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Telecoms, natural resources, heavy industry, power ... these are important sectors that AFC is investing in to address and assist Africa's infrastructure and fund growth. Over the past eight years, U.S.\$2.5Bn has been invested by this African led organization. AFC has been a partner for the public and private sectors assisting in financing bridges, roads, power, refinery, cement, etc.

AFC : Financing Infrastructure to Build Africa's Future

AFRIMAG : Tell us more about Africa Finance Corporation. What kinds of projects has AFC invested in over the past years ? What countries in Africa do you invest in ?

Andrew Alli : AFC is a supranational African-led financial organization, established by Treaty in May 2007. While our mission is to foster economic growth and industrial development in African Countries, our key focus is to bridge the infrastructure investment deficit in continental Africa. Over the years, we have been able

to make investments in our core sectors of Telecommunications, Natural Resources, Power, Transportation and Heavy Industry across various African countries: from Morocco in the North to South Africa in the South, and from Cape Verde in the West to Kenya in the East. AFC has made cumulative investments of over US\$2.5bn on the continent and through our investments help to mobilize over US\$4bn of capital into projects. Our investment portfolio spans across 14 countries on the continent and some of the projects include: Main one



cable, an undersea fibre optic cable system that links countries on the west coast of Africa to Europe and other parts of the world, the Henri Konan Bedie Bridge in Cote d'Ivoire, a EUR €270 million toll bridge to ease congestion in the region and to aid economic development.

In Kenya, AFC made a US\$50 million convertible loan investment in ARM Cement Limited. The project, which reached financial close in mid- 2012 will aid increases in cement production in East Africa, and the company's expansion into Tanzania and Southern Africa. At the end of 2014, the AFC-led Cenpower project was brought to financial close. Cenpower, which is implementing the Kpone Independent Power Project (Kpone IPP), is a US\$900 million project that includes a 350MW gas turbine power plant and associated infrastructure that when on-stream will provide up to 10% of Ghana's generation capacity. AFC was the lead project developer, mandated lead arranger and the single largest equity investor in the project with a 31.85% stake.

In terms of marketing, what actions have IGD member companies used to better sell Africa?

IGD members are people who have distinguished themselves in their respective fields. Their companies through their work have become centres of excellence and agents of change within the broader community. Therefore, through their achievements, their quest to pro-

vide optimal solutions to make Africa achieve its potential and their everyday engagement, have all helped to showcase Africa, making it a preferred destination for investment. For example, with the Cenpower deal, AFC as lead project developer was able to attract investors such as Sumitomo Corporation as an investor and Operations and Management partner. The pioneering efforts of the project developers led to the establishment of a suite of bankable project agreements which were developed to address the electricity sector challenges of Ghana and negotiated successfully with a consortium of Commercial Banks and Development Finance Institutions.

Through this and other projects, AFC has been able to showcase and better sell Africa, by identifying the numerous opportunities and capabilities on the continent.

Africa is confronted with an estimated annual deficit of US\$40 billion in financing for its infrastructure, how can IGD assist Africa with this deficit ?

Beyond using the IGD as a platform to openly discuss the issues challenging Africa's infrastructure, we have had some specific engagements that have led to some positive outcomes. For example, we participated in Power Purchase Agreement template that was developed for the power sector, which I think has been widely adopted. We also have showcased the various projects we have embarked on, the innovative financing structures em-

ployed and this has been helpful and adopted as a template for best practice that can be used to address the infrastructure challenges in many countries across Africa.

Currently, there are a number of initiatives to power the African Continent such as President Barack Obama's Power Africa Initiative (which is a Marshall Plan for Africa's infrastructure, financing, and power) and Jean-Louis Borloo's power initiatives. How can AFC share its know-how in the infrastructure sector with these mega programs ?

AFC is already doing this. We are one of the private sector partners under Barack Obama's Power Africa Initiative. In 2013, AFC expressed its commitment to support the Power Africa Initiative. As part of its commitment, we committed to invest up to US\$250 million in the form of development capital, equity, quasi equity and debt and mobilize of US\$1 billion of investments.

At the end of 2014, AFC had met and surpassed its commitment under the Power Africa initiative through various investments in power across the Power Africa countries, with total investments of US\$269 million funded from its balance sheet, and mobilized well over US\$1 billion of third party investments.

Some of the AFC led Power Africa Projects include: Cenpower, which is implementing the Kpone Independent Power Project (Kpone IPP), is a US\$900 million project that includes a 350MW gas turbine power plant with AFC owing a 31.85% stake. AFC provided a US\$25 million loan as part of a US\$150 million senior unsecured syndicate loan facility to the Kenya Power and Lighting Company (Kenya Power) to fund the rehabilitation and expansion of Kenya's power transmission and distribution networks. Additionally, under the Nigerian power privatisation program, AFC has invested and financed over US\$150 million in three power assets:

- US\$29 million as equity investor in the Benin Electricity Distribution Company;
- US\$55 million debt financing for the acquisition of Ughelli Generation Company, a 942MW name plate power generation company;
- US\$68 million debt financing for the acquisition of Kanji Power, which consists of Kainji Hydro Electric Power Plant (720MW) and Jebba Hydro Electric Power Plant (540MW).

At the start of 2014, you announced that Africa Finance Corporation will invest US\$1 billion in many projects in Francophone Africa. One year later,

where are you in this ambitious project ?

Yes the target was US\$1 billion of new investment across Africa and not just Francophone Africa. Last year the board of AFC approved over US\$1.15 billion of projects and we made disbursements of over US\$850 million across various sectors. Even more interestingly, projects were approved in five new countries: Cameroon, Chad, Congo Brazzaville, DRC and Mozambique.

Initially, AFC was mainly interested in Anglophone African countries. How did this sudden interest for Francophone West Africa come about ?

AFC's mandate has always been Pan-African and we have made investments in West African francophone countries over time, and there are a number of such investments still on the pipeline. For example, the Henri Konan Bedie Bridge project, a US\$365m public private partnership (PPP) toll bridge project in Abidjan, Cote d'Ivoire, which launched operations in December 2014?

The renewed focus for AFC in the francophone countries stems from the fact to the desire to broaden and expand our reach especially in countries where we had hitherto been less visible. And this goes beyond Francophone; it is also East and Southern Africa where we are also doubling efforts to make tangible impact to infrastructure financing.

While AFC is involved in the development of the infrastructures in Africa, it is absent in both agriculture and education, two sectors that need to be helped by private investments. Why aren't you interested in the other sectors ?

We agree that these sectors are very important in the development of any economy and we recognize the hard work of other institutions, who invest in these and other types of social infrastructure. One of our investment philosophies at AFC is that, we invest in projects that have both a development and financial impact and this has helped us narrow down our focus to five core sectors: Natural Resources (Oil, Gas & Mining), Telecommunications, Transport, Heavy Industries and Power. This is not to say that the other sectors are not important, but focusing on these five sectors and being able to deploy a wide variety of products has helped us build expertise in a defined area, thus helping us to provide solutions to infrastructure financing on a sustainable basis. ▶