

Investment Opportunities in the Energy Sector in Africa

Japan

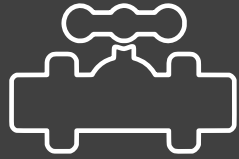
August 2018

African Development Bank

Power, Energy, Climate Change and
Green Growth Complex



WHY INVEST IN AFRICA?



DIVERSIFICATION



WHY TO INVEST IN AFRICA



BENEFIT FROM MARKET INEFFICIENCY



ACCESS NEW AND GROWING MARKETS



SEARCH FOR YIELD

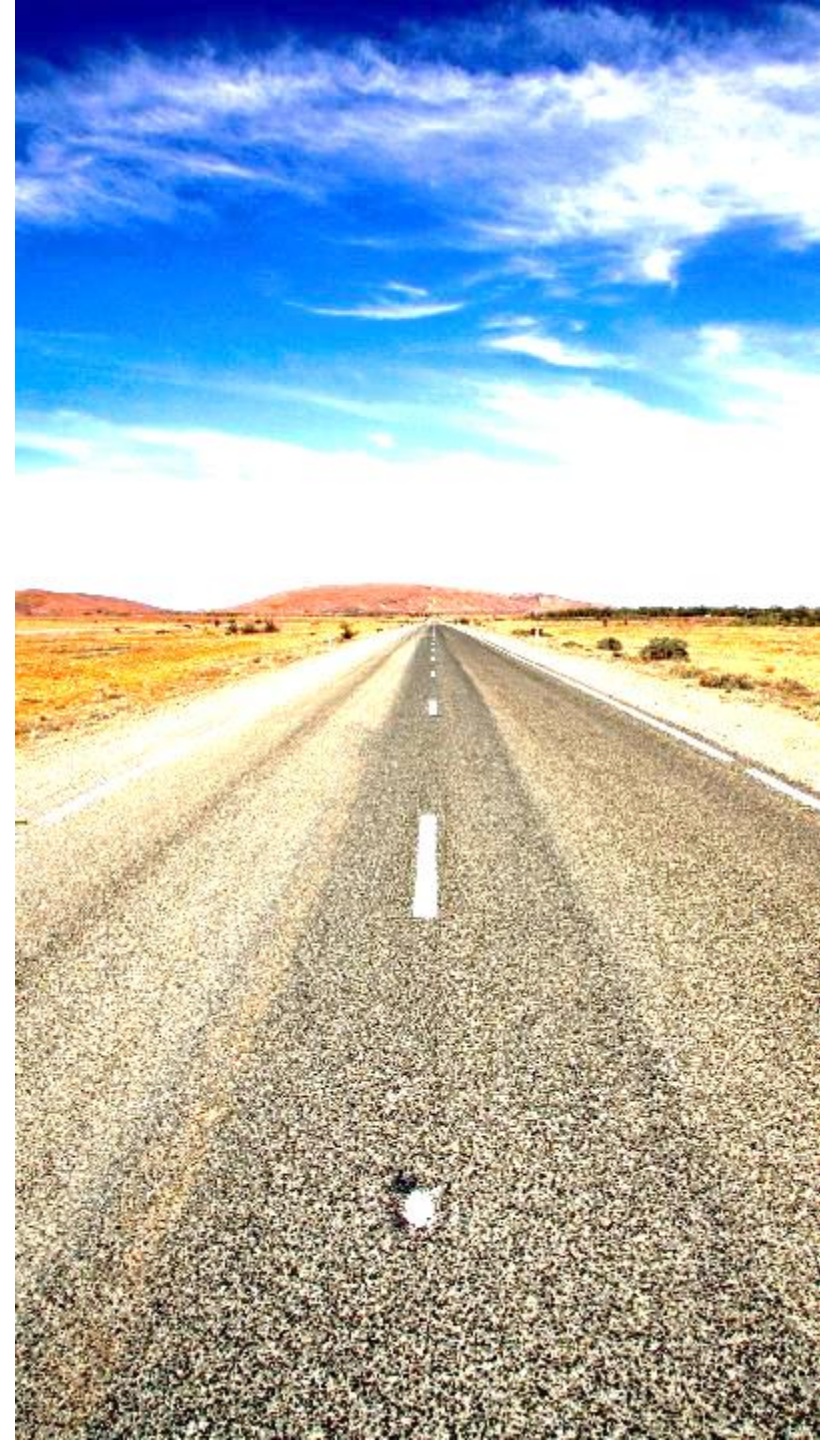


WHY PARTNER WITH AFDB?

