2018 Benchmark for Investing in African Infrastructure Project Development ("I4PD Benchmark")

INSTITUTIONAL INVESTMENT AND COMMERCIAL PROJECT DEVELOPMENT IN AFRICA

CO-AUTHORS

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AFRICA INVESTOR (Ai) AND THE GLOBAL CLEARINGHOUSE FOR DEVELOPMENT FINANCE (GLOBALDF)
Africa investor (Ai) and the Global Clearinghouse for Development Finance (GlobalDF)

We want to express our sincere appreciation to the Advisory Board members of the Ai Pension and Sovereign Wealth Forum and African Project Developers Forum and other leading infrastructure project development and investment practitioners in Africa and worldwide who helped design the benchmark survey.

This report is only made possible by the generous contributions from benchmark survey participants from the institutional and long-term investment and project development communities who contributed their invaluable insights answering comprehensive detailed questionnaires. We especially appreciate the many people who also participated in one-off interviews and provided extensive written explanations.

We invite interested parties who wish to engage in refining and implementing the recommendations in the 2018 I4PD Benchmark Report to contact Hubert Danso, CEO, Africa investor (hdanso@africainvestor.com) and Dr. Barbara Samuels, Executive Director, Global Clearinghouse for Development Finance (barbara@globaldf.org).

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In January 2018 African Heads of State at the African Union Summit endorsed the 5% Agenda, the partnership initiative between African governments and African institutional investors: African governments commit to providing a conducive environment for domestic institutional investors to invest in African infrastructure, and in return, African institutional investors commit to increase their portfolio allocations of total assets under management (AUM) to African infrastructure assets to 5% of AUM, including both infrastructure assets in development (greenfield assets) and in operation (brownfield assets). Through this ground-breaking 5% Agenda partnership between Africa’s governments and institutional investors, African infrastructure assets can be developed and structured to meet the investment criteria of institutional and other long-term investors under a new framework, the Institutional Investor Public Partnership (“IIPP”).

The roadmap for implementing the 5% Agenda is set forth in the 2018 Investment for Project Development Benchmark (2018 I4PD), aimed at defining the required practical actions and business models (“deal terms”) required for achieving significant institutional investment in the development and finance of African infrastructure assets. The 2018 I4PD Benchmark results are based on the responses of institutional and other investors who are investing or potentially investing in African infrastructure assets, and project developers who could potentially develop high-quality infrastructure assets for institutional investors.

Conducted by Africa investor (Ai) and the Global Clearinghouse for Development Finance (GlobalDF), the I4PD Benchmark provides evidence of the potential for scaling the development of investable African infrastructure projects that can meet the investment criteria of long-term investors, including African and international pension funds.

100% alignment between supply and demand:

- Investors, including institutional investors, report strong interest in investing in African infrastructure assets provided: (1) there is a public sector commitment and ability to accelerate considerably more projects to financial close within predictable timeframes; and (2) infrastructure investments have experienced and credible management, adequate risk mitigation, and investment returns that meet required targets.

- Project developers report strong interest in developing investable African infrastructure assets subject to: (1) public sector commitment and ability to accelerate considerably more projects to financial close within predictable timeframes and meet investor requirements; and (2) their project development deal terms are met.
AVAIALIBILITY OF INSTITUTIONAL AND OTHER LONG-TERM CAPITAL FOR AFRICAN INFRASTRUCTURE

- All the pension and sovereign wealth funds participating in the survey (100%) reported investment interest in African infrastructure projects that are already generating revenues (brownfield projects).
- While only 11% of pension funds reported investment interest in infrastructure projects in the process of development (greenfield projects), they indicated willingness to invest indirectly in greenfield projects through privately run commercial project development investment vehicles, platforms, and entities which have exposure to early stage infrastructure assets that meet their investment criteria (e.g., high-quality bonds, funds, banks, corporations, etc.).
- Over 90% of other investors (e.g., providers of equity, asset & fund managers) indicated that they are willing to consider investment in operational African infrastructure assets (brownfield) as well as infrastructure projects in development (greenfield).
- Significant interest was also reported in the development and finance of recycled infrastructure assets (rated 5.3 – 9.3; scale of 0-10 with 0 representing no interest and 10 extreme interest).

Benchmark results therefore document investors strong interest in African infrastructure, encompassing both operating infrastructure assets as well as projects in development (brownfield and greenfield assets), provided investment vehicles meet investment criteria and governments commit to supporting the attainment of financial close within timeframes (e.g. 6 - 36 months).

AVAILABILITY OF PROJECT DEVELOPERS TO PREPARE INVESTABLE AFRICAN INFRASTRUCTURE ASSETS

Experienced commercial project developers are critical to delivering African infrastructure in that they have the ability to: (1) prepare investable projects that meet the requirements of institutional and other long-term private investors; (2) invest in projects (in-kind and sometimes cash up to varying levels), thereby helping to fill the investment gap; and (3) attract private capital and blended finance for the project’s early-stage project development. Almost all project developers in the survey (over 90%) expressed interest in providing comprehensive project development services until financial close, provided their project development investment criteria and the required deal terms are met. They also expressed interest in restructuring existing operating projects, so they could be recycled to institutional and other investors, thereby creating the missing and much needed secondary market for African infrastructure assets which would demonstrate the liquidity and international competitiveness of African infrastructure as an investable asset class.

The strong interest of private project developers and operators (distinct from donor-led project preparation facilities) in developing Africa’s infrastructure is a critical breakthrough opportunity. The result will be the mobilisation of greater private pools of capital in the development of early stage infrastructure assets, as private project developers and operators provide natural investment conduits for the larger ecosystem of capital. Moreover, private project developers and operators have the capacity to develop investable projects that meet the investment criteria of institutional and other long-term investors.

DEAL TERMS

Institutional Investor Deal Terms: Annual IRRs on average of 16.4 – 19.3%. Investor respondents were asked: “Given the return objectives and the composition of your current portfolio, what is the annual return profile (IRR) required by your fund for African infrastructure assets?” The average annual IRR for pension fund respondents (16.4%) was lower than the average IRR for asset & fund managers (19.3%).

Project Developer Deal Terms: The basic deal terms for private project developers to invest in commercial project development are well established:

- **Success Fees & Retainers:** Almost all of the project developer respondents (82%) reported interest in developing projects in exchange for success fees with a monthly retainer fee and reimbursed travel expenses.
- **Equity Returns 12.5 – 30%:** Project developers reported that the average annual Internal Rate of Return ("IRR") for early stage investment (pre-operation) is in the range of 12.5 – 30%.

STRATEGIC IMPLICATIONS

In summary, the IIPP Benchmark results point to a clear roadmap of actions that can mobilise significantly greater amounts of domestic and international private capital for the development and operation of Africa’s infrastructure. Both African governments and institutional investors need to implement these actions together to build the market confidence and market momentum through the establishment of successful track records: There needs to be consecutive successful concrete IIPP transactions that reach financial close and provide the expected returns to institutional investors.

KEY ACTION STEPS FOR AFRICAN GOVERNMENTS INCLUDE THE FOLLOWING:

- Embrace institutional and other investors as technical partners to structure pilot IIPP projects as part of government growth and master development plans;
- Adapt existing processes as required to scale this new IIPP approach in commercial project development and finance;
- Engage the technical support of institutional investors along with experienced successful commercial project developers to structure and prepare infrastructure projects in alignment with the requirements of institutional and other investors; and
- Foster institutional change within governments and Development Finance Institutions (“DFIs”) and African Regional Development Banks to incentivise and mainstream the restructuring and sale of operating infrastructure assets to long-term institutional investors (high-quality and underperforming).
To develop market confidence, it is critical to develop a series of successful pilot investable infrastructure projects (greenfield and brownfield) that reach financial close within acceptable development time frames (6 - 36 month timeframes).

Therefore the I4PD Benchmark results illuminate how the foundations for African institutional infrastructure investment partnerships can be driven by market forces of demand and supply:

• Activated and catalysed by an alignment of interests: anchor domestic institutional investors seeking returns coupled with African governments committed to boosting economic growth through infrastructure investment; and

• Capacitated by technical assistance partnerships with institutional investors and private project developers.

Mainstreaming the required new IIPP approach of engaging institutional investors and private project developers, will require African governments and development partners to modify their existing infrastructure project preparation practices and demonstrate commitment by bringing unprecedented pipelines of greenfield and brownfield projects to financial close within 6 - 36 months.

**SUMMARY OF REQUIRED NEXT STEPS FOR GOVERNMENTS AND THE PRIVATE SECTOR**

The massive opportunities for delivering on Africa’s infrastructure cannot happen absent consistent robust political leadership in support of the required specific technical and political actions. As noted, building market confidence and interest through a series of successful IIPP transactions is crucial.

The priority actions and processes required to mobilise institutional and other long-term investment for Africa’s infrastructure are summarized in the below table.

<table>
<thead>
<tr>
<th>PUBLIC SECTOR PARTNERING WITH INSTITUTIONAL INVESTORS &amp; OTHER LONG-TERM CAPITAL PROVIDERS FOR AFRICA’S INFRASTRUCTURE</th>
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**PRIORITY ACTIONS & PROCESSES**

1. Implement effective system for high-level and operational political support focussed on “Financial Close”
   - Champion Financial Close by African Heads of State
   - Approve a list of pilot IIPP projects with proactive support from designated decision making government officials
   - Adopt IIPP and other aligned models between DFIs, national governments and long-term investors
   - Eliminate “signature risks” and partner to develop projects with domestic pension and sovereign funds, addressing the perceived and actual costs of project delays and abandonment
   - Improve government understanding of infrastructure project development and finance (workshops, Toolkit)

2. Scale use of professional Project Developers to increase pipelines of investable assets
   - Invest in commercial project developer companies
   - Provide equity and blended finance to grow private project development companies
   - Mandate use of project developers
   - Partner with domestic institutional investors to create shortlists of vetted commercial project development companies and partners

**REQUIRED LEADERSHIP OF PUBLIC AND PRIVATE SECTORS**

- Ministers of Finance, Heads of State, and African Union endorse setting up accountable systems for infrastructure project development and recycling of operational projects
- Governments and development partners fund IIPP Resource Centre and technical assistance
- Investors and project developers provide specific suggestions on needed processes, agreements, training, etc.

Governments and development partners reconfigure current system of project preparation, putting private project development companies and developers at forefront
### PRIORITY ACTIONS & PROCESSES

<table>
<thead>
<tr>
<th>3. Improve access of private project development companies to project preparation funding</th>
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<tbody>
<tr>
<td>- Modernise and create structured new entities to increase the scope and scale of project development funding (<em>Public-Private Partnerships in Project Development</em>)</td>
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<tr>
<td>- Create cost-effective co-development funding partnerships</td>
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<tr>
<td>- Increase amounts of blended project development funding</td>
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<tr>
<th>4. Improve coverage and access to risk mitigation instruments to accelerate projects reaching financial close</th>
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<tbody>
<tr>
<td>- Implement the AU/NEPAD African Infrastructure Guarantee Mechanism (see Annex)</td>
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<tr>
<td>- Develop 100% guarantee coverage, leveraging success stories from Nigeria InfraCredit and other financial guarantors (public and private)</td>
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<tr>
<td>- Create new entities to increase the scope and scale of infrastructure risk mitigation (<em>Public-Private Partnerships in Risk Mitigation</em>)</td>
</tr>
<tr>
<td>- Partner with critical organizations that provide information on infrastructure and other asset performance (e.g., rating agencies, Global Emerging Markets Risk Database Consortium, etc.) and develop data sharing partnerships</td>
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<tr>
<td>- Create an enabling regulatory, legal, and policy framework supporting IIPP pilot projects</td>
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<tr>
<th>5. Develop secondary markets in African infrastructure assets</th>
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<tr>
<td>- Operating infrastructure projects are repackaged and sold to institutional and other investors</td>
</tr>
<tr>
<td>- Build institutional investor, market, and civil society confidence through a series of concrete secondary transactions that reach financial close within 6-36 months</td>
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<tr>
<th>6. Select and bring Pilot Projects to financial close using the IIPP Framework (projects in development and operating projects for recycling to institutional investors)</th>
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<tbody>
<tr>
<td>- Ensure pilots can serve as successful proofs of concept to create momentum</td>
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<tr>
<td>- Use infrastructure financial experts to select projects</td>
</tr>
<tr>
<td>- Create an enabling regulatory, legal, and policy framework supporting IIPP pilot projects</td>
</tr>
<tr>
<td>- Build market awareness and confidence through a series of successful IIPP pilot transactions</td>
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</table>

### REQUIRED LEADERSHIP OF PUBLIC AND PRIVATE SECTORS

| - Governments and development partners reconfigure current system of project preparation, putting private project development companies and developers at forefront |
| - Governments and development partners reconfigure existing system of funding vehicles based on needs of private sector project developers and institutional investors |
| - Governments and development partners incentivise domestic institutional investors to provide project development equity in partnership with DFIs |
| - Providers of early-stage and later stage capital for infrastructure development define requirements and incentives that would unlock their funding and enable co-development partnerships (e.g., asset and fund managers, providers of equipment and services, etc.) |

<table>
<thead>
<tr>
<th>Governments and development partners mandate the following public sector actions:</th>
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<tr>
<td>- Provide funding support to develop and implement expanded risk mitigation coverage, engaging the private sector insurance and reinsurance sector and risk mitigation experts</td>
</tr>
<tr>
<td>- Facilitate partnerships with organizations that provide information on infrastructure asset performance and better access to their data (e.g., rating agencies, Global Emerging Markets Risk Database Consortium, etc.)</td>
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**Public sector providers of risk mitigation** fully implement the streamlining, standardisation, and syndication modalities of risk mitigation instruments and application processes to provide the required ease of access and scale required to cover unacceptable risks that block access to institutional and other finance

**AU/NEPAD advance the development of the African Infrastructure Guarantee Mechanism** working with public and private risk mitigation providers to create an African marketplace of expanded risk mitigation

<table>
<thead>
<tr>
<th>- Governments and development partners mandate the following public sector actions:</th>
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<tr>
<td>- Foster institutional change within governments and DFIs to incentivise and mainstream the sale of enhanced operating and under-performing assets to long-term investors</td>
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<tr>
<td>- Provide support as needed, so assets meet institutional investor investment criteria</td>
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<tr>
<td>- Collaborate with domestic institutional investors and their advisors to identify and restructure pilot transactions</td>
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</table>

**Ministers of Finance, AU/NEPAD, AfDB, DBSA, Trade and Development Bank, and other partners** propose pilot projects for consideration by technical investment teams

**UNECA Ministers of Finance Forum and Infrastructure Programme** provide input

**Governments, partners, and investors develop a series of pilot projects** in partnership with African pension and sovereign funds (in 2019)

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**DETAILS ON THE REQUIRED ACTIONS AND THE RESULTS OF THE I4PB BENCHMARK SURVEY ARE SET FORTH IN THE ATTACHED REPORT.**
2.0 Key Findings

THE OPPORTUNITY, IMPEDIMENTS, AND UNBLOCKING ACTIONS

2.1 THE MASSIVE OPPORTUNITY: The 2018 I4PD Benchmark results provide evidence of the potential for scaling the development of investable African infrastructure projects that can meet the investment criteria of long-term investors, including pension funds, as detailed below.

Benchmark results therefore document investor strong interest in African infrastructure, encompassing both operating infrastructure assets as well as projects in development (brownfield and greenfield assets) provided investment vehicles meet investment criteria.

DEAL TERMS: ANNUAL IRRS ON AVERAGE OF 16.4 – 19.3%

Investor respondents were asked: “Given the return objectives and the composition of your current portfolio, what is the annual return profile (IRR) required by your fund for African infrastructure assets?” The average annual IRR for pension fund respondents (16.4%) was lower than the average IRR for asset & fund managers (19.3%).

