

Continental Business Network's (CBN) - 5% Agenda

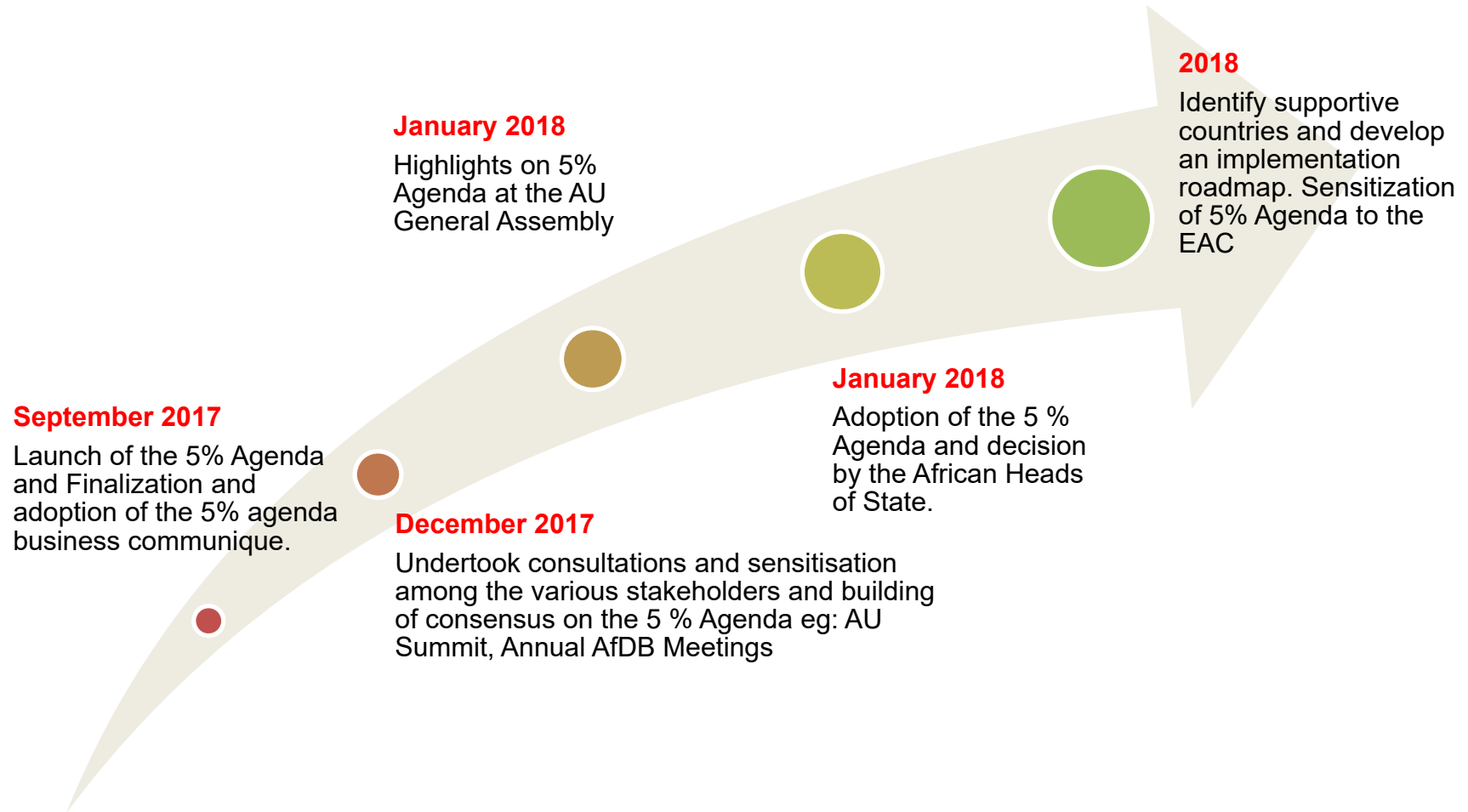
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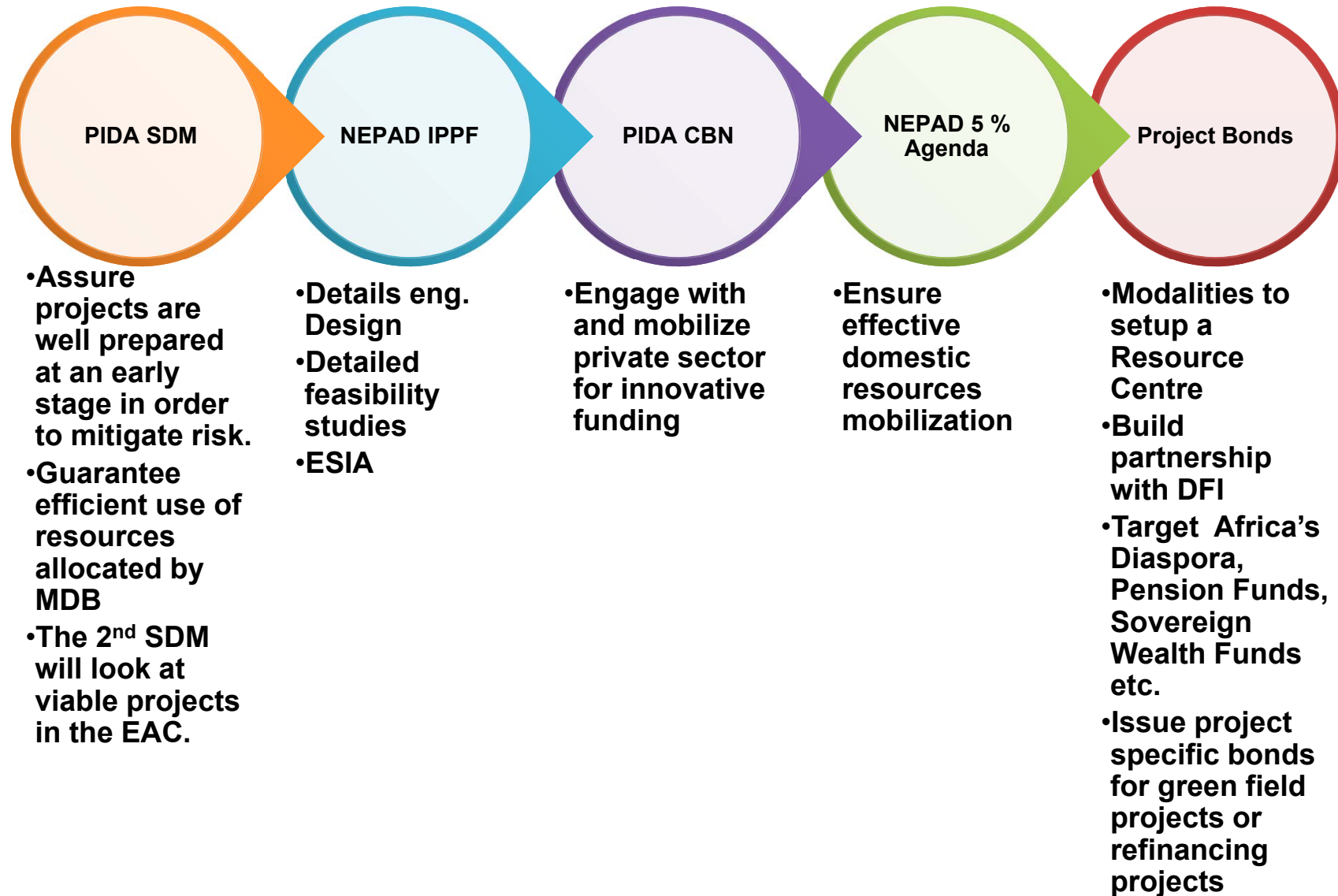
- Assembly/AU/Dec.508(XXII) and NOTES WITH SATISFACTION the NEPAD Agency's 5% Agenda campaign by the Continental Business Network (CBN), aiming to increase investment allocations by African institutional asset owners, like Pension and Sovereign Wealth Funds, into African infrastructure from its current low base of about 1,5% of assets under management to a more impactful 5%.





