

# PAFO



## Powering Africa: the Financial Options



### A Meeting of Experts

October 31 to November 2, 2007  
Serena Beach Hotel & Spa, Mombasa, Kenya



**African government officials, utility executives, and finance experts discuss the options for financing Africa's power and gas expansion, and how to choose between them.**

#### Sponsors to date



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### The options?

Government bonds  
Domestic capital markets  
International capital markets  
Structured financing  
Debt financing  
Export credit financing  
Exotics  
Investment funds  
Multilateral funding  
FDIs  
Carbon credits

### The criteria of choice?

Affordability  
Accessibility  
Dependability

### The financier of choice?

Experience  
Expertise  
Reliability

#### Produced by



#### Government Officials & utility executives

**Fred Omach**, Minister of State for Finance (General Duties), Uganda  
**Samuel Sarr**, Minister of Mines, Energy & Water, Senegal  
**Herman Tuyaga**, Minister of Energy and Mines, Burundi  
**Tjikero Tweya**, Deputy Minister of Finance, Namibia  
**Henock Ya Kasita**, Deputy Minister of Mines & Energy Namibia  
**Andre Barlow**, Manager Strategic Finance, NamPower, Namibia  
**Karen Breytenbach**, Senior Project Advisor – Financial Analysis, PPP Unit, South African Treasury  
**Pa Abdoulie Manneh**, Principal Economist, Dept of State for Finance and Economic Affairs, Gambia  
**Portia Molefe**, Director General, Department of Public Enterprises, South Africa  
**Patrick Nyoike**, Permanent Secretary, Ministry of Energy, Kenya  
**Eduardo Nelumba**, Chief Executive Officer, Empresa Nacional de Electricidade de Angola  
**Edward Njoroge**, Managing Director, Kenya Electricity Generating Company (KenGen)  
**Ransome Owan**, Chairman & CEO, Nigerian Electricity Regulatory Commission (Nerc), Nigeria

#### Official Publication



[www.energynet.co.uk](http://www.energynet.co.uk)

# PAFO

## A Meeting of Experts

### Financing Power

The extent that Africa can expand its power supply will be defined by its ability to access a range of financial options. The financial options available are increasing with the growing sophistication of the financial markets.

**Powering Africa: the Financial Options (PAFO)** will examine the detail of various options for financing power sector expansion, through both state and private sponsored projects.

### The Importance of Power

- The renewed focus by multilaterals on the pivotal role of power in promoting development—
  - the improved growth rates and country risk profiles being seen in Africa—
  - the willingness of commercial lenders to respond positively to the improving fundamentals—
  - the burgeoning interest FDI's are showing in Africa's power sector—
  - and the emergence of large investment funds targeting Africa—
- have all combined to create a feeling of buoyancy. It is important to capitalise on this optimism.

### Opportunity Knocks

Development of Africa's power sector is at a critical point. The colliding propositions that, on the one hand, lack of power is limiting development and hence demand, and on the other, that the economic expansion of power supply requires first a viable and expanding market should not stifle the present impetus. This development oxymoron is not intractable since the propositions are rarely in balance. Demand is showing noticeable growth and there is scope for still more. Supply needs to increase beyond immediate demand, which in turn will stimulate demand. The financial strain of this short-term supply/demand imbalance should be bearable.

### The Right Choice

The PAFO meeting will provide expert analysis of the suitability of financial packages for the different countries' economic and political environments. A project-finance template that has transcontinental applicability is not feasible. The range of finance vehicles and instruments provide options that allow the tailoring of financial packages to suit individual projects. All parties should be familiar with what is available to enable an informed choice.



### Serena Beach Hotel & Spa

"Stretching along Shanzu Beach, a ribbon of palm-fringed golden sand, chosen long ago by the local turtles to lay their eggs, and with the clear blue waters of the Indian Ocean spanning out before it, the Serena Beach offers the ultimate in escapism. Amidst bougainvillea-filled gardens and shaded by palm trees, this stunning resort blends indigenous architecture and materials with the highest standard of modern hospitality.

A member of Clubs Best Hotels of the World, the hotel is set out as a village and its luxurious bedrooms evoke the spirit and style of the ancient town of Lamu with its stunning Swahili-style houses complete with handcrafted doors and native art and furnishings.....The Serena Beach Hotel & Spa has long been considered the leading resort on this beautiful and history-filled coast."