NEED FOR PROJECT DEVELOPERS TO PREPARE INVESTABLE AFRICAN INFRASTRUCTURE ASSETS: Investor respondents stated that significant institutional investment in African infrastructure assets cannot be mobilized without a full understanding of institutional investors criteria for their investments. Investors also offered to assist experienced and credible commercial project developers and governments to bridge that critical knowledge gap.

The complexity of infrastructure project development requires the engagement of institutional investors and experienced commercial project developers, who can prepare Africa’s infrastructure projects, so they meet the due diligence requirements of institutional and other investors.

• Investor participants, especially pension funds, cited the investment requirement of strong historical track records and credible experienced project management.
• For example, investor participants rated the high quality of counterparties as extremely important (8.6 on scale of 0-10, with 10 as essential).
• Established track records and credible management were also rated as extremely important (8.2).
• The use of project finance techniques was also cited by most investor participants as a critical precondition for their investment.

Moreover, experienced project developers are critical to delivering African infrastructure in that they have the ability to: (1) prepare investable projects that meet the requirements of long-term private investors; (2) invest in projects (in-kind and sometimes cash up to varying levels), thereby helping to fill the investment gap; and (3) attract other investors to finance the project’s early-stage project development.

Therefore Africa’s infrastructure cannot be financed unless governments and their development partners engage experienced project developers and address the risk factors impeding investment.

AVAILABILITY OF PROJECT DEVELOPERS TO PREPARE INVESTABLE AFRICAN INFRASTRUCTURE ASSETS: Almost all project developers in the survey (over 90%) expressed interest in providing comprehensive project development services until financial close provided the required deal terms are met. They also expressed interest in restructuring existing operating projects so they could be recycled to institutional and other investors, thereby creating an African secondary market in infrastructure assets.

The strong interest of project developers in developing Africa’s infrastructure is a critical breakthrough opportunity: Institutional and other investors cannot invest if infrastructure assets do not meet their investment and due diligence requirements.

DEAL TERMS: THE BASIC DEAL TERMS FOR ENGAGING PROJECT DEVELOPERS ARE WELL ESTABLISHED.

• Success Fees & Retainers: Almost all of the project developer respondents (82%) reported interest in developing projects in exchange for success fees with a monthly retainer fee and reimbursed travel expenses. Project developers noted the need to vary the success fees based on the specifics of the project and risk levels. However, some project developers voiced preference for payments based on milestones.
• Equity Returns: Project developers reported that the average annual Internal Rate of Return (IRR) for early stage investment (pre-operation) is in the range of 12.5 – 30%. However, one project developer stated that the “IRR at the project level should be in excess of 30% as the success rate is approximately 60% (only 2 out of 3 projects achieve financial close).”

Another incentive for project developers is the potential for a management fee during the operations phase of the project.

TAKE AWAY: IN SUMMARY, THERE IS A CLEAR PATH TO CLOSING THE AFRICAN INFRASTRUCTURE FINANCING GAP.

• Engage institutional investors technical support along with project developers to prepare infrastructure projects in alignment with the requirements of institutional and other investors;
• Agree on the deal terms required for both institutional investors and project developers and integrate with the host government’s growth agenda;
• Embrace institutional and other investors as technical partners to structure pilot IIPP projects; and
• Adapt existing processes as required to scale this new IIPP approach in commercial project development and finance.

Therefore, the foundations for the African infrastructure institutional investment and finance roadmap can be driven by market forces of demand and supply:

• Activated by investor and developer deal terms, and
• Capacitated by the technical assistance of institutional investors and project developers.

Creating the required new IIPP approach of engaging project developers will require African governments and development partners to modify their existing practices for infrastructure development and finance to bring an unprecedented pipeline of green and brownfield projects to financial close.
REPORTED IMPEDIMENTS:

- Investors cannot access investable projects (lack of supply and information)
- Lack of available funding for the development of investable infrastructure projects
- Lack of risk mitigation for the development of investable infrastructure projects
- High risks, difficult government processes, and uncertainties deter infrastructure development
- Project investability not attainable due to political risks, uncertain revenues, etc.

THE SHORTFALLS – LACK OF “INVESTABLE PROJECTS” AND MARGINAL INVESTMENT IN PROJECT DEVELOPMENT: A specific challenge is the lack of investable projects – all participants agree that access to finance for investable projects is not the issue but rather the lack of investable African infrastructure projects.

The lack of investable African infrastructure projects is directly related to three issues:

- The shortfall in available finance for the development of investable African infrastructure projects (development cost reported as usually from 3 to 12% of total project cost).
- For projects to be investable, they need to be prepared from concept to financial close by qualified experienced project developers who have the knowledge and skill-sets to structure projects so they meet the investment requirements of institutional and other investors.
- Significant risks that may affect the financial viability of the project need to be mitigated through improving the overall environment, financial and management structures, legal contracts, secure and effective risk mitigation, as well as the need to systematically engage project developers with successful track records in creating investable projects.

The survey results underscore the critical importance of launching new public sector initiatives that significantly improve governments’ commitment to bringing and ensuring more projects reach financial close and the project development process and access to adequate funding and effective risk mitigation, as well as the need to systematically engage project developers with successful track records in creating investable projects.

CURRENT LOW INVESTMENT IN INFRASTRUCTURE: The investor and project developer responses to the surveys document the current low level of investment in both the operation and development of Africa’s infrastructure.

1) Low Reported Infrastructure Allocations:

Despite expressed interest in infrastructure, the current reported allocations of assets under management (AUM) to infrastructure worldwide by investor respondents are relatively low compared to their reported allocations for the geographical area of Africa. The table below provides the reported average allocations for the main investor groups in the survey.

<table>
<thead>
<tr>
<th>INVESTOR CATEGORY</th>
<th>ALLOCATIONS FOR INFRASTRUCTURE</th>
<th>TOTAL ALLOCATIONS FOR AFRICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>PENSIONS FUNDS (African &amp; International)</td>
<td>6.4</td>
<td>13.7</td>
</tr>
<tr>
<td>SWFs (African)</td>
<td>9.0</td>
<td>44.4</td>
</tr>
<tr>
<td>PROVIDERS OF EQUITY CAPITAL</td>
<td>6.1</td>
<td>88.0</td>
</tr>
<tr>
<td>ASSET &amp; FUND MANAGERS</td>
<td>3.1</td>
<td>13.7</td>
</tr>
</tbody>
</table>

Pension fund respondents report the lowest average allocations to worldwide infrastructure assets (3.1% of AUM)1. In comparison, SWFs reported average allocations of 6.1% of total AUM for infrastructure worldwide, while providers of equity capital reported 9% and asset & fund managers reported 6.4%.

In contrast, pension fund respondents report geographical allocations of 13.7% for Africa, much more than their allocations to worldwide infrastructure. Similarly, African SWFs report a much higher average allocation to Africa (88%) than infrastructure (6.1%). Providers of equity capital providers and asset and fund managers also report higher allocations for Africa, reporting an average of 44.4% and 37.1% respectively.

While varying strategies of individual firms will account for much of these large differences of all investment groups, this reporting underlines the overall low allocations of investors to infrastructure, especially when compared to geographical allocations for Africa.

2) Low Actual Institutional Investment in African Infrastructure Development (greenfield projects):

Only 11% of pension fund respondents reported current investment in the development of African infrastructure projects. Approximately 70% of providers of equity reported investment in project development, followed by asset & fund managers (56% total). Despite some reported investment, project developers report a key impediment to developing investable projects is the lack of capital.
3) Lack of Effective Public Sector Project Preparation Funding:
Project developers were asked to rate the usefulness of project preparation facilities. Most project developers rated them as ineffective:

- 100% of OEM and EPC contractors
- 67% of project developers (sole business project development)
- 80% of corporations

Therefore despite the universal strong investor interest in African infrastructure investment, current reported investments and allocations are low demonstrating the urgent need to address impediments and risks. The situation is further aggravated by ineffective project development support from the public sector.

**UNACCEPTABLE RISKS IMPEDE THE DEVELOPMENT OF INVESTABLE INFRASTRUCTURE PROJECTS AND ACCESS TO FINANCE (RATED 6.1 – 8.9 ON SCALE OF 1-10):** The respondents cited a wide range of risks that impede the development of investable infrastructure projects, the most important being political risk.

For example, project developers were asked what infrastructure risks are critical to mitigate with a specific risk instrument to be eligible for institutional investment using a scale of 0-10 (0 not important, 5 medium important, 10 extremely important).

Project developer respondents also noted the importance of “government signature risk,” described as a process in which the project developer goes through a lengthy and expensive process but the government never signs the required agreements or cancels the project itself.

**DIFFICULTY OF ACCESSING INFORMATION:** Investors were asked to rate the ease of access to African infrastructure assets in terms of identification and the process of engagement to provide finance. Half of the respondents rated the process as “very difficult, with limited options and not commercial (i.e., in alignment with market requirements).” Almost 35% of investor respondents rated the ability to access project information as “medium difficulty, with defined market options but a lengthy process of engagement.” Only 15% rated the process as “easy (i.e., many options).”

**REPORTED SOLUTIONS - THE ROADMAP & REQUIRED ACTIONS:** The investor and project developer survey responses provide invaluable guidance on the roadmap and required actions that can increase the development of investable African infrastructure assets and access to finance, including institutional investment.

The suggested actions focus on scaling the use of project developers, infrastructure investment vehicles, project preparation funding, and risk mitigation coupled with the creation of “project developer ecosystems” and “project development enabling environments.”
REPORTED ENABLING FACTORS: GOVERNMENT POLICIES, PUBLIC SUPPORT, HIGH-QUALITY COUNTERPARTIES, RISK MITIGATION, CAPACITY TO ASSESS RISK: Investor respondents were asked from their entity’s perspective to rate the key drivers and enabling factors for institutional investment in African infrastructure assets that are already operational using a scale of 0-10 (0 not important, 5 medium important, 10 essential).

Investor respondents on average rated government policies and the environment as essential (8.7), followed by the high quality of counterparties (8.6), access to government support (8.4), credit management and/or investors with credible track records (8.2), use of risk mitigation (8.1), information and access to viable infrastructure assets (7.7), and foreign exchange mitigation tools (7.2). Of key importance but less were portfolio diversity (6.9) and high returns (6.6). Respondents also noted the importance of tax policy.

A key point stressed by investors and project developer respondents is the need to rethink the project development process, utilizing more risk mitigation and engaging the most appropriate investors who can accelerate the project development process until financial close.

SPECIAL ROLE OF DEVELOPMENT PARTNERS IN THE CREATION OF ENABLING ENVIRONMENTS FOR THE DEVELOPMENT OF INVESTABLE INFRASTRUCTURE ASSETS: Project developers were asked what actions development partners need to take to accelerate the development of investable infrastructure assets for institutional and other investment using a scale of 0-10 (0 not important, 5 medium important, 10 essential).

The project developer respondents state the importance of developer partners in helping to create African capacity to develop investable infrastructure projects by local project developers (7.2), rather than by DFIs themselves (3.6). Other important development partner roles cited by respondents include establishing requirements to use project developers (7.5) and developing short-lists of accredited project developers (7.0).

SPECIFIC HIGH-IMPACT ACTIONS: Project developer participants provided suggestions of specific actions by governments and development partners to increase the number of investable African infrastructure assets that meet the investment requirements of institutional and other investors. A scale of 1-10 was used to indicate the importance of each action (0 not important, 5 medium importance, 10 essential).

1) Provide more funding facilities for project developers that can be easily accessed (rated 9.1)
2) Provide significant funding for project preparation resulting in proper legal and financial structures (rated 8.6)
3) Develop private sector led co-project development commercial vehicles with funding from institutional investors (rated 7.1 - 7.3)
4) Improve the usefulness and accessibility of existing risk mitigation tools (only 38% report both accessible and useful)
5) Provide early-stage risk mitigation for project development risks (rated 9)
6) Scale risk mitigation Public-Private Sector Partnerships (PPPs) (rated 8.6)
7) Develop frameworks for unsolicited bids and pipelines for unsolicited bids (rated 7.5)
8) Develop enhanced government understanding, strict processes, and “Project Development Toolkit” (rated 7 – 8.9)

Details on the above suggestions are provided in the main report.

THE INPUT FROM BENCHMARK RESPONDENTS ON HOW TO ADDRESS INVESTMENT IMPEDIMENTS AND RISK IS SUMMARIZED IN THE FOLLOWING TABLE.
### EXHIBIT 6: SUMMARY OF IMPEDIMENTS & HIGH-IMPACT SOLUTIONS TO ACHIEVE FINANCIAL CLOSE

<table>
<thead>
<tr>
<th>INVESTMENT IMPEDIMENTS</th>
<th>HIGH-IMPACT SOLUTIONS</th>
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</table>
| **INADEQUATE SUPPLY OF INVESTABLE AFRICAN INFRASTRUCTURE PROJECTS** | - Increase capacity of commercial project developer companies to develop more projects:  
  • Provide funding facilities to project developers  
  • Facilitate investment in project developer companies from pension and sovereign funds and DFIs  
  • Define & implement business models that compensate project developers (e.g., success fees at financial close, monthly retainers, etc.)  
  - Use IIPP framework to develop government projects  
  - Recycle existing infrastructure projects on government, DFI and regional bank balance sheets  
  - Crowd in long term equity investment from investors with risk mitigation support from DFIs and commercial markets |
| **UNACCEPTABLE POLITICAL RISKS AT PROJECT LEVEL** | - Create Risk Mitigation PPPs  
  - Create new risk mitigation instruments to cover IIPP project development process  
  - Expand current products, making more accessible and relevant to project risks  
  - Implement the African Infrastructure Guarantee Mechanism (see ANNEX) |
| **LACK OF PROFESSIONAL ECOSYSTEM FOR COMMERCIAL PROJECT DEVELOPMENT** | - Develop private sector led co-project development commercial vehicles at national and pan-Africa levels  
  - Provide an alternative and transparent unsolicited bid framework, which crowds in DFI funding and partners (rather than excluding them)  
  - Create pipelines of IIPP pilot projects, subject to unsolicited bids  
  - Develop “Project Development Toolkit” to orient governments |
| **POLITICAL INTERFERENCE IN PROJECT DEVELOPMENT PROCESS** | - Pension and sovereign funds to assist governments understand the requirements for project development and securing finance  
  - Create requirements for governments and institutional investors to use successful experienced project developers trusted by public pension and sovereign funds  
  - Create short-lists of pilot projects for the IIPP framework |

Strong dynamic and effective public-private collaboration will be needed to define and execute the above specific actions required to scale investable infrastructure assets that meet the requirements of institutional and other investors.

The first-order challenge is securing the public sector’s commitment to accelerating a much higher number of more projects to financial close within predictable and shorter timeframes.

- This commitment cannot realize results if it is not operationalized through the implementation of more effective processes, instruments, and public-private partnerships aimed at the development of investable African infrastructure assets and ensuring their alignment with investor requirements.
- The systematic engagement of experienced project developers is critical, with leadership from governments and development partners in creating new vehicles, processes, and instruments.
**3.0 Strategic Implications**

**HOW TO INCREASE INSTITUTIONAL AND OTHER LONG-TERM INVESTMENT IN AFRICA’S INFRASTRUCTURE?**

Infrastructure is the foundational basis for advancing economic development, sustainability, job creation, and higher living standards in Africa. To deliver on African infrastructure, finance needs to be mobilized for both the development of investable infrastructure projects and for their construction and operation. Given the lack of public funding and limits on bank finance, much greater levels of institutional investment need to be mobilized.

*Towards this end, in January 2018 African Heads of State at the African Union (AU) Summit endorsed the AU-NEPAD 5% Agenda.* In this new partnership with African governments, African infrastructure assets will be developed and structured to meet the institutional investment criteria of institutional and other long-term investors under a new framework, the Institutional Investor Public Partnership (IIPP). If the IIPP framework is implemented in alignment with institutional investment criteria, African institutional investors can increase their portfolio allocations of total assets under management (AUM) to African infrastructure assets to 5% of AUM, including both infrastructure assets in development (greenfield assets) and in operation (brownfield assets).

