

# AfDB BUSINESS OPPORTUNITIES SEMINAR



## Building Infrastructure through PPPs with the AfDB

**June 20 - 21, 2017**

**African Development Bank**  
**Headquarters' Building Auditorium**  
**Abidjan, Côte d'Ivoire**



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## Who are we?

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# AfDB: Africa's Premier Development Financial Institution

## **AAA** by all rating agencies

### **African Development Bank (ADB)**

- Established in 1964
- Authorized capital - US\$ 102 billion
- 54 African and 27 non-African countries

### **African Development Fund (ADF)**

- Established in 1972
- Subscriptions - US\$ 28 billion
- Primarily financed by non-African countries

### **Nigeria Trust Fund (NTF)**

- Set-up by Nigeria in 1976
- Capital – US\$ 200 million

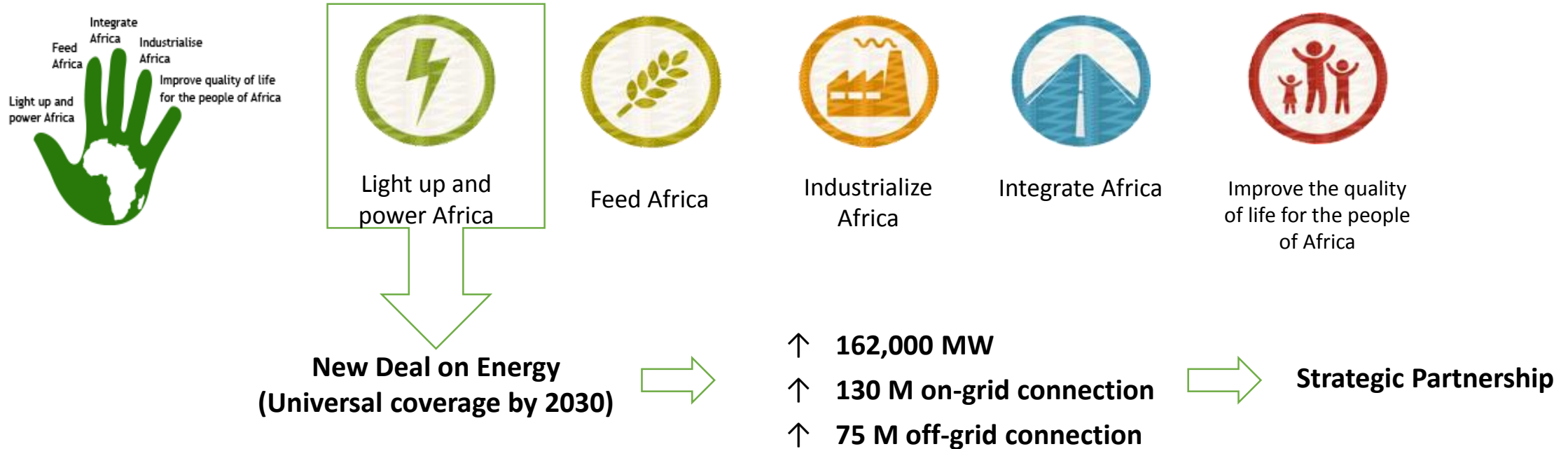


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# The AfDB High-Fives Priorities

10 years strategy 2013-2022

*In line with AfDB's 10 years strategy plan, the **High 5s** priorities are key for accelerating Africa's economic transformation*



# Why work with AfDB?

<b>Vast Experience</b>	AfDB has been active across the continent for over 50 years.
<b>Broad Knowledge</b>	AfDB started as a public sector partner but has built a strong private sector team.
<b>Constant dialogue with governments</b>	AfDB has strong membership support from all African countries which help to mitigate political risks.
<b>Packaging resources</b>	Market, concessional, and grants.
<b>Competitive cost</b>	Risk-based market pricing, longer tenor.
<b>Financial Muscle</b>	AfDB has strong support from the international community reflected in its AAA credit.
<b>Environmental and Social Safeguard</b>	AfDB can help strengthen and streamline the environmental and social safeguard.

**The Bank plays an honest broker between public and private sector agents.**



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## Private Sector Department

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## TRANSACTION SUPPORT

- **EPSA/FAPA  
Technical  
Assistance**
- **Africa Financing  
Partnership (AFP)**
- **Financial  
Modeling**
- **Results  
Management**
- **Environmental  
Safeguards**

## INDUSTRIES & SERVICES

- **Manufacturing**
- **Mining**
- **Oil & Gas**
- **Hospitality**
- **Health &  
Education**

## INFRASTRUCTURE FINANCE & PPP

- **ICT**
- **Transport**
- **Water &  
Sanitation**

## PORTFOLIO MANAGEMENT

- **Transaction  
Administration**
- **Project  
Management**
- **Exposure  
Management**



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# Infrastructure Finance & PPP

## Roads

- While the last decade brought significant progress in the establishment of sound institutions to manage and maintain Africa's trunk road network, the process remains incomplete.

## Rails

- Restoring Africa's aging rail networks to decent operating conditions would require a one-time rehabilitation effort of at least USD 3 billion.
- With the exception of South Africa & Ethiopia, long-distance passenger rail services are in decline, hence huge opportunity for investment.

