The Institutional Investor Consortium Model: Mobilizing Private Capital to Finance The Development of WAEMU Economies

A CASE STUDY

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<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Pages</th>
</tr>
</thead>
</table>
| 1       | About the Consortiums  
|         | • KEPFIC and AOFSA  
|         | • Does the model work? Where’s the proof?  
|         | • Consortium Harmonies | 3-9 |
| 2       | ABOUT KEPFIC:  
|         | • Governance and Structure  
|         | • Goals and Objectives  
|         | • Benefits of Investing Through KEPFIC | 10-16 |
| 3       | KEPFIC Pipeline and Lot 3 Bond Deal Closure | 17-25 |
| 4       | About The AOFSA  
|         | • Governance and Structure  
|         | • Goals and Objectives  
|         | • Benefits of Investing Through AOFSA  
|         | • Investment pipeline / decision making process  
|         | • Deal closures | 26-42 |
| 5       | Next Steps | 43 |
| 6       | Prosper Africa /USAID Supported Delegation Trips | 44-46 |
Does the Consortium Model Work? Where’s the Proof?

- Two existing consortium of institutional pension funds currently exist and successfully operating.
- This section of the workshop will focus on the case studies of:
  - The Kenyan Pension Fund Investment Consortium (KEPFIC) in Nairobi, Kenya
  - Asset Owners Forum South Africa (AOFSA) in Johannesburg, SA
Consortium Harmonies

Both KEPFIC and AOFSA

- Aim to align local stakeholders (pension funds) towards a common goal of investing to achieve local economic development and impact.

- Opportunity for diversification and above-market returns for their members and other investors.

- To support local investment deficit and help build a sustainable pipeline of bankable infrastructure deals, suitable for institutional investors.

- Opportunity for credit enhancements and co-investment with offshore institutions.

- To participate in capacity-building activities and knowledge-sharing opportunities with other pension funds and industry participants. Economies of scale are shared costs of services.

- Collaborate on the development of a robust pipeline of risk-adjusted opportunities primarily in the area of infrastructure and other alternatives for their members’ consideration.

- Both consortiums aim to build the technical and investment capacity of their member funds to enable them to make informed decisions on infrastructure investments over the long term.
Investments Mobilized

With support from USAID, the United Nations, the World Bank, and MiDA’s technical assistance in working with the two consortiums and US pension funds:

✓ Achieved co-investments: mobilized U.S. and African Institutional Investors to co-invest in an Africa-focused fund – Over $85 million invested. This transaction will accelerate growth for small and medium enterprises (Groupe Cofina in WAEMU- SMEs).

✓ The African Women Impact Fund's (AWIF) first commitment of USD $60 million was announced at the United Nations' Global Africa Business Initiative.

✓ Kenya Pension Fund Investment Consortium (KEPFIC) invested in the Lot 3 Road Development Project Bonds – over $50 million subscribed.

✓ Asset Owners Forum South Africa celebrated its one-year anniversary with USD $400 million in commitments to local infrastructure development.
Mobilizing Co-Investment Between U.S. and African Investors

MiDA Advisors, played a key role in mobilizing U.S. and African pension fund co-investments into an African-focused fund (ADP III) managed by DPI.

MiDA provided investor education, facilitated presentations, and hosted roadshows, amongst other enabling activities that supported allocations by both U.S. and African Institutional Investors, including:

The fund will invest in key infrastructure and other assets across Africa. One representative example of this USAID-supported work impacting the continent is the Fund's investment in Groupe Cofina.

This transaction supports Groupe Cofina in its mission to accelerate growth for Francophone West and Central's Africa’s small and medium enterprises (SMEs) – a critical sector helping to drive economic development in the region.
Kenyan Pension Funds Investment
Consortium (KEPFIC) Allocation to Infrastructure

• 18 KEPFIC members in an oversubscribed road bond development project of a $50 million USD pledge for a $20 million USD financial close.

• This financial close is a significant milestone for KEPFIC and represents the first allocation under the Consortium where local pension funds have co-invested together into a local infrastructure project.

• The Lot 3 Road Project funds the financing, design, building, and maintenance of two sections of 143km of roads in the Wajir and Mandera regions of Kenya.

Pipeline review, due diligence support, and project presentation
Asset Owners Forum South Africa (AOFSA)-
Over USD $400 million Committed in 2022

Over $400 million USD
Committed

The Asset Owners Forum South Africa (AOFSA), within its first year, committed a around of R7.0 billion (about $415 million USD) to local infrastructure and other projects.

AOFSA membership represents around R3 trillion (about $177 billion USD) in AUM and includes 15 of South Africa's largest pension funds.
The Kenyan Pension Fund Investment Consortium (KEPFIC) was established in 2019 with support from MiDA Advisors, in partnership with the World Bank and USAID, to invest in and facilitate co-investments between U.S. and African institutional investors into high-impact sectors such as energy, housing, infrastructure, and local enterprises.