To implement the 5% Agenda, effective implementation actions need to be defined and executed. The availability of long-term investment in African infrastructure is the result of the actions of key participants, including not only institutional and other investors, but also project owners and commercial developers, technical providers, African governments, and development partners, among others. The 2018 Investment for Project Development Benchmark (“2018 I4PD Benchmark”) provides input from the critical participants required to achieve the goal of increasing investment in the development and operation of Africa’s infrastructure: Long-term investors (institutional investors such as pension and sovereign funds, asset & fund managers, etc.) and commercial project developers (skilled professionals with the capacity and experience required to professionally develop investable infrastructure assets that meet the investment criteria of long-term investors).

**3.1 BENCHMARK:** The 2018 I4PD Benchmark is aimed at defining the required practical actions and investment models (“deal terms”) required for achieving significant institutional and other long-term investment in the development and finance of African infrastructure assets. Results are based on input from leading African and international institutional investors, other long-term investors, and commercial project developers. Survey responses were analyzed using weighted averages to compare responses, coupled with in-depth interviews. For details, please see the main report (attached).

The 2018 I4PD Benchmark underscores the potential for transformative out-sized impact in delivering on Africa’s infrastructure in alignment with the 5% Agenda. All institutional investors survey respondents (100%) reported interest in investing in Africa’s infrastructure under the IIPP framework that takes into full account pension and sovereign fund investment, risk return, and governance criteria.

**THE SURVEY RESPONDENTS HIGHLIGHTED EIGHT CRITICAL ENABLING FACTORS FOR UNLOCKING INSTITUTIONAL AND OTHER LONG-TERM INVESTMENT:**

1. Early input and support from African pension and sovereign funds and their international peers in the development and restructuring of African infrastructure assets to ensure that the investment criteria requirements of long-term capital providers are properly understood and reflected in the design and structure of infrastructure assets;
2. Proactive outreach from African governments in engaging African and international institutional investors and their investee companies operating in Africa’s infrastructure sectors as well as proven commercial project developers in the processes of asset origination and development to create investable pipelines of infrastructure assets;
3. Enhanced leadership role of development partners in implementing their mandate of additionality in filling the gaps in investable assets through: (a) effective early stage project funding, (b) comprehensive risk mitigation for greenfield and brownfield assets, and (c) recycling and enhancing of operational assets (brownfield projects) that meet institutional investment criteria, thereby catalyzing the development of a secondary market for African infrastructure assets;
4. Mainstream mobilization of African capital markets, commercial project developers, risk mitigation industry, and investment consultants to provide securitized and structured products and solutions to build the greenfield and brownfield IIPP asset pipeline that meet institutional investment criteria;
5. Scaling of high-quality infrastructure investment vehicles such as funds, bonds, project developer companies, financial institutions, and companies that meet institutional investment criteria and return targets (critical to mitigating risks of early-stage infrastructure greenfield investment);
6. Use of credible experienced commercial project professionals (developers and management) with successful track records;
7. High-level support of host governments and development partners to provide a pipeline of pilot projects for IIPP partnerships (including heads of state, designated mid-level government officials with authority); and
8. Mitigation of risks that institutional and other long-term investors are unable to mitigate (especially political and revenue-related risks).

Therefore the I4PD Benchmark provides a lucid roadmap for addressing the funding gap for infrastructure development impeding Africa’s development. Institutional and other long-term investment can be secured through the development of high-quality investment vehicles that meet investment requirements. Professional project developers can support governments with the investment criteria and technical assistance to bridge the capacity gap to structure these investable infrastructure assets (both early stage greenfield and operating assets).
3.2 STRATEGIC ACTIONS: To realize the potential for large scale funding of Africa’s infrastructure, leadership and specific actions are required from the public and private sectors.

Institutional investors and professional project developers need to be positioned as the anchor engines that drive the development of Africa’s infrastructure development and finance.

To achieve success, African institutional investors have offered their support and early participation in partnership with African governments as part of the 5% Agenda and through the IIPP framework to develop and bring portfolios of African greenfield and brownfield projects to market. Developmental and commercial dividends can be unlocked through the provision of critical services to Africa’s citizens and the delivery of expected returns to investors.

In an unprecedented new institutional investor paradigm now gaining traction around the world, African institutional investors have stepped up and committed resources to assist African governments and development partners as part of the 5% Agenda. As anchor investors in Africa’s infrastructure, they can crowd in other investors in Africa and worldwide. This leadership from African institutional investors means that African pension and sovereign funds are ready to engage governments in the development of infrastructure assets that meet their investment criteria, proactively working with government officials and their development partners in joint coordination with their trusted infrastructure professionals including commercial project developers, suppliers of services and equipment, and investment consultants.

This matching of long-term finance with the capacity to develop investable infrastructure assets is the foundation for the 5% Agenda, Agenda 2063, and the UN Sustainable Development Goals (SDGs). Only by partnering with these long-term providers of capital and enabling them to undertake catalytic roles in developing Africa’s infrastructure, can transformative African social, political, and economic dividends be unlocked, fostering job creation and more competitive intra-African trade, competitive supply chains, and increased access to global markets.

These strategic implications recognize the opportunity offered by the 5% Agenda to successfully achieve the widespread embrace of new institutional – government partnerships in developing and financing investable infrastructure assets. A core component is the critical public–public partnership of African public pension funds and public sovereign funds working with African governments, leveraging their access, expertise, and professional ecosystems to bring unprecedented pipelines of green and brownfield infrastructure assets to financial close under the IIPP framework and the 5% Agenda.

IIPPs: Public Led Partnerships Engaging Governments And Institutional Investors

Institutional Investor Public Partnerships (“IIPPs”), an innovative approach to creating partnerships between institutional investors and governments, are proving to be a very effective method of mobilising large pools of long-term, patient capital to invest in the development and maintenance of large-scale infrastructure assets for governments, whose budgets are no longer able to finance these assets given constrained public sector budgets. IIPPs enable governments to meet their full potential, on time and on budget, unlocking economic development and receiving the required investment to ensure they are regularly and properly maintained.

IIPPs represent public–public partnerships as they bring on board citizen-driven domestic investors as catalytic participants in domestic and cross-border infrastructure assets. The nature of these investors stands in stark contrast to the privatisation models of the past, where investors were often criticized as being faceless and with ulterior motives. IIPPs introduce the face of local citizens with a vested interest in accessing well-developed, well-maintained infrastructure assets and bring on the resources of public sovereign and pension funds resources to assist structure and enlist private developers and operators for essential infrastructure investment projects.

This partnership model was pioneered by Australian and Canadian specialised infrastructure investment platforms. These partnerships are global in nature and were designed to deploy operational and project development expertise and long-term institutional capital to well-structured and de-risked infrastructure assets around the globe in partnership with host governments.

The bedrock of IIPPs addresses the age-old problem of inadequate investable pipelines by focusing primarily on asset recycling, whereby governments lease or sell post-construction, operational infrastructure assets to institutional investors and reinvest the proceeds further upstream in greenfield infrastructure planning, development and construction. In the knowledge that these assets will be a common full of domestic institutional investors with a ready pools of capital and a framework to invest in those assets. The public benefits both as tax payers from a budgetary position and as pension fund members from a long-term savings return position. The investment is for the full life cycle of an asset, not for a short-term investment, political, or economic cycle.

WHY IIPPs?

- GOVERNMENTS with limited funds and competing expenditure requirements would receive world class, essential and well-maintained infrastructure assets.
- CONSUMERS and CIVIL SOCIETY would benefit from reliable infrastructure delivery, budgetary discipline, and long-term real investment returns.
- INSTITUTIONAL INFRASTRUCTURE INVESTMENT would take place over the full life cycle of an infrastructure asset – not for a short-term investment, economic or political cycle. As a result the prospects for the infrastructure services to catalyse and increase economic, social and regional and domestic trade and investment competitiveness would be significantly improved.

**OPPORTUNITY: CAPITALIZE ON THE SUPPORT OFFERED BY AFRICAN INSTITUTIONAL AND OTHER LONG-TERM INVESTORS TO ASSIST DEVELOP AND INVEST IN AFRICA’S INFRASTRUCTURE**

**Required Actions:**

- Respond to the willingness of institutional investors to assist in the structuring investable infrastructure assets from existing pipelines of greenfield and brownfield assets
- Motivate development partners to pursue their mandate of addiitonality by playing a leadership role to bridge the great exit challenge, sponsoring the development of a secondary market for African infrastructure
- Facilitate the expanded role of commercial project developers with funding at company and project levels, including risk mitigation
- Meet institutional and other long-term investment requirements – including return and governance criteria
- Create investable investment vehicles and platforms (that meet investment criteria)
- Create smart partnerships and instruments that mitigate risks now impeding the crowding-in of institutional and other long-term investment
- Advocate the benefits of delivering on Africa’s infrastructure, addressing the pent up demand for services and realize game-changing African dividends (social, political, economic)
The 5% Agenda draws on domestic as well as global institutional investment best practice, especially from Canada and Australia, in the form of the IIPP framework. Such a framework is fundamental to facilitating the coordination between stakeholders in proactively creating new effective and dynamic modes of public-private and private engagement that focus on recognizing institutional investment criteria, constraints, and terms of engagement to invest in African infrastructure assets. IIPPs create opportunities for a plethora of professionally commercially developed greenfield and brownfield assets to reach financial close or be refinanced with the technical support of institutional investors and professional project developers, unlocking unseen social and economic dividends for the African continent and investors alike.

To achieve success in developing a meaningful pipeline of IIPP assets, African governments and their national pension and sovereign funds are well placed to accelerate the implementation of this partnership through African governments and their national pension and sovereign funds are well placed to accelerate the implementation of this partnership through African governments and their national pension and sovereign funds are well placed to accelerate the implementation of this partnership through effective and dynamic modes of public-public and private engagement to invest in African infrastructure assets. IIPPs create opportunities for a plethora of professionally commercially developed greenfield and brownfield assets to reach financial close or be refinanced with the technical support of institutional investors and professional project developers, unlocking unseen social and economic dividends for the African continent and investors alike.

To achieve success in developing a meaningful pipeline of IIPP assets, African governments and their national pension and sovereign funds are well placed to accelerate the implementation of this partnership through the 5% Agenda, which was endorsed at the 2018 African Union Heads of State Summit. The 5% Agenda also offers development partners committed to promoting infrastructure and private sector development a robust African-led mandate and process to support achieve scalable institutional investment into African infrastructure as an investable asset class. Moreover, the 5% Agenda enables development partners to pursue their mandate of additivity by playing a leadership role to bridge the great exit challenge by sponsoring the development of a secondary market for African infrastructure, also activating their critical roles in project development and risk mitigation.

The importance of leadership in implementing the 5% Agenda is illustrated below, showing the critical roles of private investment and expertise, African governments, and their development partners:

**FUNDING:** Investors can help fill the funding and technical gaps, which are now impeding the development of Africa’s infrastructure projects given the lack of both development capital and technical structuring expertise. Governments and development partners will need to supplement investor funding, leveraging their project preparation facilities and other funding as needed to meet investment criteria.

**INVESTABILITY:** In partnership and guided by institutional investors, commercial project developers can provide the expertise to meet investor requirements and also accelerate project development timeframes towards financial close unlocking unprecedented allocations of billions of dollars of much needed infrastructure investment capital.

**RISK MITIGATION:** By conducting due diligence processes (e.g., assessing the strength of cash flows, revenues, management, risk mitigation, etc.) and participating in the returns of infrastructure projects, host country pension funds can anchor and reduce the risk of political interference. By providing a “halo-effect” similar to that of development partners, host country pension funds can crowd in peer institutional investors and other long-term investors from across the continent and globally. Enhancing the risk mitigation role of development partners will be critical to unlocking institutional investment.

By coordinating in the implementation of the 5% Agenda, investable African infrastructure assets can be developed and financed, unlocking Africa’s development and economic growth.

**DEVELOPMENT & JOB CREATION:** By engaging institutional and other investors coupled with project developers, infrastructure deployment will provide the foundational basis for Africa’s economic growth, regional integration, and job creation.

**ACTION STEPS:** As noted, the potential for ground-breaking investment in Africa’s infrastructure will not be realised absent effective public and private leadership in championing specific action steps working with African pension funds, other investors, and project developers. Specific action steps are summarized below.
### EXHIBIT 1: MAINSTREAMING INSTITUTIONAL INVESTMENT PARTNERSHIPS - continued

<table>
<thead>
<tr>
<th>2. SELECT PILOT PROJECTS</th>
<th>Institutional and other investors provide views on lessons learned and resulting roadmap for mainstreaming investment</th>
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<tr>
<td>(projects in development and operating projects for recycling to institutional investors)</td>
<td>- Ministries of Finance, AU/NEPAD, AfDB, DBSA, Trade and Development Bank, and other partners propose pilot projects for consideration by technical investment team</td>
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<tr>
<td>- Ensure pilots can serve as successful proofs of concept to create momentum</td>
<td>- UNECA Ministers of Finance Forum and Infrastructure Programme provide input</td>
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<td>- Use investment experts to select projects</td>
<td>- Governments, partners, and investors develop a series of pilot projects in partnership with African pension and sovereign funds (in 2019)</td>
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<tr>
<th>3. DEVELOP PILOT PROJECTS SO THEY REACH FINANCIAL CLOSE HAVING MET INVESTMENT CRITERIA OF INSTITUTIONAL AND OTHER INVESTORS</th>
<th>Investors and finance experts define project viability gaps</th>
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<tr>
<td>- Identify project viability gaps</td>
<td>- With support from senior leadership, governments and development partners coordinate in addressing gaps through support of project development and provision of risk mitigation</td>
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<td>- Design and implement solutions</td>
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<th>4. MAINSTREAM IIPP APPROACH IN OVERALL GOVERNMENT AND DEVELOPMENT PARTNER PROCESSES AS THE TOOL TO ACCELERATE REACHING FINANCIAL CLOSE</th>
<th>Institutional and other investors provide views on lessons learned and resulting roadmap for mainstreaming investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Identify best practices and lessons learned from pilot projects</td>
<td>- With support from senior leadership, governments and development partners mainstream the IIPP approach</td>
</tr>
<tr>
<td>- Reformulate existing processes in project preparation and finance to crowd in institutional and other long-term investors</td>
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### STEP 2: CAPITALIZE ON THE INVESTMENT INTEREST OF AFRICAN PENSION FUNDS & SOVEREIGN WEALTH FUNDS IN AFRICAN INFRASTRUCTURE:

The IIPP framework is spearheaded by African institutional investors, now holding over US$ 500 billion in assets under management (AUM). As set forth in the earlier section, Africa’s institutional investors can play a transformative amplified anchor and catalytic role in the creation of “investable” infrastructure assets by crowdfunding-in the required highly-skilled professionals and working closely with host African governments.

Moreover, by providing a “halo effect” as first movers reducing risk, host country African institutional investors can also crowd in their peers in Africa and worldwide. In fact, African pension funds and SWFs can use their market-making power and relationships to catalyse the required eco-system of African and international relationships needed to develop and invest in Africa infrastructure development.

To capitalize on the investment interest and unique roles of African pension and sovereign wealth funds, the following steps could be taken:

1) **AFRICAN LEADERS SHARE THEIR INFRASTRUCTURE INVESTMENT APPROACHES:** Several African pension and sovereign wealth funds are already investing in African infrastructure, including at the early stage of project development, some even developing their own infrastructure projects. These African leaders in infrastructure investment can share their experiences of successful infrastructure investments, including best practices and enabling factors (e.g., investment structures, qualified professionals, risk mitigation approaches, etc.). National, regional and continent-wide IIPP infrastructure programmes could enable other African pension and sovereign wealth funds to develop and bring project pipelines to financial close and gain significant knowledge transfer for their staff, trustees, investment consultants, government counterparts, and development partners in the process.

