A POLICY NOTE BY CIIP

CIIP Competitive Industries and Innovation Program

SME Investment Fund in Nigeria

Outline of approach, key terms and suggested time-line

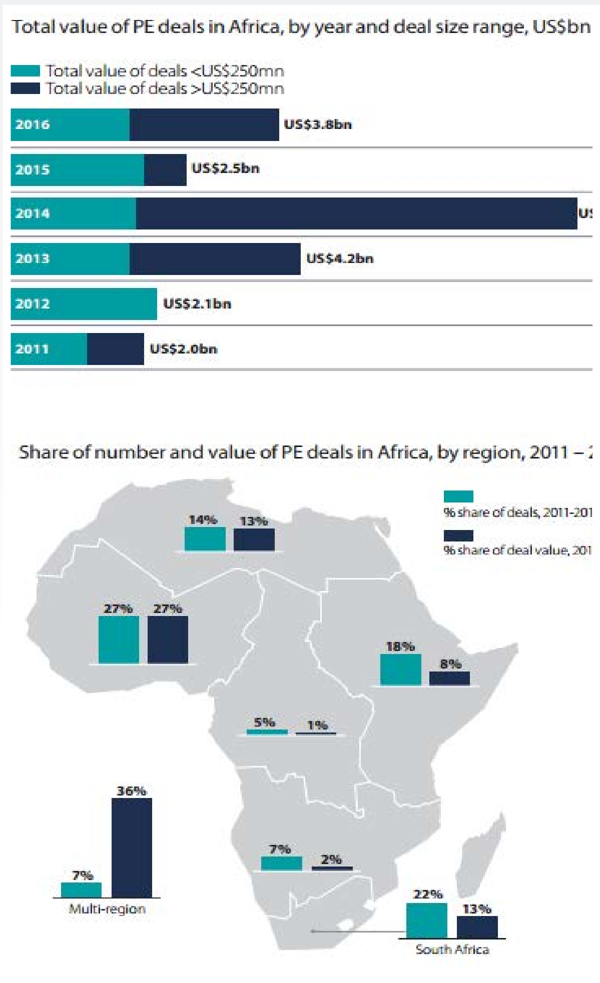
March 2018

Private Equity in Nigeria

Lagos as the sub-regional hub for PE

Nigeria has a relatively mature private equity industry compared to other countries in Africa. Of the total value of private equity deals in Africa averaging US$3.8 billion over the past 6 years, 27 percent, the largest portion, is invested in the West African where Nigeria is the dominant player, see Figure 1. Of the deals taking place in West Africa 64 percent are in Nigeria. The proportion of deals sourced through Lagos as the regional hub will have been higher. While their target market includes larger deals, the high concentration of industry expertise provides an opportunity to facilitate successful downscaling to lower end of the market.

Figure 1: Value and regional distribution of PE deals in Africa



Source: Africa Venture Capital Association

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As in most countries in Sub-Saharan Africa the majority of PE firms operating in Nigeria are domiciled in Mauritius. This allows the fund managers and their investors to benefit from the tested legal & judicial framework, strong local administrative capacity, and the multitude of tax treaties established by the Mauritian authorities. Nonetheless, the Nigerian authorities have taken steps to encourage local domicile, in particular so as to facilitate investment by domestic pension funds in PE.

Tested legal and regulatory framework[1]

An important factor facilitating the development of the locally-domiciled Nigerian PE industry is the presence of a legal framework sanctioning the establishment of limited liability partnerships. Limited liability partnerships are a special form of partnership with one or more general partners (usually the Fund Manager) holding the actual authority and unlimited liability, while other limited partners are liable only for the capital or property they contribute to the partnership, more similar to shareholders of a company rather than a "partner". Lagos State Partnership Law provides the legal framework for limited liability partnerships and, once established in Lagos state, PE firms are able to operate throughout Nigeria.

PE funds are obliged to respect Federal statutes, such as the Companies and Allied Matters Act 2004 (CAMA) and the Investment and Securities Act (ISA). CAMA requires any entity operating according to Nigerian law to be locally incorporated and registered with the Corporate Affairs Commission. According to rules issued by the Securities and Exchange Commission under ISA private equity funds managing in excess of ₦1 billion (equivalent to $3.3 million) are required to register with the SEC as well as to submit to basic information disclosure and reporting requirements.

