



Introduction to the Transparency Tool



implemented by
KFW



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

Agenda

1. About ATI
 2. RLSF
 3. Transparency Tool
 4. The reporting Tool
 5. Implementation
-

About ATI






ATI Fast Facts

- Full name: African Trade Insurance Agency
- An initiative of World Bank and COMESA started in 2001
- Mission: To attract investments and facilitate trade in Africa and with member countries by removing political and credit risk
- Preferred Creditor Status
- Shareholders include AfDB, Sace, UK Export Finance, TDB (formerly PTA Bank), Africa-Re and 14 African countries
- Capital of USD240M
- USD45M income in 2017 and Gross exposure at USD2.5 billion (70% reinsured)
- “A” rating from S&P for 8 consecutive years
- Profitable for 6 consecutive years, underwriting profit for the last 4 years



ATI Products & Member Countries

Products

-  Commercial Credit Insurance (whole turnover, single obligor, single transaction, factoring and invoice discounting, bank loans and letters of credit)
-  Surety bonds and counter guarantees
-  Political Risk Insurance (expropriation, currency inconvertibility, embargo, war and civil war...)
-  Non Honouring of Sovereign and Sub-sovereign Obligation
-  Political Violence, Terrorism & Sabotage

Member Countries

-  Benin, Burundi, Cote d'Ivoire, DRC, Ethiopia, Kenya, Madagascar, Malawi, Rwanda, South Sudan, Tanzania, Uganda, Zambia, Zimbabwe

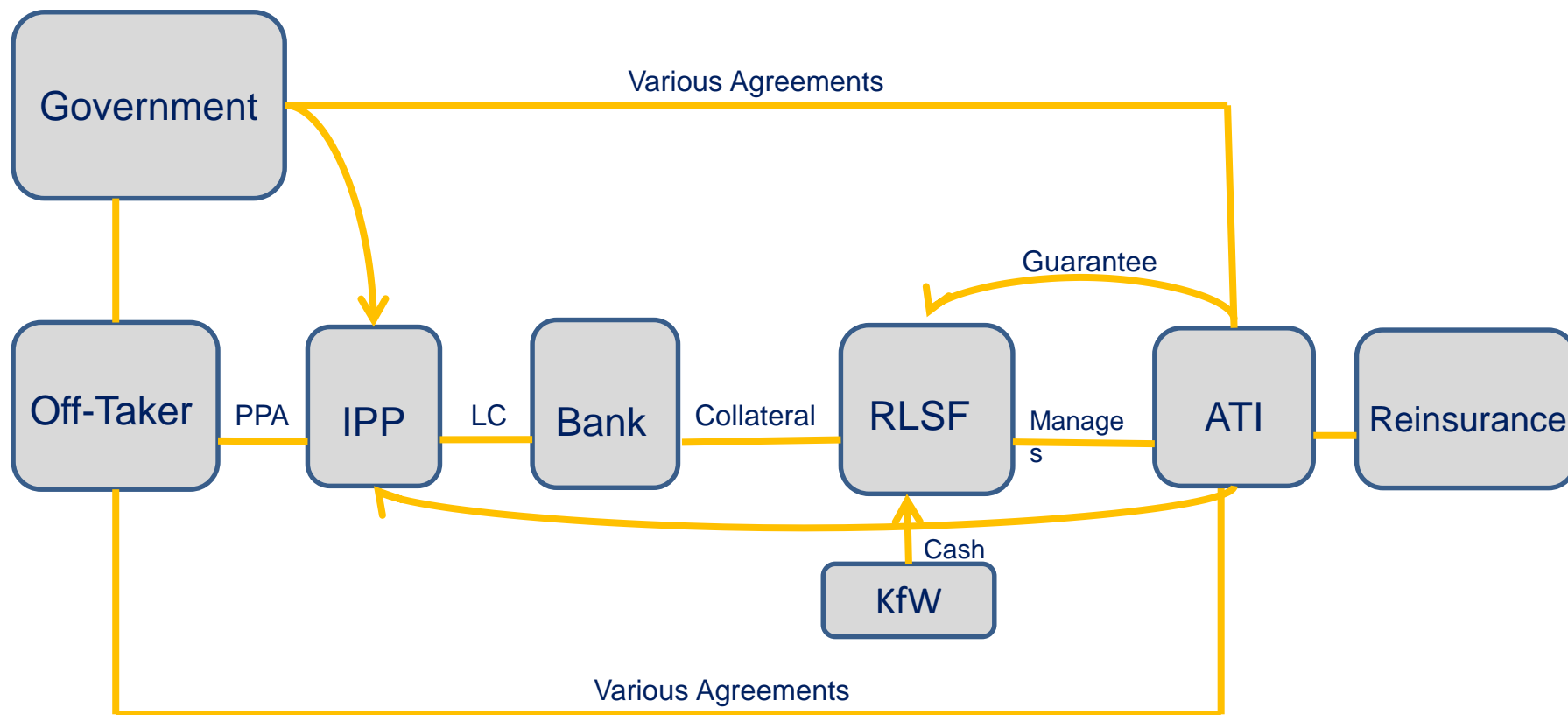


ATI in the Energy Sector

- ATI develops energy specific expertise thanks to a TA program from EIB
- Active cooperation with IRENA (International Renewable Energy Agency)
- Active cooperation with REPP (Renewable Energy Performance Platform)
- Partner of Power Africa
- Important pipeline
- Africa Energy Guarantee Facility (AEGF) was launched in March 2018 (EIB, MunichRe, ATI)
- RLSF started in 2017, with the support of KfW

About RLSF

The Framework



The Problem

In addition to the typical host government/guarantee, The IPP needs to show to its lenders that it has the liquidity needed to back the off-takers payment obligations

Off-takers are struggling to find collateral to post the required letter of credit to meet lender/sponsor requirements

The Reality Today

- Typically the liquidity requirement comes in the form of a stand-by letter of credit issued by a (reputable) bank
- The bank will ask for cash collateral (up to 100%) from the off-taker
- Most off-takers are unable or unwilling to provide the collateral
- And as a result the project is put on hold

The Risk

Most IPPs in SSA sell their output to the national utility, usually a state owned entity that is:

- a) not controlling the price at which it sells the power
- b) undercapitalized
- c) loss making
- d) desperate to use its cash to improve its infrastructure
- e) perceived as a poor credit risk

RLSF addresses the risk of delay in payment of the off-taker beyond the grace period provided in the PPA

The obligation to make the payment under the PPA will remain on the off-taker (and host government if a guarantee exists)



The Mechanics

- RLSF / ATI appointed one bank that will issue (directly or indirectly) all the LCs pursuant to the RLSF initiative
- The LCs will be issued for an agreed term – up to 10 years
- The projects will be required to be renewable IPPs in SSA and an investment committee of RLSF will select projects to be approved
- The LC Bank will be protected by
 - Up to € 31.6M cash collateral
 - An additional on-demand guarantee of ATI for the same amount
- If one or more LCs are drawn, the bank will use the cash collateral first until it is exhausted



The LC Bank

- The LC Bank has been selected through a competitive tender. Key criteria:
 1. Willingness to participate in the risk
 2. Pricing of all components (fees and LC rates)
- The bank will be acceptable to the international lenders of the IPPs
- The framework agreement with the bank has been finalized, we are now reviewing the Terms of Use Agreement that has to be signed by the beneficiary IPP
- We hope to issue the first LC in September 2018

The Cost

The cost to the IPP will depend on:

- The quality of the risk, as assessed by ATI
- The level of formal comfort that ATI receives from the host government and the off-taker
- The handling charges of the bank

