



UCLG AFRICA

United Cities and Local Governments of Africa  
Cités et Gouvernements Locaux Unis d'Afrique

CGLU AFRIQUE

# **US-Africa Municipal and Sub-Sovereign Investors Forum Report**

*Theme : Investing for Local Impact*

NEW YORK, SEPTEMBER 18, 2023



## US-Africa Municipal and Sub-Sovereign Investors Forum, Wall Street, New York September 18, 2023 REPORT

### Preamble

The Inaugural US-Africa Municipal and Sub-Sovereign Investors Forum, was held on September 18, 2023 at Wall Street Hotel, New York City, USA. The Forum was organized by the United Cities and Local Governments of Africa (UCLG Africa) in the framework and at the fringes of the September 2023 meetings of the United Nations General Assembly (UNGA). The theme chosen for the Forum was 'Investing for Local Impact'. The Forum brought together over one hundred delegates representing the UN agencies; African Union institutions; the US cooperation agencies; the US Association of Black Caucus State legislators; Africa and US Mayors and Leaders of Subnational and Local governments; Africa and US Development Finance Institutions; Africa and US Business community; investors, experts and professionals. In attendance were in person, the Mayor of the largest city in the US and the Mayor of the smallest city in the US, who is also historically the youngest mayor in the US aged 18 years on appointment.

The Forum was structured around three sessions: the first session was the official opening; the second session addressed Market Practice Exchange, Collaboration and Investment Opportunities in Africa; the third session was about Investors' response to the call for investment in African cities and territories.

**The Opening session** was moderated by **Mr. Jean Pierre Elong Mbassi, the Secretary General of UCLG Africa.**

The official opening was marked by an inspiring welcoming address and opening statement by **Hon Eric Adams, Mayor New York City.** He highlighted, among others, the fact that Mayors of the four largest cities in the US were run by African Americans. He therefore underscored the importance of bringing delegations of business leaders from these cities to invest in Africa; *"to Invest in order to improve the living conditions of the people in Africa, not only to Exploit and Extract value at the detriment of the African people"*. He launched an appeal to the daughters and sons of Africa in the US to turn 'the door of no-return' into the 'door of return', so that Africa can become an economic powerhouse that her huge endowment in mineral and other natural resources, arable land and human resources provide for. He emphasized the importance of the Forum and encouraged participants to share ideas and experiences to define appropriate narrative supporting a renewed interest for investing in African cities and territories, where the African people live. *"We are Africans and as such, we must chart the course and destiny for Africa"*.

**Hon. Shawyn Patterson-Howard, Mayor of Mont Vermont, NY, and President of African American Mayors Association (AAMA)** stated that AAMA represents 500 cities which contribute one third of the US GDP and have an African American as their Mayor. AAMA members have developed strong partnerships with the Business councils and the Philanthropic community, which could be mobilized to invest in Africa. **Mayor Patterson-Howard** then made parallels between challenges facing mayors in Africa and mayors in the US, and insisted on the need to share experiences and solutions that have worked, in order to identify common business opportunities. She insisted that any investment must build up and empower the people. As a woman she welcomed and supported the REFELA campaign of African cities without street and ghost children, and have it supported by AAMA members. She focused on strategies that will ensure that the infrastructure money cascades down to the local level, following a place-based approach, to accelerate delivery of community led regeneration, community wealth building and town centers revitalization. Finally, Mayor **Shawyn Patterson-Howard** indicated that AAMA is committed to develop a Memorandum of Understanding (MoU) with UCLG Africa, and to connect US business councils and philanthropies community to the business communities in Africa.

**Hon. Laura Hall, President, National Black Caucus of State Legislators**, indicated that there are opportunities to collaborate and exchange experiences and ideas, these are being explored for inclusion in the MoU with UCLG Africa. She indicated that NBCSL is refining this MoU to better identify areas of action to improve relationship with colleagues on the continent.

