African Energy Week

Topic: The future of Financing Oil & Gas Operations on the African Continent

Some Challenges of the Sector

- Africa is a net importer of petroleum products
- Over 70% of Africa's crude oil is exported
- Half of Africa's gas is exported while over 600 million people do not have access to electricity
- Most crude oil production in Africa is done by non-African firms; and even subcontractors
- most storage and distribution companies across Africa are subsidiaries of large non-African firms
- Many African countries continue to train their human resources outside the continent

Some Possible Causes

- Not enough investment in value addition
- no real cooperation in African countries
  - no pooling of resources
  - no sharing of experience and expertise
- Too much dependent on non-African investors
- Not enough state-of-the-art training institutes across the continent
- Not focused enough on the African market: gas exported

Financing is the very likely common underlying cause

APPO's Sustainable Funding Solution

APPO Council of Ministers decided on 26 January 2019:

The establishment of a financial institution that will mobilize financial resources at low cost from international financial markets to invest them in the development of hydrocarbon activities throughout Africa.

APPO's Sustainable Funding Solution

- The reform of APPO Fund for Technical Cooperation to an Development Financial Institution named **AEICorp** (Africa Energy Investment Corporation)
- Endowment of an authorized capital of **one billion dollars** that can allow **AEICorp** to raise low-cost debts of up to 5 billion dollars during its first 5 years of operation
- **AEICorp** will be a private sector driven financial institution with at least half of the share capital reserved for the private sector and international financial institutions

APPO's Sustainable Funding Solution

- AEICorp offering includes equity investment, debt financing, financial advisory and energy research services
- Investments portfolio will consist of investments in petrochemicals, oil and gas fields, refining, shipping and petroleum storage, etc
- AEICORP's operations will create more than **800,000 jobs** for its chosen sectors in Africa in its first 5 years

Good Sings

- Signature of Cooperation Agreement with Afreximbank on 1st December 2020
- Recruitment of a group of experienced financial advisors led by Afreximbank financial advisory department to raise up to one billion equity
- Subscription of Niger republic for $ 10 million in seed capital
- Subscription of the Federal Republic of Nigeria for more than $ 18 million in seed capital
- In discussion with APICORP (Arab Petroleum Investment Corporation) for technical partnership

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THANK YOU