



# SHINING A LIGHT ON SUSTAINABLE INFRASTRUCTURE INVESTMENTS IN NAMIBIA



Mergence has been spearheading infrastructure investment in alignment with Namibia's National Development Plans for the past 9 years. Committed to creating sustainable shared value, we actively pursue attractive investment opportunities for Namibia's energy mix diversification, local asset ownership, skills development and social impact, all while delivering attractive returns for our clients.

As Fund I concludes, Mergence is gearing up to launch Fund II, showcasing exciting investment prospects in social infrastructure within the education, healthcare, energy transition and digitisation sectors. Join us in shaping a resilient future.

For more information visit [www.mergence.com.na](http://www.mergence.com.na)

# MERGENCE PROMOTING INFRASTRUCTURE GROWTH AND SUSTAINABILITY TRANSITION

*By Hileni Nghinaunye, Portfolio Manager at Mergence Unlisted Investment Managers (Namibia).*

Namibia's National Development Plan is ambitious in its scope, especially when it comes to infrastructure development as a means to fuel economic growth and improve the lives of all citizens.

Neither the government nor the private sector can go it alone. There is an increasing need for the two sectors to work together to address the infrastructure gap. Through Public Private Partnerships (PPPs) and other collaborative structures capital can be catalysed to the optimum. In the private sector some of the parties involved include pension funds, insurance companies and sovereign wealth funds.

As an institutional investor regulated under Regulation 29, Mergence Unlisted Investment Managers (Namibia) believes that project finance has become the preferred financing mechanism to attract capital. This is because debt and equity investments can be split, and risk can be distributed. We believe that appropriate economic and social infrastructure is key to economic growth and development.

Given our infrastructure-driven portfolio, Mergence Namibia continues engaging with project sponsors / promoters who are reviving opportunities put on hold during COVID and proposing new transactions for consideration.

However, domestic mechanisms for financing infrastructure are currently under-utilised in the local market and on the African continent. Mergence Namibia contends that with the right governance, regulation, and instruments to assess and manage the associated risks, pension funds could take on a greater role in transforming the continent's infrastructure landscape.

## **Social infrastructure**

Mergence's infrastructure investments since 2018 have been focused on successful renewable energy projects. These projects are functioning well and feeding a substantial amount of clean energy into the electricity grid.

Our mandate has now evolved into focusing more on social infrastructure investments. Capital is increasingly flowing into subsectors that support education, healthcare, land delivery, energy transition and digitisation. Investors are also looking to strike a balance in sharing project benefits and profits between the local community and government for the wellbeing of people and communities.



Investors such as the GIPF have become particularly focused on environmental sustainability and social services. This vital institution has recently launched its Responsible Investment policy and programme guiding Environmental, Social and Governance (ESG) investments as a potential win-win for private markets investors who support positive impact while driving returns. Asset managers can create value by transforming unsustainable business models into green ones and investing in companies scaling decarbonisation technologies.

## **Positive impact**

Through our existing portfolio and similar pipeline projects, Mergence Namibia strives to create shared and sustainable value by actively pursuing:

- Diversification of Namibia's energy mix and reduction in carbon emissions through clean energy
- Local ownership of the assets, with long-term, steady returns for pension funds
- Promotion of employment and skills development during the construction and operation of projects
- Creation of social impact together with the City of Windhoek through PPPs that provide access to affordable land and the creation of jobs, as well as meet the need for basic services such as residential houses, health care, schools, recreational facilities, sustainable development, and shopping areas.

## **Close of Fund I and launch of Fund II**

We are proud of what we have achieved through Fund I which is fully invested.

We have the requisite capacity and are now actively developing our deal pipeline for Fund II and seeking additional investment opportunities, both regarding financing for local investors and/or equity into projects. The focus will continue to be on social infrastructure.