As of August 2016 seven firms were registered with the SEC as fund managers[2]. The main motivation for PE funds in being locally incorporated is that they are able to attract investments from local pension funds which are only allowed to invest in locally-domiciled PE funds. According to the investment rules issued by the Pension Commission (PenCom) pension funds are allowed to invest up to 5 percent of their assets under management in private equity. Currently, pension funds invest only about 0.25 percent of their assets in private equity3.

Government support to the PE sector and Government-funded PE

The first indigenous PE firms (African Capital Alliance and ARM Capital Partners) were established in the late 1990's, and in 1999 the authorities launched the Small and Medium Enterprise Equity Investment Scheme (SMEEIS). SMEEIS required all banks to set aside 10 percent of the profit after tax for investment and promotion of SMEs. By the time the program was halted in 2007 only 60 percent of the funds (US$213 million of US$362 million) set aside under the program had disbursed. In those cases where the program failed this happened largely because banks themselves sought to provide equity directly to SMEs. It was unfortunate that the SMEEIS program encouraged bankers to invest in equity, as rather than focus on equity investments bankers are better advised to focus on their area of expertise – in managing credit risk. Indeed in those cases where banks chose to outsource funds to professional PE managers or set up separate VC vehicles, such as First Funds (First Bank) or Unique Venture Capital (set up jointly by 5 banks) the SMEEIS program did prove beneficial in encouraging PE fund managers to devote resources to funding smaller enterprises. Unique Venture Capital, for example, later won a bid to manage the West Africa Venture Fund, which invests in Sierra Leone and Liberia.

Among official parties in Nigeria the Nigerian Sovereign Investment Authority (NSIA) has assembled a track-record in managing PE investments and now manages both the funds of the sovereign wealth fund and funds on behalf of third parties.

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1 This section draws on "Private Equity in Emerging Markets – Nigeria: Legal Practice Manual", May 2014, by A. Agbebiyi, S. Yamada, T. Wang, Y. Chuah and Y. Kotake (University of Pennsylvania, Wharton Business School).

2 According to a recent study of the Nigerian private equity industry (March 2017) produced by Adam Smith for DFID's GEMS3 seven PE firms are locally incorporated. In all instance these firms are also incorporated in Mauritius where the majority of their funds are domiciled. The firms with locally incorporated funds are: ARM Capital Partners Ltd and ARM Harith Infrastructure Investment Ltd; CBO Capital Partners Ltd; FBN Capital Asset Management Ltd and FBN Funds Ltd; Investment One Funds Management Ltd; MBO Capital Management Ltd; Synergy Capital Advisory Ltd and Verod Advisory Services Ltd.

3 The low level of pension fund investment in the PE sector is provided by the Adam Smith study for DFID's GEMS3. One reason that pension funds invest so little in PE may be that there is not as yet a funds of funds industry in Nigeria. This would allow pension funds to easier diversify their risks.

While not having expertise in SME finance, NSIA has both provided seed capital and invested in several established PE funds operating in Nigeria.

The Proposed Structure and Governance of the SME Investment Fund

While a number of off-shore funds and a handful of locally-domiciled funds are already active in the Nigerian PE space, it is proposed that the SME investment fund be established as a separately registered fund for the following main reasons:

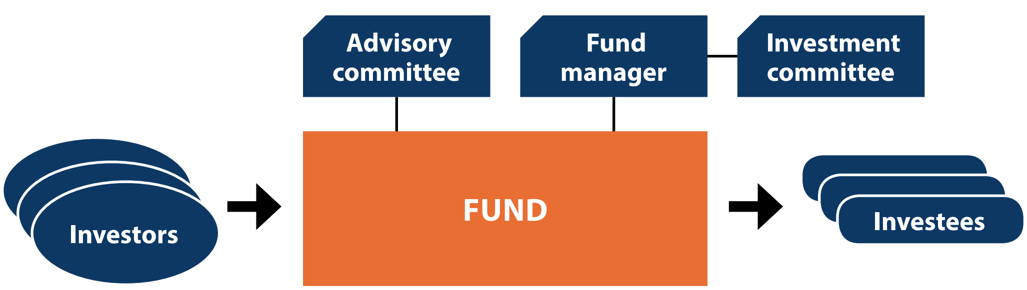
- ***The proposed SME investment fund has a unique focus*** both in terms of the targeted smaller enterprises and the funding modalities it has to offer, as described in greater detail in the next section.
- ***The focus and qualifications of the management team will be crucial to the fund's success –*** it is the skills of the manager that will determine the success of the SME fund. This is an essential lesson learnt from experience with establishing PE funds.
- ***Given the government-sponsorship of the fund, the governance structure of the fund is particularly important*** in making sure the fund is sustainable and as far as possible 'immune' from any interference that could arise, for example, from changes in Government.

