


Africa Insurance Pulse 2025

Supporting infrastructure development in Africa

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SUBSTANCE IS
OUR STRENGTH

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Foreword

Dear Members,

It gives me great pleasure to present the latest edition of Africa Insurance Pulse, which focuses on critical infrastructure, an essential pillar of Africa's long-term development.

Reliable infrastructure in energy, transport, water, information and communications technologies (ICT), health and finance is vital for Africa's economic growth, social inclusion and climate resilience. Change is underway, as, for example, in Namibia, my home country, which is proactively investing in renewable energy such as green hydrogen and solar power, alongside offshore oil and gas development. Yet, the gap between Africa's needs and existing systems remains wide, hindering progress towards the continent's Sustainable Development Goals (SDGs) and Agenda 2063, particularly in rural areas.

Bridging this gap requires coordinated, multi-stakeholder action. Governments, development finance institutions (DFIs), private investors, re/insurers and regulators must work together to mobilise capital, share risk and deliver sustainable infrastructure that serves communities over the long term.

The insurance sector has a crucial role to play. Through active stakeholder collaborations, shared risk expertise from the early design stage, risk mitigation solution provision over the full infrastructure lifecycle and as an institutional investor, the sector can support the mobilisation of capital and shape resilient critical infrastructure for our continent. It is time to fully embrace and harness this potential.

Based on in-depth research and the shared insights of the insurance sector professionals who kindly gave their time to contribute to this report, Africa Insurance Pulse 2025 outlines the current landscape, challenges and opportunities, and issues a clear call to action.

Now is the time to act. We urge all stakeholders to unite around a shared vision and take decisive steps toward transforming Africa's infrastructure – to build the strong and sustainable foundation that our continent needs for its future.

Patty Karuaihe-Martin
President of the African Insurance Organisation (2024–2025)

"With a rapidly growing population and accelerating urbanisation, Africa faces an urgent need for expanded and resilient infrastructure. The African Insurance Organisation is proud to highlight that re/insurers have an important role to play in bridging this gap – as providers of advisory and risk mitigation solutions to mobilise investment flows and protect infrastructure over its full lifecycle, and as long-term institutional investors. Stakeholder collaborations, risk sharing, diversification and enhanced data and analytics capabilities are all focus areas to increasing the sector's involvement to foster growth, resilience and inclusion across Africa's evolving development landscape."

Jean Baptiste Ntukamazina
Secretary General of the African Insurance Organisation

Executive summary

MASSIVE FINANCING GAP FOR SDGS AND AGENDA 2063 STRUCTURAL TRANSFORMATION

Pages 7–19

- Africa has a vast infrastructure deficit – the African Development Bank (AfDB) estimates that Africa needs USD 495.6 billion annually until 2030 to meet its SDGs, or USD 86.7 billion annually to accelerate its Agenda 2063 structural transformation process.[1]
- The financing gap for both these targets amounts to a staggering 81% of the total need.[2]

NEED TO BETTER MOBILISE DOMESTIC RESOURCES AND ALTERNATIVE FINANCING SOURCES

Pages 20–27

- Insufficient domestic revenues and high debt servicing costs continue to limit the ability of African governments to fund infrastructure from general revenues.
- Foreign direct investment (FDI) flows to Africa remain low compared to other developing economies.[3]
- Africa's local capital markets are underdeveloped.
- Alongside boosting donor inflows and concessional financing to help reduce debt vulnerabilities, alternative financing sources – DFIs, foreign governments, international organisations and the private sector – must be further mobilised.
- The private sector can help to accelerate infrastructure development and bring much-needed new technologies and management practices.

INSURANCE SECTOR A VITAL PARTNER FOR INFRASTRUCTURE

Pages 32–37

- As a risk expert and provider of diverse risk mitigation solutions over the full infrastructure lifecycle, supported by strong credit ratings, the insurance sector is a powerful enabler of infrastructure investment and provider of ongoing risk protection for the public and private sectors.
- Understanding climate risk and transferring credit, political and performance risks are particularly important for infrastructure financing.
- Re/insurers with long-term liabilities can also be well-matched institutional investors for infrastructure.

COLLABORATION IS KEY – A CLEAR CALL TO ACTION FOR ALL STAKEHOLDERS

Pages 47–48

- Mitigating investment risk is essential – for Africa, key risks include political instability, economic risks, insufficient legal and regulatory frameworks, inadequate transparency, and a lack of cross-border planning and professional project preparation.
- Fostering efficient, liquid domestic capital markets would help to boost infrastructure financing whilst reducing reliance on foreign investment and costs associated with currency risk.
- Structuring projects as public-private partnerships (PPPs) helps to align government and private sector interests, enhancing stability.
- Risk sharing is key given the scale of infrastructure projects. Diversification across African categories and geographies can also help to manage infrastructure risk.
- Re/insurers should be involved early-on in projects to benefit from their risk expertise, increase project bankability for investors and improve resilience.
- Increased investments by re/insurers in local risk and loss data, advanced technology and analytics, climate risk and catastrophe models, and underwriting and risk management tools, would help to improve infrastructure risk assessment and pricing accuracy, reduce high risk perceptions, and better manage exposures.

1 African Economic Outlook 2024, African Development Bank Group, 2024
2 Ibid.
3 World Investment Report 2024, UN

Why critical infrastructure is critical

WHAT IS CRITICAL INFRASTRUCTURE?

Critical infrastructure (hereafter "infrastructure") refers to the assets, systems and networks that provide services critical to a nation's security, economic prosperity, and the health and safety of its citizens.[4] It is the backbone of a modern, interconnected society. Infrastructure investment, for example, is estimated to have accounted for over half of Africa's economic growth in recent years.[5]

Six service sectors are widely classified as being critical – energy, transport, water, ICT, health and finance. Some countries additionally include education and critical economic and manufacturing sectors in their definitions.[6]

Infrastructure is predominantly large-scale and used over a long period of time. Huge investments are required to design, build, operate and maintain infrastructure. Ownership and management are either public, private or a form of PPP; PPPs leverage the funding, expertise and efficiency of the private sector, while also ensuring public oversight.[7] Debt, mostly long-term debt to match the long-term liabilities and liquidity needs of infrastructure, is a central theme: governments often require debt to finance infrastructure, and where private companies are involved, equity investors also tend to take on debt to support the investment and improve their returns.

Infrastructure has a vital role to play in meeting climate commitments and building socioeconomic resilience to disaster risk, including from climate change and the increasing frequency and severity of extreme weather events. It is also a key component of many SDGs – e.g. SDG 9 which focuses on resilient infrastructure, SDG 6 (clean water and sanitation) and SDG 7 (affordable and clean energy)[8] – infrastructure is essential for ensuring that SDGs are not just met, but also maintained and improved upon for future generations.

Infrastructure, however, is itself exposed to a wide range of hazards and threats. It must therefore be resilient and sustainable, i.e. designed and built to withstand and recover from disasters and other shocks or socioeconomic disruptions.[9] Geopolitical, environmental and social risks, as well as corruption, mismanagement and debt sustainability must also be considered.[10] Infrastructure also has a life cycle: it is designed, built, operated, maintained, upgraded and finally, repurposed or decommissioned. Resilience and sustainability apply throughout the full infrastructure lifecycle. All lifecycle stages require de-risking and financing.

4 Financial Protection of Critical Infrastructure Services, World Bank, 2021
5 Infrastructure Development, African Development Bank Group website page
6 Financial Protection of Critical Infrastructure Services, World Bank, 2021
7 Finance & Investment in Africa: Trends and Opportunities for Securing Africa's Ecological Futures, WWF, 2024
8 Sustainable Development Goals, UN
9 Sustainable and resilient infrastructure, OECD website page
10 The stability of Africa's infrastructure-led growth, Clyde & Co, 2024

RELEVANCE TO AFRICA'S SOCIOECONOMIC DEVELOPMENT

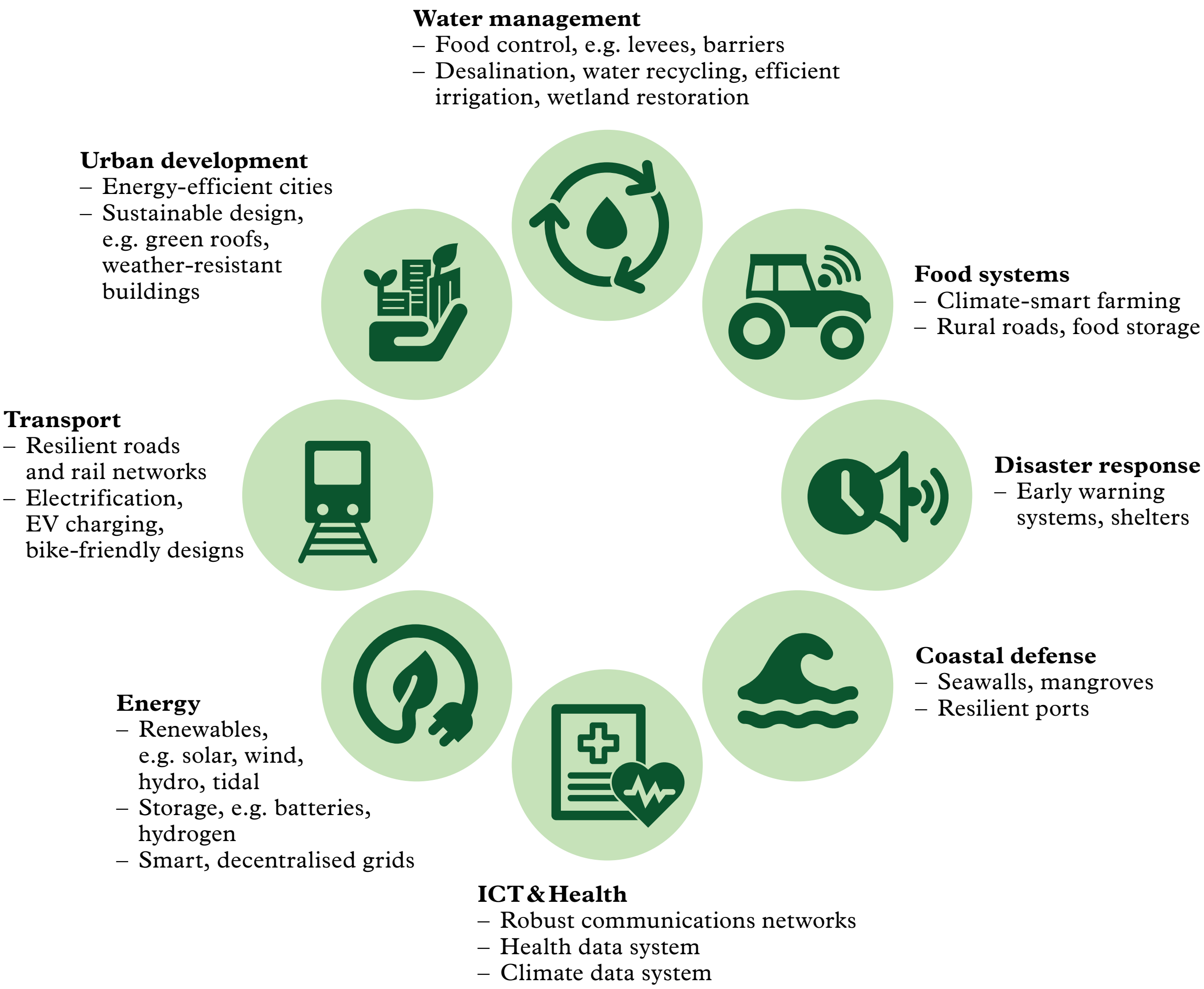
SDGs aim to drive positive change in developing economies and societies, including to eliminate poverty and hunger and meet the continent's development potential, to mitigate the impacts of climate change, and to protect our precious planet and climate. However, only 6 % of Africa's measurable SDGs are currently on track to be met by 2030.[11] Progress needs to be accelerated, including through significantly increased infrastructure investment, particularly in rural locations.

> "Increased investment in infrastructure is one of the key elements required to meet SDGs and drive the structural transformation of African economies for inclusive, sustainable economic growth."

Increased infrastructure investment is also necessary to drive the structural transformation of African economies for inclusive, sustainable economic growth – a key priority of the African Union's Agenda 2063 – and to reduce the vulnerability of many African economies to global commodity price volatility[12] which can lead to economic instability and reduced public spending efficiency.[13] This structural transformation includes infrastructure investments to support Africa's industrialisation and economic diversification, and to boost intra-Africa trade – estimated to account for only 18 % of all traded goods in Africa[14] – so that Africa can fully benefit from the African Continental Free Trade Area (AfCFTA) agreement.

11 2024 Africa Sustainable Development Report, UNDP, 2024
12 State of Africa's Infrastructure Report 2024, AFC, 2024
13 Tanouh Fadiga Hacime. Rough diamonds: how the volatility of commodity prices polishes or tarnishes the effectiveness of public spending in Africa? 2024
14 Cross-Border Road Corridors Expanding Market Access in Africa and Nurturing Continental Integration, African Development Bank Group, 2023

Figure 1: Substantial infrastructure investment is needed for climate adaptation and action in Africa, example investment sectors.
Source: Faber Consulting



Africa's infrastructure deficit

Despite improvements in infrastructure, most notably as regards mobile phone connectivity, infrastructure deficits – including in the key transport and energy sectors, as presented in the examples below – are one of the main reasons that Africa is off-track in terms of its SDGs and Agenda 2063.[15] In most sectors, Africa lags other global regions in terms of infrastructure.

Furthermore, and indicative of the long road ahead to reach SDGs and inclusivity, Africa's rural populations remain disproportionately disadvantaged in terms of infrastructure compared to Africa's urban populations (see box on page 16, "Spotlight on Africa's rural/urban infrastructure disparities").

