HANAJIRI Takashi
Head, Asia External Representation Office, AfDB

AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT

Overview of African Development Bank

About African Development Bank

- Founded: 1964
- Headquarters: Abidjan, Cote d'Ivoire
- Mission: To spur sustainable economic development and social progress in its regional member countries
- Members : 81 countries (RMCs: 54, Non-RMCs 27)
- President: Dr. Akinwumi Adesina

President Dr. Akinwumi Adesina

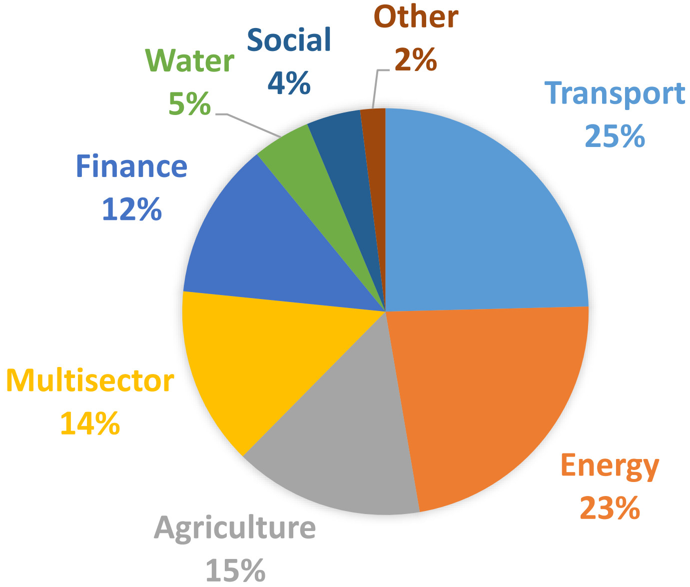
African Development Bank Group

- African Development Bank (AfDB)
- African Development Fund (ADF)
- Nigeria Trust Fund (NTF)

"The High 5s", AfDB's Five Priority Areas

Light Up and Power Africa | Feed Africa | Industrialize Africa | Integrate Africa | Improve the quality of life for the people

APPROVAL BY SECTOR IN 2019



In 2019, 293 operations totaling USD 10.1 billion were approved

AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT

Asia External Representation Office

- AfDB's first representation outside Africa, in Tokyo, Japan opened in 2012
- Non-regional members in Asia: China, India, Japan, and Korea

Objectives

- Enhance partnerships and dialogue with Asian countries
- Promote business and investment opportunities in and with Africa
- Widely disseminate and exchange information about the Bank and projects

CHINA

- Africa Growing Together Fund (AGTF) in 2014
- Forum on China Africa Cooperation(FOCAC)
- The 42nd Annual Meeting in Shanghai in 2007

JAPAN

- Japan-Africa Business Forum in 2014, 2017
- Japan Policy and Human Resources Development Grant (PHRDG) since 1994
- EPSA launched in 2005

INDIA

- CII-Exim Bank Conclave on India-Africa Project Partnership, attended since 2013
- India Africa Economic Cooperation Fund since 2015
- The 52nd Annual Meeting in Ahmedabad in 2017

KOREA

- KOAFEC Conference held biennially since 2006
- KOAFEC Bilateral Trust Fund since 2007
- The 53rd Annual Meeting in Busan in 2018

Africa Investment Forum (AIF)

Africa's investment market place - a multi-stakeholder, multi-disciplinary platform

The Africa Investment Forum relies on four pillars to achieve its objectives:

1 The Platform	2 The Market Place	3 The Market-Days	4 The Deal Tracker

CONNECT

- ✓ Deal origination, structuring and due diligence
- ✓ Deal Advisory
- ✓ Digital Platform with a live database of Private/PPP deals

ENGAGE

- ✓ Investor Mobilization & Engagement
- ✓ Partners Engagement
- ✓ Investment Roundtables
- ✓ Investor Blast Mechanism
- ✓ Virtual Boardrooms

CLOSE

- ✓ Boardrooms
- ✓ Public Sessions
- ✓ Business-to-Business (B2B) Meetings
- ✓ Entrepreneur (Start-ups) Pitching Sessions
- ✓ Deal Gallery

TRACK

- ✓ Review of Boardrooms' outcomes
- ✓ Periodic update meetings with Project Sponsors
- ✓ Investor engagement
- ✓ Portfolio management and reporting

More information: https://africainvestmentforum.com Contact: aif@afdb.org

Africa Investment Forum (AIF)

AIF MARKET DAYS 2019 KEY STATISTICS

OVERALL PARTICIPATION	BOARDROOMS	MARKETPLACE AND NETWORKING	PUBLIC SESSIONS, ANNOUNCEMENTS AND MEDIA
2,291 participants	57 deals discussed in boardrooms	**400** official bilateral meetings including curated marketplace B2B conversations	19 public sessions, 22 press conferences
4 Heads of State/Government (Ghana, Mozambique, Rwanda, South Africa)	**USD 67.7 bln** (Value of deals discussed in Boardrooms)	**31** deals valued at **USD 5.2 bln** curated for Marketplace B2Bs	Over 2,500 news articles and pick ups; 1.82 million estimated coverage
101 countries represented	**25** countries with deals, 7 multinational and 3 regional deals	**16** start-up pitches seeking to raise **USD76.4 mln**	**1.3** million Twitter impressions
698 Investor Participation	**USD24.6 bln** (Size of largest deal - LNG project, Mozambique)	**6,591** connection requests that were sent through the App	**16,807** profile visits and **4,079** new followers
		61 deals valued at **USD 27.7 bln** displayed on the Marketplace Deal Gallery	56,000 visitors to the Africa Investment Forum website during registration season

COVID-19 & The African Economy

Headwinds

- An imminent global recession with a projected U-shaped recovery.
- African economies are set to contract for the first time in 25years (projected real GDP contraction of 3.4%).
- Estimated reduction of 30 – 40% in foreign direct investment (FDI) and remittances in 2020.
- Global slowdown in demand for commodities (Africa supplies 60% of global raw materials).
- Supply chain disruptions

Tailwinds

- Increasing interest in health sector investments.
- Resurgence of the debate on industrializing Africa.
- Opportunity to accelerate Africa's digital revolution.
- Energy demand remains latent and is likely to spike quickly as lockdown eases.
- Infrastructure demand fundamentals remains -the pandemic has created the urgency to accelerate investments in Africa's infrastructure opportunities

African Economic Outlook 2020 Supplement

- Governments and development partners must respond in a more coordinated, targeted, and rapid manner to be effective in limiting impacts
- An additional 49 million Africans could be pushed into extreme poverty by the pandemic and its aftermath; West and Central Africa stand to be worst hit

The COVID-19 Rapid Response Facility (CRF)

The African Development Bank Group launched USD 10 billion CRF to protect its RMCs and their private sector enterprises from the economic and social impact of the COVID-19

Thank You !

English https://www.afdb.org/en
中　文 https://afdb-org.cn/
日本語 https://afdb-org.jp/
한국어 https://afdb-org.kr/

AFRICAN DEVELOPMENT BANK GROUP NON-SOVEREIGN OPERATIONS POLICY

Webinar for the Asian Private Sector on Doing Business in Africa

September 2020

GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT

AFRICAN DEVELOPMENT BANK GROUP

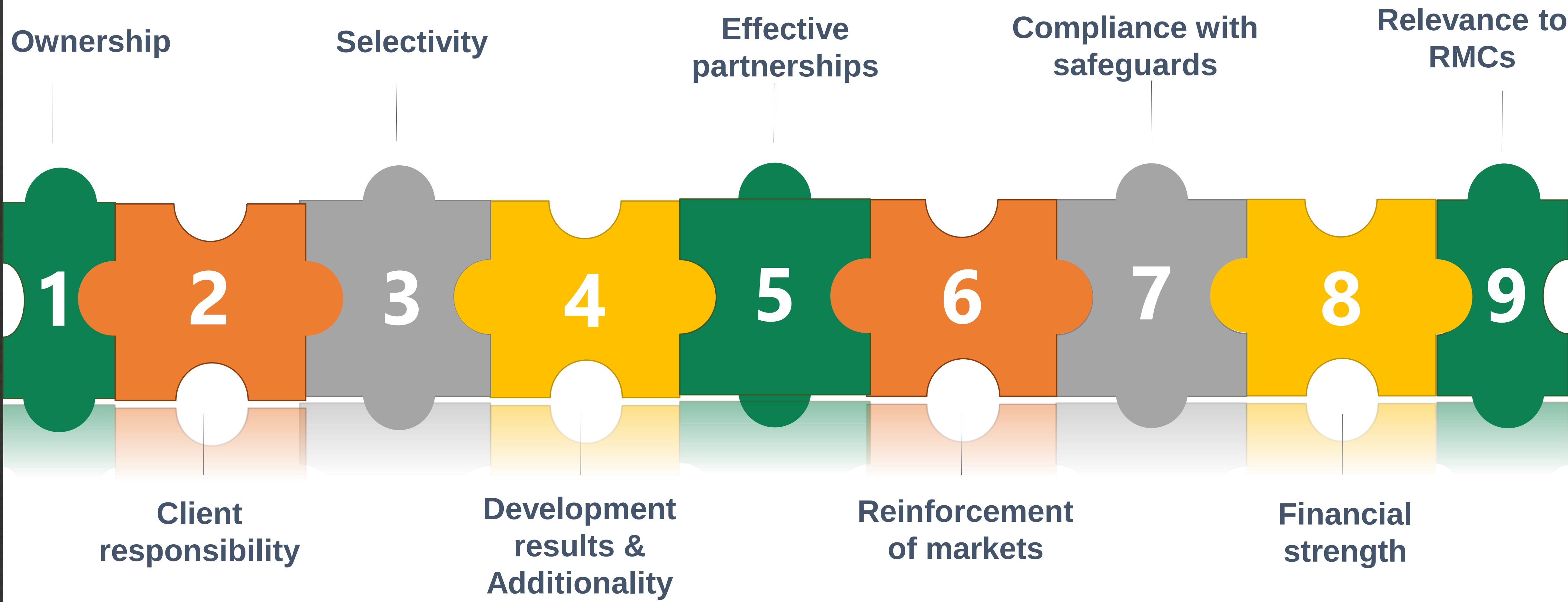
1 Objectives and Guiding Principles

Objective of the Bank's Non-Sovereign Operations

The Bank's Non-Sovereign Operations (NSO) refer to financing and investment operations that are not guaranteed by a state, covering mostly private sector transactions. They also cover non-sovereign guaranteed financing of eligible public sector enterprises, as well as financing of regional development finance institutions.

Objective 1	• Improvement of the investment and business climate.
Objective 2	• Development of social and economic infrastructures and increasing access to reliable, quality services.
Objective 3	• Strengthening private sector enterprises

Nine (9) guiding principles



2 Main conditions and types of financing

The "main conditions" for the Bank's involvement in a Non-Sovereign Operation

1. The borrower is a private enterprise or an eligible public sector enterprise.
2. The operation is financially sound.
3. The operation should result in satisfactory development outcomes.
4. The Bank brings additionality, which could be either financial or non-financial.
5. Host country has No-Objection to the operation.

Two (2) types of financing

Corporate financing

Eligible enterprises in support of their investment programs. ***(instruments include: senior and subordinated loans, lines of credit, agency lines, equity or quasi equity participation, credit or risk guarantees)***

Project financing

Specific projects by eligible public or private sector enterprises. ***(instruments include: senior and subordinated loans, credit or risk guarantees, equity or quasi-equity participations)***

3 Investment criteria

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What we invest in

In principle, all economic sectors and subsectors are eligible for the Bank financing on Non-sovereign operations terms, except those set out in the Bank exclusion list *(e.g. trade Production or trade in weapons and munitions, Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, etc.).*

ENERGY, CLIMATE & GREEN GROWTH

AGRICULTURE & AGRO-INDUSTRIES

INDUSTRIES & SERVICES

TRANSPORT

EDUCATION , HEALTH, WATER & SANITATION

FINANCIAL SECTOR

Investment Criteria

1. Strategic alignment with the Bank and the RMC(s) priorities	▪ The country's economic and social priorities ▪ Bank strategy in the country/region
2. Creditworthiness, Commercial viability & Financial sustainability	▪ Industry outlook and market fundamentals ▪ Financial structure ▪ Background, experience and financial strength of the sponsor ▪ Cash flow and rate of return (BP)
3. Development outcomes	▪ Household benefits and job creation ▪ Governance and fiscal effects ▪ Regional integration and economic resilience ▪ Green growth, environmental, gender & social effects ▪ Private sector development and demonstration effects
4. Additionality	▪ Political risk mitigation ▪ Financial additionality ▪ Improved development outcomes

Other key pre-requisites

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0 1

PROCUREMENT

The Bank shall agree with the non-sovereign borrower on acceptable procurement procedures that are in line with well-established private sector procurement methods or commercial practices.

0 2

INTEGRITY & FIDUCIARY SAFEGUARDS

The Bank will not participate in a transaction when, upon integrity due diligence, it finds that there are significant and unmitigated integrity risks or ethical concerns, or adverse reputational risks. The Bank will apply effective KYC due-diligence procedures and mechanisms.

0 3

ENVIRONMENTAL & SOCIAL SAFEGUARDS

The Bank is committed to making economic growth and development inclusive while ensuring that Bank operations have no unintended adverse direct or indirect environmental or social impact on communities.

Application procedure

AFRICAN DEVELOPMENT BANK GROUP

1. Description of the project
2. Sponsor's managerial and financial track record
3. Governance structure and management team
4. Financing plan & cost estimates, inc. amount requested from the Bank
5. Key technical and environmental features
6. Feasibility indicators
7. Business climate and market prospects
8. Implementation plan, inc. Status of required licenses, permits, offtake agreements, etc.

- Feasibility plan
- Business plan
- Environmental and social impact assessment

Applications for funding are to be sent :

By email to PrivateSectorHelpDesk@afdb.org (first screening and dispatching to operational teams) using the form available on the Bank's website

4 Some of our investments

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Financing the education sector

Afe Babalola University (ABUAD)

- Eight-year US $40-million corporate loan to the Afe Babalola University (ABUAD) in Ado Ekiti (Nigeria), to finance the university's expansion plan.
- Expansion plan consists in construction of new facilities - including a 400-bed teaching hospital, an industrial research park, a small hydro power (SHP) installation (1.1 MW) and agribusiness facilities.

Structuring	
Corp. loan	◆$40 M eq (out of $100 M total expansion program
Pioneer status	◆ **First private sector transaction in the education sector**
Maturity	◆ 8 years (incl. 3 years' grace)
Strategic alignment	◆ Improve the quality of life for the people of Africa; ◆ Industrialize Africa; ◆ Power Africa; ◆ Feed Africa
Funding	◆ Mix of hard and local currency

Financing the water & sanitation sector

Kigali Bulk Water

- The Project entails a 40,000 m3/day bulk water production facility on Public Private Partnership basis, located at Kanzenze, Kigali, Rwanda.
- The Project will extract groundwater from the south bank of the Nyabarongo River, treat water to required water quality standards and deliver water to service reservoirs for the distribution into the Kigali network of Water and Sanitation Corporation ("WASAC").