2) **AFRICAN INSTITUTIONAL INVESTORS PROVIDE GOVERNMENTS WITH TECHNICAL SUPPORT:** Governments struggle with the oversupply of infrastructure projects and need to have technical input to determine priorities as well as optimal means for development through project structures and investment vehicles. The host government’s institutional investors and their wide network of investment advisors can provide the needed technical input to help national and local governments prioritize infrastructure projects and develop strategies on how to optimally structure investment vehicles and finance them.

3) **GOVERNMENTS AND INSTITUTIONAL INVESTORS SELECT PILOT PROJECTS FOR THE IIPP FRAMEWORK:** In this process of reviewing national infrastructure needs, host governments and each African country’s institutional investors can select one or more pilot projects and/or investment vehicles to develop using the IIPP framework. In this way, a specific institutional investment roadmap for the country can be developed, building expertise, relationships, processes, and the track records required to accelerate bringing infrastructure projects to financial close and mainstream domestic and international institutional investment partnerships for African infrastructure.

### POTENTIAL CATALYTIC IMPACT OF AFRICAN PENSION FUNDS:

The challenge is how to catalyse transformative change. African institutional investors can serve as market makers through their anchor investments in infrastructure to credibly mobilize peer institutional investment from across Africa as well as from international institutions.
STEP 3  GOVERNMENT LEADERS AND THEIR DEVELOPMENT PARTNERS CREATE ENABLING-ENVIRONMENTS FOR AFRICA’S INFRASTRUCTURE DEVELOPMENT BY IMPLEMENTING SPECIFIC ACTIONS IN COLLABORATION WITH THE INSTITUTIONAL INVESTMENT AND PROJECT DEVELOPMENT COMMUNITY.

Significant impediments pose insurmountable problems to delivering on Africa’s infrastructure:

- Project developers who participated in the survey confirm the significant lack of funding for project development (usually 3-12% of total project cost).
- Investor survey respondents stress the requirements for credible and highly skilled project developers as a precondition for their investment development work by highly skilled professionals over 2-10 years or more.

- All survey respondents stress the imperative of reducing political, revenue, and other risks.

The IIPP process can provide specific input to the host government on the country-specific issues impeding access to infrastructure investment and insights on possible solutions.

A GAME-CHANGING OPPORTUNITY CAN BE REALIZED IF POLITICAL LEADERS WORK WITH THE INVESTMENT COMMUNITY: Both investor and project developer respondents state they are interested in developing investable African infrastructure assets, also crowding in other investors, provided governments and development partners improve the enabling environment and meet investment conditions.

KEY ACTIONS can jump-start the enabling conditions required to create African infrastructure-enabling environments, as summarized in the below table.

EXHIBIT 2: CREATING AFRICAN ENABLING INFRASTRUCTURE ENVIRONMENTS

| ACTIONS TO CREATE AFRICAN ENABLING-INFRASTRUCTURE ENVIRONMENTS | REQUIRED LEADERSHIP OF PUBLIC AND PRIVATE SECTORS |
|---------------------------------------------------------------|------------------------------------------------|-|-----------------------------------------------|
| 1. IMPLEMENT EFFECTIVE SYSTEM FOR HIGH-LEVEL AND OPERATIONAL POLITICAL SUPPORT OF INFRASTRUCTURE PROJECTS & RECYCLING OF EXISTING PROJECTS | - Ministers of Finance, Heads of State, and African Union endorse setting up accountable systems for infrastructure project development & recycling |
| - Need for championship of Head of State | - Governments and development partners fund needed educational interventions and toolkits |
| - Need for designated government official assigned to each project with full authority to act and access to senior government decision-makers | - Investors and project developers provide specific suggestions on needed processes, agreements, training, etc. |
| - Need to create instruments that provide security that governments uphold their agreements to projects (eliminating risk of project abandonment) | |
| - Improve government understanding of infrastructure project development and finance (workshops, Toolkit) | |
| 2. SCALE USE OF PROFESSIONAL PROJECT DEVELOPERS TO INCREASE PIPELINES OF INVESTABLE ASSETS | - Governments and development partners reconfigure current system of project preparation, putting project developers at forefront |
| - Invest in project developer companies | |
| - Provide finance to project developer companies | |
| - Mandate use of project developers | |
| - Create short-lists | |
| 3. IMPROVE ACCESS TO PROJECT PREPARATION FUNDING | - Governments and development partners reconfigure existing system of funding vehicles based on needs of project developers and investors |
| - Increase amounts of available funding | - Providers of early-stage and later stage development finance define requirements and incentives that would unlock their funding and enable co-development partnerships (e.g., asset and fund managers, providers of equipment and services, etc.) |
| - Create cost-effective ways to access funding | |
| - Create cost-effective co-development funding partnerships | |
| - Create new entities for project development (Public-Private Partnerships in Project Development) | |
The facts are indisputable: The bottleneck impeding African infrastructure and blocking its development is at the early stage of infrastructure project preparation. Africa’s infrastructure projects are simply too large, too costly, and too risky to mobilize sufficient public or private finance. Only 11% of institutional and other long-term investors participating in the survey invest in African infrastructure development. The project developer participants cited the lack of capital and very high risks as profound challenges arresting the development of Africa’s infrastructure.

To address this primary impediment, survey participants underscored that the extremely challenging nature of infrastructure development needs to be better understood by host governments and their development partners:

1) In any country, infrastructure project development normally takes two to eight years or more, often with longer time periods of 12 years or longer for transboundary projects given the difficulty of harmonizing regulations and securing cross-border revenue commitments.

2) The cost of project development usually accounts for 2 – 12% of total project cost, given the need for extensive technical studies, financial advisory, government and financial negotiations, coupled by the cost and difficulty of securing land, government permits, numerous contracts, etc.

Therefore these well-documented risks associated with infrastructure project development need to be recognized and factored into the processes by which host governments and development partners design and implement infrastructure projects. At the forefront is the need to understand the urgent need for a change in mind-set and processes:

- As the risk of greenfield investment is much higher than brownfield operating projects, the required returns are also much higher. For example, some survey respondents cited annual returns as high as 30% or 3-4 times multiple of initial investment.
- However, participants stated that if governments can provide firm credible commitments and shorter time frames for project development, the availability of capital and the required returns will be lower.
Moreover, the ability to successfully create an active and large finance marketplace in infrastructure development was noted by survey participants. Successful pilot projects that can be closed in shorter timeframes with expected consistent returns can establish consistent track records, developing a deep and broad market for greenfield infrastructure investment. While only 11% of pension funds reported investment interest in infrastructure projects in the process of development (greenfield projects), they indicated willingness to invest indirectly in greenfield projects through investment vehicles and entities that meet their investment criteria (e.g., high-quality bonds, funds, banks, corporations, etc.).

The suggested immediate next steps for acting on the above strategic actions are outlined below, with a “call to action” for collaborative public-private implementation.

**IMMEDIATE NEXT STEPS:** The I4PD Benchmark clearly outlines the above overall roadmap for Africa’s infrastructure development, but results cannot be obtained absent leadership from the public and private sectors. The dynamics required to create a market of supply (infrastructure assets) and demand (institutional and other long-term investors) needs to be engineered: The leadership of institutional and long-term investors needs to be matched by the full commitment and effective actions of African governments and their development partners.

African institutional investors are taking the lead. Africa’s pension and sovereign wealth funds recognize their unique positioning to provide the demand for infrastructure assets. Moreover, they recognize the ability of African governments and their development partners to supply infrastructure assets from their balance sheets and create liquidity through

**EXHIBIT 3: INCREASING ACCESS TO PROJECT DEVELOPMENT FUNDING (PUBLIC AND PRIVATE)**

<table>
<thead>
<tr>
<th>ACTIONS TO INCREASE ACCESS TO FINANCE FOR THE DEVELOPMENT OF AFRICAN INFRASTRUCTURE</th>
<th>REQUIRED LEADERSHIP OF PUBLIC AND PRIVATE SECTORS</th>
</tr>
</thead>
</table>
| **1. CREATE A PREDICTABLE ENVIRONMENT FOR PROJECT DEVELOPMENT**  
- Need for championship of Head of State  
- Need for designated government official with full authority to streamline processes and address impediments in timely effective manner  
- Improve government understanding of infrastructure project development challenges, solutions, and required returns (workshops, Toolkit) | - Governments and development partners provide greater coordinated support for infrastructure project development  
- Investors and project developers provide specific suggestions on needed processes, agreements, training, return thresholds, etc. |
| **2. PROVIDE MORE FUNDING FOR PROJECT DEVELOPMENT AND IMPROVE ACCESS**  
- Provide greater amounts  
- Create cost-effective ways to access funding & co-development funding partnerships  
- Create new entities for project development (Public-Private Partnerships in Project Development)  
- Invest in project developer companies & provide finance | - Governments and development partners reconfigure current system of project preparation, coordinating funds and partnering with private sector |
| **3. PROVIDE RISK MITIGATION FOR PROJECT DEVELOPMENT RISKS**  
- Expand coverage to cover risks associated with early-stage investment, such as political risk, “signature risk,” etc. | - Risk mitigation providers expand their coverage to development risks, coordinating with private sector insurers and the African Infrastructure Guarantee Mechanism (see ANNEX)  
- Providers of early-stage and later stage development finance specify risks and terms of acceptable risk mitigation instruments (e.g., asset and fund managers, providers of equipment and services, etc.)  
- Providers of early-stage and later stage development finance specify risks and terms of acceptable risk mitigation instruments (e.g., asset and fund managers, providers of equipment and services, etc.) |
| **4. CREATE INVESTABLE INVESTMENT VEHICLES THAT MITIGATE GREENFIELD RISK**  
- Scale high-quality bonds, funds, banks, corporations, etc.) | - Government and development partners provide support to professionals with ability to scale infrastructure investment vehicles (e.g., funding, risk mitigation, etc.)  
- Investors and project developers provide specific suggestions on needed processes, agreements, training, return thresholds, etc. |
recycling and refinancing infrastructure assets that meet institutional investment criteria.

**CREATING A VIABLE MARKET** – matching supply and demand – will require institutional investors and governments with their development partners to focus on pilot projects, both new greenfield projects and already operating brownfield projects. Providing infrastructure risk mitigation guarantees and credit enhancements will be critical, such as those envisioned in the AU-NEPAD African Infrastructure Guarantee Mechanism (see ANNEX).

To kick-start the process and create momentum and market liquidity (enabling needed investment exit options), governments and development partners will need to immediately recycle the existing high-quality infrastructure assets on their balance sheets, making them available as high-quality assets to Africa’s institutional investors.

**MORE DETAILS ARE PROVIDED IN THE ATTACHED MAIN REPORT.**

If you are interested in advancing the specific actions contained in the 2018 I4PD Benchmark Report, please contact Hubert Danso, CEO, Africa investor (hdanso@africaInvestor.com) and Dr. Barbara Samuels, Executive Director, Global Clearinghouse for Development Finance (barbara@globaldf.org).

**A CALL TO ACTION (IN NEXT 12 MONTHS): HOW TO SECURE HIGHER RATES OF FINANCIAL CLOSE WITH GREATER MOBILISATION OF INSTITUTIONAL INVESTMENT IN AFRICA’S INFRASTRUCTURE AND COMMERCIAL PROJECT DEVELOPMENT?**

- African institutional investors and professional project developers provide technical support to African governments on their investment requirements to invest in pilot infrastructure projects through the 5% Agenda’s Institutional Investor Public Partnership (IIPP) framework.

- African governments recognize and welcome the importance of partnering with domestic pension funds to structure green and brownfield pilot projects (through IIPP framework) as a pre-cursor to mobilizing co-investment from other African and global investors.

- Institutional and other long term investors call for African governments, development partners and regional development banks holding African infrastructure assets on their balance sheets to establish a secondary market that provides the required liquidity in African infrastructure assets. Governments and development partners will need to recycle their high-quality existing infrastructure assets with adequate DFI support.

- Engage NEPAD to intermediate Public-Public Partnerships under the 5% Agenda IIPP Framework and set forth an effective African Infrastructure Guarantee Mechanism (see ANNEX).
4.0 Objectives

The 2018 Investment for Project Development Benchmark ("I4PD Benchmark") is aimed at defining the required practical actions and business models (the "deal terms") required for achieving significant institutional investment in the development and finance of African infrastructure assets. The level of institutional investment in African infrastructure is defined by key participants: institutional and other investors, project owners and developers, technical partners, African governments, and development partners, among others. The 2018 I4PD Benchmark focuses on identifying key participant views on deal terms and business models, specific required actions, and possible ways to partner and leverage existing resources.

Infrastructure is the foundational basis for advancing economic development, sustainability, job creation, and higher living standards in Africa. To deliver on African infrastructure, finance needs to be mobilized for both the development of investable infrastructure projects and for their construction and operation. Given the lack of public funding and limits on bank finance, much greater levels of institutional investment need to be mobilized. Towards this end, in January 2018 at the African Union (AU) Summit, the African Heads of State endorsed the AU-NEPAD 5% Agenda which calls for African institutional investors to invest 5% of their AUM in African infrastructure assets.

To implement the 5% Agenda, effective implementation actions need to be defined and executed. A major focus is on better understanding the latitude for action and deal terms for institutional investment. Moreover, the development of attractive investable products and investment structures is critical to achieving results, including the identification and execution of targeted risk mitigation approaches and instruments. Another key focus is on developing co-investment platforms in which both African and international institutional investors can jointly invest in infrastructure assets, coordinating with host governments, development partners, project developers, and other investors (including banks, social impact investors, stock market participants, etc.).

5.0 Background

"African Movement" for Enhanced Project Development:
At the Ai CEO Project Developers Summit held in 2015, 2016, and 2017 in association with Africa50 and the International Finance Corporation (IFC), Africa’s leading project developers set forth the need to develop benchmarking and best practices for private sector and institutional investment in African infrastructure projects. To develop investable projects and access greater amounts of capital for Africa’s infrastructure, governments, Development Finance Institutions (DFIs), other development partners, and providers of capital, project preparation facilities, and risk mitigation need to better understand the challenges faced by project developers and other infrastructure practitioners developing infrastructure projects in Africa and their views of possible solutions.

At the first 2015 Summit, the Ai African Project Developers Forum was established, a pan-African network of over 200 infrastructure Project Developers and early-stage investors that advance thought leadership, disseminate views on best practices, explore co-development opportunities, and work together to improve the business-enabling environment for both project developers and investors in Africa. (For more information, see www.aidevelopersforum.com.)

Led by its Advisory Board, in 2017 the Ai African Project Developers Forum with the technical support of Africa investor Capital (Ai) Capital and the Global Clearinghouse of Development Finance (GlobalDF), pioneered the first I4PD Benchmark to provide a general snapshot comparison of key aspects of project development finance and investment norms. The 2017 I4PD Benchmark was therefore designed to provide a global comparative benchmark of key aspects of project development finance and investment norms to inform decision makers on specific issues that need to be addressed to enhance and increase the development and number of investable African infrastructure projects that can access private capital.

HISTORIC POLITICAL COMMITMENT TO URGENT SCALING UP OF AFRICA’S INFRASTRUCTURE:
African governments, Development Financial Institutions (DFIs), and development partners worldwide are jointly calling for the urgent mobilization of private finance for Africa’s infrastructure, notably institutional investment from pension funds.

THE POLITICAL IMPERATIVE IS COMPELLING:
With the world’s largest population and urbanization growth rates, Africa requires over $US 100 billion annually to finance projects for energy, transport, communications, water & sanitation, and social infrastructure to ensure the continent’s economic and supply chain development, regional integration, access to international and regional markets, job creation, and political stability. Towards this end, African Heads of State endorsed the NEPAD 5% Agenda at the 2018 African Union Summit by which African institutional investors are able to responsibly invest 5% of their total assets under management (AUM) in African infrastructure.