Members consist of 25 local pension funds in Kenya.

The five-year goal was to mobilize up to USD 250 million for investment in impactful infrastructure assets, that would provide competitive returns and diversification opportunities to its member funds.

Working with implementing partners like MiDA, KEPFIC would develop a robust investment pipeline, with the initial due diligence for their member’s investment consideration.
Governance Diagram

Kenya Pension Funds and Other Asset Owners
  Member Subscription

KEPFIC Steering Committee
  Board of Directors
  Secretariat (Spearhead Africa)

MiDA Advisors
  Co-investment support
  Technical Support/Advisory Support

Co-Investors

Pooled Assets for Investment Custody Account

Fund Managers

Underlying Infrastructure Projects

KEPFIC Steering Committee
**Legal Framework:**
KEPFIC is incorporated in Kenya under the Companies Act, 2015 as a company limited by guarantee.

**Governance Structure:**
- KEPFIC's governance structure is guided by The Retirement Benefits Good Governance Practices Guidelines, 2018 OF Kenya., a constitution, and objectives that are determined by the leadership. 2018 OF Kenya.

**Board of Directors:**
The Board of Directors manage the business and affairs of KEPFIC, and provide strategic direction and general oversight of the activities of the Consortium, determine committees, and appoint the Secretariat.

**Secretariat:**
The Secretariat runs the day-to-day operations and management of the Consortium and coordinates with member funds and stakeholders in support of the Board and the committee.

**Strategy and Investment Committee:**
Governance, Risk and Audit, and Project Implementation
Review and make recommendations on overall strategy and make recommendations on proposed new practices, capital developments and investment opportunities, and Monitor compliance with all relevant laws and regulations.

**Implementation Advisors:**
Implementation Advisors are further engaged by the Executive/Steering Committee, to provide advisory and technical support to achieve desired investment goals and objectives.
Establish pooling of funds for infrastructure investment

Attract co-investment from domestic and foreign investors

Grow membership and enhance collaboration between retirement funds

Capacity building and knowledge sharing

Select fund manager and suitable investments

Advocate for members’ interest
BENEFITS OF INVESTING THROUGH KEPFIC

Risk Mitigation
KEPFIC will incorporate various risk mitigation measures

Collaboration and Networking
KEPFIC will promote collaboration between similar minded funds and organize networking events

Economies of Scale
Through pooling of funds KEPFIC will be able to achieve greater economies of scale

Capacity Building
KEPFIC will build the technical and investment capacity of its members

Advocacy
KEPFIC will advocate for its members interest to the regulators

Research and Insights
KEPFIC will provide access to and conduct research on infrastructure investments
1. A key focus for KEPFIC is to develop a robust investment pipeline, that is well structured and initiate deal screening, and some level of due diligence.

2. Infrastructure projects that provide a safe, well-structured investment that generates long-term reasonable returns within reasonable risk parameters for the consortium.

3. Preference for debt over equity: Manage the risk, by ensuring that pension funds invest in infrastructure debt as opposed to infrastructure equity. While returns may be more attractive for infrastructure equity compared to debt, they may take more time to materialize than in classic private debt funds. Debt also offers regular returns and matches pension funds’ liabilities profile.

4. MiDA Advisors, and a partner, engaged with local project sponsors in Kenya to assemble a pipeline of opportunities in high-impact sectors that included the Lot 3 Road Development Project.
Infrastructure Outlook - Kenya

**USD 223 Bn**
Infrastructure Funding Need
2016 - 2040

**USD 39 Bn**
Infrastructure Funding Gap
2016 - 2040

• Despite being the leader in infrastructure developments in East African Community countries, Kenya ranks 18th in the Africa Infrastructure Development Index (AIDI).

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Seychelles</td>
<td>93.71</td>
<td>93.93</td>
<td>94.11</td>
<td>94.32</td>
<td>94.97</td>
<td>96.73</td>
</tr>
<tr>
<td>2  Egypt</td>
<td>85.62</td>
<td>85.66</td>
<td>85.35</td>
<td>85.85</td>
<td>87.23</td>
<td>88.39</td>
</tr>
<tr>
<td>3  Libya</td>
<td>77.67</td>
<td>77.79</td>
<td>79.27</td>
<td>81.41</td>
<td>81.89</td>
<td>82.97</td>
</tr>
<tr>
<td>4  South Africa</td>
<td>75.90</td>
<td>75.52</td>
<td>79.63</td>
<td>78.53</td>
<td>78.43</td>
<td>79.34</td>
</tr>
<tr>
<td>5  Mauritius</td>
<td>74.28</td>
<td>74.08</td>
<td>75.49</td>
<td>76.79</td>
<td>77.50</td>
<td>79.12</td>
</tr>
<tr>
<td>18 Kenya</td>
<td>24.00</td>
<td>24.37</td>
<td>24.93</td>
<td>25.60</td>
<td>25.92</td>
<td>26.09</td>
</tr>
</tbody>
</table>

