Securing Investment for Regional Infrastructure Projects

To efficiently and effectively mobilize financial resources for project implementation, PIDA projects need to demonstrate bankability through sound economic, social and financial analysis. This technical soundness is fundamental for creating an appetite for possible investors. “Market-packaging” – the packaging of investment relevant project data (e.g. risk sharing agreements) into condensed Project Information Memoranda (PIMs) – is one way of doing this so that the PIMs can be showcased at high level political forums and investment/investor roundtables.

The NEPAD Agency in collaboration with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) (acting on behalf of the German government) market-packaged five PIDA projects in order to assist the projects to reach financial close, see here. These PIDA projects were showcased at the 6th EU-Africa Business Forum on 27 November 2017 and at the 3rd PIDA Week on December 12th in Swakopmund, Namibia, see here.

To market package these projects the following, PIDA specific process was applied:

1. Scoping & Selection – the first step is to select projects for which updated feasibility and/or design studies are available. The crucial criterion for project selection include the project’s level of technical viability i.e. readiness; national political commitment given to this project as well as the type of investment (public or private) that should be targeted.

2. Analysis & Grouping – after selecting the project, the studies need to be thoroughly assessed according to specific criteria e.g. regional business case; regional project balance; risk mitigation; benefit sharing among countries; socio-economic impact; stakeholder inclusion; socio-environmental mitigation etc. Afterwards, projects can be grouped according to investment category and funding mechanism e.g. concessionary loans; development finance institutions; commercial banks; project bonds; Institutional Investors (insurance/pension/sovereign wealth/mutual funds) etc.

3. Writing – when preparing the PIMs it is important to take cognizance of the respective investor category as this determines the information to be included within the PIMs (see criteria above). Moreover, specific opportunities for investor involvement, further resource mobilization and partnerships as well strategic advice on how to approach these investors needs to be clarified during this stage.

4. Marketing – Armed with the finalized PIM, the project developers make presentations to targeted investor and hold bilateral discussions at investor roundtables or PIDA related events.