

AFRICA INSURANCE PULSE 2025

Supporting infrastructure development in Africa

Addis Ababa, Ethiopia, 26 May 2025

Simone Lauper, Faber Consulting

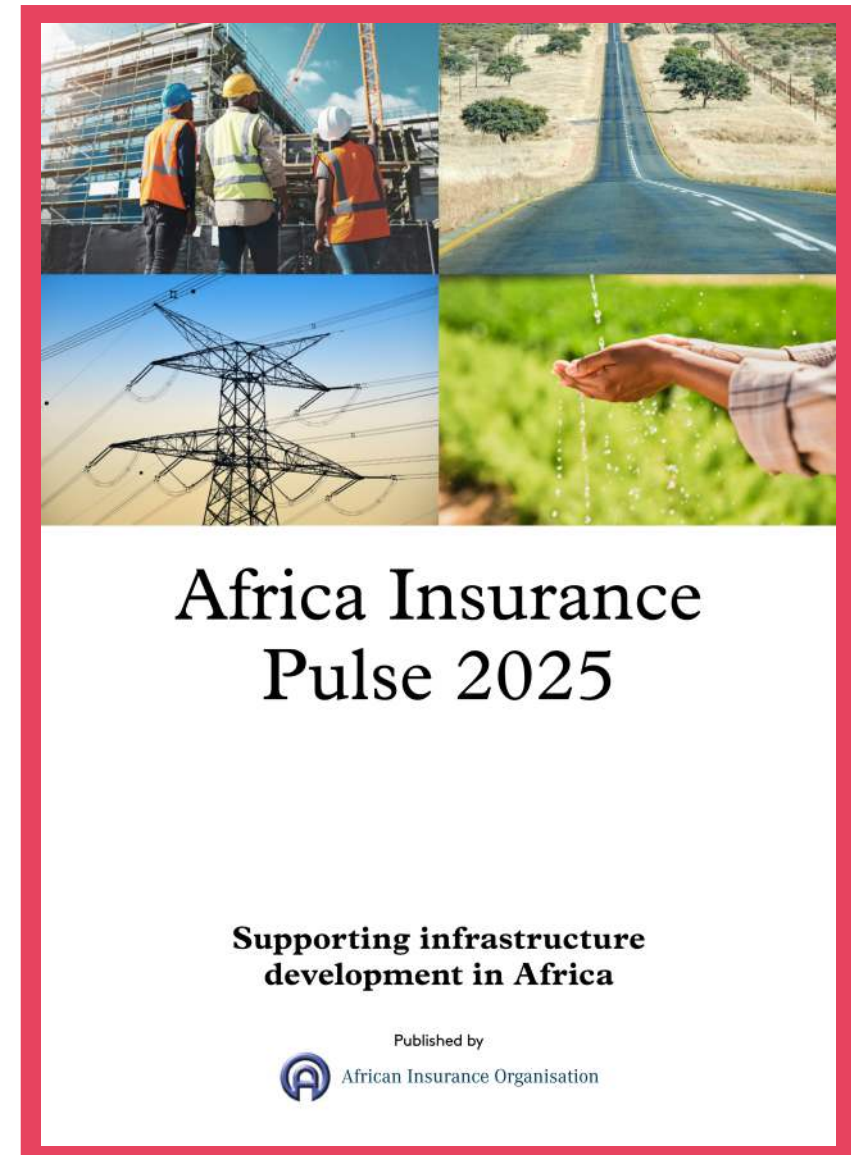
AGENDA

- Official launch and introductory remarks
- Africa's infrastructure deficit
- Africa's infrastructure financing needs and gap
- Scaling up infrastructure financing
- Enabling role of re/insurance
- Call to action

AFRICA INSURANCE PULSE 2025: SPOTLIGHT ON CRITICAL INFRASTRUCTURE

Official launch and introductory remarks

- Published by the African Insurance Organisation (AIO) and prepared by Faber Consulting for the 51st AIO Conference and Annual General Assembly
- Developed to contribute to the AIO's strategic research pillar to advance the dialogue on critical infrastructure resilience
- Examines Africa's infrastructure deficit and financing gap, and the enabling role of re/insurance
- Based on comprehensive research and interviews with seven senior insurance executives active across the continent



