



AfIDA

AFRICA INFRASTRUCTURE DEVELOPMENT ASSOCIATION

East Africa Strategic Working Group

22 March 2021



Kenya Economic and Infrastructure Prospects

| | 2020 | 2025 | 2030 | 2040 |
|---|--|---|--|--|
| Economy GDP Population | 101 \$bn (+5.9%) 49 million (+2.3%) | 141 \$bn (+7.5%) 54 million (+2.2%) | 202 \$bn (+7.5%) 61 million (+2.2%) | 416 \$bn (+7.5%) 75 million (+2.2%) |
| Power Sector Capacity Generation | 2.7 GW 11.5 b kWh | 3.5 GW 14.8-15.2 b kWh | 5.2 GW 19-22 b kWh | 8.2 GW (+5.8%) 32 – 37 b kWh |
| Challenges | <ul style="list-style-type: none"> Flat overall consumption ++ domestic consumption (subsidized) | <ul style="list-style-type: none"> Loss mitigation – cost reflective tariffs Focus on grid, stability & storage Battery Storage, pumped hydro, LNG, and Uganda Interconnect Value for money | <ul style="list-style-type: none"> Coal, Nuclear | |
| Opportunities | Visions 2030 <ul style="list-style-type: none"> Manufacturing Universal Healthcare Affordable Housing Food Security | | <ul style="list-style-type: none"> Transport Digital & ICT | |

Kenya – Least Cost Power Development Plan

- ❑ **1,220 MW** of Projects in construction and advanced development, likely to take installed capacity to **3,888 MW** by 2025
- ❑ Optimised capacity addition by 2025 has room for only **861 MW** of new capacity, including **550 MW** of Storage and LNG
- ❑ **1273 MW** to compete for **311 MW** of PPAs

| | 2020 | 2021-25 | 2026-30 | 2031-40 |
|--------------------------------|--------------------|--------------|---------------------------|---------------|
| | MW | MW | MW | MW |
| | Operational | | Committed Addition | |
| Capacity | | | | |
| Hydro | 805 | 22 | 19 | - |
| Geothermal | 768 | 206 | 210 | 210 |
| Other Renewables | 380 | 391 | 393 | - |
| Thermal | 715 | 202 | - | 982 |
| Interconnection | - | 400 | - | - |
| Total | 2,668 | 1,220 | 622 | 1,192 |
| Uncommitted Development | | | | |
| Renewables | - | 53 | 633 | 2,446 |
| Storage | - | 350 | - | - |
| LNG-Power | - | 200 | - | 750 |
| Nuclear | - | - | - | 600 |
| Total | - | 603 | 633 | 3,796 |
| Cumulative Capacity | 2,668 | 4,491 | 5,745 | 10,733 |
| Optimised Capacity | 2,668 | 3,529 | 5,152 | 8,187 |
| Optimised Addition | | 861 | 1,623 | 3,035 |

- ❑ Renegotiation of PPAs
- ❑ Risk Allocation – Take and Pay
- ❑ Delay in COD of uncommitted projects
- ❑ Energy Auctions - Reverse Tender
- ❑ Peaking Capacity - energy storage (battery & pumped hydro) / firm capacity – LNG / Ethiopia IC
- ❑ Grid extension – reliability, loss reduction

Kenya Advocacy

1. Government Engagement – Min of Finance, Min of Energy, EPRA
2. Donors, MDBs / Supra-nationals Engagement
3. Map Exposure of Private Sector - Equity (Developers & IPPs), Debt & guarantors
4. Capacitation of AfIDA/Industry response.
 - appointing a legal/commercial team
 - raising a facility to fund this
5. Next Steps
 - how often should the group meet?

2020-21 Action Plan

Private Sector Drivers

Directing Stimulus support

Sector reform – financial viability

Development Risk Mitigation

Capacity Building – public & private

Public Sector Drivers

Green Recovery

Building Resilience

Just Transition

Long Covid

2021 will be a year of uneven recovery as vaccine rollouts create a world of have and have nots, with pockets of 'forever' Covid

Acceleration of Green Recovery

SSA nations need to step up regulatory reform to benefit from more capital and incentives for green investment