It is suggested that the Fund and the fund manager are separate legal entities, as shown in Figure 2. This is the norm in conventional PE funds and has the advantage for the fund manager of mitigating the issue of liability. For the investors, the advantage is the relative ease of terminating the manager's contract, if necessary.

Special attention will need to be paid to setting up a robust governance structure for the SME investment fund so that it functions strictly at 'arm's length' to the Government. The following safeguards are envisaged:

- **Locally-domiciled Naira-based Fund**: The Fund will be established as a holding company domiciled in Nigeria with share capital denominated in Naira. It will be capitalized from the proceeds of the WB GEM project and the Government will pass on these funds to the Fund in Naira thereby assuming the foreign exchange risk associated with the World Bank's dollar-denominated lending. Naira funding is important, as SMEs will only seldom have foreign currency income with which they could hedge their exposure to longer-term commitments in foreign currency.
- **Structure to attract additional investors:** Being separately established a locally domiciled fund will be important in encouraging the fund manager to attract additional investors, both domestic and

Figure 2: Basic Fund Structure



foreign. If the Fund is successful, this will allow it to become a catalyst for more long-term SME funding, in particular in attracting impact investors in the near term, and subsequently potentially Nigerian pension funds. Every effort will be made by the authorities to expedite the process of meeting the required standards to facilitate the domestic registration of the Fund.

- **Parallel off-shore registration:** After establishing the Fund's credibility with domestic investors, a parallel feeder-fund will also be registered in Mauritius to attract foreign investors, who usually require a neutral domicile with the appropriate legal and regulatory regimes. Parallel registration signals the Government's commitment to the Fund being run on commercial principles as well as the intention to leverage the skill-set and governance practices with which the PE industry is conversant.

- **Fully transparent fund manager selection process:** The process of setting up the Fund (see further discussion below) will ensure that the fund manager is selected according to a fully transparent and competitive selection process and lives up to specific requirements in term of professional qualifications and experience.

- **Technically-proficient investment committee:** The Fund manager will have an investment committee composed of its senior staff. The committee will include independent members chosen on the basis of their professional competence to help build the expertise of the Fund and leverage the experience of established practitioners. Investors in the Fund will not participate or be represented on the investment committee.

- **Independent Advisory Committee/Board:** For oversight and to resolve conflicts of interest the Fund will have an Advisory Committee that consists of competitively selected independent industry experts and excludes representatives of the Government of Nigeria. Following investment in the Fund by other impact investors, such third-party investors should become members of the advisory committee.

- **Co-investment by impact or institutional investors:** While the SME investment fund will initially be financed from the existing World Bank funded GEM project, every effort will be made to involve funding contributions from other impact investors (foreign DFIs and IFIs) and local institutional investors. Investment by outside investors will be beneficial in terms of their funding contributions, but an important benefit of their involvement will be their role in sharing the governance responsibility for the Fund. Pre-marketing to determine the appetite of independent investors will provide useful feedback to the Government as to the 'plausibility' of the proposed fund structure and the robustness of the proposed governance arrangements. The intention is that co-investment by impact or institutional investors will bolster the governance of the SME equity fund through their membership of the advisory committee. Thus a requirement as regards such investors will be that they are fully independent of Government and that they bring substantial expertise to bear as regards the operations of the SME investment fund.