We can issue a non-binding indication to IPPs in eligible countries as soon as we have a minimum of information

The Actors

- 🌿 KfW is the initiator of RLSF. KfW is the state-owned development bank of Germany. It has received funding from the German Government to finance the RLSF and to launch the initiative
- 🌿 ATI (African Trade Insurance Agency) is a multilateral credit and political risk insurer based in Nairobi. Its mission is to attract investments and facilitate trade in Africa, but especially in its member countries (currently 14). It has an A rating from S&P



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KFW



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Agence pour l'Assurance du Commerce en Afrique

The Transparency Tool

The MOU

Background

ATI has a preferred Creditor Status and its normal recourse is with the ministry of Finance of each country

- Experience has shown that it is also important to make sure that all the Government entities involved in a transaction are aware of the role of ATI and support it
 - Government engagement varies from notification and “no objection” letters to letters of support and MOUs
 - For RLSF we seek an MOU with the utility, the MoEnergy and the MoFinance
-

The MOU

Content

3 key statements:

Art.7: RLSF is protected by the preferred creditor status of ATI

Art. 8: The Government will solve any problems arising from RLSF

Art. 6: ATI can collect information about payments by the off-taker to IPPs, share the information among IPPs and make the information public

The MOU

Status

- Signed: Uganda, Benin, Burundi
 - Final stages: Zambia, Malawi
 - In progress: Ethiopia, Madagascar
 - Given up: Kenya, Cote d'Ivoire
 - Not approached (for various reasons): DRC, Tanzania, Rwanda, South Sudan, Zimbabwe
 - Non-member countries could be eligible. So far we had contacts with Ghana and Mali
-

The Transparency Tool

The original logic behind

Is the risk of non-payment under a PPA a real risk or a perceived risk?

- In order to create more transparency and to increase the trust and credit worthiness of the off-takers, ATI will develop a web based platform where IPPs will report the payment behavior of the utilities
 - This information will be shared with participants and made public
 - This way the confidence in good paymasters will be increased and over time the need for payment guarantees (like RLSF) may no longer be needed
-

The Transparency Tool

The full picture

1. Demonstrate the creditworthiness of the oftakers

2. “name and shame” in case of problems

The MOU gives ATI the right to publish information in case a LC is drawn

3. Provide useful credit information to banks and other creditors

The financial information is usually outdated and not very reliable

4. Demonstrate to the IPPs that they are treated fairly compared to other suppliers

In some countries there is a suspicion that some IPPs are paid before the others

Key elements of the Terms of Reference

- Web based application
 - Multilingual
 - Secure
 - User friendly
 - Flexible data input (manual and automatic upload)
 - Possible validation by the offtaker
 - Graphic reporting that can be customized by the user
-

TT design: the validation

- The original concept of the TT was developed by KfW, as a way to mitigate the “moral hazard” risk of RLSF
 - It was presented and discussed at length with Government officials as part of the MOU negotiations
 - The TT design is based on comparable applications that were developed by Euler Hermes
 - The terms of reference were checked for feasibility and relevance by credit management specialists
 - The IPP workshop is the last key check, at a moment that most details can still be changed
-

The procurement

DnB was chosen through an international tender

- Procurement method: shortlist based on the quality of the offer, selection of the preferred bidder based on the financial offer (2 envelope system)
 - The evaluation criteria were shared with all the bidders
 - 6 expressions of interest received
 - 2 Bidders shortlisted
 - Procurement rules of KfW
 - KfW approved each step of the process
-

Introduction to Dun & Bradstreet

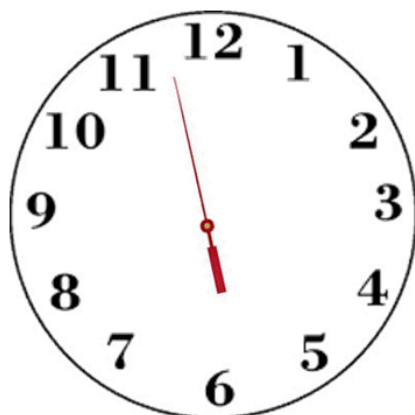
D&B is world's leading and most reliable business insights provider of business information services with a global footprint & local experience

Its Global commercial database containing more than 290 million business records across 220 countries , 95 languages & 181 currencies

Globally we Deliver Accurate Data at a Faster Pace

A New Business Is
Formed

58 Sec



A Business Phone
Number Changes Very

24 Sec



A Company Name ,
Address Changes Every

15 Sec



A Business Files
Bankruptcy Every

8 Sec



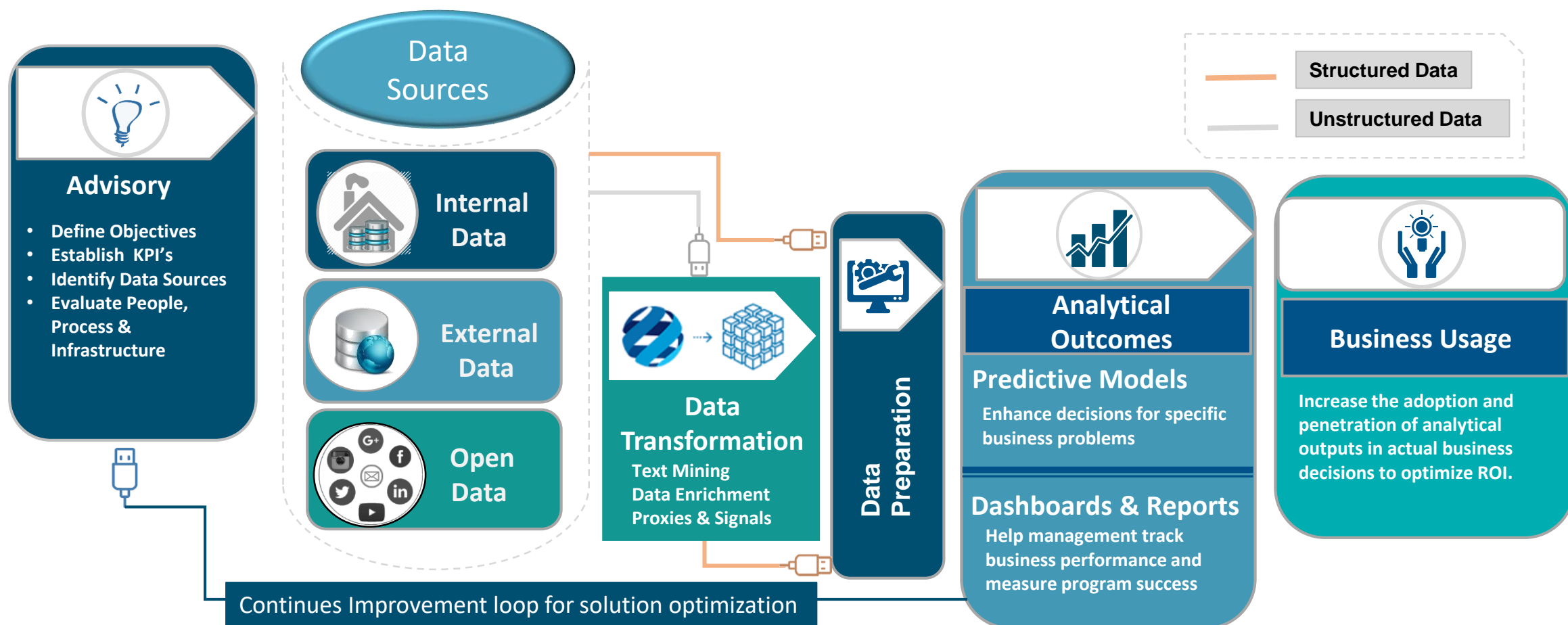
At D&B we update the
world wide commercial
data every