Source: 1) Global Infrastructure Hub, 2020, 2) Africa Infrastructure Development Index
## Pipeline of Investment Opportunities

<table>
<thead>
<tr>
<th>Deal Name</th>
<th>Project Originator</th>
<th>Project Description</th>
<th>Sub-sector</th>
<th>Deal Size (US$M)</th>
<th>Investment Instrument/Target returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term debt for a PPP road expansion project</td>
<td>Meridiam</td>
<td>Meridiam is working on a PPP road expansion project for the 200km Nairobi-Nakuru highway</td>
<td>Transport (Roads)</td>
<td>KES 5B (US $50M)</td>
<td>Debt or Equity</td>
</tr>
<tr>
<td>Project Financing for Malindi Solar</td>
<td>Globeleq</td>
<td>Globeleq is currently developing a US $67M solar project in Malindi. The firm has already secured US $52M and is looking for US $15M in debt or equity</td>
<td>Energy</td>
<td>US $15M</td>
<td>Debt: LIBOR + 4% Equity: 14 -15%</td>
</tr>
<tr>
<td>Various co-investment opportunities</td>
<td>FSD Africa</td>
<td>FSD Africa aims to strengthen capital markets across Africa. It is currently working on multiple projects across energy and social infrastructure</td>
<td>Energy Healthcare Education</td>
<td>N/A</td>
<td>Debt or Equity</td>
</tr>
<tr>
<td>Long-term Debt for Market Expansion</td>
<td>Bboxx</td>
<td>Bboxx is a solar home system provider operating across Africa seeking expanded financing to grow in Kenya and across East Africa</td>
<td>Energy/Solar Home System</td>
<td>US $17M</td>
<td>Debt</td>
</tr>
<tr>
<td>Infrastructure Fund</td>
<td>AIIM</td>
<td>AIIM manages PE funds designed to invest long-term capital into African infrastructure projects. AIIM is currently raising a US $400M fund</td>
<td>Multiple</td>
<td>TBD</td>
<td>17% gross IRR 11% net IRR Equity</td>
</tr>
<tr>
<td>Cell Tower Expansion in Kenya</td>
<td>Everstrong Capital</td>
<td>Everstrong Capital is looking to make an investment in a well-known cell tower development company that is looking to build new cell towers expanding its current footprint in Kenya.</td>
<td>Telecommunications</td>
<td>TBD</td>
<td>Debt or Equity</td>
</tr>
</tbody>
</table>
The Lot 3 Roads project in Kenya Roads Annuity Program

- The Lot 3 Roads project is one of the first PPPs in Kenya to be undertaken under the Kenya Roads Annuity Program.

- The project is located in the northeastern part of Kenya and comprises the finance, design, build, maintenance and transfer of two sections of 143 km of roads in Wajir (Modogashe – Habaswein – Samatar) (closer to the Ethiopia border) and Mandera, areas with little paved roads, making travel and connectivity a challenge.

- The scope of work broadly includes upgrading to paved standards of gravel and earth roads and reconstruction of existing roads including bridges, culverts, road intersections, drains, etc., and the maintenance thereof.

- The total cost of the project is expected to be KES 17.38 billion ($150 million), financed from the following sources including DFIs, banks, the Gov of Kenya, and private investors.
The project placement agent (Stanbic) is looking to raise KES 2 billion in guaranteed notes (project bonds) from local institutional investors on a PPP project for a 143-km lot-3 road under construction in Northern Kenya connecting to a bigger road from Somalia to Ethiopia.

The funds raised by the bonds will go directly to the project safekeeping bank, on behalf of the Hass-Consortium, and not to the GoK.

The notes will be registered and certificated but will not be rated or listed. This is a private placement debt instrument with access only by subscription.

Similar to a mortgage loan, the notes will amortize over eight years with a fixed interest rate that was set at 12.6% at the close.
1. **What the Guarantee Offered**

   - A key feature of the note is that it offers an irrevocable and unconditional guarantee issued by GuarantCo on 100% of principal and interest payments payable on demand.

2. **Guarantor Funders**

   - The governments of the United Kingdom, Switzerland, Australia, and Sweden—through the PIDG trust, the Netherlands—through FMO and the PIDG trust, France—through a stand-by facility, and Global Affairs Canada—through a repayable facility.

   - Participation of both GuarantCo and MIGA is important as these organizations take precautions to prevent corruption in the transactions they support.

3. **Guarantor Rating**

   - Fitch AA-, Moodys (AA1), PACRA (AAA), Bloomfield (AAA)
Additional Assurances Implemented to Protect Investors

• The Road Annuity Fund (RAF) is a ring-fenced fund by law that is funded by a fuel levy on refined petroleum products consumed in Kenya.

• The GoK provided a backstop to the RAF to ensure that the Fund is adequately funded to meet its annual projected obligations.

• Any shortfalls in the RAF Fund will be budgeted for in the annual national budget. Kenya has successfully been implementing fuel levy collection for the past 20 years.

