IMPACT INVESTMENT - STAKEHOLDERS RELATIONSHIP NETWORK APPROACH TOWARDS Financing Innovation, Capacity Building & Knowledge Management in People – First Infrastructure PPPs Project for Sustainable Development in Nigeria

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Impact Investment - What is it all about?

According to Global Impact Investment Network (GIIN) Impact Investment is an investment made into companies, organizations, individuals, and funds with the intention to generate social and environmental impact alongside financial returns.

Parties involved in Impact Investment:
• Investors.
• Investee.
• Beneficiaries.
• Facilitators.
• Regulators.
ISSUES IN INFRASTRUCTURE DEVELOPMENT PLANNING AGENDA -
Nigeria Infrastructure Implementation Master Plan - NIIMP - Financing Gap

• 30-Year Roadmap Planning to build Infrastructure that will guarantee economic growth and Sustainable Development
• $2 Trillion Needed over 3 decades
• Of Annual Target expenditure of $33 Billion
• Only $5.6 Billion Budget achievable
• Projected investment Portfolio for 5 Years (2014 - 2019) - $166.1 Billion
• Only $10.6 Billion could be allocated (2014 – 2017) in 3 Years
• 46-48% of Funding Needed would be sourced through PPP Arrangement
• Government is expected to provide 52%, of which only 15% will come from Government Treasury leaving a balanced of 85% and remaining to be arranged through Debt financing and Traditional lending.
WHAT COULD HAVE GONE WRONG?

The Institutional body responsible for Planning acknowledges the fact that infrastructure development in Nigeria is currently hindered by **Multiple legislative challenges**, which hinder capital inflows and obstruct private sector involvement. Others are:

Regional Political Instability, Insecurity Issues, Shortfalls in proceeds from the sales of Crude oil, and high rate Currency exchange rate.
Presence of Impact Investors in Nigeria

28 Impact Investors
- 8 with local presence
- 20 with no local presence

Impact Investor Locations

7 Offices in Lagos
- DFIs
  - IFC
  - Proparco
- Non-DFIs
  - Alitheia
  - Aspire Nigeria
  - Doroteo Partners
  - Sahel Capital Fund
  - Tony Elumelu Foundation

1 Office in Abuja
- DFIs
  - African Development Bank

Impact Investor Types

<table>
<thead>
<tr>
<th>Type</th>
<th>With local presence</th>
<th>With no local presence</th>
<th>Total</th>
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<tbody>
<tr>
<td>DFIs</td>
<td>3</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Non-DFIs</td>
<td>5</td>
<td>15</td>
<td>20</td>
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</tbody>
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- Fund Managers: 17
- Foundations: 2
- Institutional Investors: 1
ECOSYSTEM ACTORS IN IMPACT INVESTMENT

- CcHub
- iDEA
- L5Lab
- Passion Incubator
- SPARK
- Wannovation Hub

- African Management Services Company (AMSCO) *
- Small and Medium Enterprise Development Agency of Nigeria (SMEDAN)
- EFInA

- Lagos Angel Network
- Enterprise Development Centre: Pan-Atlantic University
- YouWin!
Impact Investment in Nigeria - Previous development?

**Figure 2. Total Identified Impact Investments in Nigeria, January 2005-July 2015**

- **Capital Deployed (USD Millions):**
  - Total: 4,087
  - Direct: 2,032
  - Indirect: 2,055

- **Number of Deals:**
  - Direct: 92
  - Indirect: 53

- **Average Deal Size (USD millions):**
  - Direct DFI*: 20.2
  - Indirect DFI*: 38.4
  - Non-DFI**: 0.9
  - Non-DFI**: 2.0

* n = 8 investors
** n = 12 investors
Greenstone Capital International Africa and Tacnero Global

- Invest $14 Billion
- To develop Strategic Sector of the Economy; Agriculture, Aviation, Medicals, Solid Minerals, Marine, Power and Petroleum
- Others to include; real estate, Industries, Information Technology, Parks, Education
- Also keen interest is shown to develop clean energy sector to serve the country as well as building an ultra-modern modular refinery for oil and gas development.
- Establishment of Nigeria Silicon Valley University.
Impact Investment fact in Nigeria

- DFIs have deployed 97% of the total impact investing capital in West Africa. Since 2005, DFI investment has increased at a compound annual growth rate of 18%, from USD 190 million in 2005 to USD 852 million in 2014.

- More than half (54%) of all impact capital deployed in the region is in Nigeria and Ghana. Nigeria, accounting for 80% of the region’s GDP, has received the largest amount of impact capital (29%) as investors seek to service a large and growing addressable market.
MAIN BARRIERS ENCOUNTERED TO DEPLOYING CAPITAL

- Lack of investable enterprises.
- Enterprise reluctance to offer equity.
- Difficulty maintaining a local presence.
- Difficulty finding exits.
- Difficulty raising capital.
OPPORTUNITIES IN IMPACT INVESTMENT

- Microfinance and other financial services.
- Agriculture
- Financial Technology
- Infrastructure and Energy
Relationship Network analytics helps us to know **WHO** determine **WHAT, WHEN, WHERE** and **HOW** In Infrastructure PPP Project Arrangement.
Stakeholder Network Management Perspective
Emerging Issues in People – First Infrastructure PPPs Stakeholders Relationship Network Approach

- PPP Structure.
- PPP Policies.
- PPP Strategies
- PPP Practices
- PPP Markets & Enterprise
Infrastructure PPP Relationship Network – Emerging Approach to Issues

- Identify
- Study
- Plan
- Cost
- Analyze
- Approve
- Develop
- Manage
Tools

- Relationship Network Development & Management
  - Initiate Relationship
  - Build Relationship
  - Maintain Relationship

Cooperate – Collaborate - Coordinate
Deliverables

- Knowledge of WHO is doing WHAT, WHERE, WHEN and HOW is easily known.
- Value creation & Decision Support System (DSS) of Key Organizational Focal Stakeholder are enhanced.
- Well Coordinated approach is given to critical issues pertaining to PPP Process
- Areas of Constraint, Barriers, Challenges are easily identified, analyzed and troubleshoot for proper project implementation.
CONCEPTUAL APPROACH -
Innovative Approach - Prioritizing Management

People

Process

Places

PEOPLE

PROCESS

PLACE