



African Export-Import Bank in East Africa: Financing Africa's critical trade infrastructure

Milestones and Impact



FINANCING AFRICA'S CRITICAL TRADE INFRASTRUCTURE

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Africa's \$130 billion infrastructure gap and why public money alone may not quite fix it

Public-private partnerships that align infrastructure strategies with trade, integration, and long-term economic transformation, are increasingly viewed as essential.

Africa's growing economies and expanding regional trade are creating strong demand for modern, integrated infrastructure. Efficient ports, reliable energy systems, and seamless transport corridors are increasingly central to supporting the movement of goods, people, and capital across the continent. Estimates by the Africa Europe Foundation, in collaboration with the Africa Union Development Agency (AUDA/NEPAD), indicate that Africa requires more than \$130 billion annually in infrastructure investment presenting significant opportunities for institutions such as Afreximbank to catalyse transformative projects that support trade and industrialisation.

For decades, governments attempted to close this gap largely through public borrowing. But that model is now under strain. Rising debt-servicing costs, tighter global financial conditions, and growing fiscal pressures have sharply constrained the ability of African states to finance large infrastructure projects on their own. The result is a paradox: Africa urgently needs infrastructure to industrialise, trade, and grow, yet many governments can no longer afford to build it alone.

Historically, African infrastructure development relied heavily on sovereign-led financing, often backed by bilateral or non-African multilateral lenders. While this approach delivered major assets such as roads, dams, and railways, it also left governments carrying significant debt and operational risks. New financing models are emerging to complement public funding and accelerate infrastructure development across Africa. At the same time, infrastructure needs are expanding, driven by population growth, urbanisation, climate adaptation, and the African Continental Free Trade Area (AfCFTA). Public budgets simply cannot stretch far enough to meet these needs.

Last year, Kenya's Cabinet Secretary for National Treasury, John Mbadi, said: "We can't succeed with public budgets alone. The bilaterals are not as beneficial as they used to be, and the multilaterals that we were used to... are also facing strained resources." He added: "The question is no longer whether alternative models are needed, but how quickly they can be deployed."

Against this backdrop, public-private partnerships (PPPs) are increasingly viewed as essential. These partnerships combine public purpose with private capital and align infrastructure strategies with trade, integration, and long-term economic transformation.

Properly structured, PPPs allow gov-

ernments to mobilise private capital, technical expertise, and operational efficiency, while retaining strategic oversight of public assets. They help relieve fiscal pressure, introduce performance discipline, and improve project bankability, making it easier to attract long-term capital from pension funds, development finance institutions, and commercial lenders.

Institutions like the African Export-Import Bank (Afreximbank) are part of this ecosystem, not as sole drivers, but as catalysts, conveners, and risk managers. The Bank crowds in private and public capital, structure bankable projects, and align investments with continental priorities.

The Afreximbank Project Preparation Facility (APPF) ensures projects move from concept to bankability, covering feasibility studies, environmental assessments, financial modelling, and regulatory compliance.

More fundamentally, PPPs signal a shift away from infrastructure as a purely public works exercise, to an economic system that must generate revenue, support trade, and integrate markets. This shift is especially visible in projects designed to support trade and industrialisation, rather than as standalone national assets.

Across the continent, infrastructure is increasingly being framed around corridors, industrial platforms, and logistics ecosystems that link production zones to regional and global markets. Industrial parks, special economic zones, transport corridors, and energy projects are emerging as central pillars of Africa's industrial ambitions. These investments aim to not only increase production and create jobs, but also to integrate African firms into regional and global value chains.

Afreximbank, whose mandate focuses on trade and export development, has positioned itself squarely within this approach. The Bank prioritises trade-enabling infrastructure projects that reduce logistics costs, shorten transit times, and connect African firms to value chains. Examples span energy, transport, industrial parks, and financial infrastructure.

In East Africa, industrial parks and special economic zones (SEZ), a notable one being the Coast Integrated Industrial Park in Kenya, have benefited from the Bank's financing and advisory inputs towards positioning them as manufacturing and logistics hubs for regional trade.

In Tanzania, the 2,115-megawatt Julius Nyerere Hydropower Station stands out for its scale and for being financed and executed entirely by African institutions and contractors, with



Dr. George Elombi, President and Chairman of the Board of Directors of Afreximbank and Dr Sidi Ould Tah, President of the African Development Bank.

support from Afreximbank.

Across West and Central Africa, Afreximbank has collaborated with its industrialisation partners, Arise Integrated Industrial Platforms (AIIP), to develop industrial zones in Benin, Togo, and Gabon, to support cotton, cashew, timber, and mineral processing.

Alongside these physical assets, softer forms of infrastructure are gaining prominence. Systems that streamline customs procedures, guarantee goods in transit, and enable cross-border payments in local currencies are increasingly seen as critical complements to roads and ports. Afreximbank has invested in such platforms. They include Afreximbank African Trade Centres, digital trade gateways, and quality assurance laboratories that enable African exporters to meet global standards, all part of a broader effort to make African goods more competitive in intra and extra-continental markets.

Moreover, Afreximbank often participates as a lead arranger or co-financier, providing structured financing, guarantees or equity to ensure projects are bankable and scalable. In Tanzania, for example, the Bank was the Mandated Lead Arranger and Bookrunner for the \$1.65 billion syndicated loan financing the Standard Gauge Railway (SGR)

Lots 1 and 2, while also providing €150 million (\$174.3 million) for Lots 3 and 4, of the Julius Nyerere Hydropower Station providing bond guarantees of up to \$900 million, enabling African institutions and contractors to execute the \$2.9 billion project. In Djibouti, Afreximbank disbursed \$120 million to Great Horn Investment Holding to complete the Damerjog Oil Jetty and storage terminal.

Across industrial development, Afreximbank has provided equity and quasi-equity financing through its Fund for Export Development in Africa (FEDA) to support special economic zones and industrial parks to process raw materials locally rather than export them unprocessed. This equity helps these projects to attract private investment and scale operations.

