



# ATI's Green Energy News

(v.1.2018)



Implemented by:

**KfW**



**African Trade Insurance Agency**  
Agence pour l'Assurance du Commerce en Afrique

## Introduction

---

This first newsletter is primarily meant for those companies and individuals who have been in touch with ATI and the RLSF initiative and who are interested in tracking its progress.

If this is the first time you are hearing about RLSF, you can find (and download) a description through the following links:

### [Teaser](#)

### [PDF of the standard presentation](#)

You will find the French version of this newsletter [here](#)

## About ATI and KfW

---

RLSF is the joint project of ATI and KfW. Both have a much wider range of activities.

RLSF is not the first & only initiative of ATI in the energy sector. ATI has insured IPPs, EPC contractors and banks involved in energy transactions in Kenya, Uganda, Rwanda, Tanzania and Zambia and together they represent about 30% of the total commitments of ATI.

For more information, visit:

[www.ati-aca.org](http://www.ati-aca.org)

[www.KfW.de](http://www.KfW.de)

---



## The MoU: Our contractual relationship with governments

---

The key condition to offer RLSF in a given country is that ATI signs a “Memorandum of Understanding” with the main actors in the host country’s Government.

Typically that will include the Ministry of Finance (the statutory point of contact of ATI), the Ministry of Energy and the Off-taker. Depending on the country, other institutions may be involved, like the regulator or the National Bank. This will ensure that we have the full support of all stakeholders and that in case the letter of credit is called, problems can be resolved efficiently.

---

So far we have initiated discussions with the Governments of **Benin, Burundi, Côte d’Ivoire, Ethiopia, Kenya, Uganda** and **Zambia**. In the coming months, we will also engage the governments of Madagascar, Malawi and Rwanda, and we are at an advanced stage in our MoU discussions with Benin, Burundi and Uganda.

---



## RLSF in non-member countries

---

ATI can, in principle, offer RLSF in non-member countries. As ATI will not benefit from its preferred creditor status and typically won't benefit from existing relationships with the Government, the wording of the MoU will be slightly different and KfW will ultimately take the decision whether to make RLSF available.

So far, we have engaged **Ghana** and **Mali** in detailed discussions and the process is ongoing.

## The selected bank that will issue the LC

---

The facility will be available in the format of a stand-by letter of credit. The bank that will issue the LC and benefit from the collateral provided by KfW and ATI will be announced next month. We are confident that the name will engender the trust of all investors and lenders.

The standard LC wording will be part of the agreement and as long as the host government has signed the MoU and the project meets the eligibility criteria, the LCs can be issued at short notice.

---



## Eligibility criteria

---

Projects that apply for RLSF will be underwritten like any other ATI transaction. Interested parties are encouraged to contact us at an early stage so that we can offer inputs and give a pricing estimate.

Compared to normal underwriting, the main difference is that KfW will be involved in the assessment and that the IFC standards for the environmental and social impact assessment will apply to all projects that could be exempted.

ATI will always take a holistic view of the project. If you want to have a better understanding of the assessment you can download the manual for assessment of IPP projects [here](#)

---

## Insuring other risks

---

If you are looking to insure other risks apart from short term liquidity, you can opt for traditional ATI cover or you can work with another insurer or Export Credit Agency.

ATI can also partner with your traditional provider, as co-insurer or reinsurer, and cooperate in the underwriting. Ideally, we will then ask for a claims co-operation clause that will ensure that in case of potential problems we act in a coordinated way.



## The ATI energy website

---

ATI has recently launched its energy web site where you can find more details and documentation on the way it can support energy related transactions. Click [here](#) to access the home page.

## The RLSF survey

---

In October 2017, we conducted a survey among existing contacts to get a feel of the interest for RLSF in the investor community. The feedback exceeded our expectations and confirms the need for an instrument like RLSF.

We sent our survey to 85 companies and received expressions of interest for 75 projects.

You can access an overview of the most relevant results and conclusions [here](#)

---







## The Pricing

---

The pricing of RLSF will depend on 2 factors:

-  The pricing charged by the LC Bank to issue the LC. That in turn will depend, among others, on the tenor (duration) of the LC; and
-  The quality of the underlying off-taker risk and the support that ATI gets from the host government.

