

Towards an African Territorial Trade and Investment Agency (ATIA)

Special pan African vehicle dedicated to financing African Cities, and Subnational Governments

An innovative instrument allowing cities, subnational governments to issue bonds on national or international markets

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Why the African Territorial Trade and Investment Agency ?

To contribute to the African Union's 2063 Agenda

Cities and territories will have to invest about 90 billion US dollars a year to host, in good conditions, 450 millions additional inhabitants by 2030, while eliminating the accumulated deficit in terms of equipment and infrastructure.



Such financial volumes are **way higher than current savings of cities and territories**, even if such savings are supplemented by the funds allocated by Central Governments to local investment.



Drawing lessons from the international experience, African leaders of cities and territories take the initiative of creating the **ATIA, a financial institution dedicated to the financing of infrastructure, equipment and services.**



Benefits of the African Territorial Trade and Investment Agency

- 1** Issuance of larger bond loans, which are of interest for international public and private investor
- 2** Reduction of interest rates for cities and territories to levels that are close to, or equal to, those obtained by the Central Government
- 3** Reduction of transaction costs for cities and territories
- 4** Offering a guarantee system that reassures investors
- 5** Allowing small and medium-sized cities to access funding on the same terms as very large cities



Building the development process

01

Serving Cities and Subnational Governments: long term funding, lending to municipalities and subnational governments in local currency

02

Building a credible financial institution: Getting an investment grade rating, Separating political governance & professional management, Building a comprehensive and resilient guarantee package

03

Reaching a market share that benefits Cities and Subnational and Local Governments: Covering the main financing needs of members, offering a competitive option

04

Choosing a supervision model or drafting a specific one : The model will have large impacts on management and daily activity



Initial structure of the Agency

A total capital of (19,96) millions US \$: for the African Territorial Agency

One hundred (100) cities and subnational governments : each contributing One hundred thousand (100 000) euros, a total of Ten (10) millions euros; to date, 50 have already subscribe

An institution managed by local governments : 50,1% of the entire capital

Cooperative company : funded by the local and regional governments



Building a financial vehicle of international standards : key success factors

- 1 Getting an excellent international credit rating
- 2 Quickly reaching a significant annual volume of funding (between 0,5 and \$1 billion per year)
- 3 Encouraging and supporting members to qualify for loans
- 4 Lending with simple procedures to members
- 5 Obtaining the repayment of all loans granted
- 6 Never defaulting creditors



A project supported by financial institutions, mainly Afreximbank and AfD

Participation in the capital of the African Territorial Trade and Investment Agency

Brings in guarantees to the African Territorial Trade and Investment Agency

Subscription to the African Territorial Trade and Investment Agency's bonds

Offers institutional support to Cities and Territories through operational mechanisms such as Readiness Programs



Steps taken so far

1

STEP 1 : 30 and 31th of October 2017 : Brainstorming workshop held in Rabat: CFOs, West African Development Bank, BNP Paribas, Development Bank of Southern Africa (DBSA), West African Regional Stock Exchange (BRVM), Deposit and Management Fund, of Morocco, Moody's, Bloomfield International, Agence France Locale, Norges Kommunalbank, Municipal Capital Investment Fund, FEC of Morocco, Dakar Municipal Finance Project and Municipal Capital Investment Fund of Cameroon, FEICOM

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STEP 2 – 2018 : Africities, Marrakech, November 21, First presentation of the concept to Local and Regional elected people and adjustment of the road map

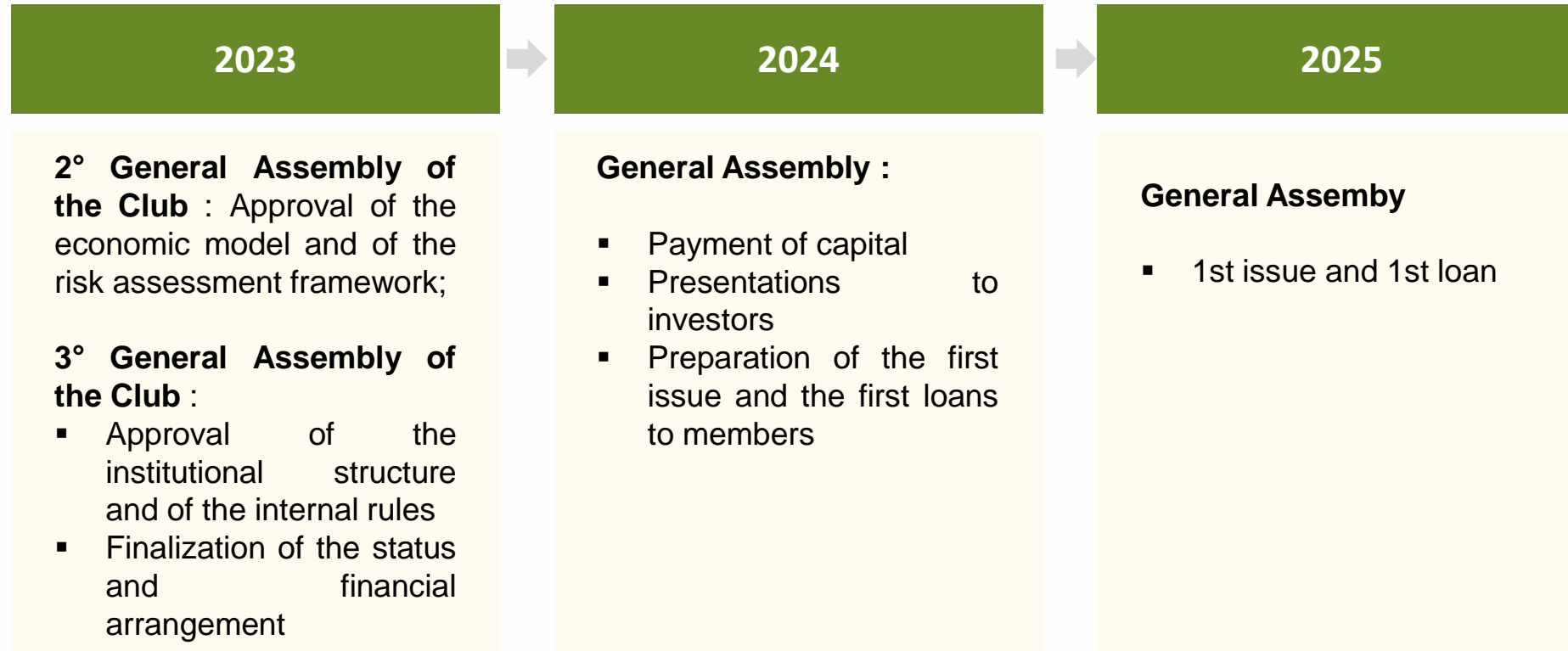
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STEP 3 – 2019 : 1st General Assembly of the Club
setting up the Club of the founding members of the African Territorial Trade and Investment Agency.

STEP 4 – 2022 : Africities, Kisumu, Kenya
Launch and financing of the process ; Preparation of the business plan and of the risk management study



Road Map



THANK YOU FOR YOUR ATTENTION

