African countries face constrained access to financing, which limits their fiscal spaces for infrastructure spending, especially in mega infrastructure projects, as well as hindering their ability to take funding from financiers such as the World Bank.

## 5. Conclusions and Recommendations.

### 5.1 Conclusions.

The objective of this report is to explore the role and impact of AfDB and AMFIs in reducing Africa's infrastructure gap. Both existing research and the report's findings point to inadequate infrastructure on the continent, which has led to stalled progress in meeting overarching goals such as the SDGs and Agenda 2063. In this regard, although African governments contribute the largest share of financing, other partners both within the private and public sectors, continue to play a part in developing infrastructure. In the context of financial institutions analysed, which contribute approximately 8% of African infrastructure financing, the report shows the following five findings and implications for policymakers:

1. There are differences across financial institutions in terms of the level of financing and focus areas. The AfDB finances most of the infrastructure spending in the continent.
2. Since 2000, soft infrastructure has received most of the financing in aggregate in comparison with disintegrated sectors. This is followed by energy, as well as transport and trade, whilst the ICT and the water and sanitation sectors have received the lowest levels of infrastructure finance. While these trends align with levels of prioritisation required as indicated by sectoral forecasts of Africa's infrastructure finance needs, significant funding gaps remain in transport and energy sectors.
3. Although there has been an increase in financing from financial institutions such as AfDB, DBSA and BOAD, several decline periods can be identified, meaning that there is no continuous upward trend in infrastructure financing in general.
4. AMFIs with reduced levels of financing, such as TDB, do not have relative increases in project financing and lack the capacity to ensure that sectors, such as ICT and water and sanitation, are prioritised.
5. Periods with higher levels of infrastructure financing are mostly years in which there are large projects that are also co-financed with partners and governments.

## 5.2 Recommendations.

Informed by our analysis and the interviews with key stakeholders, we propose the following 11 recommendations in which this report could be utilised to scale up infrastructure.

### African Governments

1. **Infrastructure projects should be better aligned with African priorities.** These are priorities outlined in regional frameworks and initiatives, such as Agenda 2063 and PIDA. This can be achieved by knowledge sharing with relevant stakeholders about PIDA projects, of which there is still insufficient awareness and knowledge, and with partners proactively looking for alignment opportunities.
2. **There is a need to effectively reform credit rating agencies and Debt Sustainability Analysis (DSA), especially concerning low- and low-middle-income countries.** This could be enabled by establishing regional credit rating agencies, as well as nationally-produced DSAs, which can be incorporated into either regional banks or financial institutions within regions. <sup>64</sup>
3. **African countries should use appropriate mechanisms to leverage the untapped potential of institutional investors.** This includes mechanisms such as African pension funds and sovereign wealth funds, which could be in the form of infrastructure bonds. Although these current funds are resourceful, they are not currently investing enough in infrastructure financing.
4. **A reformed financial architecture that utilises reimagined financing solutions is needed to support infrastructure development.** Given the difficulty of lending in the US Dollar and the current macroeconomic trend towards currency depreciation, funding in local currency would be one method to unlock more infrastructure financing. With Namibia having already started providing loans in Rands, such solutions are also being explored in Botswana and Eswatini, demonstrating the potential of local currency financing and reducing dependency on foreign exchange reserves.

### African Banks and Financiers

**There is a need to ensure the sustainability of financing, as private sector-oriented financing comes with high levels of interest, due to perceived risk.** This is also known as the “African Risk Premium”. Whilst there is a need to reform frameworks implemented by the

---

<sup>64</sup> For further reading on African Priorities for DSA reform, please refer to “Breaking the Bias: Rethinking Debt Sustainability for Africa’s Future” (2023). [Available here](#)

traditional BWIs to reduce this risk perception (detailed below), to help minimise the negative risk perception of infrastructure projects, financial institutions such as the AfDB, should continue to invest in robust project preparation to provide investors with confidence.

5. **The system of financial institution budget financing should be reformed for better alignment.** This includes; the integration of climate and development goals under national strategies, the creation of a single national strategy that governs budget financing from all the institutions, the disbursement of financing when countries perform under their national strategies, an increase in African agency to decide their priorities for the strategies and the target areas of infrastructure financing, as well as greater financial capacity for sustainable infrastructure investment.
6. **Funding from outside the continent should be deployed to AfDB and AMFIs, which possess a deeper contextual understanding of African countries' development.** This would allow for AfDB and AMFIs to channel it to African countries in an effective manner. This would lead to more risk uptake and financial utilization. This stands in contrast to existing funding from external funders outside of the African continent, which resulted in a huge financing gap due to a Eurocentric view on development, and a low-risk appetite.
7. **Bilateral partners should increase financing.** China is a key bilateral financier for African infrastructure and has contributed significantly to financing. Collaboration should be encouraged for bilateral partners, to both provide financing to AfDB, AMFIs and national governments, while also going beyond bilateral engagement to adopt a regional approach to infrastructure financing through established programmes such as PIDA.