Investment Opportunities in the Energy Sector in Africa
Japan
August 2018

African Development Bank
Power, Energy, Climate Change and Green Growth Complex
WHY INVEST IN AFRICA?

- DIVERSIFICATION
- ACCESS NEW AND GROWING MARKETS
- BENEFIT FROM MARKET INEFFICIENCY
- SEARCH FOR YIELD
If you want to go fast, go alone.
If you want to go far, go together!*

*African wisdom
WHY PARTNER WITH AFDB?

Your trusted Partner to Invest in Africa

African Footage
- 54 African regional member countries
- Field offices in 30 countries, 5 regional hubs
- Unparalleled access to key stakeholders and political impact
- Network of African institutions:
  - Africa 50
  - African Trade Insurance Agency
  - Africa Guarantee Fund
  - Afrexim

Access to Funding
- Project Support Facilities, e.g.
  - SEFA
- Direct Funding by AfDB for large scale projects
- Access to funding from dedicated AfDB funds and trust funds

Access to Investments
- Co-Invest alongside AfDB
- Access to fund based investment opportunities
- Access to new and innovative financial products, e.g.:
  - Facility for Energy Inclusion
  - Room2Run

Risk Enhancement
- Shifting the Risk/Return Profile
- Benefit from Risk Waterfall Structures, Partial Credit and Partial Risk Guarantees, interest rate swaps, etc
- AfDB as a strong partner with high political leverage
NEW DEAL ON ENERGY FOR AFRICA TO ACHIEVE UNIVERSAL ACCESS BY 2025

**NDEA TARGETS**

**On-Grid generation**
Add 160 GW of new capacity

**On-Grid transmission & distribution**
Create 130m new connections

**Off-grid generation**
Create 75 million new connections

**Access to clean cooking**
Reach 150 million households
THE NEW DEAL ON ENERGY IS BEING DELIVERED THROUGH 11 KEY INITIATIVES

STRATEGIC THEMES

- Enabling the system
  - Set up enabling policy environment
  - Enable utilities for success
- Getting projects financed
  - Dramatically increase number of bankable projects
  - Increase funding pool to deliver new projects
- Scaling up access
  - Promote bottom of the pyramid energy access programmes
- Delivering execution
  - Accelerate large-scale projects to promote regional integration
  - Roll out waves of country-wide transformations

KEY INITIATIVES

- IPP procurement
- Renewable Energy
- Energy Efficiency
- Power utility transformation
- Early stage project support facility
- Funding catalyst
- Bottom of the pyramid financing
- Mobile payment
- Clean cooking
- Regional projects acceleration
- Country-wide energy sector transformations

CROSS-CUTTING INITIATIVE

Transformative Partnerships for Energy in Africa
OUR PRODUCTS: FROM DEVELOPMENT EQUITY TO LONG TERM DEBT

SPECIAL FUNDS
TECHNICAL ASSISTANCE
• Grants for early stage project development and capacity building support
• SME linkages programs with advisory services
• Climate finance facilities

EQUITY
• Typically up to 25% stake for the African Development Bank’s account
• Usually long-term investor with no board seat. Exit strategy to be agreed with key stakeholders
• The Bank has $43.4 billion in assets and a committed portfolio of $1.1 billion in equity investments. It is the second largest multilateral source of loan and equity financing in Africa

MEZZANINE
• Subordinated loans, income participating loans
• Convertibles and other hybrid instruments

SENIOR DEBT AND STRUCTURED PRODUCTS
• Fixed-spread loans in EUR, USD, ZAR, JPY; can also finance in some local currencies approved by the Bank
• Commercial rates (base rate fixed or floating + credit spread);
• Long maturities (up to 15 years, beyond is subject to internal approval) with up to 5-year grace periods
• Swap and risk management products

✓ AfDB provides a wide range of instruments customized to the projects and clients
✓ Financing can be up to 25% (equity) or 33% (debt) of total project cost through a combination of different products
OUR APPROVAL PROCESS: ELIGIBILITY CRITERIA

1. The Project Company must be incorporated in an African country;

2. The project must be environmentally sound and comply with AfDB's environmental guidelines and the regulations of the respective country;