Collectively, these interventions illustrate Afreximbank's role in crowding in private capital, structuring bankable deals, and aligning infrastructure projects with continental trade and industrial priorities.

For investors, such structures reduce political and regulatory uncertainty. For governments, they advance infrastructure without overwhelming public balance sheets. For businesses, they promise infrastructure that is better

maintained, more reliable, and closely aligned with economic demand.

The launch of the African Continental Free Trade Area (AfCFTA) has added urgency to this shift. The trade agreement cannot succeed on tariff reductions alone. Without efficient transport networks, harmonised border systems, and interoperable payment platforms, intra-African trade will remain limited.

"The real work of AfCFTA is in infrastructure. Without infrastructure, there's no AfCFTA," Director of Coordination at the AfCFTA Secretariat, Tsotetsi Makong, noted in a recent article in *The EastAfrican*. "If goods cannot move cheaply and predictably across borders, the agreement will remain largely theoretical," he added.

Afreximbank's approach is closely aligned with AfCFTA objectives, and through trade-enabling projects, in cross-border transport corridors the Bank is helping reduce logistics costs, enhance regional connectivity, and create larger, integrated markets.

By Pauline Kairu

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On a good month, a small leather-goods exporter in Aba, Nigeria, ships belts and wallets to buyers in Rwanda and Côte d'Ivoire. On a bad one, the goods arrive before the money does. For years, cross-border sales were less about demand than endurance. Payments routed through off-shore correspondent banks took days, sometimes weeks, to settle. Currency conversions shaved margins already under pressure. A single delayed payment could stall production, disrupt payroll, or force the business to walk away from repeat orders.

This experience is far from unique. Intra-African trade remains unusually dependent on foreign currencies and correspondent banking relationships outside the continent. For decades, African firms trading with neighbouring countries have had to route payments through Europe or the United States, adding cost, delay, and exposing themselves to foreign exchange risk. In some corridors, transaction costs amount to 5-10 percent of deal value, making it cheaper to trade outside Africa than within it.

For small businesses, these frictions are often prohibitive. Delayed settlement strains working capital, currency volatility erodes margins, and deals sometimes collapse simply because payments take too long to clear. Fragmented banking systems, operating in national silos, compound the problem, disrupting the very supply chains that the African Continental Free Trade Area (AfCFTA) was meant to unlock.

Across the continent, small and medium-sized enterprises (SMEs) now operate within physical trade corridors that increasingly look modern with new roads, upgraded ports, and industrial parks, but remain constrained by invisible systems – often referred to as 'soft infrastructure' – that have failed to keep pace. For instance, when Africa's industrial transformation is discussed, attention often turns to factories, highways, ports, and power plants that constitute visible symbols of progress. However, beneath the physical architecture lies a quieter layer of infrastructure such as payments, guarantees, and data. These systems ultimately determine whether goods that move can also be sold. They shape whether trade happens at all.

Cross-border trade relies on trust: Trust that goods will arrive, that payments will be made, and that contracts will be honoured. In markets with uneven legal enforcement, guarantees bridge that gap. Yet access to affordable risk-mitigation tools remains limited for African firms.

The Afreximbank African Collaborative Transit Guarantee Scheme (AACTGS), which is designed to de-risk cross-border movement of goods, works like a bond or insurance. Instead of traders having to post multiple cash guarantees at every border they cross, Afreximbank guarantees the payment of duties, tariffs, or other levies to customs authorities on their behalf. This reduces delays, avoids repeated cash postings, and ensures goods move smoothly along regional corridors. So far, AACTGS has received and approved \$330 million in facility lines, covering multiple countries and corridors.

Ordinarily, the absence of guarantees deters commercial banks from financing intra-African trade. Without them, lenders demand higher collateral or



From left: Kenya Commercial Bank (KCB) Group CEO Paul Russo, Kenya's Trade and Industry Cabinet Secretary Lee Kinyanjui, and Pan-African Payment and Settlement System (PAPSS) CEO Mike Ogbalu, during the unveiling of the system by Kenya Commercial Bank (KCB) on February 27, 2025 in Nairobi. PICTURE | FRANCIS NDERITU

Soft infrastructure, hard impact: Why payments, guarantees, and data matter as much as roads

shorter tenures, or avoid certain markets altogether. The result is a trade finance gap that disproportionately affects regional commerce and smaller firms, reinforcing dependence on large corporate organisations and extra-continental markets.

Data is the third constraint. Many African traders operate with limited visibility into markets beyond their borders. Information on buyers, suppliers, regulations, and logistics is scattered across agencies and platforms, raising search costs and increasing the risk of fraud or non-compliance. For commercial banks, the lack of verified information makes due diligence expensive, further restricting traders' access to finance.

Afreximbank's response has been to treat payments, guarantees, and trade information as core infrastructure rather than auxiliary services. The constraints on trade are shifting. As tariffs fall, transaction costs become more binding.

The Pan-African Payment and Settlement System (PAPSS), developed in collaboration with Afreximbank, is designed to address one of the continent's longest-running frictions: the cost and complexity of moving money across borders. By enabling settlement in local currencies, PAPSS removes the need for offshore intermediaries, reduces exposure to foreign exchange risk, and connects banks through an interoperable architecture that breaks down silos.

Crucially, PAPSS is designed to plug

into Africa's physical trade corridors rather than operate in isolation. Industrial parks, ports, and railways become more commercially viable when firms along those routes can transact without currency delays or conversion costs.

PAPSS Chief Executive Mike Ogbalu says the system has expanded to include 16 countries, 15 financial institutions, and 14 payment switches. "We're beginning to see meaningful scaling and adoption of PAPSS capabilities across digital channels, which is accelerating our impact."

During the system's rollout with commercial banks, Ogbalu noted: "This platform allows businesses to trade more freely and competitively by eliminating the need for correspondent banks outside the continent and removing dependencies on third-party currencies."

For SMEs like the Aba-based exporter, the change is practical rather than abstract. Payments that once took days can now be settled more predictably. Working capital cycles shorten. Regional buyers become less risky.