Despite shared commitments, Africa’s infrastructure finance gap is increasing:
While world leaders are united in working with the private sector to deliver on Africa’s infrastructure, results to date have been exceedingly dismal. The 2017 World Bank PPI Database that measures private sector investment in infrastructure shows dismal results for Sub-Saharan Africa. Private investment in Sub-Sahara Africa infrastructure only equaled US $2.1 billion, 2% of the total US$ 93 billion investment in low and middle-income countries. Only 19 projects in 11 Sub-Sahara African countries mobilized private finance, representing 6% of the total number of projects (304) financed in low and middle-income countries. In fact, 2017 private investment in Sub-Saharan Africa infrastructure was reported by the World Bank as the second-lowest level in the past 10 years. Despite the political imperative, the African infrastructure investment gap in 2017 increased, with private sector finance only accounting for a mere 2% of the estimated African annual infrastructure finance requirement.

THE ACTIONABLE ROADMAP PROVIDED BY INVESTORS & PROJECT DEVELOPERS:
To deliver on African infrastructure and implement the 5% Agenda,
effective implementation actions need to be defined and executed with the input of targeted investors: What are the impediments, required actions by governments and development partners, and effective ways to engage investors?

6.0 Methodology

The 2018 Investment for Project Development Benchmark (“2018 I4PD Benchmark”) is aimed at defining the required practical actions and business models (the “deal terms”) required for achieving significant institutional and other long-term investment in the development and finance of African infrastructure assets. Since there are no databases or analytical reports that address the objectives of the 2018 I4PD Benchmark, the employed methodology is survey-based using direct input of long-term infrastructure investors and project developers (private and public sector) that are currently involved in the development of infrastructure projects aimed at mobilizing private capital in Africa, other developing country regions, and/or advanced economies.

Respondents included institutional and other investors who are investing or potentially invest in African infrastructure assets and project developers who could potentially develop high-quality infrastructure assets for institutional investors. Two separate surveys were administered:

- **Investor Survey:** The questions for institutional and other investors focus on defining their requirements for investing in African infrastructure assets, detailing return objectives, risk criteria, impediments, other preconditions, and alternative investment vehicles for infrastructure project development.

- **Project Developer Survey:** The questions for experienced project developers focus on defining the “deal terms” and preconditions required for developing investable infrastructure assets that will meet the investment requirements of African institutional investors.

In addition, extensive one-off person interviews were conducted.

Each survey broke out the different categories of investors and project developers.

- **Investor respondents** include institutional investors (pension funds, Sovereign Wealth Funds – SWFs), providers of equity capital, investment consultants, asset and funds managers, and providers of project preparation and risk mitigation.

- **Project developer respondents** include project developer companies (whose sole business is project development), project developers who provide services such as equipment, procurement, and construction contractors (EPC contractors and Original Equipment Manufacturers – OEMs), corporations, and utilities.

Survey responses were analyzed based on the above specific categories of investors and project developers.

In summary, institutional and other long-term investors and project developer respondents in the 2018 I4PD Benchmark surveys provided their views on:

- Factors contributing to the lack of investable African infrastructure projects and access to long-term finance;

- Urgent requirement for whole scale changes in the infrastructure development and finance employed by host governments and development partners; and

- Practical suggestions on how public and private sector leaders can implement new approaches to project development, providing details on required new processes, instruments, and partnerships.

Survey responses were analyzed by specific categories of investors and project developers using weighted averages to compare responses.

The design of the survey questions was focused on producing output that can inform decision makers on two specific issues that need to be addressed to incentivize and increase private sector investment in African infrastructure assets:

1. Under what specific conditions can institutional and other investors contribute to the early stage financing of infrastructure projects in development (greenfield projects)? To projects already in operation (brownfield projects)?

2. What actions are required to engage project developers in accelerating the project development process, creating more investable projects that meet the requirements of institutional and other investors?

Survey respondents therefore provided their views on key conditions and actions required to create a sustainable and dynamic ecosystem to produce large pipelines of investable African infrastructure projects that can attract institutional and other long-term capital.

It is important to note that the two 2018 I4PD Benchmark questionnaires focused on key aspects of the development of medium to large infrastructure projects that require private sector finance (i.e., projects not 100% financed by host governments and/or development partners). The approach also integrates the global best practice for infrastructure finance employing project finance techniques, which requires a rigorous project development process that ensures projects are sustainable on a stand-alone basis (i.e., able to service debts and equity commitments from project operations without recourse to the project sponsors).

7.0 Survey Participants

The survey builds on an initiative of the Ai Pension and Sovereign Wealth Forum and the Ai African Project Developers Forum representing over 200 leading institutional investors and institutions involved with project development, early stage financing, and infrastructure investment in Africa and globally.
The profile of 2018 I4PD Benchmark survey participants is as follows:

- **Location:** Respondents are located worldwide. In the investor survey, locations include: Africa (Cote d’Ivoire, Kenya, Mauritius, Mozambique, Nigeria, Senegal, South Africa, Uganda, Zambia) and international (Finland, India, United Kingdom, United States). In the project developer survey, locations of operations include South Africa, Nigeria, Kenya, Mozambique, India, United Kingdom, Belgium, and the United States.

- **Public and Private Sectors:** Respondents are from both the public and private sectors. In the investor survey, the percentage from the public sector is 40% and the percentage from the private sector is 55%, with the balance being non-profit organizations. Most of the pension fund respondents are public sector (71%), while almost all asset & funds manager respondents are from the private sector (92%). In the project developer survey, the percentage from the private sector is 84%, public sector 12%, and 4% non-profit organizations.

- **Type of Role in Infrastructure:** Respondents of the investor survey include key participants required for investment in African infrastructure projects: pension funds (35%); SWFs (5%); equity investors (18%); asset & fund managers (30%); providers of project preparation support (13%); and providers of risk mitigation (13%). Respondents to the project developer survey include the key categories of infrastructure developers: project developers - sole business (60%), EPC contractors (16%), OEM providers of equipment (8%), corporations (12%), and utilities (4%).

The Benchmark Report is based entirely on the responses provided by participants and related one-off interviews. Many participants provided extensive insightful comments that informed the analysis.

### 8.0 Key Survey Results

The sections below summarize the overall analysis, followed by details on survey responses on investment potential, the current situation, deal terms, and specific practical suggestions to secure investment and investable African infrastructure assets.

As already well documented by investors and expert studies, the significant potential for the mobilization of finance for African infrastructure is limited by the current shortage of investable African infrastructure assets. However, the I4PD Benchmark survey results demonstrate clearly that the two cornerstones of the African infrastructure finance roadmap are already defined with an achievable path to securing the finance required for two cornerstones of the African infrastructure finance roadmap are already defined with an achievable path to securing the finance required for developing and operating Africa’s infrastructure projects.

1) **Survey Results Reaffirm the Intrinsic Fundamental Alignment of Infrastructure Investors, Including Pension Funds, with the Profile of African Infrastructure Investment, Given High Returns, Diversification, and Development Impact.**

- All the pension and sovereign wealth funds participating in the survey reported that they are willing to consider investment in African infrastructure projects that are already generating revenues. They also indicated willingness to invest indirectly in the early stage of project preparation (greenfield projects) through investment vehicles and entities that meet their strict investment criteria, such as high-quality bonds, funds, banks, and corporations.

- **Over 90% of other investors** (e.g., providers of equity, asset & fund managers) indicated that they are willing to consider investment in operational African infrastructure assets as well as infrastructure projects in development.

- **Significant interest** was also reported in the development and finance of recycled infrastructure assets (rated 5.3 – 9.3 on scale of 0-10 with 0 no interest to 10 extreme interest).

2) **The Initial Survey Results Underscore That Significant Institutional Investment in African Infrastructure Assets Cannot Be Mobilized Without Engaging Highly-Skilled Project Developers to Prepare the Projects So They Meet the Due Diligence Requirements of Institutional and Other Investors.**

Investor participants, especially pension funds, cited the investment requirement of strong historical track records and credible experienced project management. For examples, investor participants rated the high quality of counterparties as extremely important (8.6 on scale of 0-10, with 10 as essential). Established track records and credible management were also rated as extremely important (8.2). The use of project finance techniques was also cited by most investor participants as a critical precondition for investment.

3) **Moreover, the Survey Results Indicate That the Foundations for the African Infrastructure Finance Roadmap Are Practical and Achievable, Provided the Deal Terms Required by Project Developers Can Be Met.**

Almost all project developers in the survey (over 90% total) expressed interest in providing comprehensive project development services until financial close. Almost all of the interested project developers (82%) reported interest in using a success fee business model with a monthly retainer fee and reimbursed travel expenses.

Therefore there is a clear path to closing the African infrastructure financing gap by engaging project developers to prepare projects in alignment with the requirements of institutional and other investors.

**Road Blockages – Creating Project Developer Ecosystems & Investable Project-Enabling Environments:** While the African Infrastructure Roadmap is clearly defined, there are many blockages set forth by survey participants that require true team partnership and close coordination between the public and private sectors. Both investor and project developer survey participants underscore the primary responsibility of the public sector in building the “Project Developer Ecosystems” and “Investable Project-Enabling Environments.” The public sector will need to understand the detailed impediments and devise solutions in concert and very close coordination with investors and project developers.

**Daunting Project Development Challenges:** As noted, the survey results state that project developers are in concept ready to undertake a mainstream role in Africa’s infrastructure project development working with governments and development partners. However, effective public sector actions are required for the development of investable infrastructure projects, given high development risks, the high costs (from 3-12%...
of total project cost), and extended duration for project development (up to 12 years). The African infrastructure finance roadmap therefore requires the creation of “Project Developer Ecosystems” and “Investable Project-Enabling Environments.” Only effective actions by the public sector – host governments and development partners – can deliver on this essential precondition to scaling African infrastructure in very difficult country environments. Public support is needed at the levels of both project developer companies and projects.

**Project Developer Company Support:** Today’s African project developer companies simply do not have the capital or resources to undertake the long-term investments and risks for African project development without major support from the public sector. Both host governments and development partners need to support project developer companies, such as facilitating increased access to finance (debt and equity), partnerships with development partners and institutional investors, and risk mitigation support. Survey participants have suggested setting up specific finance instruments and co-development companies with institutional and other investors, as detailed in the following section.

**Project Level Support:** Public sector actions are also required at the infrastructure project level given the very high risks and long development time frames. However, project developer participants report the inadequacy of existing project preparation facilities and risk mitigation instruments. The requirement of scaling and improving these supports are underscored by survey participants.

**Reducing Risk and Streamlining Government Processes:** Project developers need enhanced support at the infrastructure project level in reducing the risks, streamlining government processes, and shortening project development time periods. As one project developer stated: “Important for governments to provide proper enabling environment to give developers access to key information, fair playing field, assurance of licensing, ease of doing business, securing permits and approvals, etc. Challenge of transparent procurement processes, governance, etc. to ensure proper expertise and costing throughout projects, from development to construction to operation. Long-term certainty of contracts, land rights, tariff regime, etc. require some level of government assurance / comfort (e.g. State, Federal, regulatory), which may take time to procure.” Respondents also noted the importance of “government signature risk,” described as a process in which the project developer goes through a lengthy and expensive process but the government never signs the final documents or cancels.

In short, project developers cannot be successful in delivering investable African infrastructure projects without the consistent strong and effective support of African host governments and their development partners.

**Creating Local Capital Market Ecosystems:** Project developer participants also underscored the importance of development partners in creating the host country ecosystem. Key factors rated high in importance on a scale of 0-10 (0 not important, 10 essential) were: Support the development of standardized project development classifications in alignment with venture capital standards (e.g., seed funding, Series A Round, etc.) and dissemination of investment opportunities (rated 7.1); Help developing countries build local capital market instruments for infrastructure finance, including project finance, structured finance, stock exchange instruments, bonds, mezzanine debt, trade finance, etc. (rated 7.1); Provide resources to improve ecosystem of investment at the host government level, building asset managers, investment consultants, rating agencies, etc. (rated 7.1; and Recycle mature infrastructure assets on books to institutional investors, restructuring as needed to meet investment requirements (rated 7.1).

**PARADIGM SHIFT IN ROLES:** The importance of a paradigm shift in roles was underlined by survey participants. The transformative actions to operationalize the African Infrastructure Roadmap will require public and private sector leadership,

1. **AFRICAN GOVERNMENTS, DEVELOPMENT PARTNERS, & INSTITUTIONAL INVESTORS:**
   - **Require all infrastructure projects to be developed by experienced project developers:** Survey participants rated as extremely important the creation of requirements for the use of experienced project developers for African infrastructure projects. The institutional investor requirement for the use of project developers was rated 7.6 (on scale where 10 is essential); and the development partner requirement that governments use project developers was rated 7.3 (on scale where 10 is essential). This approach could work as project developers express strong interest in helping government develop investable infrastructure. Therefore African governments and their development partners can insure the development of investable African infrastructure assets if they systematically engage and empower highly skilled project developers. Shortlists of acceptable project developers could be developed with specific guidelines on engagement terms and governance (7.0). However, this new model for mainstreaming the use of project developers would require the public sector to partner with project developers and investors in developing innovative new business models to incentivize project developers and streamline government processes to meet market needs.

2. **AFRICAN GOVERNMENTS & DEVELOPMENT PARTNERS:**
   - **Change the dynamic of project development to systematically include the private sector with reporting metrics.** For example, for each project, set up a project working committee with key public and private sector entities aimed at the creation of an investable project that can get to financial close in a timely manner. Reporting metrics would be required with some level of public disclosure to incentivize prompt resolution of issues. Again, this would require the public sector to work with project developers and investors to set up the performance metrics and differentiated reporting processes.

3. **AFRICAN GOVERNMENTS & DEVELOPMENT PARTNERS:**
   - **Develop new risk mitigation instruments that cover project development risk in close cooperation with the private sector.** Project developer participants rated the importance of new risk mitigations for project development as extremely high (9 on a scale of 0-10 in which 0 is not important and 10 is essential). Traditionally risk mitigation instruments are provided for the operation of an infrastructure project, such as partial credit and risk guarantees. However, the highest risks are in the project preparation phase. To incentivize investment in project development, innovative new products including first loss protection and credit wraps are needed to incentivize governments to accelerate the speed and lower the risk of project development. The development of co-partnerships in risk mitigation with the private sector is also cited as an important means to develop the required coverage and effective interfaces. For example, private sector insurers could be scaled with the support of public sector risk mitigation providers, development partners, and host government.
4) AFRICAN GOVERNMENTS & DEVELOPMENT PARTNERS:
Incubate the scaling up of indirect and recycled quality brownfield infrastructure products that meet the investment criteria of institutional investors. Traditionally most institutional investors are reluctant to assume the high risk of project development. However, they can invest indirectly in infrastructure development through alternative investment vehicles such as project bonds, listed and unlisted funds, banks and corporations (rated 4.7 – 6.1 on scale of 0 not attractive - 10 extremely attractive). These acceptable products include the recycling of infrastructure assets from the public and private sectors (rated 5.3 – 9.3 on scale of 0-10 with 0 no interest to 10 extreme interest).

5) AFRICAN GOVERNMENTS AND AFRICAN UNION:
Change the mindset of African governments, enhancing the understanding of the unique and challenging requirements for the successful development of investable infrastructure projects. Project developer participants rated as extremely important the enhanced government understanding of the unique and challenging requirements for the successful development of investable projects (8.9 with 10 as essential). Supporting actions included the development of a “Project Development Toolkit” to orient governments and best practices, contractual templates, timeframes, risk mitigation solutions, case studies, etc. (7.7). The importance of an African Union was also rated as inadequate and requiring large increases.