## Ports

- The volume of general and containerized cargo moving through Africa's ports has tripled, but further growth in container traffic will require additional investments.
- Even though ports have been largely deregulated, many African countries maintain high port tariffs that discourage traffic and increase costs.

## Aviation

- Africa's air transportation sector is growing quickly but unevenly
- Africa's air transport industry is dominated by 5 large, efficient airlines
- Huge opportunities in the air transportation industry.

## ICT

- Submarine cables & 4G GSM systems
- Data Centres & Terrestrial Fibre connections
- Satellites



# Public Private Partnerships

## Key Factors

**Risk Sharing** (i.e. Role of Political Risk in Infrastructure)

**Public Service Delivery** (through Private Investment)

**Contractual Package:** Back-to-back Agreements

**Return on Investment Considerations:** Public & Private

**Role of Advisors:** Feasibility & Structuring

**Timing Considerations & Financiers**



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# Henri Konan Bédié (HKB) Toll Bridge

## COTE D'IVOIRE

(Senior Loan)

### The Project

- 1.9 km Toll Bridge including 4.7 km of approach lanes and interchanges.
- Build Operate and Transfert (BOT) 30 year concession

### ADB Role

- ADB **LEAD ARRANGER** for EUR 120 million of senior debt
- Supported the resettlement and environmental action plans
- Fair broker during negotiation with the Government

### Key Figures

Total Project Cost	EUR 270 million
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Gov /Debt / Equity	28% / 47% / 25%
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ADB Senior Loan	EUR 58million
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ADB Board Approval	March 2012
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# Lekki Port

Nigeria



- A new state of the art port capable of handling up to **2.7 million TEU**
- Facilities for Container bulk, dry bulk and liquid bulk
- In the Lekki special free economic Zone
- Beneficial to the Government, the local economy and the local population
- Total cost estimated at **USD 1.5 Billion**
- Debt/Equity of **54/46**
- Best practices with regard to Environmental and social management
- AfDB, as co-lead arranger provided debt of about USD150m

## Financiers

AfDB

Other  
DFIs

Commercial  
Banks

Main  
sponsor

Local  
Partners

International  
Partners



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## What do we offer?

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# Financial Instruments

## Senior Debt

- **≤33% of Total Project Cost**
- **Up to 15year term**
- **1<sup>st</sup> Rank Security**
- **Reasonable Collateral**

## Subordinated Debt

- **USD, EUR, JP, and ZAR**
- **Local Currencies**
- **Interest Rate Premium**
- **Reasonable Collateral**

## Equity

- **Quasi Equity**
- **<25% of equity capital**
- **Shareholder 1st refusal**

## Guarantees

- **Partial Risk**
- **Partial Credit**

## Technical Assistance

- **Capacity Building**
- **Grant Funding**
- **Legal Reform Support**
- **Facility modernization**

## A/B Loans

- **Participation Agreement**
- **Mitigate Country Risk through PCS**
- **Commercial Bank Partners**



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## *PPP ENHANCING TOOLS FOR GOVERNMENTS*

- African Legal Service Facility (Legal Advisory).
- African Natural Resource Centre (Business Advisory)
- Grants for feasibility studies (market, E&S etc.) like NEPAD-IPPF, interest relief loans and Green funds like Clean Technology Fund (CTF)
- ADF-PSF: Enhances the size of AfDB credit exposure in ADF Countries through capital relief to AfDB.



# *PPP ENHANCING TOOLS FOR GOVERNMENTS*

- A/B-Loan product: mitigates against Political Risks of asset expropriation/nationalization and currency convertibility and crowds in Commercial Lenders.
- Partial Risk Guarantee (PRG): mitigates some of the risk associated with the breach of contract obligations by host governments.
- Partial Credit Guarantee (PCG) is focused on mitigating some of the Credit Risks identified under the specific PPP Project.



