High-level policy event on the inclusive green economy and structural transformation in Africa: leveraging domestic resources to green Africa’s infrastructure for resilient economies

Background

Infrastructure development lies at the heart of the transformation of African economies to meet the continent’s development objectives, as set out in the 2030 Agenda for Sustainable Development, which is aimed at leaving no one behind, and the continent’s wider development blueprint, Agenda 2063: The Africa We Want, aimed at a peaceful, prosperous and integrated Africa. Those aspirations notwithstanding, the continent continues to suffer from a chronic infrastructure deficit, along with poor-quality and expensive infrastructure services, compared with those in other parts of the world. The challenge faced by Africa in its efforts to close its infrastructure gap is how to do so with very limited public resources and fast enough to meet increasing demand, while ensuring that any investment made today does not become stranded and an underperforming asset with low returns, in particular in a constantly changing economic climate.

At the same time, the continent’s major infrastructure deficit provides an opportunity for African countries to adopt a new climate-smart economic approach, capitalizing on the framework of the Paris Agreement on climate change and increasing requirements for climate-related financial risk disclosure of investment, to forge ahead and build quality infrastructure that is resource-efficient and resilient to natural disasters. Substantial upfront investment, however, is needed to harness the long-term “resilience dividend” that comes with this approach. This dividend could be used to leverage domestic resources for long-term infrastructure development.

According to the 2018 African Economic Outlook of the African Development Bank (AfDB), closing the infrastructure deficit of Africa will require an investment of between $130 billion and $170 billion annually to 2025, with an investment gap ranging from $68 billion to $108 billion annually. To date, most of the investment in infrastructure in Africa has been from government resources, with relatively scant investment flows coming from the private sector, either as foreign direct investment (FDI) or from the domestic private sector. Nevertheless, these are the very sources that can be drawn on to close the infrastructure investment gap. How can the “resilience dividend” concept be used to leverage and unleash investment from these sources and what experiences are already being gathered on the continent in this regard?

The high-level policy event will present the Africa Climate Resilient Investment Facility (a joint initiative of the Economic Commission for Africa (ECA) and the World Bank, in collaboration with AfDB and the African Union Commission, with initial funding from the Nordic Development Fund) and engage public and private sector leaders, experts, influential figures, development partners and investors in deliberating and providing insights on enhancing the enabling environment to leverage the “resilience dividend” concept for increased and innovative private sector investment in climate-resilient and resource-efficient infrastructure development in Africa.

The specific objectives of the event are the following:

- To present the Africa Climate Resilient Investment Facility and introduce the concept of “resilience dividend” and how it could be leveraged to mobilize additional finance options for resilient infrastructure development
• To identify barriers faced by the public and private sectors in leveraging limited public resources to mobilize transformative finance from domestic resources and FDI for climate-resilient infrastructure development in Africa

• To demonstrate and emphasize multiple ways in which investing in climate-resilient and resource-efficient infrastructure can create greater public and private value and to discuss innovative approaches to harnessing the resulting resilience dividend as a new source of infrastructure finance

• To explore and debate the possible mix of policy options, legal and regulatory frameworks and governance structures that will stimulate private finance for green technology innovations and resilient infrastructure development, emphasizing options that are successful, scalable and transferrable, and also those options with the potential for transformative impact in the near future

Expected outcomes

It is hoped that the event will result in insights and key policy messages to inform and influence transformative thinking on creating and supporting an environment conducive to the enhanced leveraging of private sector investment (including from domestic and foreign sources) necessary for the accelerated development of resilient infrastructure for the transformation of Africa, capitalizing on the opportunities arising from the integration of climate resilience into infrastructure planning and development.

Target audience

African ministers of finance and planning, development partners, development banks and infrastructure project developers.

Venue, date and time

Conference Room 3, United Nations Conference Centre, Addis Ababa
14:00 – 15:50, 13 May 2018.

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