Investment dynamics in Africa
IRES workshop

Rabat
February 23rd, 2011.

Open up to Africa
- Opening up strengthened since 2006.
- Technical Support
  - Support for project management for generating plant construction
    ✓ Senegal (3)
    ✓ Mali (1)
    ✓ Gambia (1)
  - Project management in the rehabilitation / expansion of network system
    ✓ Chad
    ✓ Cape Verde

- Assistance in the rehabilitation of the generating methods and network
  ✓ Sierra Leone
  ✓ Mauritania

- Management assistance
  ✓ Niger
  ✓ Chad

- Education and Training
  ✓ Senegal (tariff study)

- BADEA – IDB

- What kind of funding?
  ✓ IFIs (IDB, World Bank, BADEA, etc.)
  ✓ Moroccan International Cooperation
  ✓ Capital Partners Fund (rare case)

- Investment
- Two concessions to the Rural Electrification in the Senegal / St. Louis and Louga Regions

- Long term (25 years)

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**Concessions of Rural Electricity in Senegal / objectives**

- Positioning on the sub-Saharan Africa electricity market.
- ONE Expertise valuation regarding the RE.
- Opening new markets for domestic industrial sector (end of Global Rural Electricity Program – GREP).

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**General principles and frame of the project**

- Concession principle:
  - Distribution concession, more production and sales licenses, over 25 years.
  - Monopoly distribution on rural areas.
  - Technological neutrality.
  - OBA Grant

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- Company projected according to the Senegalese private law.
- State participation:
  - Senegalese State grand.
  - Tax incentives.
- Relations with SENELEC:
  - SENELEC takes control of the electrified urban areas and villages before 2001.
  - Energy supplier to the Concessionaire with general price less than 20% MT.

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**Concession Area**

St-Louis: Concession zone
- Dagana – Podor - St. Louis
- Northern Senegal
- 19000 Km² /362,000 inhabitants
- 16 rural communities; 510 villages with no electricity

Provisional investment over 3 years

<table>
<thead>
<tr>
<th>Section</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CFA franc in million</td>
</tr>
<tr>
<td>Production</td>
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<tr>
<td>Transport</td>
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<tr>
<td>Distribution</td>
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<tr>
<td>Interior installations funded for the clients</td>
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<td>Individual solar system</td>
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<td>Public lighting</td>
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<td>Structures</td>
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<td>Engineering</td>
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<td>Cost of investing in other services</td>
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<tr>
<td>Total (ex. Tax (including pre-financed interior installations)</td>
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Provisional funding plan over 3 years

<table>
<thead>
<tr>
<th>Section</th>
<th>Amount</th>
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<tbody>
<tr>
<td></td>
<td>CFA franc in million</td>
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<tr>
<td>Capital stock</td>
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<td>Middle term loan</td>
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<td>Grants</td>
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<td>Funding of operation</td>
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<tr>
<td>Total</td>
<td>10803</td>
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</table>

Project company
- Marocco, Senegal Company of Electricity / St Louis. Comasel St. Louis.
- Decree # 2.08.105 , dated March 11th, 2008.
- Limited Company subject to the Senegalese law recorded in Dakar on October 31st, 2008.
- Capital: 1,628 million CFA franc.
- IFC Participation: 20% per capital increase

Louga: Concession Zone
- LOUGA - KÉBÉMER - LINGUERE.
- North-central Senegal.
- 29 188 km² / 622,000 inhabitants
- 46 Rural Communities.
- 2,300 town/locality with no electricity.

## Provisional investment over 3 years

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<td>Total (ex. Tax (including pre-financed interior installations)</td>
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## Provisional funding plan over 3 years

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<td>CFA franc in million</td>
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<td>Grants</td>
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<tr>
<td>Total</td>
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## Project Company

- Morocco, Senegal Electricity Company / Luga. In the process of being created.
- Capital: 1,673 million CFA francs (29 million Dirhams)
- Decree in the process of being established
- IFC Participation: 20% of capital

## Our points of strength
Expertise in electricity business;
Competitiveness;
Image and reputation;
Quality of relationships with fund providers.

Our points of weakness

- Unfavorable financial situation;
- Undeveloped organizational Tools;
- Consultation deficit with manufacturers.

Opportunities

- Energy Crisis in Sub-Saharan Africa.
- Increasing interest of the IFIs for Africa.
- Significant potential energy resource (hydraulics, gas, etc.)

Threats

- Political instability risk;
- Insolvability risk;
- Unfair practices.

African electricity market

Very low supply rate (30%);
High production costs;
Operators’ structural imbalance;
Abundant resources (hydraulics, gas, etc.)

Our strategy

- Implement projects with high added value (consulting, project management, O & M, etc.);
- Consolidate and evaluate our position in Senegal;
- Prioritize West and Central Africa;
- Focus on partnership with operators, financial and private sector partners;
- In the medium and long term independent power producers (IPP), equity acquisition, etc.
Perspectives of the Moroccan electricity industry

- Regional integration between Morocco and Mauritania;
- Taking part in independent production projects (hydraulics, etc.);
- Taking part in the current redevelopment process.