• Funds raised for the project will be held in accounts for the Issuer (Hass-Consortium GVR Infra Limited) providing protection from undesired use.
Environmental and Social Governance (ESG)

ESG Compliance Areas

- Assessment and Management of Environmental and Social Risks and Impacts
- Labor and Working Conditions, Resource Efficiency and Pollution Prevention
- Community Health
- Safety and Security
- Land Acquisition and Involuntary Resettlement
- Biodiversity Conservation and Sustainable Management of Living Natural Resources
- Indigenous Peoples
- Cultural Heritage

- Reputation with respect to ESG and climate risk has been addressed through both project compliance with local laws, PPP law, and the requirements of the external agencies to this project.
- **ESIA:** The project is required to comply with all local regulation with regard to Environmental and Social safeguards which are set out in the Environmental and Social Impact study to this project.
- **GuarantCo** investments are required to meet the IFC performance standards.
- **MIGA** require minimum standards to be met with respect to the key categories of ESG compliance. The set of activities to be followed by the project to comply to these requirements are set out on their website.
Deal closure on Kenya’s Lot 3 Roads Project Bond

- In the first quarter of 2023, KES 2 billion (c.$20 million) financing for the project was raised with bonds having a full financial guarantee from GuarantCo.

- The bonds were oversubscribed by 157%. Eighty-eight pension funds most of which were members of KEPFIC, and two life insurance companies placed bids.

- The bonds are being distributed on a pro-rata basis. The fixed interest rate on the bonds was set at 12.6%.
Lot 3 Road Development and Maintenance Bond Deal Closing Document

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Hass-Consortium-GVR Infra Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue Size</td>
<td>KES 2.0 billion</td>
</tr>
<tr>
<td>Maturity of the Notes</td>
<td>The Notes will mature on the 8th anniversary from the Issue Date</td>
</tr>
<tr>
<td>Weighted Average Life of the Notes</td>
<td>3.86 years</td>
</tr>
<tr>
<td>Note status</td>
<td>Subordinated and Guaranteed</td>
</tr>
<tr>
<td>Credit enhancement</td>
<td>100% guarantee of principal and interest from GuarantCo UK (AA- Fitch; A1 Moody’s)</td>
</tr>
<tr>
<td>Funding structure</td>
<td>100% drawdown on Issue Date (Issue Date to be communicated)</td>
</tr>
<tr>
<td>Lead Arrangers and Lead Placing Agents</td>
<td>Stanbic Bank Kenya Limited; SBG Securities Limited</td>
</tr>
<tr>
<td>Offer summary</td>
<td></td>
</tr>
<tr>
<td>Interest/payment basis</td>
<td>Fixed Rate Notes</td>
</tr>
<tr>
<td>Yield</td>
<td>12,60%</td>
</tr>
<tr>
<td>Book of Demand</td>
<td></td>
</tr>
<tr>
<td>Total bids received</td>
<td>KES 5,136,500,000</td>
</tr>
<tr>
<td>Total bids allocated (Issue size)</td>
<td>KES 2,000,000,000</td>
</tr>
<tr>
<td>Subscription Rate</td>
<td>257%</td>
</tr>
</tbody>
</table>
• IMPACT- Investing in the Lot 3 Road Development project will bring tremendous economic and social benefits for local communities in the forms of:

- Generating time travel savings
- Improving road safety–paved road with safety signs
- Reducing transportation and vehicle operating costs
- It will create new business opportunities for local vendors
- Create new job opportunities, directly and indirectly during the construction and maintenance of the roads
- Will contribute to poverty reduction by facilitating regional trade, increasing access to regional markets, and;
- Contribute to integrating the region with the rest of the country

• In conclusion, this is a project with multiple risk Mitigants to protect investments in the form of guarantees and government ring-fenced provisions.
KEPFIC Support Partners
• About Us
• Governance Summary
• Growth of Alternative Assets
• Real Assets are not just for DB funds

Benefits of Investing Through the AOFSA
• Why is the AOFSA needed now?
• Key principles
• Objectives of the AOFSA
• Membership
• Coalition and Partnerships

Structure, Leadership and Partnerships of the AOFSA
Project Pipeline - Investment Selection
• Batseta convenes the Asset Owners Forum South Africa (“AOFSA” or “the Forum”) structure for investment into Real Assets (infrastructure and direct real estate) and other private markets;

• For the purposes of meeting the investment objectives of pension funds and their members, while supporting the long-term socio-economic development needs of South Africa

• The AOFSA is an open and voluntary coalition of South African retirement funds of all sizes with perpetual succession. All retirement funds are welcome to join.

• It is a consortium of prominent South African pension funds that have come together for the purposes of collaborating to make sustainable long-term impactful investments in the region.