6) DEVELOPMENT PARTNERS AND AFRICAN GOVERNMENTS:
Improve and scale existing risk mitigation and project preparation mechanisms. No matter how quickly the above actions are taken, the fact is that political, commercial, and development risks will continue to impede the large-scale mobilization of institutional and other investment. Survey participants repeatedly underscored the extremely important function of risk mitigation. Investment respondents rated risk mitigation as extremely important (8.1) as an enabling factor for institutional investment in African infrastructure assets that are already operational (10 essential). Project developers rated risk mitigation as extremely important (9.0) from the public sector to increase the level of project development support and create more investable infrastructure projects (10 essential). Project preparation support from the public sector was also rated as inadequate and requiring large increases.

KEY ROADMAP ACTIONS FOR PROJECTS TO REACH FINANCIAL CLOSE:
The summary table below lists specific proposals endorsed by survey participants for further debate and refinement, suggesting how the public and private sectors can collaborate in their implementation.

The summary of impediments and solutions are listed in the below table with illustrative roles for the public sector (host governments and development partners) and private sector (institutional investors, project developers, and other key private sector actors).

<table>
<thead>
<tr>
<th>INVESTMENT IMPEDIMENTS</th>
<th>EXAMPLES OF SUGGESTED HIGH-ImpACT SOLUTIONS</th>
<th>ROLE OF PUBLIC SECTOR</th>
<th>ROLE OF PENSION AND SOVEREIGN FUNDS, PRIVATE SECTOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>INADEQUATE SUPPLY OF INVESTABLE AFRICAN INFRASTRUCTURE PROJECTS</td>
<td>- Increase capacity of commercial project developer companies to develop more projects: • Provide funding facilities to Project developers • Facilitate investment in project developer companies from pension and sovereign funds and DFIs • Define &amp; implement business models that compensate project developers (e.g., success fees at financial close, monthly retainers, etc.) • Use IIPP framework to develop government projects • Recycle existing infrastructure projects on government, DFI and regional bank balance sheets • Crow in long term equity investment from investors with risk mitigation support from DFIs and commercial markets</td>
<td>- Implement G20 call for DFIs to effectively leverage their balance sheets and other instruments for infrastructure investments (green &amp; brownfield), crowding in long term private capital • Create “Project Developer Ecosystem” with funding, risk mitigation • Provide access to finance for project developer companies • Provide risk mitigation for investors in project developer companies • Provide risk mitigation for project development phase • Require use of accredited project developers</td>
<td>- Invest in commercial project development companies • Publicise the required deal terms for crowding in investors and project developers • Help the public sector set up the required processes to implement IIPPs (i.e., the required deal terms and streamlined processes for projects to reach financial close)</td>
</tr>
</tbody>
</table>

EXHIBIT 7: SUMMARY OF IMPEDIMENTS & EXAMPLES OF PRACTICAL HIGH-ImpACT SOLUTIONS TO REACH FINANCIAL CLOSE
The development and adoption of the I4PD Benchmark is essential for unlocking a unprecedented number of projects currently on the drawing board. This is why governments need to focus on how to best enable governments to advance infrastructure financing with those of institutional investors. The role governments pursue public-public partnerships through the IIPP framework is essential.

A technical and advocacy leadership role should be provided by NEPAD given its role as implementation agency for the AU and its member states, operating at the intersection of governments, the private sector, and development partners to integrate African IIPPs through bilateral and multilateral relationships. NEPAD is uniquely positioned and qualified to support African member states, operating at the intersection of governments, the private sector, and development partners to integrate African IIPPs through bilateral and multilateral relationships.

The African infrastructure finance roadmap is therefore very clearly defined by investor and project developer survey participants: The realization of Africa’s transformative investment potential requires a paradigm shift in how the public and private sectors work together in the development and finance of Africa’s infrastructure projects and in the creation of enabling host country environments for project development.

WHY IIPPs:

- GOVERNMENTS with limited funds and competing expenditure requirements would receive world class, essential and well-maintained infrastructure assets.
- CONSUMERS and CIVIL SOCIETY would benefit from reliable infrastructure delivery, budgetary discipline, and long-term real investment returns.
- INSTITUTIONAL INFRASTRUCTURE INVESTMENT would take place over the full life cycle of infrastructure assets — not for a short-term investment, economic or political cycle. As a result the prospects for the infrastructure service to catalyse and increase economic and private sector development, job creation, and regional and domestic trade and investment competitiveness would be significantly improved.

The African infrastructure finance roadmap is therefore very clearly defined by investor and project developer survey participants: The realization of Africa’s transformative investment potential requires a paradigm shift in how the public and private sectors work together in the development and finance of Africa’s infrastructure projects and in the creation of enabling host country environments for project development.
Survey Data

Key aspects of the survey results are summarized in three sections: The Potential, The Current Situation, and The Roadmap & Deal Terms. Included are respondent comments that provide insights into opportunities, impediments and risks, and potential solutions.

### THE POTENTIAL FOR ADVANCING AFRICA’S INFRASTRUCTURE DEVELOPMENT & FINANCE

The investor and project developer responses to the surveys document the significant potential for mobilizing greater investment in both the operation and development of Africa’s infrastructure.

1) **FOUNDATIONS FOR SUCCESSFUL DEVELOPMENT AND FINANCE OF AFRICA’S INFRASTRUCTURE**

- **Strong Interest in Established Infrastructure Assets:** All the pension funds and Sovereign Wealth Funds (SWFs) participating in the survey reported that they are willing to consider investment in African infrastructure projects that are already generating revenues. Over 90% of other investors (e.g., providers of equity, asset & fund managers) indicated that they are willing to consider investment in operational African infrastructure assets.

- **Strong Interest in Developing Infrastructure Assets:** All investor classes stated that they are willing to consider investment in the development of African infrastructure projects provided the investment vehicles were aligned with their investment criteria.

  - For example, pension fund participants reported interest in investment vehicles that are involved in infrastructure development such as infrastructure funds and project development companies. On a scale of 1-10 with 10 highly attractive: infrastructure funds were on average rated 6.4 and project development companies were rated 6.0.

  - However, the most critical factor for investing in an infrastructure investment vehicle was reported as having “credible management and established track record” (rated 9.2 on scale of 1-10 with 10 essential).

- **Significant Interest in Recycled Infrastructure Assets:** All investor classes reported interest in investing in recycled infrastructure assets that meet their investment criteria (average rating 7.5 on scale of 1-10 with 10 extreme interest). Equity investor and fund & asset managers reported interest on average of 9.3 and 7.6 respectively, while pension funds reported interest on average of 5.3.

- **Ability to Leverage Project Finance Approach:** Most investor and project developer respondents reported that the use of project finance techniques are critical to reaching financial close and a precondition for their investment.

- **Fundamental Drivers of Investment Interest:** Investor respondents selected several reasons for investment in infrastructure: diversification (58% total respondents), followed by growth (36%), income (31%), and inflation-protection (15%). As one pension fund respondent noted, the driving attraction of infrastructure is, “low/negative correlation to traditional asset classes and economic activity.” Pension fund respondents also underlined the importance of job creation, and economic and social outcomes. The nature of African infrastructure assets meet these drivers of investment, aligned with compelling investment drivers such as diversification, return, and inflation-protection.

2) **SUSTAINABLE INTEREST ROOTED IN FUNDAMENTAL SELF-INTEREST OF INVESTORS AND PROJECT DEVELOPERS**


  - High interest of project developers in developing investable African infrastructure assets: Almost all project developers (over 90% total) expressed interest in providing comprehensive project development services until financial close. Over 80% expressed interest in using a success fee model (100% of OEM and EPC contractors, 89% of project developers whose sole business is project development).

3) **POTENTIAL INFRASTRUCTURE INVESTMENT UP TO 25% OF TOTAL ASSETS UNDER MANAGEMENT (AUM)**

Respondents from pension funds, SWFs, providers of equity, asset & fund managers, and foundations were asked the approximate percent of total AUM that their fund could potentially invest in African infrastructure. The responses varied greatly by type of Investor:

- Pension funds AUMs 0.3% - 5%: Responses from pension funds varied greatly from 0.3% to 5%, averaging 2.6% of AUM.

- Other investor AUMs 15-25%: Sovereign Wealth Funds (SWFs), asset & fund managers indicated potential for much higher investments, ranging from 15 – 25% of their AUM.

4) **HIGHER INFRASTRUCTURE INVESTMENT POTENTIAL NOT CAPTURED BY AUM**

It is important to recognize that investment in African infrastructure is higher than what is represented in AUM limits as investment in several alternative investment vehicles such as bonds, corporations, and banks would not necessarily be counted or reported as infrastructure investments.

- All investors cite strong interest in indirect infrastructure investments: 89% of pension fund respondents cited the dominant use of fixed-income assets followed by 77% in private equity, 63% in real assets, 62% in listed equities, 57% in inflation-linked assets, and 33% in unlisted equities.

- Project developer requirement for equity ownership: Many project developers state the requirement for equity ownership in infrastructure projects.

5) **ABILITY TO SCALE INFRASTRUCTURE INVESTMENT THROUGH A WIDE RANGE OF INVESTMENT VEHICLES (4.9 – 10 ON SCALE OF 1-10)**

All investor types reported medium to extremely high interest in investment through both direct and indirect vehicles such as companies, financial institutions, bonds, and funds (listed/unlisted). The average responses were 4.9 – 10 on scale of 1-10 (0 not attractive -10 extremely attractive).
• **Pension funds** on average report medium interest across all vehicles (4.9 – 6.1)
• **SWFs** on average report medium to high interest across all vehicles (5.1 – 10)
• **Providers of equity** on average report high interest (9.0) in investment in companies and banks related to infrastructure, and medium high interest in direct project investment and bonds (6.5-6.7)
• **Asset & fund managers** on average report high interest (8.5) in investment in companies and banks related to infrastructure, and medium high interest in direct project investment (6.1)
• **Investments in a company or financial institutions** already in portfolio rated extremely attractive by SWFs (10), and high medium attractive by providers of equity portfolio and asset & fund managers (6.7); rated medium attractive by pension funds (5.7)

6) **INVESTORS REPORT MEDIUM TO HIGH INTEREST IN INVESTING IN RECYCLED ASSETS (5.3 – 9.3 ON SCALE OF 1-10)**

Another key opportunity for increased investment is through recycled assets. Investment respondents were asked the degree to which their fund would be potentially interested in acquiring recycled African infrastructure assets, provided the assets meet their fund’s return objectives and credit criteria using a scale of 0-10 (0 no interest, 5 medium interest, 10 extreme interest). Providers of equity capital reported on average very high interest (9.3), asset & fund managers reported high interest (7.6), and pension funds reported medium interest (5.3).

Participant comments provided additional insights on the objective of investors and ways to invest in Africa infrastructure:

• **Aligned investment**: “African infrastructure assets are a perfect fit for our fund’s investment requirements” (fund manager).
• **Indirect investment in infrastructure**: “We are a USD 2.5 billion Fund. The current investment mix is 77% fixed income, 17% equities and 6% real estate. Most of the investment in infrastructure is indirect. In fact, we don’t have infrastructure as an asset class, but we do have indirect exposure. For example, we have invested a lot in … infrastructure bonds. These currently constitute 12% of the entire portfolio. We also have an equity stake in TDB Bank. This also gives us indirect exposure to infrastructure” (fund manager).
• **Brownfield investment (working with project developers)**: “Our Eligibility Criteria is skewed toward Brownfield projects with existing cash flows that are able to obtain an investment grade credit rating. That said, we are working to support developers and early-stage financiers by facilitating their take-out post-commissioning, provided that projects prove technical and commercial viability” (provider of risk mitigation).

9.2. **THE CURRENT SITUATION: LOW LEVELS OF INVESTMENT IN INFRASTRUCTURE DEVELOPMENT & OPERATIONS:** The investor and project developer responses to the surveys document the current low level of investment in both the operation and development of Africa’s infrastructure.

1) **Current Low Allocations to Infrastructure**: Despite expressed interest in infrastructure, the current reported allocations of Assets under management (AUM) to infrastructure worldwide by investor respondents are relatively low compared to their reported allocations for the geographical areas of Africa. The table below provides the reported average allocations for the main investor groups in the survey.

<table>
<thead>
<tr>
<th>INVESTOR CATEGORY</th>
<th>ALLOCATIONS FOR INFRASTRUCTURE</th>
<th>TOTAL ALLOCATIONS FOR AFRICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>PENSION FUNDS</td>
<td>13.7</td>
<td>88.0</td>
</tr>
<tr>
<td>PROVIDERS OF EQUITY CAPITAL</td>
<td>9.0</td>
<td>44.4</td>
</tr>
<tr>
<td>SWFs</td>
<td>3.1</td>
<td>6.1</td>
</tr>
<tr>
<td>ASSET &amp; FUND MANAGERS</td>
<td>6.4</td>
<td>37.1</td>
</tr>
</tbody>
</table>

Pension fund respondents report the lowest average allocations to worldwide infrastructure assets (3.1 % of AUM)*. In comparison, SWFs reported average allocations of 6.1% of total AUM for infrastructure worldwide, while providers of equity capital reported 9% and asset & fund managers reported 6.4%.

In contrast, pension fund respondents report geographical allocations of 13.7% for Africa, much more than their allocations to worldwide infrastructure. Similarly, African SWFs report a much higher average allocation to Africa (88%) than infrastructure (6.1%). Providers of equity capital providers and asset & fund managers also report higher allocations for Africa, reporting an average of 44.4% and 37.1%, respectively.

While varying strategies of individual firms will account for much of these large differences of all investment groups, this reporting underlines the overall low allocations to investors to infrastructure, especially when compared to geographical allocations for Africa.

2) **Lack of Investable African Infrastructure Projects but Little Reported Investment in Infrastructure Development**: There are many ways for investors to access very high returns (reported as high as two - four times investment) from African commercial early stage investment in African infrastructure project development. Some of the common established investment options are dedicated commercial project developer companies, financing platforms, specialist infrastructure funds, and bonds.

*Estimates of African pension fund investments in African infrastructure are reportedly lower at approximately 1.5%. The AU-NEPAD 5% Agenda endorsed by African Heads of State is aimed at increasing the allocations of African pension funds to African infrastructure from approximately 1.5% to 5% of AUM.*
Other investment options include newer private investment vehicles, such as the establishment of proprietary project developer companies and platforms founded and operated by pension funds (e.g., OMERS, IFM Investors) and private equity funds (e.g., Denham, Blackstone 100% acquisition of the African infrastructure developer Black Rhino).

However, only 11% of pension fund respondents reported investing directly in project development. Almost 70% of providers of equity reported investment in project development, followed by asset & fund managers (56% total).

3) Lack of Effective Project Development Funding: Project developers were asked to rate the usefulness of project preparation facilities. The great majority of project developers rate them as ineffective:

- 100% of OEM and EPC contractors
- 80% of corporations
- 67% of project developers whose sole business is project development

4) Unacceptable Risks Impeding Investable Infrastructure Projects and Access to Finance (rated 6.1 – 8.9 on scale of 1-10): Project developers were asked what risks are critical to mitigate with a specific risk instrument to be eligible for institutional investment using a scale of 0-10 (0 not important, 5 medium important, 10 extremely important).

Respondents noted the importance of “government signature risk,” described as a process in which the project developer goes through a lengthy and expensive process but the government never signs or cancels.

5) Difficulty of Accessing Information (85%): Investors were asked to rate the ease of access to African infrastructure assets in terms of identification and the process of engagement to provide finance. Half of the respondents rated the process as “very difficult, with limited options and not commercial (i.e., in alignment with market requirements).” Almost 35% rated the ability to access as “medium difficulty, with defined market options but a lengthy process of engagement.” Only 15% rated the process as “easy (i.e., many options).”