**Dr. Julius Garvey, US Surgeon and Investor**, reminded that (a) Africa is experiencing accelerating demographic growth, with 28 countries doubling their population in the last 30 years, resulting in infrastructure deficit; (b) there is a marked disparity between urban and rural areas resulting in Rural Urban migration in Africa: unlike the west where industrialization preceded migration, African urban centers are growing with anemic manufacturing and industrial capacities leading to infrastructure shortage. Youth unemployment is high. Many challenges are already there or coming ahead:

- The development plan for Africa cannot follow the Chinese playbook. AI and robotics will replace a number of jobs, the realities of Industrial Revolution to be considered in that perspective.
- Africa is the second largest mobile phone market in the world and fastest growing market with 8 out of 10 people having a mobile; however broadband coverage is still very low.
- There is need for Digital infrastructure for communication, collection data, logistics, remote work and education. Addressing the digital gap is the objective of the African Union-European Union (AU-EU) Digital for Development (D4D) Hub initiative, intended to create inclusive digital access and transformation by 2030.
- Africa growing population is seen as a huge challenge: by 2075, 1 in every 3 people in working age in the world will be an African. The answer to this challenge is in quality education, vocational training and equipping young people with advanced digital skills
- Innovative financing solutions need to be developed.
- Africa needs to embrace its 6th region with 300M of well-educated and employed people across the globe.

**Dr. Fayemi Kayode, President of the Forum of Regions of Africa, FORAF, Former President of the Nigeria Governors' Forum, and Former Governor of Ekiti State**, indicated that Nigeria needs at least \$3trillion to close its infrastructure gap, as an investment not a grant. To address the infrastructure gap, Nigeria has established Infrastructure Corporation (InfraCorp), a government-backed infrastructure investment vehicle established and co-owned by the Central Bank of Nigeria (CBN), Africa Finance Corporation (AFC) and Nigeria Sovereign Investment Authority (NSIA). For Dr Fayemi Kayode, the Africa Territorial Trade and Investment Agency (ATIA) being set up by UCLG Africa as a special purpose vehicle to be the appropriate framework to channel investment and funds to African cities and subnational and local governments, should be considered as a key instrument to foster municipal and sub-sovereign investment. *"Africa is ready and open for investments not aid"*.

**Mr. Mohan Vivekanandan, Group Executive, Development Bank of Southern Africa (DBSA)** informed that DBSA has engaged \$1Billion in local government investment including credit enhancement for municipal bonds. DBSA has strong expertise and experience in municipal finance including technical support and capacity building, development plans and project preparation. He stressed that being part of the ATIA Steering Committee, DBSA is committed to continue participating to successful implementation of the ATIA vehicle.

**Mr. Solomon Quaynor, Vice-President for Private Sector, Infrastructure and Industrialization African Development Bank (AfDB)** highlighted that the Forum was timely as SDGs are being reviewed especially SDG 11 for cities. As Africa becomes increasingly urban, cities will increasingly constitute the backbone of the continent, increasingly responsible for driving the economic development of the nations and improving the quality of lives of the People. AfDB estimates that Africa will need infrastructure financing of around \$170 Billion annually with an investment gap of \$100 Billion per year. Most of the infrastructure deficit in the urban areas representing 2%-8% of respective countries GDPs. Challenges faced by cities being addressed by AfDB include provision of finance for investment in the fields of energy, transport, water and sanitation, sewage, drainage, waste management, climate adaptation. In Nigeria is developing the InfraCorp model – in partnership with the Nigeria Governors' Forum (NGF), Nigerian Sovereign

Investment Authority, UK Private Infrastructure development group (GuatantCo) and AFC to create a mono-line guarantee agency that provides local currency guarantees to enhance the credit quality of debt instruments issued to finance creditworthy infrastructure assets. This model gives the opportunities for local pension funds and life insurance companies to invest. The InfraCorp Nigeria has catalyzed so far Naira 300 Million for infrastructure. AfDB has developed new guidelines on subnational finances with as aim to lend directly to sub-sovereign entities and municipalities. AfDB also collaborates with UCLG Africa for capacity building of African City Chief Financial Officers (CFOs). A first training course on access of African cities and subnational governments to the capital market was organized in September 2022 in Abidjan, Côte d'Ivoire (1<sup>st</sup> session), and in Johannesburg, South Africa (2<sup>nd</sup> session). AfDB wishes to institutionalize this collaboration with UCLG Africa through the establishment and financing of a 4-year training program for African CFOs.

Development Finance Institutions must partner to provide partial credit guarantee for first bond issue for cities. The objective is to find ways to channel domestic institutional investment that has a risk perception from global investors, it will be easier to crowd in global investors. AfDB believes in this model that can help tap on the \$2.3trillion worth of assets under management by African sovereign wealth funds, pension funds and life insurance companies. At least 10% of this asset could be channel to invest in African cities and subnational government.