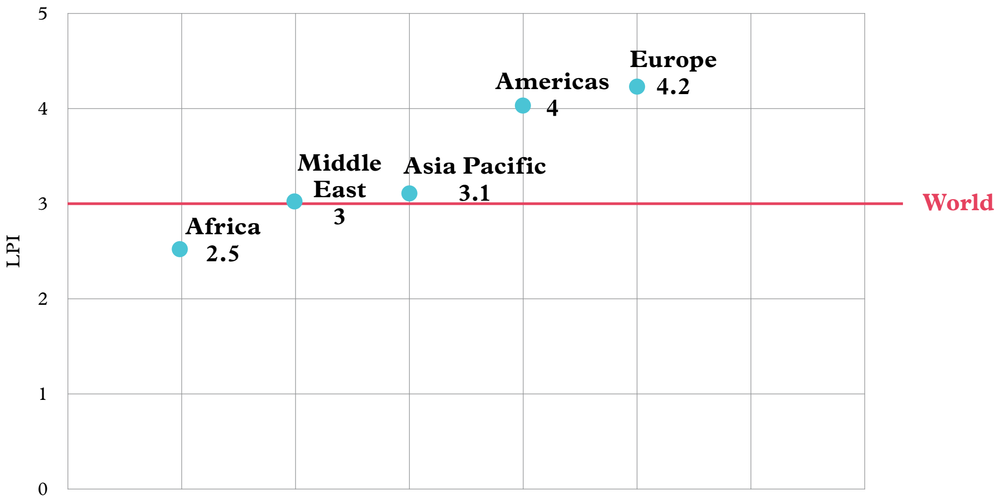
EXAMPLE: TRANSPORT INFRASTRUCTURE NEEDED TO CONNECT AFRICA'S POPULATIONS AND FACILITATE TRADE

In the transport sector, under-development compared to other global regions can be seen, for example, in Africa's Logistics Performance Index score (figure 2) and rail network density (figure 3). Africa's road network – which carries 80 % of goods and 90 % of passenger traffic – is also significantly under-developed; only 53 % of roads are paved and only 43 % of Africa's population has access to an all-season road.[16] Africa would need to increase its all-season road network size by a factor of 60 to reach a similar density (as a proportion of the population) to India and China.[17]

The poor state of Africa's transport network contributes to increased transport costs. For example, road freight tariffs are twice as high as in the US and travel times along critical export corridors are up to three times higher than in Asia.[18] This leads to lower productivity and higher prices for goods – and contributes to the low level of intra-Africa trade.[19] It also makes it more challenging for Africa's populations to access healthcare, education, markets and workplaces.

15 African Economic Outlook 2024 – Driving Africa's Transformation, The Reform of the Global Financial Architecture, African Development Bank Group, 2024
16 Cross-Border Road Corridors Expanding Market Access in Africa and Nurturing Continental Integration, African Development Bank Group, 2023
17 State of Africa's Infrastructure Report 2024, AFC, 2024
18 Trade infrastructure financing in Africa: an exploration of geopolitical funds for private sector participation, Africa Policy Research Institute, 2024
19 Cross-Border Road Corridors Expanding Market Access in Africa and Nurturing Continental Integration, African Development Bank Group, 2023

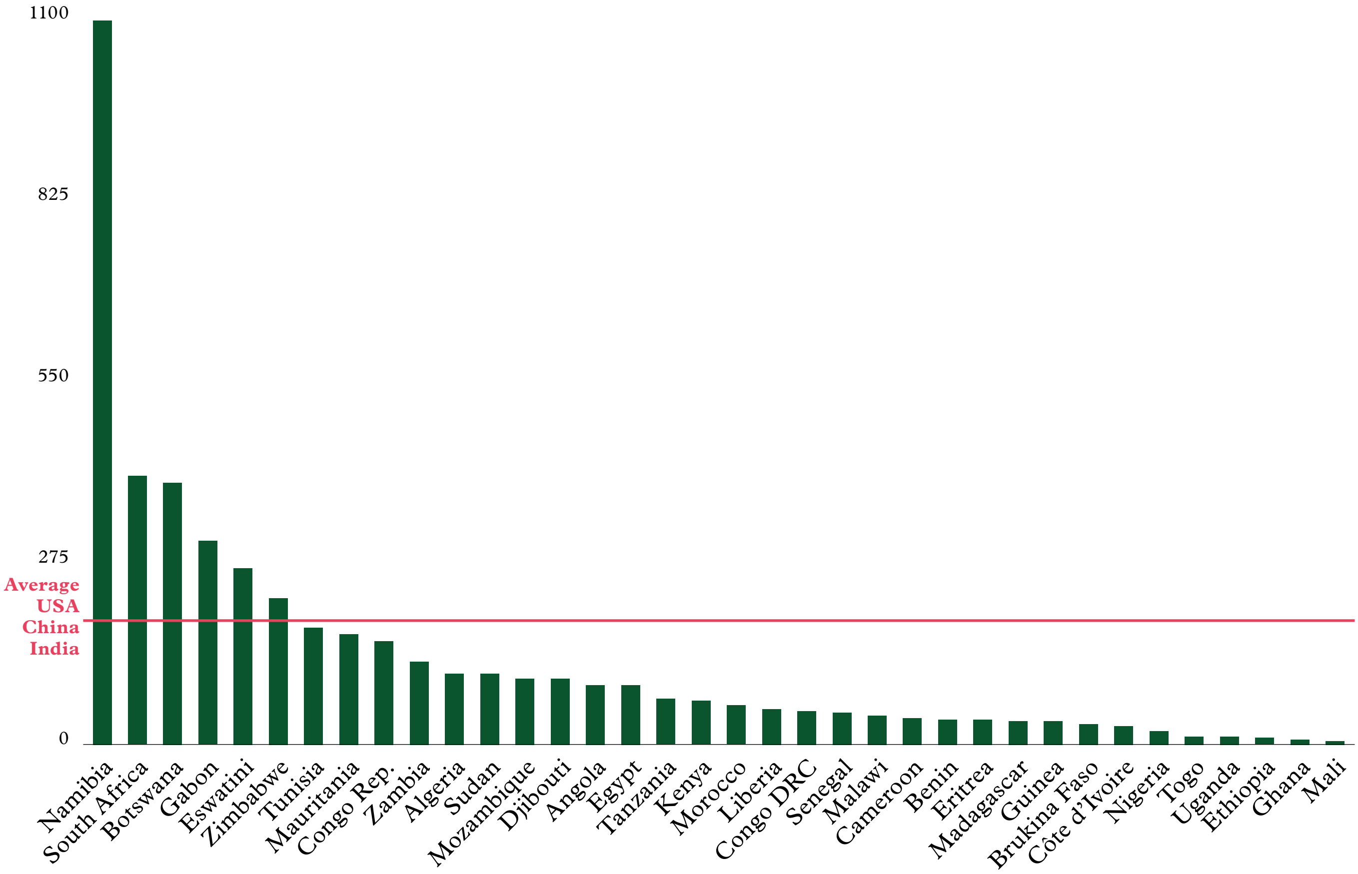
Figure 2: Logistics Performance Index (LPI) score, country average by region, 2023. This index measures the competence or quality of logistics services.
Source: The World Bank.[20]



“Indicative of the long road ahead to reach SDGs and inclusivity, Africa’s rural populations remain disproportionately disadvantaged in terms of infrastructure.”

20 For a list of countries, please refer to The World Bank Logistics Performance Index (LPI) website page. The regional category of Africa in this chart includes Egypt, Libya and Sudan.

Figure 3: Rail network density, by African country, km/million population. For comparison, the average US/China/India value is also shown (red line).
Source: State of Africa Infrastructure Report 2024, AFC.



"Africa has a huge, untapped potential in terms of producing and accessing modern, sustainable energy."

EXAMPLE: ELECTRICITY INFRASTRUCTURE NEEDED TO SPARK AFRICA'S GROWTH

Access to affordable, dependable energy is essential for economic growth.

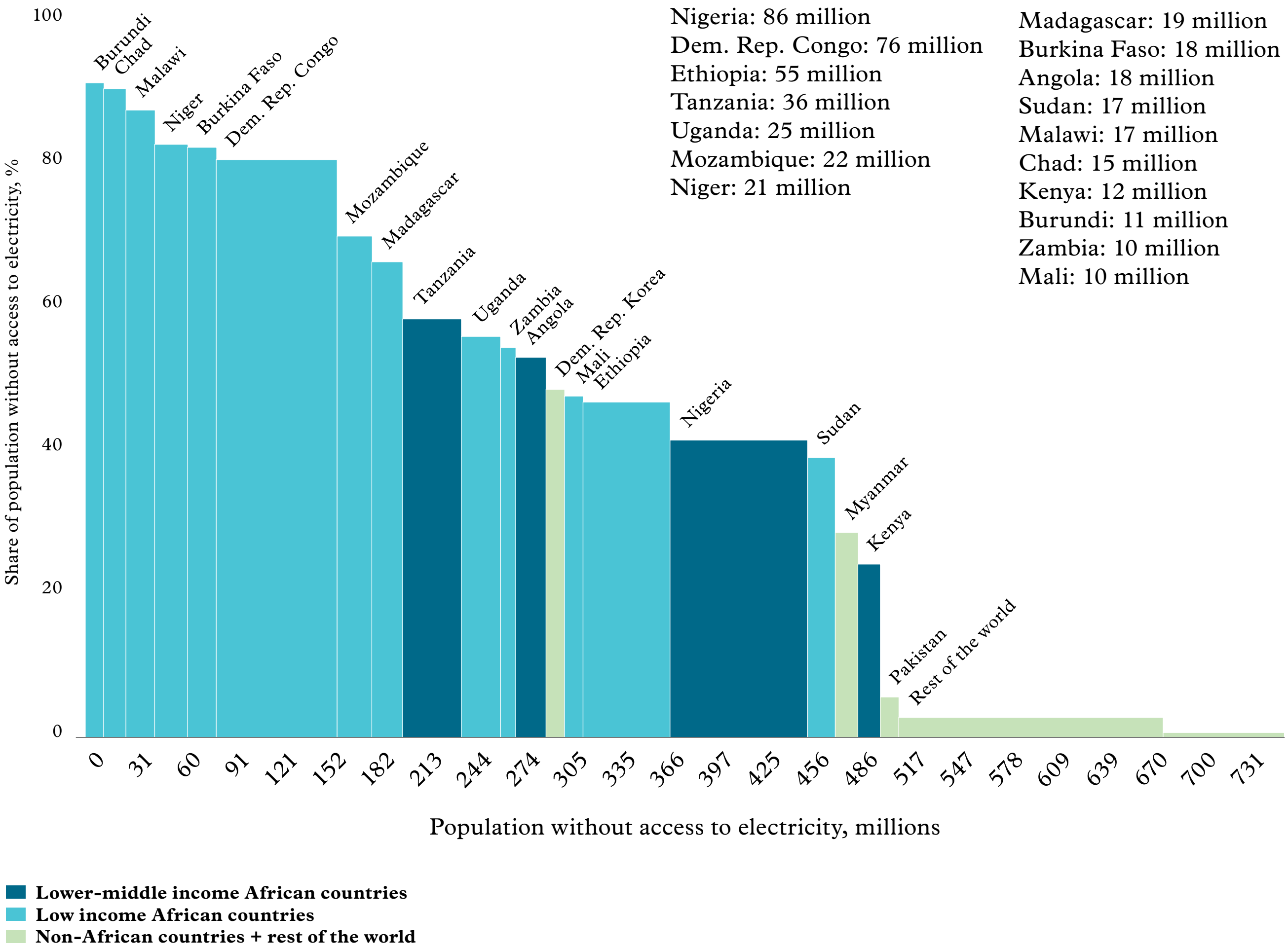
According to the Africa Finance Corporation (AFC)[21], Africa has a severe energy deficit (figure 4), focused in Sub-Saharan Africa where 50.7 % of the population lacks access to electricity. At present, Africa's power generation is concentrated in just four countries and dominated by combustible fuels. Africa's electricity supply is expensive and unreliable, and the transport sector relies on expensive, imported petroleum products. Africa's manufacturing energy costs are up to four times higher than in the US.[22] Most African households consume waste and biomass energy sources for cooking and heating – which, as reported by the International Energy Agency (IEA)[23], damages health and impairs productivity (disproportionately impacting women and children), releases greenhouse gases and adds to deforestation.

For Africa's industrialisation and economic growth, the per capita consumption of energy in Sub-Saharan Africa needs to increase threefold.[24]

Against this energy deficit and indicating key focus areas for energy infrastructure investment, Africa has a huge, untapped potential in terms of producing and accessing modern, sustainable energy (figure 5).

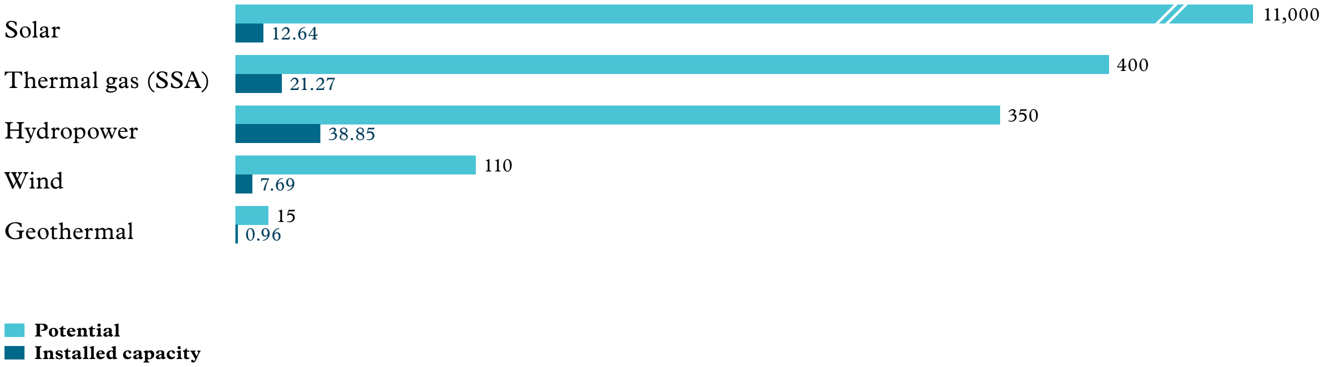
21 State of Africa's Infrastructure Report 2024, AFC, 2024
22 Trade infrastructure financing in Africa: an exploration of geopolitical funds for private sector participation, Africa Policy Research Institute, 2024
23 Access to clean cooking, SDG7: Data and Projections, IEA website
24 Refers to the increase required to meet the Modern Energy Minimum, a metric developed by the Energy for Growth Hub that takes into account energy needs from households and the broader economy for industrialisation and economic growth.

