

Africa Infrastructure Development Association Ltd.

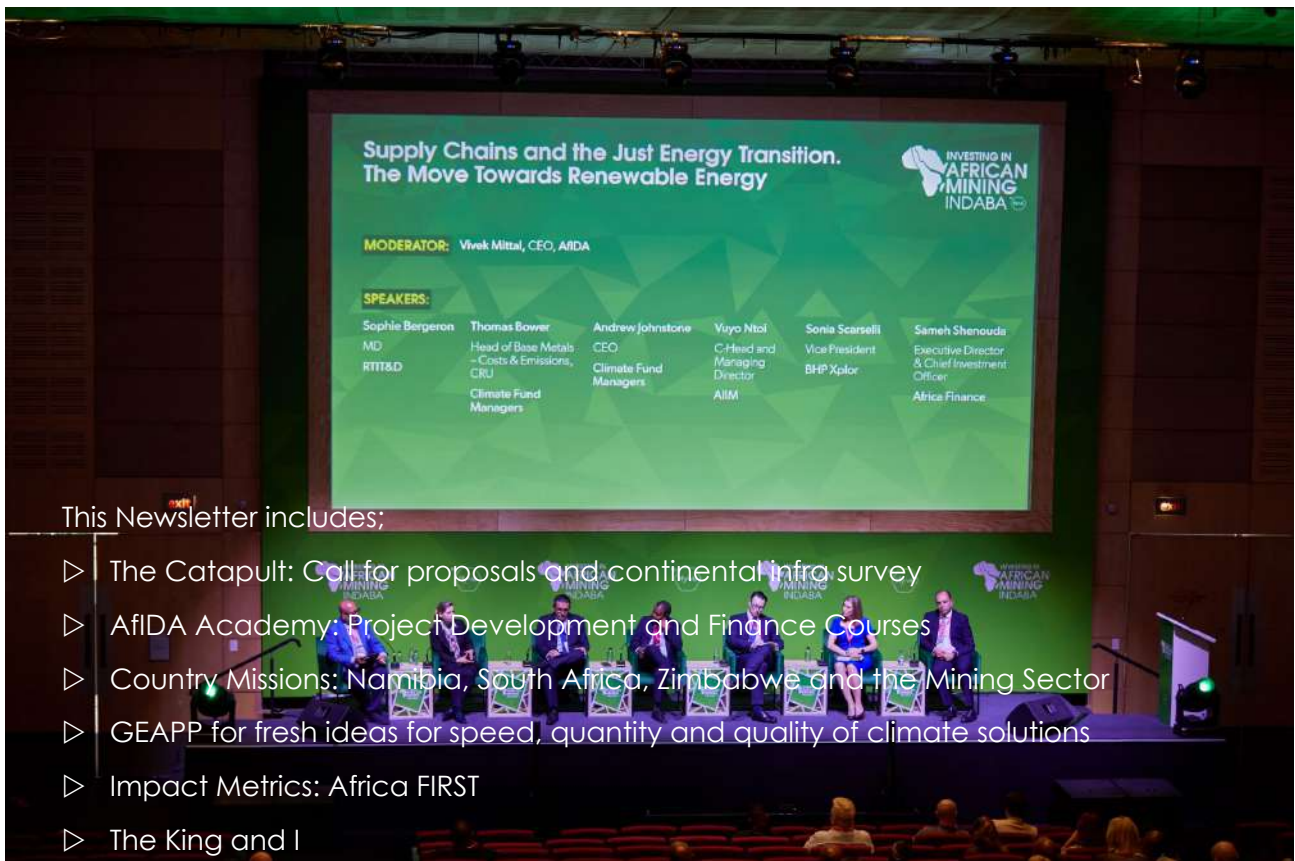
Fifth Floor, Ebene Esplanade, 24 Bank Street
Cybercity, Ebene, Mauritius
Tel: (230) 401 2300 Fax: (230) 401 2301

2023-Q1 News Letter

Dear Friends of the African Infrastructure Sector;

What an amazing start to the year! It has been busy for us, and it is hard to believe that we are nearly at the threshold of Easter. I truly hope that you have had a great quarter as well. Read on to learn about the great and good we have been up to – including my meeting with a real King!