Payments, however, are only one part of the digital trade equation. Recognising the need for a broader ecosystem, Afreximbank launched the Africa Trade Gateway (ATG), a suite of platforms designed to function as a single window for intra-African trade.

ATG integrates PAPSS with MANSAs, a centralised know-your-customer and due-diligence database; TRADAR Club, a trade intelligence network; Africa Trade Exchange (ATEX), a B2B and B2C

e-commerce platform; and ATG Connect, a logistics matchmaking service. Together, these systems integrate payments, information, compliance, and logistics into a single digital fabric.

Within this ecosystem, verified data plays a foundational role. Through MANSAs, Afreximbank provides trusted business and ownership information, enabling firms to transact with greater confidence while reducing compliance costs for banks and trading partners. Embedded into platforms like PAPSS, this approach lowers risk and improves access to finance, particularly for SMEs historically locked out by complex verification requirements.

Beyond payments and compliance, digital infrastructure is addressing less visible barriers to trade. TRADAR Club connects businesses across borders with market intelligence and partnerships. ATEX supports bulk procurement and supply-chain coordination critical for competitive regional value chains.

The message has resonated at national levels. During Rwanda's adoption of the Africa Trade Gateway, officials framed it as evidence of the continent's capacity to define its own digital trade future. "The Africa Trade Gateway represents more than technology. It symbolises Africa's readiness to define its own digital destiny," said Chief Technical Advisor at Rwanda's Ministry of Trade and Industry, Alexis Kabayiza.

The Director of Digital Banking at Afreximbank, Emeka Onyia, echoed the sentiment. "The Africa Trade Gate-

way is a game-changer for African trade. It is the boldest economic project of our time, Africa's gateway to transformation, from concept to community, from potential to impact."

Yet the Bank stresses that soft infrastructure matters most where physical infrastructure already exists but underperforms. A road without finance does not trade. A port without payment certainty does not attract buyers. Digital systems turn movement into commerce.

This is where the cost of inefficiencies in African trade systems becomes most visible. When payments take longer to process, guarantees are limited, and reliable trade data is not always readily available, African firms can face challenges in securing contracts despite offering competitive products. Over time, these constraints can affect investment in manufacturing and value addition. However, many of these legacy challenges are now being addressed through modern trade platforms such as PAPSS and the Africa Trade Gateway, which are helping streamline payments, improve transparency, and strengthen confidence in cross-border trade.

Reducing that hidden tax, says Afreximbank, requires more than building roads or cutting tariffs. It demands coordinated investment in the systems that move money, manage risk, and share information. As AfCFTA increasingly transforms from ambition to execution, the difference between integration on paper and trade in practice may hinge less on concrete and more on code. With continuous adaptation by commercial banks and trading companies in the region to PAPSS and ATG, intra African trade will be significantly boosted.

By Pauline Kairu

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When the African Continental Free Trade Area (AfCFTA) entered into force, public attention largely settled on tariffs. Lower duties, it was assumed, would unlock a surge in intra-African trade.

Africa is home to the world's largest free trade area by membership, yet it continues to trade more with Europe, Asia, and the Americas than with itself. Intra-African trade remains stubbornly low, not because tariffs persist, but because the infrastructure that makes trade work remains weak and fragmented.

The African Continental Free Trade Area (AfCFTA) represents one of the most ambitious steps toward economic integration in Africa's history. Its rollout is accelerating efforts to strengthen the infrastructure and systems that enable seamless trade, from logistics and energy to finance and digital trade platforms. As these supporting foundations expand, they will make it easier for businesses to move goods across borders and deepen regional value chains across the continent.

The gap between ambition and outcome has less to do with policy intent than with the continent's economic architecture. Tariffs matter, but they are not the binding constraint. The deeper barriers lie in how African economies produce, finance, insure, standardise, and move goods across borders and regions.

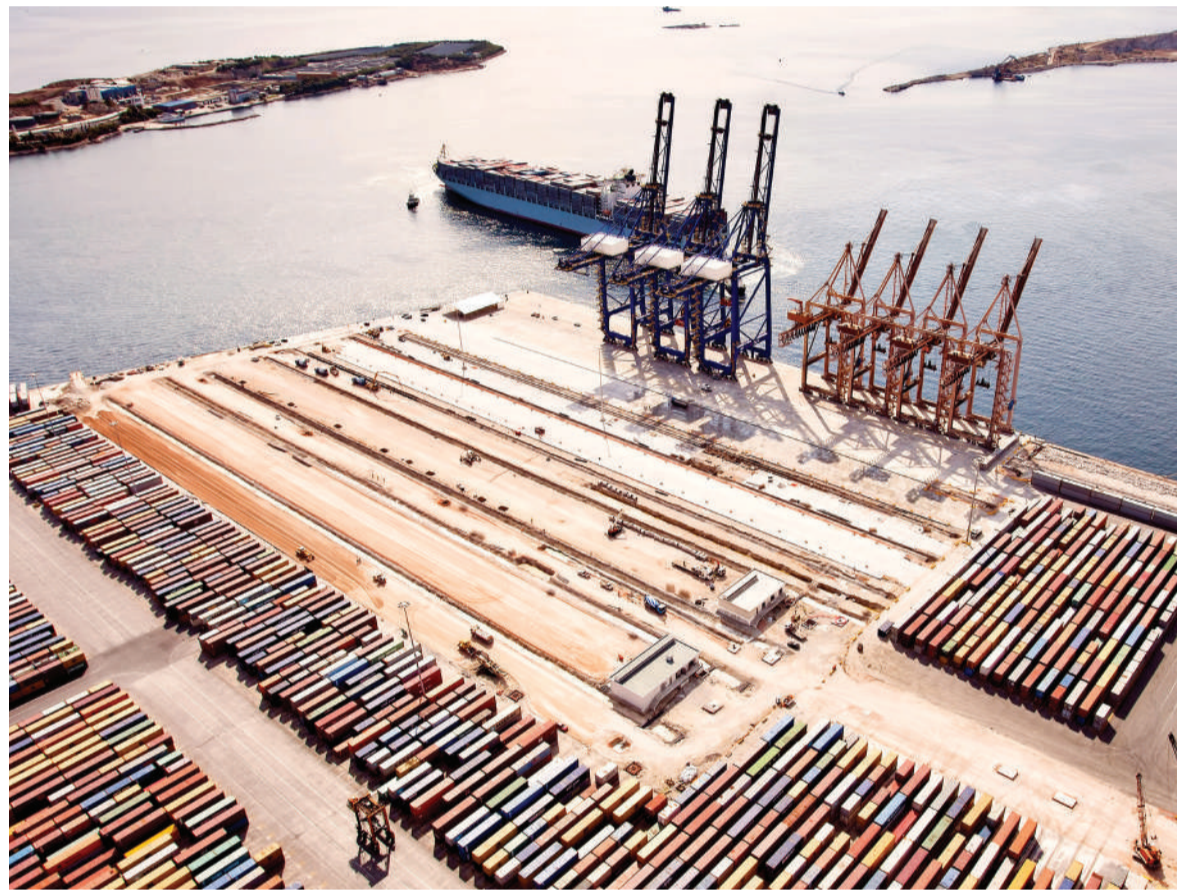
In much of the continent, firms struggle not because markets are closed, but because they are structurally misaligned. Production is fragmented, supply chains are shallow, standards differ, energy is unreliable, and trade finance remains scarce and costly. In this context, AfCFTA functions less as a trade agreement than as a stress test of Africa's economic readiness.