Digital Acceleration

Both opportunity for investment & threat for implementation

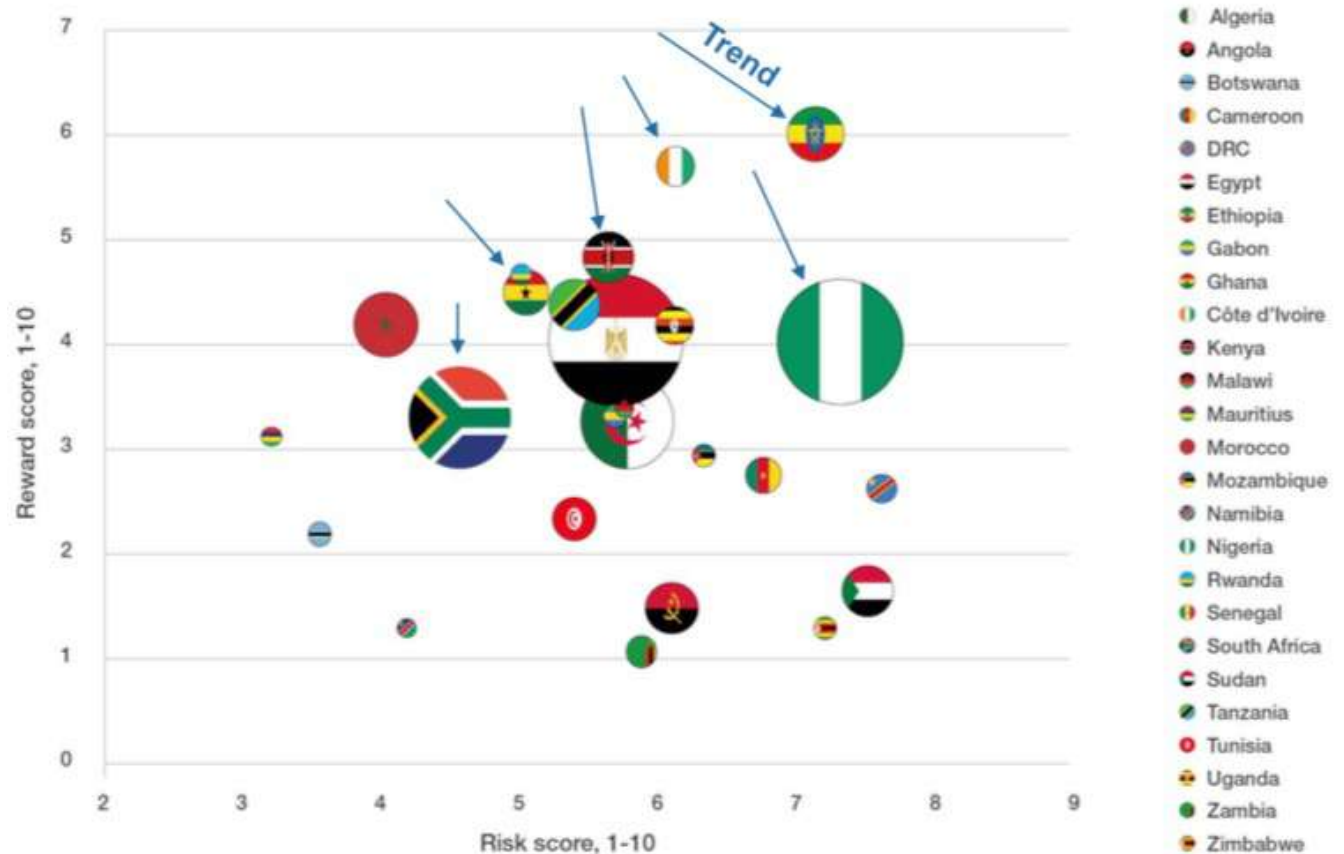
Risk of Missing Out

Some SSA nations may not be able to match the policy and regulatory transformation required to capture the upswing in the global economic recovery

US-China Geopolitics

Positives and Negatives for Africa

Reward & Risk (change post COVID)