I am always keen to receive feedback, and any ideas you have for focusing our work to support yours. Please do get in touch.



This Newsletter includes;

- ▷ The Catapult: Call for proposals and continental infra survey
- ▷ AfIDA Academy: Project Development and Finance Courses
- ▷ Country Missions: Namibia, South Africa, Zimbabwe and the Mining Sector
- ▷ GEAPP for fresh ideas for speed, quantity and quality of climate solutions
- ▷ Impact Metrics: Africa FIRST
- ▷ The King and I

AfIDA Academy: Project Development and Finance Courses

Over 2021-22 we received a strong demand to run training programs tailored to the needs of

the Continent – and the suggestions have ranged from project development, project finance, ESG-ESIA, presentation and negotiation, financial structuring and legal skills. Over the last four months, we have worked together with **CCC Training (UK)** to design the first integrated Project Development and

Finance course for African infra professionals. This has been possible in large part due to invaluable input and support from **Africa Finance Corporation**.

We are delighted to announce three 4-day courses to be held in **Cairo** (25 - 28 May), **Nairobi** (26 - 29 June) and **Cape Town** (12 - 15 Oct). CCC Training will run these training sessions in an interactive manner using a combination of instruction, group analysis and discussion. We are also arranging for senior leaders of the infra sector to join where possible. Attendees will also have the option to attend 3 x 2.5 hour follow-up top session online with the trainers. These will be held in 1-month intervals following each course.

Course prices are: **\$ 2,500** (non-members) and **\$2,100** (AfIDA members). **AfIDA members – please ask me for a registration code**. All prices are excluding applicable UK VAT, candidate travel, hotel and boarding costs.

This course is open to all participants of the African infra sector – private sector developers, banks, funds, DFIs, and public sector executives. We are particularly keen to hear from African commercial banks.

Registration and enquiries at: <https://ccctraining.org/courses/project-development-finance-in-africa>

The Catapult: Call for proposals and continental infra survey

Following the successful launch of the Catapult Accelerator at GEAS/AOW Cape Town (Oct 22), we are launching a call for proposals for **three** Catapult Pitch sessions this year. Up to 30 developers will be invited to pitch their projects to a panel of judges drawn from CEOs, CIO and heads of leading investors and financiers of African infra. Selected developers, will benefit from pre-pitch mentoring from these judges, and invitations to join industry leading conferences. Beyond the pitch session, participating developers will be given AfIDA membership for two years, during which time, they will be able to avail:

- ▷ regular opportunities to interact with grantors, investors and lenders,
- ▷ learning opportunities including free or subsidized training, access to a market-

place, peer-peer engagement, mentoring, and

- ▷ benefit from advocacy support with the public sector – see below, what we have started with Catapult members in Zimbabwe and Namibia.

These pitch sessions will be held as follows:

- ▷ **15-May – Online**
- ▷ **22-Jun - Nairobi** (alongside AEF)
- ▷ **11-Oct - Cape Town** (GEAS/AOW)

The Catapult is open to first-time developers of infrastructure projects across the continent, working on their first projects on all manners of infra projects. We are trying to raise funding to cover travel costs of selected developers participating in this program. No promises!

Initial expressions of interest are embedded in our 2023 Annual **“State of African Infrastructure”**. This 10-minute survey is intended for all participants of the **public and private sector** – public, private, including first-time and established developers, funds, DFIs/MDBs, advisers. In addition to helping us determine the overall mood of the infra-sector, this will help guide our advocacy and thought leadership work for your benefit. **Please take the survey, and share it with your colleagues and network.**

Survey: https://www.Surveymonkey.com/r/Afida_2023.

Missions: Namibia, South Africa, Zimbabwe and the Mining Sector



(R-L) Sameh Shenouda (AFC), Sonia Scarselli (BHP), Thomas Bower (CRU), Vuyo Ntoi (AIIIM), Andrew Johnstone (CFM), Sophie Bergeron (Rio Tinto), me.