Survey respondents provided insights into their views of the impediments and risks in their written comments. Examples are provided below:

- Overall situation: “Too much talk and limited action by partners. There are few good developers, but support is very thin, sometimes non-existent. Absolute nightmare to be a developer in Africa currently” (project developer).
- Strict investment criteria and requirements:
  - “Due diligence and an external credit rating are essential components of any investment or credit decision” (pension fund manager).
  - “Thorough due diligence on projects, sponsors, off-takers, historical performance, production levels, collection levels, operating expenses, quality of legal contracts, etc. is required before making any investment or credit decision” (provider of risk mitigation).
  - “… the primary constraints are lack of historical track record / profitability, as well as lack of government support in terms of long-term policy stability” (provider of risk mitigation).
  - “Achieving superior returns relative to peers within acceptable risk levels ensuring that the Fund is: (1) Diversified to minimize the risk of significant loss in any single investment and preserve capital; (2) Maintaining adequate liquidity to meet cash needs always; (3) Adhering to asset allocation ranges: Asset Allocation profile have been constructed based on the risk appetite as well as matching of liabilities” (pension fund manager).
- Difficulty of securing capital for project development: “… an extremely difficult, unpredictable process. Requires patience, tenacity and deep pockets” (project developer); “Generally no money to provide subsidies or support for large projects” (project developer).
- African country impediments: “The principal difficulty is that most countries/GDPs are small and therefore have limited capacity (human and capital) to develop an understanding of what is achievable and the procedures required to fast-track projects. Most projects cross the political inter-temporal thresholds and have multiple unforeseen blockages because of … lack of institutional process” (asset manager).
- Lack of government understanding: “Lack of clear direction and priorities from the top;” “Lack of experience in dealing with developers and infrastructure investors;” “what is in it for me? attitude;” “unrealistic expectations and non viable projects” (various project developers).
8.2 Lack of required government support: “Risk structure is biggest impediment to timely development. Today there is a gap in market expectations and government willingness to underwrite risk” (project developer).

8.3 Inability of public agencies to develop regional projects: “Public vehicles are important for development of especially cross border projects. The problem is, the people appointed to these vehicles are incapable of bringing good projects to close, as they are usually more politically influenced and motivated” (project developer).

8.4 Need to develop private sector capacity: “Strengthen private sector ability to do development. Don’t look for more involvement from public sector” (project developer).

8.5 Difficulty in securing revenues: “Revenue generation is the biggest issue that governments can support. Regulation surrounding revenue rights … is imperative” (EPC contractor).

8.6 Lack of education of institutional investors: “Educating African pension funds and other institutional investors on the asset class is key” (fund manager).

8.7 Information challenges: “The need to explore opportunities in Africa remains attractive though more need to be done to enhance transparency and information flow” (pension fund manager).

9.1 Overall challenges in developing investable infrastructure projects:
  a) “We consider the one of the key risks associated with early stage project development to be a country/political risk. In particular, where governments or their agencies and ministries unreasonably delay issuance of permits, land acquisition and titling, and policy reversals. Therefore, we would encourage the development of a political risk insurance product tailored to these risks for the period leading to financial close. Currently, PRI is only available post financial close” (EPC contractor).
  b) “3-12% of the total cost of the project, with development time frames from 3 to 8 years or more, depending on the challenges and solutions” (pension fund manager).
  c) “Important for governments to provide proper enabling environment to give developers access to key information, fair playing field, assurance of licensing, ease of doing business, securing permits and approvals, etc. Challenge of transparent procurement processes, governance, etc. to ensure proper expertise and costing throughout projects, from development to construction to operation. Long-term certainty of contracts, land rights, tariff regime, etc. require some level of government assurance/comfort (e.g. State, Federal, regulatory), which may take time to procure” (provider of risk mitigation).
  d) “Bidding fees detract from the willingness of service providers to participate” (project developer).

9.3 THE ROADMAP AND NEEDED ACTIONS

The investor and project developer responses to the surveys document the enabling factors and provide suggestions on practical actions required to develop and finance Africa’s infrastructure.

1) Investor Reported Enabling Factors: Government Policies, Public Support, High-Quality Counterparties, Risk Mitigation, Capacity to Assess Risk: Investor respondents were asked from their fund’s perspective to rate the key drivers and enabling factors for institutional investment in African infrastructure assets that are already operational using a scale of 0-10 (0 not important, 5 medium important, 10 essential).

Investor respondents on average rated government policies and the environment as extremely important (8.7), followed by the high quality of counterparties (8.6), access to government support (8.4), credit management and/or Investors with credible track records (8.2), use of risk mitigation (8.1), information and access to viable infrastructure assets (7.7), and foreign exchange mitigation tools (7.2). Of key importance but less were portfolio diversity (6.9) and high returns (6.6). Respondents also noted the importance of tax policy.

2) Need to Shift Public Sector Actions to Risk Mitigation and Project Developer Models to Achieve Investable Infrastructure Assets: Project developers were asked for their view of priority actions required from the public sector to increase the level of project development support and create more investable infrastructure projects using a scale of 0-10 (0 not important, 5 medium important, 10 essential).
EXHIBIT 11: ACTIONS NEEDED BY DEVELOPMENT PARTNERS TO ADVANCE DEVELOPMENT OF AFRICAN INFRASTRUCTURE ASSETS FOR INSTITUTIONAL & OTHER INVESTMENT

The answers indicate the imperative for new directions in public sector interventions: In order to achieve investable African infrastructure assets:

- New risk mitigation instruments need to be developed that cover development risk (rated 9.0); and
- A new model needs to be developed that directly engages experienced project developers (rated 8.4).

3) Special Role of Development Partners in the Creation of Enabling Environments for the Development of Investable Infrastructure Assets: Project developers were asked what actions development partners need to take to accelerate the development of investable infrastructure assets for institutional and other investment using a scale of 0-10 (0 not important, 5 medium important, 10 essential).

The answers indicate the importance of improving local conditions and creating the local capacity for the development of projects by other entities (7.1-7.2), such as project developer companies, rather than by DFIs themselves (3.6).

Moreover, other responses underscore the critical need for development partner support in providing funding and risk mitigation in support of project developers and project owners.

- Investor Requirement for Annual IRRs 16.4 – 19.3%: In the institutional investor survey, respondents were asked: “Given the return objectives and the composition of your current portfolio, what is the annual return profile (IRR) required by your fund for African infrastructure assets?” The average annual IRR for pension fund respondents (16.4%) was lower than the average for asset & fund managers (19.3%).

- High Project Developer Interest in Developing Investable African infrastructure Projects Using Success Fee Model (82% total): Project developers were asked if they were potentially interested in using a success fee business model with a monthly retainer fee and reimbursed travel expenses for developing African infrastructure projects.

The level of reported interest was high:
- 100% of OEM and EPC contractors
- 89% of project developers who solely develop projects
- 60% of corporations

EXHIBIT 12: LEVEL OF IMPORTANCE OF ENABLING FACTORS FOR PROJECT DEVELOPER ENGAGEMENT

In essence the entire architecture of project development needs to be redesigned with an explicit crowding in of experienced project developers that have the capacity and incentives to accelerate successful project development to financial close.
The low levels of investment and limited number of African infrastructure projects and related assets clearly demonstrate that fundamental actions need to be taken to address the impediments blocking the development and finance of African infrastructure.

Also cited as important are setting up requirements to use project developers (7.3 - 7.6) and developing a short-list of project developers (7.0).

Other specific project developer suggestions of public sector actions are listed below using a scale of 1-10 to indicate the importance of each action: (0 not important, 5 medium importance, 10 essential).

1) **Provide more funding facilities for project developers that can be easily accessed** (rated 9.1): Project developers reported the critical importance (9.1) in developing funding facilities that enable project developers to access loans and funding before financial close, as well as last mile cash relief.

2) **Provide significant funding for project preparation resulting in proper legal and financial structures** (rated 8.6): Project developers reported high interest (8.6) in reorienting the current focus of project preparation facilities so they focus more on enabling the legal and financial structure required by institutional and other investors.

3) **Develop private sector led co-project development commercial vehicles with funding from institutional investors** (rated 7.1 - 7.3): InfraCredit Nigeria recommended the creation of national PPP and pan-African vehicles that would be responsible for carrying out project development activities: “For example an internal government-backed project development fund would work through a joint project development agreement between the national government and a developer and other institutional partners/investors (including local pension funds). These entities could share project development expenses, and work side by side to develop projects. The fund would maintain its independence to ensure only bankable and not ‘white elephants’ projects are developed. This initiative can be executed at the Federal and State Government level, supporting national and local projects.”

4) **Improve the usefulness and accessibility of existing risk mitigation tools (only 38% report both accessible and useful):**
   - Not one project developer rated existing risk mitigation tools as “very useful and accessible.” One fourth of respondents (25%) rated risk mitigation tools as “inaccessible but useful.” However, 30% rated risk mitigation tools as either: (a) “inaccessible and with limited use,” or (b) “not useful due to high expense.” Only 38% of respondents rated risk mitigation tools as “both accessible and useful.” The rest of respondents (7%) rated risk mitigation tools as “accessible but with limited use.”

5) **Provide early-stage risk mitigation for project development risks** (rated 9): Project developer respondents stated that new risk mitigation instruments need to be developed that cover project development risk. This requirement is also reflected in the input from investor participants. For example, an investment consultant suggested: “Structure more early stage risk mitigation and capital provisioning solutions through blended finance approach.”

6) **Scale risk mitigation Public-Private Sector Partnerships (PPPs)** (rated 8.6): Project developers reported high interest in the development of Risk Mitigation PPPs. They were asked of the importance of public and private sector risk mitigation providers intensifying their partnerships in scaling up more accessible and useful risk mitigation tools for infrastructure development and finance.

7) **Develop frameworks for unsolicited bids and pipelines for unsolicited bids** (rated 7.5): Project developers underscored the importance of providing an alternative and transparent unsolicited bid framework which crowds in DFI funding and partners. Project developers also reported the importance of creating pilot pipelines subject to unsolicited bids.

8) **Develop enhanced government understanding, strict processes, and “Project Development Toolkit”** (rated 7 – 8.9): Project developers were asked their view of constructive actions that would enable African governments to gain greater trust and engage project developers to effectively increase the number of investable projects in shortened time frames. Project developers prioritize the importance of enhancing government understanding of the unique and challenging requirements for the successful development of investable infrastructure assets. This issue was stressed in the interviews with both investors and project developers. For example, a fund manager stated: “Improve capacity and knowledge within public sector authorities within the country.”

Participant comments provided a large number of additional insights on specific solutions, encompassing changes in mindsets and behavior, suggested changes in existing processes and programs, and suggestions of new initiatives and partnerships.

**MINDSETS AND BEHAVIOR**

1) **Government mindset on project development and enabling project environments:**
   - New focus on project development and role of project developers: “It is important for governments to recognise the importance of a positive enabling environment and the implications this has for new project development, access to third party capital and ultimate achievement of infrastructure and socio-economic objectives” (provider of risk mitigation); “A “Whole of Government” approach to engaging with developers will help to streamline the process. In addition to that, not prescribing all projects in a national development plan is also important, even utility scale projects; it has the potential to stifle innovation and opportunities to unlock value” (project developer).
   - Eliminate government resistance to enlarged private sector role: “We are skeptical that African civil servants will willingly relinquish control over the development of public infrastructure in favor of outsourced developers; and if they are forced to do so, they will not allow the projects to succeed” (project developer).
   - Give private sector execution role: “Public sector must regulate not execute” (project developer).

2) **Government champions and education:**
   - Need for internal champions: There remains a need to build up
capacities within African governments to actually process transactions. The model of providing external support does and won’t replace the need to have knowledgeable civil servants who are dedicated to putting the projects through the system and act as internal champions when necessary without the need to have everything signed off by top political decision-makers. The only way to achieve this result is by augmenting the volume of transactions so that the internal capacity solidifies” (project developer).

- **Need Head of State champion:** Personal & direct supervision and drive of head of state” (project developer).

- **Need to train designated public officials and provide full authority:** “Provide team leader from government side with full confidence on the part of top leadership so as to be able to move the rest of the bureaucracy. The training should be in the form of practical secondments with private sector, not with public sector” (project developer).

3) **DFI roles:** “DFIs need to think more out of the box and support developers,” (project developer); “Public sector partnership role to focus on risk mitigation. They do not have capacity to be involved at other levels” (project developer).

4) **Improve stability of legal and regulatory frameworks:** “Stability of the legal and regulatory framework is key, followed by the lack of currency risk and the quality of the parties involved (including partners and management team)” (provider of equity capital); “Key is consistency and predictability of policy” (Project developer); “Favorable tax policy is … key” (provider of equity capital); “Currently DFIs benefit from complete exemption from withholding tax on interest and dividend which gives them an advantage over other categories of private investors such as institutional investors. To level the playing field, perhaps extend the same degree of withholding tax protection” (project developer).

5) **Scale government third-party infrastructure providers:** “Government to consider decentralizing the public investment arm in line with international best practices to run as an independent third party quasi-private sector infrastructure development facility aligned the national budget and other economic goals” (project developer).

**EXISTING PROCESSES AND PROGRAMMES FOR PROJECT DEVELOPMENT AND FINANCE**

1) **Appropriate project selection and development:** “Identifying the right infrastructure projects at the right time, so that projects are structured according to best practice from the beginning, sized and priced appropriately, involve reputable technical partners and have adequate government support are the key factors which make infrastructure projects attractive to us” (provider of risk mitigation).

2) **Expand risk mitigation coverage to project development:** “We consider the one of the key risks associated with early stage project development to be a country/political risk. In particular, where governments or their agencies and ministries unreasonably delay issuance of permits, land acquisition and titling, and policy reversals. Therefore, we would encourage the development of a political risk insurance product tailored to these risks for the period leading to financial close. Currently, PRI is only available post financial close” (EPC contractor).

3) **Change to outcome-based PPFs:** “The PPFs are unfortunately task-based and not outcome based. meaning that they will fund a task (say an environmental study by an outside consultant) but they will not fund the outcome i.e. securing the environmental permit of which the ESIA is just a component due to the reluctance to fund the internal costs of the developer. As a result, a lot of studies are funded which are not further actioned into real bankable project. The PPFs should change their approach by allowing outcome based funding to cover the entire cycle. While InfraCo Africa and InfraVentures have made great contributions, they have moved away from funding early stage development of projects and the gap in this sector, especially for internal costs of developers, remains” (project developer).

4) **Expand and scale existing government support programs:** “Project development is an extremely risky activity in Africa and we would prefer governments to take a more programmatic development approach like Uganda GET FiT or IFC Scaling Solar” (fund manager).

5) **Expand local equity as risk mitigation:** “Local shareholding also helps a lot to mitigate risks” (project developer).

6) **Cover more political & currency risks:** “Political and currency risks should be removed from the equation as governments are better placed to take those risks” (fund manager).

7) **Mobilize strong technical partners & local finance:** “Strong, experienced technical and equity partners with skin in the game coupled with certainty of long-term regulatory environment are joint keys to risk mitigation and ensuring access to long-term local currency debt finance which make infrastructure projects attractive and successful” (fund manager).

8) **Improve governance and processes related to legal conflicts:** “Arbitration strategies for conflict” (pension fund manager). “[Improve] political governance, lack of corruption” (investment consultant).

- **Tendering:** “In the tendered PPP space, governments must provide for some reimbursement of tender costs to unsuccessful tendering teams that submit compliant tenders” (EPC contractor).

- **Unsolicited bids:** “Unsolicited bids are important for new innovation” (project developer).

9) **Regional policy solutions:** “There is need for SADCC and COMESA to continuously improve on regional and inter country policies to attract investments” (pension fund manager).

