



FEI On-Grid Renewable Energy Debt Fund

AEF

June 2019



FEI OVERVIEW

The Facility for Energy Inclusion (FEI) is a flagship initiative of the African Development Bank to be the cornerstone of its New Deal on Energy for Africa which seeks to establish an 160GW of new capacity, establish 130 million new on-grid and 75 million off-grid connections

Fund Strategy

- The Facility for Energy Inclusion (FEI) is debt financing platform for small-scale projects with the objectives of aggregating capital, structuring bankable projects and accelerating delivery as to increase access to clean energy across Africa.
- FEI has 2 windows, FEI On-grid, and OGEF, the off-grid fund

Anchor Investor

- AfDB launched FEI to close funding gaps in the sector and catalyze growth in last-mile energy access
- In December 2016, the AfDB Board approved a \$100 million seed financing package (US\$50m equity and US\$50m debt) to leverage up to \$400 million in co-investments from concessional and commercial investors.

Development Impact

- FEI will provide high-quality clean power for households and businesses, replacing diesel, wood, and kerosene to improve environmental and health outcomes, save money, and support the expansion of economic activity. Job creation, especially from distribution & service in the off-grid sector, is expected to be substantial.

Two Windows

FEI On-grid

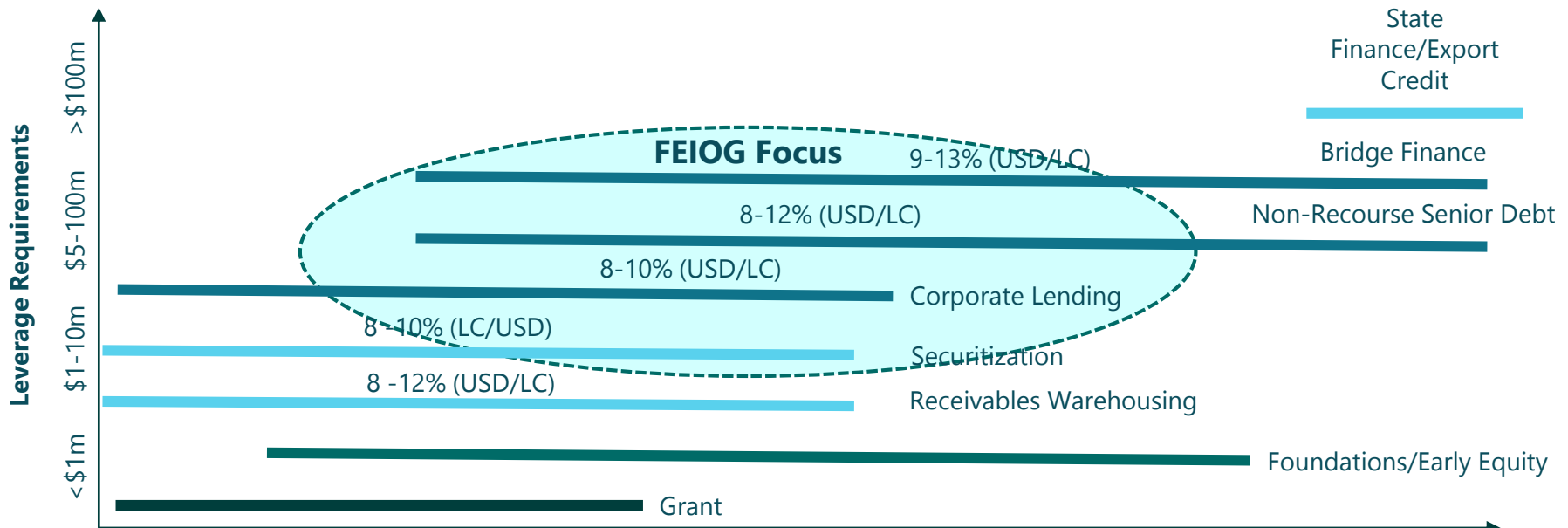
- \$400m on-grid renewable energy and mini-grids
- \$70m contributed by AfDB
- Investment limit at \$30m or 25MW
- Project and corporate financing

OGEF

- *\$100m off-grid energy Fund managed by LHGP AM (\$30m contribution from AfDB)*
- *Targets PAYGO and energy access ecosystem*
- *Consumer financing secured by receivables*