Extensive water sports include windsurfing, deep-sea fishing, catamaran sailing, introductory scuba diving lessons and snorkelling.

**It is highly advisable to reserve accommodation early. Participants of the PAFO meeting will receive a hotel booking form on registering.**



### City Tour

A drive around Mombasa with the main attractions being Fort Jesus (the famous pre-historic site that has been preserved since 1593), the old town market, and the tusks which were built to commemorate Princess Elizabeth's visit in 1952.

### Simba Hills

A national reserve south of Mombasa, with a Treetops-style lodge, best known for its unique population of Sable antelope, with its beautifully proportioned, curving horns.

[www.tourism.go.ke](http://www.tourism.go.ke)

### Haller Park Nature Trail

A walk through a beautiful man made forest with an abundance of animals including the African Giant Tortoise

[www.lafargeecosystems.com](http://www.lafargeecosystems.com)

### Serena Safari

"From a luxury-tented camp in the Serengeti plains to a riverfront lodge shaded by acacia trees, Serena boasts all types of safaris. (See Serena Active). For true African adventure, enjoy the savanna of the Masai Mara, the vast plains of the Serengeti, the foothills of Kilimanjaro, forests of the Aberdares and Chyulu Hills of Tsavo, the Uaso Nyiro River in Samburu, the world-renowned Ngorongoro Crater, and the lakes of Victoria and Manyara." A special Safari itinerary is included at the end of the agenda.



## A Meeting of Experts

### POWERING AFRICA: THE FINANCIAL OPTIONS

The purpose of PAFO is twofold: to examine how the changing financial markets and mechanisms can increase funding for power projects; but perhaps more importantly, to provide a rendezvous for African governments, utilities and financiers to discuss their requirements. Providing financial solutions to Africa's power shortages hinges on mutual understanding and appreciation of the dictum of mutual benefit.

**Wednesday, October 31, 2007**

**19:00 WELCOME DINNER**



Hosted by **KenGen**

#### Welcoming remarks

**Edward Njoroge**

Managing Director, Kenya Electricity Generating Company (KenGen)

**Patrick Nyoike**

Permanent Secretary, Ministry of Energy, Kenya

**Thursday, November 1, 2007**

### THE ROLE OF GOVERNMENTS IN POWER SECTOR EXPANSION

#### Chairman

**Edward Njoroge**

Managing Director, Kenya Electricity Generating Company (KenGen)

The traditional source of financing has been the government or government-sponsored borrowing. Governments have found it increasingly difficult to support power sector investment, which has encouraged utilities to borrow from commercial sources and raise equity on the international and domestic market. Privatization is also an option.

Government officials and bankers share their experience of funding infrastructure projects and their thoughts on how to improve the process.

**09:00**

#### STATEMENTS OF POLICY

#### Government borrowing for power sector expansion

**Samuel Sarr**

Minister of Mines, Energy & Water, Senegal

**Herman Tuyaga**

Minister of Energy and Mines, Burundi

**Henock Ya Kasita**

Deputy Minister of Mines & Energy, Namibia

#### Government infrastructure bonds

**Tjikero Tweya**

Deputy Minister of Finance, Namibia

#### Government and multilateral financial partnerships

**Fred Omach**

Minister for Finance (General Duties), Uganda

**11:00 Coffee**

**11:30**

#### STATEMENTS OF PURPOSE

#### International commitment to power development

**Kurt Hoffman**

Director, Shell Foundation, United Kingdom

#### Powering Expansion

**Portia Molefe**

Director General, Department of Public Enterprises, South Africa

#### Local capital markets

**Patrick Nyoike**

Permanent Secretary, Ministry of Energy, Kenya

#### International bond issues

**Daniel Berman**

Executive Director, Debt Capital Markets Africa, J.P. Morgan, Johannesburg

#### Multilateral funding

**World Bank** (invited)

#### Bilateral funding

**Klaus Gihl**

Head of Energy, Transport & Telecommunication Division, sub-Saharan Africa, Kreditanstalt für Wiederaufbau (KfW), Frankfurt

**Jérôme Bertrand-Hardy**

Head of Infrastructure and Mining Division, Proparco, Paris

#### Borrowing from local banks

**Stanbic Bank Nigeria Limited**

(invited)

**13:00 Lunch at Serena Beach Hotel & Spa**

**14:30**

### PRIVATE SECTOR INVESTMENT IN AFRICAN POWER

Structural reforms are needed in Africa's financial markets to capitalise on investment opportunities and maximize the use of available financial resources to build economic capacity. Reform will encourage the strong presence of institutional investors and investment banks, as well as the development of a capital market that covers both equity and debt.