Figure 4: Top 20 world countries in terms of percentage of population without access to electricity. Africa dominates.
Source: AFC[25]



25 State of Africa's Infrastructure Report 2024, AFC, 2024

Figure 5: Africa's potential versus installed power capacity from modern energy sources, in gigawatts. Africa has a huge untapped potential to diversify and increase its power capacity, and to improve access to power for households and businesses across the continent. Source: AFC[26]



EXAMPLE: WATER INFRASTRUCTURE NEEDED FOR VITAL WATER SECURITY

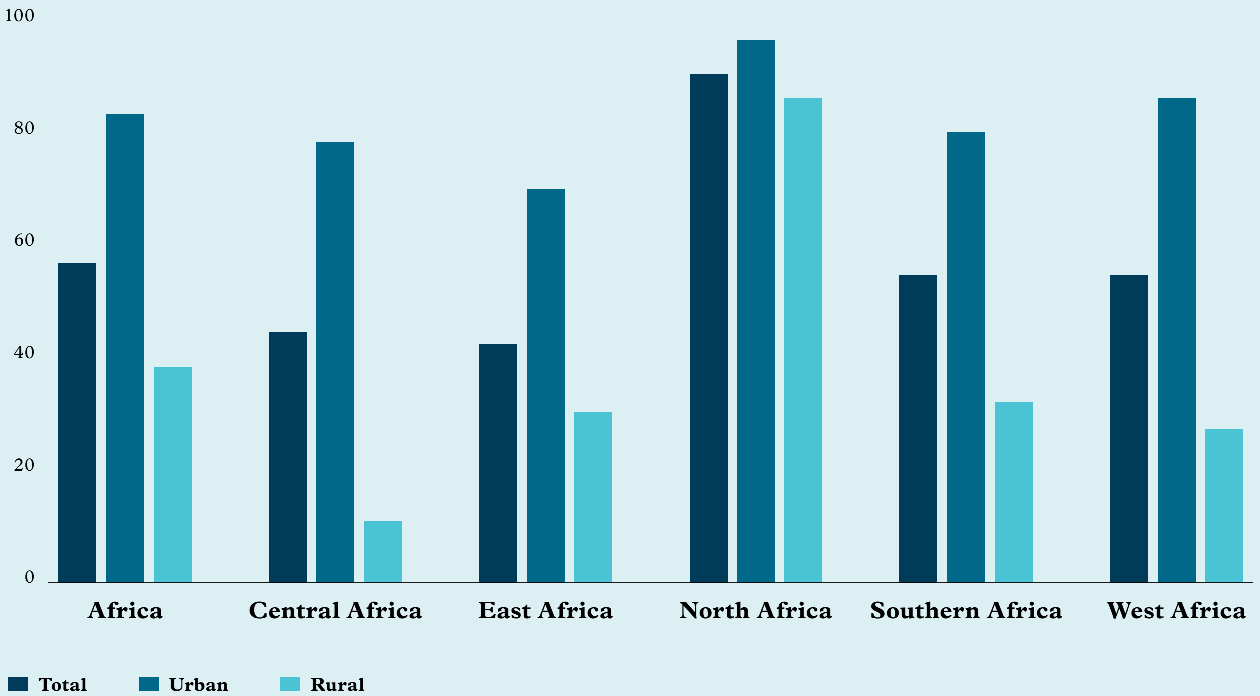
As discussed in the IOA's October 2024 position paper, over 300 million Africans lack access to clean drinking water, only 13 African countries have a modest level of water security and African countries lose over USD 200 billion annually due to inadequate water infrastructure. Fostering water security is vital to Africa's future.

26 State of Africa's Infrastructure Report 2024, AFC, 2024

Spotlight on Africa's rural/urban infrastructure disparities

The 2023 Africa Sustainable Development Report[27] highlights that Africa's rural populations fare significantly worse than urban populations in terms of infrastructure. For example, on average in 2020, 78 % of Africa's rural population, compared to 41 % of Africa's urban population, lacked access to safely-managed drinking water services. Africa's rural populations also lag urban populations as regards access to electricity (figure 6) and access to all-season roads; the majority of Africa's rural population is more than 2 km away from an all-season road. Given that rural accessibility is key to reducing poverty, promoting inclusive economic growth and to maximising the benefit of the AfCFTA agreement, one of the main recommendations of the 2023 report is to accelerate rural all-season road construction.

Figure 6: Percentage of Africa's urban, rural and total populations with access to electricity, 2021.
Source: 2023 Africa Sustainable Development Report.[28]



27 2023 Africa Sustainable Development Report. A joint report by the African Union Commission, Economic Commission for Africa, African Development Bank and the UN Development Programme.
28 Ibid.

Africa's financing needs and gap

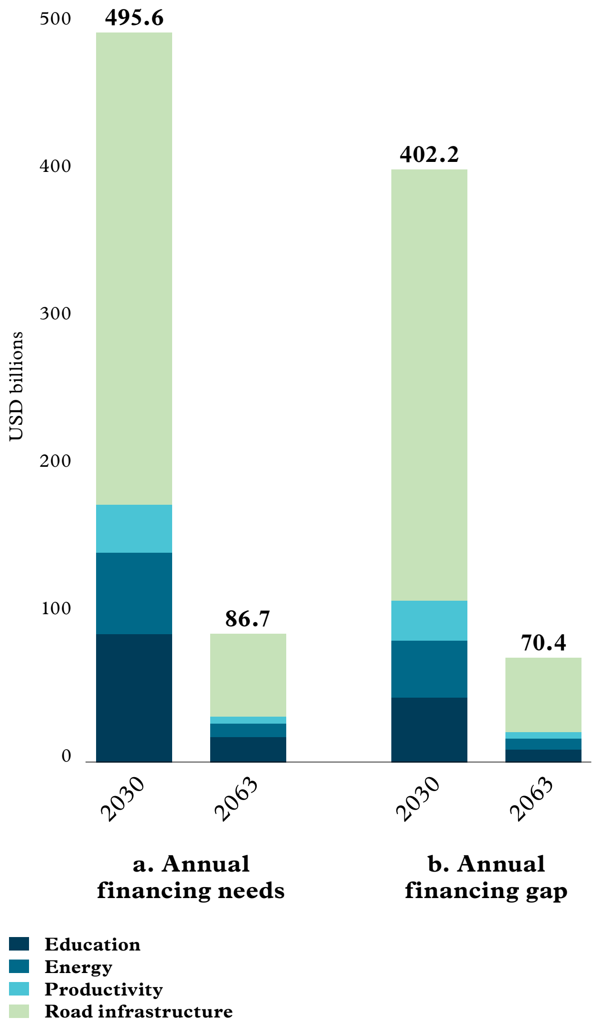
SIGNIFICANT EXTRA FUNDS REQUIRED TO MEET TARGETS

Despite being the world's second-fastest growing region, with a projected 2025 real GDP growth rate of 4.3 %[29], the funds required for Africa's structural transformation – which is dominated by infrastructure needs – are vast.

As shown in figure 7, the AfDB estimates that Africa needs USD 495.6 billion annually (equivalent to approximately 17 % of Africa's projected 2024 GDP) until 2030 to meet its SDGs, or USD 86.7 billion annually (equivalent to 3 % of Africa's projected 2024 GDP) to accelerate its Agenda 2063 structural transformation process and align to other high-performing developing countries that are now at a similar level of development.[30] The financing gap (see also figure 8) for both these targets is huge, amounting to 81 % of the total need.

In terms of sector, road infrastructure represents Africa's highest financing need (64.8 % of the total financing need for Agenda 2063) and financing gap (72.9 % of the total financing gap for Agenda 2063), followed by education (which includes education buildings) and energy (figure 7).[31]

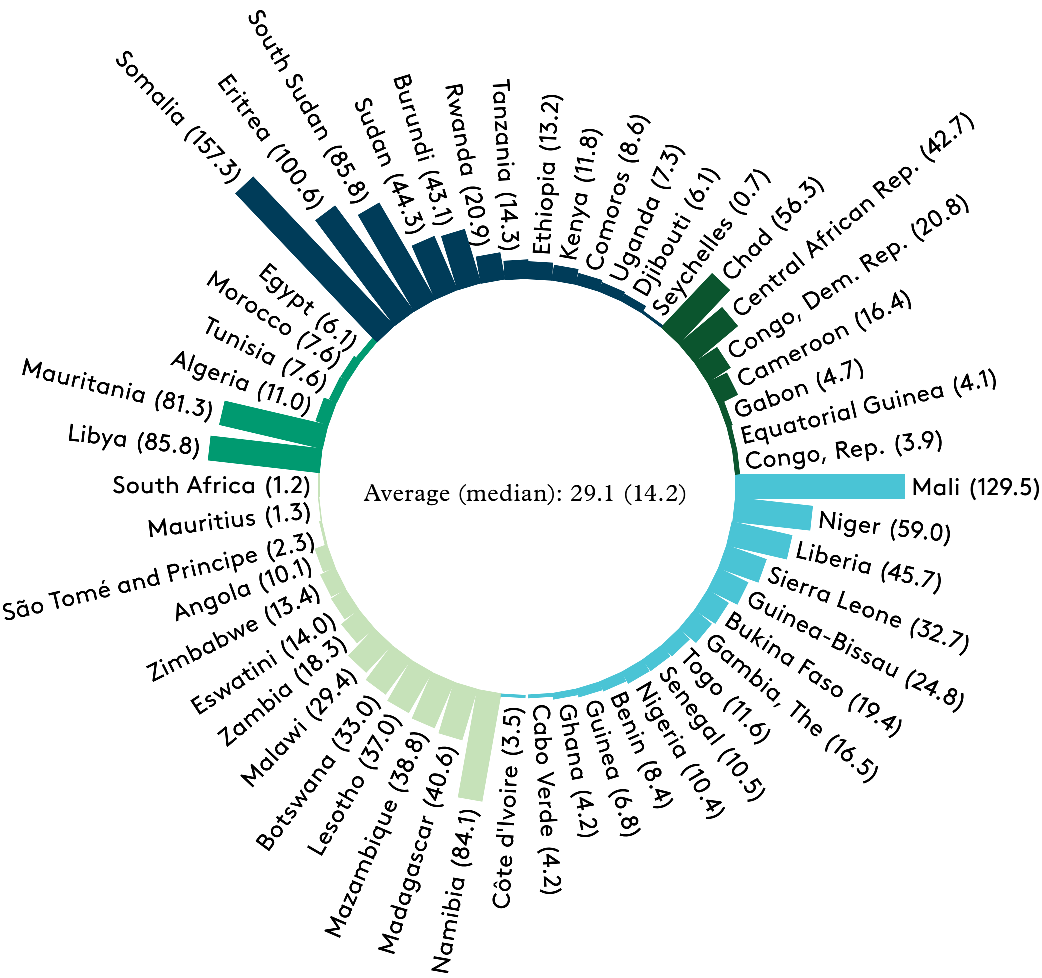
Figure 7: Africa's estimated annual (a) financing needs and (b) financing gap to meet (left-hand bar on each chart) the continent's SDGs by 2030 and (right-hand bar on each chart) Agenda 2063 structural transformation, by sector, USD billions. Africa has a significant infrastructure financing gap for both targets.
Source: AEO 2024.[32]



29 African Economic Outlook 2024, African Development Bank Group, 2024
30 Ibid.
31 Ibid.
32 Ibid.

Figure 8: Africa's estimated financing gap, as a percentage of the projected 2024 GDP, by African country, to meet (a) 2030 SDGs and (b) Agenda 2063. Countries are grouped by region. The average and median average values are shown in the centre of each circle. Source: AEO 2024.[33]