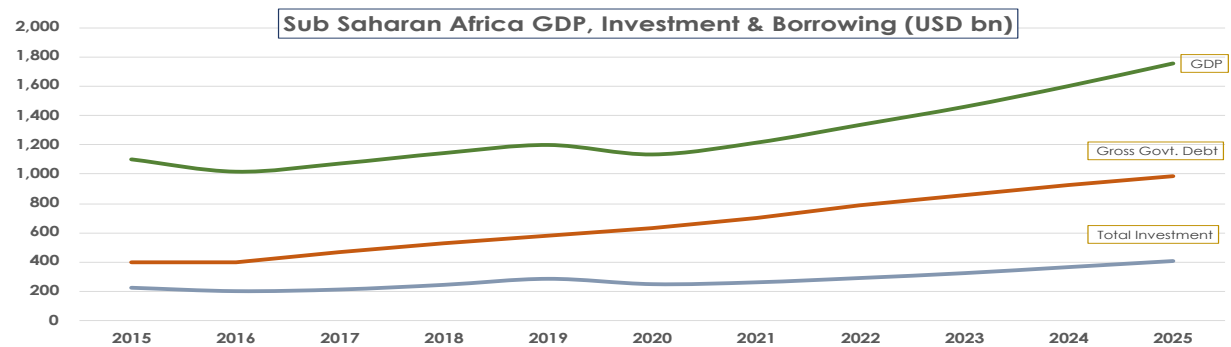
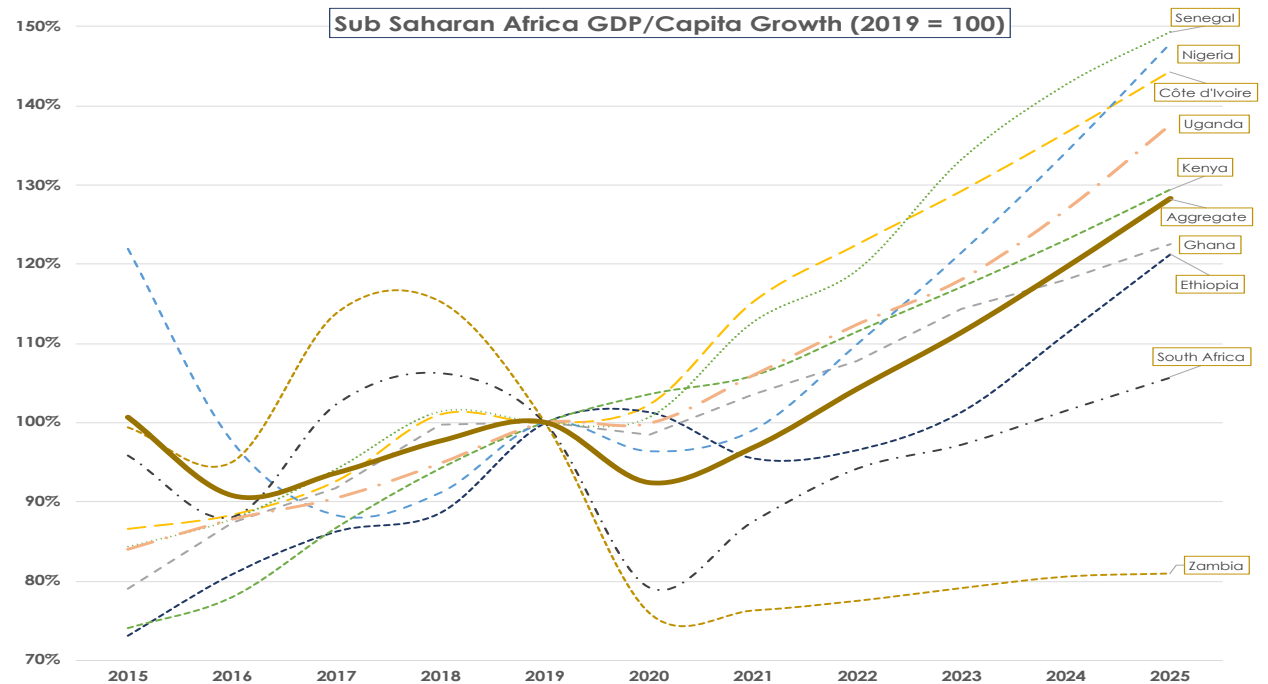
Map - Control Risks – Nov 20
 Comments drawn from Control Risks 2021 – RiskMaps conference

The Nine leading SSA economies account for 50% of population and 70% of GDP

They are likely to recover to pre-COVID levels by 2022 (nominal terms) and 2024 (real GDP/Capital) – led by Uganda, Senegal and Côte Ivoire

Nigeria is likely reach 2015 levels by 2023, and South Africa’s recovery is expected to recover its 2018 peak only by 2025.

On average, growth in gross external Govt. debt is likely to exceed GDP growth and investment growth, creating pressure on currency across these nine majors



Driving Better Infrastructure Development in Africa

For the next 20 years, one in every two children born in the world will most likely be African born