3.9 Sec



Dun & Bradstreet Analytics

Our Solution Development Approach



The reporting tool

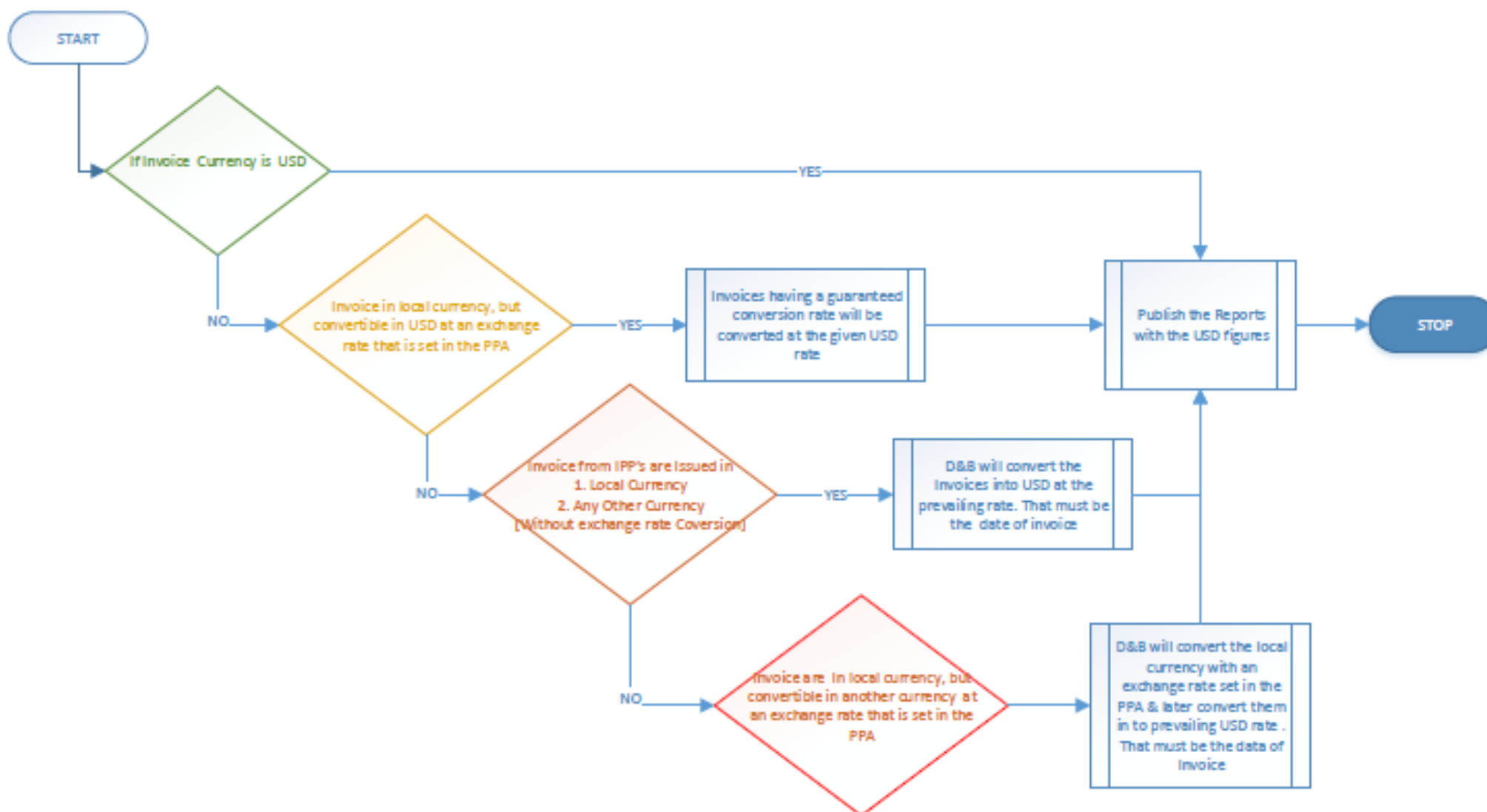
The reports

The reports depend on the profile of the user

- IPPs will receive reports about their own performance
 - If more than 2 IPPs participate in a given country their results will be compared with the aggregate results of the other IPPs
 - There will be more general reports comparing the performance of the offtakers
 - + some general reports to follow the monitor and understand the 'population' of users
 - The reports can be drilled down to analyze data in more detail
-

