



# Africa50 Infrastructure Goals

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*An Exclusive Corporate-Africa interview with Mr Alain Ebobissé, the CEO of the Africa50 Infrastructure Fund*

**Africa50 targets private and PPP projects in several infrastructure sectors, but the priority is energy and transport. Could you tell us more about your reasons for selecting these sectors and not, for example, agriculture?**

Our mandate is to develop Africa's infrastructure and thereby contribute to economic growth and poverty reduction. Access to reliable power is a prerequisite for economic development. Without it industry and services cannot fully develop and economic opportunities for the over 600 million Africans who lack electricity will remain limited. Similarly, access to improved transport, be it roads, rail, airports, or ports, has many positive multiplier effects for the economy and the lives of people. Agriculture, while important both to feed a growing continent and to earn export revenues, is not an infrastructure sector per se. However, improved infrastructure will also facilitate its development. For example, reliable electricity is necessary for refrigeration and food processing, and improved transport allows produce to reach markets more quickly.

**Africa requires an estimated \$135 billion annually to finance infrastructure, but currently there is a \$60 billion infrastructure financing gap. This means that until this amount is accessible Africa will not only be playing catch up but will always be behind. How does Africa50 plan to address this problem and who are its partners working to bridge this gap?**

Africa50 is in a unique position to facilitate infrastructure development, since it is financed and supported by its African shareholder governments and the African Development Bank. It can thus



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act as a bridge between the public and private sectors, helping to eliminate bottlenecks for both private projects and public private partnerships, speeding up project implementation. Moreover, since we largely invest equity as a strategic minority investor, we will always leverage funds from other investors. However, we cannot do this alone, so we rely on cooperation with our partners. These include the multilateral development banks and institutional and private investors, as well as the private companies that take the lead in structuring the projects.

**Africa50 was founded over two years ago during a period of economic stagnation and declining global economic growth and falling commodity prices. Does the poor economic outlook impact the performance of Africa50 and what have been its achievements thus far?**



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Tough economic times should be an impetus for action rather than a brake. Since most infrastructure projects have both a long development phase and a long lifespan, we cannot let the vagaries of economic or commodity cycles influence our actions. In fact, improved infrastructure will allow African countries to diversify their economies away from commodities and to add more value to the goods they export, making them less dependent on commodity and economic cycles.

We were fortunate that, despite the economic downtown, African governments and the African Development Bank recognized the importance of infrastructure development and added to our capital, which now stands at over \$800 million and will grow further. Our project pipeline has also developed nicely. We made our first investment in December last year in Nigeria, financing the development of an 80 MW solar power plant with Norwegian partners. And in the coming months we expect to close several other projects.

**Africa50 is an infrastructure investment platform designed to significantly narrow the infrastructure finance gap in Africa and to shorten the time between project inception and financial close. How will this be done?**

We recognize that project development takes much too long, so we have created a separate entity, Africa50 Project Development, to address this. The primary objective of this company is to increase the number of bankable infrastructure projects. It generally acts as a strategic minority partner alongside project developers who have the required industrial expertise and financial standing. Project development costs are shared with developers and we realize our investment return at financial close, and receive the right to invest equity in the construction phase. In addition to providing financing at earlier stages of projects, our staff actively contributes to project development. Most importantly, our shareholder governments have a very direct interest in implementing projects as quickly as possible, so we can count on their cooperation.

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**Africa50 is pan-African in scope and will impact the lives of millions of people on the continent. What are you doing to assure that this important project reaches the agendas of the media, governments, corporate boardrooms, investors, project developers, and the general population in Africa.**



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We take our communications and thought leadership roles seriously, since we believe our innovative approaches to infrastructure development merit support and duplication. We have been participating regularly in key infrastructure conferences and events. For example, we hosted a CEO round table at COP22 in Marrakesh on financing renewable energy and had speakers at four other COP related events. We also participated in the recent US-Africa Business Forum in New York and in a finance event at the Francophonie Summit in Madagascar. Moreover, we actively support our shareholders in their outreach to donors and financiers. In early December in Paris, I participated in donor conferences for Madagascar and Burkina Faso. Finally, we are co-hosting a major conference on project finance on May 3 in South Africa with AfricaInvestor.

**A criticism voiced by some Africans against International Financial Institutions, including the AfDB, is that they do little for ordinary Africans.**

I think this criticism is somewhat misplaced. It likely stems from the fact that the private sector financing arms of most IFIs concentrate on funding large projects. This is also the case for Africa50. We must assure that our financial and human resources are used in the most effective manner, and are not designed to engage in microfinance or to fund small, localized projects. Funding a \$100,000 project can take as much time and due diligence as funding a \$100 million project, but the latter will have a much larger impact. In any case, the types of projects we finance, which connect ordinary Africans to modern infrastructure such as electricity grids and roads, will have a direct, positive effect on their well-being and the development of their communities. We also seek to increase local involvement in our projects by promoting the participation of local investors.

**Would you agree that such an ambitious project to benefit the lives of Africans requires a partnership with ordinary citizens to empower it and increase the sum of its parts? What plans does Africa50 have to consult with or include ordinary Africans and the African diaspora in the ideas, design, goals and aspirations of this important pan-African project?**



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Africa50 is tightly focused on project development and financing and does not have a mechanism to formally consult with ordinary Africans, other than through the environmental and social impact assessments we require. This is more the purview of larger, broader based institutions such as the African Development Bank, one of our key shareholders. However, we reach out to or are aware of the concerns of ordinary Africans in several ways. For one, the role of our African government shareholders is to represent their citizens' interests in the initiatives they finance. Secondly, our staff is composed of Africans or people with substantial experience in Africa. Thirdly, we seek opportunities to explain our work in the African media and at events. And finally, we recognize the importance of members of the African diaspora, who we meet regularly at conferences. They are eager to help their home countries and may have project ideas or financing

**Tell us about the relationship between Africa50 and other banks and finance partners; are they all from the public or developmental sector or are there banks from the private sector?**

We welcome the participation of all credible entities, banks, IFIs, governments and others, to join us in financing infrastructure projects. At present, we are financed by 23 African governments, two central banks and the African Development Bank. However, we are working with all relevant multilateral and bilateral development banks and funds, and are actively seeking the participation of sovereign wealth funds and private investors. Private banks may, of course, participate in funding our projects, and we always seek to mobilise long term financing from local financial institutions.

**What is the relationship between Africa50 and the African Development Bank (AfDB)?**

Africa50 is an independent institution with its own governance framework and decision making rules. However, the African Development Bank provides strategic support as a major shareholder, particularly through its Board of Directors. It is chaired by the AfDB's President, who is also the Chairman of our Board of Directors. Both institutions seek to leverage their respective competitive advantages and to develop synergies to speed up the provision of infrastructure in Africa

**Aside from institutional investors is there a role for private individuals who want to invest in Africa 50 to participate?**

We are open to working with high net-worth private African investors or the entities they control, such as family offices. In the future we may consider publicly listing some of Africa50's shares, which would provide opportunities for Africans to invest directly.

**Finally, how is Africa50 working with African governments and industries to ensure that the infrastructure projects chosen are the right ones and the best in terms of maximizing value at any given time?**

We use a multi-pronged approach. When possible we participate in donor and investor meetings with our shareholders, such as those I mentioned with Burkina Faso and Madagascar. During these, governments lay out their financing needs, including for infrastructure. We also consult with governments in the field as necessary, especially to speed up project implementation. But mostly we rely on our extensive project due-diligence, our in-house expertise, and our top-notch investment committee to ensure that our projects are the best solution for the countries at the time of our investment.