Structuring	
Senior loan	\$19 M (total project cost \$61M)
Pioneer status	**First Bank's PPP transaction in the water sector**
Maturity	18 years (39 months grace period)
Strategic alignement	◆ Improve the quality of life for the people of Africa
Expected Development outcomes	◆South-south investment ◆Significant demonstration effect ◆Clean potable water to the population therefore contributing to improving public health

THANK YOU

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AFRICAN DEVELOPMENT BANK GROUP

Contact:
Non-Sovereign Operations & Private Sector Support Department

PrivateSectorHelpDesk@AFDB.ORG

AFRICAN DEVELOPMENT BANK GROUP FINANCIAL PRODUCTS PRESENTATION

September 2020

GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT
AFRICAN DEVELOPMENT BANK GROUP

1 THE BANK GROUP

AFRICAN DEVELOPMENT BANK GROUP

Africa's Premier Development Finance Institution

The AfDB Group: three constituent institutions, separate legally and financially, with a common goal

African Development Bank (ADB)

- Established in 1964
- 81 member countries
- Authorized capital: USD 208 billion
- Resources raised from capital markets
- 0% Risk Weighting under Basel II
- Level 1 under Basel III

African Development Fund (ADF)

- **Concessional financing,** established in 1972
- Financed by 27 State participants and 4 regional donors
- Subscription: USD 41 billion
- **Focus on low income countries**
- Replenished every 3 years

Nigeria Trust Fund (NTF)

- Established in 1976 by Nigeria
- Targeted at the Bank's needier countries
- Maturing in 2023
- Total resources: USD 242 million

Board of Governors

- Highest decision making body
- Composed of Ministers of Finance and Ministers of Cooperation of the Bank's member countries

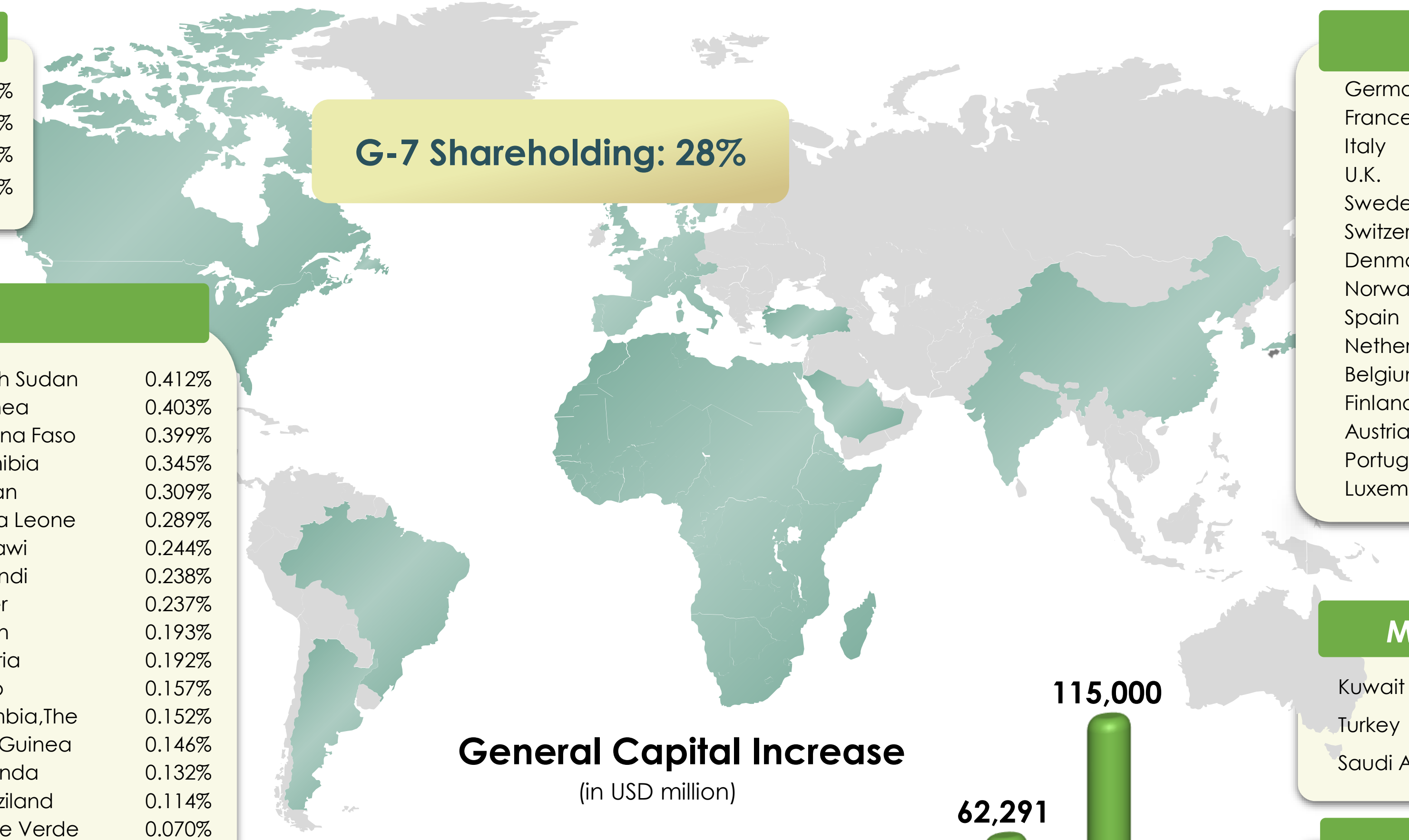
Board of Directors

- 20 Executive Directors elected by the Board of Governors
- Oversees the general operations of the Bank

Decisions by both Boards require two third majority or 70% should any member require so

…focused on combating poverty, and improving living conditions on the continent

African Development Bank



G-7 Shareholding: 28%

Americas

U.S.A.	6.623%
Canada	3.876%
Brazil	0.332%
Argentina	0.090%

Africa

Nigeria	9.332%	South Sudan	0.412%
Egypt	5.622%	Guinea	0.403%
South Africa	5.055%	Burkina Faso	0.399%
Algeria	4.243%	Namibia	0.345%
Côte d'Ivoire	3.738%	Sudan	0.309%
Morocco	3.608%	Sierra Leone	0.289%
Libya	2.652%	Malawi	0.244%
Ghana	2.140%	Burundi	0.238%
Zimbabwe	1.965%	Niger	0.237%
Ethiopia	1.580%	Benin	0.193%
Kenya	1.440%	Liberia	0.192%
Tunisia	1.406%	Togo	0.157%
D.R.Congo	1.293%	Gambia,The	0.152%
Zambia	1.179%	Equ.Guinea	0.146%
Angola	1.168%	Rwanda	0.132%
Cameroon	1.082%	Swaziland	0.114%
Botswana	1.077%	Cape Verde	0.070%
Senegal	1.047%	Sao Tome & P.	0.068%
Gabon	0.997%	Chad	0.066%
Tanzania	0.762%	Lesotho	0.057%
Mauritius	0.653%	Mauritania	0.057%
Madagascar	0.649%	Cent.Afr. Rep	0.042%
Mozambique	0.622%	Eritrea	0.031%
Congo	0.454%	Somalia	0.030%
Uganda	0.450%	Seychelles	0.028%
Mali	0.433%	Guinea Bissau	0.021%

(As at 31st December 2017)

Europe

Germany	4.157%
France	3.773%
Italy	2.438%
U.K.	1.774%
Sweden	1.578%
Switzerland	1.473%
Denmark	1.182%
Norway	1.181%
Spain	1.070%
Netherlands	0.879%
Belgium	0.642%
Finland	0.491%
Austria	0.449%
Portugal	0.240%
Luxemboug	0.202%

Middle-East

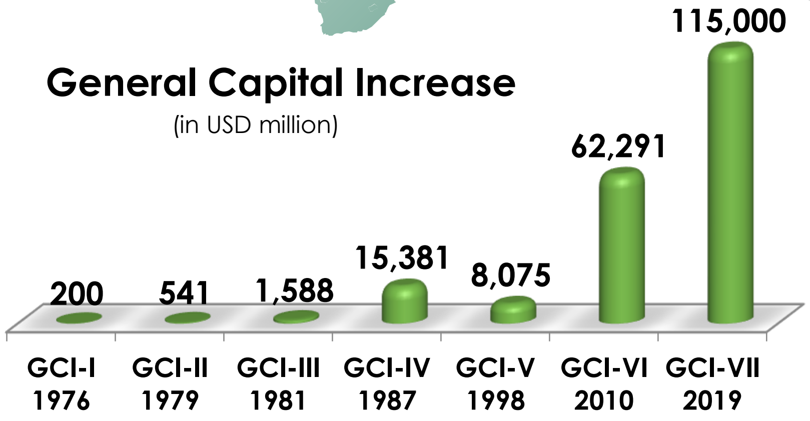
Kuwait	0.451%
Turkey	0.359%
Saudi Arabia	0.194%

Asia

Japan	5.518%
China	1.183%
Korea	0.483%
India	0.258%

General Capital Increase

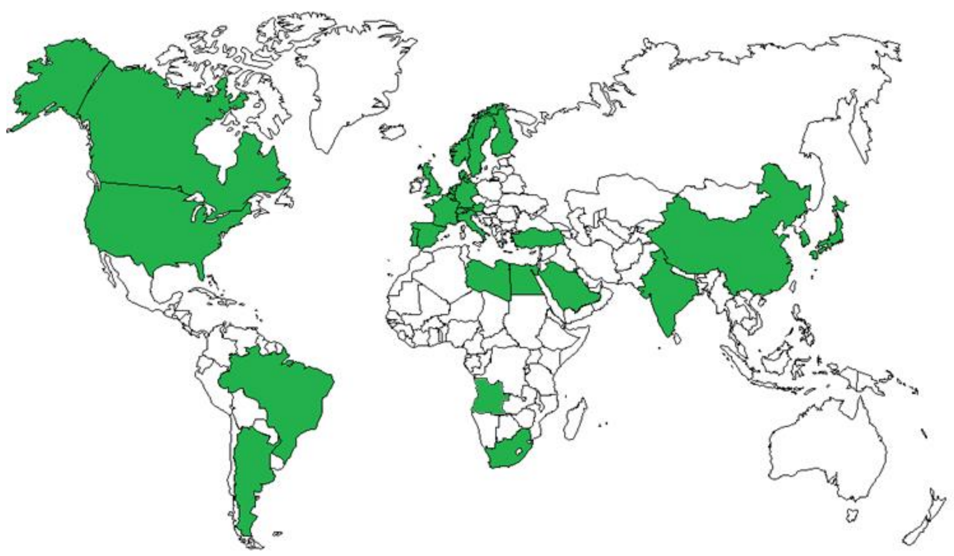
(in USD million)



Over 50 years of partnership for the development of Africa…

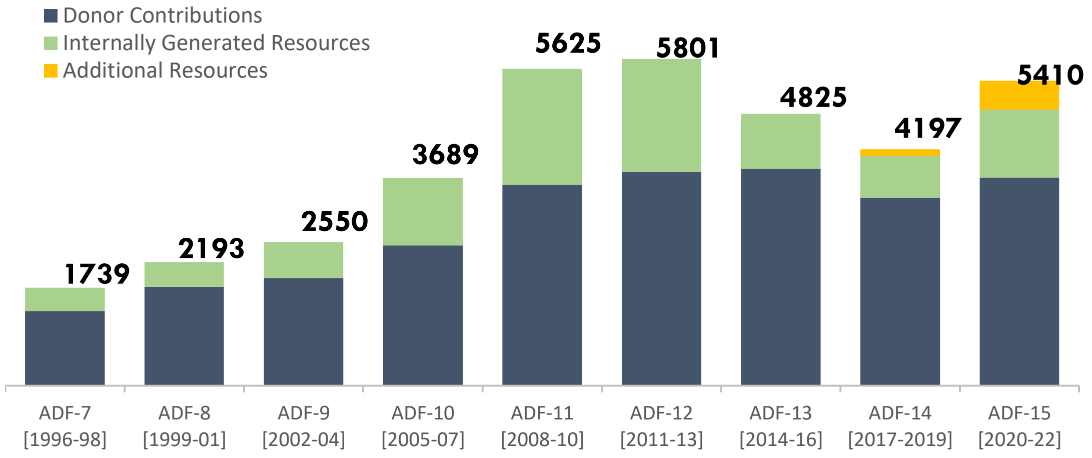
African Development Fund

Contributors: 31 countries + the Bank
Funding: cumulative UA 33.7 billion
Replenishment Cycle: 3 years
Beneficiaries: 38 Low-Income Countries
Resource allocation: internal framework based on macroeconomic performance (PBA)



48 years of partnership to support LICs

Last ADF Replenishment



ADF-15 top 10 donors

Country	Contribution (UA million)	Normalised Burden Share (%)
UK	575.11	15.7
Germany	424.20	11.6
USA	360.45	9.8
France	387.08	10.6
Japan	323.07	8.8
Italy	227.04	6.2
Canada	192.65	5.3
Sweden	179.52	4.9
Norway	171.63	4.7
The Netherlands	164.36	4.5
Total Top Ten	3 005	82.1
Total	3 660	100.0

ADF-15 envelopes

Country Classification Framework – Credit Policy

The Bank's regional member countries are classified according to the Bank's credit policy into 4 categories which determines which financing window they can access.

<table>
<tr><td colspan="2" rowspan="2"></td><td colspan="2">Creditworthy for non-concessional financing?
(In line with the Country Policy and Institutional Assessment - CPIA analysis)</td></tr>
<tr><td>No</td><td>Yes</td></tr>
<tr><td rowspan="2">Per capita income above the ADF/IDA operational cut-off (USD 1,165 for 2018) for more than 2 consecutive years?</td><td>No</td><td>ADF- Regular and Advanced countries or Low Income Countries (LICs) eligible to ADF concessional financing (61% concessionality for ADF Regular and 51% for ADF-Advanced)</td><td>Blend countries
Simultaneously eligible for ADB non concessional & ADF concessional financing</td></tr>
<tr><td>Yes</td><td>ADF Gap countries
eligible for ADF concessional financing on blend terms (35% concessionality)</td><td>ADB-Only
Middle Income Countries (MICs) eligible to non-concessional financing only

Graduating
Graduating countries are eligible for ADF resources on blend terms during a 2 to 5-year phasing-out period (decreasing access to ADF resources)</td></tr>
</table>

Addressing the diverse financing needs of the continent

Allowing ADF Countries Access to ADB Window

In order to respond to recent economic developments in RMCs, the Bank amended its credit policy in 2014 to allow ADF countries access to the ADB sovereign window.

ADF only countries are eligible to ADB window if they have:

- ✓ **Low or moderate risk of debt distress under IMF DSA**
- ✓ **Headroom for non-concessional borrowing**
- ✓ **Sustainable macroeconomic position**
- ✓ **Request approved by the Bank's Credit Risk Committee**

Access will be granted to eligible countries on case by case basis to finance viable projects. Eligibility does not guarantee access.

The IMF regularly update DSA for LICs. Check for updates here: https://www.imf.org/external/pubs/ft/dsa/lic.aspx

Summary of AfDB Financial Products

AFRICAN DEVELOPMENT BANK GROUP

1

LENDING INSTRUMENTS

Providing long-term debt to public and private sectors

- *ADF Loan*
- *Fully Flexible Loan*
  - *Policy-Based Operations (PBO)*
  - *Results-Based Financing (RBF)*
- *Fixed Spread Loan (FSL)*

3

EQUITY

Bringing scarce risk capital to transformative projects

- *Direct Equity*
- *Subordinated Debt*
- *Mezzanine Debt*
- *Other quasi-equity*

5

TRADE FINANCE

Bridging the gap in trade financing in Africa

- *Risk Participation Agreements (RPAs)*
- *Trade Finance Lines Of Credit (TFLOC)*
- *Soft Commodity Finance Facility (SCFF)*

2

GUARANTEES

Mitigating the risks attached to investments in Africa

- *Partial Risk Guarantee*
- *Partial Credit Guarantee*
- *Portfolio Guarantee*

4

RISK MANAGEMENT PRODUCTS

Allowing our borrowers to hedge and manage their debt responsibly

- *Interest Rate Swaps including caps and collars*
- *Cross Currency Swaps*
- *Commodity Swaps*

6

TECHNICAL ASSISTANCE FUNDS

Financing the completion of feasibility studies, training and project preparation

- *Grants*
- *Concessional Loans*
- *Equity in select cases*
- *Reimbursable grants*

7

AFFILIATED PARTNERS

Leveraging partnerships with catalytic financial intermediaries

- *Africa 50*
- *Africa Guarantee Fund*
- *African Export-Import Bank*

Menu of Existing Financial Instruments

2 PRIVATE SECTOR LOANS

Non-Sovereign Guaranteed Loans

Fixed Spread Loan (FSL)

Viable enterprises & multinational projects

Additionality and Development Outcomes
- Job creation
- Government revenues
- Financial return
- Foreign currency earnings
- Social and environmental safeguards

Project Finance

Line of Credit

Corporate Loan

Lending terms	**Eligibility**	*Public Sector Companies of ADB and Blend countries without a sovereign guarantee; and Private Sector Companies in all RMCs*
	Maturity	*Up to 15 years*
	Grace period	*Up to 5 years*
	Currencies	*EUR, USD, JPY, ZAR, LCY*
Lending Rate	**Pricing formula**	*Base rate: Floating (6m Libor/Euribor, 3m Jibar) or Fixed (Amortizing swap rate) + risk-based lending spread/margin based on project risk*
	Interest Rate Features	*Free option to fix up upon disbursement*
	Front-end fee	*100 bps of loan amount at signature*
Fees	**Commitment Fee**	*50bps – 100bps of undisbursed amount*
	Appraisal fee	*Determined during appraisal*
	Supervision fee	*As needed*
	Prepayment premium	*Hedge unwinding cost in case of a fixed rate loan + a premium determined in the loan agreement*

Non-Sovereign Guaranteed Loans – Local Currency

Rational

- ✓ Provide long term funding in local currencies
- ✓ Promote domestic capital market development
- ✓ Reduce clients foreign exchange risk /overall economic risk exposure

1 **Funding option 1: Domestic Bond Issuance**

The Bank will issue a local bond to provide the funding for the client.
The Bank is hedged is at has its assets and liabilities aligned in the same currency.