In the first half of February, I had the great honour of moderating a panel of leaders from

the Mining and Infra sectors at the **Mining Indaba**. Leaders from **BHP (Sonia Scarselli)**, **Rio Tinto (Sophie Bergeron)** and **CRU (Thomas Bower)** joined our members including **AFC (Sameh Shenouda)**, **AIIM (Vuyo Ntoi)**, **Climate Fund Managers (Andrew Johnstone)** to discuss the two-way relationship between African mining and clean infrastructure. The global green transition needs minerals from Africa, and African miners need reliable and sustainable infra to deliver this. As my panellists demonstrated with live examples, mining companies and infra financiers have already taken bold steps in this regard. Through the three days of my meetings at conference, I came away with a clear sense of the very tangible opportunity for the infra-sector and mining-sectors to engage meaningfully. Look out for some interesting workflows from this.

Conferences are the not the only places where this action is evident. Before I got to the Mining Indaba, I travelled to **Zimbabwe** and Namibia. In **Zimbabwe**, **Isaiah Nyakusendwa** (CEO of **REAZ** the renewable energy association) and **Tunde Akerele** (founder and CEO of **Tatanga Energy** and latest Catapult member) facilitated and joined a number of meetings with the **Governor of the Central Bank**, the **regulator's office**, **ZESA**, **IDBZ** and public stakeholders. We met with **Old Mutual** (Zim) and visited their on-site solar project.



(R-L) Tunde Akerele (Tatanga Energy), Davies Musoso (Old Mutual), me, Isaiah Nyakusendwa (REAZ), Takunda Mutsikiwa (Old Mutual)

Old Mutual have launched a \$70m clean energy fund together with **UNESCO**. **ZESA**, the state utility has launched a call for five solar PV projects. I also got to visit **ZESA Holdings'** training centre for power sector technicians, which has every possibility for serving the entire SADC region. The **Intensive Energy Users Group (IEUG)** – consisting of 50 mining companies have created their own energy trading company. They expect to start trading 500 MW

of energy this summer, increasing to 1000 MW by year end, and

growing to 2000 MW by 2025 – all to meet the step increase in mining sector activity. **REAZ** and AfIDA jointly hosted drinks for the private infra sector, and I got to meet some very interesting developers, advisers. I have undertaken to facilitate engagement between the infra sector, mining sector and our membership. Our members **IDBZ**, **Africa50**, **Africa GreenCo**, and **InfraCo Africa** are already very active in the country, but there is still much more to do here.

Across on the western front in **Namibia**, **Ezio Verneti** (Founder and CEO of **Natura Energy**, and Catapult Member) together with **Harald Schutt** (Founder of **Amusha**) kindly facilitated and joined in meetings with **Dr. Ipumbu Shiimi**, the **Honourable Minister of Finance** and senior representatives of the **Ministry of Energy, Electricity Control Board, Environment Investment Fund (EIF), Namibian Development Bank, Namibian Development Board, Kudu Gas Power Project** and others. I also had the pleasure of hosting drinks one evening, which was attended by over 25 executives representing developers, financiers and State House officers. The government is in the throes of building a robust regulatory and institutional framework for the production of green ammonia and green hydrogen by tapping into the country's rich wind and solar resources. They are doing this by bring in the smartest minds into Government and I met a couple of these folks. The Government expects to double GDP to \$15bn p.a. by 2035 from this sector alone and turn from an importer of electricity to an exporter of energy. To this end the **EIF** is collaborating with **Climate Fund Managers** to establish a \$ 1.0 billion hydrogen fund for the country. **Africa GreenCo** is also actively engaged in establishing energy trading in the country. Thi is a complex industrial undertaking, with several opportunities (and need) to expand the country's rail, port, water and telecoms sector. We have undertaken to assist in corralling our network towards this.

In **South Africa**, I had the opportunity to meet with **Infrastructure South Africa**, the **IPP Office** and **Sanral** to discuss ways in which our network could best assist our work. **DBSA** kindly invited me to share the association's views at a forum they had organised on the occasion of a visit

by the **EU-INTPA** delegation. I used this opportunity to explain our assessment of the how's and why's of the \$110 billion p.a. infrastructure gap on the continent and the need to create learning network's alongside creating more risk-taking capital. The point being that there is much room to improve the utilisation of the capital we have available.