• Over the next five years, the AOFSA aims to mobilize a significant amount of funds for investment in impactful infrastructure assets that will provide competitive returns and diversification benefits to the member funds and co-investors.
AOFSA is established under the auspices of the Batseta Council of Retirement Funds for South Africa (“Batseta”) by resolution in 2019 to establish a forum to support infrastructure investments through the sharing of knowledge resources and due diligence costs.

- **Governance Structure:** The organization is guided by the South African Good Governance Practices Guidelines, the governing policies of Batseta, the constitution of the Forum, and by the Steering Committee comprising founding members.

- **Steering Committee:** The Steering Committee provides strategic direction and general oversight of the activities of the Consortium, determines committees, and appoints the Secretariat. **An investment working committee and a legal and compliance committee** support the Forum activities.

- **Secretariat:** The Secretariat runs the day-to-day operations and management of the Consortium and coordinates with member funds and stakeholders in support of the Steering Committee.
Sample Governance Framework

Batseta Board

Asset Owners Forum / Retirement Funds

Steering Committee

Secretariat / EXCO

Investment Working Committee

Governance, Legal and Compliance Working Committee

Ad-hoc working committees
Strategy WC

COALISTIONS AND PARTNERSHIPS
Objectives of the Forum

- To proactively **increase the allocation of pension** fund assets to infrastructure and real assets

- **Achieve economies of scale** by developing a cost-effective and thorough framework for conducting due diligence on the pipeline of opportunities for the benefit of member pension funds.

- **Advocacy**- Identify and address regulatory barriers to infrastructure and impact investing. Regulation 28

- **Collaborate with the SA Government** on matters related to Infrastructure Development.

- To promote inclusivity, **transformation**, and ESG in the industry

- Catalyse the **inward investment of foreign capital to South African** opportunities
Key Principles

1. Investment decisions will take into consideration the **fiduciary duty** of each retirement fund.

2. There must be **no infringement of funds’ investment governance processes** to determine investment options that are in the best interest of their members.

3. Participation at the AOFSA does not equate to an investment commitment.

4. Assets or infrastructure funds selected must optimize the **3 dimensions** of returns, risks, and impact.

5. Meaningful impact includes job creation, positive effect on the environment/climate, transformation, catalyzing growth of the South African economy, and other dimensions of sustainability.

6. The assets must be **professionally managed by industry experts/specialists** and with due regard to good governance practices.

7. The collaborative efforts of the retirement funds must enhance information sharing, cost sharing, and ultimately the increased allocation to real assets while adhering to sound Investment Policy Statements and the relevant regulations.

8. The AOFSA safeguards the long-term interests of the underlying pension fund members by constructively engaging with asset managers, asset consultants, and the government.
Benefits of joining the AOFSA

- **Economies of Scale**—sharing of DD costs and due diligence to negotiate lower fees
- **Co-investment with Global Pension Funds**
- **Support from USAID, World Bank, MIDA and Other Partners**
- **Research and Insights**
- **Drive ESG and Transformation**
- **Capacity Building**
- **Advocacy with govt and regulators**
- **Collaboration and Networking**—develop the secondaries market; reduce information asymmetry
- **Influencing Risk Mitigation**

Supporting Partners: USAID, MIDA, Batseta
The following retirement funds are members of the Forum:

1. Eskom Pension and Provident Fund
2. Ernest & Young Provident Fund
3. Government Employees Pension Fund
4. JSE Retirement Fund
5. Mineworkers Provident Fund
6. Motor Industry Retirement Funds
7. Kwazulu-Natal Joint Municipal Pension/Provident Funds
8. KZN Municipal Pension Fund
9. National Fund for Municipal Workers
10. Post Office Retirement Fund
11. SABC Pension Fund
12. South African Local Authorities Pension Fund
13. Telkom Retirement Fund
14. Transnet Retirement Fund
15. Transport Sector Retirement Fund
• Regulation 28, sets limits for investments in various asset classes to, protect retirement fund member savings by limiting the extent to which funds may invest in a particular asset and preventing excessive concentration risk. Ensure pension funds are prudently invested and focused on achieving economic development and growth.

• Recent amendments to Regulation 28:
  - A new definition for infrastructure to better measure and monitor allocations.
  - Delinking of the asset class under “hedge funds, private equity, and other assets” to stand-alone asset classes each with its own specific limit.
  - Private equity limits will increase from 10% to 15%; hedge funds up to 10% and “other assets” have a limit of 2%.
  - Increasing the offshore investment limits in Africa (up from 5% to 10%) and the rest of the world (up to 30% from 25

• While there is still no assigned asset class category for infrastructure, the amendments allowed for up to 45% investment in domestic infrastructure that can be spread under multiple asset classes including Government/state-owned bonds, private equity, municipal bonds, listed equity, property, hedge funds, loans, and other.
PIPELINE DEVELOPMENT – 2020-2021: Based on desktop research, industry engagements and referrals we presented 64 potential opportunities to the AOFSA. Following an initial screen, 21 opportunities selected for further discussion with AOFSA members