One of the least discussed obstacles to intra-African trade is the limited depth of industrial capacity itself. Many African economies produce similar primary goods, often for export outside the continent, with little downstream processing. The tradable surplus needed to sustain regional commerce therefore remains thin. In the perspective of Afreximbank, trade agreements don't create products, but opportunities for products that already exist, or which can be produced competitively.

Industrialisation sits at the centre of Afreximbank's infrastructure agenda. Across Africa, the absence of serviced industrial land, weak logistics, and limited trade information has constrained export manufacturing and foreign direct investment. To address this, the bank works with governments, regional partners, and private developers to plan, finance, and operate integrated industrial parks and export processing zones. Through equity participation via its Fund for Export Development in Africa (FEDA), Afreximbank supports platforms designed to process raw materials locally rather than export them unprocessed.

Without scale manufacturing, diversified inputs, and reliable suppliers, African firms often find it easier to import finished goods than to source them regionally. This weakens intra-African value chains and reinforces

How Afreximbank and AfCFTA Secretariat are tackling persistent barriers to intra-Africa trade



dependence on extra-continental markets. Even where goods exist, they frequently struggle to cross borders due to regulatory fragmentation. Differences in product standards, certification requirements, and conformity assessments can turn regional trade into a bureaucratic maze. Small and medium-sized enterprises are hit hardest, as meeting multiple national standards raises costs, delays market entry, and limits trust between regulators and buyers.

In response, Afreximbank has increasingly focused on quality infrastructure, testing laboratories, certification systems, and export readiness programmes to help African products meet both regional and global benchmarks.

The Bank's infrastructure strategy starts from a simple premise: If Africa is to trade with itself at scale, it must build systems that allow goods, capital, and information to move cheaply, predictably, and across borders. Unlike traditional development banks that treat infrastructure as a standalone sector, Afreximbank evaluates every project through a trade lens. Roads, railways, power plants, ports, industrial parks, and digital platforms are financed only if they reduce the cost or time of producing and moving goods, or enable value addition within Africa.

This approach has reshaped how

capital is deployed. Projects with regional or continental spill-over effects, such as cross-border transport corridors, multi-country power networks, or industrial platforms serving several markets, are prioritised over purely domestic assets. When capital is constrained, a railway linking landlocked economies to ports will outrank a similar project serving a single national market.

To Afreximbank, infrastructure, is not about concrete and steel alone, but more about making Africa produce more, increase value, and trade more efficiently.

Trade also falters where financing is missing. Intra-African trade is disproportionately constrained by limited access to affordable trade finance, particularly for small and medium-sized firms. While global trade finance largely supports commerce between developed markets, African traders face higher costs, shorter tenors, and tighter collateral requirements. According to Afreximbank, this financing gap discourages firms from expanding beyond domestic markets, even where demand exists. In response, the Bank has scaled instruments such as guarantees, letters of credit confirmation, and supply-chain finance tailored specifically for intra-African trade.

Energy remains another quiet constraint. While generation capacity

to manufacturing zones and regional grids that smooth volatility across countries. The objective is not simply more power, but predictable electricity.

AfCFTA's success ultimately depends on coordination between customs authorities, standards bodies, financial regulators, and trade ministries across the continent. Yet many African institutions continue to operate nationally, even as markets are expected to integrate regionally. Afreximbank works closely with the AfCFTA Secretariat, regional economic communities, and national governments to align rules, reduce duplication, and support multi-country trade systems.

Instruments such as regional transit guarantees and harmonised trade documentation are designed to make borders less obstructive without weakening oversight. The view of Afreximbank is that integration doesn't fail because countries disagree. It fails because systems don't connect.

The lesson emerging from AfCFTA's early years of implementation is sobering but instructive. Infrastructure matters, but it is not enough. Roads without products, ports without finance, and corridors without harmony do not trade.

What Afreximbank's approach increasingly reflects is a broader understanding of trade as an ecosystem, where production, finance, standards, energy, information, and institutions move together. When one lags, the entire system stalls.

As AfCFTA moves from a legal framework to lived reality, Africa's challenge is no longer about opening markets. It is more about making them work seamlessly. Whether the continent can trade more with itself will depend a lot more on whether its economic systems are finally aligned to support them.

That is why the expansion and upgrade of the Beitbridge Border Post, represents far more than bricks and mortar. It is a statement of Africa's intent to tear down the barriers of the past and build modern, connected economies that serve African people first.

The results speak for themselves. Trucks that once took days now cross in just three to five hours. Advanced ICT systems, from automatic number plate recognition to cashless pre-payment facilities, have streamlined operations, cutting out inefficiency and opportunities for graft. Dedicated lanes for freight, buses, and private vehicles have replaced the old single-terminal chaos. Cargo scanning now detects contraband and hazardous materials in minutes, while secure pedestrian facilities have brought informal traders, especially women, into the formal economy.