#### Commitment to the Power Sector

**Mahib Cissé**

Senior Investment Officer, Private-Sector Department  
African Development Bank, Tunisia

**Ahmed Ounalli**

Senior Investment Officer, Nepad Department  
African Development Bank, Tunisia

#### Power developers: An overview of financing power projects

**Kevin Kariuki**

Head of Infrastructure, Industrial Promotion Services, Nairobi

**Paul Kunert**

Vice-President, Business Development, Globeleq, Dar es Salaam

**Helen Tarnoy**

Commercial Director, Aldwych International Ltd, London

**16:00-16:30 Coffee**

#### Financing independent power projects: Is commercial bank's preception of risk changing?

**Gerrit Kruyswijk**

Head of Energy, Project Finance, Nedbank Capital, Johannesburg

**Export credits:** ECA finance and cover is becoming more attractive to sponsors looking at diversifying their reliance on conventional debt finance. While there can be some drawbacks in using ECA finance, including, documentation and timing related issues, the key benefits of ECA finance are competitive commercial terms, enhanced bankability, and political risk cover.

**Gabriel Buck**

Head of ECA CAPEX Funding, Barclays Capital, London

#### Investment funds: What is required to increase their appetite for African power projects?

**Andrew Johnstone**

Managing Director, African Infrastructure Investment Managers (Pty) Limited  
Cape Town

#### Multilateral funding: IFC syndicated loans; World Bank grants.

**Eme Essien**

Investment Officer, International Finance Corporation (IFC), Nairobi

**Funding energy access:** thoughts from a Spanish developer and the use of project finance and privated equity

**José Galindez**

Chairman, Solarpack, Spain

**Carbon credits:** Hype or hope? What level of funds could realistically be available, and how to access them?

**Aaron Senanu**

Senior Project Manager, EcoSecurities Limited, Oxford

**18:00 Close of session**

## Friday, November 2, 2007

**09:30**

### PARTNERING FOR POWER GROWTH

Governments in many emerging economies are moving away from their traditional role as decision-maker, investor, and producer of goods and services. The trend in public sector policies is towards privatization and economic reform, although debate on its applicability and effectiveness continues. It is proffered that private-public partnerships allows the private sector, through long-term management contracts and operating concessions, to participate in public infrastructure projects designed to provide efficient services to the public. This financing method relies heavily on long-term securities in the capital market as a means of funding. It needs long-term planning so that sustainable government revenue can repay such debt.

**Public-private partnerships:** Their effectiveness as a financing mechanism in Europe is still not resolved. How are they viewed in South Africa?

**Karen Breytenbach**

Senior Project Advisor – Financial Analyst, PPP Unit, South African Treasury

**Multilateral funding:** How do the role of multilateral development banks propose to promote PPPs?

**Alwyn Coetzee**

Senior Investment Office, Private Sector Investment Unit  
Development Bank of Southern Africa (DBSA)

**The role of project finance in expanding Africa's power supply:** Are the dynamics of risk mitigation moving in favour of project finance? Is there a positive shift in the cost profile? Is the accumulation of experience leading to more cost-effective procedures? Are financiers more or less inclined to undertake project financing?

**Michael Meeser**

Head of Project & Infrastructure Finance, Investec, Johannesburg

**Paul Eardley-Taylor**

Director: Project Finance Power & Utilities, HSBC, London

**11:00 Coffee**

**11:30**

### THE FUTURE OF STATE UTILITIES

Utility executives discuss how they propose to finance power expansion—where in the past they have encountered difficulties—and why the future should prove more promising.

Financiers and international developers will be invited to comment.