Thus it is important that, given time, the Fund seeks to attract additional investors beyond the government to avoid a single controlling investor. As a practical matter, however, most private sector investors do not invest in first time teams without a proven track record and can take several months to conduct due diligence on a management team and decide whether or not to invest. Consequently, this concept note recommends setting up the fund initially with only the government as investor, allowing the fund manager to build a credible track record by making several investments. After demonstrating the skills needed to run the fund at a professional level acceptable to private institutional investors and impact investors the fund manager can then go to the market to raise additional funding.

The Nature and Scope of Funding to be Provided to SMEs

The aim of the SME fund is to expand the realm of enterprises able to avail themselves of 'patient' longer-term funding to encompass a new universe of smaller enterprises, thereby expanding the universe of third-party funding instruments available to Nigerian SMEs. Targeted firms would have some track-record and high growth potential, but often be hampered by lack of data on which to base investment decisions, such as incomplete or non-existent financial records, insufficient business plans, and understated revenues (tax avoidance).

From the outset it will be important to decide upon the objectives for the SME fund's investments and the criteria for the measurement of the fund's performance. The intention is to measure the outcomes of the SME fund's investments in terms of the size and number of investments made while also paying heed to criteria as regards the investee enterprises. In identifying candidate enterprises the intention is to follow the IFC's definition of SMEs, whereby investee enterprises are required to live up to any two of the following criteria: (1) no more than $15 million in assets, (2) no more than $15 million in revenue, (3) no more than 300 employees. The simpler the objective structure and the fewer the number of constraints, the easier it will be for managers of the fund to focus on and succeed in achieving their key objectives. Here it is suggested that the main criterion on which to base the Fund's investments will be to place an upper limit on the size of individual investments be set at US$ 2 million Naira equivalent, as is also typical in IFC's SME Ventures Program. As under GEM, a limit will be set of 30 percent of the fund's investment taking place in any one sector.

The target fund size is a combination of two elements: the total amount to be invested and the total costs of running the fund. Funds usually invest only about 80 percent of the total committed capital in portfolio companies, and spend the remaining 20 percent on fees and expenses. The model for the proposed Fund uses a base case target size of $50 million, which would permit about $40 million to be invested. As discussed below, the Fund could have a smaller (or larger) target size, with implications for the number and size of investments and for the proportion of funds allocated to the fund manager.

Mezzanine financing

While the SME investment fund will provide smaller enterprises with long term capital, the intention is that the fund's investments will take the form of mezzanine financing, as is the case with Business Partners and GroFin (see Box 1). This has several advantages:

- ***Self-liquidating investments***: The Fund's investments are 'self-liquidating', so rather than depend on increase in the value of investee enterprises between the time of investment and exit, as would be the case in a traditional PE fund, the SME fund will earn a regular income on the longer-term debt funding it provides.

- ***SME owners retain their* equity**: The owners of the SMEs receiving finance from the Fund retain their equity in the enterprises they own: often owners of SMEs are reluctant to receive funding from external sources, as they are unwilling to share the upside on the equity they have built in their enterprises.

- ***No significant ownership by Government***: The Fund will predominantly provide mezzanine financing rather than equity largely removing the concern that might arise as regards the role of Government by avoiding a situation where the Government in effect becomes co-owner of significant number of SMEs.

- ***Regular income stream for investors***: The regular income from investee enterprises will allow the Fund to issue securities that provide regular returns to investors quite similar to fixed income securities, thereby encouraging pension fund trustees, who are otherwise unwilling to assume the uncertain returns associated with equity investments, to invest in the Fund.

The scope of the Fund's investments in a larger number of smaller enterprises raises challenges as regards the cost structure of the Fund. Normally in the PE industry the funding made available to cover the PE manager's costs is defined as an annual 2 percent of the invested capital, in effect giving PE fund managers every incentive to contain their costs by selecting a rather small number of enterprises. In the case of the proposed SME fund it will be important that the fund manager be given the resources needed to assess a larger number of enterprises and to maintain close oversight of a relatively large number of individual investments. Thus, sufficient funding will need to be made available to defray the extra costs associated with dealing with a larger number of smaller enterprises.[4]

Choosing the invested amount

While typical PE funds in emerging markets have fewer than 20 companies in their portfolio, funds that primarily use mezzanine instruments tend to have larger portfolios. In the proposed fund, the maximum investment size is $2 million, with a somewhat lower expected average. If the fund invested the maximum in 20 companies, the total amount

4 The philosophy here is similar to providing an extension of the equity window under the GEM project.

invested would be $40 million. In the model, the fund invests an average of $1.5 million in a portfolio of 27 companies, with a total invested amount of $40.0 million. A fund with less than $40 million available for investment would invest in some combination of fewer companies and a smaller average investment size. With smaller funds, however, when using usual industry practice in setting the management fee, the manager could face problems with the size the management fee.

