EXCLUSIVE INTERVIEW WITH: AFRICA50 CEO, Alain Ebobisse

1. What has your experience been as a financier of project development and platforms in Africa?

My experience aligns with a broader consensus that a key constraint to private infrastructure investment in Africa is not necessarily a lack of funds available to finance well-structured projects, but rather a limited number of bankable projects that are ready to be financed. It is something I saw time and again, particularly when I was running the Global Infrastructure Project Development Fund and IFC InfraVentures for the World Bank Group. In Africa, perhaps more so than other geographies in which I have worked, it has been especially challenging to attract investment at the project development stage. By creating a project development arm that will support the development of private and PPP infrastructure projects from the early stages, Africa50 will effectively be able to de-risk opportunities, potentially catalysing other investments as well as the build-out of a portfolio of competitive, bankable projects.

2. What type of returns are you delivering for your shareholders and what would your message be to institutional investors looking to access early stage infrastructure investment opportunities?

Africa50 has a commercial management mandate, and as such will strive to deliver returns to its shareholders and investors that are commensurate with the risks taken, as well as in line with market expectations.

Our message to institutional investors on investing in infrastructure projects in Africa is clear: there are risks, but the risk perception is higher than the reality, and returns on projects that have been well structured have been good. As in other investments, jumping on board in the early stages of a project will have additional benefits, such as developing proprietary deals, but this requires highly specialized skills and capabilities, as well as a good understanding of the local landscape.

3. What type of returns are you expecting your developers and your project development activities to deliver for you?

Similar to what we would strive to deliver to our investors, namely that they be commensurate with the risks taken and consistent with market benchmarks. However, it is important to emphasise our double bottom-line. Africa50 is committed to bettering the lives of Africans by developing the infrastructure needed to catalyse sustainable economic opportunities, so we look not only for a positive financial return, but also for a positive economic development return. If a project will not benefit the people of the country where we invest, then we are not interested.

4. Looking into your crystal ball, what type of private sector innovations and new models would you like to see to make it easier and more attractive for you to invest in project development?

My view is that creating new instruments or models is not a top priority. There are quite a few instruments that can be used in the project development space. At Africa50 we typically enter into joint development

agreements (JDAs), which allow costs and project development activities to be shared between the partners and govern how these investments are remunerated and construction equity subscription rights allocated. There are many alternatives in the form of equity or quasi-equity, for example. We would rather focus on increasing the speed of implementation of models and instruments used in the development process, particularly when development finance institutions are involved. In short, we must promote a streamlined process that allows transactions to be closed faster.

5. To what extent can the industry and investment ecosystem further innovate structures, practices and approaches to meaningfully catalyse institutional investment from pension and sovereign funds into project development in Africa?

Pension and sovereign fund investment in infrastructure in Africa is still a new phenomenon. Although many institutional investors now have a sizeable allocation in infrastructure in developed markets, they often still equate African infrastructure risk with generic African private equity risk. We as industry practitioners need to educate institutional investors on the specific risk-return profile of the African infrastructure asset class, which can range from higher risk-higher return investments in project development, to lower risk-lower return investments in operating assets. One of the strategic objectives of Africa50 is to offer an attractive investment opportunity to institutional investors from Africa and beyond that are interested in having exposure to African infrastructure assets.

6. What's your vision for the financing and investment into African project development as an investable asset class? Please give an example of how that could work and why you think it would be successful?

Project development investments, particularly in the earlier stages, have similar features to venture capital, namely a significant failure rate mitigated by potentially high returns on investment for projects that are successful. Africa50 was founded in response to Africa's current infrastructure deficit. Given our mandate, which allows us to invest in development finance, which hopefully will catalyse others to follow suit, we predict private infrastructure investment will grow, and that African project development will potentially emerge as an asset class in its own right. Following on from that, as institutional investors become more comfortable with equity investments in greenfield and brownfield assets, they may be willing to allocate a small portion of their portfolio to project development to diversify and enhance the overall risk return profile of their portfolio, which would have the knock on effect of helping to create more investment opportunities. Ai