

A Lenders Perspective in Supporting Investments in Africa

**Islamic Development Bank
Jeddah, Saudi Arabia**

Impact of ICA

- **IMPRESSIVE CONVENING POWER**

- G8 , World Bank, OECD, Islamic/Arab Funds/Banks, Multilaterals, Government Agencies, Senior Government Officials

- We are all here!

- In the meeting room of the Ministry of Foreign Affairs of Italy!!

- **THE REAL CHALLENGE**

- Utilize the Convening Power for the Benefit of Africa

- Members Ability/Willingness to challenge the Status Quo

- Assist in mobilizing the Private Sector

- Development Aid and Grant Vs. High Risk Venture Capital

- PPP Vs Sovereign Undertaking

Mobilizing USD 80 Billion Annual Investment Flows

- **Impediments to Investment Flows**

- **Perception of Country Risk is High**

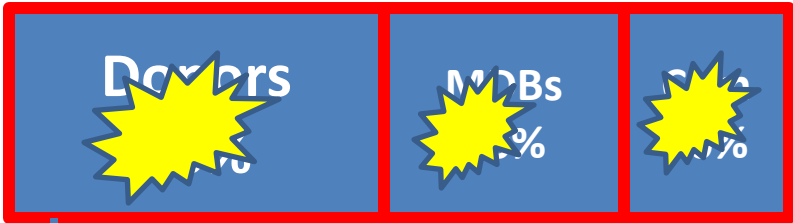
- Political, Regulatory, Governance, Conflict, Transfer Restrictions, Creeping Expropriation etc etc

- **Limited Risk Appetite**

- Commercial Banks and others

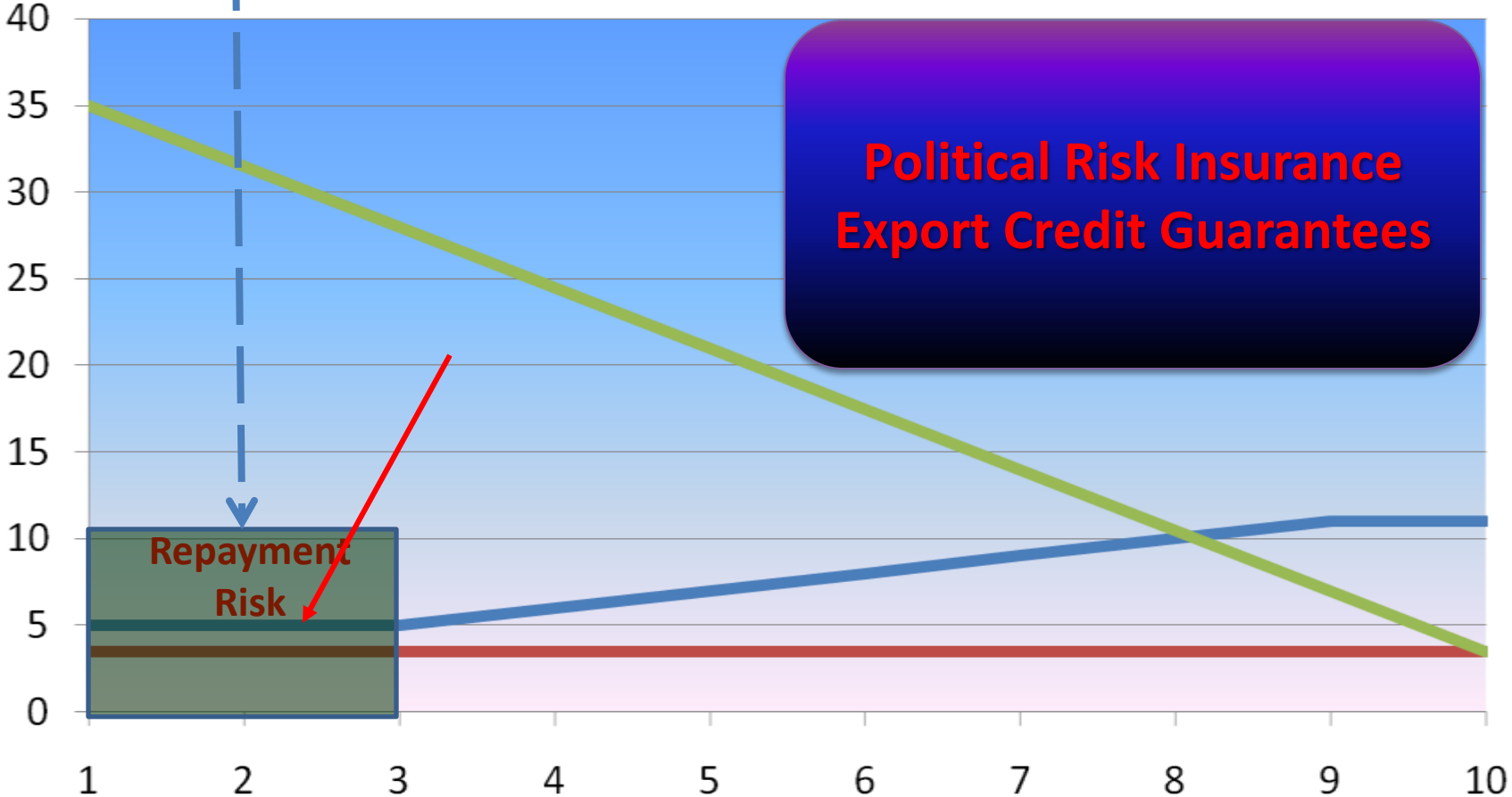
- **Utilization of Available and Innovative Risk Mitigation Tools/Financing Structures**

- Country Risk Insurance/ Guarantees
- Partial Risk Guarantees etc
- PPP Structures



Create a Contingent High Risk, First Loss, Guarantee Fund

USD Millions



**Political Risk Insurance
Export Credit Guarantees**

**Repayment
Risk**

Years

Rationale for Such a Fund

- Different than Traditional Partial Risk Guarantee
 - Concept of First Loss
 - Involvement of Private Sector and Donor Agencies
 - Contingent Commitments
- Encourages the Involvement of Private Sector
 - PPP Structures
 - Can be Insured to the Private Sector (Lloyds?)
- Leverages the Involvement of Donor Agencies
 - Donations and Grants Vs. High Risk Capital
 - Challenging the Status Quo

Conclusion

- In 3 years, ICA has made Significant Progress
- Impressive ICA Convening Power
 - Exploited to the Benefit of Africa
- Members to consider innovative ways and means to support Investment Flows to Africa
 - ICA monitor implementation of agreed initiatives/products
- IDB is committed to work closely with ICA members in facilitating ICA mandate
 - Focus on PPP
 - Contributes in Ensuring Efficiency/Bankable Projects