In the model developed below it is assumed that all the capital provided to the Fund will be invested as soon as the Fund is established (i.e. on day one). This is unlike most PE funds but is what typically happens when companies raise capital. In this case an added side-benefit is that the GEM Project funds will be disbursed in their entirety up-front and long before the end of the Project.

Fees & expenses

Investors usually think of a fund's expenses in two parts: (1) an annual fee for expenses of the fund manager's operation, including personnel compensation, rent, utilities, travel, etc., usually expressed as a percentage of total committed capital and (2) a budget for other fund expenses, such as auditing the Fund, see Section 5, usually limited to a percentage of committed capital or a fixed dollar amount. For the annual management fee, small funds in emerging markets with committed capital of $75 million-$100 million typically pay about 2 percent of committed capital. This relationship has evolved over the years but is roughly the same across the emerging markets, implying that the minimum cost of a management team's operations for a small fund is about $1.5 million - $2 million per year.

Experience shows that a management fee of this size can sustain a typical fund management team with three-four senior professionals and about a dozen other staff. Funds with significantly fewer senior professionals or with significantly lower salaries tend to have difficulty attracting the quality of professionals needed to run the fund professionally, often leading to suboptimal investment choices and poor portfolio performance. Other fund expenses, such as auditing expenses, generally average less than $0.5 million per year. In the model it is assumed that these costs amount to $0.25 million per year.

For larger funds, market practice has evolved a standard management fee of 2 percent of committed capital. However, DFIs and impact investors are often willing to accept an expense ratio greater than 2 percent for funds such as the proposed Fund that have a large demonstration effect and encourage others to invest in the market. In the model for this Fund, the sum of the management fee plus other expenses totals $1.75 million a year, which would be equivalent to 5.8 percent of a target fund size of $30 million and 3.5 percent of a fund of $50 million. The specific management fee for the proposed Fund will need to be negotiated with the selected fund manager,[5] as described below under *Management Fee*.

An additional consideration is that the Fund should have an explicit goal of catalyzing investors beyond the Government. If, for example, the Government committed $30 million to the Fund, the fund manager could have a target to raise another $20 million. It is normal for PE funds to have a first closing followed by subsequent closings, generally with the final closing limited to one year from the first closing. For the manager, the critical element is an agreement to focus on the expense budget rather than a percentage fee (see the section on Management Compensation below for some ideas). For the Government, the advantage is that the Fund can start operating as soon as the Government funding is committed, even though the Fund begins life at a smaller size than the target. An advantage to increasing the Fund's committed capital without a proportional increase in the budget is that the fee drops as a percentage of committed capital, as illustrated in Table 1.

Table 1: Fund size and expenses as percentage of committed capital

Committed capital	$30 million	$40 million	$50 million
Expense budget	1.75 million	1.75 million	1.75 million
Expenses / committed capital	5.8%	4.4%	3.5%

With a fixed minimum level of expenses, the share of expenses grows as the size of the Fund shrinks. This may pose a cash flow problem (as with a $30m fund). The solution is to make fewer or smaller investments (or both). In the case of a $30 million fund the cash-flow problem can be resolved by reducing the amount invested from 80 percent to 77 percent of the total fund.

5 As described in Section 5 below, it is envisaged that the manager will be remunerated according to an annual performance contract funded from the SME fund and approved by the advisory committee.

Summary Characteristics of the Proposed SME Investment Fund (the Fund)

Several characteristics of the underlying business model of the proposed Fund suggest structural elements that differ significantly from conventional PE funds. A model accompanying this note details the financial flows of the proposed Fund; an Annex to this note explains the key variables.

