



# The Role of Multilateral Development Banks in Infrastructure Development

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## Executive Summary

Access to affordable infrastructure services, such as electricity and drinking water, is an important determinant of the welfare level of a country's population. Particularly for developing countries and transition economies, there are huge infrastructure investment needs and a lack of the necessary financial resources. In the past, the government has often taken the exclusive responsibility of public service delivery. Recent years witnessed an increasing trend to involve the private sector in infrastructure and in the delivery of public services. Infrastructure investments are seen as a stimulus to economies given their effects on productivity and linkages with other sectors. However, infrastructure projects are prone to specific risks, given their nature, and usually imply commitments for longer maturities, which make investors particularly exposed to risk. The costs and risks faced by investors are high, particularly in emerging and developing countries where the institutional, economic and financial conditions are weaker and less predictable.