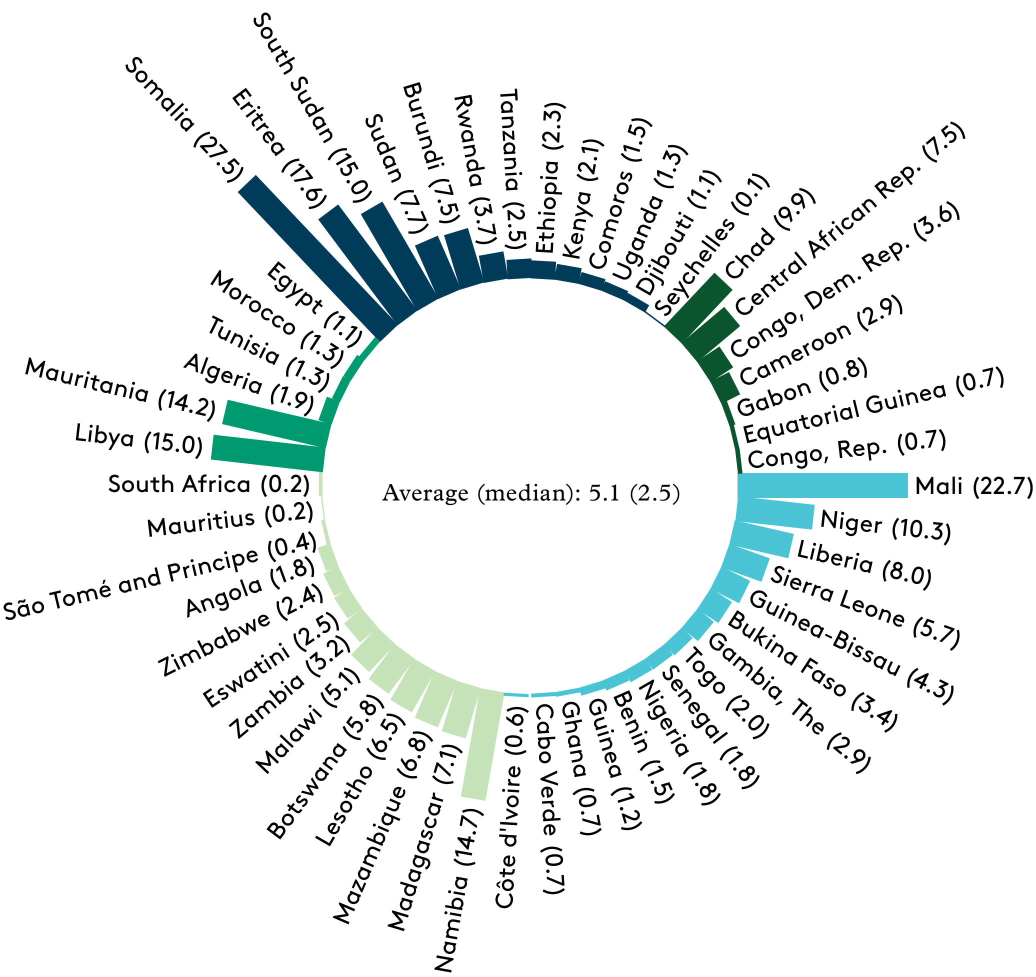
a. 2030



33 Ibid.

East Africa
Central Africa
West Africa
Southern Africa
North Africa

b. 2063



Infrastructure financing

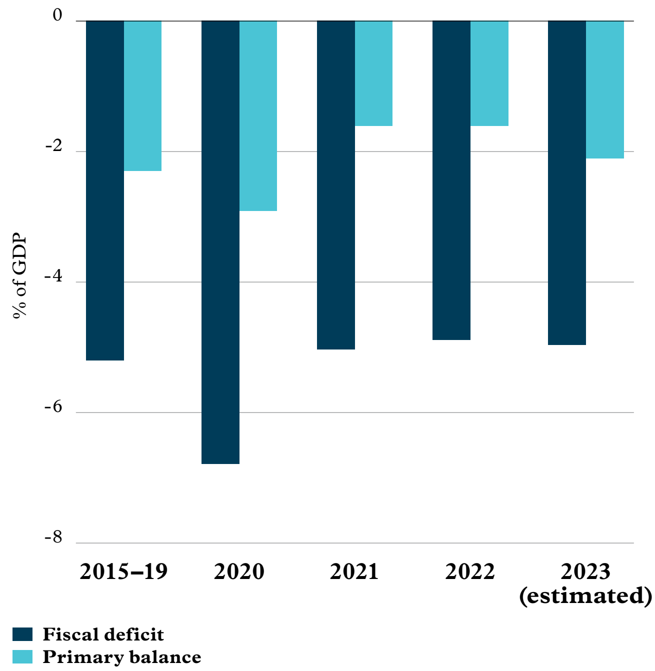
INSUFFICIENT DOMESTIC FISCAL BALANCES

Insufficient domestic revenues and high debt servicing costs (figure 9) continue to limit the ability of African governments to fund infrastructure from general revenues. For example, regarding revenue, the AfDB estimates that Africa's median tax-to-GDP ratio is only 13.6 %, compared to 15.4 % for other developing countries and 21.1 % in high-income countries. And regarding debt servicing costs, as of October 2024, 20 low-income African countries were at high risk of debt distress or already in debt distress.[34] Africa's external debt more than doubled over the last decade – and the cost of servicing that debt reached a record USD 102.6 billion in 2024 (figure 10).[35]

> "Although Africa's public debt level has stabilised and was expected to decline slightly in 2024, it remains high and above pre-pandemic levels in many African economies."

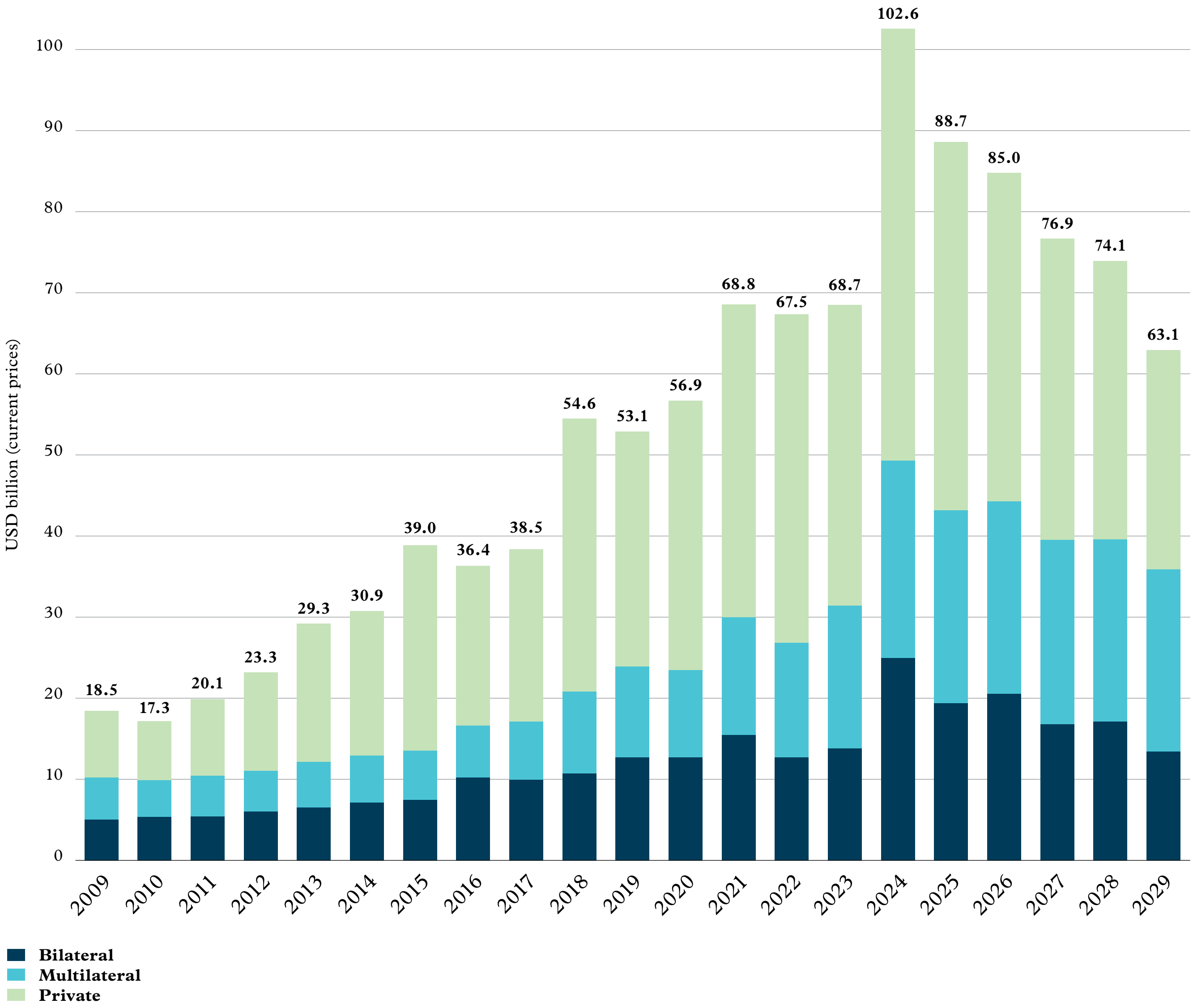
In terms of outlook, there are positive signs. Although fiscal deficits increased in 2023 year-on-year in four of Africa's five regions, the continent's fiscal balance is projected to improve in 2024 and 2025. This reflects initiatives to improve domestic resource mobilisation and debt restructuring programmes. However, domestic resource mobilisation is still a significant challenge across Africa, and although Africa's public debt level has stabilised and was expected to decline slightly in 2024, it remains high and above pre-pandemic levels in many African economies.[36]

Figure 9: Africa's fiscal balance (deficit) and primary balance as a percentage of GDP. The fiscal deficit includes debt servicing costs, whereas the primary balance excludes debt servicing costs.
Source: AEO 2024.



34 List of LIC DSAs for PRGT-Eligible Countries As of October 31, 2024, IMF
35 African Debt, ONE.org website
36 African Economic Outlook 2024, African Development Bank Group, 2024

Figure 10: Annual external debt servicing costs for African countries, by creditor type. 2024 saw costs reach record levels – costs are projected to decline, but to remain high and above pre-pandemic levels over coming years.
Source: ONE[37]



37 African Debt, ONE.org website

INFRASTRUCTURE FUNDED THROUGH DEBT

Given insufficient domestic revenues, many of Africa's infrastructure projects have been financed at least partially from bilateral, multilateral development bank and private creditor debt. Examples of bilateral infrastructure funds include China's Belt and Road Initiative (BRI) and the European Union's Global Gateway Initiative (GGI).[38]

BOOSTING INFRASTRUCTURE FINANCING

Better mobilising domestic resources is vital for Africa's structural transformation and infrastructure needs, but there are many challenges to overcome and domestic fiscal balances will not be sufficient. Alternative financing sources must also be further mobilised, alongside boosting donor inflows and concessional financing (low or no interest rate capital and/or with longer terms to maturity) to help reduce debt vulnerabilities.[39]

Additional domestic resources for funding Africa's SDGs and structural transformation – including for infrastructure – could be mobilised by leveraging investment in Africa's natural resources, enhancing tax collection and improving public spending efficiency. Reducing debt burdens is also key, including through governance reforms to strengthen Africa's debt management capacity, alongside other measures, for example to tackle illicit financial flows and corruption (which drains an estimated USD 10 billion annually from Africa[40]), currency depreciation (which increases import costs and foreign debt servicing costs) and inflation.[41]

> "Alternative financing sources must also be further mobilised, alongside boosting donor inflows and concessional financing to help reduce debt vulnerabilities."

The private sector also represents an important source of financing to reduce Africa's infrastructure deficit. Infrastructure is a diversifying asset class for investors with the potential for stable, long-term cash flows. Africa's strong economic growth outlook, which implies improving infrastructure revenue streams and credit quality, will help to drive private investment for infrastructure projects and/or ongoing ownership and management. This will help to accelerate Africa's infrastructure development and bring much-needed new technologies and management practices. However, for investors, mitigating investment risk[42] – de-risking projects – is also key to investment decisions.

Mitigating investment risk

Multiple risk factors are relevant. For example, political stability, economic risks, transparency, rule of law and regulatory frameworks are key considerations for investors.[43] Without a sound, stable macroeconomic policy environment, political and market risks increase the cost of capital and limit access to capital for infrastructure investment.[44] The lack of intra-Africa cross-border planning and coordination can also negatively affect investment decisions, as can high risk perceptions for Africa – an issue that enhanced

38 Trade infrastructure financing in Africa: an exploration of geopolitical funds for private sector participation, Africa Policy Research Institute, 2024
39 African Economic Outlook 2024, African Development Bank Group, 2024
40 Fighting Corruption Critical to Africa's Economic Growth, Development Bank Experts Say, African Development Bank Group, 2024
41 African Economic Outlook 2024, African Development Bank Group, 2024; full paragraph source
42 Investment risk is defined as the uncertainty of achieving expected returns or the potential loss of part/all of capital due to factors such as market volatility or economic instability.
43 Finance and Investment in Africa: Trends and Opportunities for Securing Africa's Ecological Futures, WWF, 2024
44 African Economic Outlook 2024, African Development Bank Group, 2024

data would help to address.[45] Given that 80 % of infrastructure projects in Africa fail at the feasibility stage[46], another important investment driver is professional project preparation, including revenue visibility and certainty, which can be aided by the establishment of project preparation facilities. The successful completion of previous infrastructure projects also helps to engage investors (see box on page 24, "Success breeds success").

Secure insurance risk mitigation solutions for infrastructure – protecting infrastructure investors and operators/managers against diverse risks and over the full infrastructure lifecycle – are another vital facilitator of infrastructure investment and ongoing protection.

Credit and guarantee solutions from the insurance sector (see examples in the section, "Enabling role of insurance) and development banks (such as MIGA, the World Bank's Multilateral Investment Guarantee Agency), as well as loan guarantees from governments, can also provide a vital boost to infrastructure investment.

In terms of financing structures, blended finance (combining public and private capital) can also help to de-risk projects (funds are provided by at least one party at lower than commercial terms) and is emerging as an important solution to attract infrastructure investment, particularly in emerging markets; for example, USD 698 million from public and private entities financed the Lake Turkana Wind Power Project in Kenya, providing clean energy to over 1 million households.[47]

All such factors can help to bring bankable[48] infrastructure projects to investors and make infrastructure in Africa a viable asset class.

Insurance facilitates and protects infrastructure investments

As a risk expert, long-term institutional investor and provider of risk mitigation solutions supported by strong credit ratings – e.g. performance guarantees (surety) and to protect against property, liability, credit and political risks – the insurance sector is a powerful facilitator of infrastructure investment and provider of ongoing risk protection. For details and case studies, see the following section, "Enabling role of insurance".

45 To get more capital, Africa needs more data, The Economist, November 2024
46 Remarks by Dr. Akinwumi A. Adesina President, African Development Bank Group Session: Invest in Africa: Green Energy Access, Digital Economy and Infrastructure Finance Gap COP 28, UAE 1 December 2023, African Development Bank Group, 2023
47 Fuelling Africa's infrastructure growth: alternative funding, Clyde & Co, 2024
48 'Bankability' means a project meets the requirements of a financier in order for them to provide capital for the project. The financial profits (returns) likely to be yielded by investment in a project will be more heavily weighted by the private sector, compared with public sector and multilateral donor funders. The latter may place more emphasis on economic, social and environmental considerations as well as developmental potential. Source: Developing Bankable Transport Infrastructure Projects: Case Studies, Experiences and Learning Materials for LLDCs and Transit Countries, UN

Success breeds success

Infrastructure must be effective for the communities that it serves. As highlighted by the AfDB[49], effective infrastructure necessitates corresponding appropriate investment in Africa's economic governance, science and technology research and knowledge management.