Investment instruments

The Fund will primarily invest in mezzanine type instruments. This is recommended as the Fund's principal form of investment. Funds such as Business Partners and GroFin, both of South Africa, use these instruments routinely.

The advantages here are that the SME owner retains ownership of his firm, and the Fund's investments become 'self-liquidating' because the SME faces a known amortization schedule. The predetermined repayment schedule lessens the risk that targeted SMEs regard the financing provided by the Fund as grants – a risk inevitably associated with any public sector involvement in sponsoring an investment fund. Nevertheless, this risk will remain to some extent, even if the governance structure keeps the Government at 'arms-length', see section above that introduces several governance safeguards.

It should be noted that the total return to the Fund when the mezzanine instrument matures rarely approaches the returns on equity, partly because the risk is much lower due to the interim payments, and partly because the exits themselves result from the automatic maturity of the mezzanine instrument rather than sale of equity as in IPOs or other high return exits.

Currency

The Fund will be denominated in Naira and the Government will take the foreign exchange risk, as the Fund will be capitalized using US$ funding provided by the World Bank. At the current time Naira-denomination is particularly important, given pressures on the foreign exchange market and that most SMEs do not have foreign currency-denominated incomes. In order that the Fund can effectively support SMEs oriented towards domestic production it will be important that resources provided, if at all possible, are made available in Naira rather than as foreign exchange.

The SME Fund as a revolving fund

In conventional PE funds, total fees and expenses can eat up as much as 20 percent of the fund's size, leaving less to invest. In the face of lower returns, funds that target SMEs often seek to reinvest much of their cash flow rather than return it all to investors. If done properly, an SME fund that reinvests cash flows can make cumulative investments that exceed the investors' commitment, in part making up in volume what the fund lacks in return per investment. Unlike conventional PE funds that target larger enterprises, the proposed Fund will have the ability to make reinvestments. This seemingly simple change from conventional PE funds has numerous implications for other parts of the Fund's capital structure, investment patterns, and management compensation. The proposed Fund is not the only fund to face these issues. Numerous funds around the world are experimenting with different versions of a holding company or a permanent capital vehicle (PCV) to accommodate this different business model.

Fund life no longer fixed

The ability to reinvest rather than distribute cash to the Fund's investors implies that the Fund is an ongoing business, which conflicts with a conventional PE fund's limited life. Fund investors' need for liquidity is one of the principal reasons that conventional PE funds have fixed termination dates. To mitigate the liquidity risk that Fund investors face in a permanent vehicle, the Fund should allow for periodic investor votes on terminating the Fund or permitting partial redemptions. The Fund could also list its portfolio or part of its portfolio on an exchange that specializes in such issuances.

Reinvestment rather than fixed investment period

The SME fund will be a permanent capital vehicle without a predetermined fixed investment period. The purpose of the fixed investment period in a conventional PE fund is to ensure that the fund manager focuses on exits in the latter part of a fund's life rather than spending time on new deals. With reinvestments, the fund manager is expected to continue to do new deals while working with existing portfolio companies to increase their value for a solid exit.

Capital structure of the fund

Most of the Fund's investments in SMEs will be in the form of mezzanine instruments, which provide regular cash flows to the Fund. Mezzanine-type instruments have an important advantage by providing the Fund with an income stream in the form of interest payments and revenue participation. Thus, rather than relying on capital gains generated by the sale of portfolio companies at the time of exit, as would be the case in traditional PE, the Fund will earn income during the period it holds an investment. In turn, this allows the Fund to offer its investors an instrument with more regular payments than common equity. This instrument, which is unavailable from conventional PE funds, could appeal to a class of investors who seek lower risk but currently have limited options for investing in equity in the SME space, such pension funds and banks. It should be noted that most conventional fund do not offer such instruments: they depend on a single instrument to align the interests of all the fund's investors.

Investors who buy the Fund's mezzanine instrument will receive a regular income stream, significantly reducing the risk associated with waiting several years for an eventual equity sale. The precise nature of the instrument, such as whether it is structured as preferred equity or a form of mezzanine debt, will depend partly on investor appetite and partly on Nigerian regulations. The choice of instrument should be defined in consultation with local legal counsel.