2 **Funding option 2: Synthetic Local Currency Loan (SLCL)**

The Bank enters into a hedge contract with a market counterparty that provides the equivalent local currency conversion rate. The Bank's liability is then completely hedged against currency and interest rate variations and the client's exposure in local currency.

3 **Funding option 3: Cross Currency Swap**

This involves an exchange of notional amount with the swap counterparty at inception and termination, and subsequent receipts of debt repayments in its preferred currency based on the swap transaction executed.

4 **Funding option 4: Local Bank Loan**

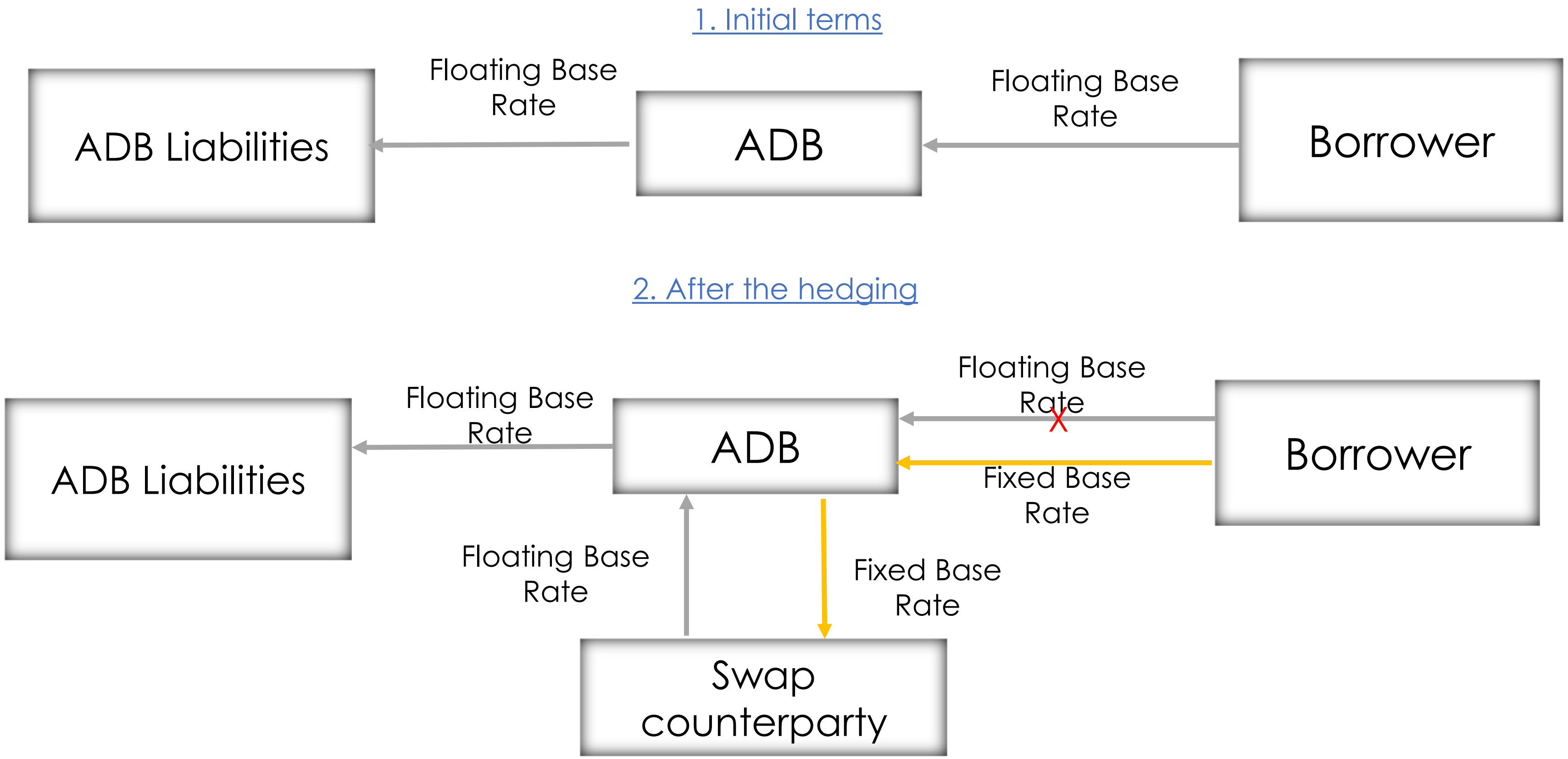
The Bank enters into an agreement with a local commercial bank that would provide the client with the funding, and receives its funding cost from the Bank. The Bank bears the credit risk of the client.

Lending currencies

The Bank currently has ***12 approved African lending currencies****:*
South African Rand, Egyptian Pounds, Uganda Shilling, Nigerian Naira, Kenya Shilling, Zambia Kwacha, Tanzania Shilling, Ghana Cedi, Botswana Pula, CEMAC region CFA and WAMU region CFA and Rwandan franc (RWF).

Fixed Base Rate

AfDB offers to borrowers a free option to convert the Floating Base Rate into a Fixed Base Rate. The Fixed Base Rate can be provided at each disbursement, at last disbursement or any time after disbursement at the request of the borrower.



While the borrower benefits from the Fixed Base Rate obtained by ADB on market conditions, any cost related to the swap is passed to the borrower in case of adjustment or unwinding of the swap before maturity.

Non-Sovereign Guaranteed Loans – LOCAL CURRENCY LOAN TERM SHEET

AFRICAN DEVELOPMENT BANK GROUP

LENDING TERMS

- Eligibility: Borrowers eligible to access ADB window
- Maturity and Grace Period: Up to 15 years & up to 5 years grace period
- Repayment Terms
  - Payment of equal installments of principal after grace period
  - Other principal repayments terms (annuities, bullet, step up/down) may be considered subject to project requirements / availability of hedging solutions

LENDING RATE

- Cost Pass-Through Principle: Borrowing costs in relevant market + Lending Margin
  - All-in-Cost of Funds + Lending margin (project specific risk)
    - All-in-cost of funds (Base rate: floating / fixed + funding margin)
    - Funding margin (Spread to benchmark funding level + recurrent costs)

FEES

- Front-end Fee
  - 1% of amount
- Appraisal Fee
  - 0-1% of amount

- Commitment Fee
  - 0.5 -1% of undisbursed
- Late Payment Fee
  - 2% of unpaid amount

- When Applicable
  - Bond Issue Fee – Upfront Fees
  - Warehousing Fees

3 GUARANTEE PRODUCTS

AFRICAN DEVELOPMENT BANK GROUP

AfDB Guarantees

- Risk Sharing
- Crowding In
- Leverage

- Risk perception often leads to an additional risk premium on projects compared to other regions of the world
- This skewed perception of risk impacts the cost and volume of commercial financing and capital investment
- Africa has been less successful than other developing regions in attracting private investment

AfDB Group offers 2 types of guarantees:

Guarantees to protect the beneficiaries **against political risks** emanating from the government or its entities: **Partial Risk Guarantees (PRGs)**

Guarantees to protect the beneficiaries **against non-payment** by the Applicant: **Partial Credit Guarantees (PCGs)**

AfDB Guarantees

Purpose of Partial Risk Guarantee (PRG)

- Currency Inconvertibility and Non-transferability
- Expropriation, Confiscation, Nationalization and Deprivation
- Political Force Majeure Risks
- Breach of Contract

Beneficiaries

- Commercial /private sector sponsors/financiers lending to projects in Africa

Purpose of Partial Credit Guarantee (PCG)

- Covers a portion of debt service defaults regardless of the cause thus supporting the borrowing of the government or public sector entities in investment operations, as well as private sector borrowers.
- Can help countries get access to the capital markets

Beneficiaries

- Private lenders to both private sector clients and/or sovereign clients

The Bank also launched an innovating collaborative platform for risk mitigation called the ***Co-Guarantee Platform*** *pooling the products of five guarantee providers across Africa into a one-stop shop.*

Email: cgp@afdb.org

AfDB Guarantees – The Benefits of Working with Us

AfDB Group guarantees cover risks that the market is not willing/able to bear or cannot adequately evaluate

For the Guarantee Applicant, AfDB Group Guarantees attract and/or provide access to:

- New Sources of Financing
- Improved Financing terms

For the Guarantee Beneficiaries and other project stakeholders, AfDB Group Guarantees allow to:

- Mitigate/ share risks
- Reinforce government undertakings
- Benefit from AfDB safeguards on the project

For AfDB, countries and other stakeholders, AfDB Group Guarantees allow to:

- Leverage on AfDB resources
- Finance more development projects with available resources

AfDB Group guarantees help catalyze commercial financing in transformative projects in priority sectors

AfDB Guarantees – The Term Sheet

AFRICAN DEVELOPMENT BANK GROUP

	Partial Credit Guarantee			Partial Risk Guarantee	
Lending Window / Terms	ADF	ADB		ADF	ADB
Leverage	Only 25% of the guarantee amount is deducted from the Performance Based Allocation	A PCG will consume same level of headroom as an equivalent loan		Only 25% of the guarantee amount is deducted from the Performance Based Allocation	100% loan equivalent risk capital is assigned to a guarantee
Borrower/Applicant	Public	Public	Private	Public	Public
Maturity (yrs)	Up to 40	Up to 25	Up to 15	Up to 40	Up to 25
Guarantee fee	0.75%	0.80%	Lending margin	0.75%	0.80%
Front-end fee	Up to 1%	0.25%	1% or more	0%	0.25%
Standby fee	0.5%	0.25%	0.5% – 1%	0.5%	0.25%

4 EQUITY

AFRICAN DEVELOPMENT BANK GROUP

Direct Equity

AFRICAN DEVELOPMENT BANK GROUP

Eligibility

- Financially viable private companies and financial intermediaries
- Public sector companies that are in the process of being privatised and regional as well as sub-regional institutions / companies
- Includes Subordinated loans, income participating loans
- Convertibles and other hybrid instruments

Ownership Approach & Divestment

- Bank's equity participation not to exceed 25%
- Bank will seek board representation in any company in which it becomes a shareholder.
- Clearly defined exist clause to be exercised upon achievement of objectives

Indirect Equity

Private Equity Investments	Size of Fund (USD)	ADB (USD)
South African Infrastructure Fund	221 million	25 million
AIG Infrastructure Fund	400 million	50 million
Pan-African Infrastructure Fund	450 million	50 million
African Infrastructure Fund II	500 million	30 million
Argan Infrastructure Fund	200 million	15 million

AfDB currently holds $43.4 billion in assets and a committed portfolio of $1.1 billion in equity investments.

We invest in PE infrastructure funds to diversify our equity investments, target specific regions and industries and reduce transaction costs.

5 RISK MANAGEMENT PRODUCTS

AFRICAN DEVELOPMENT BANK GROUP

Risk Management Products (RMPs)

- The Bank's RMPs are financial products which allow clients to transform the financial risk characteristics of their obligation under a loan or other instrument without renegotiation or amending the terms of the original instrument
- RMPs enable clients to hedge their exposure to market risks, including: interest rate, currency exchange and commodity price
- Clients are required to enter into market-based Master Derivatives Agreement with the Bank prior to entering into RMP transactions

(1) Interest rate swaps: fixed rate for floating or vice versa

(2) Cross-Currency Swap: one currency for another (USD to EUR, for example)

(3) Commodity Price Swap: fixed / floating rate cash flows for price of commodity or basket of commodities

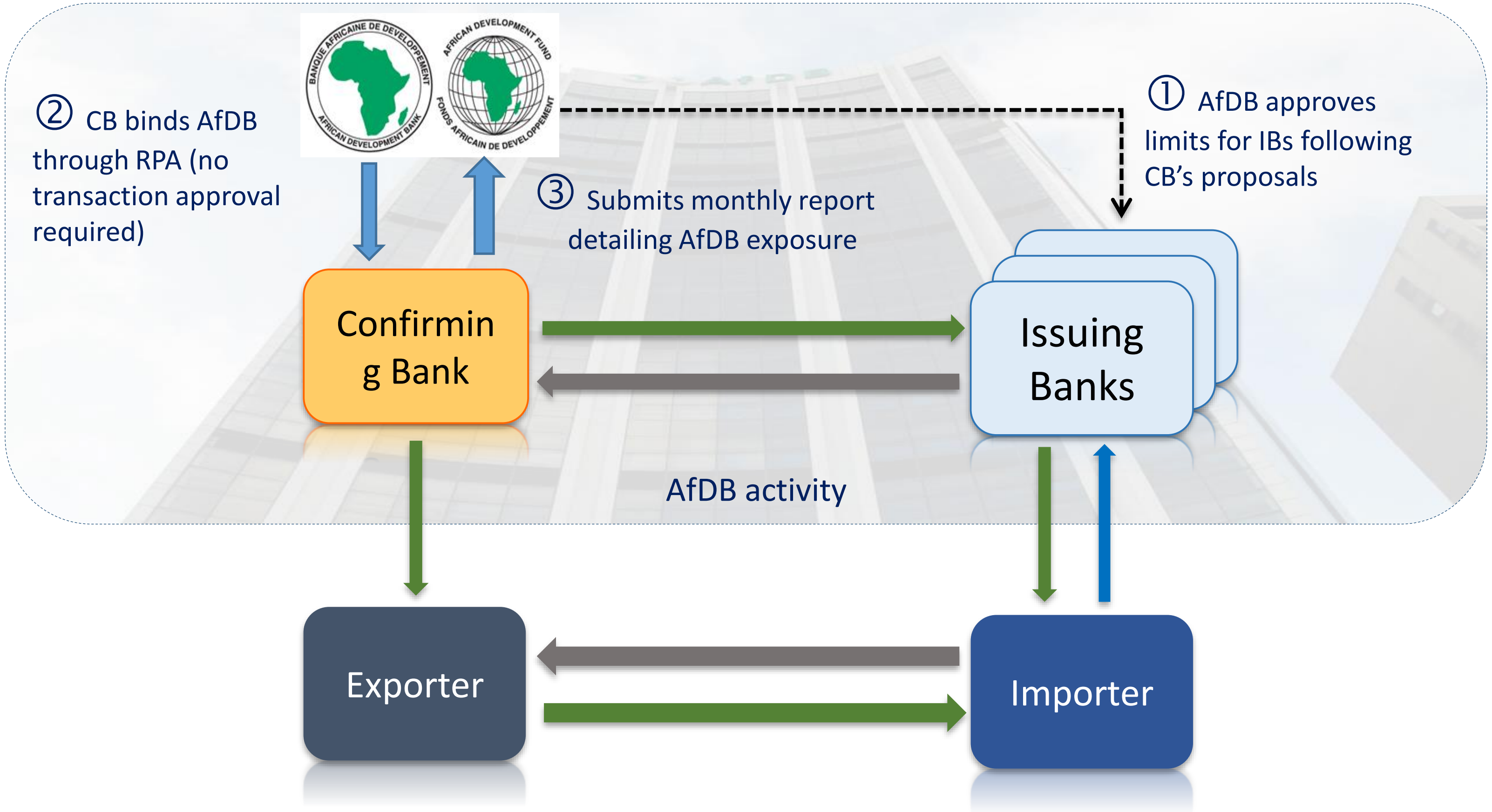
(4) Interest rate Caps and Collars

	Interest rate swap	Currency Swap	Commodity / Index swap	Cap and collar
FEES	0.125 %	0.25 %	0.375 %	0.125 %

