An Investment Partnership that Mobilizes Institutional Investment for African Infrastructure

Access to energy, transport, water and sanitation, and telecommunications is essential to economic growth and poverty alleviation. Yet developing economies face an infrastructure gap that cannot be addressed with domestic resources and official development assistance alone. In Africa, for example, the spending required to address infrastructure needs is estimated at $93 billion annually.

The good news is that capital does exist in global markets – institutional investors are estimated to hold $70 trillion in assets. However, it is difficult to match this supply with demand given differing investment mandates, risk tolerance, and regulatory restrictions of institutional investors. To effectively mobilize capital, infrastructure projects require appropriate financial and marketing expertise to reduce risks and expose investors to suitable opportunities.

USAID’s Office of Private Capital and Microenterprise (PCM) and the Africa Private Capital Group of the Southern Africa Mission have partnered with the National Association of Securities Professionals (NASP), a U.S.-based membership organization supporting women and minorities working in the securities and investment industry. Most of its 500+ members manage large pension funds or advise institutional investors in the U.S.

USAID and NASP will convene a first of its kind U.S. and Africa Institutional Investor conference in sub-Saharan Africa in 2017 to facilitate relationships that build the capacity of local investors and expose U.S. financiers to investment opportunities. The partnership will bring U.S. financial professionals to sub-Saharan Africa to help structure and advise on transactions and financial vehicles that support infrastructure development. The U.S. Department of Commerce, through its Minority Business Development Agency (MBDA), will reach out to U.S minority-owned businesses to communicate potential opportunities resulting from the NASP partnership.

This partnership exemplifies a mutually beneficial U.S.-Africa commercial and development relationship, in which the U.S. can provide investment and build the capacity of local institutions. At the same time, it provides new opportunities for U.S. businesses and individuals, with an emphasis on women and minority businesses, seeking access to opportunities in sub-Saharan Africa’s fast growing markets.

PCM Support to Investors:
- Provides structuring support for blended finance models
- Provides support to intermediaries linking capital supply and demand
- Convenes financial, development, and public sector partners around opportunities for private finance

PCM Support to USAID:
- Provides transaction structuring support for infrastructure projects
- Builds partnerships with investors that provide access to capital and expertise
- Identifies and screens new investment partners