Way forward: integrated approach for effective result

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Way forward: innovative project financing mechanism

- Payment Guarantees Mechanism
 1. One of the main concerns from the private sector and obstacles to financing, are the lack of '**Payment Guarantees**' and innovative financial structures to circumvent these issues.
 2. The biggest confidence boost a private investor can receive is in the form of a “payment guarantee” or “sovereign guarantee”.
 3. As a result, there is need for a guarantee instrument which will normally come from the government’s Ministry of Finance or some equivalent.
 4. There are a number of guarantee instruments that support Africa’s infrastructure project structuring. However, all these instruments provide partial guarantee instruments with varying conditionality and complex requirements for qualification and access to funds.



1. NEPAD Agency will play its role of coordination and lead facilitator institution in to gather all the Development Finance Institutions (DFIs) and the Multilateral Development Banks (MDBs) with the sole aim of having a frank and open discussion on the establishment of a and aggregated scheme that will pool all the partial guarantee instruments into a “big facility” that will provide for 100% financial guarantee for institutional investors such as Pension and Sovereign Wealth Funds and Insurance Companies to invest comfortably in PIDA and trans-boundary infrastructure projects.
2. The “big facility” will serve as the guarantee mechanism that will payout in the case of payment defaults by project owners/operators through African Ministries of Finance.



Thank you