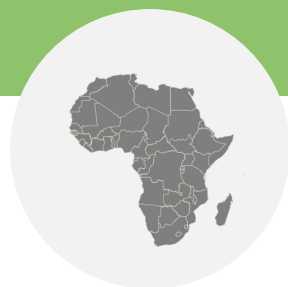
**If you want to go fast, go
alone.**

**If you want to go far, go
together!***

*African wisdom



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



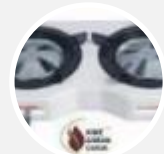
On-Grid transmission & distribution

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

KEY INITIATIVES

CROSS-CUTTING INITIATIVE

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
	Accelerate large-scale projects to promote regional integration
Delivering execution	Roll out waves of country-wide transformations

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



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

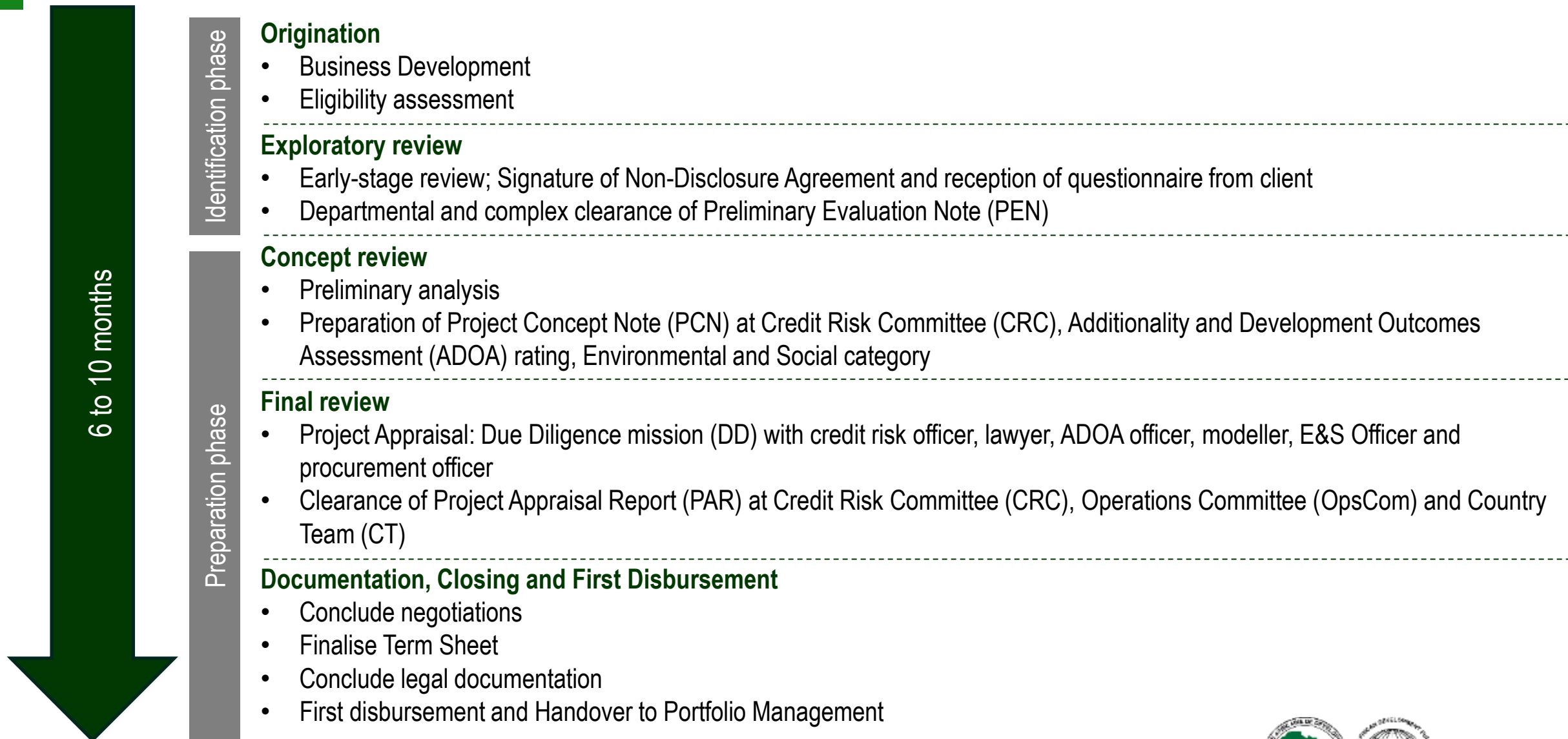
- Fixed-spread loans in EUR, USD, ZAR, JPY; can also finance in some local currencies approved by the Bank
- Commercial rates (base rate fixed or floating + credit spread);
- Long maturities (up to 15 years, beyond is subject to internal approval) with up to 5-year grace periods
- Swap and risk management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