ADDRESSING UNDERSERVED POWER MARKET

FEIOG will provide credit to companies that exist in the underserved sectors between large IPPs and hyperlocal distributed household energy; the below is a cross-section of the financing applicable to each segment of the renewable energy ecosystem



Sector	Solar Home Systems	Micro Grids	Mini Grids	Captive/C&I	Small IPPs	Medium/Large IPPs
	<ul style="list-style-type: none"> Hyperlocal, distributed Asset/consumer finance 	<ul style="list-style-type: none"> Underdeveloped business models Corporate finance likelier than project finance currently 	<ul style="list-style-type: none"> Larger transaction size makes project finance possible Project uncertainty high Expansion/refurb likelier targets for FEI 	<ul style="list-style-type: none"> Potentially reduced off take risk Business case is geography-dependent Corporate or project finance applicable Aggregation and securitization feasible 	<ul style="list-style-type: none"> More traditional project finance covenants and security Non-recourse Political and off take risk more relevant 	<ul style="list-style-type: none"> Outside of FEI's mandate Long development phases Increased risk

WHY FEI

FEI offers flexibility to offer more tailored financing and increase speed of execution

Geography

- Pan Africa

Product Offering

- Project / Corporate
- Bridge/ Take-Out
- ABS / Structured

Speed of Execution

- Act as sole investor
- Private Sector Decision Making

African Presence

- Nairobi, Lagos
- SA, [London]
- Anchored by AFDB

Project Preparation

- \$10m zero interest loans repayable at COD to help projects become bankable

FEI TERMS

FEI provides competitively priced commercial debt

Project Criteria

- Renewable
- Less than 25MW
- FEI Investment < \$25m

Tenor

- Up to 15 years

Pricing

- 8-12%

Currency

- Foreign (USD / EUR) and Local Currency

Security

- Flexible to accommodate other lenders

FUND MANAGER

FEI will be managed by a dedicated Fund Management team based in Africa, established as a joint venture between LHGP Asset Management and Fieldstone Africa.



LHGP AM is a leading debt fund manager across Africa, currently managing the African Local Currency Bond Fund as well as the FEI Off-Grid Energy Fund (the sister window to FEI On-grid)

- Established by a team of Goldman Sachs bankers with decades of experience in EM credit markets
- UK FCA regulated and approved by the FSC in Mauritius
- Executed over 27 transactions in Africa over the past 3 years
- Managing one of the most diversified cross currency swap books on the continent
- Extensive experience across its African and London offices in financial advisory, power and other infrastructure, capital markets, and development



Fieldstone Africa is the leading independent investment bank and financial services provider in energy and infrastructure in Africa.

- In the 21 years since Fieldstone established an investment banking practice in Africa, the firm has taken part in over US\$12 bn worth of transactions across the continent
- Fieldstone Africa draws on the global resources and heritage of Fieldstone in providing service to its clients; it's experience in structuring financings in the power sector in Africa is unparalleled



SENIOR TRANSACTION TEAM

The team will be based in Nairobi with coverage and execution teams covering West Africa, North Africa and Sub Saharan Africa. Further team members will be added on First Close.



Deepak Dave (Chief Investment Officer)

Deepak Dave has led teams in deal origination, risk management and fund development at Banks, Private Debt and Equity managers. He particularly focuses on Financial Institutions, Resources and Infrastructure in Africa, Asia and the Americas. Currently he is Senior Adviser to the CEOs of a Development Bank, Investment Holding Company and a Renewable Energy initiative in East Africa. Deepak has consulted for the International Institute for Sustainable Development's infrastructure impact measurement project, World Bank projects on commercial finance for Water Infrastructure and the IFC-funded Pharmaceutical SME receivables securitization project in Kenya. Deepak provides regular media commentary on capital markets development and bank regulation in East Africa.



Kavi Pillay (Senior Investment Officer)

Kavi joined Fieldstone in mid-2015, and has 8 years of relevant experience in project finance, due diligence, project development and economic regulation. He has previously worked at ABSA in Specialised Finance and Islamic Banking; followed by working as a transactor in the Renewable Energy unit in the Industrial Development Corporation, project developer at Biotherm Energy and Advisor at the NERSA. He is a qualified Chartered Accountant (South Africa).