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Welcoming Statement

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Wealth Fund Capital Mobilization for PIDA Projects.
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Excellencies

Distinguish Ladies and Gentlemen

I welcome you all to the 2nd NEPAD CBN Leaders' Working Breakfast Dialogue on "Pension and Sovereign Wealth Fund Capital Mobilization for PIDA Projects".

The global consensus on the imperative of addressing the large financial deficit on Africa's infrastructure is well documented. This is clearly articulated in academic literature as well as the in the high-level policy forums at the African Union, United Nations, World Bank, OECD, G-20 and many others. With global regulatory regimes shifting and somewhat diminishing the ability of traditional capital to channel investments into assets in Africa; institutional investors in the form of pension and sovereign funds have emerged as the most ideal financing sources to close the estimated \$50 billion infrastructure investment gap that is needed annually.

However, in order to effectively mobilise institutional investors, a variety of issues need to be addressed to strategically and intentionally facilitate long-term allocations and investment into the African market. Chief amongst these matters is ***the need for initiatives around the regulatory frameworks guiding institutional investment in Africa***, specifically; the development of capital market products that can effectively de-risk African infrastructure and packaging it as an investable asset class.

Building on the guidance and recommendations of the Continental Business Network (CBN), NEPAD continues to convene influential stakeholders responsible for investment allocation decisions in Africa. And this meeting is another demonstration of NEPAD's



convening power to bring together decision makers, key players and experts who have the potential to unlock institutional capital and direct such capital into regional and domestic infrastructure projects on the continent. This is the main reason why we are all gathered here today so we can launch the **5 Percent Agenda**.

The **5 Percent Agenda** is a campaign to increase investment allocations by African asset owners into African infrastructure from its low base of about 1.5% of their assets under management to an impactful 5%. Therefore, the *5% Agenda* is aimed at increasing pension and sovereign investment into Africa's infrastructure. The 5% Agenda launch is a follow-up to the 2016 CBN meeting on De-risking Africa's infrastructure and PIDA projects which emphasized the need for Pension and Sovereign Wealth Funds to increase invests into Africa's infrastructure by 5 percent.

Excellencies, Ladies and Gentlemen

To recap, as stressed by the Dakar Financing Summit (DFS) in 2014, an increased form of collaborative public-private initiatives is necessary to mobilize risk capital that accelerates PIDA project implementation. As such, the NEPAD Agency was mandated to establish the CBN, together with the African Union (AU). CBN is an initiative that serves as an infrastructure investment advisory platform for government and business. This platform serves to engage and interface with high-level African policy makers and captains of industry on a range of strategic issues and the overall promotion of regional and domestic infrastructure investment projects.

Following the second CBN meeting that was held as part of the African Development Bank (AfDB) Annual Meetings in Lusaka, Zambia. The main discussion theme centred on the need to de-risk projects for private sector financing. The key recommendations made were compiled into a *Report on De-risking Infrastructure and the Programme for*



Infrastructure Development Programme (PIDA). The de-risking report was also the topic of discussion at last year's CBN Dialogue held here at the NASDAQ.

Our Dialogue today, builds on one of the recommendations emanating from this CBN De-Risking Report on- *“the need to mobilize Africa’s institutional infrastructure investment community, including African pension and sovereign wealth fund capital”*, as the key to meeting the financing gap that is currently hindering Africa’s infrastructure development.

The anticipated impact of the launch of the 5% Agenda will:

1. Unlock notable and measurable pools of needed capital to implement regional and domestic infrastructure projects in Africa,
2. Broaden and deepen the currently very shallow African capital markets whilst at the same time contributing significantly to regional integration and job creation,
3. Promote the development of innovative capital market products that are specific to the continents challenges with regards to infrastructure development,
4. Raise the investment attractiveness of other institutional and non-institutional financiers that have so far have been hesitant to include African infrastructure projects as an asset to their investment portfolio based.

Whilst we are very hopefully that this Campaign will become another Game-Changer in increasing investments into Africa’s infrastructure. Allow me to note that through the 5% Agenda, the increased institutional capital investments will surely assist African countries to quickly address their huge investment gaps in infrastructure, which require long-term finance, and African and non-African pension and sovereign wealth funds have the requisite quantum amounts of capital to make such investments with the assistance of the 5% Agenda.



Therefore this Campaign will create a coherent and coordinated approach to address challenges of mobilising institutional investors while limiting their risk exposure. I am fully aware that pacific policies must be in place to reduce institutional investment risks and instruments to mitigate these risks will have to be developed. The ongoing reforms in Africa's financial sector regulations will also play a significant role in making the 5% Agenda a reality with demonstrated results.

The NEPAD Agency, under the guidance of the African Union will continue to closely work with UNECA and other strategic partners like the Multilateral Development Banks so as to ensure that within the next 5 years, the 5% Agenda registers demonstrated results that Pensions and Sovereign Wealth Funds have indeed increased their investments significantly into Africa's infrastructure.

Excellencies, Ladies and Gentlemen.

Let me conclude with these three critical points:

1. Africa must take leadership in financing its infrastructure projects (***African Pension and Sovereign Funds must take their rightful role***),
2. Africa's regional infrastructure development is the foundation for the African transformation that we all expect and want. (***Implementation of regional infrastructure projects will accelerate industrialisation***),
3. The 5% Agenda is revolutionary and another critical Game-Changer that will drive financing by institutional investors into Africa's national and regional infrastructure projects. (***African institutional capital can de-risk investments into Africa's infrastructure***)

Once again I welcome you all and I thank you.