CRITICAL INFRASTRUCTURE IS THE BACKBONE OF AFRICA'S GROWTH

Critical infrastructure – What it is, why it matters

Definition

The assets, systems and networks essential to national security, economic stability and public well-being

Sectors

Energy, transport, water, information and communications technologies (ICT), health, finance (+ education, manufacturing)

Traits

Predominantly large-scale, used over the long-term, capital-intensive, debt-financed
Public/Private/PPP ownership and management

Strategic role

Support UN SDGs & AU Agenda 2063
Maximise benefits of the AfCFTA agreement
Support inclusion, climate and disaster resilience

Risks

Natural and man-made shocks
Corruption
Debt stress

Imperative

Infrastructure must be resilient and sustainable across its full lifecycle: Design → build → operate → maintain → upgrade → repurpose/decommission

AFRICA'S INFRASTRUCTURE DEFICIT



AFRICA'S INFRASTRUCTURE DEFICIT – A KEY BARRIER TO GROWTH

The Africa Infrastructure Development Index (AIDI). Source: AfDB (data), compiled by Africa Re

Region	Transport	Electricity	ICT	Water & Sanitation
North Africa	23.19	35.47	30.99	92.78
Southern Africa	12.86	16.72	19.50	71.39
East Africa	9.56	8.89	15.90	65.29
West Africa	6.82	3.85	17.37	67.23
Central Africa	4.28	6.72	11.94	57.14
<i>Africa (all regions)</i>	<i>10.42</i>	<i>12.05</i>	<i>18.34</i>	<i>69.29</i>

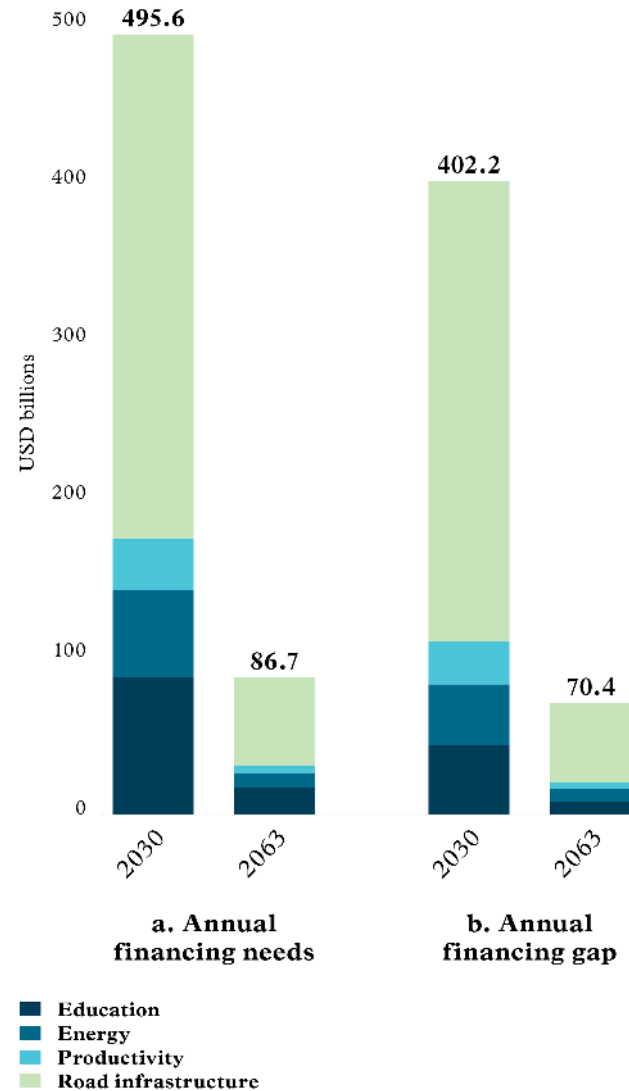
- Despite progress, Africa has a significant infrastructure deficit, with variation by sector and region
- Rural populations are disproportionately disadvantaged, impacting inclusivity