In conclusion, **Mr. Quaynor** see in this Forum an opportunity for cities in Africa to learn from the US with long standing municipal bond culture, experience and lessons learnt. He called for the establishment of a Partnership between AfDB, DBSA, AUDA-NEPAD and UCLG Africa because he believes that "Together we will put our hands around that baobab tree"  
**Ms. Nardos Bekele-Thomas, CEO of the African Union Development Agency-NEPAD**, recalled the reason why her institution was created. She stressed collaboration, cooperation, implementation and financing both domestic and international as key to improve a just and inclusive world. She pointed to the fact that Africans don't want charity because it comes with demands and strategies of others; Africa want investments and businesses. For Ms Bekele-Thomas, Africa wants investments with return, and is open to private sector investments that are looking for opportunities to grow and develop their business taking advantage of the most important free trade area worth 1.2 Billion consumers.

**The second Session** on Market Practice Exchange, Collaboration and Investment Opportunities in Africa was moderated by **Ambassador Seyni Nafo, Coordinator, African Adaptation Initiative, (AAI)**. The session was opened by **Hon Rohey Malick Lowe, Mayor of the City of Banjul, the capital city of The Gambia, and at the same time President of REFELA**, the network of women local elected officials of Africa. She highlighted the necessity to recognize the centrality of women to addressing all the challenges and multi-faceted risks facing Africa. Women are the ones feeding Africa, preventing food insecurity, taking up the climate agenda, and protecting and preserving biodiversity on a daily basis. Promoting women and youth economic empowerment through targeted investments is therefore one of the key priority areas to be addressed in the framework of the US-Africa investment trends. Connecting the REFELA community with women elected officials in the USA and scale up and amplify e-Commerce platform to boosting trade exchanges between Africa and the US is key for the members of REFELA.  
**Mr. Yofi Grant, Chief Executive Officer, Ghana Investment Promotion Centre**, invited to think differently about investing in Africa. This continent has the potential to feed the world. The endowment of the African continent with minerals necessary for the on-going development of the knowledge economy makes cooperation with Africa unavoidable. Also, the growth of cities in Africa offers huge infrastructure investment opportunities that need to be captured. People interested in investing in Africa, particularly the Small and Middle-sized Enterprises (SMEs) are looking for a framework that would structure their interventions in Africa in a secure way. ATIA presents the advantage to offer the appropriate framework to secure US and Africa SMEs investments in African cities and subnational and local governments

**Ms. Johanna LeBlanc, Partner, Adomi Advisory Group Pllc**, insisted on the importance to invest in the creation of a system of localized data collection and analysis to provide investors with the information on the areas to invest in. Track record highlighting successful investment projects with information readily available to investors and the public is key. To invest in needed infrastructure, facilities and other services projects, Investors need

assurance that litigation processes will be fair, that the return on investment will not be disputed, that the market is not bias, transparency principles are followed, the rule of law will be enforced, etc.; all what requires an enabling environment to open up new markets in Africa. Cities must be instrumental in advocating for this enabling environment and working to let it be. They can rely on advisory and technical support by legal consultancy firms such as Adomi Advisory Group, that also performs public relations for the promotion of available investment opportunities.

**Hon. Alix Desulme, Mayor of City of North Miami Beach and Board Secretary for the Sister City International Board of Directors** highlighted that the US cities shared similar challenges as African cities. It is important to foster and build strategic partnerships through city twinning agreements. Sister City International (SCI) connects cities together to exchange about arts and culture; business and trade; community development; and youth and education.

**Yves Millardet, CEO, Agence France Locale (AFL)** presented his organization as a local authority finance agency that serves as a vehicle for local government authorities of France to access capital markets for the purpose of jointly procuring credit for public investment projects. The setting up of the *Agence France Locale* borrows from the experience of many countries around the world that have realized that only through the creation of their own mechanism to access the capital market could they really serve the interest of the cities and local governments. He therefore stressed his strong support to the setting up of ATIA and confirmed his willingness to continue to accompany the entry into operation of this special purpose vehicle at the service of African cities and subnational and local governments, in his capacity as member of the steering committee of the ongoing study on risk assessment of ATIA, but also in any other capacity solicited from him.