The benefits extend beyond trade facilitation. During construction of the border post, 1,500 Zimbabweans found work. Today, 350 permanent jobs sustain local livelihoods.

By Pauline Kairu

HIGHLIGHTS

AfCFTA's success ultimately depends on coordination between customs authorities, standards bodies, financial regulators, and trade ministries across the continent. Yet many African institutions continue to operate nationally, even as markets are expected to integrate regionally. Afreximbank works closely with the AfCFTA Secretariat, regional economic communities, and national governments to align rules, reduce duplication, and support multi-country trade systems.

has expanded in parts of the continent, reliability and cost continue to undermine industrial competitiveness. Frequent outages, high tariffs, and dependence on imported fuels raise production costs and erode margins. For manufacturers, this uncertainty translates into pricing risk. For regional trade, it produces uneven competitiveness across borders. Afreximbank's energy interventions increasingly prioritise projects that stabilise industrial power supply, including renewable generation linked

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Africa's trade finance 'supermarket': Where project ideas are nurtured to become reality

Afreximbank's approach combines multiple tools that include sovereign lending, private-sector financing, on-lending through local banks, equity participation, guarantees, and asset-based structures.

Africa has rich infrastructure ideas. They include railways to link landlocked countries to ports; hydropower projects to light homes and factories; and industrial zones that promise to unlock regional value chains.

Afreximbank is showing how African institutions can convert these ideas into reality with home-grown solutions.

"We have built what I like to call a trade finance supermarket," says East African Region Director Mr Kudakwashe Materike. "Our role is to provide end-to-end solutions, matching the unique needs of member states with instruments that make projects bankable, affordable, and sustainable."

Afreximbank's approach combines multiple tools that include sovereign lending, private-sector financing, on-lending through local banks, equity participation, guarantees, and asset-based structures. Together, these instruments are designed to close the financing gap that too often stalls African infrastructure projects.

The Bank tackles Africa's infrastructure financing gap with a range of innovative tools designed to turn ambitious ideas into reality.

From sovereign lending for continent-spanning projects to on-lending and ECA-backed arrangements that empower local banks to fund national priorities, the Bank ensures capital reaches where it is needed most.

For sectors where equipment costs can be prohibitive, asset-leasing and structured-finance solutions allow governments and private operators to access critical infrastructure without massive upfront expenditure.

Coupled with risk-mitigation guarantees that crowd in private investment, these homegrown approaches prove

that African institutions can finance African solutions, unlocking trade, productivity, and long-term development.

Building on this philosophy, Afreximbank has also launched the Intra-African EPC Initiative, which empowers African contractors to design, build, and deliver major infrastructure across the continent.

By providing bid bonds, performance guarantees, and advance-payment facilities, the programme ensures that African firms have the working capital and risk-mitigation tools they need to compete for major infrastructure projects across the continent. This approach not only strengthens local capacity, but also keeps benefits such as jobs, skills, and expertise, within Africa, turning projects into engines of regional development.

The EPC Initiative has over the past five years supported more than \$12 billion in EPC (Engineering, Procurement and Construction) contracts.

A shining example is Tanzania's Julius Nyerere Hydropower Project, a 2,115 MW renewable-energy facility financed entirely by African institutions and executed by African EPC firms under this initiative.

Where fiscal headroom exists, Afreximbank partners with governments to provide long-term sovereign financing for strategic infrastructure. The Tanzania Standard Gauge Railway (SGR) illustrates this model. The Bank financed Phases 1 and 2 in partnership with the Standard Chartered Bank and Turkish contractor Yapı Merkezi. With competitive pricing, long-term tenure, and performance guarantees, this financing structure accelerates project delivery while safeguarding fiscal sustainability.

Afreximbank also channels capital through on-lending arrangements



By designing instruments that respond to the realities of African economies, we are turning constrained fiscal environments into opportunities for partnership, productivity, and trade-led growth

**Mr Kudakwashe Materike,
East African Regional Director,
Afreximbank**

with local and regional financial institutions. By blending Export Credit Agency (ECA)-backed funds with its own balance sheet, Afreximbank enables commercial banks and development finance institutions to extend affordable infrastructure financing in their domestic markets. This approach deepens local participation, builds financial-sector capacity, and brings national infrastructure projects within reach of local investors.

In capital-intensive sectors like aviation, logistics, energy, and manufacturing, Afreximbank has introduced asset-leasing and structured-finance solutions. These allow governments and private operators to access critical equipment without large upfront expenditures. Lease-to-own and rev-

enue-backed structures have proven particularly effective for transport, port logistics, and renewable-energy equipment, ensuring affordability while supporting long-term sustainability.

Afreximbank's model is not just about financing but also about de-risking projects to attract private investment. The Bank recently supported Rwanda's Gasmeth Energy project, East Africa's first compressed natural gas processing facility. Fully de-risked and investment-ready, the project has already generated significant interest from equity investors and debt financiers, and is expected to close in 2024. When fully implemented, it could mobilise at least \$363.8 million in private sector capital, alongside delivering substantial development benefits.

"These financing tools show that African institutions don't need to wait for external capital to drive transformation," Mr Materike explains. "By designing instruments that respond to the realities of African economies, we are turning constrained fiscal environments into opportunities for partnership, productivity, and trade-led growth."

From hydropower to railways, gas processing to industrial parks, Afreximbank is demonstrating that African problems can have African solutions, and that the continent can finance, build, and maintain its infrastructure for the long term.

By Pauline Kairu



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The hidden trade tax in Africa and systems to fix



Participants and guests at the Fourth Intra-African Trade Fair (IATF2025): Organised by African Export-Import Bank (Afreximbank), African Union Commission (AUC) and the African Continental Free Trade Area (AfCFTA) Secretariat, IATF provides a unique platform for facilitating trade and investment information exchange in support of increased intra-African trade and investment.

