

US-Africa pension funds explore investment opportunities

The latest figures released by the African Development Bank suggest the continent's infrastructure needs amount to between \$130-170bn a year, with a current financing gap of \$67-\$107bn per annum. Given this financing gap, Africa offers vast opportunity for the investor base. On the other hand, at \$10trn, public pension funds account for the largest pool of investment capital in the United States.



Sim Tshabalala, CEO, Standard Bank Group

"It's estimated that Africa needs, on average, \$90bn in infrastructure investment annually over the next decade to truly achieve its economic potential. Despite Africa's vast potential as an investment destination, perceptions of risk persist. Consequently, less than 1% of the value of United States pensions funds are currently invested in Africa," says Donna Sims Wilson, chairperson of the the Us National Association of Securities Professionals (Nasp).

Her organisation has teamed up with the United States Agency for International Development (Usaid) to form the Investment Partnership for Mobilising Institutional Investors to Develop Africa's Infrastructure (MiDA), aimed at facilitating and expanding opportunities for infrastructure, real estate/housing, and private equity investments in sub-Saharan Africa for investors seeking higher returns and developmental impact.

Standard Bank and Bank of New York Mellon, in collaboration with MiDA recently hosted a series of US Africa Pension Fund roundtables in Johannesburg with representatives of major US, African and South African pension funds and asset management firms.

"One of the key roles that MiDA performs for its members is to demystify African risk. Our relationship with Standard Bank, established in 20 markets across the continent, equips us with research to advise our members on how to invest in Africa," said Aymeric Saha, managing director of MiDA.

"As Africa's most industrialised and diverse economy, and as a country committed to broad and deep structural reforms, South Africa presents a compelling investment proposition on it's own," said Sim Tshabalala, chief executive for Standard Bank Group. "More importantly, however, South Africa's deep, sophisticated and rapidly innovating financial markets remain the primary gateway to and facilitator of broader investment into Africa."

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