

Master of International Affairs and Governance (MIA)

Boost Africa Initiative

A critical evaluation of the Boost Africa Initiative and its development impact
on entrepreneurship in Africa



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For whoever is interested in blended finance and private sector development in Africa, this paper offers a case study of a development initiative that encompasses financial support mechanisms, smart subsidies and broad, intersectoral collaboration. As part of a consulting project for the State Secretariat for Economic Affairs (SECO), the task is to analyze and evaluate the Boost Africa Initiative, a joint initiative by the African Development Bank (AfDB) and the European Investment Bank (EIB). This initiative wants to boost private sector development in Africa by investing in financial intermediaries, which should then support and invest in young African companies and start-ups. The goal is to foster the development of a sound African financial industry that is equipped with risk capital and know-how in order to support a dynamic African economy. The Boost Africa Initiative follows a blended finance approach, which means it wants to use public funds to mobilize private investments in developing countries. Moreover, it equips the investment program with technical assistance and an innovation lab. The technical assistance takes the role of a smart subsidy as it ensures and enhances the desired impact of investment while the lab acts as a facilitator of skills and networks. For our investigation, we conducted several expert interviews, compared similar initiatives and relied on prior research done in this field. The Boost Africa Initiative faces many challenges as for example its wide scope focusing on Africa as a whole. Our investigation allowed us to identify important recommendations for the setup for the Boost Africa Initiative with regards to its investment program and technical assistance facility. This will allow the reader to gain insight into the success factors of a blended finance project.

Will the Boost Africa Initiative help boost entrepreneurship across Africa? Will it support and strengthen already promising markets such as Nigeria or Ghana? It is up to the reader and ultimately the donor to decide whether they consider the Boost Africa Initiative to be a viable initiative. Although it is not perfect in any sense, we consider it to be a step in the right direction towards the SDGs and the sustainable development of Africa.