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## Our Process

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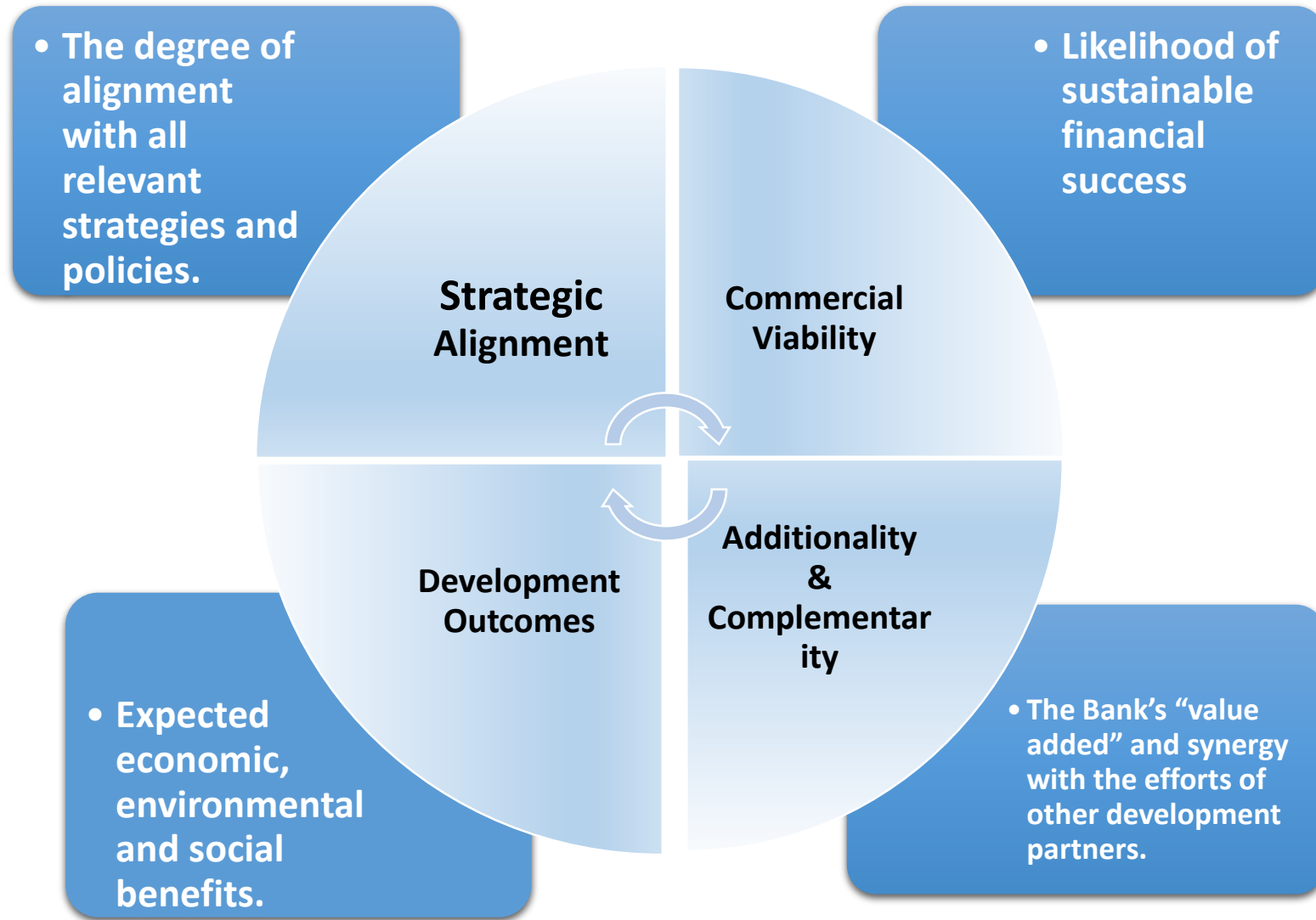
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# Institutional- Transaction Approval Influencers





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## How to work with us?

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## Project Sponsors?

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# Eligibility for Bank's Non-Sovereign Financing

- An enterprise/project must be located and incorporated in the Regional Member Countries (RMCs) of the Bank, whether promoted by African or non-African investors.
- An enterprise/project must be majority-owned (51% +) by private-sector investors, or publicly owned with strong financial standing and proven managerial autonomy.
- Projects for the establishment, expansion, diversification and modernization of productive enterprises.
- Minimum Total Project Cost of USD 30 million

# Application Procedures

*To enable the Bank to promptly assess the eligibility of a project for investment, interested enterprises should submit a preliminary application covering, in general, the following information:*

1. Description of the project (sector, location, production volumes, etc.);
2. The sponsors, including financial and managerial background;
3. Cost estimates, including foreign exchange requirements;
4. Financing plan, indicating the amount of ADB financing desired;
5. Key technical and environmental features;
6. Feasibility indicators;
7. Business climate, market prospect, including proposed marketing arrangements;
8. Implementation plan, including the status of required licenses, permits, certificates, etc.

*Having determined the eligibility of a project financing application, the Bank will initiate a full application review. To facilitate this, the Bank would require the following:*

1. Feasibility study;
2. Business plan;
3. Environmental impact assessment (depending on the nature of the project).



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# Our Contact

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Private Sector Operations

African Development Bank

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Website: [www.afdb.org/privatesector](http://www.afdb.org/privatesector)



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Consultants?

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# Consultancy Services - DACON

<http://dacon.afdb.org/dacon/>

[English](#) | [Français](#)

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- Register yourself as an Individual Consultant**
- Register a Consulting Firm**

We recommend to read this **Registration Guide** before starting the registration process. If you follow it step by step, it will make easier the completion of your application for registration. If you have any questions, please send an email to : [adb-dacon@afdb.org](mailto:adb-dacon@afdb.org).

## Login

If you already have a DACON account, please login:

Web Code:

Password :

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# In Conclusion

Africa's Infrastructure needs in particular are rapidly expanding and relatively untapped for profitable and sustainable investment.

Africa's Investment climate remains challenging but is gradually improving: regional and sector-specific knowledge is key!

AfDB is a long-term partner that offers the key mix of expertise and financial instruments and products to facilitate investors/sponsors achieving business success in Africa in an environmentally and socially-sustainable manner.





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