**Ms. Valerie White**, Senior Executive Director of LISC NYC and past Managing Director for Standard & Poor, recalled that officially the first recorded municipal bond was a general obligation bond issued by the City of New York for a canal in 1812. The municipal market represents nearly US\$4 Trillion or about 8% of the US bond market. It is one of the largest sub-sovereign markets in the world. Being part of the technical resource team for the Access to Africa Municipal/ Sub-Sovereign Bond Market training program for Municipal CFOs in Africa, co-organized by UCLG Africa and the African Development Bank in September 2022 and in June 2023 in Abidjan and Johannesburg respectively, **Ms. White** realized that African CFOs have a strong appetite for the capital market, but need to be skilled to have a better understanding of the way this market works. They also need to scale up the good governance structures, processes and systems that are critical in providing assurance to investors. She pointed that innovative structured financial instrument like ATIA will assist in attracting funding for investments in African cities and subnational and local governments. The ATIA initiative could not come at a better time.

**Mr. Clayton Banks, Founder and CEO Silicon Harlem**, emphasized on the fact that if the business people to invest for impact, economic benefits will be significant. He gave the example of Harlem where capital of about \$100 million was mobilized towards the digital economy. Silicon Harlem launched a social impact token – named Harlem Coin to reward Harlem residents for 'doing good'. To develop business for impact, **Mr. Clayton**, cited 5 critical stakeholders which voices must be brought and heard at the table: Academia, Private Sector, Public Sector including national and local authorities; Non-profit and Philanthropies organizations; People and civic community-based groups working daily, and connected to the man on the street. It is this all-of-society approach that will ensure impact and sustainability to any project.

**Dr. Edward Kofi Osei, Board Chairman, National Homeownership**, presented the Ghana Home Ownership Fund created to promote home ownership through the development of mortgage finance and alternative products that meet the needs of households. He highlighted the huge demand for housing in response to rapid urban growth. In Ghana there is a demand of 1.7 Million of houses, yet the country is able to supply only 40,000 houses. The development of a mortgage market is necessary to attract the private sector to invest in the housing market. This is one of the key areas for investment.

**The third Session** on “Investors’ Response to the call for expression of interest to investing in Africa was moderated by Ms. Zienzi Dillon, CEO, Carmel Global Capital and former Head, Public Sector, Corporate and Investment Banking, Barclays Bank, South Africa.

**Ms. Agnes Dasewicz, Chief Operating Officer, International Development Finance Corporation (DFC)** conformed that DFC is committed to supporting investments that address critical development challenges throughout Sub-Saharan Africa, with a strong history supporting small businesses. DFC has invested more than \$10 Billion across Sub-Saharan Africa in key sectors such as infrastructure, women’s economic empowerment, healthcare, and agriculture, as well as climate mitigation, adaptation, and resilience. DFC has the willingness to work in Africa including municipalities, through debt, bond issuance, risk mitigation through insurance or guarantees (between (\$1Million - \$1Billion). DFC targets particularly risk reduction for local small businesses, and can also provide technical assistance to bring projects to bankability. **Ms. Dasewicz** proposed that two or three cities be identified in Africa, in collaboration between the US Mayors and UCLG Africa to serve as pilot to initiate a collaboration between DFC and investors and partners willing to develop business deals between in African cities and subnational and local governments, including for US and African enterprises and SMEs.

**Mr. Mohammed Abadi, Senior Investment Manager, Local Development Finance Practice, UNCDF,** assured that UNCDF provides direct support to central governments, local governments and communities and their partners, to identify investment needs, developing and operating the most appropriate responses in terms of targeting and using sustainable financial mechanisms. UNCDF is committed to continue to collaborate with UCLG Africa for the finalization of the study on ATIA risk assessment by end of October 2023

**Mr. Rene Awamberg, Director & Global Head, Client Relations, Africa Import-Export Bank (Afreximbank)** has launched a revolutionary African cross-border payment solution, Payments and Settlement System (PAPSS) that bypasses correspondent international banks. It trades in local currency. It was developed in conjunction with the AfCFTA and could save the continent \$5bn in costs every year. Also, African Export Import Bank (Afreximbank) has committed US\$250 million as seed capital towards the establishment of an African Sub Sovereign Governments Network, established the Fund for Export Development in Africa closed transactions in last year of \$142BN.

A Memorandum of Understanding (MoU) was signed between UCLG Africa and Afreximbank, focusing on improving the level of investments at the sub-sovereign level. This commitment was demonstrated by the MoU Afreximbank signed on 7 September 2023, with Nigeria’s Anambra State Government to collaborate on state development efforts through the provision of project preparation and advisory services, including a potential debt financing program of up to US \$200 million.

**Mr. Awamberg** highlighted that Afreximbank will be hosting the third edition of the Intra-African Trade Fair in Cairo from 9 to 15 November 2023 (IATF2023) and extended the invitation to attend to all participants in the Forum. He confirmed the willingness of Afreximbank to expedite implementation of the signed MoU with UCLG Africa, including its participation in ATIA initiative.

