

**The Continental Business Network (CBN)**  
**Communiqué issued at the launch of the NEPAD 5% Agenda on**  
**increasing institutional investment in Africa's infrastructure:**  
*Mobilizing Domestic Pension and Sovereign Wealth Fund Capital for PIDA and other*  
*African Infrastructure Projects*

1. We, the leaders from Africa's pension and sovereign wealth fund community and development finance, global institutional investors, Heads of African stock exchanges and infrastructure finance specialists, collectively responsible for over USD 20 trillion of investment capital, Members of the NEPAD Continental Business Network, met at NASDAQ in New York on 18<sup>th</sup> September 2017, under the leadership of H.E. Moussa Faki Mahamat, Chairperson of the African Union Commission, to launch the 5% Agenda on increasing institutional investment in Africa's infrastructure.
2. We recall that at the 18th ordinary African Union (AU) Summit in Addis Ababa, Ethiopia in January 2012, the African Heads of State and Government adopted **PIDA**, the **Programme for Infrastructure Development in Africa**. *The PIDA Priority Action Plan (PIDA-PAP)* comprises 51 cross-border infrastructure programmes consisting of more than 400 actionable projects in four sectors, energy, transport, trans-boundary water and ICT to be implemented until 2020.
3. We note the global consensus on the imperative of addressing the large finance deficit for PIDA-PAP implementation and infrastructure development in general in Africa. 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. Accordingly, we further take note that the NEPAD Agency was mandated by the DFS to increase and coordinate the private sector participation in PIDA projects through the establishment of the PIDA Continental Business Network (CBN).
4. We express our commitment to strengthen the CBN as a NEPAD and AU initiative that enables private sector leaders to communicate recommendations to high-level African policy makers on how to improve the investment climate for infrastructure. We acknowledge the CBN as a platform for increased private sector involvement in PIDA project preparation and implementation.
5. We note that institutional investors in the form of pension and sovereign wealth funds (SWF) have emerged as a potentially ideal financing source to close the estimated USD 68 billion infrastructure finance gap in Africa. Against this background, the CBN in its last report on de-risking large-scale infrastructure projects in Africa recommended to create an African Pension and Sovereign Wealth Fund Infrastructure Co-Investment Platform in order to mobilize institutional investors to finance infrastructure projects, which are foundational to sustainable and inclusive development on the continent.

6. We call upon policy makers to create an environment for pension and SWFs which enables them to invest in large-scale infrastructure projects in Africa. Chief amongst these matters is the need to reform national and regional regulatory frameworks that guide institutional investment in Africa. Likewise, new capital market products need to be developed that can effectively de-risk credit and hence, allow these African asset owners to allocate finance to African infrastructure as an investable asset class to their portfolio.
7. We highly appreciate that NEPAD, under the guidance of the CBN, has initiated a revolutionary campaign that is Africa-led and Africa-owned, aimed at increasing the allocations of African asset owners to African infrastructure from its currently low base of approximately 1.5% of their assets under management (AUM) to an impactful 5% of AUM.
8. We express our commitment to this 5% agenda as a new partnership framework designed to engage and harness the capital and expertise of Africa's institutional investment community, especially African pension and sovereign wealth funds, to assist meeting the financing gap that is currently hindering the development, operations and maintenance of essential infrastructure assets holding back the continent's economic competitiveness, integration and social progress.
9. We support the overall objective of this 5% agenda which is to develop a concrete and feasible roadmap to increase allocations of African institutional investors to African infrastructure development to the declared 5% mark. This roadmap, developed by the NEPAD Agency, will outline very concrete steps and expected outcomes to notably increase institutional investment in Africa's infrastructure, with a focus on regional/PIDA infrastructure projects as a key mandate of the NEPAD Agency.
10. We congratulate the NEPAD Agency for steering the necessary dialogue that convenes key stakeholders responsible for investment allocation decisions, most notably investment banks, pension funds, SWFs, credit rating agencies, financial policy experts and regulators, policy makers, project owners etc. These stakeholders will provide input to the above roadmap and will support the implementation of this roadmap.
11. We request the NEPAD Agency to assist pension funds, SWFs and Member States to address and reform regulatory, institutional and investment frameworks and identify and develop a pipeline of pilot projects to enable African institutional investors to allocate funds to African infrastructure as an investable asset class.
12. We take note of the growing support from development finance institutions (DFIs) in terms of grant and concessional lending towards Africa's infrastructure development. We further call upon DFIs to provide guarantee instruments that will encourage institutional investors, especially pension and sovereign wealth funds, and private sector, to increase their investment in Africa's infrastructure within the next five years.
13. We expect the 5% agenda to have the following impact:

- a. *Unlocking notable and measurable pools of needed capital to implement regional and domestic infrastructure projects on the continent.*
- b. *Broadening and deepening the currently very shallow African capital markets, whilst at the same time contributing significantly to regional integration and job creation.*
- c. *Promoting the development of innovative capital market products that are specific to the continent's challenges and potential in regards to infrastructure development.*
- d. *Raising the investment interest of other institutional and non-institutional financiers that so far have been hesitant to include African infrastructure projects as an asset to their investment portfolio based on specific, concrete next steps and project suggestions.*

14. We fully support the NEPAD CBN 5% Agenda and together with the NEPAD Agency, we have identified the following way forward for policymakers to champion for the successful implementation of the NEPAD CBN 5% Agenda:

### **15. Way Forward**

- NEPAD will submit this Communiqué to the NEPAD Steering Committee in October 2017. After broad consultation with leading institutional investors (i.e. African Pension and Sovereign Wealth Funds present at this launch and in support of the 5% Agenda) and African Finance Ministers, the Communiqué will be submitted to the next African Union Summit in January 2018 with the objective of a Draft Decision on the Agenda by African Heads of State and Government.
- Furthermore, the 5% Agenda shall be submitted for recognition by the Presidential Infrastructure Champion Initiative (PICI) during a breakfast meeting. Subsequently, the Communiqué including a detailed roadmap and background report will be submitted to the African Finance Ministers Meeting for discussion in March 2018.
- After the adoption of the initiative by African Structures, the 5% Agenda will be introduced into global processes, namely during the World Bank Spring Meetings in April 2018, the next G7-Summit in Canada as well as the following G20-Summit in Argentina in July 2018.