6 TRADE FINANCE

Trade Finance - Risk Participation Agreement (RPA)

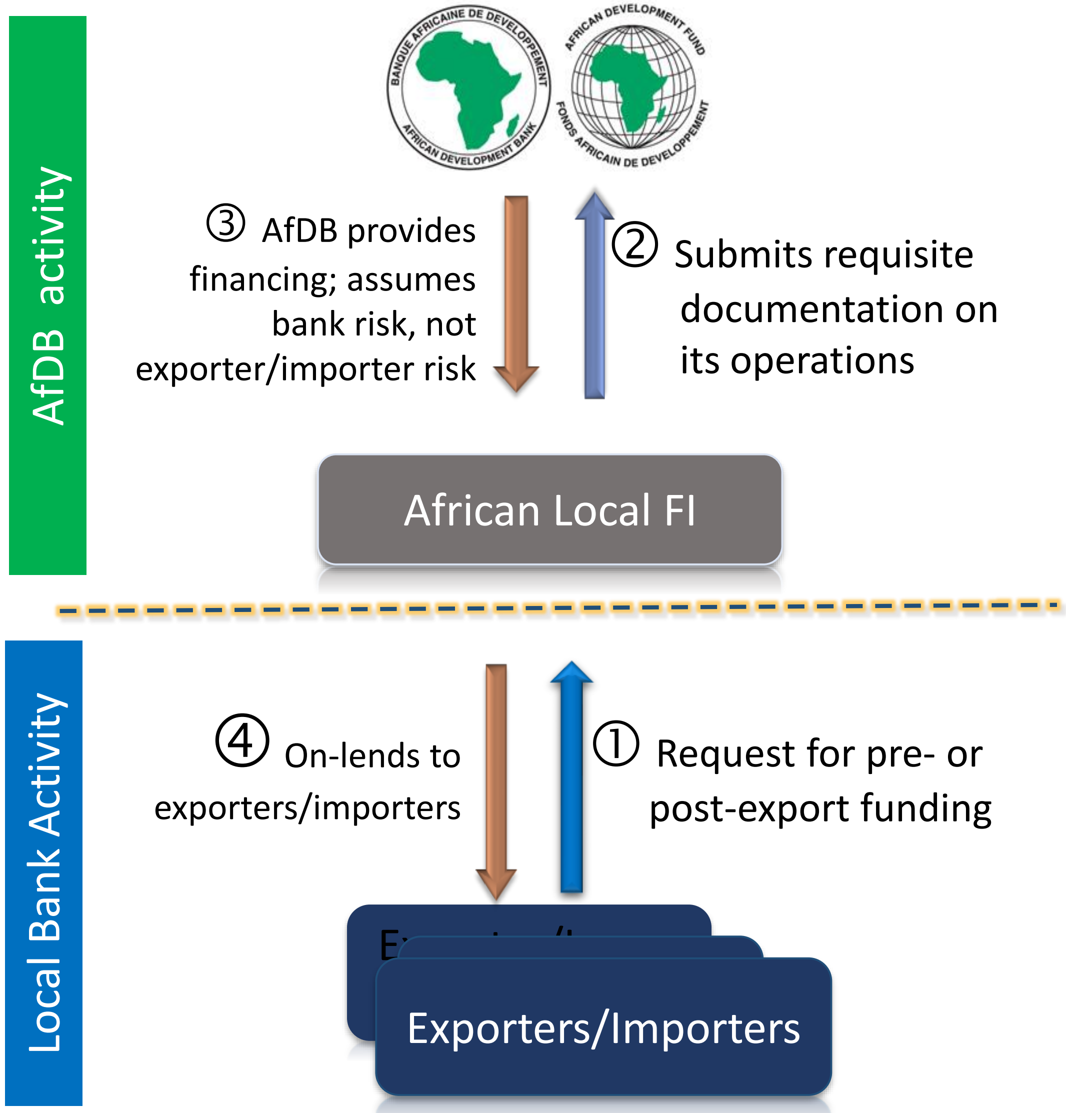
AfDB shares credit risk (up to 50% of transaction value) on a portfolio basis with confirming banks (CBs) that have large and consistent trade finance volumes



TERMS

- Bank Cover: Up to 50% of eligible transaction value or risk assumed by the RPA Bank, whichever is lower
- Tenor: Maximum tenor of RPAs is 3.5 years; underlying transactions limited to no more than 2 years
- RPA Administration Fee - typically between 0.1% - 0.2% of Bank's earned commission
- RPA arrangements with CBs are by nature unsecured

Trade Finance - LINES OF CREDIT (TFLOC)



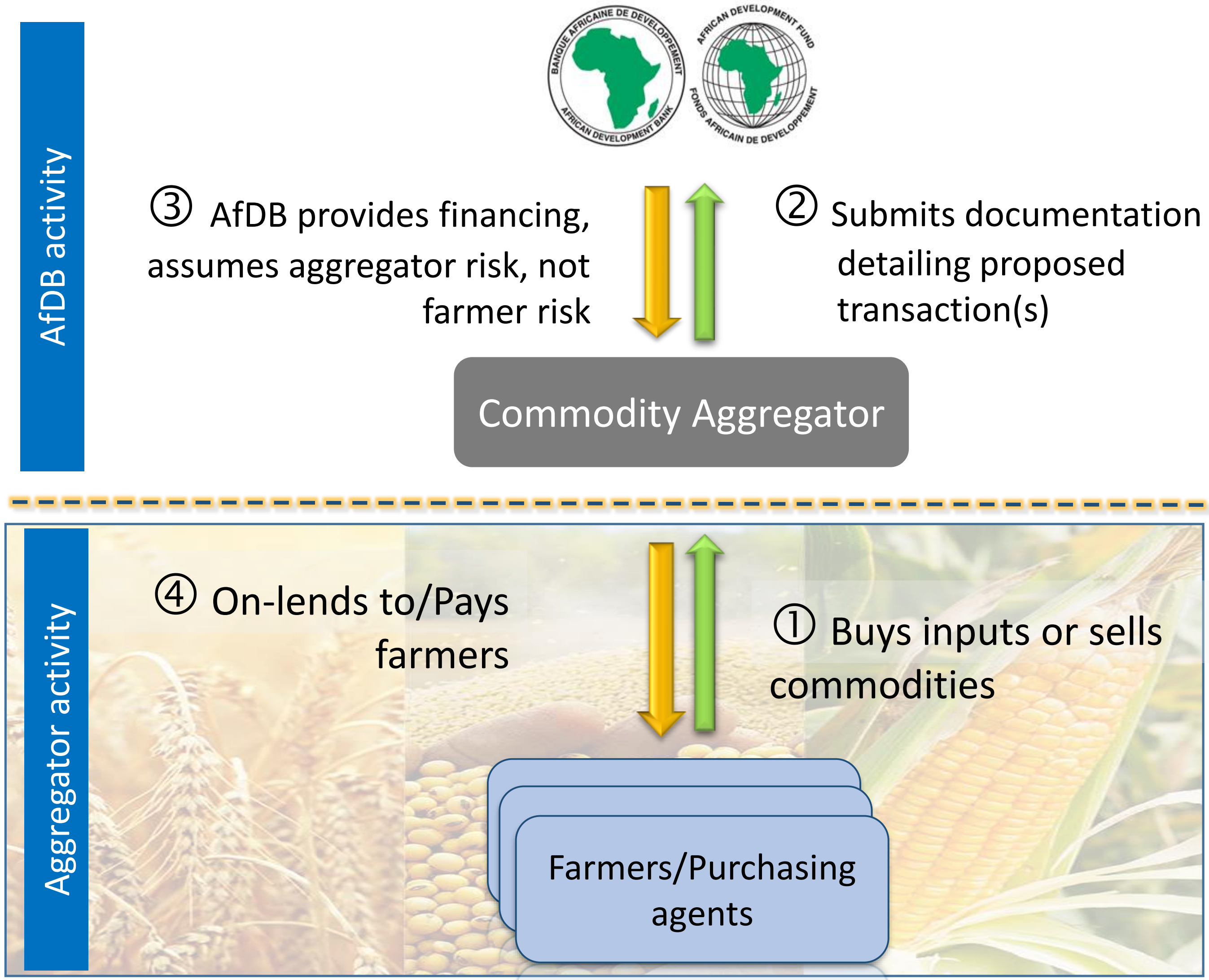
AfDB provides pre- and post-export financing through local banks

TERMS

- Tenor: Maximum tenor is 3.5 years; borrowers can recycle proceeds until final maturity of TFLOC
- Pricing: based on market practices and includes a credit spread that reflects the Bank's assessment of the risks, facility ranking, tenor etc.
  - Front-end and commitment fees not exceeding 1% are applicable.
  - Interest will be paid semi-annually
- Security and Collateral: Facility classified as unsecured senior debt

Trade Finance – Soft Commodity Finance Facility (SCFF)

AfDB provides input and post-harvest financing through aggregators



TERMS

- **Tenor:** Maximum tenor is 2 years; on an exceptional basis, tenor beyond 2 years may be permitted subject to the approval of the Bank's credit risk committee
- **Pricing:** Pricing will reflect the transaction risks and the Bank's pricing policy for non-sovereign operations and Front-end and commitment fees apply
- **Security and Collateral:** The facility is a senior debt obligation of borrowing institutions who may require security from their own clients. Such security shall be used as risk mitigation for the Bank's exposure and may include commodity and documentary pledges, escrow accounts with assignment of proceeds, and private and sovereign guarantees among others

Other Resources – Trust Funds & Special Funds

AFRICAN DEVELOPMENT BANK GROUP

- The Bank is able to supplement its financial products with grants to fund technical assistance to borrowers:
  - Objective: (i) Raising the effectiveness of project preparation; (ii) TA aims to foster and sustain RMC efforts in creating enabling business environment in order to promote private sector investment and growth
  - Focus Areas: capacity building / training of government officials in project design, preparation and analysis

AfDB Hosted Instruments

- African Legal Support Facility

External Funds

- Climate Investment Funds (CIF)
- Global Environment Facility – AfDB is the implementing agency for Africa
- We-Fi

Trust Funds

- Zimbabwe Trust Fund
- Kore-Africa Economic Cooperation Fund
- Sustainable Energy Fund for Africa

Providing grants & highly concessional loans for capacity building/technical assistance/analytical work

Other Resources – Co-Financing Facilities

Flagship Co-financing Facilities

Funding Resource	Description	Use of Available Resources	Available Resources/Target
Accelerated Co-Financing Facility for Africa (ACFA)	**Co-financing agreement with Japan International Cooperation Agency (JICA) under the Enhanced Private Sector Assistance Initiative.**	**Co-financing for selected African Countries on comparable or better terms.**	**USD 2.06 billion in combined approvals for EPSA III**
Africa Growing Together Fund (AGTF)	**Special Fund with Foreign exchange reserves from the People's Bank of China.**	**Joint co-financing for the Bank Sovereign and Non-Sovereign projects (80/20 split).**	**USD 1.24 billion, including USD 400 million for non-sovereign operations until 2024**
EU- Africa Investment Platform (AIP)	Investment facility with the European Union	Blended finance: combination of EU grants with loans or equity from public and private financiers, including the Bank. The EC has recently approved guarantees.	Over EUR 980 million approved (Regional offices pivotal to obtaining these approvals)

Conclusions & Takeaways

AfDB works with and invests in the private sector to transform Africa

- AfDB's goal is to **mobilize resources and blended finance initiatives** to close the financing gap for private-sector-led development of the continent.
- The Bank provides a **diversified product menu** to support Non-Sovereign Operations targeting all sectors, namely agribusinesses, infrastructure and transportation, financial sector development, energy and industrialization.
- Through our sovereign products, the **Bank also supports the enabling environment for private sector** development by de-risking investment and ensuring public sector stakeholders have the capacity to engage in PPP structures
- The Bank also **leads strategic partnerships** with key private sector clients, financial institutions, and commercial banks to provide a comprehensive support package to private sector clients. The Co-Guarantee Platform is such an example.
- The Bank can both **innovative and high quality** deals to encourage private-sector value-chain development
- AfDB focuses on leverage with the **objective of catalyzing capital flows, especially commercial lending** and private investment to large scale transactions.

THANK YOU

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GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT
AFRICAN DEVELOPMENT BANK GROUP

AFRICAN DEVELOPMENT BANK GROUP SYNDICATIONS& CO-FINANCING PRESENTATION

September 2020

GROUPE DE LA BANQUE AFRICAINE
DE DÉVELOPPEMENT
AFRICAN DEVELOPMENT BANK GROUP

CONTENT

1 SYNDICATIONS

1.1 WHAT IS LOAN SYNDICATIONS

1.2 A/B LOANS

1.3 PARALLEL SYNDICATIONS

1.4 OVERVIEW OF TERMS

1.1 SYNDICATIONS

DEFINITION

- A loan that is provided by a group of financial institutions / lenders (syndicate) and is structured, arranged, and administered by one or several arranging financial institutions.

WHAT DOES THIS MEAN?

- The Bank will be mandated by the Borrower to be the lead arranger for the debt financing.
- The Bank will be responsible for mobilizing financing for its Borrower on a “best efforts basis”.

WHY SYNDICATE?

One lead bank coordinating the syndicate of banks

Borrower essentially deals with the lead bank

Participating banks can benefit from lead bank’s market knowledge and best practices in lending

Borrower benefits from new banking relationships

1.1 SYNDICATIONS – LEVERAGING THE BANK'S RESOURCES

1 Better use of the Bank's capital

Syndications allows the Bank to invest in projects while efficiently managing its capital and its prudential ratios. The objective being to do more with less by leveraging the Bank's preferred creditor status and reputation (e.g. through A/B loans).

2 Catalyze private and institutional investment

One of the main mandates of the Bank is to catalyze capital for development projects in Africa by creating an enabling environment and a demonstration effect.

