



2019 Ghana Gas Forum

The African Investor's Perspective: Is there appetite for new regional gas infrastructure?

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Axxela



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- XX What are investor perspectives?
- XX Recent regional developments to further boost gas demand



Considerations for new regional gas infrastructure

Large & growing supply, Huge regional energy needs



150Tcf

Sub-region Natural gas reserves (30% of Africa)



678km

1 Active transmission regional pipeline



22MTPA

Current LNG production capacity



c.50.8GW

Projected electricity demand in ECOWAS states by 2033

SUPPLY CONSIDERATIONS

- XX Huge gas resources on the continent – West Africa accounts for 30% of continent's gas reserves
- XX Nigeria's flare reduction program is expected to yield continuous growth in production
- XX New discoveries in Ghana and recent offshore finds in Ivory Coast will boost overall regional supply
- XX Development efforts to enable LNG production are ongoing in Senegal and Mauritania.

DEMAND CONSIDERATIONS

- XX West Africa is home to some of the fastest growing economies globally – Ghana (8.8%), Cote d'Ivoire (7.4%)
- XX Ongoing investments in power generation capacity and transmission reinforcement under the West Africa Power Pool (WAPP) initiative
- XX Peak electricity demand in ECOWAS expected to reach 50,800MW by 2033 driven by industry development and population growth
- XX The ACFTA agreement will facilitate rapid industrialization across Africa

Large pool of Africa-focused energy investors

Development Institutions

BANQUE AFRICAINE DE DEVELOPPEMENT
 AFRICAN DEVELOPMENT BANK
 African Trade Insurance Agency
 Agence pour l'Assurance du Commerce en Afrique
 POWER AFRICA
 A U.S. GOVERNMENT-LED PARTNERSHIP
 DBSA
 TDB
 TRADE & DEVELOPMENT BANK
 OPIC
 USAID
 FROM THE AMERICAN PEOPLE

Private Sector

CDC
 KOSMOS ENERGY
 QUANTUM POWER
 AFC
 AFRICA FINANCE CORPORATION
 actis
 AF CORP
 INVESTMENTS (PTY) LTD
 Investec
 citi
 bp
 RMB
 Traditional values. Innovative ideas.
 HELIOS Investment Partners
 NEDBANK CAPITAL



Huge investor appetite:

Over \$20 billion in commitments, ongoing projects

Investor Commitments



\$3 billion Africa focused private equity firm with interests in energy infrastructure



Looking to lead debt arrangements for a project pipeline worth **\$5 billion**



Investor in growth markets including Africa; currently managing **\$9.2 billion** in assets



\$771.6 million West Africa investment portfolio

Ongoing Developments



\$350 million 2MTPA LNG import & regas infrastructure in Ghana



\$1.6 million grant to the Nigerian National Petroleum Corporation (NNPC) for an IPP project in Abuja Nigeria



\$1.3 billion 2.5MTPA FLNG development in Senegal and Mauritania



Maria Gleta **127MW** gas-fired power plant in Benin



Risks:

Factors affecting viability & potential to attract gas investments

The major issues relate more to the commercial construct rather than technical limitations.

Low investment ratings as a result of perceived credit-worthiness problems

Long term financing requirement versus the availability of 'patient capital'

Overall unstable regulatory and political climate

Poor quality and reliability of power transmission and distribution assets

Geopolitical and security challenges



Recent regional developments

Will further boost demand

- ❖ Integration of national power systems into a unified regional electricity market. Ongoing investments in generation and transmission infrastructure under the WAPP initiative
- ❖ Efforts at facilitating intra-Africa trade. The Africa Continental Free Trade Agreement (ACFTA) has been ratified by all the sub-regional countries
- ❖ Cote d'Ivoire is on track to join the league of emerging economies by 2020. Ongoing economic and structural reforms on course to strengthen economic growth
- ❖ Moroccan-Nigeria gas pipeline initiative, defined as a unifying trans-regional project that will connect 15 West African countries. Morocco applied to join ECOWAS in 2017



Thank you

Questions and answers

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