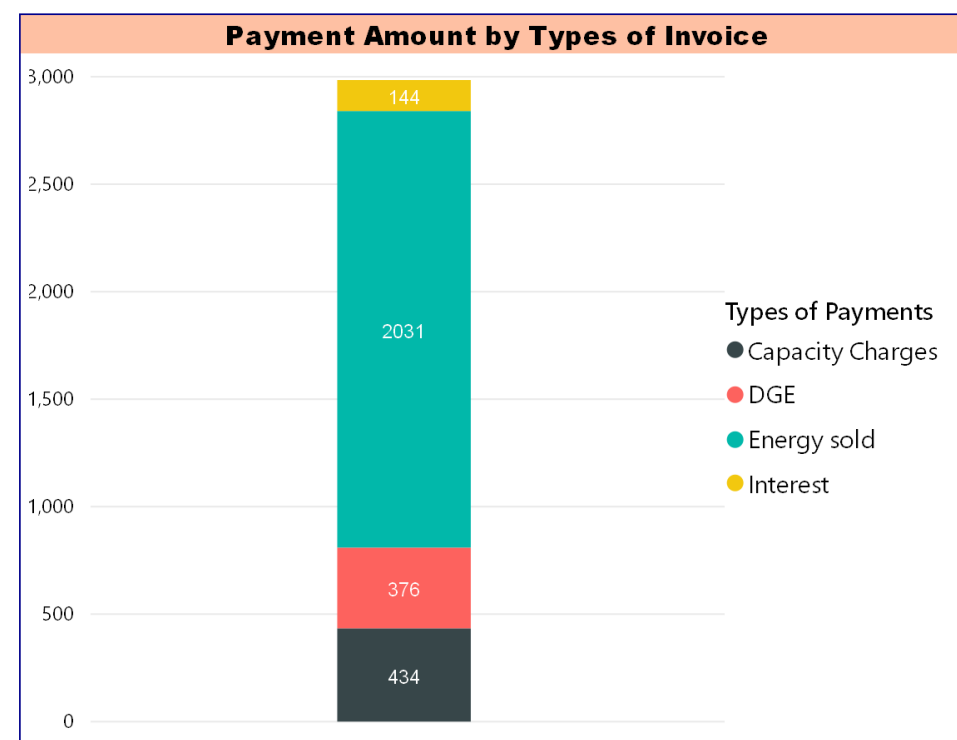
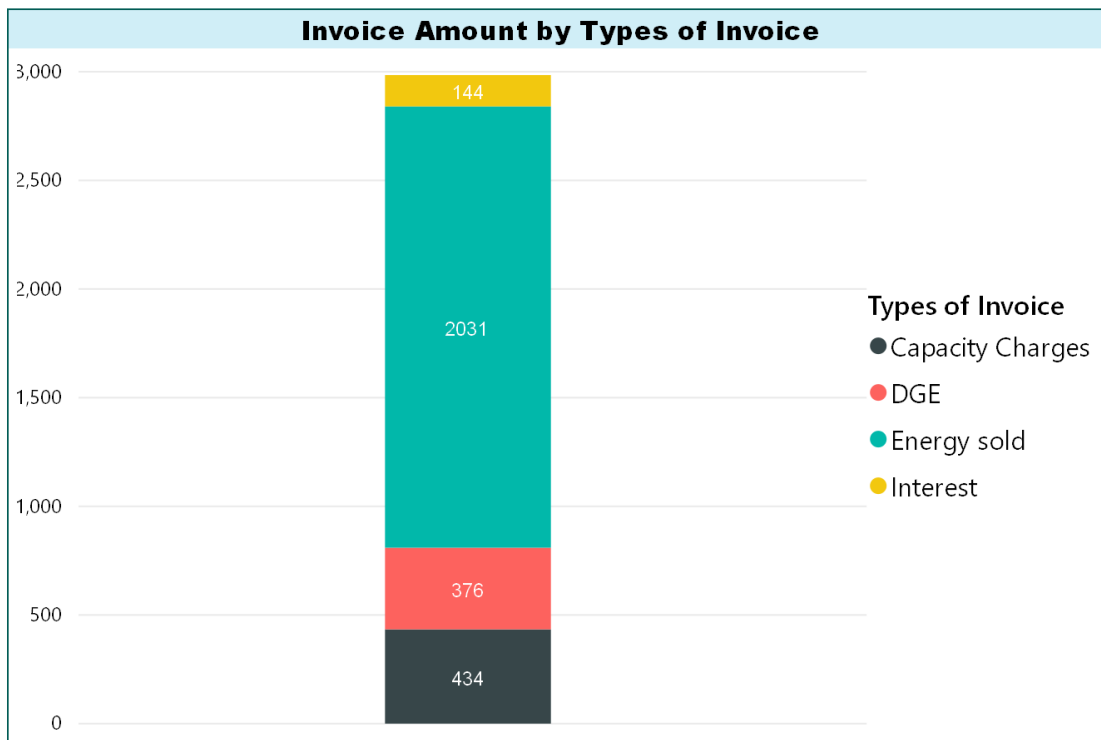
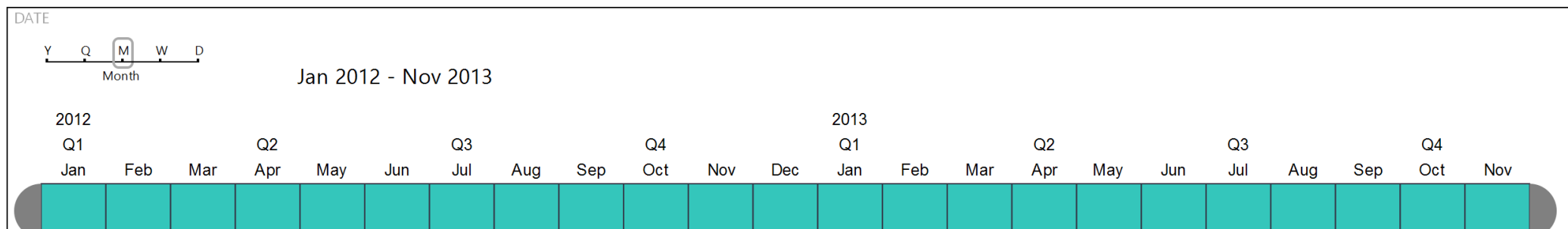
The currency rate conversion

All amounts will be converted into USD



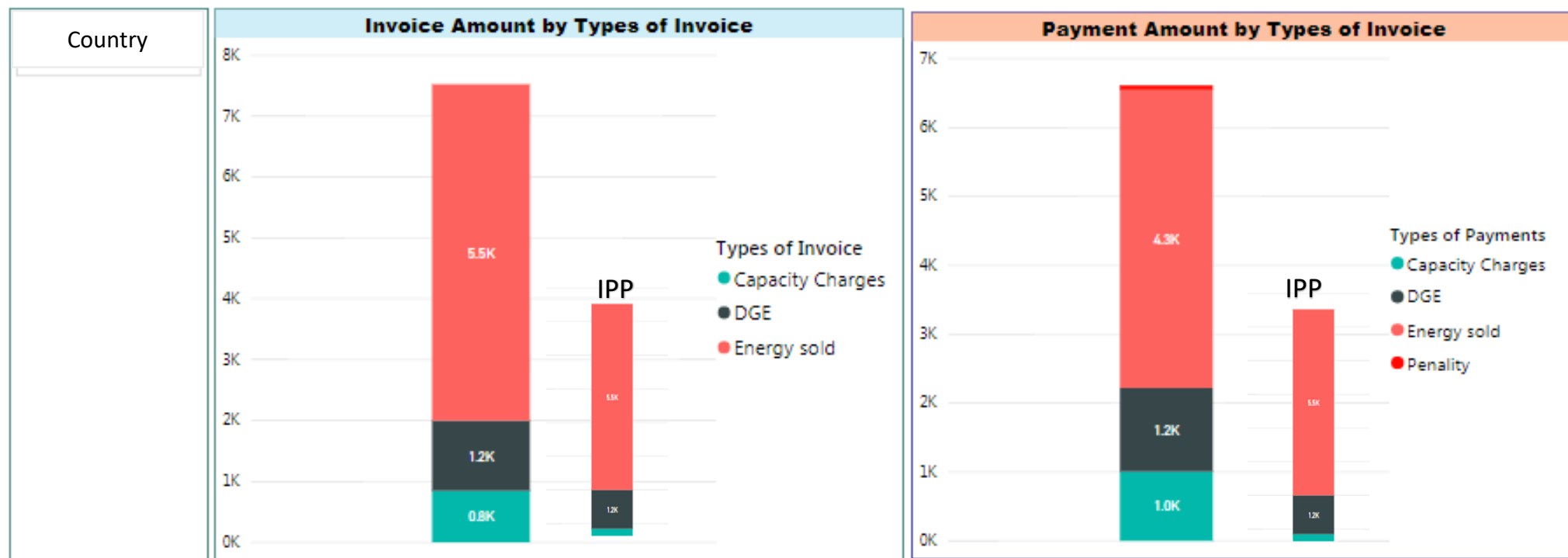
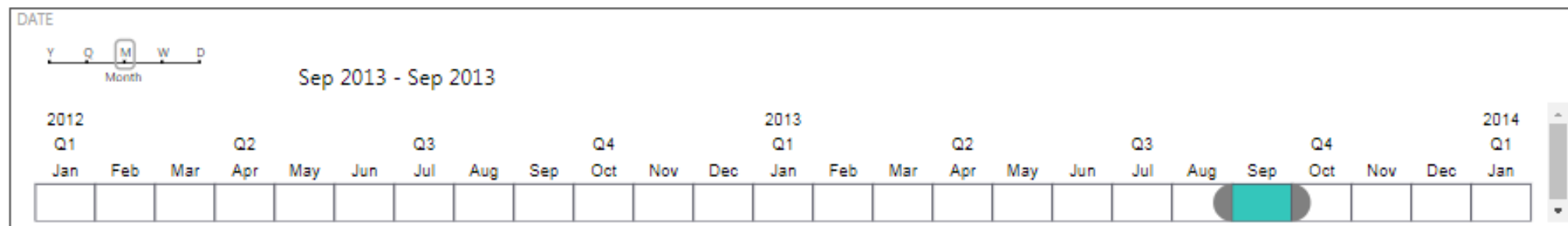
IPP – Standalone Report