**Financing on the bond market**

**Andre Barlow**

Manager Strategic Finance, NamPower

**Financing reconstruction**

**Eduardo Nelumba**

Chief Executive Officer, Empresa Nacional de Electricidade de Angola

**Financing an IPO**

**Edward Njoroge**

Managing Director, Kenya Electricity Generating Company (KenGen)

**Financing a city's power**

**City Power Johannesburg** (Invited)

**Costing Privatization**

**Ransome Owan**

Chairman & CEO, Nigerian Electricity Regulatory Commission (Nerc), Nigeria

**13:00 Lunch at Serena Beach Hotel & Spa**

## Registered organizations to date

**Angola** • Empresa Nacional de Electricidade de Angola

**Burundi** • Eneco Solar Energy • Minister of Energy and Mines

**Gambia** • Department of State for Finance and Economic Affairs

**Germany** • Kreditanstalt für Wiederaufbau (KfW)

**Kenya** • Anjarwalla & Khanna Advocates • Industrial Promotion Services • International Finance Corporation (IFC) • Kenya Electricity Generating Company (KenGen) • Kenya Power & Lighting Company • Ministry of Energy • Stanbic Bank Kenya

**Namibia** • Deputy Minister of Mines and Energy • Deputy Ministry of Finance • NamPower

**Nigeria** • King and Co • Nigerian Electricity Regulatory Commission (Nerc)

**Senegal** • Minister of Mines, Energy & Water

**South Africa** • ABSA • Infrastructure Investment Managers South Africa • Department of Public Enterprise

• Development Bank of Southern Africa (DBSA) • Investec • JP Morgan • McKinsey and Company • Nedbank Capital • Siwendu and Partners • South African Treasury

**Spain** • Solarpack

**Tanzania** • Energy & Water Utilities Regulatory Authority • Globeleq • Investment Climate Facility for Africa • Stanbic Bank Tanzania • Tanesco

**Tunisia** • African Development Bank

**Uganda** • Africa Center for Environment Technology & Development • Energy Systems • Minister of Energy and Mineral Development • Minister of Finance Planning & Economic Development

**United Arab Emirates** • Aggreko International Projects

**United Kingdom** • Aldwych International • Barclays Capital • EcoSecurities • HSBC • Shell Foundation

**United States** • Hunton & Williams LLP

**Zambia** • Enfin Solutions



If you feel that you can contribute to the PAFO discussions on the creative and innovative financing of African power and gas projects, please contact Rod Cargill on +44 (0)20 85 47 06 98 or [cargill@energynet.co.uk](mailto:cargill@energynet.co.uk). The objective of the meeting is to inform on what exists and explore financial mechanisms that are beyond the obvious.



Serena Beach Hotel & Spa

Mombasa, Kenya

## Registration

October 31 to November 2, 2007

Please register the following to attend the "Powering Africa: The Financial Options" executive meeting at a cost of **£795** per delegate. Discounts for multiple delegates are 5% for two, 10% for three, 15% for four, and 20% for five and above.

Full name: \_\_\_\_\_

Position: \_\_\_\_\_

Company/Organization: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Tel: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

Company activity: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Please debit my **credit card**

Credit card number. \_\_\_\_\_

**Security No.** (usually on the signature strip) \_\_\_\_\_

**Expiry Date:** \_\_\_\_\_

**The card is in the name of:** \_\_\_\_\_

Visa/Master/Euro  Diners

**Credit card billing address:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Payment by **Bank Transfer** (attach copy or supply full details of transfer). Payment should be made through the **Royal Bank of Scotland plc**, quoting (1) account number **70545244**; (2) sort code **15-30-00**; and (3) swift(BIC) code **RBOS GB2L**, noting "PANO", delegate name & company.

**All transfer costs to be paid by sender; alternatively add £16 to your total fee.**

Payment by **Cheque** drawn on a **UK Bank**, payable to **EnergyNet Ltd.**

Please return your completed form to:

**Evelyne Cargill • EnergyNet Limited • 110 Elm Road • Kingston upon Thames • Surrey KT2 6HU • United Kingdom • Tel +44 (0)20-85 47 06 98 • Fax +44 (0)20-85 41 32 44 • info@energynet.co.uk**

In addition to the above, there is also the facility to register online at [www.energynet.co.uk](http://www.energynet.co.uk)

### The fee covers:

- Access to the "Power Africa: The Financial Options" executive meeting
- Lunches and dinners
- Documentation
- Executive networking facilities on the website
- Presentations online

**Cancellation:** The fee is non-refundable if cancellation is received after October 1, 2007. For a cancellation before this date the fee will be refunded, less a handling charge of £50.

**Venue:** Serena Beach Hotel & Spa, Mombasa, Kenya—[www.serenahotels.com](http://www.serenahotels.com)

**Hotel accommodation:** Serena Beach Hotel & Spa, Mombasa, Kenya offers a special rate to PAFO participants of US\$ 160.00 per night, single occupancy and half board.

**Meeting agenda:** EnergyNet reserves the right to alter the timing, content, and speakers of Powering Africa: The Financial Options.