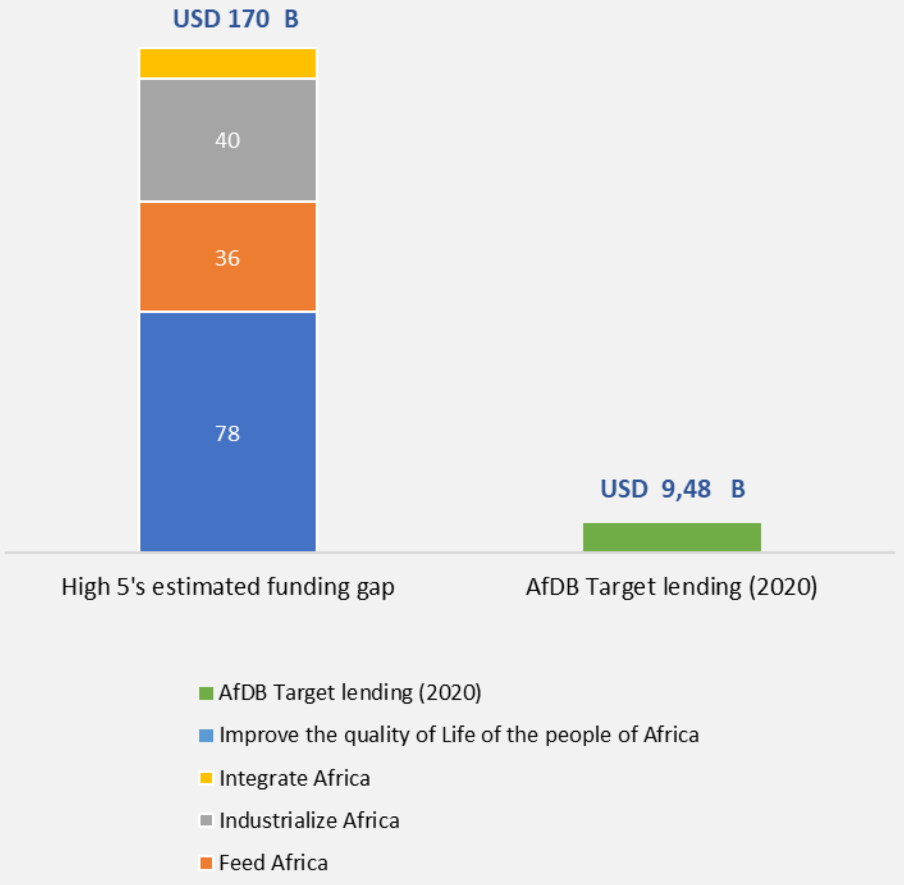
3 Huge financing requirements

The gap in terms of funding the High 5 is 18x higher than the Bank's annual lending capacity. Collaboration with other institutions is therefore required and is in line the Bank's mandate and the President's priorities.

4 Increase visibility and impact

Playing a leadership role in arranging transactions will maintain the Bank's position as premiere development finance institution for Africa.

Funding Gap



1.1 SYNDICATIONS – ELIGIBILITY CRITERIA

- Sectors in the syndication pipeline are generally infrastructure projects such as transportation, energy; and agricultural projects
- Eligible counterparties are generally financial institutions, corporates, independently and commercially operated state owned enterprises, as well as greenfield and brownfield projects
- Commercial viability is a key issue for the syndicated loan market.
- Financial projections must show profitable turnover to cover companies' financial obligations
- All projects must meet the AfDB's environmental and social requirements
- All projects will go through a due diligence processes covering environmental, legal, technological, social aspects.
- The Bank's loans can be up to 33% of total project costs.

1.2 SYNDICATIONS: A/B LOANS

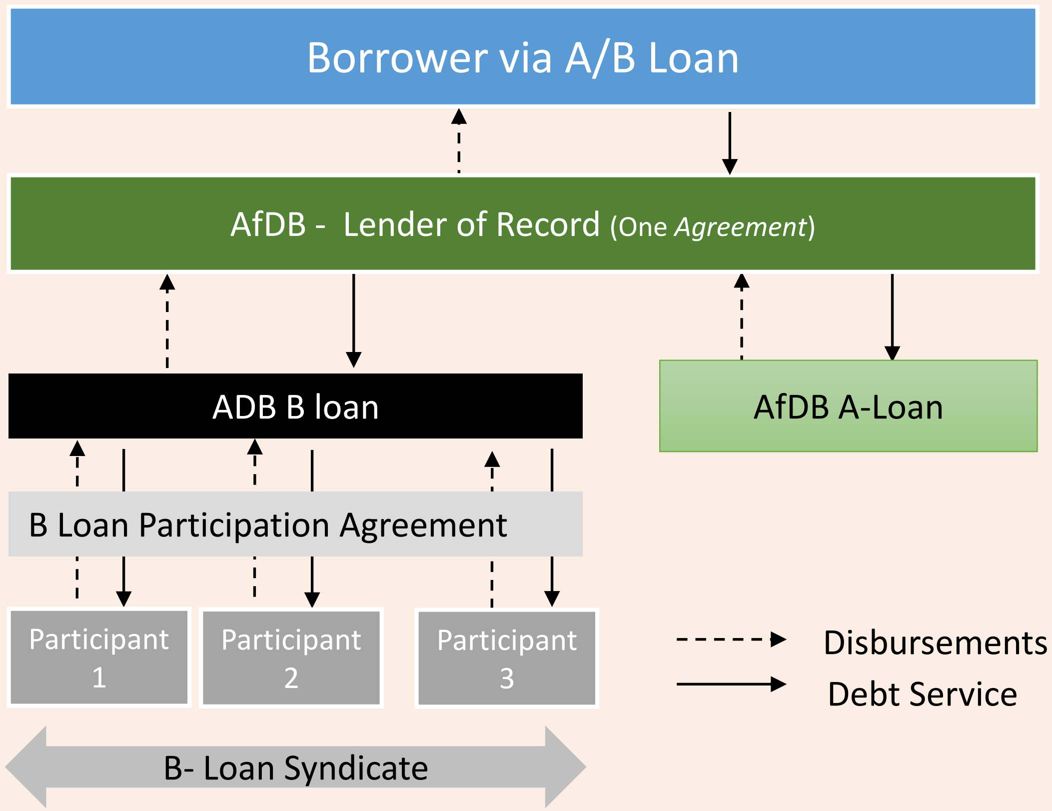
A/B Loans

- Acting as Lender-of-Record, the Bank lends to a borrower;
- Keeps/ commits to the A- loan portion for its own book (the A Loan); and offers participations to commercial investors (the B-Loan)
- B lenders benefit from the Preferred Creditor Status
- One loan agreement, AfDB is lender of record for entire A/B loan
- B Loan Participation Agreement transfers all risks to B lender

A/B Loans

- To leverage up the Bank's capital investment to a single project
- To facilitate the entry of commercial co-financiers
    - B-lenders benefit from the Bank's PCS and immunities and privileges through the B Loan Participation Agreement
- To provide the necessary risk mitigation to achieve a bankable transaction structure for the B Loan lenders

Illutration of A/B loan structure



A-Loan is the amount of the Loan that AfDB has agreed to keep for its own credit

B-Loan is the portion of the Loan that is syndicated to commercial financial institutions

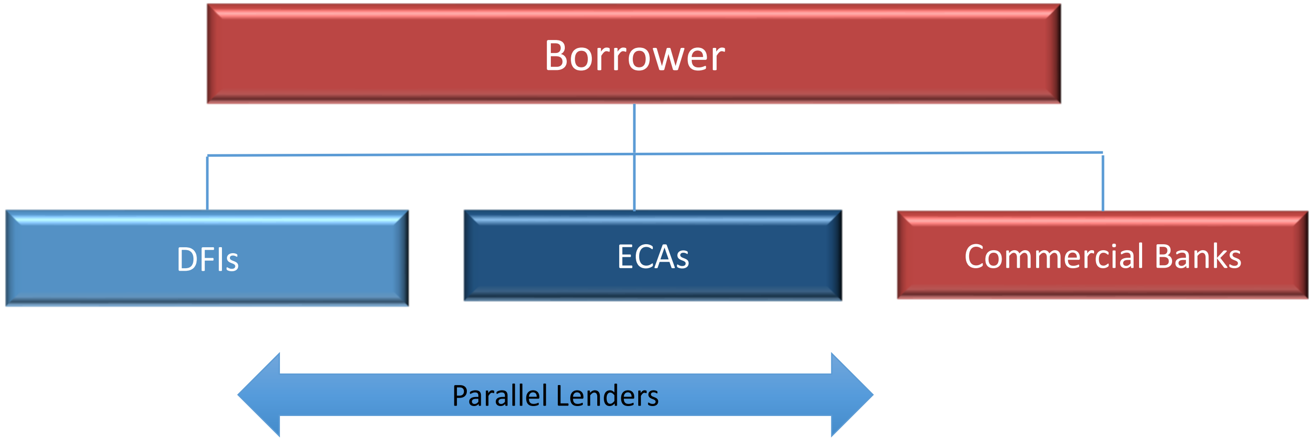
1.2 SYNDICATIONS – PREFERRED CREDITOR STATUS

The Bank enjoys **Preferred Creditor Status (PCS)**

- ❑ Bank's loans have preferential access to foreign exchange in the event of foreign exchange crisis in RMCs – strong mitigant to "Transfer and Convertibility Risk"
  - ➢ For example, in case of a default or a near default of a country on its financial obligations, it may restrict the private sector access to foreign currencies but this restriction will not apply in case the money is meant for the repayment to the Bank.
- ❑ For public sector exposures, repayment to the Bank generally takes precedence over other creditors in the event of sovereign default

A/ B-loan structure extends **PCS** to participating banks under the B loans extended by the Bank

1.3 SYNDICATION – PARALLEL FINANCING



Parallel Financing

- Various FIs lend under parallel facility agreements all coming under harmonized contractual arrangements, the Common Terms Agreement ("CTA")

Rationale

- To partner with financial institutions including DFIs and ECAs to separately deliver financing to the project
- Individual loan agreements required to explicitly refer to individual policies and privileges embedded in each DFIs charter

1.4 SYNDICATIONS – OVERVIEW OF TERMS

Characteristics

Lending terms	**Eligibility**	Public Sector Companies in all RMCs without a sovereign guarantee; and Private Sector Companies in all RMCs
	Maturity	Depends on the underlying project and participant's risk appetite
	Grace period	TBD
	Currencies	EUR, USD, JPY, ZAR
Lending Rate	**Pricing formula**	Base rate : Floating (6m Libor/Euribor, 3m Jibar) or Fixed (Amortizing swap rate)
	Base rate	A and B loan will carry the same type of interest
	Margin	Based on the project risk
Fees	**Front-end fee**	100 bps of loan amount at signature
	Commitment Fee	50bps – 100bps of undisbursed amount
	Appraisal fee	Determined during appraisal
	Supervision fee	As needed
	Other fees	Arrangement and syndication fee, loan administration fee, underwriting fee…

1.3 SYNDICATION – SELECTED TRANSACTIONS

Lake Turkana

2014
EUR 475.5m

Mandated Lead Arranger and Lender

Project finance 2014 PFI Deal of the Year

Participating lenders: Proparco, TDB, DEG + 4 other lenders

AfDB funding: USD 95.5m + USD 20m(PRG)

Transnet

2016
eq. USD 657 million

Mandated Lead Arranger and Lender

A/B Loan

Participating lenders: Bank of China, Bank of Tokyo Mitsubishi, SMBC, Mizuho, HSBC London

AfDB funding: ZAR 2.27 billion (eq. USD 247 million)

Eskom

2017
USD 495m

Mandated Lead Arranger and Lender

Senior corporate loan

Participating lenders: Citibank, Bank of China, Bank of Tokyo Mitsubishi, + 6 lenders

AfDB funding: USD 10m

Redstone

2019
ZAR 7.6 billion

Mandated Lead Arranger and Coordinating Bank

Participating lenders: DBSA, CDC, FMO DEG + 4 other lenders

AfDB funding: ZAR 2.27 billion

Ghana Cocoa Board

2020
USD 600m

Senior Lender and Arranger

Long-term facility Dual Tranche Term Loan

Participating lenders: DBSA, CDP, JICA, Credit Suisse + 8 other private lenders

AfDB funding: USD 50m

2 CO-FINANCING

3.1 IN-HOUSE CO-FINANCING FACILITIES

3.1 IN-HOUSE CO-FINANCING – FLAGSHIP FACILITIES

Funding Resource	Description	Use of Available Resources	Available Resources/Target
Accelerated Co-Financing Facility for Africa (ACFA)	Co-financing agreement with Japan International Cooperation Agency (JICA) under the Enhanced Private Sector Assistance Initiative.	Co-financing for selected African Countries on comparable or better terms.	USD 2.8 billion available under EPSA IV
Private Sector Investment Facility	Co-financing agreement with Japan International Cooperation Agency (JICA) under the Enhanced Private Sector Assistance Initiative	Co-financing for selected non-sovereign operations in African countries on concessional terms.	USD 2.8 billion available under EPSA IV
Africa Growing Together Fund (AGTF)	Special Fund with Foreign exchange reserves from the People's Bank of China.	Joint co-financing for the Bank Sovereign and Non-Sovereign projects (80/20 split).	USD 1.24 billion, including USD 400 million for non-sovereign operations until 2024
EU- External Investment Plan	Investment Platform with the European Union	Blending finance: combination of EU grants with loans or equity from public and private financiers, including the Bank. The EC has recently approved guarantees.	Over EUR 980 million approved (Regional offices pivotal to obtaining these approvals)

3.1 IN-HOUSE CO-FINANCING – FLAGSHIP FACILITIES

Funding Resource	Description	Use of Available Resources	Available Resources to date
Islamic Development Bank (IsDB)	Co-financing Agreement with the Islamic Development Bank Group	Co-financing of sovereign and non-sovereign projects in common member countries with	Target of USD 1 billion for co-financing for each institution
Nigeria Trust Fund (NTF)	Self-sustaining revolving fund to co-finance public and private sector projects from ADF countries	Concessional and non-concessional financing terms	USD 50 million
Korea Economic Development Cooperation Fund	Co-financing Agreement with the Government of Korea (Exim Bank)	Parallel co-financing in African Countries	USD 455 million
Fund for African Private Sector Assistance (FAPA)	Multi-donor Trust Fund of the Bank, Japan and Austria.	Untied grants for technical assistance and capacity building	USD 25m

THANK YOU

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GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT
AFRICAN DEVELOPMENT BANK GROUP

Opportunities and Success Stories of the Private Sector Participation in Energy Sector of Africa

GROUPE DE LA BANQUE AFRICAINE DE DÉVELOPPEMENT
AFRICAN DEVELOPMENT BANK GROUP

Webinar for the Asian Private Sector on Doing Business in Africa, September 2020

Power, Energy, Climate and Green Growth

1 WHO WE ARE

AFRICAN DEVELOPMENT BANK GROUP

Energy Complex: A One-Stop Energy Shop For the Public Sector and Private Sector

AFRICAN DEVELOPMENT BANK GROUP

Established in 2015, the **Power, Energy, Climate and Green Growth Complex** is an institution to achieve the **New Deal on Energy For Africa** to provide energy access to over 600 m people who cannot access to the electricity. It is aligned with one of the High 5s, "**Light Up and Power Africa**".