**Direct investment**

Sample: SIDSSA pipeline, 5 infrastructure programmes and 15+ fund managers (for co-investment) screened

- **47** Deals presented to AOFSA
- **205** Inactive deals

**Indirect investment**

Sample: 15+ Fund managers screened

- **17** Funds presented to AOFSA
- **278** Inactive funds
## 2021-22 Fund Managers Summary

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Sector Focus</th>
<th>Investment Instrument</th>
<th>Target Return</th>
<th>Fund Size</th>
<th>Fees</th>
<th>BEE Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mergence Infrastructure Development and Debt Fund</td>
<td>Affordable housing, water sanitation, with the common theme of impact</td>
<td>Debt</td>
<td>CPI + 3%</td>
<td>R370m AUM</td>
<td>1.5-1.75% fixed, 20% performance</td>
<td>2</td>
</tr>
<tr>
<td>Futuregrowth Power Debt Fund</td>
<td>Renewable energy, transport, healthcare, education, affordable housing</td>
<td>Debt</td>
<td>CPI+4.5%</td>
<td>R18bn AUM</td>
<td>0.75-0.87% fixed, 0.5%</td>
<td>2</td>
</tr>
<tr>
<td>Futuregrowth Infrastructure and Development Bond Fund</td>
<td>Sector agnostic infrastructure with bias towards renewable energy</td>
<td>Debt</td>
<td>CPI+7%</td>
<td>R6bn AUM</td>
<td>1% fixed, 10% performance</td>
<td>2</td>
</tr>
<tr>
<td>Stanlib Infrastructure Fund II</td>
<td>Sanlam Sustainable Infrastructure Fund</td>
<td>Equity and quasi-equity instruments</td>
<td>18% - 19%</td>
<td>R6bn AUM, raising R5bn</td>
<td>0.46% to 0.58% fixed</td>
<td>2</td>
</tr>
<tr>
<td>Sanlam Sustainable Infrastructure Fund</td>
<td>Renewable energy infrastructure</td>
<td>Equity</td>
<td>20%</td>
<td>Raising R2bn (R300m raised to date)</td>
<td>1.5% fixed, 15% performance</td>
<td>1</td>
</tr>
<tr>
<td>Moshesh Partners Renewable Energy &amp; Clean Infrastructure Fund I</td>
<td>Renewable energy infrastructure (including natural gas)</td>
<td>Equity</td>
<td>17%</td>
<td>Raising R2bn (R460m raised to date)</td>
<td>2% fixed, 20% performance</td>
<td>2</td>
</tr>
<tr>
<td>Mahlako Energy Fund</td>
<td>Water, waste, energy and telecoms</td>
<td>Equity, quasi-equity and equity related instruments</td>
<td>20% - 25%</td>
<td>Raising R1bn (R150bn raised to date)</td>
<td>2% fixed, 20% performance</td>
<td>1</td>
</tr>
<tr>
<td>Mid-Market Infrastructure Fund I</td>
<td>Energy, Water, Transport and ICT</td>
<td>Equity</td>
<td>CPI + 8%</td>
<td>Raising R500m</td>
<td>2% fixed, 20% performance</td>
<td>1</td>
</tr>
<tr>
<td>Bayakha Economic Infrastructure Fund I</td>
<td>Food production value chain</td>
<td>Equity, mezzanine and equity-related instruments</td>
<td>20%</td>
<td>Raising R3bn</td>
<td>Flexible</td>
<td>1</td>
</tr>
<tr>
<td>Food Production Value Chain Impact Fund</td>
<td>Economic infrastructure</td>
<td>Equity and equity-related investments</td>
<td>CPI + 8%</td>
<td>Raising R1.5bn</td>
<td>1.5% on invested capital</td>
<td>2</td>
</tr>
<tr>
<td>Afrifund Investments</td>
<td>Food production value chain</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medu Capital Agriculture Fund</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

### Notes:
- **BEE Level**: 2 (Women-owned)
Decision Making Process

The Asset Owners Forum of South Africa (AOFSA) Investment Consideration Process

Prepared by MiDA Advisors for INVEST

**Pipeline Development**
- MIDA Advisors and CrossBoundary engage with project sponsors and fund managers, facilitating presentations and compiling relevant information, to develop a pipeline of suitable investment opportunities for the AOFSA to consider.

**Investment Working Committee**
- The Investment Working Committee (IWC) is a body established by the AOFSA to screen projects and funds on behalf of the Forum. Once introduced, the pipeline of projects and or managers is reviewed by the IWC who makes a determination to shortlist or advance the pipeline on to the Steering Committee or make additional decisions on the projects and or managers in the pipeline.

**Steering Committee**
- The approved pipeline report is then presented by the Chair of the IWC, with the support of MiDA Advisors and CrossBoundary, to the Steering Committee for their review and discussion. The Steering Committee then gauges initial interest from the Forum Members and determines whether NDAs need to be entered into to collect additional information and engage further with the relevant consultants. The Steering Committee then advances the pipeline report to the Forum members.