Invoice Raised vs Payments Received in a Month

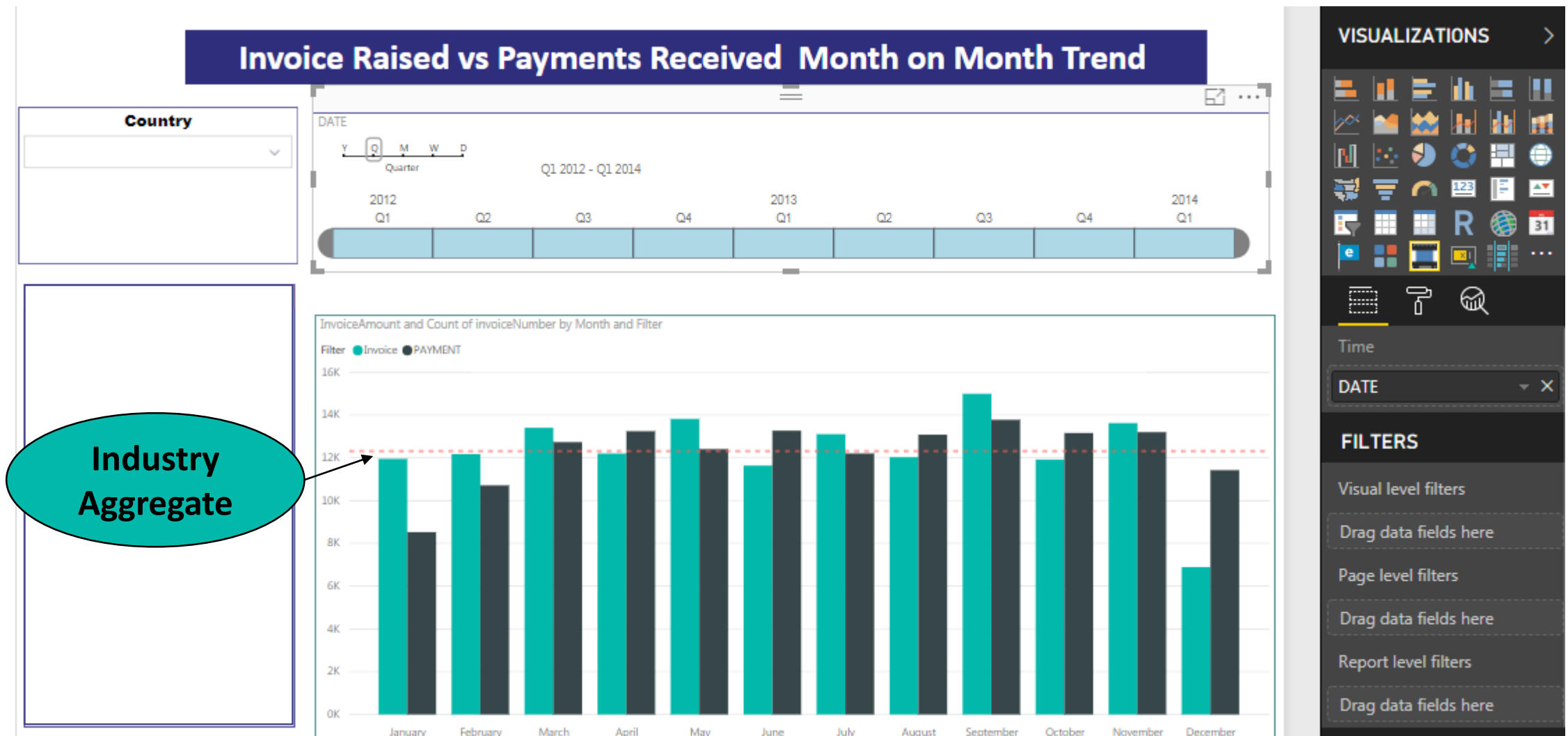


IPP – Comparative Report

Invoice Raised vs Payments Received in a Month

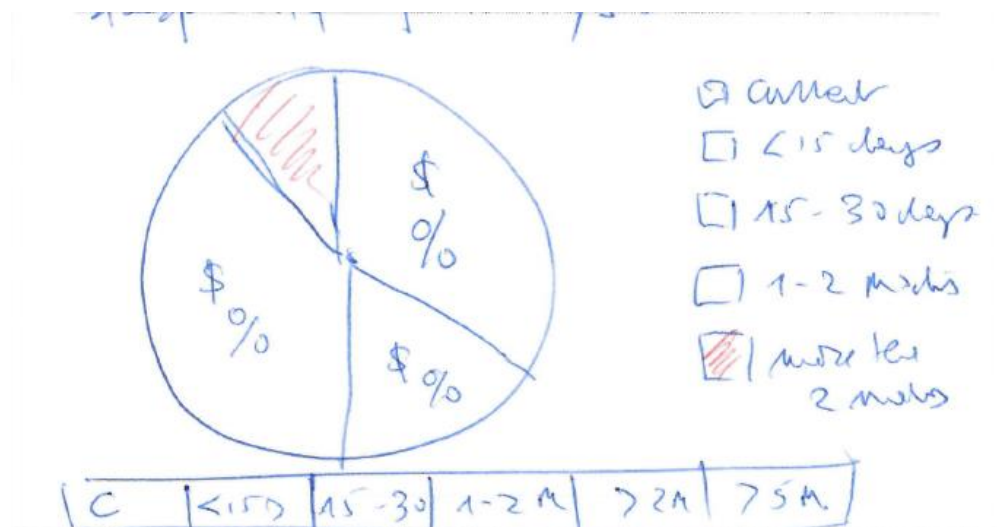


IPP –Last 12 months Trend



Section 1: IPP only

Ageing analysis



- Current Month Due
- < 15Days
- 15 – 30 Days Past Due
- 30 – 60 Days Past Due
- Greater Then 60+days

Report Description: An overview at one point in time (set by the IPP) of the number of days past due date, for all the payments yet to be received by a given IPPs from an off-taker

Report Type : Snap short

Audience : IPP's , ATI

Tooltip Detail : Amount in Dollars \$, Percentage & Count of records (to validate next week, count of records not needed)

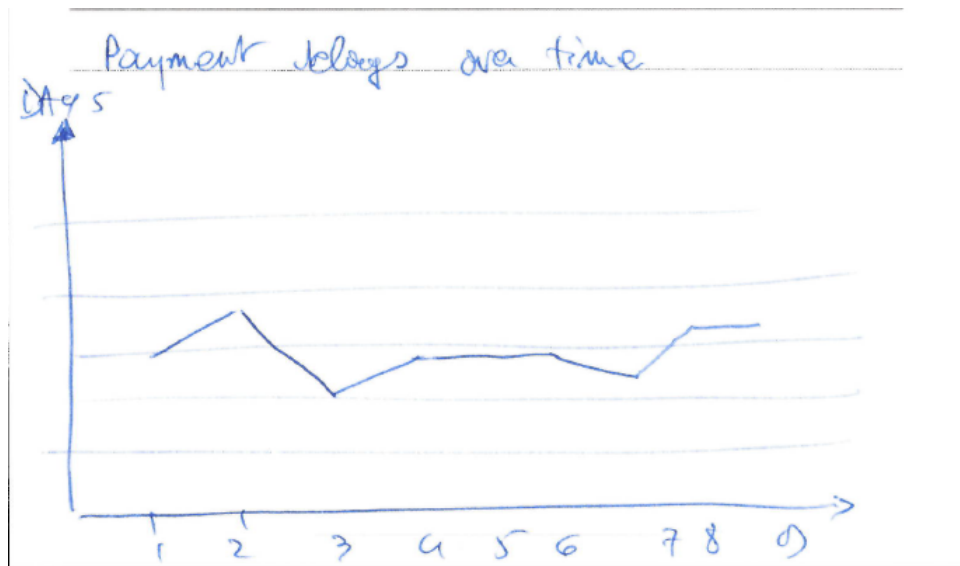
Frequency of Update : Monthly

Report Dimensions : Currency , List of IPPs, Month Filter, Month Year Range [From & To] (? - to be discussed), Types of Invoices, Country