African businesses pay a penalty long before their goods reach the market. It is not written into law, but it appears in transport invoices, storage fees, missed delivery windows, and rejected contracts. It is, in a way, a hidden tax on trade.

Across much of the continent, logistics costs are estimated to be two to four times higher than global averages. Moving goods from factory to port, or across a regional border, can cost more than shipping the same goods from Africa to Europe or Asia. For manufacturers and traders operating on thin margins, that cost gap is often decisive.

Distance is not the core problem. Friction is. Roads narrow unexpectedly, railways fail to connect to ports, ports lack storage and handling efficiency, and border posts leave goods unattended for days or weeks. Each delay raises costs, ties up working capital, and weakens competitiveness.

Border processes are a particularly heavy drag. Many crossings still rely on manual documentation, overlapping inspections and multiple agencies operating without coordination. Trucks queue for kilometres. Drivers wait without certainty, and perishable goods deteriorate as paperwork moves from one office to the next.

The impact ripples through supply chains.

Manufacturers hold higher inventories to hedge against uncertainty. Exporters build buffers into prices to absorb delays they cannot control. Buyers factor Africa's unpredictability into sourcing decisions, often choosing suppliers outside the continent even when African products are competitively priced at the factory gate.

Small and medium-sized enterprises are hit hardest. Unlike large firms, they lack the balance sheets to absorb prolonged delays or renegotiate shipping contracts. A single stalled shipment can disrupt cash flow, trigger penalties, or undo buyer relationships built over years.

AfCFTA was designed to lower tariffs and expand market access, but logistics costs have emerged as a more binding constraint. "You can remove tariffs completely and still not trade if it costs too much to move goods," one Afreximbank official says.

The Bank's response has been to treat logistics as trade infrastructure, not standalone assets. Borders, ports and corridors are financed not for their physical footprint, but for their ability to reduce time and cost along regional value chains.

What appears as inefficiency at the border, Afreximbank argues, is often the result of infrastructure choices made long before goods reach customs.

Those choices are guided by a simple test: Does a project make it easier, faster, or cheaper for African businesses to produce and trade across borders? When capital is constrained, infrastructure with regional or continental impact takes precedence over projects serving a single market. Cross-border corridors, multi-country power links, and industrial platforms are prioritised because their benefits spill across borders, lowering logistics costs for several economies at once.

This logic underpins the Bank's focus on integrated industrial parks and processing hubs for commodities such as cotton, cashew, cocoa, timber, and minerals, where raw materials can be transformed locally rather than exported unprocessed.

Afreximbank still finances national projects, where they clearly strengthen trade, manufacturing, or export competitiveness to meet domestic and international demand.

Corridor logic matters. A modern port linked to congested roads, or a railway terminating far from industrial zones, does little to reduce costs. For landlocked economies, access to efficient corridors often determines whether exports are viable at all.

Lost competitiveness is the quiet casualty of poor logistics. When firms cannot deliver on time or at predictable cost, contracts are lost not because of product quality, but because systems fail. Over time, this discourages investment in manufacturing and reinforces dependence on raw commodity exports.

Reducing the hidden tax on African trade requires more than building roads, according to Afreximbank. It demands coordinated investment in borders, corridors, ports, and processes that treat time as an economic variable. As AfCFTA moves from ambition to execution, the ability to lower logistics costs may matter more than any tariff schedule.

By Pauline Kairu

The Glo-Djibè Industrial Zone

One of the most compelling examples of Industrial Parks is the Glo-Djibè Industrial Zone (GDIZ), an expansive project between Afreximbank, its industrialisation partner Arise IIP, and the government of Benin. The industrial zone functions as an integrated ecosystem where government policy, private capital, and industrial expertise converge. In the Glo-Djibè Industrial Zone, companies like those in textile manufacturing and cashew processing have become partners in building industrial capacity that promotes both local employment and export competitiveness. Thus far, the zone has created over 12,000 jobs projected to reach 60,000 by 2030.

After the ribbon-cutting: How Afreximbank secures project durability

The most critical phase in many infrastructure projects often begins after the ribbon is cut. By then, the loans have been disbursed, the speeches delivered, the cameras packed away. Roads open. Power plants hum to life. Border posts begin processing trucks.

And yet, across the continent, history offers a cautionary tale. Many infrastructures function well for a few years, then quietly degrade, undermined by poor maintenance, weak governance, or financial stress no one planned for.

This reality shapes how Afreximbank approaches everything after construction is complete, including how projects are monitored, maintained, financed, and measured over decades.

Periodic reviews

Every Afreximbank-funded project is governed by strict monitoring and performance covenants, aligned with international best practice. "These are not box-ticking exercises. We spell out exactly what project sponsors must report, what milestones must be met, and how performance will be measured during both construction and operation," says Kampala-based East African Region Director at Afrexim-

Bank, Kudakwashe Matereke.

"The Bank conducts periodic technical and financial reviews, site inspections, and progress audits. If something slips, operationally, financially, or institutionally, it shows up early," he explained.

Continuous oversight

This continuous oversight serves two purposes. It protects Afreximbank's balance sheet, and just as importantly, it creates accountability among contractors, operators, and public-sector partners. "Sustainability is not accidental," Matereke states. "It is designed, monitored, and enforced."

Where Afreximbank is concerned, long-term performance also depends on whether infrastructure works for the people around it. Before financing is approved, projects undergo detailed Environmental and Social Impact Assessments. These assessments examine environmental risks, community impacts, worker safety, land use, and inclusion.

And the scrutiny does not stop once funding is released. Post-financing, Afreximbank monitors compliance through its Environmental and Social Management System, ensuring that

projects continue to meet ESG standards throughout their operational life. Community engagement, grievance mechanisms, and environmental mitigation plans are tracked alongside financial performance.

The rationale is pragmatic as much as ethical. Projects that ignore social and environmental risks often face delays, disputes, or shutdowns, threatening both development impact and revenue.

Financial architecture

Afreximbank also pays close attention to the financial architecture of projects long after construction ends, according to Matereke. He says each project's financial model is rigorously stress-tested to ensure it can withstand inflation, exchange-rate volatility, demand fluctuations, and operational shocks. Revenue projections are interrogated. Cost assumptions are challenged. Contingency buffers are built in.