Effective infrastructure also attracts further investment. Firstly, as it signals low agency risk. Non-aligned interests between private entities and government authorities can lead to (potentially costly) agency risks, which can deter private investors. Evidence of successful infrastructure development in a country – e.g. a favourable institutional environment, skilled labour and technicians and good management – signals low agency risk and helps to attract private investment in other projects.[50] Secondly, as it reduces costs and therefore increases productivity, increasing the potential return on investment.[51]

Fostering equity investment could be one way to help set the ball in motion in Africa's less-developed and low-growth countries, as equity financing has lower agency risk (better aligned interests in quality outcomes), and equity investors tend to have a higher risk tolerance than debt investors. Once infrastructure is more developed, debt financing is likely to become a more dominant financing source[52], as debt is generally less costly than other forms of financing, including equity, due to its payment structure (regular instalments) and (re)financing flexibility.[53]

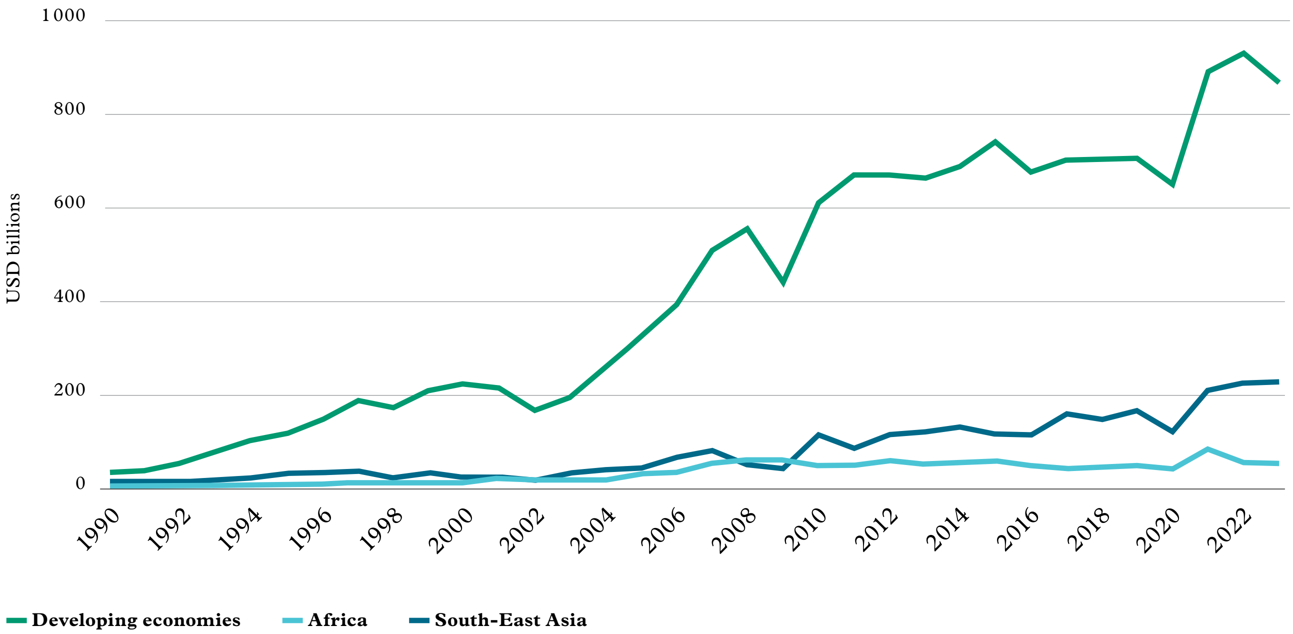
49 African Economic Outlook 2024, African Development Bank Group, 2024
50 Lu, Qiongfang & Wilson, Craig, 2024. Infrastructure Financing in Africa, Journal of International Financial Markets, Institutions and Money, Volume 91(C)
51 Finance and Investment in Africa: Trends and Opportunities for Securing Africa's Ecological Futures, WWF, 2024
52 Lu, Qiongfang & Wilson, Craig, 2024. Infrastructure Financing in Africa, Journal of International Financial Markets, Institutions and Money, Volume 91(C)
53 Long-term debt financing in Africa is a problem… and an opportunity, FSD Africa

EXAMPLES OF FINANCING TRENDS AND OPPORTUNITIES

Growth potential of foreign direct investment (FDI) flows to Africa

According to the World Investment Report 2024, FDI flows to Africa fell by 3 % year-on-year in 2023 to USD 53 billion and remain low compared to other developing economies (figure 11). The number and estimated value of international project finance deals (which were mostly for infrastructure) also declined in 2023, respectively by 26 % and 50 % compared to the prior year. However, indicating a developing area of interest for investors, greenfield project announcements rose by 7 %, the largest being a green hydrogen project in Mauritania that is expected to generate USD 34 billion in investment. Africa also received more than USD 10 billion in project finance for wind and solar electricity production, with the largest projects in Egypt, South Africa and Zimbabwe, and investments for electric vehicle value chains, including to build a USD 6.4 billion electric vehicle battery manufacturing facility in Morocco. The main economies investing in Africa by FDI stock in 2023 were the Netherlands, France, the US, the UK and China.[54]

Figure 11: FDI flows for Africa, South-East Asia and all developing economies, USD billions.
Source: World Investment Report 2024[55]



54 World Investment Report 2024, UN
55 Ibid.

Intra-Africa FDI expected to increase

The Investment Protocol to the AfCFTA, adopted in 2023, is expected to help to increase intra-Africa FDI.[56]

Remaining within Africa, efforts to improve cross-border infrastructure project coordination – including to overcome differences in governance, regulatory frameworks, economic activity levels and peace – will also be decisive for intra-Africa FDI and infrastructure project successes.

Fledgling domestic capital markets hold potential

Financing infrastructure from domestic capital markets is a work in progress. Africa's domestic equity markets mostly remain small with low liquidity, while domestic bond markets have low liquidity, limited pricing benchmarks, rigid regulatory frameworks and inefficient infrastructures.[57] Efforts are underway to create efficient, liquid capital markets to provide local-currency financing from the private sector and pension fund industry for Africa's economic development, including for infrastructure.[58] If successful, these markets will help to boost infrastructure financing without the additional cost of foreign exchange risk.

Volatile access to international capital markets

Africa's access to international capital markets has expanded since 1995. In particular, the Eurobond market has been a valuable and flexible (without policy conditions) financing source – according to the AfDB, by 2020, over 21 African countries had issued Eurobonds, raising more than USD 155 billion to fund development projects, including for infrastructure. Showing source volatility, most Sub-Saharan African economies lost access to global capital markets in the high interest rate environment of 2022 and 2023, though access revived in 2024 as rates came down.[59]

56 Ibid.
57 Creating Efficient Capital Markets in Africa, International Finance Corporation, World Bank Group, Factsheet
58 How capital market development can help shape Africa's future, CFA Institute, 2024
59 Africa's Eurobonds market roars back to life, African Business, 2024

“Debt enables development, but the cost of servicing that debt should be affordable and not outweigh the benefits of the investment.”

Sovereign wealth funds could increase in importance

There are approximately 25 sovereign wealth funds in Africa. Though representing only a fraction of global sovereign wealth fund assets and with most being at a relatively early stage of development, these funds have a unique role to play in developing their home economies and attracting international investor capital.[60] Nigeria’s Sovereign Investment Authority, for example, has already invested USD 5.5 billion in infrastructure development.[61] With growth, sovereign wealth funds could offer important alternative financing sources for infrastructure.

Need for affordable financing

Debt enables development, but the cost of servicing that debt should be affordable and not outweigh the benefits of the investment. It is vital to keep an eye on key debt ratios, even in a low-interest rate environment. As just one example of the varying impacts of debt type on growth, a global 2024 study found that while bond finance owed to international private creditors has had a significant, positive impact on GDP per capita growth rate in developing countries, commercial loans have had a negative impact.[62] The AfDB[63] proposes reforming the global financial architecture to help facilitate access to affordable financing for Africa’s structural transformation.

60 Africa’s Sovereign Wealth Funds Can Spur Growth and Nation Building, Boston Consulting Group, 2023
61 Fuelling Africa's infrastructure growth: alternative funding, Clyde & Co, 2024
62 Does private share of public external debt support economic growth in developing countries? International Economics, Volume 178, 2024
63 African Economic Outlook 2024, African Development Bank Group, 2024

Intersection of the public, private and insurance sectors in Africa's infrastructure development

Interview with Mario Wilhelm, Managing Partner, Rift Partners (photo, left) and Anthony Chaillet, Managing Partner, Rift Partners (photo, right)

What does Africa need for economic prosperity and sustainability?

The continent of Africa has huge potential for economic progress, but for this it needs two things – free intercontinental trade, which requires enabling, harmonised policy frameworks across the continent, and infrastructure development, which requires a significant increase in investment beyond current levels. Both are vital and the first cannot succeed without the second; cross-border goods transportation is inefficient and expensive, for example, without a robust road and rail system. Furthermore, Africa's lack of extensive legacy infrastructure presents a unique opportunity to integrate sustainable practices from the outset, ensuring that future developments are both resilient and environmentally responsible.

Which public actors play a key role in Africa's infrastructure development?

Most of Africa's infrastructure projects involve the public sector, by which we mean African and foreign governments, DFIs such as the AfDB and international organisations.

African governments have the ultimate responsibility for their economies and populations, and therefore the principal interest to develop and maintain infrastructure. However, they lack the necessary finances to close Africa's substantial infrastructure financing gap and the resources to attract private investment. DFIs, for example, have a mandate to achieve development goals and foster economic progress in developing countries, and therefore have a keen interest to support Africa in its infrastructure development.

How are public actors helping African governments to close the infrastructure financing gap?

By offering technical and financial support, and fostering private sector financing.

For example, private investors are often not willing to undertake explorative infrastructure pre-feasibility studies. By conducting such studies, public actors overcome this obstacle and help to attract private sector investment for subsequent project phases. A feasibility study supported by the German Government, for example, recently found that Namibia has a long-term competitive advantage to produce green hydrogen and green ammonia.

In terms of financial support, DFIs have a preferred creditor status and therefore favourable credit ratings, meaning that they can borrow capital at attractive market terms and pass these terms onto governments in loans for infrastructure development. This is referred to as non-concessional financing. Some DFIs also provide concessional financing, which can refer to loans and other financial instruments provided on terms that are more generous than market conditions.

DFIs also facilitate syndicated financing structures, whereby the DFI provides financing alongside the private sector. Such structures can appeal to and benefit the private sector as DFIs are considered to be responsible, knowledgeable investors, and as they provide an opportunity for the private sector to access large government contracts. First loss instruments, where the public entity takes the first loss, add a further incentive for private sector involvement, as do portfolio-level syndications due to higher risk diversification. The IFC has a particularly strong track record – it has been providing syndicated financing since 1957, when it launched its loans syndication program.

"African regulators could increase the deployment of capital for infrastructure development by adjusting capital risk weightings."

How can the insurance sector support public and private sector infrastructure financing in Africa?

Insurance supports infrastructure financing through shared risk expertise, risk assessment, risk transfer, i.e. the de-risking of projects, and as an institutional investor.

A robust understanding of the involved risks and de-risking infrastructure projects are critical for public and private investors as they increase confidence and allow investors to deploy more capital. Understanding climate risk and transferring credit, political and performance risks are particularly important for infrastructure financing.

To help facilitate infrastructure development in Africa, for example, the insurance sector is collaborating closely with the World Bank Group on topics such as credit and political risk insurance and guarantees. Another excellent example is the establishment of a dedicated underwriting facility for early-stage development drilling risks in Kenya, supported by local insurers, public sector stakeholders and FSD Africa. By mitigating the exploration risk for investors, this facility will enable Kenya to leverage its unique natural asset for clean energy.

“Our key recommendation to the insurance sector is to fully embrace advanced technology and analytics for enhanced African infrastructure risk quantification.”

What could African regulators do to make infrastructure a more attractive asset class for Africa’s domestic investors?

African regulators could increase the deployment of capital for infrastructure development by adjusting capital risk weightings. A lot of private sector capital is sitting within and outside of African financial markets, e.g. invested in government bonds. However, the deployment of this capital into African infrastructure financing is held back by high regulatory capital charges, i.e. it is not incentivised or the risk of default associated with African infrastructure is deemed high.

There is an opportunity here for the insurance sector and African regulators to work together to lower capital charges and make African infrastructure a more attractive asset class for investors, the insurance sector included.

Can advanced technology and analytics help insurers to further mobilise infrastructure financing?

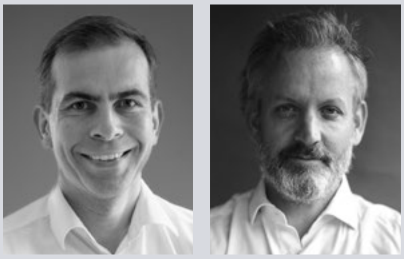
Absolutely. This can be seen, for example, with InsurTech start-ups that are leveraging AI, remote sensing and big data analytics to generate real-time, high-resolution risk insights. Such capabilities are particularly impactful in climate risk modelling, asset monitoring and predictive analytics, where traditional underwriting methods have struggled due to limited historical data. These solutions can improve risk quantification, enabling more accurate pricing, faster underwriting and parametric insurance models, simultaneously making insurance more accessible and unlocking new investment opportunities.

“We would recommend that the public sector involves the insurance sector earlier on to benefit from the insurance sector’s extensive risk expertise and get more infrastructure projects off the ground.”

What are your key recommendations to the public and insurance sectors?

The insurance sector is often involved only once a project is approved. We would recommend that the public sector involves the insurance sector earlier on, i.e. at the feasibility/planning stage of infrastructure projects, to benefit from the insurance sector’s extensive risk expertise and get more infrastructure projects off the ground.

Our key recommendation to the insurance sector is to fully embrace advanced technology and analytics for enhanced African infrastructure risk quantification.



Smoothing the way for African infrastructure investment

Interview with Najwa el Iraki, Founder & CEO, AfricaDev Consulting

What do you see as the main challenges to securing infrastructure investment for Africa?

Investors often perceive heightened risks for infrastructure financing due to political instability – government policy changes or instability can derail projects, so this plays a major role in determining the long-term success of an infrastructure investment – regulatory unpredictability and currency volatility. These perceptions lead to higher risk premiums.

Many infrastructure projects lack comprehensive feasibility studies and well-structured financial models, making them less attractive to financiers.

Additionally, Africa's local capital markets are underdeveloped, limiting the availability of long-term funding from domestic financial institutions and increasing reliance on foreign investment.

Another major challenge is the complexity of coordinating multiple stakeholders, including governments, local communities and private entities, which often slows project execution.

What do you consider to be the most critical focus areas for investors?

Understanding the risk. For example, a deep understanding of the regulatory environment is essential to ensure compliance with investment policies and avoid unexpected policy shifts.

It is also vital to evaluate the financial viability of projects, ensuring that the revenue projections are realistic and that the financial model is sustainable. This includes understanding market demand and the economic impact of a project.

How does AfricaDev Consulting support investors and facilitate infrastructure development in Africa?

AfricaDev Consulting provides market intelligence and country risk assessments to help investors better understand and mitigate the risks.

Together with other specialist partners, we specialise in structuring infrastructure projects to enhance bankability, ensuring that they meet investor expectations. This helps project initiators to identify suitable funding sources, whether from DFIs, private equity or innovative financial instruments.

We also facilitate engagement with policymakers and regulators to create a more stable and investor-friendly environment, and manage stakeholder coordination to ensure smoother project execution.

> "We advocate for the use of political risk insurance, working with the insurance sector to protect investors against unexpected political disruptions."

Can you share some examples of African infrastructure projects and highlight key factors that contributed to their success or stalled their progress?

