Opening remarks at CEO Infrastructure Project Development Summit
Mauritius, June 18, 2018 (length about 10 minutes)

Thank you for your kind introduction Hubert, and for your excellent work in organizing and co-hosting this conference with Africa50.

Excellencies, Honorable Ministers, ladies and gentlemen, on behalf of Africa50 I welcome you all today to the second part of the conference. I thank you for your participation in what I hope will be an engaging and productive dialogue.

I would like to add a special thanks to the African Development Bank, which has played an important role in the establishment of Africa50 and is, once again, our institutional partner for this event.

I am delighted to welcome the bank's Vice President, my brother, Amadou Hott, who will share some thoughts with all of us the end of the afternoon.

And a special thanks to his excellency Paramasivum Pillay Vyapoory, acting President of Mauritius, who was kind enough to open today's proceedings.

At last year's event we expressed the hope that Mauritius would become an Africa50 shareholder. I'm glad to say that this is happening and want to thank the members of the Mauritian delegation here today. Mauritius is one of the continental leaders in infrastructure, so I'm certain that it will be a very fruitful collaboration.

The objective of this Summit is to gather top decision makers from the private sector, international financial institutions, and governments to discuss solutions to unlock private investment in infrastructure in Africa, and the potential this will have on catalyzing economic development.

For our part of the program we will focus on energy, but what we learn is applicable to all infrastructure sectors.

Now twenty years ago the naysayers had a lot to moan about. African investment, especially from the private sector, was scarce, and links to the world economy were weak. Few could have predicted that twenty years later most Africans would carry cellphones, that Africa would account for the majority of the world's mobile money transactions, and that there would be dozens of successful African multinational companies.

The story for energy has been similar. In the new century Africa's consistent economic growth has led to a rise of 45% in energy use.

We heard earlier today from both public and private sector representatives about all that is being done to meet this growing demand.

We are well on our way.

Governments are tackling the regulatory and political hurdles that are holding back investment in domestic supply and are improving their energy infrastructure.Reform programs are improving efficiency and bringing in new capital, including from private investors.

The number of independent regulators and well-run utilities is growing, and the legal structures for Public Private Partnerships and Independent Power Producers are in place in most countries.

At Africa50 we feel that the gap between energy supply and demand is an opportunity rather than a problem, which is why we organized today's event.

We are in the midst of an African infrastructure boom that should last for decades. Energy investment will be one of the driving forces.

This will profit not only investors, but the continent as a whole.

As energy infrastructure and supply improves, Africa can increasingly tap into its vast physical and human resources.We can all participate in the creation of a virtuous cycle whereby improved infrastructure raises productivity, exports, incomes, and revenues, which in turn can help finance more infrastructure.

The IEA predicts that grid-based generation capacity will quadruple by 2040, and that mini-grid and off-grid systems will provide electricity to 70% of those gaining access in rural areas.

The energy mix in Africa is changing. While hydrocarbons still have a role to play, use of coal is declining, and Africa's vast renewables potential is increasingly being tapped.

In this context allow me to highlight large scale hydropower projects. Only 8 percent of Africa's vast hydro resources have been developed, so this is a tremendous investment opportunity that can dramatically increase power supply on the continent. As you know, if we can find a way to extend loan maturities to 25 years and more to match the long lifespans and economic realities of hydro, we can make private projects more attractive to all stakeholders. This could greatly accelerate their development, while freeing up public funds for other projects.

As the energy mix evolves technology will play an increasingly important role. All energy sectors, but particularly renewables, will profit from technological innovations such as smart grids and improved battery storage, as well as the rise of distributed generation and mini-grids.

More advanced markets will also benefit from regionally integrated grids through investment in transmission, linking countries with energy deficits with those with surpluses, and creating important economies of scale for investors.

The energy transformation is happening all around us, but we need to make it happen more quickly and at a larger scale. This will require substantial financing and the types of projects that can attract it.

As we heard this morning, the main obstacles for this remain the inadequate enabling environment in some countries and a concomitant lack of investment-ready, bankable projects. But these obstacles can and are being overcome.

In the power sector, government must align tariffs to costs, ensure the independence of regulators and the solvency of utilities, and allocate risks to those best able to bear them.

This includes Development Finance Institutions which must backstop government commitments that markets would not accept without their risk mitigation. Investors need to be assured that they can recover their costs and earn an appropriate return, or they will look elsewhere. Many countries have already shown that this can be done, attracting increasing numbers of IPPs and PPPs.