AFRICA'S INFRASTRUCTURE FINANCING NEEDS AND GAP

AFRICA'S INFRASTRUCTURE FINANCING GAP AMOUNTS TO 81% OF THE TOTAL NEED

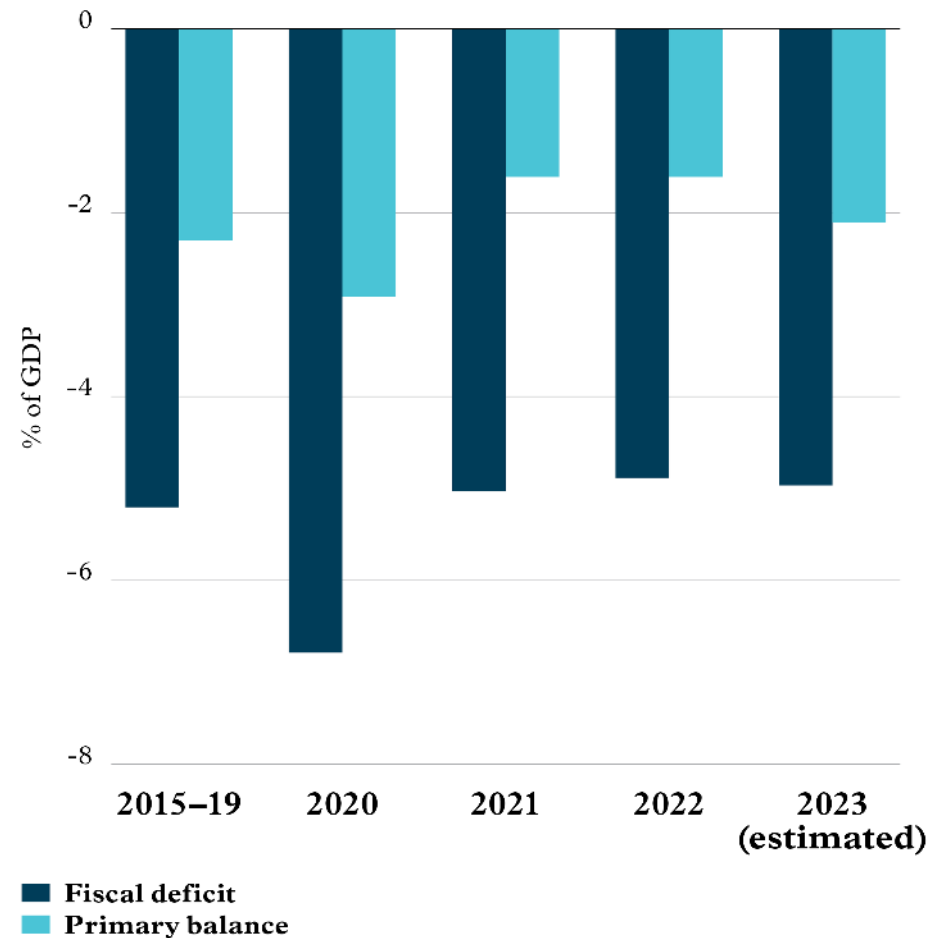
Africa's financing gap to meet SDGs and Agenda 2063 targets. Source: AEO 2024



- **Annual financing need:**
USD 495.6 billion to meet SDGs and USD 86.7 billion to advance Agenda 2063
- **Financing gap:**
Africa currently meets only 19% of the financing needs, leaving an 81% gap, despite being the world's second-fastest growing region
- **Sector breakdown:**
Road infrastructure makes up the largest share of financing needs, followed by education and energy

RISING DEBT COSTS STRAIN AFRICA'S FISCAL FLEXIBILITY

Africa's fiscal vs. primary balance (as % of GDP). Source: AEO 2024



- **Low domestic revenues** constrain infrastructure investment, e.g. Africa's median tax-to-GDP ratio is just **13.6%**, below developing and high-income regions
- **Debt pressures remain high** – external debt **more than doubled** over the past decade and **debt servicing costs reached a record USD 102.6 billion in 2024**; 20 low-income African countries face or are at high risk of debt distress
- While **fiscal balances are expected to improve in 2024/25** according to the AfDB, **domestic resource mobilisation remains a core challenge** for financing development

SCALING UP INFRASTRUCTURE FINANCING

A decorative graphic consisting of two overlapping circles. The larger circle is a light blue color, and the smaller circle is a darker blue color. They are positioned in the center-right of the slide, with the text 'SCALING UP INFRASTRUCTURE FINANCING' overlaid on the left side of the larger circle.

