

# Africa House *Inc* Project Preparation Facility

02 July 2020

Webinar

# Structure of Presentation

1. Why? Setting the Scene...
  - Covid 19 and the future of Projects in Africa
  - Challenges related to Projects
  - Building the Projects Eco-system
2. How? Modus Operandi of the Project Preparation Facility.
3. Why? Reasons to participate in the Facility.
4. What? The Project Preparation Template.
5. How Much will it Cost?
6. Concepts to be incorporated into PPF.
7. Q & A

# Setting the Scene

## 1. Covid-19 and the future of Projects in Africa

- Prolonged impact on Travel and therefore access and insight.
- Global constraints on Public Accounts. DFI's to the fore.
- Africa Population of [2.5 billion](#) by 2050, and 4 billion by 2100 a third of World Population. Leverage **demographic dividend**.
- Use this time to be prepared for the "New Normal".

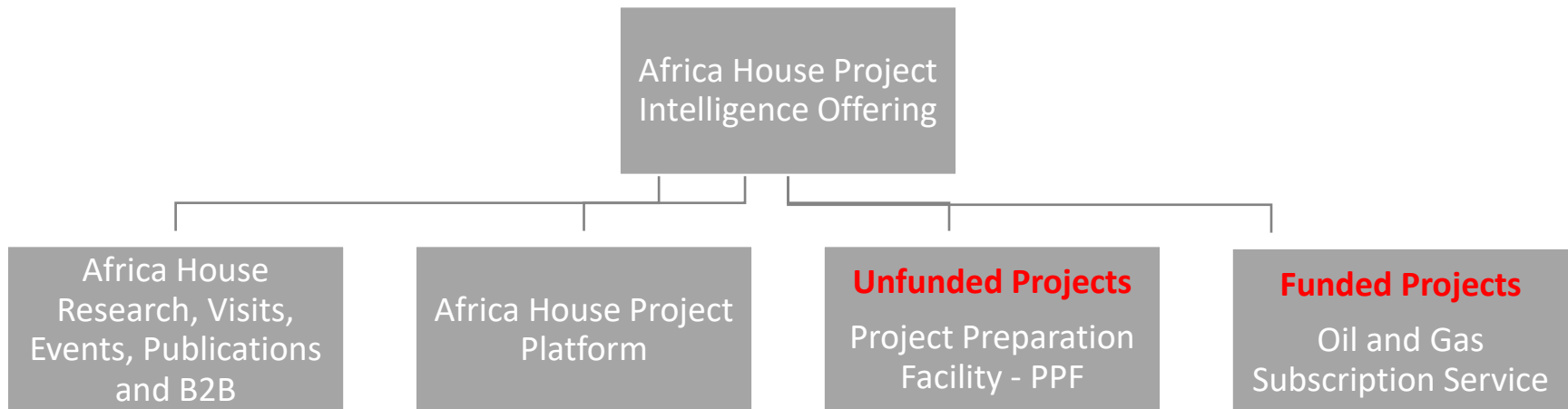
## 2. Challenges related to Projects

- Weak or no **business case**. Negative impact of **vested interest**.
- Lack of capability, experience, expert **advice** and funding among implementing agents.
- **Regulatory Environment**, mining code, including licensing, tariffs.
- **Late access** to project information and / or owners/developers.
- **Exclusionary or exclusive funding and policy arrangements**.
- **Working at risk and illegal use of IP**.