However, investors must also do their part. They should take a long-term view and be proactive, deploying more early stage risk capital and other resources to develop bankable opportunities. They also need to understand the African context, leveraging local partnerships as much as possible.

The game changer will occur when enough public and private sector stakeholders realize that the opportunity cost of delayed project implementation is too high. We must reach a consensus that it is in everyone's interest to bring projects to financial close and operations as quickly as possible. Investors get a fair return, citizens get services, and governments can showcase their positive enabling environment to attract additional investors.

I know that there are many developers and sponsors in this room who are ready and willing to roll up their sleeves to tackle this challenge.

Africa50 is here to help -- in fact, it is why we were created.So, allow me to briefly introduce Africa50 -- what we are doing and how we can work with you. First off, let me introduce our senior leadership team, some of whom are present today. I'll ask them to stand up so that you can network with them later. Koffi Klousseh, Director of Project Development (and the one spearheading organization of this conference), Raza Hasnani, Head of Infrastructure Investments, and Kimberly Heimert, General Counsel.

Africa50 is an infrastructure investment platform owned by African governments and the African Development Bank. With the imminent addition of two countries we will have 27 country shareholders, as well as the African development bank and two central banks. Our shareholders have committed over $800 million in capital. We expect more countries to join soon, and our capital to grow to over $1 billion in the short term and $3 billion over time. Although most infrastructure sectors are eligible for Africa50's investment, our priorities are energy, transport and ICT.

Africa50 mobilizes funds, not only from African states, but also from international financial institutions, institutional investors, and private sector entities.

Operating like a commercial firm, we focus on medium to large scale infrastructure projects that are commercially sustainable, offer an appropriate return to investors, and have a significant economic development impact.

To accomplish this, we have created two separate entities, Africa50 Project Development and Africa50 Project Finance.

The primary objective of the Project Development entity is to increase the number of bankable infrastructure projects. Africa50 generally acts as a strategic minority partner alongside project developers who have the requisite industrial expertise and financial standing. In some cases, we may act in collaboration with our government shareholders as surrogate sponsors to advance project development before a strategic sponsor is selected for a project. Typically, project development costs will be shared with developers, and recovered at financial close. I know that there is a lot of interest from our shareholders in this activity and, frankly, I am personally very excited about this space as well.

My hope is that by prioritizing project development finance we can help remove a key barrier to private investment in infrastructure and catalyze more transactions overall.

In terms of our Project Finance arm, Africa50 will invest equity or quasi-equity in projects at or near financial close, we will also invest in projects which are already operational. As with project development, we will seek strategic minority positions in projects sponsored by strong partners.

We are only one of several organizations and funds in this space. So what are Africa50's comparative advantages for infrastructure development?

One of our chief advantages is having a sovereign shareholder base, as well as having the African Development Bank as our anchor shareholder and sponsor. This allows us to act as a bridge between our member governments and private investors to better manage the public-private relationship, lessen political and regulatory risks, and speed up project development. It also allows us to leverage the products and convening power of the AfDB in support of Africa50's projects. The Chairman of our Board of Directors, Akinwumi Adesina, is, as you know, President of the African Development Bank. While at the operational level, we work closely with Vice President Hott's team.

Another advantage is our integrated approach, with the ability to deploy capital into both project development and project finance. This enables us to function like a one-stop shop throughout the lifecycle of a project, including early stage development.

And finally, we are a small, nimble organization with a private sector approach. This gives us the flexibility to adapt to changing public and private sponsor needs and, most of all, to respond quickly.

We have been able to demonstrate this in the context of our investment in a portfolio of six solar projects that we co-developed and co-funded in Egypt with our partners Scatec

Solar and Norfund, who are here in this room. Now that we are almost fully staffed, we hope to continue to demonstrate this ability and, in so doing, motivate other DFIs to follow our lead and improve their response times.

So let me stop there and thank all of you, once again, for being here today. Given the expertise in this room I, for one, am very much looking forward to learning more, and hope to be able to speak with many of you about ways in which we can work together.

It is now my pleasure to invite Kimberly to chair the first session this afternoon, a round table discussion with senior executives of infrastructure companies. They will share their experiences in Africa with us and compare them to best practices in other regions they have worked in. So if Kimberly and our panelists, if you would kindly join me on stage we can get started …