BALANCING OPPORTUNITY AND RISK IN AFRICAN INFRASTRUCTURE INVESTMENT

Scaling up infrastructure financing – The investor viewpoint

01

Infrastructure in Africa is an investment opportunity

- Diversifying asset class
- Potential for stable, long-term cash flows
- Africa's strong economic growth outlook implies improving revenue streams and credit quality
- DFIs have a mandate to achieve development goals and foster economic progress in developing countries

02

Mitigating the investment risk is however a key consideration

- Political instability, economic risks, lack of transparency, rule of law, regulatory frameworks
- High risk perceptions
- Lack of intra-Africa cross-border planning and coordination
- Diverse risks over the full infrastructure lifecycle
- Lack of professional project preparation

ENABLING GROWTH VIA DIVERSIFIED CAPITAL AND RISK SOLUTIONS

Scaling up infrastructure financing – Key priorities

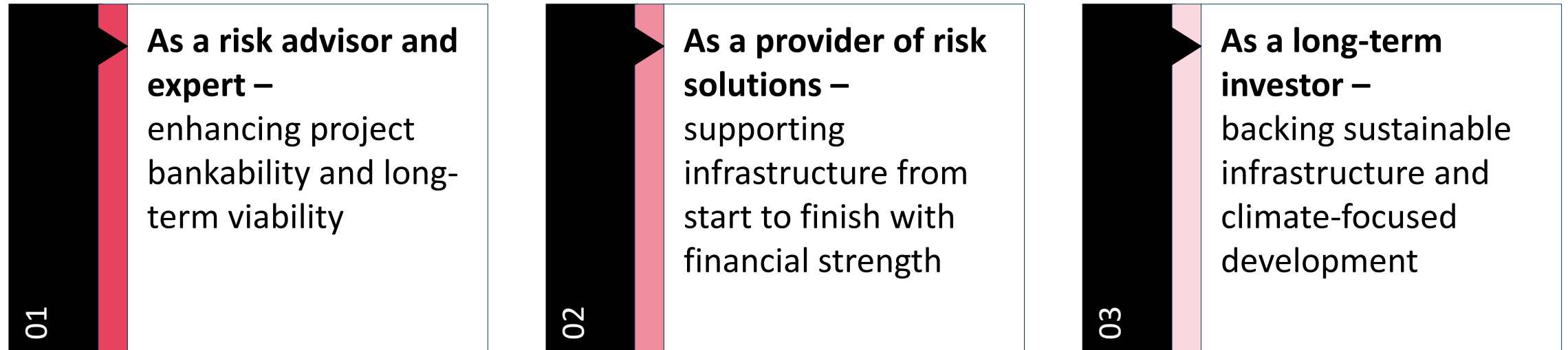
- **Strengthening domestic resources:**
e.g. through enhanced tax collection and debt restructuring
- **Mobilise broader financing sources:**
Attract concessional finance and donor inflows, and tap alternative financing from DFIs, foreign governments and the private sector
- **Mitigate infrastructure investment risk:**
Improve macroeconomic stability, governance and regulatory frameworks; ensure professional project preparation; use risk-sharing tools such as insurance, guarantees and blended finance
- **Leverage insurance sector expertise:**
Involve re/insurers early-on in project planning to enhance bankability and resilience; support them in expanding risk models, data capabilities and long-term investment roles

ENABLING ROLE OF RE/INSURANCE

A decorative graphic consisting of two concentric circles. The inner circle is a medium blue, and the outer ring is a lighter, semi-transparent blue. They are centered on the right side of the slide, partially overlapping the text area.