**Forum Consideration**
- After passing through both the IWC and Steering Committee, the pipeline report is presented to the Forum Members for their consideration, further analysis, and approach to due diligence (ex. type, level, etc.).

**Member Investment Determination**
- Once the pipeline report has been presented, each Forum Member is required to discuss the managers or projects of interest with their internal investment staff, committees, and consultants, to determine overall willingness to invest and fulfill due diligence requirements. The Members will then notify the Secretariat of their investment decisions. During this phase, MiDA and the Secretariat engage directly with the Forum Members to monitor and advance projects and funds in the pipeline.

**Forum Notice of Determination**
- The Secretariat will follow up with the individual Members to collect overall investment decisions to report back to the Steering Committee who will then inform the Forum about the decisions. For positive investment decisions, the Forum would then announce the investments. In the case of an unsuccessful determination, the project or fund would then be removed from the pipeline report.
AOFSA members celebrating their 1st anniversary
## Outcome: Commitment of $145 million to Infrastructure Assets

<table>
<thead>
<tr>
<th>STANLIB</th>
<th>FUTUREGROWTH / ASSET MANAGEMENT</th>
<th>MAHLAKO</th>
<th>INFRA IMPACT</th>
<th>Infra Impact Mid- Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>KZN Municipal Fund</td>
<td></td>
<td>R100 m US$ 5.8 m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GEPF</td>
<td></td>
<td>R500 m US$29.1 m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPPF</td>
<td>R400 m US $23.3 m</td>
<td>R400m US $23.3 m</td>
<td>R200 m US $11.7m</td>
<td>R100m US $5.8 m</td>
</tr>
<tr>
<td>National Fund for Municipal Worker</td>
<td>R280m US $16.3 m</td>
<td></td>
<td></td>
<td>R250m US $14 m Decision pending</td>
</tr>
</tbody>
</table>

The exchange rate used as of Dec. 22, 2022 for conversion from Rands to US dollars is 17.16.

Focusing on Wind farms, and solar, green hydrogen
## Achievements in Allocation to Infrastructure

<table>
<thead>
<tr>
<th>Description</th>
<th>Rand</th>
<th>US Dollar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocation over past 24 months</td>
<td>R 4.7 billion</td>
<td>$270.0 million</td>
</tr>
<tr>
<td>Allocation made from the Funds’ Own Pipeline/Sources</td>
<td>R 2.5 billion</td>
<td>$130.0 million</td>
</tr>
<tr>
<td>Allocation from AOFSA Facilitated Pipeline</td>
<td>R250 million</td>
<td>$15m</td>
</tr>
<tr>
<td>Additional allocation approved</td>
<td>R 7.2 billion or $400.0 million or $415 million</td>
<td></td>
</tr>
<tr>
<td>Total Allocation to Infrastructure Assets</td>
<td>R 7.5 billion</td>
<td>$415 million</td>
</tr>
</tbody>
</table>
Next Steps

• Raise awareness and keep the dialogue about the benefits of developing a pension fund consortium for local economic development in the WAEMU.

• Collaborate to facilitate resources from the US and other DFIs in support of institutionalizing the WAEMU Forum.

• US Agencies (DFC) and other DFIs are also an important conduit for credit enhancement and blended financing and promoting co-investment opportunities with institutional investors in the US.

• Identify members for the consortium and provide capacity building activities for consortium members.

• Providing technical and advisory support through capacity development and education to U.S. and African institutional investors for investment opportunities in infrastructure and other alternatives.

• Determine bankable project in the region and support pipeline activities including initial due diligence for member’s consideration.

• Grow the membership by extending invitations to pension funds from outside of the WAEMU region.
Building Institutional Investor Capacity Through Delegation Trips

MiDA Advisors facilitated a delegation of 9 institutional investors and engaged with both African and U.S. government leadership on the ground. Delegates engaged with the U.S. Ambassador to Senegal and top cabinet officials in Kenya. Delegates discussed investable opportunities alongside KEPFIC.

In South Africa, MiDA Advisors facilitated a delegation of over 20 U.S. institutional investors and financial sector professionals. Delegates engaged with the AOFSA, U.S. government leadership, including U.S. Undersecretary Jose Fernandez, and leading organizations including CFA South Africa.