# Setting the Scene

## Building the Projects Eco-system

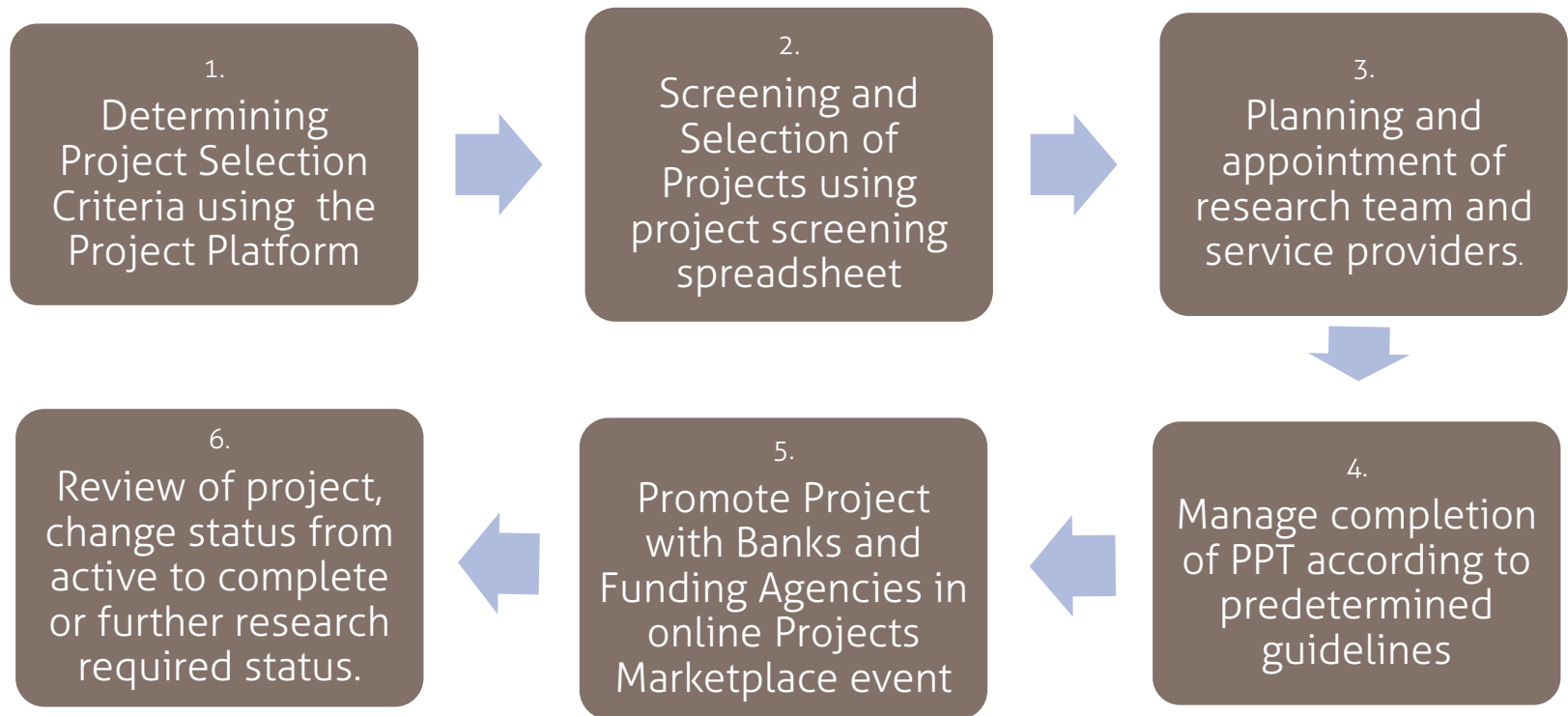
Using a solid **foundation** of existing offerings, build a constant **pipeline** of well researched potentially **bankable projects** providing a solid base for **growing your business** in Africa.



# Modus Operandi of the Project Preparation Facility

- **All income** used to cover the cost of project preparation.
- **Use and pay for the expert advice** of investors in the Facility.
- Focus on **building a business case** using independent 3<sup>rd</sup> party experts.
- **Change decision-making dynamics** that drive appointment of service providers involved in projects.
- Facility will give **unique ability** for AH to gain **early access** to implementing agents of all types.
- **Unlock capital and other resources** for project implementation for all stakeholders.

# Objectives and Modus Operandi of the Project Preparation Facility



# Why? Reasons to participate in the Facility?

- Africa House is Neutral. Build a business case for carefully selected projects.
- Pipeline of well researched projects.
- Client competitiveness through early access and insight.
- Reduce the cost and risk attached to the selection and pursuit of projects
- Competitive advantage in accessing implementing agents.
- Transforming how projects are conceptualised and implemented.
- Using PPF / Covid-19 induced online “culture” and Africa House Project Platform to grow client base in Africa.

# What? Key features of Project Preparation Template.

1. Project Description, Country and Sector Information
2. Project Owner/Developer or Implementing Agent Information.
3. Project Information – Build a business case covering the following:
  - Social, Economic, Technical, Legal and Environmental **Viability**
  - **Risk Analysis** including regulatory, technical, political, currency, economic, legal and financial risk.
  - **Crunching the numbers.** Project budget, structuring, capital expenditure budget, operational budget, IRR, NPV, ROI.
4. Gap Analysis and road to fundability.

# How Much will it Cost?

Investment Categories	Number of employees	South Africa rate in Rand per Month	Annual Investment at SA rate in Rand	Africa Rate in USD per Month	Annual Investment at Africa rate in USD
1	1 -5	R500	R6 000	\$25	\$300
2	6 - 10	R1 500	R18 000	\$50	\$600
3	11 - 50	R3 000	R36 000	\$200	\$2 400
4	51 - 250	R5 000	R60 000	\$300	\$3 600
5	251 - 500	R10 000	R120 000	\$600	\$7 200
6	> 500	R30 000	R360 000	\$1 750	\$21 000

# Concepts to be incorporated into PPF

- Incorporate ESG or responsible investment principles.
- Structure so that **cost of PP** can be **incorporated into project execution**.
- Where possible **use local Experts**, build local capacity and networks.
- **Inclusive approach**. Ensure early involvement of all stakeholders.
- Recommend **skills development and/or transfer** solutions to mitigate risk.
- Involve **available risk mitigation instruments** in collaboration with development finance and private sector finance entities.
- **Share success** stories and lessons learnt.
- Learn from successful projects; **avoid mistakes and side-step duplication**.
- Ensure a project structure is followed that will later help **crowd in additional finance** for Project Preparation and Feasibility Study Funding.

# Q & A



# AFRICA HOUSE

Insight & Access. Projects & Trade.