Input Field Required : To be discussed (TBD)

Section 1: IPP only

Payment delays over time



- Current Month Due
- < 15Days
- 15 – 30 Days Past Due
- 30 – 60 Days Past Due
- Greater Than 60+days

Report Description: A consolidated month on month trend for last 12 months for the days past due date, for all the payments yet to be received by one IPP from an off-taker at month-end

Report Type : Trend

Audience : IPP's , ATI

Tooltip Detail : Amount in Dollars \$, Percentage & Count of records , Variance

Frequency of Update : Monthly

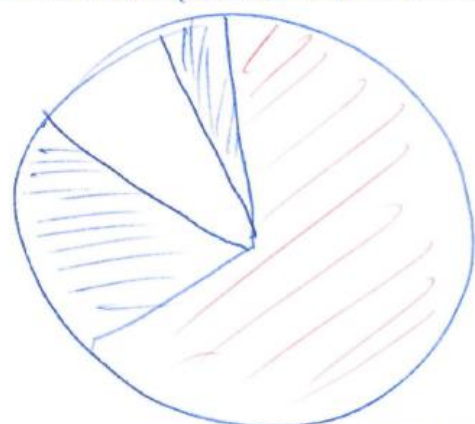
Report Dimensions : Currency , List of IPPs, Types of Invoices , Country

Input Field Required : TBD

Section 1: IPP only

Account receivables at a given date

Account receivables to date



Legend:

- Energy delivered
- DGE
- Interest
- Penalties
- Capacity
- Disputed

Del'd	DGE	%	PEN	CAP	DisP
85	12				

Types Payments

- Energy Delivered
- Capacity Charges
- Deemed Generated Energy (DGE)
- Interest Collected
- Penalties
- Disputed Amount

Report Description: An overview of the types of payments outstanding by one IPP from an off-taker [Account receivables]

Report Type : Snapshot

Audience : IPP's , ATI ,

Tooltip Detail : Amount in Dollars \$, Percentage & Count of records (count of records not needed)

Frequency of Update : Monthly

Report Dimensions : Currency , List of IPPs , Month Filter , Month Year Range [From & To] (? – we could consider an average over a period, but that is not what was meant here), Country

Input Field Required : TBD

Section 2: IPP vs Country

Volumes for a given month

The sketch shows two main sections: 'INVOICES' and 'PAYMENT RECEIVED'. Each section has a table with columns for 'IPP' and 'COUNTRY'. To the right of the 'INVOICES' table are checkboxes for 'energy del.', 'DGE', 'C.C.', and 'COUNTRY'. Below the 'PAYMENT RECEIVED' table is a box labeled 'NR of users' with the number '3' inside.

INVOICES	
IPP	COUNTRY

energy del. ☐
DGE ☐
C.C. ☐
COUNTRY ☐

PAYMENT RECEIVED	
IPP	COUNTRY

NR of users (3)

Report Description: A report, which compares details of the Invoices raised by an IPP & payments received by an IPP against the Invoices raised by other IPPs' & payments received by other IPPs' across countries

Report Type : Snapshot

Audience : IPP's , ATI

Tooltip Detail : Amount in Dollars \$, Percentage & Count of records ,

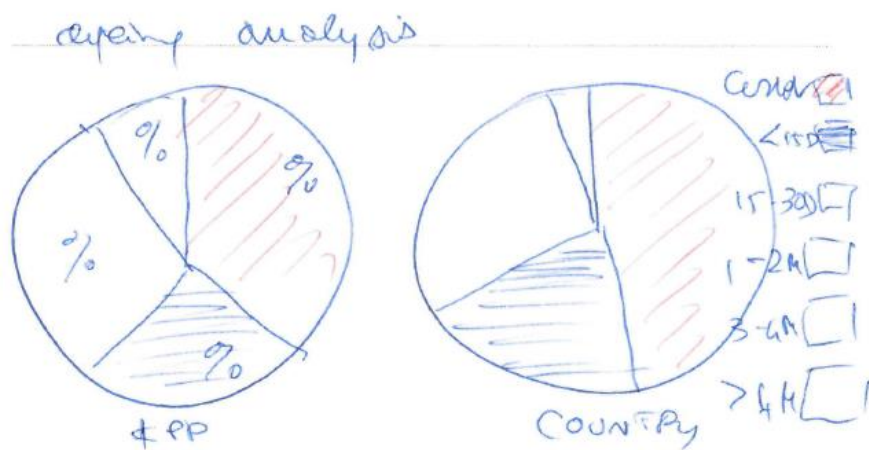
Frequency of Update : Monthly

Report Dimensions : Currency , List of IPPs , Month Filter , Month Year Range [From & To], Types of Invoices , Types of Payments , Country

Input Field Required :

Section 2: IPP vs Country

Ageing analysis



Report Description: A consolidated monthly overview which compares number of days past due date, for all the payments yet to be received by one IPP from an off-taker against the overdue payments of all the IPPs in the same country

Report Type : Snapshot

Audience : IPP's , ATI

Tooltip Detail : Amount in Dollars \$, Percentage & Count of records ,

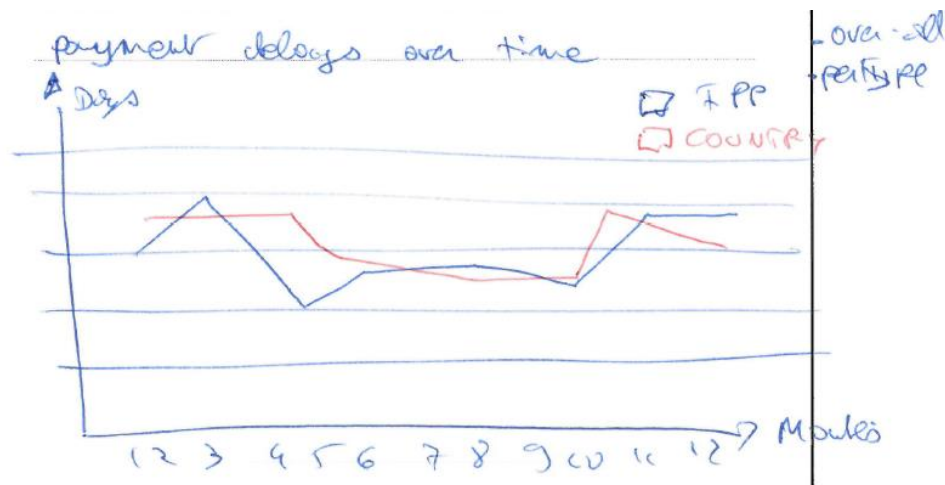
Frequency of Update : Monthly

Report Dimensions : Currency , List of IPPs , Month Filter , Month Year Range [From & To], Types of Invoices ,Country

Input Field Required : TBD

Section 2: IPP vs Country

Payment delays over time



Report Description: A consolidated month on month trend for last 12 Months, which compares number of days past due date, for all the payments yet to be received by IPPs' from an off-taker against the overdue payments of one single IPP.