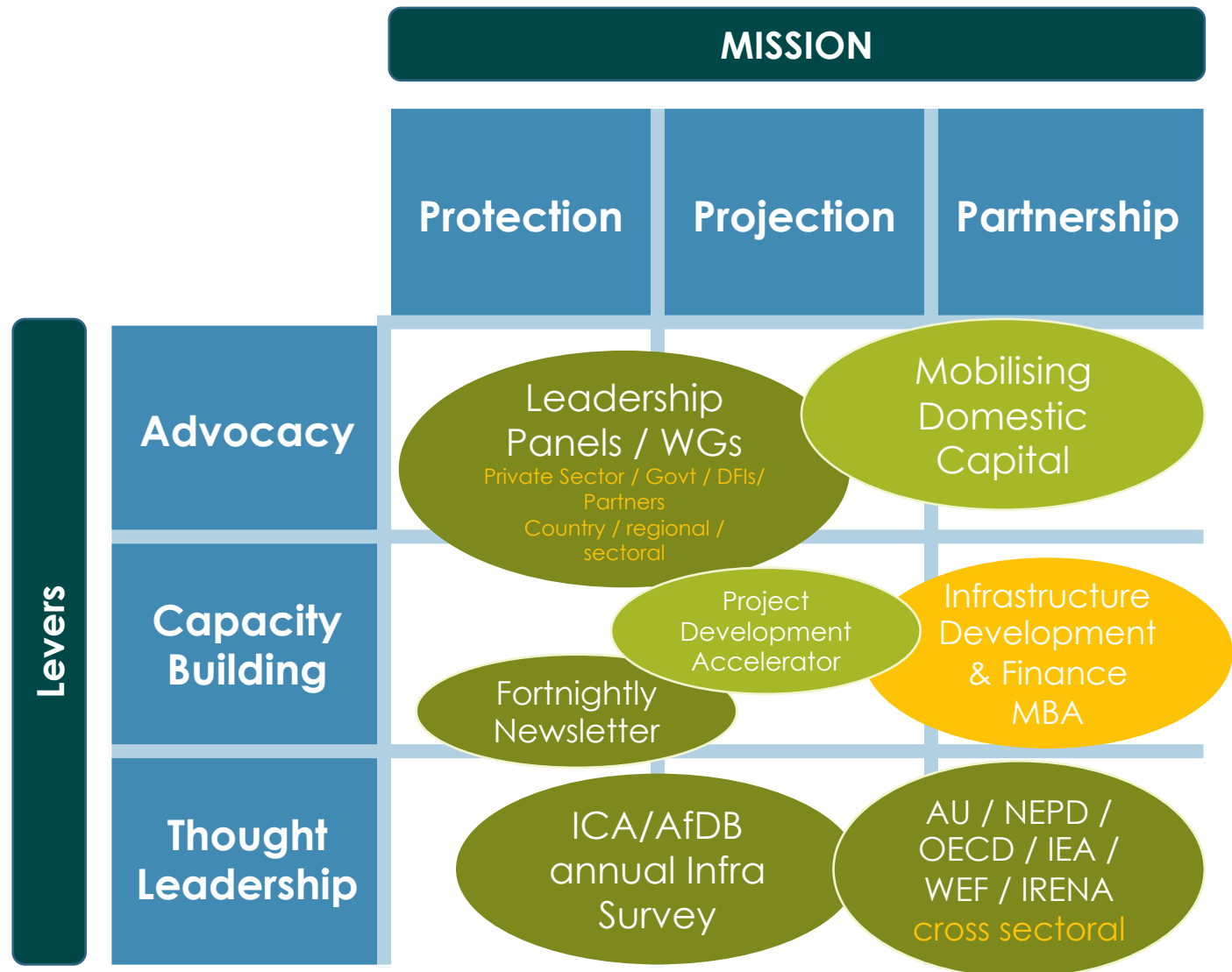
More than ever, there is a need for development of **affordable** and **resilient** infrastructure in Africa which can **scale** to support its economic and population growth

In addition to addressing the **current challenges** to private infrastructure investments

AfIDA proposes to be the **platform** for private sector leaders to drive **consensus** between private sector, development finance, governments, partner nations

The principle modalities are **collaboration, coordination** and **cross-pollination**

Through a robust development **Narrative** agreed by all stakeholders



List of Registered Attendees

Yousouf Camara - Actis
John Kimotho - AIIIM
Semih Gokmen - AP Moller
Aleem Tharani - Bowmans
Richard Charlton - CDC
Seema Dhanani - CDC
Lade Araba - Convergence
Claire Mugo - Convergence
Amit Modi - CPCS
Teni Ntoi - DBSA
Bana Habtom - DEG
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Joe Corbett - Gridworks
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Farid Mohamed - SAPP
George Kotsovos - Standard Bank
Simbarashe Chikarango - T&D Bank
Per van Swaaij - TCX
Paul Biggs - Trinity LLP
Henry Kikoyo - Trinity LLP

Funds



Developers & IPPs



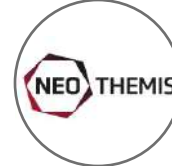
DFIs



Advisors



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