

## How Ninety One is closing Africa's infrastructure gap

Ninety One has announced the first close of its African Credit Opportunities (ACO) Fund 3, the latest version of its strategy focused on Africa and emerging market credit opportunities.



Source: Pexels.

The fund is backed by key partners including the International Finance Corporation (IFC), British International Investment (the UK's development finance institution), and the Swiss Investment Fund for Emerging Markets (Sifem), managed by responsAbility.

Standard Bank of South Africa is providing credit support.

ACO Fund 3's first close has \$260m of committed capital to make private credit investments in market-leading companies and infrastructure entities in Africa and other emerging markets.

Africa Development Bank (AfDB) estimates that between \$130bn and \$170bn is needed for infrastructure development every year but receives far less than this, leaving a substantial gap in funding of \$68bn to \$108bn that innovative strategies like ACO have helped to close.

The ACO Fund 3 aims to provide investors with competitive return outcomes while simultaneously advancing economic development through sustainable capital deployment in Africa and other emerging markets.

The ACO Fund 3 aims to positively contribute to the people, environment and productivity of the regions it invests in by promoting environmental and social characteristics through the application of its proprietary sustainability framework.

Standard Bank has committed a debt facility of \$45m in an innovative sustainability-linked loan, where the cost of funding is linked to the fund achieving certain climate/carbon and social-impact targets.

### **Decade of impact**

This year, Ninety One's ACO strategy celebrates its 10th anniversary since launch. The strategy has raised just under \$700m in committed capital across three fund vintages and made over \$1.2bn in investments

across 82 counterparties in more than 20 countries.

Almost half of these investments have been made in infrastructure and telecoms, helping the recipient countries close their infrastructure funding gaps. The strategy has achieved its return targets, while contributing to the UN Sustainable Development Goal 8 (Decent Work and Economic Growth) and 9 (Industry, Innovation, and Infrastructure) in about 50% of the investments.

The fund is led by portfolio managers Steven Loubser and Kobina (Kobi) Sam, who are managing director in Ninety One's Emerging Market Alternative Credit (EMAC) team. The EMAC team has a 16-year track record of managing private and alternative credit funds in emerging markets.



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Nathaniel Micklem, co-head of Ninety One Emerging Market Alternative Credit, says "Along with our partners we are very excited to be launching our 19th EM private credit fund.

The strategy has a long history of supporting growth and infrastructure companies across Africa and other emerging markets. The ACO strategy has demonstrated the ability to generate stable real returns, outperforming the public and private credit benchmarks after costs, while developing the capital markets in which it operates."

Kalina B. Miller, IFC's Financial Institutions group regional industry manager for Southern Africa, says "This milestone marks a significant step in our commitment to fostering private sector-led growth and job creation across sub-Saharan Africa.

"By investing in market-leading companies and vital infrastructure, we aim to enhance access to finance, bridge infrastructure gaps, and improve the overall investment climate. Together, we can unlock the potential of high value-adding sectors and drive sustainable development in the region."

### Driving sustainable growth

Anthony Njoroge, principal and co-head at Africa Fund of Funds, responsAbility, says "This investment highlights Sifem's strong commitment to advancing sustainable development in Africa, with responsAbility acting as Sifem's portfolio manager.

"By providing essential capital to medium-sized enterprises, we aim to drive economic resilience, create quality jobs, and support businesses that promote both social progress and environmental sustainability. Together, Sifem and responsAbility are dedicated to ensuring that our investments have a lasting, positive impact on Africa's emerging markets."



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Neha Bantha, executive vice president, Standard Bank: “We successfully financed a bespoke, sustainability-linked debt facility for ACO Fund 3, acting as the sole mandated lead arranger and lender, sustainability structuring agent, facility agent, and security trustee for the deal.

“This transaction showcases our alignment with Ninety One with regards to investing in market-leading, high quality infrastructure assets in the quest to drive development in African countries, reaffirming Standard Bank’s ambition to drive the sustainable economic development of Africa and further entrenching our relationship with the broader Ninety One group.

“Our extensive footprint and vast expertise across the continent demonstrate that we see Africa's development as intricately tied to advancing its infrastructure.

“This facility aligns with our strategic objective to deliver innovative and market-leading technology that combine our clients' sustainability strategy with our banking solutions to enhance value for our clients, businesses, and society,” Bantha concludes.

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