OECD-AfDB Seminar on addressing policy impediments to private investment in African infrastructure

Agenda

15 July 2014
OECD Conference Centre
Paris, France

Seminar overview

Africa needs far more infrastructure than its governments can afford to finance through tax revenues and aid. The scale of the region's infrastructure needs is too large for its existing funding sources. Nonetheless, it is trivial relative to the size of world capital markets: financing opportunities appear to be vastly underutilised when compared to the contribution they could potentially make to infrastructure development on the continent. Moreover in many sectors there is in fact a 'willingness-to-pay' for infrastructure services.

Investment opportunities are therefore plentiful, but investors are not yet fully seizing them. Not only has Africa been unable to tap into available sources of finance and to attract investors to its infrastructure markets, but the situation has not improved in recent years: apart from exceptional investments in energy in Morocco and South Africa, the continent has seen a decline in private capital for infrastructure projects since 2008. To some extent this results from a 'communication gap', whereby global capital markets continue to view African infrastructure as highly risky, and credit rating agencies provide an oftentimes negative picture of investment opportunities in African infrastructure. But in large part substantial efforts remain to be made by African governments (as well as development partners, international investors and Regional Economic Communities) to help reduce these perceived risks and to effectively prepare and manage infrastructure investment opportunities.

It is urgent to reverse this trend, and actions will be required in many dimensions. To make progress requires getting beyond generalities to address a small number of bundles of issues where public policy changes at national, regional and international levels can help to unlock the supply of finance while also enhancing the investment climate.

This seminar will include three focused technical sessions addressing better regulation, proactive management of the project cycle, and more effective use of public risk-bearing capital. These sessions will bring together institutional investors, representatives of host governments (including PPP practitioners), infrastructure utility companies, Regional Organisations, the international banking sector and bilateral and multilateral Development Finance Institutions. The annotated agenda suggests areas for discussion, but these are not intended to limit the discussion of each item.

The outcomes of these discussions will inform a policy paper that will propose actionable reforms at national, regional and international levels.

For more information visit: www.oecd.org/daf/inv/investment-policy/oecd-afdb-seminar-private-investment-in-african-infrastructure.htm.

10:00-10:30	**Registration & coffee**
10:30-11:00	**Opening session**

- Welcome – Rintaro Tamaki, Deputy Secretary-General & Chief Economist, OECD
- Introductory remarks – Paul Collier , International Growth Centre
- Call to action – Charles Boamah, Vice President of Finance, African Development Bank

11:00-13:00	**Session 1 : Better regulation in home and host countries to unlock the supply of finance**

Topics for discussion:

Participants are invited to discuss how the supply of finance could be unlocked by better regulation at both ends of the chain, for example by:

- *Better regulation in home countries to enable an increased role of institutional investors (such as pension funds, insurance companies and mutual funds) in infrastructure markets.*
- *Establishing a credible policy commitment / national strategic plan for long-term private participation in infrastructure sectors (notably to diminish risks posed by long-term investment horizons and to mitigate the complexities of project planning and of coordinating multiple central and local stakeholders);*
- *Better regulation in host countries to give a stronger basis for providing both investors and consumers with assurances of consistent and fair arrangements.*

Speakers:

- Kogan Pillay
  Head, South African Development Community Public Private Partnership Network (SADC 3P Network)
- Nils Tcheyan
  Director, Government affairs and Policy for Africa, General Electric
- Julien Touati
  Corporate Development Director & Investment Director, Meridiam

Moderator:

- André Laboul
  Head, OECD Division on Financial markets, investment and pensions

13:00-14:15	**Lunch and guiding remarks :**

- Angel Gurría, Secretary-General of the OECD
- Donald Kaberuka, President of the African Development Bank
- Kandeh Yumkella, Special Representative of the UN Secretary-General for Sustainable Energy for All (SE4ALL) and CEO of the SE4ALL Initiative

14:15-15:45	**Session 2 : Managing risks across the project cycle**

As different risks are apparent at different stages of the project cycle, a proactive approach to managing the project cycle is needed. Participants are invited to consider ways of doing this more effectively, for example by:

- *Unbundling projects into planning, building and operating phases, and addressing the key constraints and risks at each stage.*
- *Improving arrangements for negotiation and agreement of contracts, and for arbitration of disputes.*
- *Encouraging private investors to invest in the stages where they can best shoulder the risks, and have an appropriate exit strategy; and likewise building the necessary capacity in the public sector to understand and manage risks falling on the public partner across the project cycle.*

Speakers:

- Ayo Gbeleyi
  Honourable Commissioner for Finance - Lagos State, Nigeria; with concurrent oversight responsibility of the Lagos State Office of PPPs
- Edouard Dahomé
  Director for Africa
  EDF
- Glen Ireland
  Partner, Latham & Watkins

Moderator:

- Pedro Rodrigues de Almeida
  Director and Head of Infrastructure & Urban Development Industries, World Economic Forum

15:45-16:00	**Coffee break**
16:00-17:30	**Session 3 : Using public risk-bearing capital more effectively**

Public risk capital is a scarce resource, so it is important to allocate it efficiently and to avoid using it in ways that duplicate what private investors are ready to finance themselves. Participants are invited to consider actions to this end, including the scope for IFI/DFI to:

- *Securitise and sell down infrastructure assets on IFI/DFI balance sheets*
- *Use scarce capital to further develop financial technologies such as risk-insurance products, first-loss positions in projects, and other vehicles that leverage private investment, tailored to the project cycle; and*
- *Bring in hard-window capital for high-return projects in IDA-only African borrowing countries*

Speakers:

- Keith Palmer
  Founder Chairman of Emerging Africa Infrastructure Fund, founder and Non-Executive Director of GuarantCo, and founder Chairman of InfraCo Ltd
- Neside Tas Anvaripour
  Director, Business Development/Africa50, African Development Bank
- Bernard Sheahan
  Director for Infrastructure & Natural Resources, International Finance Corporation

Moderator:

- Michel Wormser
  Vice President and Chief Operating Officer, Multilateral Investment Guarantee Agency

17:30-18:15	**Discussion of conclusions and the way forward**

- Richard Manning, International Growth Centre
- Karim Dahou, Executive Manager, NEPAD-OECD Africa Investment Initiative

18:15-19:00	**Closing cocktail**

www.oecd.org/daf/inv/investment-policy/africa.htm