The 2022 U.S. Africa Leaders Summit (USALS) demonstrated the United States' longstanding commitment to Africa while strengthening ties between the United States and African Nations. MiDA Advisors facilitated a Prosper Africa U.S. Institutional Investors Delegation that participated in events hosted by the State Department, Prosper Africa, and other side events.
2023 Prosper Africa Sponsored Delegation Trips to Africa

**Egypt Trip Highlights**

- **Over $1.6 trillion in AUM represented**
- Delegates attended and presented at the African Private Equity and Venture Capital Association (AVCA) Annual Conference
- Hosted two educational webinars with the World Bank and Prosper Africa, as well as one-on-one prep calls with delegates and fund managers

**South Africa Trip Highlights**

- **Over $1 trillion in AUM represented**
- 23 fund managers participated in pitch presentations to U.S. and local institutional investors in Johannesburg and Cape Town
- Delegates were featured panelists at the Government Employees Pension Fund Thought Leadership Conference
- 20+ pre-trip meetings between asset allocators, Prosper Africa, fund managers, and other key stakeholders including McKinsey

**2023 Trip Outcomes**

- Over 30 post-trip meetings so far between asset allocators, fund managers, consultants, and other key stakeholders, and continues to follow up on potential leads.
This report was prepared by
MiDA Advisors in partnership with UNECA
Disclaimer

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The authors’ views expressed in this report do not necessarily reflect the views of the United Nations, United States Agency for International Development (USAID) INVEST, Development Alternatives Incorporated Global LLC, or MiDA Advisors, LLC (MiDA).
MiDA Advisors’ partnership with the AOFSA is to provide technical and advisory support through resources from USAID to institutionalize the Forum.

- MiDA is also an important conduit for promoting co-investment opportunities with institutional investors in the USA.
- Providing capacity development and education to U.S. and African institutional investors for investment opportunities in infrastructure and other alternatives.
MiDA Offers Three Major Lines of Services

MiDA Advisors ("Mobilizing Institutional Investors to Develop Africa’s Infrastructure" MiDA) is a global advisory firm specializing in facilitating institutional investments and trade in Africa and other emerging markets.

MiDA partners with development agencies and financial institutions on programs that advance sustainable development and impact investment by crowding capital at scale in Africa and other emerging markets.

Through MiDA’s expansive network and valuable partnerships, we specialize in providing capacity development and education to U.S. and African institutional investors to mobilize capital for infrastructure and other alternative asset classes.

MiDA specializes in unlocking transaction/project capital by harnessing innovative instruments of U.S. capital markets and US government programs to meet the development needs of Africa and other emerging markets.
MiDA’s Accomplishments

As an Implementing partner and with support from USAID, MiDA accomplished the following:

• Served as Lead Advisor to the Kenya Pension Fund Investment Consortium (KEPFIC), facilitating investment in the Lot 3 Road development Project Bonds (over $50 million subscribed).

• In 2022, with technical assistance from MiDA, the Asset Owners Forum South Africa celebrated its one-year anniversary with over $400 million in commitments in infrastructure—including $145 million to a pipeline of projects developed by MiDA Advisors.

• **Mobilized U.S. and African Institutional Investors to co-invest over $85 million in an Africa-focused fund supporting small and medium enterprise businesses.**

• Served as the lead transaction advisor on a groundbreaking housing finance transaction that secured $274 million in private capital via a 17-year bond issuance for affordable housing in West Africa, including investments from international investors.

• MiDA serves as a strategic advisor to the African Women Impact Fund (AWIF). Its first commitment of $60 million was announced at the United Nations’ Global Africa Business Initiative in September 2022. The fund has now raised $85 million.

• Since 2017, MiDA has supported USAID and Prosper Africa’s Institutional Investor Delegation Trips to Africa. Participants of delegation trips to date have represented over $6 trillion under management/advisement and hail from across the U.S. and Africa.

• MiDA successfully implemented the inaugural Women Empowerment Mentoring and Incubation Fund Manager Program (WE>MI), with a total of 9 cohort graduates from Southern Africa receiving over $21 million in allocations.
Providing Avenues for Homeownership in West Africa with CRRH

MiDA Advisors assisted CRRH in raising over $275 million USD in private capital, with support from USAID and a credit guarantee from the U.S. International Development Finance Corporation (DFC).

This transaction provided investors with access to new opportunities in faster-growing developing markets and provided an avenue for people in West Africa to build wealth as homeowners.

This first-time bond issuance will enable banks in West Africa to access a deep well of liquidity in U.S. and European markets, and issue nearly 8,000 more mortgages with better rates and longer repayment timelines, making homeownership a reality for more families across West Africa.
Section A
About MiDA Advisor’s Institutional Capacity

• MiDA Advisors (“Mobilizing Institutional Investors to Develop Africa’s Infrastructure” MiDA) is a global transaction and financial advisory firm specializing in facilitating institutional investments and trade into Africa and other emerging markets.

• MiDA Advisors’ mission is to identify investment opportunities and provide transaction advisory services in emerging markets in partnership with development finance institutions, governments, institutional investors, businesses, and research institutions.

• Originally founded during the 2nd U.S. - Africa Leaders Summit in 2016 under President Obama through a cooperative agreement between the United States Agency for International Development (USAID) and the National Association of Securities Professionals (NASP).

• The firm expanded with a highly specialized and experienced team to become an implementing partner firm engaged by Prosper Africa and USAID, private sector organizations, and corporations to provide development finance and transaction advisory services to mobilize institutional investors into the real economy.