GEAPP for fresh ideas for speed, quantity and quality of climate solutions

Earlier this month I joined over twenty of the brightest minds, of the African and Asian clean energy and climate sector, for a few days of brainstorming on fresh ideas for creating speed, quantity and quality of climate solutions. This was at the invitation of **The Global Energy Alliance for People and Planet (GEAPP)**, and took place at the Rockefeller Centre in Bellagio. Those present included senior executives from leading philanthropic, DFI, private fund and project development institutions, and as it turned out a third of those in attendance are AfIDA members and board members.



As this picture attests - we did roll up our sleeves and get down to work - and coalesced towards gaps and solutions around a few big ideas, which I hope will get to see the light of day. These potential solutions include mega funds for refurbishing old hydro projects across Africa, a regional grid play, a dedicated blended facility for off-grid, and private sector Capacity Building! came away from Bellagio with a mix of fresh insights and ideas, and a sense that we are sort of on the right track.

Impact Metrics: Africa FIRST

Last June and July I wrote about the fallacy embedded in the development narrative taking shape in Africa – that the continent only produces 2% of global emissions, and therefore should be entitled to develop its coal, oil & gas resources for its development. The arguments for not expanding coal are probably not worth debating further. [I wrote that African oil & gas sector may well have a role in stabilising the global energy transition, and the theory is that the resulting wealth may well create resilient and sustainable development.](#) There are several problems with this narrative. For one the oil & gas extracted in Africa is the more expensive kind, and in expanding this while global demand is set to decline is most likely investing in marginal assets – and at worst creating stranded assets, do it is not clear what if any wealth will be generated from this. Secondly – there are only 10+ African countries which have meaningful reserves of oil or gas, and the majority of the continent remains, and will remain, an importer of refined fossil fuels, and doubling and quadrupling GDP is only going to increase this dependence for them. To make oil & gas meaningful the Continent needs large refineries – any takers? Third - oil & gas has not and cannot solve the most urgent climate challenge facing the Continent – deforestation. Bio-mass remains the majority source of energy for its population – and what forests the population is leaving untouched, climate change will likely ravage. I had calculated a while back that an area the size of Tanzania (greater than France and Germany combined) of dense forest is required in perpetuity to maintain the bio-mass supply consumed by East Africa alone!

This absence of focus on Africa's bio-mass is destroying what could be one of the greatest assets Africa has to offer to the Global Green Energy Transition. In addition, while this more-fossil-fuel-for-Africa narrative is occupying our collective consciousness, no one appears to be thinking of the **10x-for-4x Development Narrative** which needs urgent attention. Allow me to explain – It is well known that the population of most African countries will likely double over the next twenty years, and in-order for there to be real prosperity, GDP must grow **4x** over the same time (and several countries –

eg China, Vietnam, India have achieved, or even exceed this, over the last twenty years). **However, if most SSA countries are currently at 30-40% penetration of infrastructure, then they need to plan for a 10x increase in infrastructure over the next 20 years.** Not too many are thinking along these lines. Most SSA nations are planning for a 3-4x increase in infra from where they are today, thereby locking in an infra deficit for the long term. A 10x increase in infra investment sounds daunting, but it should not be – we know that the capital is there, we also know the capability is there (read what Namibia and Zimbabwe are doing above). But it is daunting because we are looking in the wrong direction for the future, and that is a huge risk.

The point of this article is more modest than changing the narrative, and it need not be an either/or narrative either. **The point of this article is the need for good data to inform this development narrative,** for clear impact metrics, robust and easy to use tools, and African institutions to collect this data and generate the metrics. Let me make the point a different way. Let us zoom in to a project level for a moment. I have written in the past that the impact measurement and reporting burden on small projects and their developers is too high. Starting with early-stage Technical Assistance funding for development, each provider with the best intentions, has their own metrics – materiality, baselines and reporting periods. I understand that some funds and DFIs are monitoring 85 separate impact metrics for each project! This cannot work for large organisations, let alone a start-up developer with a tight budget, almost no time or skills in this area.