The 32 km Dakar-Diamniadio Toll Highway, which connects Dakar to Diamniadio, is one of Africa's most successful infrastructure projects. With a total estimated cost of EUR 500 million, this highway was developed through a PPP and opened in phases between 2013 and 2016. The project was spearheaded by the Senegalese Government in collaboration with other investors, such as the AfDB, Agence Française de Développement (AFD), World Bank Group and private concessionaire Eiffage, ensuring a well-structured risk-sharing mechanism. The government's support played a crucial role in facilitating land acquisition and securing regulatory approvals. The project has had a significant positive economic impact, reducing travel time, improving trade logistics and encouraging further developments such as Diamniadio Lake City. This was one of the first PPP infrastructure projects in West Africa, setting a model for future developments in the region.

On the flip side, the 3050 MW Mambilla Hydroelectric Power Project in Nigeria is a prime example of a stalled infrastructure project. Despite being envisioned as the country's largest hydropower project, it has faced significant delays due to legal disputes, funding challenges and logistical issues. Ongoing court battles have created uncertainty, discouraging investors and slowing project implementation. Securing financing has been a major hurdle, with delays in loan agreements and disbursements. Additionally, the project's remote location presents challenges in transportation and material delivery, making execution even more complex.

These examples highlight the importance of comprehensive planning, strong regulatory frameworks and stakeholder alignment in large-scale infrastructure investments.

“We recommend, where possible, to structure projects as PPPs – this helps to align government and private sector interests, thereby enhancing stability.”

Political stability and regulatory uncertainty remain key concerns for infrastructure investors. What strategies does AfricaDev Consulting recommend to mitigate these risks?

To address these challenges, we advocate for the use of political risk insurance, working with the insurance sector to protect investors against unexpected political disruptions. We also recommend, where possible, to structure projects as PPPs - this helps to align government and private sector interests, thereby enhancing stability.

Diversification is also an effective approach, whereby investors spread their exposure across multiple regions and sectors to mitigate localised risks.

Proactive regulatory engagement is another key strategy. We encourage policymakers and regulators to implement transparent and consistent regulations.

“With the right structuring, partnerships and risk mitigation strategies in-place, investors can achieve both economic impact for Africa and returns.”

Looking ahead, what infrastructure sectors do you see as the most promising for investment and how does AfricaDev Consulting help investors to capitalise on these opportunities?

Several infrastructure sectors in Africa present strong investment opportunities. The energy sector, particularly renewable energy and gas-to-power projects, is set for significant growth as Africa seeks to expand electricity access. The transport sector, including rail, ports and logistics hubs, remains a priority for regional integration and trade facilitation. Digital connectivity is also an increasingly attractive sector, with data centres, broadband expansion and fintech infrastructure driving economic transformation.

We help investors to capitalise on these opportunities by conducting feasibility studies, mapping regulatory landscapes and identifying high-impact investment opportunities to enhance project bankability. By leveraging our expertise and network, we also ensure that investors are connected with the right local businesses and stakeholders, thereby reducing entry barriers and de-risking investments.

Do you see a bright future for African infrastructure investment?

Absolutely. Africa’s infrastructure gap presents a unique opportunity for long-term investors willing to navigate the complexities of the market. The future of African infrastructure depends on smart, sustainable investment strategies. With the right structuring, partnerships and risk mitigation strategies in-place, investors can achieve both economic impact for Africa and returns.

Enabling role of insurance

A VITAL PARTNER FOR INFRASTRUCTURE

Risk is present throughout the entire lifecycle and value chain of infrastructure, increasing costs and potentially deterring investors. By providing risk expertise and a diverse range of secure risk mitigation solutions, the insurance sector helps to boost private sector investment and other financing flows, and to protect infrastructure over its lifecycle. Re/insurers can also be an excellent investor match for sustainable infrastructure development.

FIRST AND FOREMOST – DEPENDABLE FINANCIAL STRENGTH

Infrastructure provides critical services for social and economic development, is capital intensive and is used and maintained over the long-term. Risk protection for such investments and assets must be financially secure. The insurance sector is highly professional, well-regulated and well-capitalised, and is therefore an excellent risk mitigation partner for infrastructure.

> "The insurance sector is highly professional, well-regulated and well-capitalised, and is therefore an excellent risk mitigation partner for infrastructure."

Indicating the sector's financial strength, the International Association of Insurance Supervisors (IAIS) reported total global insurance market assets increased by 2.8 % to USD 42 trillion and total liabilities increased by 2.5 % to USD 36 trillion at year-end 2023 compared to year-end 2022. Assets continued to exceed liabilities (figure 12), solvency ratios remained stable and liquidity positions remained well above 100 % (figure 13). Insurers' fixed-income investments have a high overall credit quality: 67.2 % were rated at above investment grade and 15.8 % at investment grade.[64]

64 IAIS Global Insurance Market Report, December 2024. Contributor companies to the report's sector-wide monitoring (SWM) reflect over 90% of global gross written premiums.

Figure 12: Excess of assets over liabilities, global insurance market. YE = year-end; EMDE = emerging market and developing economy; AE = advanced economy.
Source: IAIS[65]

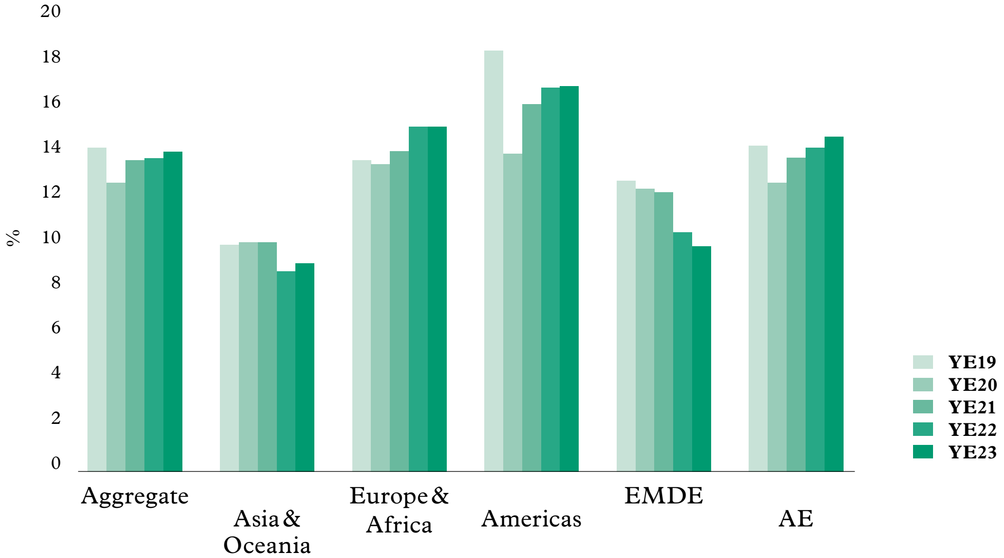
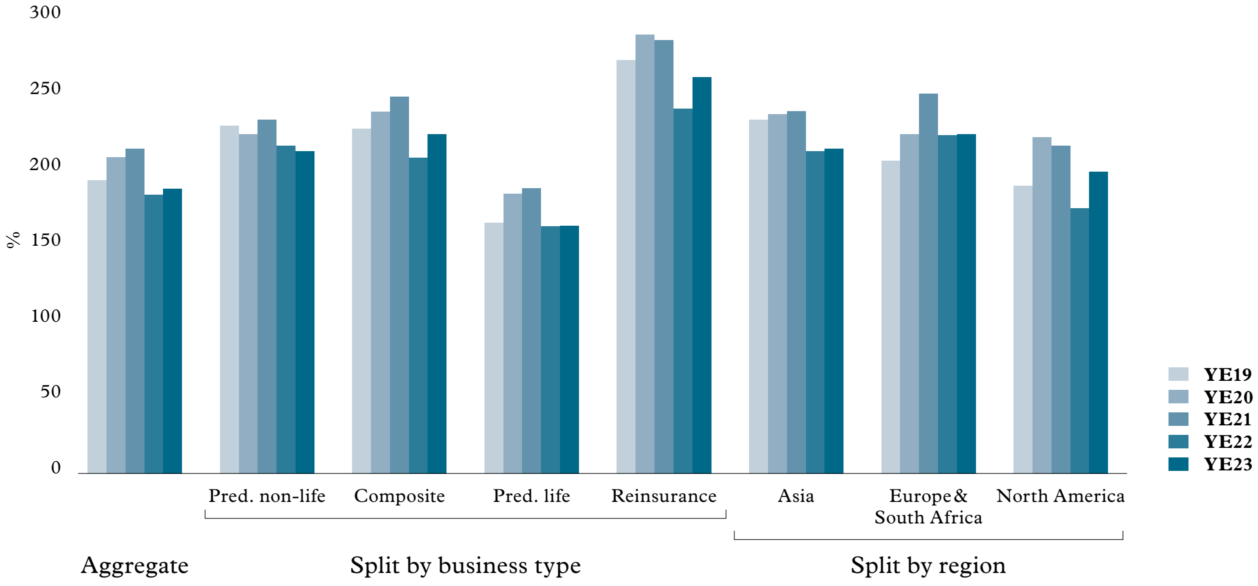


Figure 13: Insurance liquidity ratios, global insurance market.
YE = year-end; pred = predominantly.
Source: IAIS[66]



65 Ibid.
66 Ibid.

MITIGATING CREDIT RISK ENABLES GROWTH IN DEVELOPMENT LENDING AND PRIVATE INVESTMENT

Through credit and payment guarantee solutions for lenders/debt issuers, the insurance sector can help to mobilise multilateral lending and domestic long-term private capital investment for infrastructure (see boxes below).

Credit insurance fosters IFC development lending

December 2024 saw the establishment of a USD 3 billion credit insurance policy for the International Financial Corporation (IFC) – the IFC is the part of the World Bank Group that focuses on lending to nurture private sector companies and financial institutions in developing economies. The policy – which is supported by re/insurance companies – provides the IFC with payment protection for a portion of the loans that it will extend to companies in developing regions, including Africa, in sectors such as energy, transport and technology. By mitigating credit risk, this policy will enable the IFC to expand its development lending.[67]

ATI financial guarantees enable vital transport, water and energy infrastructure

In June 2023, the African Trade Insurance Agency (ATI), a pan-African, multilateral insurer, announced the provision of a nonpayment insurance cover for Deutsche Bank for a USD 305 million loan to Angola's Ministry of Finance for the strategically important EN230 road infrastructure project. Jointly with the International Bank for Reconstruction and Development, the ATI also supported the project financing of Angola's BITA water infrastructure project that will benefit 2.5 million people.

Furthermore, the ATI has a guarantee instrument to protect independent power producers selling to state-owned power utilities across Sub-Saharan Africa against the short-term liquidity risks. For example, as announced in May 2022, the ATI provided a guarantee covering the risk of non-payment by the national utility for the energy to be supplied by the Nyamwamba II Hydro Project in Western Uganda, supporting energy access for 160,000 people.

67 Swiss Re Among Firms in $3 Billion Credit-Risk Deal for International Finance Corp., Insurance Journal, 2024

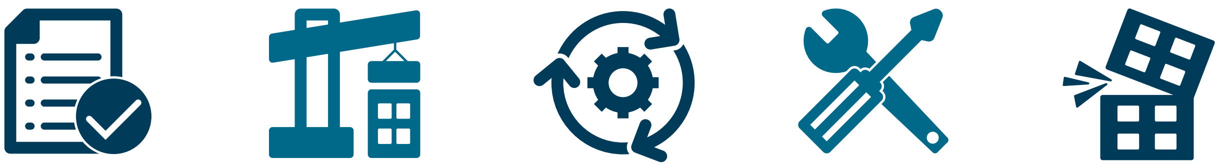
AfDB loan to specialist guarantee provider to mobilise domestic capital for infrastructure

Infrastructure Credit Guarantee Company Limited (InfraCredit) provides local-currency, credit-enhancing guarantees for debt instruments issued in Nigeria's capital market to finance infrastructure, including green and climate-aligned developments. In June 2024, the AfDB and InfraCredit signed an agreement for a USD 15 million subordinated loan facility to strengthen InfraCredit Nigeria's capital base and thereby enable it to further mobilise domestic, long-term investor capital for infrastructure.[68]

RISK MITIGATION SOLUTIONS OVER THE FULL INFRASTRUCTURE LIFECYCLE

By mitigating diverse risks over the full infrastructure lifecycle, from design to demolition (figure 14), insurance solutions support local authority and private owners, managers and operators, and foster financing flows.

Figure 14: Insurance sector risk mitigation solutions for infrastructure.
Source: Swiss Re[69]



Pre-construction/ Site preparation
- Asset management
- Bid bond
- Material register
- Professional liability
- Project finance
- Title insurance

Construction
- Contractor's all risks project cover
- Delay in start up
- Marine cargo
- Performance bond (surety)
- Political violence
- Single project professional liability
- Terrorism
- Third party liability

Operational
- Business interruption
- Civil engineering completed risks
- Credit
- Directors & officers
- Inherent defects
- Liability
- Natural catastrophe
- Political violence and confiscation
- Property
- Terrorism

Maintenance/ Upgrade
- Asset management
- Existing property
- Liability
- Maintenance bond
- Marine cargo
- Project cover

Demolition
- Liability
- Marine cargo

68 Nigeria: African Development Bank and Infrastructure Credit Guarantee Company Limited sign $15 million agreement to enhance infrastructure financing, African Development Bank Group, 2024
69 Content source: Infrastructure – The foundation of societal resilience, infographic, Swiss Re website

RE/INSURERS CAN ALSO BE WELL-MATCHED INSTITUTIONAL INVESTORS FOR INFRASTRUCTURE

In addition to supporting infrastructure development through risk mitigation solutions, re/insurers are also important institutional investors with substantial capital reserves. Infrastructure investments and the insurance sector can be an excellent match:

- Infrastructure projects are capital-intensive and can generate predictable, stable cash flows for investors over the long term (revenues are less affected by financial market and economic volatility, especially if a contract is in place to mitigate price and demand risks, as is often the case in infrastructure PPPs).[70]
- Re/insurers with long-term liabilities are focused on sustainable, long-term assets to match their liabilities, which is particularly relevant for insurers providing life insurance and annuity products.[71]
- Infrastructure has low correlation to other investment asset classes and relatively high recovery value in the case of payment arrears.[72]
- Insurance liabilities backed by infrastructure-linked instruments may also benefit in terms of higher discount rates due to the illiquidity of the instruments (reflecting the long-term nature of infrastructure investments and undeveloped secondary markets) – and therefore higher returns – compared to liquid assets such as government bonds.[73]

Industry surveys indicate an increasing interest in infrastructure investments

Many insurance investment portfolios contain infrastructure equity and debt, although infrastructure investment allocations are predominantly low – the median global insurance market asset allocation for infrastructure investments was just 1 % in 2023[74] – and infrastructure is generally considered to be an alternative asset class.[75]

However, interest in this asset class is increasing. For example, a 2024 survey by Mercer and Oliver Wyman reported that 51 % of the surveyed global insurers see diversifying their investment portfolios away from traditional asset classes into private markets and alternatives asset classes, and close to 40 % cited increasing private markets allocations and illiquidity as drivers of investment returns. Global insurers are correspondingly planning to increase their allocations to private debt, private equity and infrastructure equity.[76]

For the Europe, Middle East and Africa (EMEA) region, a 2024 global insurance market survey by BlackRock similarly identified an expected increase in private market infrastructure debt allocations over the next two years. However, allocations to the EMEA private market infrastructure equity asset class are expected to remain stable.[77]

"99 % of insurers have set a low-carbon transition objective within their investment portfolios.[78] "

70 Credit Risk Dynamics of Infrastructure Investment, World Bank Group, 2018
71 Ibid.
72 Ibid.
73 Ibid.
74 IAIS Global Insurance Market Report, December 2024. Contributor companies to the report's sector-wide monitoring (SWM) reflect over 90 % of global gross written premiums.
75 Definitions of alternative assets vary
76 Mercer and Oliver Wyman 2024 Global Insurance Investment Survey
77 2024 Global Insurance Report, Resilience through change, BlackRock
78 Ibid.