3. Sponsors must have satisfactory track-record and financial capacity;

4. Evidence of adequate management skills;

5. The project must be financially viable;

6. The project must aim to maximize development impact in line with the country’s strategic priorities.
OUR APPROVAL PROCESS: INVESTMENT CYCLE

6 to 10 months

Identification phase

Origination
• Business Development
• Eligibility assessment

Exploratory review
• Early-stage review; Signature of Non-Disclosure Agreement and reception of questionnaire from client
• Departmental and complex clearance of Preliminary Evaluation Note (PEN)

Concept review
• Preliminary analysis
• Preparation of Project Concept Note (PCN) at Credit Risk Committee (CRC), Additionality and Development Outcomes Assessment (ADOA) rating, Environmental and Social category

Final review
• Project Appraisal: Due Diligence mission (DD) with credit risk officer, lawyer, ADOA officer, modeller, E&S Officer and procurement officer
• Clearance of Project Appraisal Report (PAR) at Credit Risk Committee (CRC), Operations Committee (OpsCom) and Country Team (CT)

Documentation, Closing and First Disbursement
• Conclude negotiations
• Finalise Term Sheet
• Conclude legal documentation
• First disbursement and Handover to Portfolio Management
Investment Opportunities: FROM STAND ALONE PROJECTS TO FUND SOLUTIONS

**PROJECT CO-INVESTMENTS**
- **Invest alongside** the AfDB in specified projects, relevant to your investment and risk appetite
- Potential of **risk enhancement** via AfDB, e.g. Partial Risk Guarantees
- Projects from **mid-to upstream**, from **renewables to fossil**, in all **geographies**, **private** as well as **public** sector

**INNOVATE FORMATS**
- Synthetic Securitization Models
- Receivable based financing Models
- Credit Enhancement for Capital Market Instruments

**FUND SOLUTIONS**
- Invest in dedicated local or regional Fund Models
- benefit from embedded Risk enhancement mechanisms
- Access to a diversified portfolio
CREDENTIALS

IPPs - Non-Renewable Energy

Azito Power Project (Côte d’Ivoire - 1998)
- Senior Loan: USD 14 M

Nigeria Liquified Natural Gas – (Nigeria - 2002)
- Senior Loan: USD 100 M

Kounoune Thermal plant
(Senegal - 2005)
- Senior Loan: EUR 7.2 M

Dibamba Power
(Cameroon – 2010)
- Senior Loan: EUR 23 M

Sendou Power
(Senegal - 2009 & 2016)
- Senior Loan: EUR 60 M

KivuWatt Limited
(Rwanda - 2011)
- Senior Loan: USD 25 M

Kribi Power
(Cameroon - 2011)
- Senior Loan: USD 29 M

Thika Thermal Power
(Kenya - 2011)
- Senior Loan: USD 28 M

Takoradi T2 Thermal
(Ghana - 2012)
- Senior Loan: USD 22 M

Azito Power Project (Côte d’Ivoire - 2012)
- Senior Loan: USD 36 M

Ciprel power plant
(Côte d’Ivoire - 2013)
- Senior Loan: USD 50 M

Southern Tunisia Gas
(Tunisia - 2015)
- Senior Loan: USD 75 M

CECASL
(Sierra Leone – 2016)
- Senior Loan: USD 20 M

Kribi Power
(Cameroon - 2011)

Southern Tunisia Gas
(Tunisia - 2015)

CECASL
(Sierra Leone – 2016)

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- Senior Loan: USD 75 M

CECASL
(Sierra Leone – 2016)
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# CREDENTIALS