RE/INSURERS HELP PLAN, PROTECT AND FINANCE INFRASTRUCTURE

Enabling role of re/insurance – An overview



FULL-LIFECYCLE RISK COVERAGE BY THE RE/INSURANCE SECTOR

Enabling role of re/insurance – Infrastructure risk solutions. Source: Swiss Re



Pre-construction/ Site preparation

- Asset management
- Bid bond
- Material register
- Professional liability
- Project finance
- Title insurance



Construction

- 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

CREDIT AND PAYMENT GUARANTEES DRIVE INFRASTRUCTURE INVESTMENT

Enabling role of re/insurance – Examples of deployed risk solutions

African Trade Insurance Agency (ATI) financial guarantees enable vital transport and energy infrastructure

- Deutsche Bank received nonpayment insurance for a USD 305 million loan to Angola's Ministry of Finance, supporting the critical EN230 road project
- Separately, ATI provides guarantees for independent power producers across Sub-Saharan Africa, protecting against short-term liquidity risks - such as for the Nyamwamba II Hydro Project in Uganda

Credit insurance unlocks International Financial Corporation (IFC) development lending

- A USD 3 billion credit insurance policy for the IFC
- Payment protection for a portion of the loans that the IFC will extend to companies in developing regions, including Africa, in sectors such as energy, transport and technology
- By mitigating credit risk, this policy strengthens IFC's capacity to support sustainable growth

CALL TO
ACTION



UNLOCKING INFRASTRUCTURE INVESTMENT IN AFRICA

Call to action – For governments and regulators

- **Create an enabling environment:** Stabilise macroeconomic conditions, strengthen public planning, and foster transparent cross-border coordination
- **Mobilise diverse capital sources:** Expand access to concessional financing, donor funding and alternative financing sources
- **Engage the insurance sector:** Involve insurers early in project planning to improve risk assessment, bankability, and long-term resilience
- **Promote PPPs and blended finance:** PPPs bring funds, technology, expertise and efficiency – they also improve stability by aligning public and private sector interests. Blended finance helps to de-risk projects and attract investment
- **Provide further support:** Offer loan guarantees and build robust local capital markets to reduce currency risk and external debt, e.g. by recognising infrastructure as a distinct asset class

ENABLING INSURANCE TO DRIVE INFRASTRUCTURE INVESTMENT

Call to action – For the insurance sector

- **Enhance technical capabilities:** Invest in digital tools, risk data and climate models to improve underwriting, pricing and risk assessment
- **Promote collaboration and skills-sharing:** Strengthen partnerships across Africa and with global reinsurers to expand risk-sharing capacity
- **Support product innovation:** Develop and scale new covers (e.g. political, credit risk) tailored to infrastructure needs and diversify risk portfolios
- **Engage with regulators:** Work closely with policymakers to create a regulatory environment that enables long-term investment and innovation

AIP 2025 –
POWERED BY
EXPERT
INSIGHT



THANK YOU TO THE EXPERTS FOR SHARING THEIR INSIGHTS

Interviews with senior insurance executives



**Oluseye
Olakanmi**

Chief of Staff
& Strategy at
Africa Re



**Abdallah
Benseidi**

CEO &
Chairman of
the Board of
Compagnie
Centrale de
Réassurance



**Ilyes
Hassib**

Head of
Reinsurance
SanlamAllianz
& CEO of
SanlamAllianz
Re Ltd.



**Najwa El
Iraki**

Founder &
CEO at
AfricaDev
Consulting



**Kanika
Thukral**

Associate
Director,
Analytics at
AM Best
Rating
Services



**Mario
Wilhelm**

Managing
Partner at
Rift Partners



**Anthony
Chaillet**

Managing
Partner at
Rift Partners

THANK YOU FOR YOUR INTEREST



SIMONE LAUPER
T +41 44 256 1081
SL@FABERCONSULTING.CH

HENNER ALMS
T +41 44 256 1082
HA@FABERCONSULTING.CH

ANDREAS BOLLMANN
T +41 44 256 1085
AB@FABERCONSULTING.CH

AFRICA'S INFRASTRUCTURE DEFICIT – SPOTLIGHT ON TRANSPORTATION

Logistics Performance Index Score, 2023 (1 = worst, 5 = best). Source: The World Bank

Region	LPI score
Europe	4.2
Americas	4
Asia Pacific	3.1
Middle East	3
<i>World</i>	3
Africa	2.5

Top 10 African countries	LPI score
South Africa	3.7
Botswana	3.1
Egypt	3.1
Benin	2.9
Namibia	2.9
Rwanda	2.8
Solomon Islands	2.8
Djibouti	2.7
Congo, Rep.	2.6
Guinea-Bissau	2.6

The lower the LPI score, the greater the logistics inefficiencies, resulting in higher trade costs, delayed shipments, reduced investment attractiveness and slower economic and regional development