The Philippines updates its regulatory guidelines to promote re/insurance sector infrastructure investment

In November 2024, the Philippine's Department of Finance Insurance Commission (IC) issued Circular Letter No. 2024–23 to promote (regulated) re/insurance company investments in priority infrastructure projects.[79] These amended guidelines align to the Philippine Development Plan (PDP) 2023 to 2028, which seeks to leverage the private sector's efficiency, resources, expertise and innovativeness, and to reinvigorate PPPs to finance priority infrastructure projects.

Investing in the low-carbon transition is a priority for insurers

99 % of insurers in BlackRock's 2024 global insurance market survey have set a transition objective within their investment portfolios, and 56 % have set a net-zero target date. The survey observed a strengthening conviction in investing in the low-carbon transition across all global regions. Of those planning to increase their allocations to transition-related investments, transition technologies (63 %) and clean energy infrastructure (60 %) lead the board, with emerging markets (58 %) and green bonds/infrastructure (53 %) in the top-4 as regards the expected areas of allocation increase.[80]

79 Circular Letter No. 2024-23 | Guidelines on Investments in Infrastructure Projects under the Philippine Development Plan, Insurance Commission Philippines, November 2024
80 2024 Global Insurance Report, Resilience through change, BlackRock

Building resilience: A strategic approach to infrastructure risk in Africa

Interview with Ilyes Hassib, Head of Reinsurance SanlamAllianz & CEO of SanlamAllianz Re Ltd.

Does SanlamAllianz have a strategy and targets for infrastructure risk underwriting in Africa?

Absolutely. As the largest pan-African insurer, active in over 27 African countries, SanlamAllianz Group plays a key role in supporting infrastructure development and investment protection across the continent. We focus on essential, large-scale infrastructure – such as power, transport and water – which are Africa's most pressing needs. Leveraging our scale, expertise and global partnerships, we provide insurance and reinsurance solutions that are often unavailable locally.

We see ourselves as a key player in the infrastructure space. That said, underwriting these risks requires a structured approach tailored to each country's unique political, economic and environmental realities. A one-size-fits-all model simply doesn't work for Africa.

Does your underwriting strategy follow environmental, social and governance (ESG) criteria?

Yes. Our primary goal is to close protection gaps in a responsible and sustainable manner, guided by long-term social and environmental objectives. ESG principles are deeply embedded in our underwriting strategy. But we have adapted them specifically to the African context. Unlike frameworks built for Europe or North America, our ESG guidelines for Africa are rooted in local realities, taking into account each country's stage of development and infrastructure needs. We also apply thresholds and exclusion rules, ensuring that our underwriting decisions reflect both responsibility and pragmatism.

Do you support clients in transitioning from fossil fuels to green energy?

Yes we do, through what we call a "phase-out" approach. Many African economies are still heavily reliant on fossil fuels, so we do not simply pull out. Instead, we encourage transition by setting clear expectations. For example, some of our larger clients are expected to shift at least 50% of their energy portfolios to renewables – such as solar and wind – by 2027.

While we are not directly involved in managing the transition process, we offer advisory support and set clear targets as part of our risk selection framework.

What proportion of your African portfolio is related to infrastructure risk?

Currently, at SanlamAllianz Re, which is the reinsurance arm of SanlamAllianz, about 10% of our reinsurance portfolio is focused on infrastructure. Across the broader SanlamAllianz Group, the share is even higher, and it is experiencing strong growth. We believe this area represents both a commercial opportunity and a responsibility to help build the continent's future.

Are there noticeable regional differences in infrastructure risk demand?

Definitely. There is a wide gap between urban and rural areas. In Morocco, for instance, over 98% of the rural population now has access to electricity and clean water – a major achievement of PPPs. In contrast, many countries in Africa still face severe shortages in basic infrastructure, and we believe that this is where insurance can play a role in supporting PPPs.

This urban-rural divide signals significant opportunity. With targeted insurance solutions, local partnerships and public-private collaborations, we can support development in the areas that need it most.

What risk mitigation tools do you offer to support infrastructure investment?

Africa presents some of the most compelling investment opportunities globally. However, perceived risk remains high, which often deters international capital. To counter this, we provide a range of de-risking solutions:

- **Trade credit insurance** – protects receivables from private and public entities.
- **Bonds** – performance and completion bonds are essential in construction, especially as project volume grows.
- **Investment insurance** – covers a specific range of perils related to political risks, corporate and government defaults, and other large-scale exposures. This is particularly critical for projects exceeding USD 100 million.

These products give investors the confidence they need to commit to long-term infrastructure projects. SanlamAllianz has been very selective in deploying these types of solutions and we believe that other African re/insurers can also play a vital role in making these solutions available to the wider market.

What are the most prominent risks when underwriting infrastructure in Africa?

The top three risks we face in infrastructure underwriting are political, economic and natural catastrophe risks. Political risk remains the most volatile and unpredictable, often posing the greatest challenge to long-term investments. Economic risk includes factors such as currency instability, inflation and fiscal uncertainty, while natural catastrophe risk encompasses climate-related events like floods and droughts. These exposures are central to how we design our products, set pricing and allocate capital across our portfolio.

What is your outlook for infrastructure underwriting in Africa?

We are very optimistic. Africa's economies must expand to support growing populations and rising middle classes. Infrastructure is both a driver and beneficiary of this growth. We see great opportunity and impact potential given Africa's vast infrastructure financing gap.

Given reduced public funding post-COVID, are you encouraging more private sector involvement?

Yes, absolutely. One of our goals is to bridge the gap left by constrained public budgets. At the same time, we are seeing improvements in public finance management and growing momentum towards self-sufficiency. African countries are setting up sovereign funds and local insurance providers. While progress varies by region, the general trend is encouraging but will take some time to materialise.

“Solutions do not need to be 100% African, but they must be African led, as local leadership ensures that projects are aligned with regional priorities, socio-economic realities, and long-term development goals.”

How can the African re/insurance sector further support infrastructure risk protection?

The key lies in collaboration. African re/insurers must work together to bring local expertise, capacity and risk structuring to the table. Solutions do not need to be 100% African, but they must be African led, as local leadership ensures that projects are aligned with regional priorities, socio-economic realities, and long-term development goals. SanlamAllianz is invested heavily in local operations and sees itself as a natural convener for industry partnerships.

At SanlamAllianz, we are firmly convinced that the domestic insurance market will be instrumental in driving and protecting Africa’s economic growth – particularly by supporting the development of infrastructure essential to long-term progress.

Are regulators and other institutions supporting this evolution?

Yes, they are creating the right regulatory frameworks without favouring specific sectors. Institutions such as the AfDB play a vital role in mobilising capital and fostering confidence in long-term projects. Their involvement, along with effective PPPs, will be key to building Africa’s next chapter.

A pillar of resilience for infrastructure in Algeria

Interview with Abdallah Benseidi, Chief Executive Officer and Chairman of the Board of Compagnie Centrale de Réassurance (CCR)

Does CCR have a specific strategy for insuring infrastructure in Algeria?

CCR adopts a strategy for this risk segment that requires the establishment of significant capacity to ensure optimal coverage. This begins with an assessment of the various risks to which the infrastructure is exposed, whether natural or otherwise, followed by an analysis of loss potential and appropriate coverage. CCR does not limit itself to a single line of business, but covers all insurable risks, aiming to enhance the resilience of infrastructure against various hazards, even in the event of a major loss.

In your underwriting portfolio, which lines of business contribute most to the development of infrastructure?

CCR supports the proper functioning of infrastructure by providing tailored insurance solutions to all infrastructure sectors – including technological, energy, climate, transport and digital infrastructure - for their specific risks, thereby contributing to the stability of the Algerian economy. In this regard, CCR manages several reinsurance pools for the market that support infrastructure development, such as the CatNat Pool, the Decennial Liability Pool and the Special Risks Pool.

Does CCR provide technical support or other services for infrastructure projects?

Beyond underwriting, CCR assists its clients with technical advice and risk management analyses for infrastructure projects. It also offers training to cedants to enhance skills in prevention, compliance and claims management.

To what extent do ESG criteria influence CCR's underwriting decisions for infrastructure?

The concept of ESG is gaining traction in Africa, particularly in the re/insurance sector, through criteria that incorporate the environmental and social impact of infrastructure projects on local populations. ESG criteria also play a role in minimising long-term risks, as poorly designed infrastructure projects in environmental or social terms can lead to high costs, such as frequent repairs or litigation. Integrating these criteria into the underwriting process allows for better anticipation and reduction of future risks. Some of these criteria are already implicitly included in our underwriting policy, and we are working to establish a more formalised and structured foundation to incorporate ESG criteria more prominently into our strategy, aligning our practices with sustainability objectives.

“CCR manages several reinsurance pools for the market that support infrastructure development, such as the CatNat Pool, the Decennial Liability Pool and the Special Risks Pool.”

What is CCR's vision for the infrastructure insurance market?

The infrastructure insurance market in Africa is expected to grow, driven by investments in emerging countries linked to population growth and urbanisation. CCR is optimistic and anticipates sustained progress in the sector. However, there are multiple challenges, including complex local regulations, a lack of reliable data and a shortage of specialised skills. The challenge in this type of market will depend on the ability of reinsurers to adapt to these challenges and develop solutions to better manage risks associated with infrastructure.

What measures could Algerian authorities take to strengthen the reinsurance of infrastructure projects?

Policymakers can encourage more rigorous construction standards, which could play a role in reducing the likelihood of losses, leading to enhanced reinsurance capacity as projects become less risky for insurers and reinsurers.

Regulators could also fund or support research initiatives to develop new insurance and reinsurance solutions for emerging risks related to infrastructure, such as those associated with green technologies or digital infrastructure.

“Policymakers can encourage more rigorous construction standards, which could play a role in reducing the likelihood of losses, leading to enhanced reinsurance capacity as projects become less risky for insurers and reinsurers.”

Does CCR invest in infrastructure?

Among the various types of investment, financial investments are the most dominant at CCR, largely manifested through placements in securities issued by the state, in compliance with relevant regulations. These investments have shown annual growth, allowing CCR to play a role in ensuring financial stability and encouraging the necessary investments for growth.

How could the insurance sector contribute to strengthening investments in infrastructure in Algeria?

The insurance sector plays a key role in securing investments in strategic infrastructure. Drawing on its expertise, CCR, in partnership with local companies, offers tailored solutions against major risks, creating a favourable climate for economic development.

Infrastructure underwriting and risk management trends

Interview with Kanika Thukral, Associate Director, Analytics, AM Best Rating Services

What trends has AM Best observed in African infrastructure underwriting? How does this compare to other emerging markets?

As Africa develops, infrastructure projects are rapidly increasing, as is the demand to derisk these projects, compounded by the region's political instability, economic risks and increasing impacts of extreme weather.

These are large exposures and domestic capacity is insufficient to meet requirements, hence risk sharing – by state-owned, domestic, regional and international private re/insurers – is increasingly underway. But this is not without its challenges. For example, there is a regulatory focus in Africa on domestification and protectionism – in some countries, insurers are required to establish subsidiaries and park capital locally, and mandatory domestic cessions apply. However, once a local presence is established, risk can be shared with regional and international markets.

In terms of specific products, we have observed an increasing demand for specialised risk management products including sophisticated facultative reinsurance, protections that have proved to be quite profitable for re/insurers. Protection against natural catastrophe perils is also an increasing focus for the region.

Compared to other emerging markets, such as Asia, underwriting in Africa is challenged by high risk perception and uncertainty, in particular relating to political instability which can disrupt projects. Economic risks – sovereign default linked to high debt burdens and interest rates, inflation and currency risk – are also major considerations for re/insurers. Beaurocracy, leading to project delay, is yet another issue.

For natural catastrophe underwriting, Africa's lack of sophisticated catastrophe models – which in part reflects a lack of quality data – adds a further layer of risk assessment and pricing complication. There are clear moves to overcome these challenges, but this remains a work in progress.

How are African re/insurance companies approaching infrastructure investment within their investment strategies?

African re/insurance companies principally support infrastructure on the underwriting side. The majority have no infrastructure in their investment portfolio. This reflects asset-liability matching concerns. Infrastructure projects are generally long-term and highly illiquid, while Africa's domestic market is predominantly focused on short-term protections such as Motor and Health. African re/insurance company investments therefore tend to be focused on short-term, liquid assets such as fixed-income investments, cash and deposits.

It also reflects the high risk and resulting high capital requirements associated with infrastructure investments in African regulatory solvency requirements. Despite the potential for attractive returns from infrastructure investments, African re/insurers tend to invest in sovereign debt due to its relatively low risk charge in regulatory models. Sovereign debt, however, has a high risk of default compared to other emerging regions due to Africa's high debt burden in an elevated interest rate environment – Ghana, Ethiopia and Zambia defaulted on their debt obligations in recent years, and several other African countries are facing similar stresses. Investment risk is therefore a top concern for African re/insurers. To mitigate some of the risks, some companies are looking to diversify their investments outside of Africa.