Management compensation - annual fee

It is not possible to use the same principles used to determine management compensation in a mezzanine fund as in conventional PE funds. Management fees in conventional funds consist of two parts: an annual fee and a share of the fund's capital gains earned when it exits from a portfolio company. The principle is that the annual fee should cover the costs of operating the fund but not serve as a source of profit for the management team. In a conventional fund, the annual fee during the investment period is tied to the fund's committed capital, regardless of how much the fund invests or the increase in the fund's portfolio value. After the investment period, the fee is usually calculated as a percentage of the cost of the invested portfolio, which implies that the fee drops as the fund exits each portfolio company. As the proposed Fund has no fixed investment period, the typical fee structure no longer works. For example, the cost of the portfolio drops with each exit but then can increase again with each reinvestment, which makes the annual fee vary significantly, creating problems for budgeting. The issue becomes even more complicated if the Fund admits additional investors after a few years, which most PCVs allow, but most conventional funds do not.

Here it is suggested to pay a fixed fee reflecting the budgeted costs of managing the fund (rather than a percentage of the invested value). This fee should be based on a budget reflecting the realistic costs of managing the fund which is agreed between the investors and the fund manager, thus avoiding inevitable comparisons with the traditional 2 percent associated with conventional funds. The budget can be automatically adjusted for inflation, and should be renegotiated after the initial period. This fee reflecting the annual running costs of the SME fund could be determined as part of the process of bidding among prospective fund managers. In the model of the Fund the minimum level of annual running expenses is set at $1.75 million[6].

6 This expense level includes 3.0 percent for expenses of the fund manager, including personnel compensation, rent, utilities, travel, etc. and another 0.5 percent for other fund expenses, such as auditing the Fund.

Management compensation - carried interest

The proposed Fund replaces the traditional carried interest with an annual share of capital gains, payable as a percent of dividends paid by the Fund to investors but only under certain circumstances. In a conventional private equity fund, the fund manager makes money by taking a portion of the capital gains on the fund's investments when the fund sells its stakes in portfolio companies, usually after several years of working with portfolio companies. This fund manager share is called 'carried interest' and is usually set at 20 percent of total capital gains on the portfolio. For fund managers, this potential profit share can add up to millions of dollars and is worth waiting for. However, the returns from mezzanine instruments generally are lower than the returns from common equity and are unlikely to reach beyond single digits for the proposed Fund. As a consequence, the incentive structure offered to the fund manager will need to be adjusted to acknowledge the lower expected return.

In the proposed Fund dividends are payable only after 5 years after the Fund has started to operate, after gains exceed a certain percent of commitments, and after the Fund has both a positive net income for the year and a positive net worth. Despite these conditions the Fund will provide earlier and more regular (annual) payments to investors that will partially offset the lack of large gains at the end of the life of a conventional private equity fund.

Basic Fund Design

The following summarizes the basic structure of the proposed SME investment fund:

FUND SIZE	
Target committed capital	US$ 50 million
Anchor investor	Nigerian government, Naira equivalent of US$ 50 million
STRATEGY	
Investees	Nigerian SMEs. IFC definition: any two of the following criteria: (1) no more than $15 million in assets, (2) no more than $15 million in revenue, (3) no more than 300 employees.
Investment size	$250,000 – 2 million
Instruments	Mezzanine/quasi-equity
Limits	$2mm max in any single firm 30 percent max in any single sector (as recognized by GEM)
STRUCTURE	
Structure & domicile	Initially, registered in Nigeria. Parallel registration in Maurtius envisaged so as to facilitate investment from foreign investors and bale to provide Naira funding.
FUND MANAGER	
Structure	Independent entity
Compensation	annual fee, negotiated and fixed for x years, adjusted by inflation profit sharing: x percent of annual net income, after x years, if cash available, if net income and net worth are positive, and other constraints TBD
GOVERNANCE	
Advisory Committee	5-7 members, all (or largest) investors, manager not a member representatives directly associated with Government of Nigeria excluded no involvement in management decisions
Investment committee	Senior management team staff plus selected independent fund managers chosen on the basis of their professional skills, no investors
Key person(s)	roles to be identified investment stops, if key persons leave
POLICY DOCUMENTS	Investment strategy Environment & Social Corruption Anti-money laundering & terrorism