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Developing Bankable Transport Infrastructure Projects: Case Studies, Experiences and Learning Materials for LLDCs and Transit Countries

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Role of Multi Lateral Development Banks

“ Analysis shows that the gap between what is invested in transport infrastructure in LLDCs and what is needed, could be as large as 2.3% of GDP. Closing this gap in the LLDCs will require not only enhanced resources from the public sector, private sector and international development partners as well as exploring new sources of financing, but also efforts to make better use of existing resources.” - UN-OHRLLS (2018)

Overview:

An international financial institution (IFI) refers to an institution providing finances that has been established (or chartered) by more than one country. These are generally inclusive of national governments, although other international institutions and other organizations occasionally figure as shareholders.

Multi-lateral Development Banks

Multilateral Development Banks (MDBs): There are eight large MDBs and several smaller ones. The larger MDBs are the World Bank (WB), the Islamic Development Bank (IsDB), the African Development Bank (AfDB), the Asian Development Bank (ADB), CAF–Development Bank of Latin America (CAF), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), and the Inter-American Development Bank (IADB).

Multi-lateral Development Banks

Asian Development Bank:

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Multi-lateral Development Banks

African Development Bank:

- Created in 1964 initially as an African countries only institution.
- In 1973 created a concessional lending window, the African Development Fund (ADF), to which non-regional countries could become members and contribute.
- 1982-membership in the ADB non-concessional lending window was officially opened to non-regional members.
- Makes loans to private-sector firms through its non-concessional window and does not have a separate fund specifically for financing private-sector projects with a development focus

Multi-lateral Development Banks

European Bank for Reconstruction and Development (EBRD):

- Youngest MBD founded in 1991 to ease the transition of the former communist countries of Central and Eastern Europe (CEE) and the former Soviet Union from planned economies to free-market economies.
- EBRD differs from the other regional banks in two fundamental ways. First, the EBRD has an explicitly political mandate: to support democracy-building activities. Second, the EBRD does not have a concessional loan window.
- Its financial assistance is heavily targeted on the private sector, although the EBRD does also extend some loans to governments in CEE and the former Soviet Union.
- In 2014, 24% of EBRD loans, undrawn loan commitments and guarantees were to the public sector

Multi-lateral Development Banks

East African Development Bank (EADB):

- Established 1967, the EADB has headquarters in Kampala, Uganda. Its mandate is to promote sustainable economic development in East Africa by providing development finance, support and advisory services.
- Eligibility criteria: member states of the East African Community or other institutions with similar objectives. The bank provides technical assistance and support.

Multi-lateral Development Banks

Others:

- European Investment Bank (EIB)
- Inter-American Development Bank (IDB)
- Islamic Development Bank (IDB)