This discipline is particularly important for large, complex assets such as hydropower plants, oil and gas pipelines, and major border infrastructure, where revenues must service debt over long periods.

"If the numbers only work in perfect

conditions, the project is not sustainable," explains Matereke. "Africa does not operate in perfect conditions."

Performance-based contracts

Perhaps the most overlooked determinant of sustainability is who actually runs the infrastructure. For major projects, Afreximbank requires the appointment of qualified Operations and Maintenance (O&M) contractors through competitive processes. These contractors are responsible not just for daily operations, but also for life cycle maintenance, ensuring assets perform as designed years into the future.

Crucially, O&M contracts are performance-based. They include clear service-level standards and key performance indicators tied directly to output and reliability. Performance bonds are often embedded in contracts, creating financial consequences if standards are not met.

Afreximbank also encourages local content participation in O&M arrangements, building domestic technical capacity and ensuring that skills and jobs remain in-country long after construction teams depart.

Afreximbank also tracks whether the infrastructure actually delivers devel-

opment. Through its Trade and Development Impact Assessment (TDIA), The Bank measures outcomes such as job creation, skills development, trade flows, industrial output, and community-level benefits. TDIA reporting is integrated into ongoing monitoring, allowing The Bank to adjust, learn, and improve across its portfolio.

This focus reflects a broader shift in how success is defined. "A project can be profitable and still fail developmentally," Matereke says. "We are interested in projects that do both."

Benchmarking

Afreximbank benchmarks its standards against global best practice, to ensure infrastructure projects meet the same quality, governance, and performance thresholds as comparable projects anywhere in the world.

By combining continuous monitoring, IFC-aligned ESG safeguards, disciplined financial modelling, performance-based operations, and rigorous impact measurement, Afreximbank is tackling one of Africa's hardest problems: Keeping infrastructure projects vibrant long after construction.

By Pauline Kairu

FINANCING AFRICA'S CRITICAL TRADE INFRASTRUCTURE

Milestones and Impact



Kenya's President William Ruto, with former President and Chairman of Directors of Afreximbank Prof Benedict Oramah (centre, wearing hat and suit respectively) and other dignitaries, during the signing of Dongo Kundu Special Economic Zone Lease Agreement between the Kenya Ports Authority (KPA) and Afreximbank last year. To the right of President Ruto is the KPA Managing Director Capt William Ruto. PICTURE | WACHIRA MWANGI

Turning Africa's infrastructure ambition into bankable opportunity

Africa is not short of infrastructure ideas. It needs more of projects structured well enough to give investors the confidence to commit capital.

Across the continent, governments routinely unveil ambitious plans for railways, ports, power plants, and industrial zones. The announcements are bold, often visionary. Many of these projects require stronger preparation and structuring to reach financial close and attract global investors.

"The problem is not ambition," says the East African Region Director at Afreximbank, Mr Kudakwashe Matereke. "It is the gap between concept and bankability. That is where many African infrastructure projects struggle."

Even as global investors show growing interest in Africa's trade-enabling infrastructure, mobilising capital at scale remains difficult. "The obstacle is not a lack of money, but a lack of projects that meet the standards financiers require," Mr Matereke explains. This gap, one of the most persistent constraints on Africa's development, is what Afreximbank is trying to seal.

Bankable infrastructure requires more than technical feasibility. It depends on clear and enforceable revenue streams, credible risk allocation, robust governance, and legal frameworks that protect investors across the lifespan of a project.

In many African markets, these elements remain unevenly developed or inconsistently applied, raising the perceived risk profile of otherwise viable projects.

Project preparation is a recurring

weak point. Feasibility studies may be incomplete. Demand forecasts are often overly optimistic. Environmental and social risks may be poorly assessed. By the time financiers engage, critical aspects remain unresolved.

"If the fundamentals are not sound at the preparation stage, no amount of capital can fix the project later," points out Mr Matereke.

Revenue certainty presents another major hurdle. Infrastructure assets rely on predictable cash flows, whether from user fees, tariffs, or availability payments. Yet these mechanisms are politically sensitive.

Without reliable revenues, long-term financing becomes expensive or simply unavailable.

Currency risk compounds the challenge. Most infrastructure assets earn revenues in local currency, while financing is often denominated in dollars or euros. Exchange-rate volatility can quickly erode returns and destabilise project economics. "You can have a technically sound project that collapses financially because currency risk was ignored," Mr Matereke said. "Investors price that risk very aggressively."

There are also structural challenges. Many project sponsors, especially state-owned enterprises and sub-sovereign entities, lack strong balance sheets or transparent financial reporting. Information gaps persist around ownership, governance, and regulatory frameworks. Fragmented markets and weak cross-border coordination further complicate projects that span multiple countries, particularly in transport, energy, and digital infrastructure.

Together, these factors demonstrate

that while Africa has no shortage of projects, many are not bankable.

Enhancing project bankability

"Afreximbank's response has been to intervene earlier and more deliberately in the project cycle," Mr Matereke says. "Rather than waiting for proposals to reach lenders in near-final form, the bank works upstream with governments and developers to turn concepts into financeable investments."

One pillar of this approach is the bank's involvement in project preparation. Through its Project Preparation Facility, Afreximbank provides early-stage funding and advisory support for feasibility studies, due diligence, and transaction structuring. To date, the facility has supported more than 25 projects across energy, transport, and industrial infrastructure sectors, unlocking over \$10 billion in potential investment.

Bankability, Afreximbank stresses, is about discipline. Risks must be allocated to the parties best able to manage them. Construction risk belongs with contractors. Operational risk must be transparently priced. Political and regulatory risks require contractual protections and guarantees. "Each risk has to sit where it can be managed," says Mr Matereke. "Not where it is politically convenient."

De-risking Africa

Guarantees play a central role in this strategy. Afreximbank's Guarantee Programme (AfGAP) is designed to address both real and perceived risks that deter private capital. It provides credit and payment guarantees, political and convertibility risk cover, per-

formance bonds, and risk-participation instruments that allow risks to be shared among multiple financiers.

