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Regional Project Financing

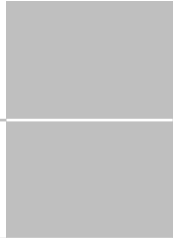
Overcoming challenges





Agenda

- 1 Regional Project Financing
- 2 Challenges and Considerations





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Regional Project Financing

Introduction

- Large scale infrastructure projects are key to unlocking Africa's economic potential
- Project financing and PPP arrangements are enabling mechanisms for achieving this
 - Private investors/developers/contractors
 - provide funding and technical expertise
 - Host country governmental involvement
 - must create conducive, “bankable” business environments
 - DFI’s and ECA’s
 - often bridge the funding gap as well as providing technical expertise and advice to both projects and governments

Power in Africa

THE QUEST TO POWER AFRICA

A CONTINENT IN SHADOWS

In terms of population and land mass, Africa is the second largest continent in the world, trailing behind only Asia. But, amazingly, a majority of the billion people living on the continent survive every day with little to no access to electricity. In the midst of economic, social, and geopolitical turmoil, many of the poorest nations in Africa are unable to scrounge up the money, resources, and general know-how to bring electricity to their people.

79%

of people living in Third World African nations have no access to electricity.

1.5 BILLION

(25% OF THE GLOBAL POPULATION)

people in the world have no access to electricity - they are mostly concentrated in Africa and southern Asia.



in 11 countries in Africa, **MORE THAN 90%** of people go completely without electricity.

In Brundi, Chad, Central African Republic, Liberia, Rwanda, and Sierra Leone.

3 - 5 %

of people have easy access to electric power.



Africa has the **LOWEST PER CAPITA ENERGY** use of any continent.



Each day, New York City consumes the same amount of electricity as all sub-Saharan African nations combined, excluding South Africa.



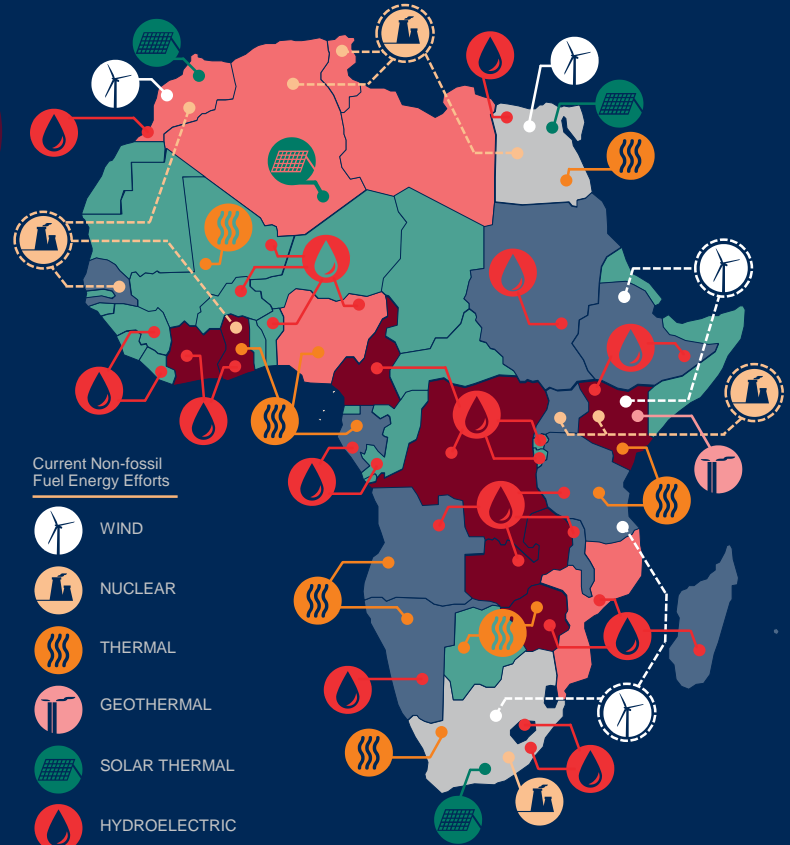
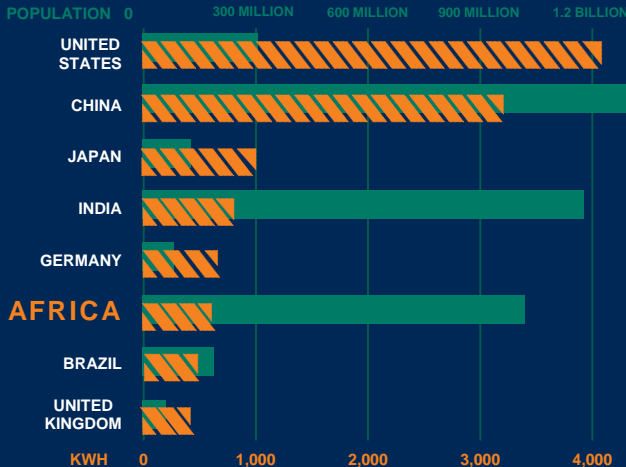
African soil contains an estimated **18%** of the world's recoverable uranium

The two reactors in South Africa account for **5%** of its energy generation

"This [crisis in Africa] is very bad and is something that the energy community and others should be ashamed of"

-FATIH BIROL, IEA'S CHIEF ECONOMIST

ELECTRICITY GENERATION AND POPULATION BY REGION



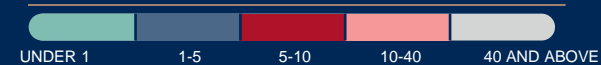
Current Non-fossil Fuel Energy Efforts

- WIND
- NUCLEAR
- THERMAL
- GEOTHERMAL
- SOLAR THERMAL
- HYDROELECTRIC

Future Plans

- WIND
- NUCLEAR

TOTAL ELECTRICITY GENERATION IN BILLIONS OF KWH



SOURCES: CENSUS.GOV, ESKOM.CO.ZA, REUTERS.COM, SOLARMILLENNIUM.DE, DESTATIS.DE, STAT.GOV.JP, IBGE.GOV.BR, MBENDI.COM, CPIRC.ORG.CN, INDIATAT.COM. Source: Mike Peo, <http://www.asafbc.com/sectors/renewable-energy/>

A COLLABORATION BETWEEN GOOD AND COLUMN FIVE



2

Challenges and Considerations

Financing Challenges/Considerations

- Debt Financing Availability and Pricing
 - DFI's and ECA's to mitigate financing risks
- Cross-Border Security Package
- Secure Cash-Flow Streams
- Hedging

- Financing Structure
- Political Risk Insurance
- Exchange Control
 - repatriation of funds to offshore companies
- Foreign Exchange/Interest rate Volatility

Business Challenges/Considerations

- 1st of its kind
- Regulatory/Compliance issues
 - Challenge to align regulators, ministries, off-takers, grid operators
- Security of fuel supply
 - Pricing
 - Volume
 - Term
 - Creditworthiness of supplier

- Procurement Process
- Tax
- Grid capacity
- Language

Political Challenges/Considerations

- Creditworthiness of off-taker / affordability of electricity generated
- SoE Participation – oftaker and fuel supply
- Sovereign Risk Rating
- Compliance

- Environmental and Rehabilitation
- Political stability / will
- Economic Growth

Additional Challenges/Considerations

Localisation Requirements

- Limited pool of skilled workers and limited manufacturing base
- Sufficient projects and enough investor confidence to justify investments in manufacturing and education?

Associated Infrastructure

- Lack of associated infrastructure
- Grid Capacity Constraints
- Site Development



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