**Ms. Donna Sims Wilson, Chief Operating Officer, Kah Capital Management and former US National Association of Securities Professionals** said National Association of Securities Professionals (NASP) is the premier organization that helps Blacks, ethnic minorities, and women achieve inclusion in the financial services industry. NASP was founded in Chicago in 1985 by Maynard H. Jackson, Felicia Flowers-Smith, Joyce M. Johnson & Donald Davidson. From a core group of 44 people in attendance at NASP’s first organizational meeting in 1985, the organization has grown to become a resource for diverse professionals within the securities and investments industry.

With her background in experience in public sector in Africa, **Ms. Wilson**, focused on the fact that there are some barriers for cities in Africa including revenue structure including politics, inadequate debt service on municipal bonds and limited regulatory frameworks.

**Ms. Isabelle Lessedjina, Senior Vice President, CEO's Office, TCX Fund,** said TCX was founded in 2007 by a group of development finance institutions (DFIs), specialized in Microfinance Investment Vehicles (MIVs) and donors to offer a solution to currency risk, a solution which – until then – did not exist. The current investors in TCX are 19 multilateral and bilateral development finance institutions (DFIs) and microfinance investment vehicles (MIVs), as well as the Dutch, German, Swiss, British, and French governments and the European Commission. TCX operates on the basis of the following principles: additionality: provide solutions where markets are thin or inexistent; risk-reflective pricing: price in

accordance with prevailing market rates and methodologies; non-speculation: only hedge actual underlying exposure to the real economy. TCX Fund is committed to provide foreign currency risk management solutions for ATIA and projects for municipals and sub-sovereign governments.

**Craig Cogut, founder and co-managing Partner of Pegasus Capital Advisors and co-founder of Pegasus Sustainable Century MB, L.P,** said that Pegasus brings capital and expertise to businesses that can compete successfully on the basis of resource efficiency and sustainability. Pegasus recognizes that population growth, fluctuating energy and commodity prices, and limitation in the availability of natural resources call for a progressive legislative agenda driven by constituency demand, and a new consumer buying equation bringing sustainability to the forefront of the economy, creating the most exciting investment climate of our age. Pegasus Capital Advisors is committed to work with cities and sub-national and local governments in Africa and to explore the possibility to partner with UCLG Africa on ATIA.

**Mr. David Ziyambi, Partner, Finance Department and Africa Practice, Latham & Watkins** presented Latham & Watkins consultancy firm which advises the businesses and institutions that power the global economy and Africa. Africa Practice focuses primarily on structuring projects in the energy and infrastructure sectors, to leveraging on financing within both mature and developing markets, particularly throughout Africa. It represents sponsors, lenders, and governments on a range of matters, from project development and project finance deals to structured financing, prepayments, and reserve-based lending. For **Mr. Ziyambi**, the infrastructure investment gap can be addressed through innovative financing structures including resource-based lending and vehicles like ATIA. The size of global sovereign funds is about \$1.3 trillion which can be leveraged for projects in Africa. Africa Practice, Latham & Watkins is committed to explore partnership on ATIA, and provide structured financial solutions, including resourced based lending solutions.

**In conclusion to the Forum, Dr. Francois Yatta, Director, Operations and Technical Assistance, UCLG Africa** presented the following four points as a way forward:

1. Institutionalize the US-Africa municipal and subnational investors Forum. The next edition of the Forum to be held in in Cairo, Egypt, during the next Africities Summit scheduled, in December 2025.
2. Discuss and sign a MoU between African American Mayors Association and UCLG Africa focusing among others, on the promotion of cities investment fora and trade fairs, on the organization on peer reviews and learning and exchanges, on working with investors both in African and USA cities; and on youth and women empowerment; end relaunch the discussion of the MoU between the National Black Caucus for State Legislators and UCLG Africa
3. Mobilize US and Africa partners to participate in the establishment and operation of ATIA, through financial and non-financial support
4. Scale up the capacity building program targeting two objectives: (i) set up an observatory on local finance to have the needed financial data to back access to the capital; (ii) define a training program targeting African CFOs and professionals aiming at preparing African cities and subnational governments to transact on the capital market.

### Closing Remarks

**Madan Bekele-Thomas** closed the Forum by emphasizing that people spoke from their hearts and now it is time for ACTION! ACTION! ACTION! *“Let’s have the commitment to do it for ourselves”.*