Financial Solutions, Policy and Regulation

- Provide **financing solutions** to the **private sector transactions**
- Provide **Technical Assistance on policy and regulation**
- Analyze **power sector information and data**

Power Systems Development

- Develop the **transmission and generation systems in Public Sector**
- Provide deep sector **technical expertise to utilities** to drive them to corporate efficiency

Climate Change and Green Growth

- Mobilize **climate and environmental finance**
- Strengthen the capacities of Africa's climate data centers to **disseminate climate information for development** in Africa

Renewable Energy and Energy Efficiency

- **Off-Grid and Mini-Grid** transactions
- Business development in the sectors of **Renewables** and **Energy Efficiency and Clean Cooking**

Source: African Development Bank

Beyond Financial Assistance, Our Approach Comes with Added Value

AFRICAN DEVELOPMENT BANK GROUP

Sector expertise	• Extensive knowledge gained from long-term sector engagement • In-house engineers to provide technical advisory and regulatory experts to assess regulatory risk and structure accordingly
Country risk mitigation	• Strong government relations • Honest broker role • Synergies with other complexes and regional offices of the AfDB Group
Access to full cycle capital	• As the AfDB's Energy Complex' arm, we can leverage the Bank's funds and seamlessly deliver financial products according to company maturity and project's stage
Patient capital	• Long-term investment horizon • Impact capital
Regional networks	• With a regional network across stakeholders, we can introduce companies to co-investors, potential clients and other strategic partners

Source: African Development Bank

Complementary Special Financial Instruments

AFRICAN DEVELOPMENT BANK GROUP

TECHNICAL ASSISTANCE

- Grants for early stage project development and capacity building support (SEFA)
- Sovereign programs with advisory services
- Climate finance-linked technical assistance

SPECIAL FUNDS

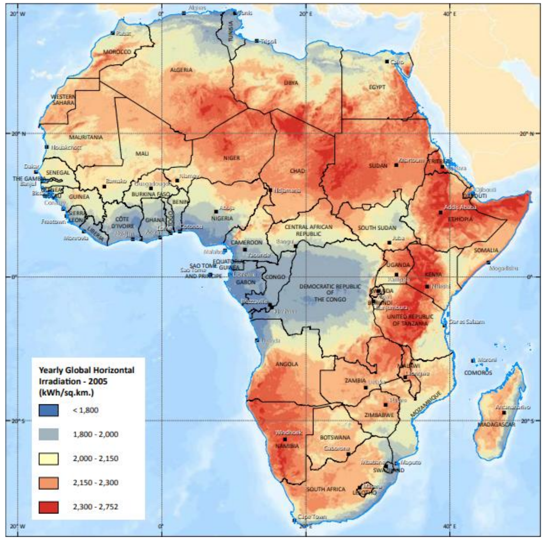
- **Facility for Energy Inclusion (FEI: On-grid and off-grid)**
  - On Grid: Small-scale IPPs, captive power, commercial & industrial projects and mini-grids
  - Off Grid: Off-grid solar companies using pay-as-you-go technologies or lease-to-own models
- **Sustainable Energy Fund for Africa 2.0 (SEFA)**
  - Operational focus on **Green Baseload, Energy Efficiency, and Green Mini-Grid**
  - Project preparation grant for developers (feasibility studies, ESIA, etc.)
  - Concessional financing (loan, equity, result-based grant)
- **Green Climate Fund (GCF), Climate Investment Funds (CIFs), Global Environment Facility (GEF)**
  - Aim to build resilience to climate change and support transition to green growth in Africa
  - Provide concessional debt and other instruments to enhance project bankability
  - Stronger targeting for innovative projects in high-risk settings
  - Application via AfDB as an Accrediting Entity

Source: African Development Bank

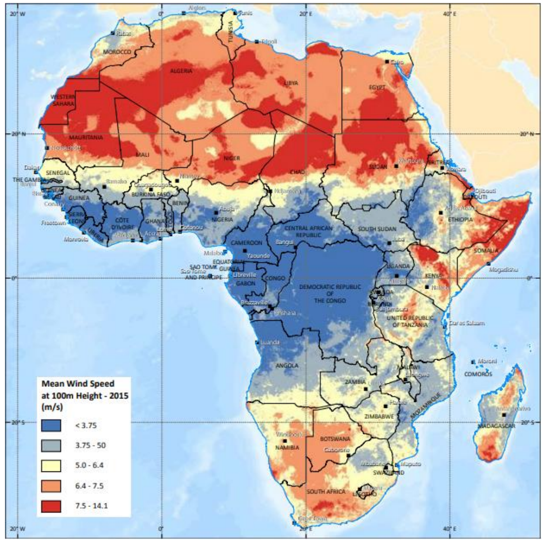
2 RESOURCES AND ENERGY MARKET IN AFRICA

AFRICAN DEVELOPMENT BANK GROUP

Africa is “Rich” in Energy Resources



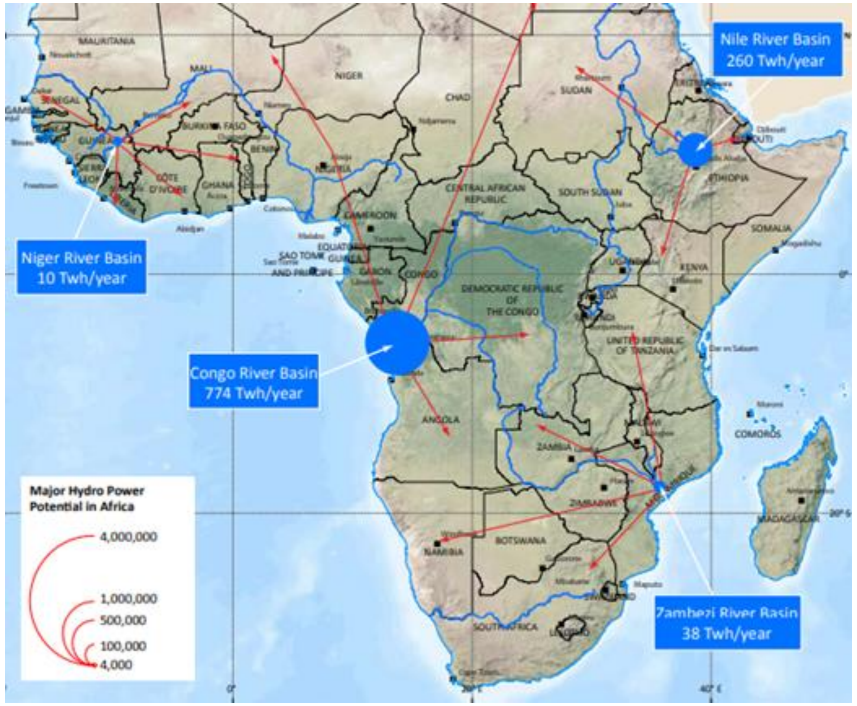
Solar PV (10 TW)



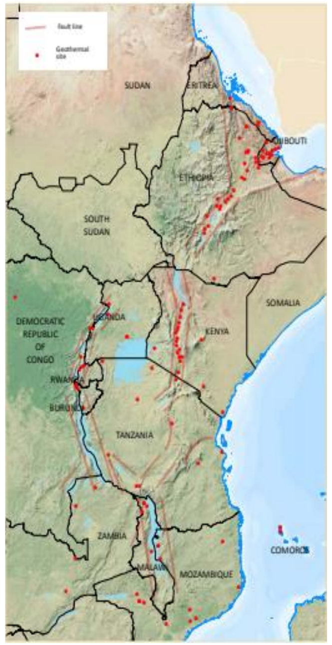
Wind (110 GW)

*Africa cannot power its homes and businesses unless it realizes this huge **renewable energy potential**, and combines it where necessary with conventional energy to “**light up and power”** the continent.*

Dr. Akinwumi A. Adesina, Preseident of AfDB



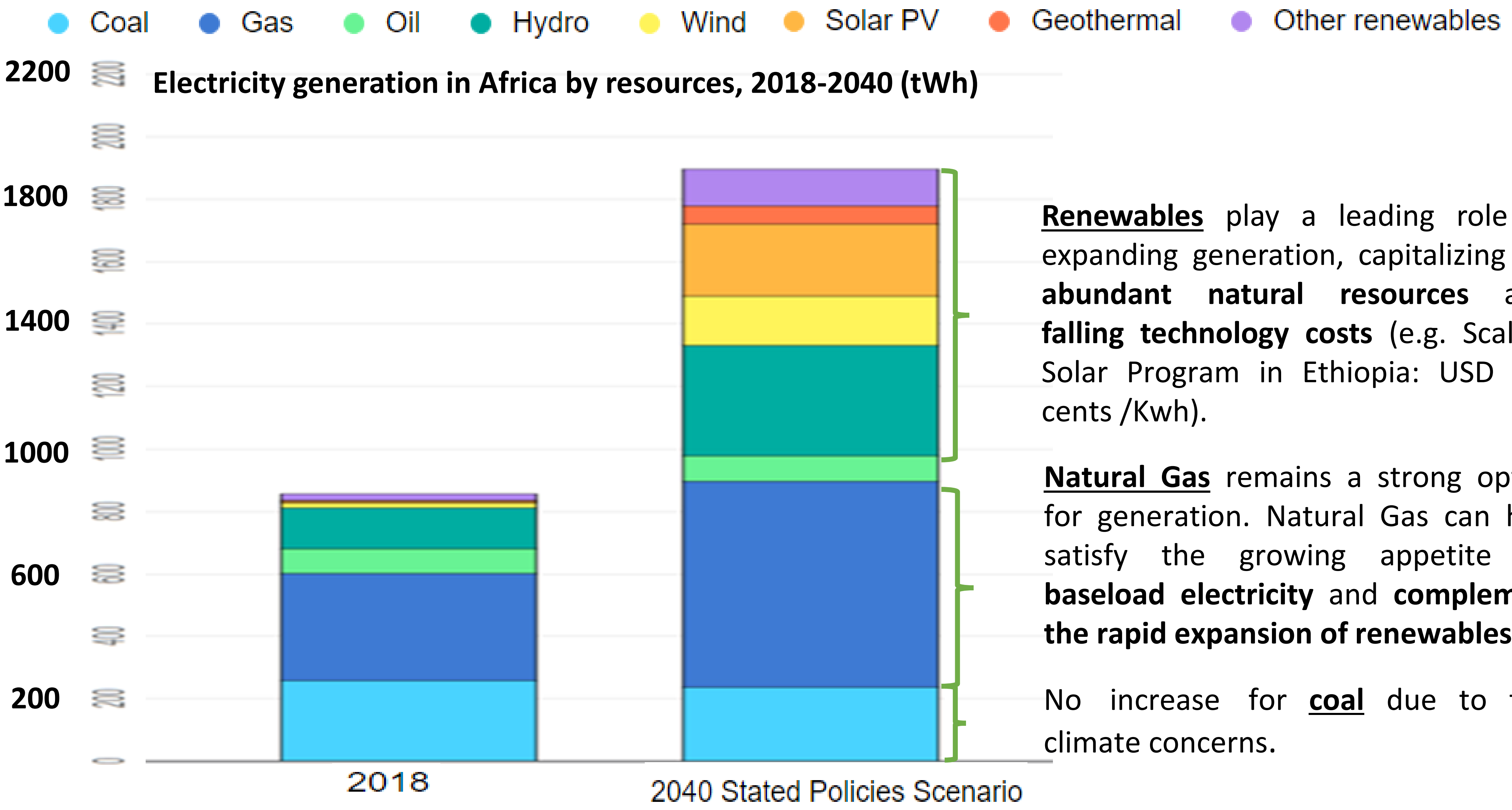
Hydro (350 GW)



Geothermal (15 GW)

Source: Atlas of Africa Energy Resources

Power Generation to Increase More Than Double by 2040



Renewables play a leading role in expanding generation, capitalizing on **abundant natural resources** and **falling technology costs** (e.g. Scaling Solar Program in Ethiopia: USD 2.5 cents /Kwh).

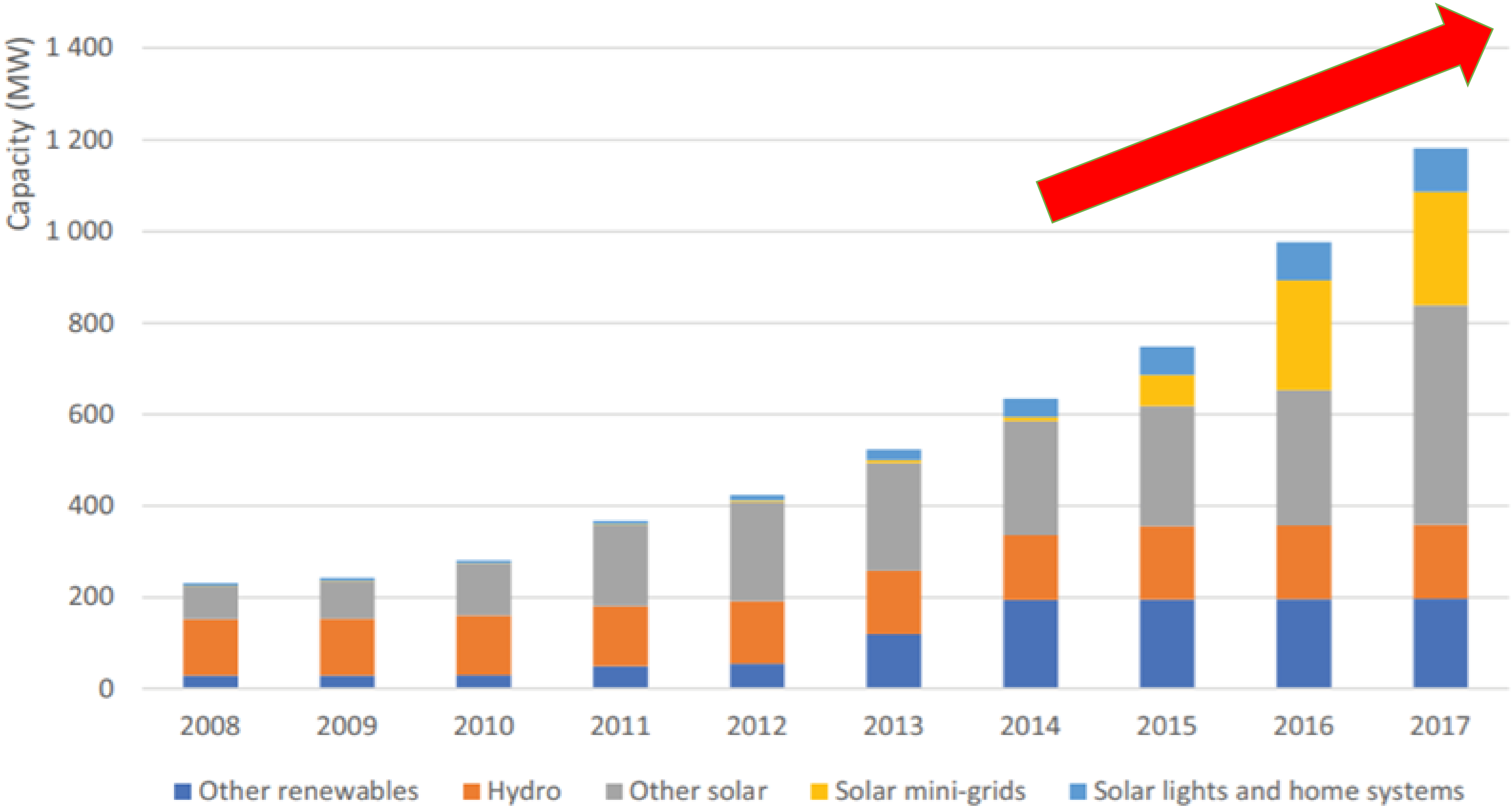
Natural Gas remains a strong option for generation. Natural Gas can help satisfy the growing appetite for **baseload electricity** and **complement the rapid expansion of renewables.**

No increase for **coal** due to the climate concerns.

Sources: African Energy Outlook 2019, IEA Homepage, AfDB

Rapid Developments in Off-Grid Solution Over the Past 5 years

The cumulative off-grid renewable generation capacity: 231 MW in 2008 to 1.2 GW in 2017.



In 2011, only 2 million were served by off-grid solution and it is over 60 million in 2017

Sources: IRENA OFF-GRID RENEWABLE SOLUTIONS, AfDB

3

BUSINESS OPPORTUNITIES

A Wave of New Gas Opportunities is Coming in SSA

Africa, will become **a major player** in natural gas market as a **producer**, **consumer** and **exporter. The newly discovered gas** in **Mozambique, Tanzania, Mauritania & Senegal** as well as **South Africa** brings huge potential to enhance Africa's position in the global gas market.