Through AfGAP, Afreximbank has helped crowd in private and institutional capital for complex projects across transport corridors, border infrastructure, logistics platforms, and renewable energy. These guarantees do not eliminate risks, but make them measurable and manageable, a critical distinction for long-term investors.

Public-private partnerships feature prominently in this model. Properly structured, PPPs mobilise private capital while limiting sovereign exposure and introducing performance discipline tied to delivery rather than political timelines. The modernisation of the Beitbridge Border Post between Zimbabwe and South Africa illustrates how bankability can be engineered. One of Southern Africa's busiest trade gateways, Beitbridge had long been a bottleneck, with trucks taking days to cross.

Under a \$300 million public-private partnership structured and supported by Afreximbank, risks were ring-fenced. Construction and operational risks were assumed by the private concessionaire. Revenues were secured through escrow arrangements. Government exposure was limited to regulation and oversight, while Afreximbank guarantees provided comfort to investors.

The project reached financial close and delivered measurable reductions in border crossing times, restoring predictability along a critical regional corridor.

Scale and regional relevance are another cornerstone of Afreximbank's

approach. Projects that serve multiple countries or anchor regional value chains are prioritised because they diversify demand, reduce concentration risk, and generate spill-over benefits.

"A railway that connects landlocked economies to ports is fundamentally more bankable than one serving a single domestic route," Matereke explains. "It has more users, more revenue sources, and more strategic value." This regional logic is reinforced through close collaboration with the African Union, the AfCFTA Secretariat, and regional economic communities such as COMESA, SADC, ECOWAS, EAC, and CEMAC. Aligning projects with Agenda 2063, national development plans and AfCFTA implementation strategies, reduces regulatory uncertainty and strengthens investor confidence.

Initiatives such as the Transit Guarantee Scheme, implemented with COMESA and Africa Re, further reduce corridor risk by allowing goods to move across multiple borders without various customs bonds, a practical example of how institutional coordination improves bankability.

Africa's infrastructure deficit is real. But so is investor appetite when projects are well prepared, well governed, and properly de-risked. Pension funds, insurers, and long-term institutional investors are increasingly seeking stable, yield-generating assets, including in African markets.

"The challenge is not attracting capital in theory. It is preparing projects in practice," Mr Matereke says.

By Pauline Kairu

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Milestones and Impact



Powering trade, not just the grid

Africa's energy transition is no longer being shaped only by new power plants, but by how clean energy is financed, delivered, and embedded into the real economy. For Afreximbank, the question is not whether Africa should go green, but how to ensure climate-smart infrastructure is technically viable, financially bankable, and sustainable over time.

Across much of Africa, unreliable and costly power remains a structural brake on industrialisation and trade. Manufacturing plants operate below capacity, cold chains remain inoperable, and logistics costs escalate. In this context, renewable energy is not simply an environmental intervention, but also a foundational trade infrastructure.

Afreximbank has integrated green energy directly into its trade and development mandate, rather than treating it as a standalone sector.

The Bank's Climate Strategy, guided by the African Union Commission, allocates 70% of funding to mitigation and 30% to adaptation. By 2030, it targets up to USD 2.5 billion in initiatives across Africa, leveraging innovative financial instruments and strong advocacy.

The Bank deploys sustainability-linked financing instruments, including long-term loans, guarantees, asset-backed structures, and project preparation support, to crowd in private capital while tying funding to clear environmental, social, and governance benchmarks.

A flagship example is the Julius

Nyerere Hydropower Project in Tanzania. At 2,115 megawatts, it is one of Africa's largest renewable-energy projects and the largest fully financed by African institutions, and executed by African contractors under Afreximbank's Intra-African EPC Initiative.

Beyond its scale, the project demonstrates that Africa has the institutional, technical, and financial capacity to deliver complex green infrastructure when risks are properly structured. Afreximbank continues to monitor environmental and social safeguards through construction and operation, reinforcing long-term sustainability.

Smaller and mid-sized projects are also benefiting from innovative financing models. Asset-leasing finance and Export Credit Agency-backed structures allow governments and private operators to acquire solar equipment, mini-grid systems, and cleaner fuel infrastructure without heavy upfront capital expenditure.

In Rwanda Afreximbank supported the Gasmeth Energy compressed natural gas through a Project Preparation Facility. The project reduced dependence on more carbon-intensive diesel generation.

Financing design is central to this approach. Many renewable projects fail not because they lack potential, but because early-stage risks deter investors. Afreximbank absorbs or reallocates these risks through guarantees, blended finance, and long-tenure structures aligned with project lifecycles, unlocking capital

that would otherwise remain sidelined.

Director and Global Head of Project and Asset Based Finance, Ms Helen Brume, emphasized that Afreximbank is targeting US\$2.5 billion loan book, aided by innovative financial and non-financial instruments, to ensure the growth of the Climate Finance sector.

Green energy financing is also linked to local value chains. By supporting equipment leasing and infrastructure development, the Bank creates space for local assembly, maintenance, and skills development, anchoring sustainability within domestic economies.

Through its Trade and Development Impact Assessment, Afreximbank tracks outcomes beyond megawatts, measuring job creation, skills transfer, and emissions reduction.

"Sustainability begins at the design stage and continues long after financing is disbursed," says Afreximbank's East African Region Director Mr Kudakwashe Matereke. "Every project is a long-term partnership, and success is measured by its lasting impact."

As global capital increasingly seeks climate-aligned investments, Africa's challenge is no longer ambition but readiness. Afreximbank's Climate Finance Strategy shows how that readiness can be built through de-risking, African execution, and infrastructure that powers trade as much as it powers the grid.

By Pauline Kairu



"Sustainability begins at the design stage and continues long after financing is disbursed," says Afreximbank's East African Region Director Mr Kudakwashe Matereke. "Every project is a long-term partnership, and success is measured by its lasting impact."



Motorists use the newly constructed Dongo Kundu Bypass in Mombasa County.