There is a further point to be made – the global impact movement (including Governments and Capital) has its locus somewhere between confused or conflicted. As I write this, the UK Chancellor has announced that nuclear energy will be a key technology towards the country's Net Zero target, and the US President has given the green light on a major Alaskan oil pipeline. Who knows how the current impact metrics will adapt to these developments? We do know however, that Africa's development interests are not part of this discussion – till now. Finally, due to the lack of reliable ground up data from African nations, it is left to (well

meaning) international agencies to derive and calculate these based on assumptions they deem reasonable. This leads to two problems – either the analysis is misused (echoed many times by others without an assessment of the biases and assumptions), or institutions arrive at very different analyses – potentially adding to both confusion and inaccuracy.

But meet some of the best names looking to address these challenges. **London Stock Exchange** have launched a robust Carbon Registry, **GRESB** – provides ESG performance reports (marked against sectoral and regional benchmarks) to its 170 institutional clients (funds, corporates and DFIs). **NatureMetrics** does the same for accurate bio-diversity metrics for its 450 global clients with its e-DNA system. The challenge these quality names in providing services in Africa is around baseline data!

It is not just the private sector looking at this Challenge. **ICAT** (part of the UN family) as part of its global effort, is working with 29 African nations towards creating climate action measurement systems within countries and nations. **UNCDF** is building systems for measuring financial inclusion impacts in developing countries. The **Africa Centre for Economic Transformation, GSG, OECD, WEF,** and **The Energy Transition Commission** are all working on different aspects of this same issue of data, impact metrics and institutions for development countries, including Africa. **They are measuring Fairness, Inclusiveness, Resilience, Sustainability and Transparency.** Happily this spells '**FIRST**'. Under the banner of **Africa FIRST** we plan to create a working group of our members and the willing amongst these institutions named above to create actionable impact data measurement, metrics and point to institutional capacity needs.

The King and I

No this is not about my attempt to act in the classic musical of the same title.



I had the opportunity earlier in January to explain to **HRH King Charles III** how our Catapult Accelerator plans to help create speed and scale of clean energy in Africa, and address the infrastructure gap on the continent. This came about when the King accepted an invitation to visit **The Africa Centre** in their new building in London's South Bank, and they kindly asked me to come along and greet him. He had previously visited nearly forty years back, and this visit marks the importance he places on Africa and the Africa Centre.

To his credit, the King is very keenly aware of the challenges and need for clean energy for Africa's prosperity. I am most grateful to the Africa Centre for inviting me along, and it my

hope that we can channel both the King's genuine interest in Africa, his star power and the Africa Centre's great position as the gateway between Britain and Africa to attract attention to the cause for a better development narrative for the Continent.

We stood around for three hours for what must have been 45-seconds with him, and it was totally worth it! I was in great company - I had the chance to meet the wonderfully talented and famous artist **Yinka Shonibare**, and rubbed shoulders with the founder of **Helios**, the CEO for Africa at **Bank of America**, the CEO of **YouTube Black**, at least one African Princess and the **Ambassador of Morocco** to London. This was my Forest Gump moment. Share yours!

Our Events Calendar

AfIDA is supporting the following conferences in the coming months, and I will be attending the some of these – participating in panels where I can. Please refer to the email version of this letter for special rates and discount codes available to AfIDA members.

- ▷ **AmCham Kenya Annual Conference** (29-30 March, Nairobi)
- ▷ **Annual AVCA Conference** (1-4 May, Cairo)
- ▷ **Global Infrastructure Development Summit** (15-16 June, Frankfurt)
- ▷ **Super Return Emerging Markets** (19-21 June, Amsterdam)
- ▷ **Africa Energy Forum** (20-23 Nairobi)

Best Regards

Vivek Mittal

Chief Executive Officer

vivek.mittal@afida-africa.org

c: +44 7718 976 361

afida-africa.org