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 Liquefied 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 (Cote 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

CREDENTIALS

IPPs - Renewable Energy

Bujagali Hydropower
(Uganda -2007)



Senior Loan : USD 110 M

Sahanivotry Hydropower
(Madagascar - 2007)



Senior Loan : USD 6 M

Buseruka Hydropower
(Uganda – 2008 & 2011)



Senior Loan : USD 13 M

Cabeolica Wind Power
(Cape Verde - 2010)



Senior Loan : EUR 14 M

Itezhi-Tezhi Power
(Zambia - 2011)



Senior Loan: USD 35 M

Lake Turkana
(Kenya - 2013)



Senior Loan: EUR 115 M

Lake Turkana
(Kenya - 2013)



PRG: EUR 20 M

Lake Turkana
(Kenya - 2013)



Sub. Loan: USD 5 M

Lake Turkana
(Kenya - 2014)



Grant : EUR 10 M

Xina Solar One
(South Africa - 2015)



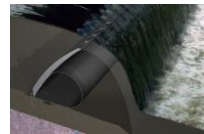
Senior Loan : ZAR 815 M

Xina Solar One
(South Africa - 2015)



Senior Loan : USD 41.5 M

Achwa
(Uganda – 2017)

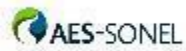


Senior Loan : USD 19 M

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 150 M

CREDENTIALS

Funds & Others

Pan African Infrastructure Development Fund
(Multinational - 2007)



Equity : USD 19 M

OMVG
(Gambia, Guinea 2007)




Grant : USD 800 K

Evolution One
(Multinational - 2010)



Equity : USD 6 M

AIF 2
(Multinational - 2010)



Equity : USD 22.5 M

Argan Infrastructure Fund
(Multinational - 2010)



Equity : USD 6.8 M

Carlyle Sub-Saharan
(Multinational - 2012)



Equity : USD 5 M

AREF
(Multinational - 2014)



Equity : USD 25 M

AREF
(Multinational - 2014)



Grant : USD 10 M

Africa 50
(Multinational - 2015)



Equity : USD 103 M

Kukuza
(Multinational - 2015)



Equity : USD 4 M

Emerging Capital Partners
(Multinational - 2015)




Equity : USD 12.5 M

Evolution Fund
(Multinational - 2018)



Equity : USD 20 M

EAIF
(Multinational - 2018)



Equity : USD 32.5 M

Commitments listed above only reflect AfDB's financing dedicated to the Energy portfolio of the listed funds

THANK YOU



Timo BOLLERHEY

Division Manager | Energy Financial Solutions, Policy & Regulation
Power, Energy, Climate Change and Green Growth Complex
African Development Bank

t.bollerhey@afdb.org

www.afdb.org