Report Type : Trend

Audience : IPP's , ATI

Tooltip Detail : Amount in Dollars \$, Percentage & Count of records , Variance

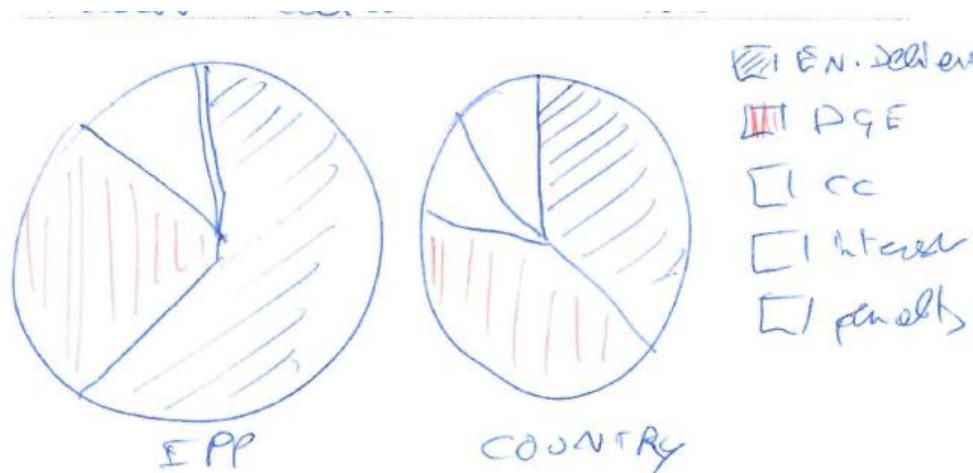
Frequency of Update : Monthly

Report Dimensions : Currency , List of IPPs ,Types of Invoices , Country

Input Field Required :

Section 2: IPP vs Country

Account receivables at a certain point in time



Report Description: An overview which compares the types of payments outstanding of one given IPP from an off-taker [Account receivables] against the types of payments outstanding of all other IPPs in that country

Report Type : Snapshot

Audience : IPP's , ATI ,

Tooltip Detail : Amount in Dollars \$, Percentage & Count of records , Variance

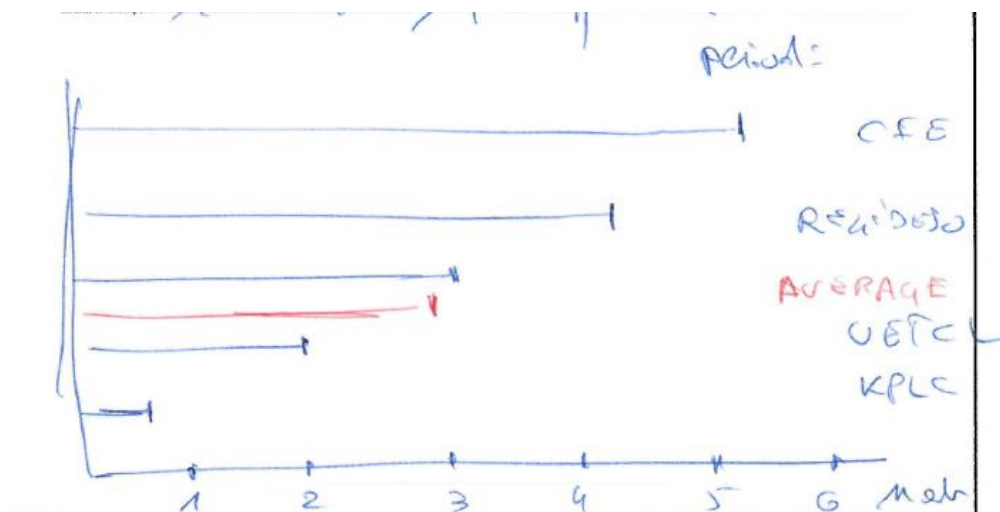
Frequency of Update : Monthly

Report Dimensions : Currency , List of IPPs , Month Filter , Month Year Range [From & To] , Country ,Types of Payments

Input Field Required : TBD

Section 3: Offtaker performance

Average payment delay per offtaker



Report Description: A comparative report amongst all off-takers, which provides details on delay of payments made by an off-taker to multiple IPPs'

Report Type : Snapshot

Audience : off-taker

Tooltip Detail : Amount in Dollars \$, Percentage

Frequency of Update : Monthly

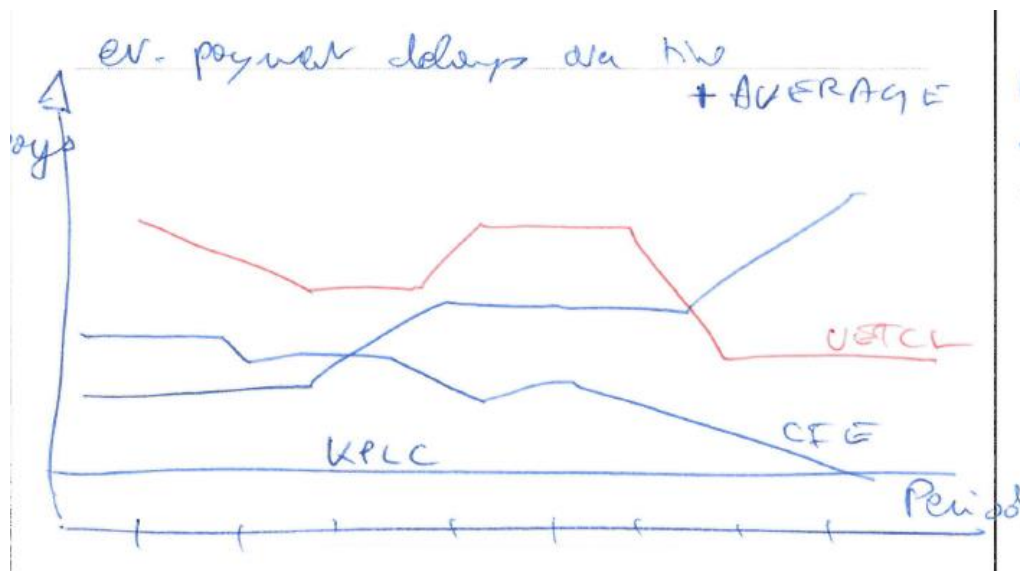
Report Dimensions : Currency , Types of Payments, Country, Off- Taker , Month Year Range [From & To]

Input Field Required :

Note : It is recommended to display to 5- 10 off-takers based on Amounts to be paid

Section 3: Offtaker performance

Evolution of the payment delays over time



Report Description: A consolidated month on month trend for last 12 Months , which compares delay in payments made by an off-takers to multiple IPPS'

Report Type : Trend

Audience : off-taker ,ATI

Tooltip Detail : Amount in Dollars \$,

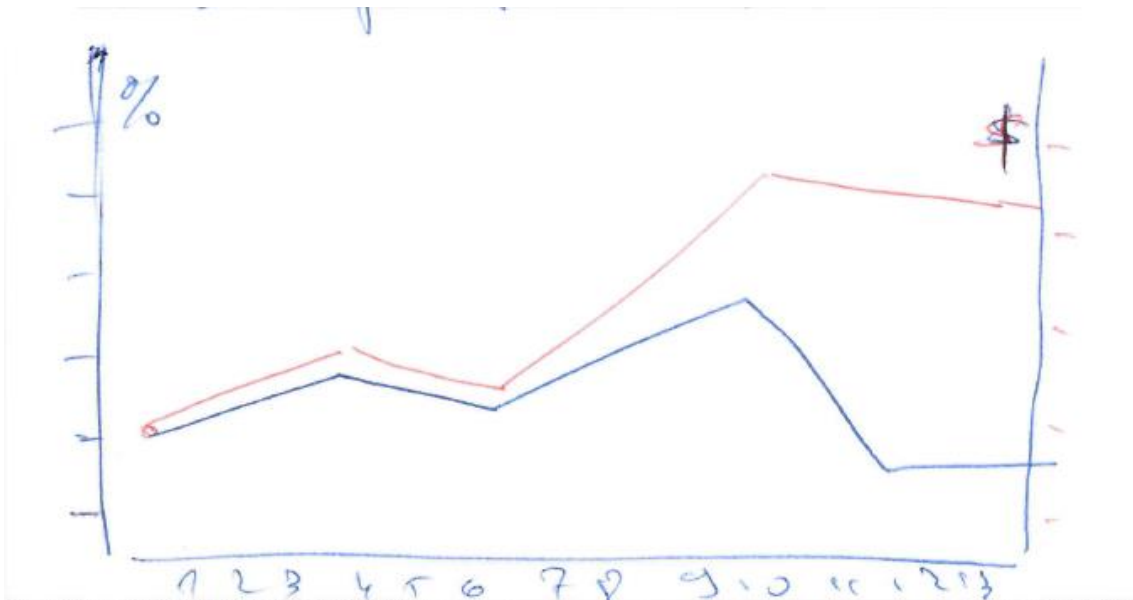
Frequency of Update : Monthly

Report Dimensions : Currency , Types of Payments, Off-Taker, Country

Note : It is recommended to display to 5- 10 off-takers based on Amounts to be paid

