CHALLENGES AND APPROACHES FOR RENEWABLE ENERGY FINANCE IN GHANA

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20 Nov, 2014
PRESENTATION OUTLINE

✓ About Cornerstone Capital
✓ Energy Sector Opportunities
✓ Renewable Energy Financing Challenges
✓ Renewable Energy Financing Approaches
✓ Suggested Market Entry Approach
✓ Two Cases: Large and Small Scale Projects
Cornerstone Capital Advisors Limited is a financial services firm that provides investment and financial advisory services. We provide three key services:

- Corporate Finance
  - Infrastructure Investments
  - Foreign Direct Investments
- Asset Management
- Research

Licensed by the Securities and Exchange Commission (SEC)
Registered with the National Pensions Regulatory Agency (NPRA)
ENERGY SECTOR OPPORTUNITIES:

- Significant generation deficit is limiting economic development
- Good irradiation levels all-year round and nationwide
- Abundant bioenergy resources: forest products and residues, agriculture residues
- Growing energy demand of about 10% per year: growing businesses, middle class & FDI
- Sound Legal and Regulatory environment for renewable energy projects
- Automatic Tariff Adjustment regime & Net-metering system
- Willingness of commercial business to pay for quality and reliable power
- Off-grid generation potential
RE FINANCING CHALLENGES:

- Banking Sector provides good services
- Banks mainly provide short-term debt financing.
- Ghana’s corporate bond market is non-existent
- The bank’s base rate was recently hiked to 21% to combat rising inflation
- Few banks have infrastructure desk: Renewables Energy
- Foreign business should be mindful of Foreign Exchange risk
- Addressing capital cost for off-grid installations
RE FINANCING APPROACH: Agric / Renewable Financing

- Ghana improved from the 92nd position in 2009 to the 63rd in 2012 on the World Banks “Ease of Doing Business Index”
- Under the Ghana Investment Promotion Centre Act, 2013 (Act 865), repatriation of capital is guaranteed
- Government provides special financing for agro-processing companies
  - EDAIF: Export Development for Agriculture Investment Fund
  - ADB: Agriculture Development Bank
- No special financial product or government incentive exists for renewable products
RE FINANCING APPROACH

• Bank financing is generally not easy to access for new businesses: high cost, term short and an untested model.

• Provide Innovative financing to address upfront capital cost: directly or in partnership with existing financial institutions

• Design PPP model for rural off-grid installations
SUGGESTED MARKET-ENTRY APPROACH

• Partnership or Joint-venture is a viable sustainable approach to enter the Ghanaian market

• Investor with efficient and superior technology

• Address storage issues for emergency needs for Solar
TWO CASE STUDIES

Cornerstone Capital Advisors Ongoing Projects:

1. Utility-Scale Project
   • Licensing Process
   • PPA with Off taker
   • Financial Close (Project Financing)
   • Construction
   • Generation

2. Commercial /Residential Project
   • Licensing Process
   • Negotiate direct agreement with client
   • Special Financing Arrangement
THE END
THANK YOU!

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