## KILAGUNI AND AMBOSELI SAFARI ITINERARY -NOVEMBER 2007 -VVIPS

### Day One

#### Mombasa to Tsavo West

Early breakfast at the Serena Beach Hotel. 07h00. depart to Tsavo West national park arriving for lunch at the Kilaguni Serena safari Lodge, after lunch departs on the afternoon game viewing drives in the park. Some of the interesting areas to be visited are the Mzima springs, Chaimu and Shetani Lava sites, Roaring rocks and Rhino sanctuary to mention a few.

Dinner and overnight at the Kilaguni Serena safari Lodge.

#### Amboseli Serena Safari Lodge

Nestled in the foothills of Kilimanjaro, hidden beneath a copse of giant acacia trees and beside a gently flowing natural spring lies Amboseli Serena Safari Lodge. With Kilimanjaro 6,000-meter-high snow-capped peaks rising behind the lodge and presiding over the landscape, which boasts more big game than almost anywhere else in Africa, the setting is nothing short of magnificent.

Inspired by local Masai architecture, the design of the lodge is in total harmony with the environment. Each guest room conveys a distinctive Masai Manyatta mood and is furnished with authentic African murals painted by a local artist.

### Day two

#### Tsavo West to Amboseli

Breakfast at the Kilaguni Serena Safari Lodge. After breakfast depart to the Amboseli national park arriving in time for lunch at the Amboseli Serena Safari Lodge. After lunch afternoon game viewing drives in the park.

Dinner and Overnight at the Amboseli Serena Safari Lodge.

### Day three

#### Amboseli to Mombasa

Breakfast at the Amboseli Serena safari Lodge. Depart this morning to Kilaguni Serena safari Lodge for lunch. After lunch depart back to Mombasa to arrive late afternoon at the Serena Beach Hotel.

End of our Services

The special package cost offer:

- US\$730 per person sharing room (2 Pax)
- US\$575 per person sharing room (3 Pax)
- US\$495 per person sharing room (4 Pax)
- US\$440 per person sharing room (5 Pax)
- US\$415 per person sharing room (6 Pax)

The package will include following services:-

- 2 nights on full board basis at the Amboseli Serena and Kilaguni Serena safari lodges.
- Ground transportation in a custom safari mini van with a "pop-up" roof hatch on exclusive use with services of English speaking driver guide
- Game viewing drives as per the itinerary
- Game park entrance fees

The package excludes following services:-

- International Airfares and Visa entry charges to Kenya of US\$50 per person.
- All items of personal use i.e. drinks, laundry, telephone calls, gratuities, personal travel insurances etc

### GENERAL INFORMATION

#### CANCELLATIONS

All cancellation must made in writing to Serena Hotels and all cancellation will be charged a cancellation penalty depending on the number of days before tour departure:

Between 45 days and 30 days, no refund of the deposit

Less than 30 days, no refund of the land cost

There is no refund of any unused portion of your safari once commenced. Cancellation penalties on Airfare are additional and are not included in the above cancellation charges.

#### IMPORTANT INFORMATION

Tour cost are based on all known costs and rates of exchange at the 01st August 2007, any significant changes beyond the control of Serena Hotels will be passed on to passengers.

Serena Hotels also retain the right to alter any arrangements due to local conditions. Serena Hotels also retains the right to refuse any person from participating or continuing any tour for any reason or if that person causes or is deemed to cause hazard and/or inconvenience other passengers.

#### CURRENCY

These vary tremendously from country to country. Traveller cheques and foreign currency must be changed at the bank, hotel, or safari lodge. Most countries will accept any traveler's cheques when making payment of service or goods. The Kenya Shillings (Kshs) is Kenya Currency.

#### CLOTHING

Dress is mainly informal and should be comfortable as well as practical. Something warm should be brought along for early morning and evenings. Safari clothes are available from hotels/lodges/camps.

#### BAGGAGE

Where possible, travel light. Baggage space on safari is limited to medium suitcase or holdall per person plus reasonable amount of hand luggage. There is 15 Kilogram per person limit on all flights to the wildlife sanctuaries. Excess luggage must be stored in your arrival hotel.

#### WATER

You will find many differences of opinion of what is safe and what is not. We recommend for peace of mind, to drink local bottled mineral water.

#### HEALTH

Remember to take your Malaria medication and protect yourself from sun with sunscreen or safari hat.