## IPPs - Renewable Energy

<table>
<thead>
<tr>
<th>Project</th>
<th>Location</th>
<th>Status</th>
<th>Senior Loan:</th>
<th>PRG/Grant:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bujagali Hydropower</td>
<td>Uganda - 2007</td>
<td>Senior Loan:</td>
<td>USD 110 M</td>
<td></td>
</tr>
<tr>
<td>Sahanivotry Hydropower</td>
<td>Madagascar - 2007</td>
<td>Senior Loan:</td>
<td>USD 6 M</td>
<td></td>
</tr>
<tr>
<td>Buseruka Hydropower</td>
<td>Uganda – 2008 &amp; 2011</td>
<td>Senior Loan:</td>
<td>USD 13 M</td>
<td></td>
</tr>
<tr>
<td>Lake Turkana</td>
<td>Kenya - 2013</td>
<td>Senior Loan:</td>
<td>EUR 115 M</td>
<td></td>
</tr>
<tr>
<td>Lake Turkana</td>
<td>Kenya - 2013</td>
<td>PRG:</td>
<td>EUR 20 M</td>
<td></td>
</tr>
<tr>
<td>Lake Turkana</td>
<td>Kenya - 2013</td>
<td>Sub. Loan:</td>
<td>USD 5 M</td>
<td></td>
</tr>
<tr>
<td>Lake Turkana</td>
<td>Kenya - 2014</td>
<td>Grant:</td>
<td>EUR 10 M</td>
<td></td>
</tr>
<tr>
<td>Xina Solar One</td>
<td>South Africa - 2015</td>
<td>Senior Loan:</td>
<td>ZAR 815 M</td>
<td></td>
</tr>
<tr>
<td>Achwa</td>
<td>Uganda – 2017</td>
<td>Senior Loan:</td>
<td>USD 41.5 M</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Senior Loan:</td>
<td>USD 19 M</td>
<td></td>
</tr>
</tbody>
</table>
CREDENTIALS

Utilities

- AES SONEL (Cameroon - 2006)
  Senior Loan: EUR 60 M

- Eskom Holdings Limited I (South Africa - 2007)
  Senior Loan: USD 500 M

- Eskom Holdings Limited I (South Africa - 2016)
  Senior Loan: ZAR 5.2 Bln

Refineries

- Egyptian Refining Company (Egypt - 2010)
  Senior Loan: USD 200 M

- Egyptian Refining Company (Egypt - 2010)
  Sub. Loan: USD 25 M

- ETAP (Tunisia - 2014)
  Senior Loan: USD 159 M
### CREDENTIALS

#### Funds & Others

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Equity</th>
<th>Grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pan African Infrastructure Development Fund</td>
<td>USD 19 M</td>
<td></td>
</tr>
<tr>
<td>(Multinational - 2007)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OMVG (Gambia, Guinea 2007)</td>
<td>USD 800 K</td>
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</tr>
<tr>
<td>AREF (Multinational - 2014)</td>
<td>USD 25 M</td>
<td></td>
</tr>
<tr>
<td>Evolution One (Multinational - 2010)</td>
<td>USD 6 M</td>
<td></td>
</tr>
<tr>
<td>AIF 2 (Multinational – 2010)</td>
<td>USD 22.5 M</td>
<td></td>
</tr>
<tr>
<td>Argan Infrastructure Fund (Multinational – 2010)</td>
<td>USD 6.8 M</td>
<td></td>
</tr>
<tr>
<td>Carlyle Sub-Saharan (Multinational – 2012)</td>
<td>USD 5 M</td>
<td></td>
</tr>
<tr>
<td>AREF (Multinational - 2014)</td>
<td>USD 20 M</td>
<td></td>
</tr>
<tr>
<td>Africa 50 (Multinational – 2015)</td>
<td>USD 103 M</td>
<td></td>
</tr>
<tr>
<td>Emerging Capital Partners (Multinational – 2015)</td>
<td>USD 12.5 M</td>
<td></td>
</tr>
<tr>
<td>Evolution Fund (Multinational – 2018)</td>
<td>USD 10 M</td>
<td></td>
</tr>
<tr>
<td>Kukuza (Multinational – 2015)</td>
<td>USD 4 M</td>
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</tr>
<tr>
<td>Emerging Capital Partners (Multinational – 2015)</td>
<td>USD 20 M</td>
<td></td>
</tr>
<tr>
<td>EAIF (Multinational – 2018)</td>
<td>USD 32.5 M</td>
<td></td>
</tr>
</tbody>
</table>

Commitments listed above only reflect AfDB’s financing dedicated to the Energy portfolio of the listed funds.
THANK YOU

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