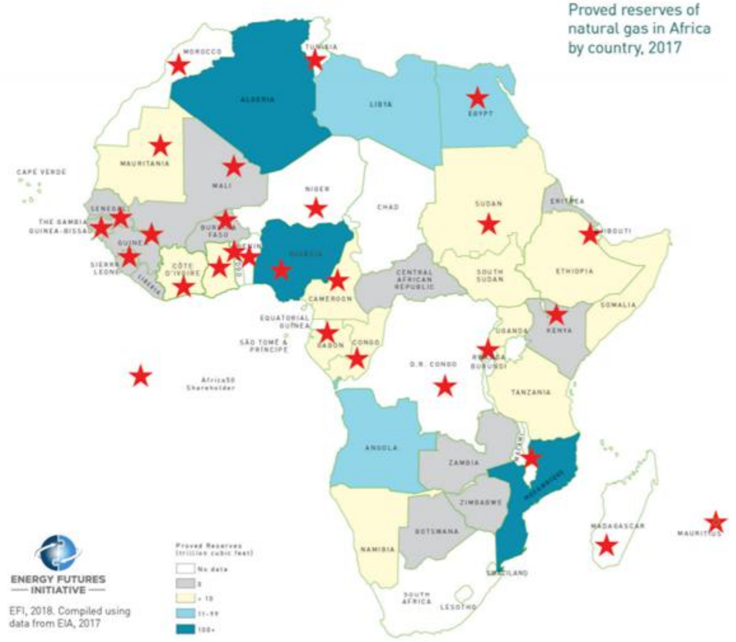
Opportunities exists in the gas value chain for Asian Stakeholders particularly in relation to **shipping technology.**

- **Liquefied Natural Gas (LNG) /<u>Floating LNG (FLNG)</u>**, **<u>LNG carrier</u>**, Pipeline, Regasification, **<u>Floating Storage Regasification Unit (FSRU)</u>**, Petrochemical Plants, Generation Plants**,** Fertilizer, etc.
- Opportunities: FLNG: Congo Brazzaville, Mauritania/Senegal; FSRU: Benin, EQ Guinea, Ivory Coast, Namibia, SA.

Gas projects recently involved by Asian stakeholders:

- **MOZ Area 1**: LNG carriers to be built by **Hyundai Heavy Ind.** and **Samsung Heavy Ind.;**
- **MOZ Area 4**: **CNPC** has 20% shares in the project company through J/V with Exxon and ENI.
- **MOZ Coral South FLNG (Area4)**: **Samsung Heavy Ind.** is EPC consortium with Technip-JGC ;
- **Nigeria Bonny Island (Train7)** : **Daewoo E&C** has been awarded as EPC contractor;
- **Ghana Tema FSRU**: FSRU is constructed by **Jiangnan Shipyard**

Proved reserved gas countries in Africa



Sources: African Energy Outlook 2020, Investing in Natural Gas for Africans: Doing Good and Doing Well, AfDB

Geothermal Opportunities Along With Its Value Chains and IPPs

Value chain opportunities from “**Exploration**” to “**Power Plant Development**” involving Supply & Service of **Rigs and Steam Gathering Systems**; **Supply of Turbines**; O&M Services; Technical consultancy services; **Civil work.**

Successful Case**: In 2015, Hyundai E&C** in alliance with TTC completed **Olkaria IV (280MW)** as a public sector project.

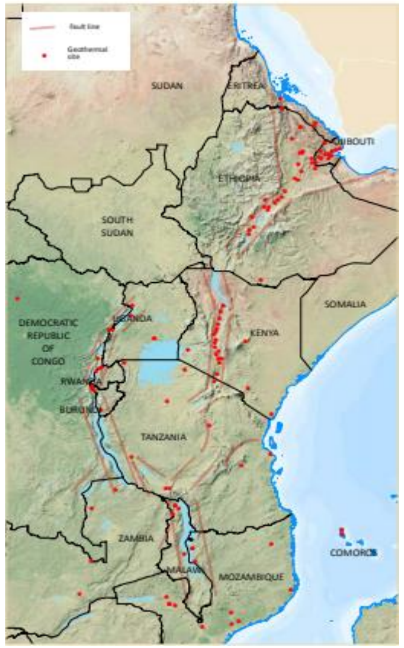
IPPs trend and opportunities:

Kenya: Olkaria III (139MW) is “only” IPP operated by Ormat.

- **Menengai (35MW X 3): F/C is expected from Quantum, Sosian or Ormat;**
- **Olkaria VI (140MW): KenGen is processing to award a winner from 5 bidders;**
- **Olkaria VII (140MW): Exploration is currently on-going (Future IPP);**
- Bogoria-Silali (100MW): Exploration is on-going (Future IPP);
- Akira I (70MW X 2): Under development by IPP

Ethiopia:

- **Tulu Moyo (50MW+100MW):** PPA signed by Meridiam and Reykjavik Geothermal;
- **Corbetti (50MW+100MW):** PPA signed by ARREF and Reykjavik Geothermal;
- Fantale (50MW): PPA negotiation is to be followed by exploration.



Other potential countries: Djibouti (1000MW), Uganda (450MW), Tanzania (500MW), Comoros (30MW)

AfDB’s Roles: Public financing at exploration stage; Partial Risk Guarantee (PRG) to IPPs; Debt financing to IPPs; Mobilizing concessional loan to IPPs.

Source: African Development Bank

Renewable Energy IPPs and Battery Storage

Recent trend in renewable energy IPP procurement:

- South Africa REIPPP
- Scaling Solar Program (Zambia, Senegal, Madagascar, Ethiopia)
- GETFiT Program solar and mini-hydro (Uganda, Zambia, Mozambique)
- Solar PV IPP procurement in Egypt, Tunisia, etc.

Emerging focus on Battery Storage in support of Green Baseload:

- South Africa ESKOM battery storage
- Regional power pool (e.g. WAPP)

GREEN CLIMATE FUND

Highlight: Zambia Renewable Energy Financing Framework

In collaboration with the Green Climate Fund (GCF), AfDB aims to finance up to 100 MW of small-scale solar PV and mini-hydro projects selected under the GETFiT Zambia Program

Source: African Development Bank

Facility for Energy Inclusion (FEI)

AFRICAN DEVELOPMENT BANK GROUP

- The **Facility for Energy Inclusion (FEI) is a USD 500m debt financing platform** anchored by the African Development Bank for small-scale projects from private sector companies, with the objective to aggregate capital; structure bankable projects; and accelerate development of electricity access solutions using clean energy.

FEI Facility for Energy Inclusion

(on-grid)

- First close in November 2019
- Small-scale IPPs, captive power projects, commercial & industrial projects and mini-grids
- Investment limit at USD 30m or 25MW for projects
- Long-term amortizing loans in project finance structures (senior and subordinated) and technical assistance reimbursable grants for late stage projects
- EUR, USD or local currency, with a tenor up to 15 years

Example 1: BBOXX RWANDA

USD 8 m loan in Rwandan Francs secured by inventory, to finance consumer receivables.

FEI OGEF

(off-grid)

- Operational since Q3 2018
- Off-grid solar companies using pay-as-you-go technologies or lease-to-own models
- Debt for working capital, inventory finance and consumer finance from USD 2m to USD 20m
- Corporate, secured or senior loans to SPVs in asset-backed structures (securitization)
- EUR, USD or local currency, with a tenor up to 5 years

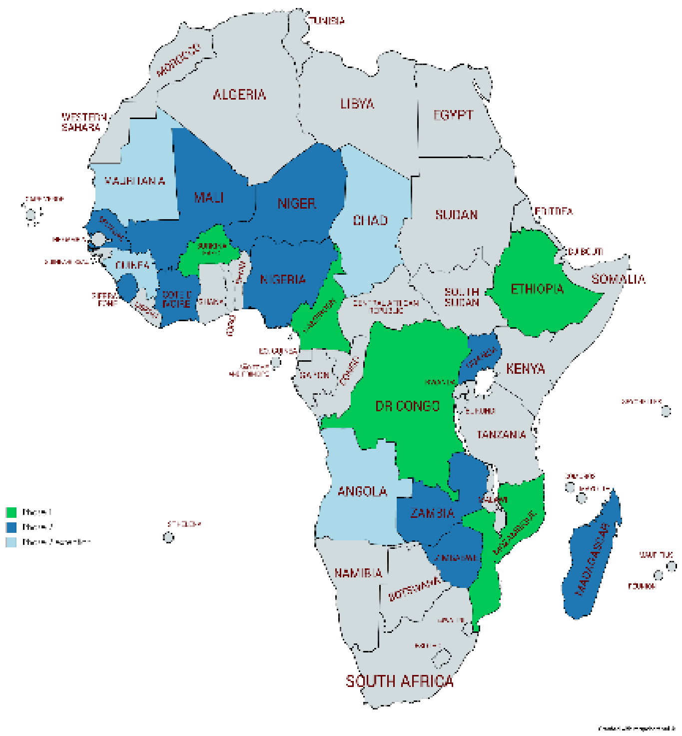
Example 2: SUNCULTURE KENYA

USD 2.25 m inventory financing operation for a based-technology company leader in solar water pumps and irrigation solutions for smallholder farmers

Source: African Development Bank

Green Mini-Grids (GMGs)

- Driving the creation of a sustainable mini-grid market to achieve universal access, AfDB is positioned as a credible advisor and advocate, as well as financing partner capable of mobilizing investment resources at scale for mini-grids investments.



Highlights

- ✓ **Ethiopia**:USD 15 million sovereign loan saving (Africa Development Fund) re-allocated/approved to finance mini-grids in 25 villages.
- ✓ **DRC Programme:** USD 20 million senior loan for the DRC green mini-grid program approved along with GCF's USD 20 million co-financing.
- ✓ **GMG Market Development Programme**: Critical market support services e.g. GMG help-desk for mini-grid developers, production of market studies.
  - ✓ **Expanding to new countries**: engagement initiated in Togo, Guinea, Madagascar, and Angola all with strong partnerships with GIZ, WB, BOAD, and/or AfDB wider operations.
- ✓ **Results Based Finance (RBF) grant/reimbursable grant instrument:** under development to be deployed for first time in Togo and DRC in 2020.

Source: African Development Bank

4 SUCCESSFUL CASES BY ASIAN STAKEHOLDERS

AFRICAN DEVELOPMENT BANK GROUP

Successful Case 1: AZITO-3 Combined Cycle Plant

AFRICAN DEVELOPMENT BANK GROUP

The Project

Development of **430MW plant in Abidjan** in Côte d'Ivoire being expanded from single-cycle, **to a combined-cycle power plant**. The plant provides **25 percent of the country's electricity capacity**. The sponsor is Globeleq, a British developer.

Asian Stakeholder's Role

- **Hyundai E&C** is the EPC contractor and is responsible for the design, construction and commissioning of the expansion project on **a turnkey basis.**
- The plant is **successfully completed in 2015.**
- During the peak of construction, the plants **created more than 1,300 jobs of which more than 60 percent were met by local employment.**

Key Figures

Total Project Cost	**USD 450 million**
AfDB Senior Loan	USD 50 million
AfDB Board approval	Dec, 2012

Source: African Development Bank, Azito Engie

Successful Case 2: Mozambique LNG Project (Area 1)

The Project

- **LNG development (13 mtpa)** with gas resource from Golfinho-Atum field within “**Area 1**”, at the coast of Northern Mozambique. Total is an operator.
- An **exemplary project** linking **between Africa** and **Asia** in terms of trading, investment, financing and equipment, contributing the **development** in Mozambique and the southern Africa region.

Asian Stakeholder’s Role

- More than 50% of gas will be supplied to **Japan**, **China, India, and Indonesia, etc.**
- **Mitsui & Co**. and **JOGMEC** having 20% of share along with **ONGC**, **Bharat Petroleum** and **Oil India** having combined 30% interest in consortium.
- Financed by **JBIC** (USD 3 Billion) and commercial banks covered by **NEXI** with USD 2 billion loan insurance.
- LNG carriers are to be built by **Hyundai Heavy Ind.** and **Samsung Heavy Ind.**

Key Figures

Total Project Cost	**USD 20 Billion**
AfDB Senior Loan	USD 400 million
AfDB Board Approval	Nov, 2019
AfDB’s Role	**Only DFI Participation, Political Mitigation Role**, TA to enhance local content/governance

Source: African Development Bank

THANK YOU !

Naoshige Kinoshita

Chief Investment Officer, Energy Financial Solutions,
Power, Energy, Climate and Green Growth,

Namho Oh

Senior Investment Officer,
Renewable Energy and Energy Efficiency,
Power, Energy Climate and Green Growth,

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AFRICAN DEVELOPMENT BANK GROUP

African Development Bank

LIGHT UP AND POWER AFRICA

www.afdb.org

FINANCING THE PRIVATE SECTOR TO BOOST AGRICULTURE TRANSFORMATION IN AFRICA

Nanette Derby

Agriculture and Rural Finance Division

23 September 2020

The Feed Africa Strategy
…. Agricultural Transformation in Africa

<table>
<tr><td>Vision</td><td colspan="12">Transformation of African agriculture into a competitive and inclusive agribusiness sector that creates wealth, improves lives, and secures the environment</td></tr>
<tr><td>Goals</td><td colspan="3">1
Contribute to the end of extreme poverty</td><td colspan="3">2
Eliminate hunger and malnutrition</td><td colspan="3">3
Become a net exporter of agricultural commodities</td><td colspan="3">4
Move to the top of key agricultural value chains</td></tr>
<tr><td>Outcomes</td><td colspan="3">Gain 'fair share' of export-oriented commodity value chains</td><td colspan="3">Achieve self-sufficiency in key staples</td><td colspan="3">Create African capability to serve consumer demands and needs for nutrition</td><td colspan="3">Leverage potential of un-/under-tapped regions</td></tr>
<tr><td>Outputs</td><td colspan="4">Large-scale dissemination of productivity-increasing tech, inputs, and capital</td><td colspan="4">Sufficient hard and market infrastructure to ensure competitiveness</td><td colspan="4">Well-funded private sector capable of scaling emergent agribusiness successes</td></tr>
<tr><td rowspan="2">Enablers</td><td colspan="2">Increase realized productivity</td><td colspan="2">Realize the value of increased production</td><td colspan="2">Increase investment into enabling soft & hard infrastructure</td><td colspan="2">Catalyze flows of agricultural finance</td><td colspan="2">Create an enabling agribusiness environment</td><td colspan="2">Increased inclusivity, sustainability and nutrition</td></tr>
<tr><td colspan="12">Coordinate activities to kick start and scale transformation</td></tr>
</table>

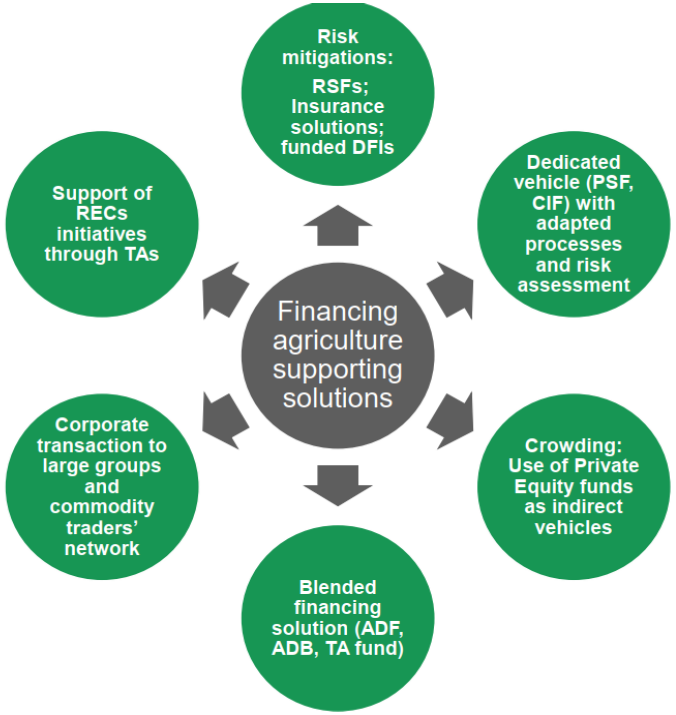
The Feed Africa Strategy
…. A focus on integrated agricultural value chains

The strategy for agricultural transformation in Africa will focus on selected priority Agricultural Value Chains and related Agro-Ecological zones based on key criteria

Criteria for Agricultural Value Chain Prioritization

- Future Demand
- Competitive Advantage
- Scope for transformational uplift
- Potential to nourish Africa
- Existing focus

Agriculture Financing
… Catalyzing Private Sector Investment



Large International Corporates

Large and Mid-Sized Africa-Based Companies

Agriculture SME and Operators

Specific Private Equity Funds

Agriculture Financing
… Our Value Proposition

Dedicated Agricultural Finance Division

This team of agricultural expert focus solely on investing in Agricultural companies which leads to more deal and financing in the sector