Although the agreement with the LC Bank is not finalized, we can already issue non-binding indications with a reliable pricing range.

---



## Reaching out to the RE community

---

So far, RLSF has formally reached out to potential partners through presentations at the Africa Energy Forum (AEF) in Copenhagen in June 2017 and at the AIX conference in London in November 2017; through news releases and a press conference at the AIX conference.

We are aware that we have touched only a fraction of the market. We look forward to doing much more outreach in order to reach a broader segment of the market.

---

Having contacts with more stakeholders and getting their support is important, especially to demonstrate the need for RLSF to host governments and encourage them to sign the MoU. Thanks for spreading the word!

---





## The transparency tool

---

In short, the transparency tool is an IT platform where IPPs (beneficiaries of RLSF and others) will log in their payment experience, so that we can track the payment behavior of the off-taker. The mechanism will be agreed to by the respective governments and off-taker through the MoU.

This information will be aggregated and shared among the participating IPPs. Ultimately, the information will be made public. The main objective is to increase the transparency of the off-taker's performance and demonstrate to investors, lenders and other stakeholders that the credit risk on the utilities is better than perceived.

We have issued a tender to select the supplier who will develop and implement this platform and we are currently assessing the final bids. We expect to finalize the selection in May and have the platform operational by August 2018. You can contact us if you want to know more about the specifications and make suggestions on the deliverables. You can download a more elaborate description of the Transparency Tool [here](#)

---



## Our partnership with Power Africa

---

Power Africa has a network of energy specialists in all the countries where ATI is active and has helped greatly to understand the unique features of each market and to get in touch with different levels of government. This cooperation has been formalized through a partnership agreement that was signed last year. You can find the press release [here](#)

## Participation in the upcoming AEF conference in Mauritius

---

ATI will send a delegation to the Africa Energy Forum from 19 - 22 June in Mauritius. If you are attending and want to have a face to face meeting, please let us know.

---

## Rainald Köster joins the team

---

Rainald spent most of his career as a senior underwriter with Euler Hermes – PwC, the consortium that was in charge of the Export Credit Agency of Germany.

For the last 3 years, he was seconded to ATI to develop the capabilities of ATI's underwriting team in the energy sector. He has now joined ATI and will focus on the set-up of the RLSF and the underwriting of energy transactions.





## Regular ATI products and further initiatives in the energy sector

---

Apart from RLSF, the traditional products offered by ATI are the “pure” political risks like expropriation and nationalization, currency inconvertibility, war, civil war and terrorism and breach of contract by the off-taker triggered either by delayed payments or by arbitration award default. In some cases, a guarantee comparable to RLSF can be offered to IPPs that are not eligible under RLSF because of their size or the type of resource.

ATI participates in the Africa Energy Guarantee Facility (AEGF), in partnership with MunichRe and the European Investment Bank (EIB). This structure gives ATI the capacity to insure much larger transactions.

AEGF focuses not only on power generation, but also on the much broader Sustainable Energy for All (“SE4All”) initiative of the United Nations that includes energy transmission, distribution and energy efficiency.

ATI will be the unique point of contact and primary insurer for this facility. You can find more details in this [teaser](#) and for more up to date information you can contact us directly.

---

## RLSF Team

Jef Vincent, Senior Advisor  
Email [jef.vincent@ati-aca.org](mailto:jef.vincent@ati-aca.org)  
Tel: +254 719 014 244  
Mobile: +254 718 925 346

Rainald Köster, Senior Underwriter  
Email [rainald.koester@ati-aca.org](mailto:rainald.koester@ati-aca.org)  
Tel: +254 719 014 225  
Mobile : +254 702 420 609

Tusekile Kibonde, Resident Underwriter – Tanzania  
Email: [tusekile.kibonde@ati-aca.org](mailto:tusekile.kibonde@ati-aca.org)  
Tel: +254 719 014 285  
Mobile : +255 782 390 531

Benjamin Mugisha, Senior Underwriter  
Email : [benjamin.mugisha@ati-aca.org](mailto:benjamin.mugisha@ati-aca.org)  
Tel: +254 719 014 218  
Mobile: +254 728 600 181



implemented by:  
**KFW**



African Trade Insurance Agency  
Agence pour l'Assurance du Commerce en Afrique