Furthermore, with infrastructure exposures on the underwriting side, adding infrastructure to the investment side could result in high accumulation risk.

How can African re/insurers manage the elevated risks on the underwriting side to foster increased insurance support for infrastructure?

As mentioned above, risk sharing is key given the scale of infrastructure projects. Beyond facultative reinsurance programmes, risk pooling is a strong way forward to protect against natural catastrophe perils. African Risk Capacity (ARC), for example, is a pan-African disaster risk pool providing insurance solutions to African governments. Examples of other pools supporting infrastructure projects in Africa include the Energy and Allied Insurance Pool of Nigeria and African Oil and Energy Pool.

For catastrophe risk assessment and pricing, Africa's lack of quality data and catastrophe models remains an obstacle, but regulators are working hard to improve data and there is also a lot to be learned from working with international re/insurance markets. As Africa's re/insurance markets mature, we expect to see an upward shift in capacity and pool solutions for infrastructure.

"It is important to note that African infrastructure risks, particularly facultative covers, have often been profitable for African reinsurers. Communicating this message should help to attract more capcity for such risks."

Diversification across African countries provides another means to manage infrastructure risk.

Promoting risk mitigation and risk prevention through shared risk expertise with insureds and cedants early-on in infrastructure projects – including encourgaging climate resilience –is also key.

In terms of managing the economic risk, inflation adjustment clauses can be applied to re/insurance contracts. Furthermore, several African re/insurers prefer to transact in USD to avoid the currency risk.

Political risk insurance and guarantees (public and/or private) can make infrastructure projects more attractive to re/insurance markets.

It is important to note that African infrastructure risks, particularly facultative covers, have often been profitable for African re/insurers. Communicating this message should help to attract more capcity for such risks.

Working closely with local regulatory bodies and governments is also essential to bring about positive change through improved risk understanding.

How does AM Best evaluate the exposure of African re/insurers to infrastructure-related underwriting portfolio risks in its ratings? What trends are emerging in financial strength and risk management within the sector?

On the underwriting side, AM Best evaluates the largest exposures of the re/insurer and maximum line sizes offered to assess the accumulations and exposure mangement of certain perils across the company's portfolio, which could include coverage for large infrastructure projects. We then stress test these exposures against large events such as natural catatsrophes to evaluate if the company has sufficient capital to withstand such events and assess balance sheet resilience. As part of the rating analysis, AM Best also evaluates if the company has the necessary risk expertise and ability to manage its accumulations, backed by sufficiently robust catastrophe models and quality risk data.

"Although still nascent compared to mature global insurance markets, exposures are better understood and accumulation management is improving for African re/insurers. This all bodes well for infrastructure development."

We have observed several positive risk managment trends. For example, there is an increasing use of reinsurance (and retrocession) to manage retentions and we are seeing more in-house actuarial teams managing pricing and reserving risks. Although still nascent compared to mature global insurance markets, exposures are better understood and accumulation management is improving for African re/insurers. This all bodes well for supporting infrastructure development. Except for a few large re/insurers in the region, we are not yet seeing a lot of risk diversification across Africa or beyond Africa, but this will develop as expertise grows and markets open-up.

In terms of outlook, what do you see as a particularly interesting market change driver?

The current geopolitical shifts signal change but also opportunity. It will be interesting to see which countries and regions provide greater support to Africa's development in the next few years, and if this brings new re/insurance sector partnerships and collaborations.

A clarion call for collaboration, innovation and reform

Interview with Oluseye Olakanmi, Chief of Staff & Strategy, Africa Re

How does the African re/insurance sector support infrastructure development?

The African re/insurance sector plays a key role in infrastructure projects as a strategic partner, risk manager and institutional investor. As a strategic partner, it collaborates with governments, DFIs and specialised insurers to support project development. As a risk manager, it offers traditional and innovative products across the infrastructure lifecycle to reduce risk and attract partners, including through PPPs. As an investor, it allocates surplus assets to infrastructure through instruments like syndicated loans and fixed-income investments, guided by applicable regulatory limits and dynamic asset allocation strategies.

Despite this potential, the sector's current involvement remains modest due to financing gaps, a shortage of bankable projects, limited underwriting capacity, fragmented markets, weak product innovation and regulatory barriers. The World Bank reported that in 2019, the global re/insurance sector invested only 1.5% of its assets under management in infrastructure – far behind other institutional investors – highlighting the opportunity for greater engagement.

How does the African re/insurance sector mitigate risks across the infrastructure lifecycle?

By de-risking projects, the re/insurance sector increases investor confidence and enables more capital to be deployed across various segments of the economy. The sector has products for all infrastructure project phases.

The pre-construction phase focuses on project bankability. Re/insurance helps to derisk investments through financial guarantees such as credit and political risk insurance to protect investors from government actions such as expropriation, currency risks and license cancellations that could derail the project. The sector can also contribute to the funding of these projects through infrastructure financing instruments.

The construction phase focuses on derisking the implementation phase of a project. Products include marine insurance, contractor's all risk insurance, erection all risks, delay in start-up, professional indeminity insurance, workmen compensation insurance, liability insurance and performance bonds. These solutions provide cover for damage to works, materials and equipment, including against natural disasters, cover for bodily injury or third-party property damage, and provide financial guarantees to ensure that projects are completed as planned.

The post-construction phase focuses on the operational use of the infrastructure. Products include property and business interruption insurance, which provide cover for the asset during its operational phase and compensate for financial loss of revenue as a consequence of physical property damage.

The sector needs to continue developing capacity to underwrite these lines under strategic partnership frameworks.

Is the re/insurance sector's role in infrastructure risk management and investment growing?

Yes – albeit at an uneven speed across different markets and sector-specific nuances - and there is an increasing interest from governments to leverage insurance sector support. There is a need to accelerate the AfCFTA agenda and expand protection of infrastructure assets against the rising frequency and severity of climate-related events and other natural disasters. A case in point is earthquake cover for Morocco which mitigated the loss for the country. It also reflects the growing recognition of the value proposition of the re/insurance sector.

On the supply side, new product offerings have emerged – including parametric covers and catastrophe bonds – supported by collaborations and risk pooling, e.g. niche players actively collaborating with traditional players as well as partnerships with DFIs and other international industry players. We have also observed an increase in underwriting capacity, facilitated by regulatory reforms, including evolving risk-based supervisory regimes.

What are the key infrastructure risk-return challenges for African re/insurers?

The technical expertise required to accurately underwrite infrastructure projects, the inadequate risk pricing mainly due to competition pressures and the potential liquidity risks on the investment side are key risk-return challenges for the sector.

A fundamental role of the sector is to honour its commitment to policyholders in the event of a claim. African re/insurers predominantly underwrite short-term (e.g. Motor and Health) lines, and therefore primarily invest in short-term, liquid financial instruments. In general, due to liquidity, currency and inflation risks, most re/insurers maturity profiles are under 5 years, while the maturity profiles of infrastructure investments can reach 15-25 years – a mismatch that could impact their solvency.

The Africa Infrastructure Development Index (AIDI)

The AIDI includes transportation (total paved roads in km per inhabitant), electricity (kilowatts hour per inhabitant), ICT (total phone subscriptions and number of internet subscribers per 100 inhabitants) and water & sanitisation (percentage of access to improved water source and sanitisation facilities).

Region	Aggregate	Transport	Electricity	ICT	Water & Sanitation
North Africa	65.61	23.19	35.47	30.99	92.78
Southern Africa	33.13	12.86	16.72	19.50	71.39
East Africa	23.54	9.56	8.89	15.90	65.29
West Africa	23.35	6.82	3.85	17.37	67.23
Central Africa	17.71	4.28	6.72	11.94	57.14
Africa	29.72	10.42	12.05	18.34	69.29

Source: AfDB (data), compiled by Africa Re

Re/insurers need to adopt market-aligned actuarial models that help to monitor their risk maturity profiles and mitigate infrastructure investment risk. This should be supported by robust capacity building initiatives including knowledge transfer across sectors and international markets. There is also a need to develop innovative products and liquidity mechanisms to protect insurance company assets, including government guarantees, currency forwards to manage currency risks and inflation-linked considerations. For some lines such as agriculture, stop-loss arrangements funded by donor agencies and governments help to ensure that the industry can provide cover to promote food security. Other considerations include porfolio diversification across infrastructure categories and geographies to spread risk.

What reforms would make infrastructure more attractive to institutional investors?

The attractiveness of the product depends on the risk maturity profile of sector players. Currently, infrastructure is not a unique, tradeable asset class, and the capital charge of most regulators for infrastructure risk is very high, making it an unattractive investment. Investment could be incentivised by recognising infrastructure as a unique asset class and through initiatives such as government guarantees or tax incentives.

Structurally, there is a need for governments and their infrastructure development partners to maintain a pipeline of bankable infrastructure projects with clear feasibility studies, risk assessments and robust financial models. There should also be tradeable financial instruments for infrastructure projects through local capital markets.

What role does Africa Re play in de-risking infrastructure investments?

In line with our mission, we are a key strategic partner to help bridge the infrastructure financing gap and promote sustainable economic growth through insurance. We provide A-rated reinsurance capacity, retrocession arrangements and binder agreements to promote infrastructure financing, participating through our network of regional offices and subsidairies across the continent. We also work to raise awareness of specialty lines and provide technical assistance through our network of global experts, including training on products relevant to de-risking infrastructure investments.

How does Africa Re work with others to create risk-sharing mechanisms for infrastructure financing?

Africa Re collaborates with relevant stakeholders to share risks by promoting national, regional and sub-regional underwriting and retention capacities in Africa.

From an investment standpoint, we collaborate with other African multilateral institutions active in infrastructure financing through direct investments in private equity funds or syndicated loans. We also invest indirectly through private equity funds and are an active collaborator within the Alliance of African Multilateral Financial Institution. →

Is Africa Re supporting infrastructure through green bonds or sukuk bonds?

Africa Re has a strategic orientation to support sustainable financing instruments for infrastructure and evaluates each proposal on a case-by-case basis. Instrument availability and alignment to our liability profile are key considerations. Currently, approximately 2% of our international bond portfolio is allocated to green bonds and climate solutions.

We continue to monitor the sukuk market, which, according to Fitch Ratings, will exceed USD 1 trillion in 2025, but, is still characterised by limited market liquidity due to multiple factors including a narrow investor base compared to conventional markets.

The AIDI shows major regional disparities. How does Africa Re support infrastructure in underfunded regions?

The latest regional rankings remain unchanged, with North Africa leading, followed by Southern, East, West, and Central Africa. Africa Re supports all markets by providing underwriting capacity and investment capital, guided by commercial principles. Importantly, companies and member states from Central Africa are among our shareholders. In fact, Africa Re maintains close proximity in these markets with presence in Abidjan (Côte d'Ivoire) and Lagos (Nigeria) to serve these markets supported by regular market visits.

To conclude, what key messages would you like to share with Africa Insurance Pulse readers?

This is a clarion call for all stakeholders to collaborate with the sector under PPP arrangements and through a blend of structural and regulatory policy reforms.

It is also vital to strengthen technology adoption across the value chain and to continue investing in capacity building and skills development.

Finally, there is a need to consolidate underwriting capacity and, critically, to strike a balance between competition and collaboration – also known as co-opetition – to build a more robust re/insurance sector. Co-opetition necessitates a mindset shift to maximising value across the industry value chain for all stakeholders.

Call to action

UNLOCKING AFRICA'S INFRASTRUCTURE THROUGH CROSS-SECTOR COLLABORATION

Bridging Africa's infrastructure gap requires coordinated action by all relevant stakeholders, namely governments, regulators, DFIs, investors and re/insurers.

"A coordinated, collaborative approach, with the insurance sector as a core enabler, can significantly improve infrastructure delivery in Africa – enhancing Africa's economic development, social inclusion and climate resilience."

Below we set out some of the key recommendations from this report.

CALL TO ACTION FOR GOVERNMENTS AND REGULATORS

- Implement reforms to foster a stable macroeconomic environment, boost concessional financing and donor inflows, better mobilise domestic resources and attract alternative (public and private domestic and international) investment, which is vital to accelerate Africa's infrastructure development and bring much-needed new technologies and management practices.
- Regulatory reforms and initiatives such as government guarantees or tax incentives can foster re/insurance sector infrastructure investment.
- Improve public planning capacity, ensure transparency and promote intra-Africa cross-border planning and coordination.
- Encourage more rigorous construction standards.
- Involve the insurance sector at the planning/ feasibility stage of infrastructure projects to benefit from the sector's risk expertise, increase project bankability for investors and improve resilience.
- Promote PPPs – which improve stability by aligning public and private sector interests – and blended financing structures.
- Successful projects attract further investment – ensure that projects meet community needs and correspondingly invest in economic governance, science and technology research, and knowledge management to reduce costs, increase productivity and signal low agency risk.
- Foster efficient, liquid domestic capital markets to mobilise domestic capital, provide local-currency financing/ reduce currency risk and reduce external debt – including by recognising infrastructure as a unique asset class and reducing capital charges for infrastructure assets.
- Enable innovative risk mitigation solutions and risk-sharing initiatives.
- Provide loan guarantees.

CALL TO ACTION FOR PRIVATE INVESTORS AND PROJECT INITIATORS

- Involve the insurance sector early-on in infrastructure projects for risk expertise to enhance project bankability and improve resilience.
- Focus on robust, sustainable infrastructure investments.

CALL TO ACTION FOR THE INSURANCE SECTOR

- Invest in digitalisation, local risk and loss data, advanced technology and analytics, climate risk and catastrophe models, and underwriting and risk management tools – to improve risk assessment and pricing accuracy, reduce high risk perceptions, and better manage exposures. Develop Africa-wide shared risk databases.
- Invest in and develop technical expertise and promote skills sharing across Africa.
- Seek domestic and international risk sharing solutions to strengthen underwriting capacity. Collaborations with global reinsurers can also enhance technical know-how.
- Consider portfolio diversification across infrastructure categories and geographies.
- Share success stories – infrastucture risk has often been profitable for African re/insurers.
- Expand infrastructure product offerings, including credit and political risk insurance covers.
- Work with governments and regulators to enable product innovation and collaboration.