Long-term relationship

We build long-term relationships with our clients, which allows them to consistently get assistance from the Bank

Long term maturity

The maturity of our loans, are usually longer than commercial terms and includes a grace period (from 2 to 5yrs) to reflect project's needs

Mobilization of capital

Through it's many partners and deep relationships we enable the mobilization of additional capital

Strong presence

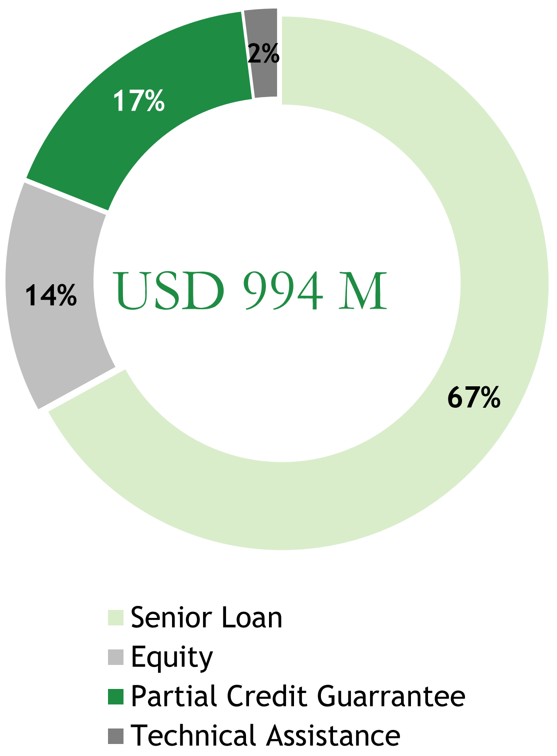
Strong presence across Africa through RMC offices with deep understanding of local context

Local currency options

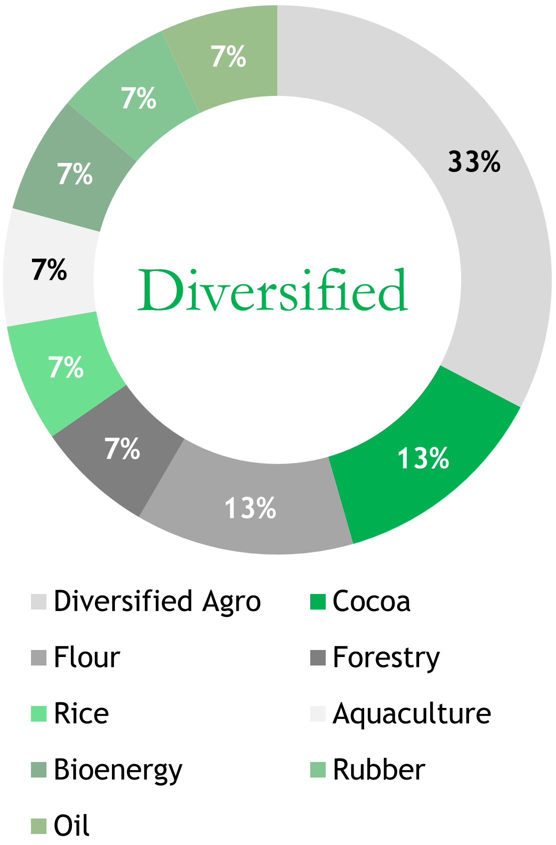
Reduce clients foreign exchange risk and promote domestic capital market development

The Feed Africa Portfolio

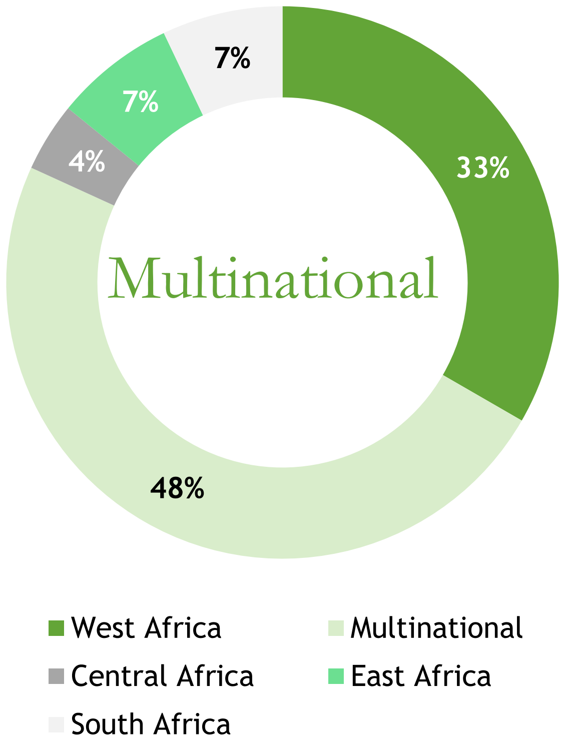
- Commitment



- Sector



- Region

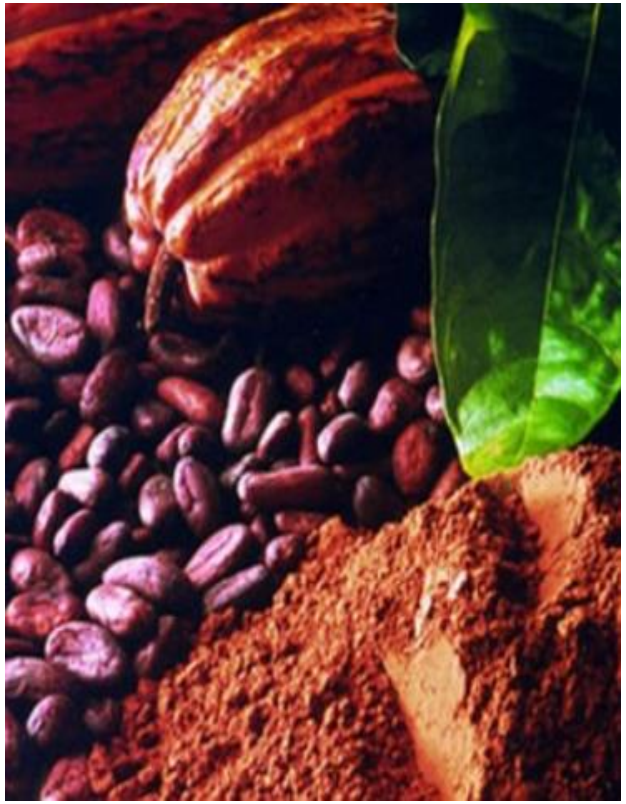


Note: based on the 2007-2019 NSO transactions, sector breakdown only for Senior Loans

Case Study 1

Ghana Cocoa Board
Poised to Maintain Premium Quality Cocoa

Ghana Cocoa Board (COCOBOD)
Long-term receivables-backed facility



Country	Sector	Deal Size	Signing Date
Ghana	Cocoa	USD 600 M	2019

Borrower of Strategic Importance
COCOBOD is a 100% state-owned entity responsible for regulating the cocoa industry and for the sole exporter of raw cocoa beans in the country.

Project Description
Financing key components of COCOBOD Productivity Enhancement Programmes (PEPs) - a set of measures that will improve productivity per hectare and increase cocoa production levels well above 1 million tonnes per year.

Expected Development Outcomes
- Increase of 450kg to 1,200 kg per hectare thereby resulting in a commensurate increase in overall incomes impacting on the livelihoods of 800,000 farmers
- 45,000 Hectares (Ha) of farms irrigated
- 156,400 Ha of ageing and diseased farms rehabilitated
- 90,000 youth trained

Transaction Highlights

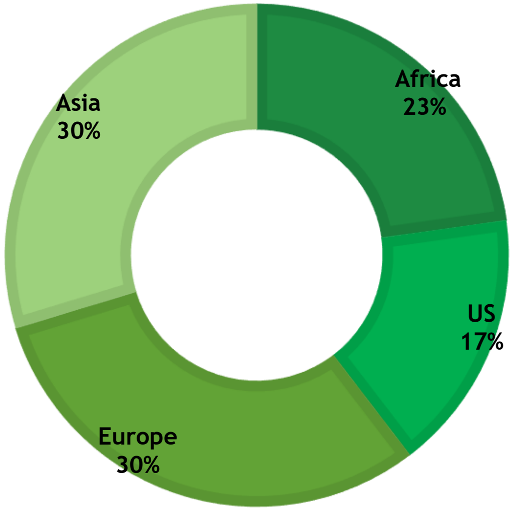
Ghana Cocoa Board
Poised to Maintain Premium Quality Cocoa

Ghana Cocoa Board (COCOBOD)
Long-term receivables-backed facility

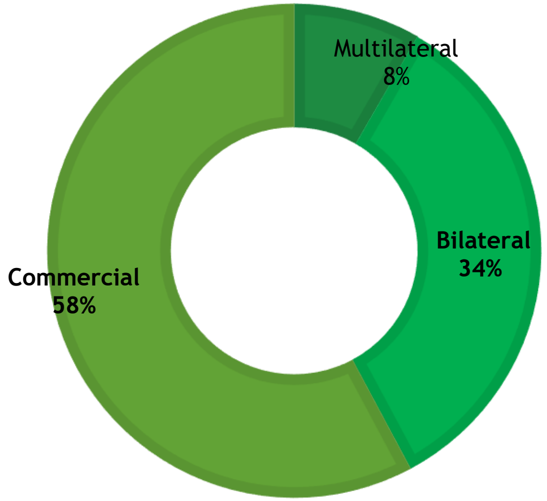
- Syndicated dual tranche term loan comprising a USD 250 M 7-year tranche (the “DFI Tranche”) and up to USD 350 M five-year tranche (the “Commercial Tranche”).
- Global investor interest - US, Europe, Asia and Africa
- Long term tenure international financing to meet the sector’s long-term investment needs
- Blended finance of concessional donor funds with commercial development financing and other commercial financing

Investor Profile

GEOGRAPHICAL DISTRIBUTION



INSTITUTION TYPE



Fairly diversified investment base

Case Study 2

African Agriculture Impact Investments
Partial Credit Guarantee

Country	Sector	Deal Size	Signing Date
Mauritius	Agribusiness	USD 120 M	2020

Borrower - An Impact Investor

African Agriculture Impact Investment Ltd (Mauritius) which establishes a Structured Finance Company which will issue agri-linked notes up to EUR 100 M (circa USD 120 M) to European Pension Funds. The Bank's PCG will guarantee the notional amount of the Notes.

Project Description

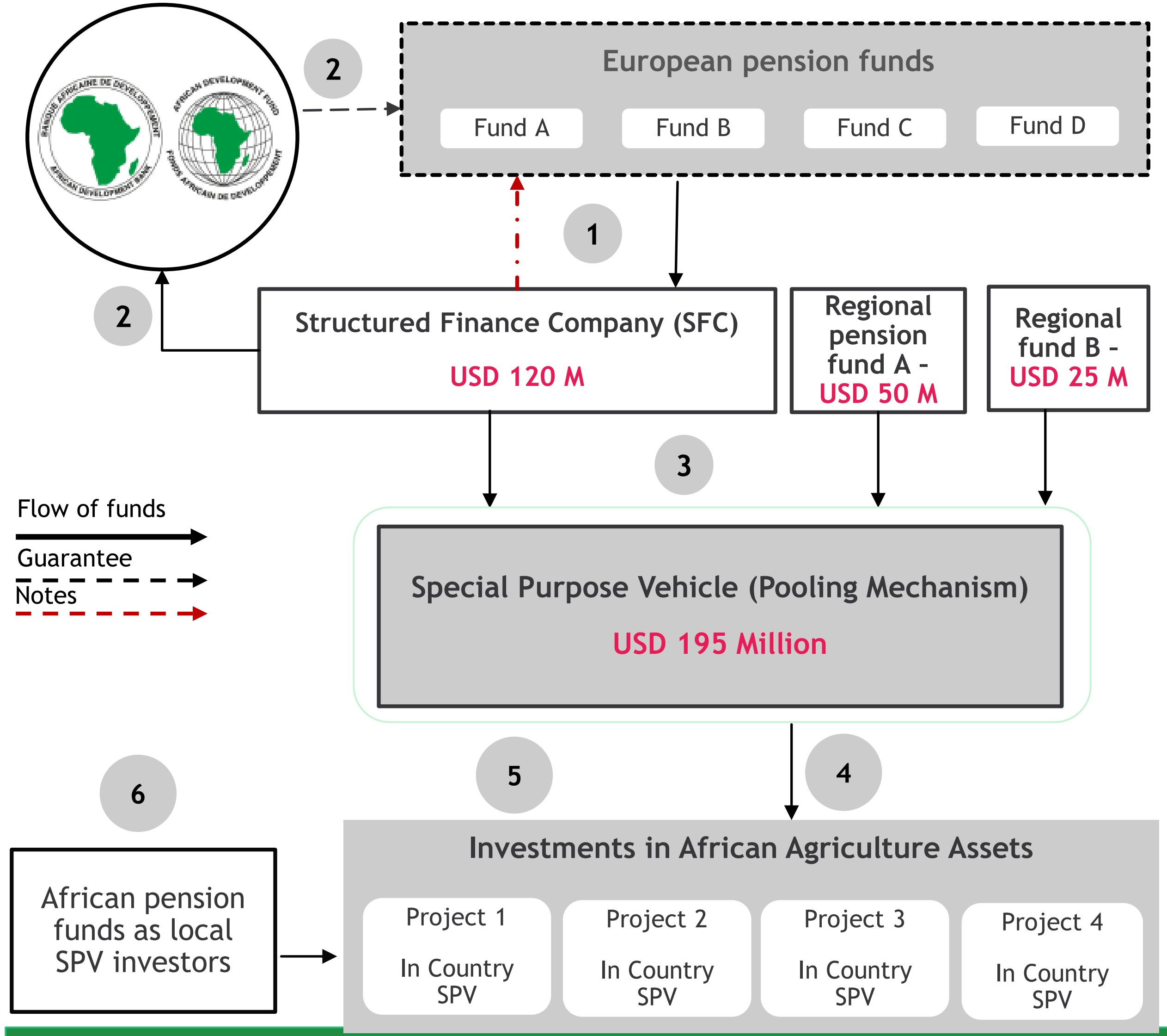
The project will leverage AfDB's Partial Credit Guarantee to catalyze the deployment of European pension and asset management funds as well local pension funds into Africa's agriculture sector.

Expected Development Outcomes

- Regional integration and economic resilience through import substitution, improved intra-African trade and foreign exchange earnings;
- Creation of over 8,000 direct jobs of which 65% will be jobs for youths and 35% of the jobs will be held by women;
- Additional employment through second-party service providers

Project structuring details

African Agriculture Impact Investments
Partial Credit Guarantee



1. The Structured Finance Company will issue agri-linked Notes up to EUR 100 million (USD 120 M) with a maturity of 15 years

2. The AfDB will issue a guarantee to cover Nominal Amount of the Notes at redemption in year 15. The SFC will issue an indemnity to AfDB indemnifying the liability under the Guarantee

3. The proceeds of the Notes will be combined with assets from two other pools – from regional pension funds (worth USD 75 M) - into a pool of ring-fenced capital assets of at least USD 195 million in the underlying Pooling Mechanism or

4. The SPV will then invest this pool of capital in a diversified portfolio of Agricultural Farm Land Assets and its related agricultural infrastructure in Africa

5. Each portfolio company in which the pooling mechanism invest will be ring-fenced as a special purpose vehicle to limit liabilities and maximize returns for investors.

6. The SPV structures also allow for potential investments from local investors such as African pension and sovereign wealth funds, through direct co-financing

long-term capital mobilized for the African agriculture sector

Thank you


AfDB WEBINAR FOR THE
ASIAN PRIVATE SECTOR ON
DOING BUSINESS IN AFRICA
Wednesday 23rd September
8:00-10:00am (Abidjan Time), 13:30-15:30pm (Delhi)
16:00-18:00pm (Beijing), 17:00-19:00pm (Seoul)
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