**NEW INITIATIVES AND PARTNERSHIPS**

1) **Create guarantors (especially for institutional investment):**
   - "Institutional investors are risk adverse and while their desire for higher return implies higher risk, the types of risk involved with Governments misbehaving is not one that they (or other investors) should be taking and at the same time fulfill their fiduciary obligations. Therefore, if an institutional investors wishes to invest directly (at the project or developer company level) instead of investing in bonds issued by a multilateral institutions, they should be granted additional protection by government or donors to the same extent that multi-laterals and bilaterals benefit from such protection” (project developer).
   - "As an “AAA”-rated guarantor of long-term, local currency debt finance for eligible infrastructure projects, our firm is an extremely impactful catalyst that facilitates access to “best practice” financing for infrastructure projects and infrastructure-related companies. Our credit
enhancement enables corporations and developers to implement a
capital structure that reduces risk and materially boosts the viability of
their infrastructure projects. We principally back corporate infrastructure
bonds and related debt instruments for eligible infrastructure projects and
infrastructure-related companies. Although we are not a Fund per se,
the size of our balance sheet and our specific focus on the infrastructure
space in Africa makes us a critical player in infrastructure development in
the nation in which we operate.” (provider of risk mitigation).

2) Create PPPs in risk mitigation: “Excellent proposal - PPPs in this
space would likely do more for infrastructure development than PPPs in
specific infrastructure sectors” (project developer).

3) Create secondary markets for infrastructure assets, recycled
assets, and exit options:

- “Exit strategies for investments seem to be based on hope, not a
dynamic market for assets” (pension fund manager).
- “It’s very important in our guideline to have very clear exit strategy
(pension fund manager).
- “Infrastructure single-asset transactions are notoriously difficult to
exit except where the transfer occurs among existing shareholders, in
which case the exiting investors does not optimize the exit proceeds. A
broader secondary market through the sale of a portfolio or through
sale of the developer/owner itself is a more attractive alternative for
institutional investors” (EPC contractor).

- “We would certainly consider supporting a take-out of DFIs from
existing, viable infrastructure projects that meet our project eligibility
criteria. Our principal fear in this space is that DFIs, like any other
investor, tend to exit successful projects but get stuck in problematic
projects that are not economically-viable. Therefore, the project
portfolio left sitting on the books of the DFIs may largely consist
of projects and companies that require significant restructuring. Our
preference would be to partner with DFIs and other investors
well before projects run into problems, facilitating their take-out via
refinancing and/or partnering with them to expand those projects and
increase the infrastructure stock in Africa" (provider of risk mitigation).

4) Scale Project Developer Platforms and Companies:

- “Develop specialized early stage development and co-development
platforms with focused specialists to create a sustainable list of
infrastructure pipelines which have high possibility to convert to bank
ability” (project developer).
- “The public sector has created specialized financing and
and equity vehicles for project development (e.g., InfraCo Africa, IFC’s
InfraVentures) as well as Project Preparation Facilities (PPFs). However,
there is widespread agreement that such initiatives need to be
scaled up and that innovative approaches are required” (pension
fund manager).
- “DFIs should invest in project developer companies, also crowding
in other investors, so that they then have the capacity to develop
more bankable projects” (project developer).

5) Create Government Project Development Funds: One
survey participant suggested the development of government project
development funds: “Similar to our evaluation of operating assets, our
aim is to identify the right infrastructure projects at the right time, so that
projects are structured according to best practice from the beginning,
sized and priced appropriately, involve reputable technical partners
and have adequate government support are the key factors which
make infrastructure projects attractive to us. We find that early-stage
infrastructure project development requires more government support
than is required for operating assets, given the risk of public acceptance
and ever-changing government policies.

Accelerating Project Development – Creation of a Project Development
Fund: In Nigeria, like most frontier markets, there is a lack of technical
and financial capacity to develop projects. A project development
budget can consume 3–5% of the total cost of the project. In emerging/
frontier markets, this number often reaches 10% of the total project cost.
Developing a project and bringing it to financial close can take two to
five years (or more).

The process is typically funded by developers, and the risk of not reaching
financial close is very high therefore it is extremely difficult for developers
to raise capital at this stage. We are recommending the creation of a PPP
vehicle that is responsible for carrying out project development activities,
for example an internal government-backed project development fund
that would work through a joint project development agreement between
government and a developer and other institutional partners/investors
(including local pension funds). These entities could share project
development expenses, and work side by side to develop a project. The
fund will maintain its independence to ensure only bankable and not
‘white elephants’ projects are developed. This initiative can be executed
at the Federal and State Government level.

This can be effective to ensure an objective and professional approach
on all sides of infrastructure development, so long as the national PPP
vehicle is funded in advance and managed by top class personnel,
independent from political considerations and conflicts of interest.”
(provider of risk mitigation).

6) Create institutional investment programs (pilot programs that
provide proof of concept): “Institutional investors need a strong programme
in a country that has proven successful” (corporation project developer).

The above suggestions from survey respondents provide a wide spectrum
of ideas for further refinement and consideration that is not possible
within the limitations of this report.

All the above participant suggestions share the same urgent need for
implementing fundamental new approaches that can transform the current
ecosystem for infrastructure project development and finance in Africa in
order to access long-term private finance.

10.0 Next Steps

As stated in the objectives, the 2018 I4PD Benchmark results are
intended to catalyze and define specific actions required for the effective
and timely mobilization of institutional and other investment in Africa’s
infrastructure development and operation. The input from investors and
project developers represents the aggregate insights from decades of
investment and infrastructure development experience.
THE REQUIRED NEXT STEPS ARE CRYSTAL CLEAR:

1) Launch Public-Private Partnerships Targeted on Solutions:
Increasing investable African infrastructure assets and access to long-term private finance (including pension funds) is not possible unless there are strong, effective, and dynamic partnerships launched around specific actions targeted on solutions that address priority impediments and risks.

- Government policy makers, development partners, institutional and other investors project developers, etc. need to partner with long-term investors (including pension funds) and project developers.
- Leadership is required from developing country governments and their development partners as well as bilateral development partners and DFIs.
- The partnerships need to actively encourage and enable meaningful private sector input in designing and implementing solutions.
- The management of the partnerships needs to be dynamic and effective, with adequate funding to enable the engagement of suitable private sector experts to develop actionable solutions.

2) Refine & Implement Agreed-Upon Solutions: The output of the Partnerships will require the establishment of new processes, instruments, and entities.

- The leadership of governments and development partners will be essential to success.
- Likewise leadership will be required from investors (institutional and other long-term investors, and short-term investors such as banks), project developers, and private sector experts.
- The public sector will need to provide political commitment matched with funding to refine, launch, and implement the agreed-upon solutions.

As evidenced by the survey results, the impediments and risks blocking access to long-term private capital are prohibitive. However, market participants can drive practical and effective groundbreaking solutions in partnership with the public sector provided it implements actions that unlock financial incentives for investors and project developers.

We invite interested parties who wish to engage in refining and implementing the recommendations in the 2018 I4PD Benchmark Report to contact Hubert Danso, CEO, Africa Investor (hdanso@africainvestor.com) and Dr. Barbara Samuels, Executive Director, Global Clearinghouse for Development Finance (barbara@globaldf.org).
THE NEED FOR AN AFRICAN INFRASTRUCTURE GUARANTEE MECHANISM
Unlocking institutional investment in Africa’s infrastructure
The Opportunity: The financing required by African governments for delivering on Africa’s infrastructure is estimated at over US$ 120 billion a year. Institutional investors (pension funds, Sovereign Wealth Funds, insurance companies) are interested in increasing their investments in infrastructure to meet their financial performance requirements as they are faced with low interest rate environments and infrastructure assets can potentially provide them with predictable inflation-adjusted cash flows that have low correlations with existing investment returns. The need for significant amounts of institutional investment is magnified by the reduced amount of available public funding and reduced bank finance available in today’s global infrastructure market.

African institutional investors, now holding over US$ 500 billion in Assets under management, are increasingly seeking to partner with African governments through the 5% Agenda’s Institutional Investor Public Partnership (IIPP), a framework proposed by African pension and sovereign funds to increase their allocations in African infrastructure investments to 5% of total assets under management. Endorsed by African governments and Heads of State, the 5% Agenda IIPP is the basis for the new partnership with institutional investors to increase their participation and allocations to African infrastructure as an investable asset class.

The Challenge - Scaling Risk Mitigation - Risk mitigation instruments and credit enhancements have been identified as an essential feature of the IIPP framework for institutional investors to meet their fiduciary investment requirements and mitigate real and perceived risks related to infrastructure development and construction, credit, currency, liquidity, and political interference. The use of guarantees and credit enhancements have proved to be a critical success factor in unlocking access to institutional investment worldwide. Therefore, to scale institutional investment, there is the concurrent need to scale global African risk mitigation to address these perceived and real risks of African infrastructure.

The Solution - Implement a new “African Infrastructure Guarantee Mechanism” - In response to African institutional investors calls for additional African risk mitigation, the African Union (AU) and its implementing Agency for transboundary infrastructure NEPAD, are advocating for the establishment of an “African Infrastructure Guarantee Mechanism” (AIGM) that can enable the immediate scaling up of institutional investment in Africa’s infrastructure. A strong need exists to engage all the providers of risk mitigation and credit enhancement (from Development Finance Institutions, development partners, private sector) with the sole aim of having a frank and open discussion on the establishment of an aggregated guarantee mechanism that will tap into all the efforts currently being undertaken through existing risk mitigation instruments and initiatives. The ultimate goal will be for Africa to establish a “Big Infrastructure Guarantee Mechanism” which will provide for significant financial guarantees as required for institutional investors to invest in Africa’s infrastructure and trans-boundary infrastructure projects.

Objectives & Benefits: Based on demands from African pension and sovereign fund investors, infrastructure investment professionals, and global investment guarantee and insurance specialists, AIGM is aimed at mitigating the key risks preventing African and international institutional investors from investing in African infrastructure.

Approach: AIGM will catalyse the creation of an African market in specialist infrastructure risk mitigation syndications, scaling the commercial use of guarantees and credit enhancements that meet the strict investment requirements of institutional investors. The approach would create a market aggregating the sources of demand (infrastructure assets) and supply (providers of risk mitigation), crowding in existing providers of risk mitigation, global investment insurers, and credit enhancement leaders and instruments from private and public sector institutions. AIGM will be managed by highly-experienced infrastructure risk mitigation experts and brokers supported by advisory committees consisting of institutional investors, providers of risk mitigation, African government PPP professionals, commercial project developers, and providers of project preparation support. The next steps will be to discuss possible agreements and solutions that address the risk mitigation coverage gap with risk mitigation providers, and then work with African governments and commercial project developers on a series of pilot projects as proofs of concept demonstrating the value of the AIGM approach and informing its scaled implementation.

The African Union Commission and NEPAD invite providers of risk mitigation and investment insurers to discuss participation in the initiative to be undertaken with the African Sovereign Wealth and Pension Fund Leaders Forum. For more information, please contact Mr. Symerre Grey-Johnson, Head, Regional Integration, Infrastructure and Trade, NEPAD Agency, email: symerreg@nepad.org

GLOSSARY OF TERMS

5% Agenda – An AU-NEPAD framework endorsed by African Heads of State at 2018 AU Summit for mobilizing African pension funds in African infrastructure assets to 5% of total assets under management (AUM).

African Infrastructure Guarantee Mechanism – An AU-NEPAD initiative to increase the scale and coverage of risk mitigation available to institutional investors enabling them to meet their investment requirements and thereby invest in African infrastructure.

Ai – Africaninvestor

AU - African Union

AUM – Assets Under Management

DFIs – Development Finance Institutions

EPC Contractors – Engineering, procurement, and construction contractors

GlobalDF – Global Clearinghouse for Development Finance

I4PD Benchmark – Investment for Project Development Benchmark

IFC – International Finance Corporation (part of World Bank Group)

IIPP – 5% Agenda Institutional Investment Public Partnership

OEMs – Original equipment manufacturers

NEPAD – New Partnership for Africa’s Development (AU implementation agency)

PFFs – Project Preparation Facilities

PPI Database – Private Participation in Infrastructure Database (World Bank)

PPFs – Public Private Partnerships

SWFs – Sovereign Wealth Funds

*Existing risk mitigation instruments include partial credit and risk guarantees, demand and revenue guarantees, currency guarantees, first loss facilities, 100% credit wraps, and other instruments and are provided by Development Finance Institutions, development partners, and the private sector. There is a gap in risk mitigation covering project development risks.
The Ai African Sovereign Wealth and Pension Fund Forum:
The Ai African Sovereign Wealth and Pension Fund Forum (ASWPFF) is a high-level platform for African Sovereign Wealth and Pension Fund (SWF & PF) leaders to network and share best practices on key issues related to improving the investment environment for long term intra-African investment.

The Forum fosters and facilitates inbound investment in the continent’s financial markets, together with Northern Hemisphere asset owners and supranational institutions. The ASWPFF builds on a series of Ai-led consultations and events for African SWF & PF leaders to assess and determine existing barriers to investment in Africa – including non-listed assets such as infrastructure.

Global Clearinghouse for Development Finance (GlobalDF):
GlobalDF is a non-profit organization aimed at mobilizing the private sector for development. GlobalDF conducts assessments of the impediments blocking development finance and formulates innovative solutions, including the development of new global goods needed to increase access to finance and widespread development results. Activities include identifying, developing, and implementing effective interventions that erode barriers impeding access to finance and private sector development on both systematic and project levels, including risk mitigation and innovative finance approaches. A specific focus has been infrastructure, including project preparation of investable projects, development impact (including job creation), and the use of risk mitigation techniques, structures, toolkits, and instruments.

GlobalDF has implemented assignments for development institutions and government agencies (AFD, ADB, CABEI, CAF, GIZ, NEPAD Agency, Norway government, SIDA, SDC, World Bank, UN Capital Development Fund - UNCDF, UN Financing for Development Office); national governments and related associations (Central America, Infrastructure Consortium for Africa, Tanzania, Uganda, U.S. government); local government associations (United Cities and Regional Governments, Global Fund for Cities Development); foundations (Bill & Melinda Gates Foundation, Rockefeller Foundation, Ford Foundation); and high-level consultation venues (World Economic Forum, Council on Foreign Relations, US Commission on National Security). The GlobalDF Team has advised private financial institutions on over US$ 60 billion in transactions.

Africainvestor (Ai):
Africa investor is an investment holding platform that aligns its client base of sovereign wealth funds, pension funds, family offices and long-term investors with vetted infrastructure, private equity and technology investment opportunities in Africa. Ai was founded in 2002 to facilitate investments across Africa and do one thing: be the Pan African specialist advisory service, to assist and advise African project developers access international capital and provide foreign investment and transaction advisory services to African governments, the private sector and global investors.

This remains our singular purpose today, underpinned by deep fundamental research, the pursuit of investment insights and continuous innovation, facilitated with over 70 years of industry experience working across every market on the African content. The Ai Group provides, secure easy to use transaction platforms and investment advisory services, strategic research, investment indices and investment communication services, to support its clients investment programmes in Africa. Africa investor advises clients from around the globe, acting as a principal investor in strategic assets on the continent through Ai Capital.

Ai also benefits from specialist insights and the operational experience of the Ai Advisory Board and Ai Academy Leaders Forums on Sovereign Wealth and Pension Funds, Family Offices, Infrastructure Project Development and Emerging Investment Managers.
This unique, CEO-level Summit, will bring together critical decision makers from across Africa’s infrastructure project development community, for a dynamic public-private sector dialogue, on how to reprioritize and fast track financial close, as a critical stimulant to increasing the number of early stage, green field projects and developers that attract and mobilize private and institutional capital.

The 5th Ai CEO Infrastructure Project Developers Summit & Awards 2019 will build on past Summit themes, designed to highlight the opportunities and bottlenecks to mobilizing innovative private capital to early stage infrastructure project development. Recurring observations constraining increased private capital for project development from the investment community centre on the lack of bankable projects and the time to reach financial close.

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Africa investor (Ai) Capital is an investment holding company that aligns its partner base of pension funds, sovereign wealth funds, family offices, and long-term international investors with investment opportunities in Africa. Ai Capital also assists and advises African project developers to access international capital and provides foreign investment and transaction advisory services to African governments and global investors.