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A unique public-private financing partnership, initiated by the UK Government's Department for International Development (DFID), has been launched by Rt. Hon Clare Short MP. The partnership aims to create a long term harmony between the developmental and commercial objectives of the public and private sector participants to the benefit of sub-Saharan Africa's economic development.

Following a successful competitive tender DFID has selected a consortium led by the Standard Bank Group, together with Barclays PLC, the Netherlands Development Finance Company (FMO) and Emerging Markets Partnership (EMP), to establish the Emerging Africa Infrastructure Fund (Emerging Africa) to make available long-term debt financing for private sector infrastructure companies in sub-Saharan Africa. Emerging Africa is to be managed by Standard Infrastructure Fund Managers (Africa) Limited, a Standard Bank Group, FMO and EMP joint venture.

Emerging Africa's initial financing comprises committed equity capital of US\$100 million, underwritten by DFID; a tranche of US\$85 million of development finance debt from FMO, DEG and DBSA; and US\$120 million of commercial debt from Standard Bank Group and Barclays. DFID is combining with other European donors to provide additional equity capacity to enable Emerging Africa to grow to around US\$450 million on a similar level of gearing.

The innovative structure of the fund has reduced the risk of lending to levels that will enable Emerging Africa to offer competitive long-term lending terms within a 15 year period, to significant infrastructure companies throughout sub-Saharan Africa. The majority of lending will be US\$ based, although the Fund may also offer guarantees to local banks to facilitate local currency lending where this is beneficial.

Emerging Africa will consider a wide range of opportunities, including greenfield developments, privatisations, refurbishments, upgrades and expansions with particular emphasis on the following sectors:

- Power generation, transmission and distribution
- Telecommunications
- Transportation (roads, railways, ports, airports, gas/water pipelines etc)
- Water (supply, distribution, treatment/purification etc)

Rt. Hon Clare Short MP, Secretary of State, says:

"Africa badly needs investment in infrastructure to achieve sustained economic growth. Public sector resources will never be able to provide sufficient funding to generate the investment in transport, water and sanitation, electricity and telecommunications necessary to ensure that Africa meets the target of halving the proportion of people in poverty by 2015.