Section 3: Offtaker performance

Evolution of disputed invoices



Report Description: A report details the disputed payments related to one off-takers against multiple IPPs', over a period of time (1) as % of the total amount of invoices and (2) as an amount

Report Type : Trend

Audience : Off taker, ATI ,

Tooltip Detail : Amount in Dollars \$, Percentage

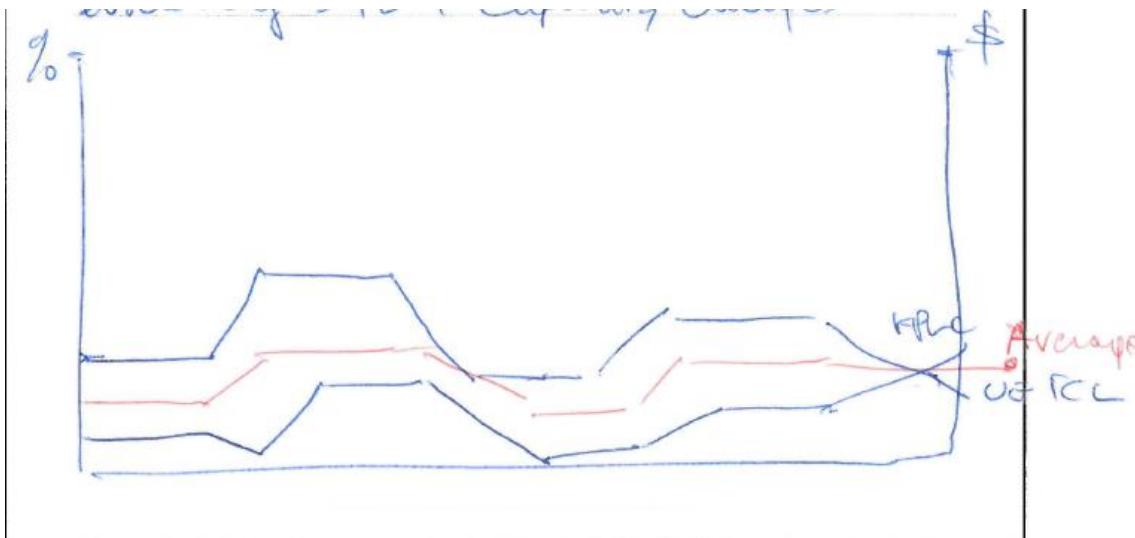
Frequency of Update : Monthly

Report Dimensions : Currency , List of IPP's

Input Field Required :

Section 3: Offtaker performance

Importance of Deemed Generated Energy and Capacity Charges

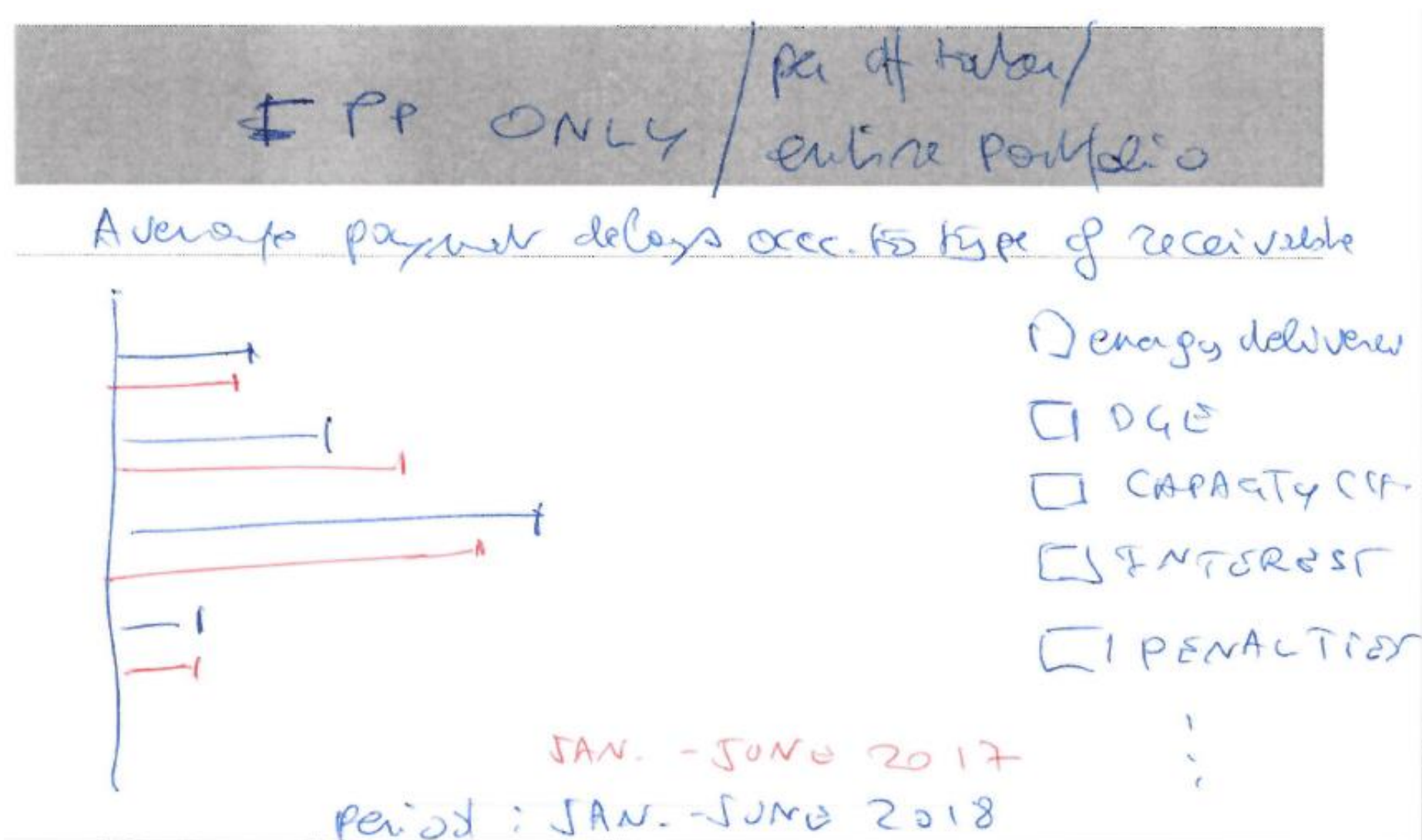


Description: evolution of the invoices for energy that was not delivered, per offtaker:

- Expressed as a % of the total amount invoices
- In absolute figures

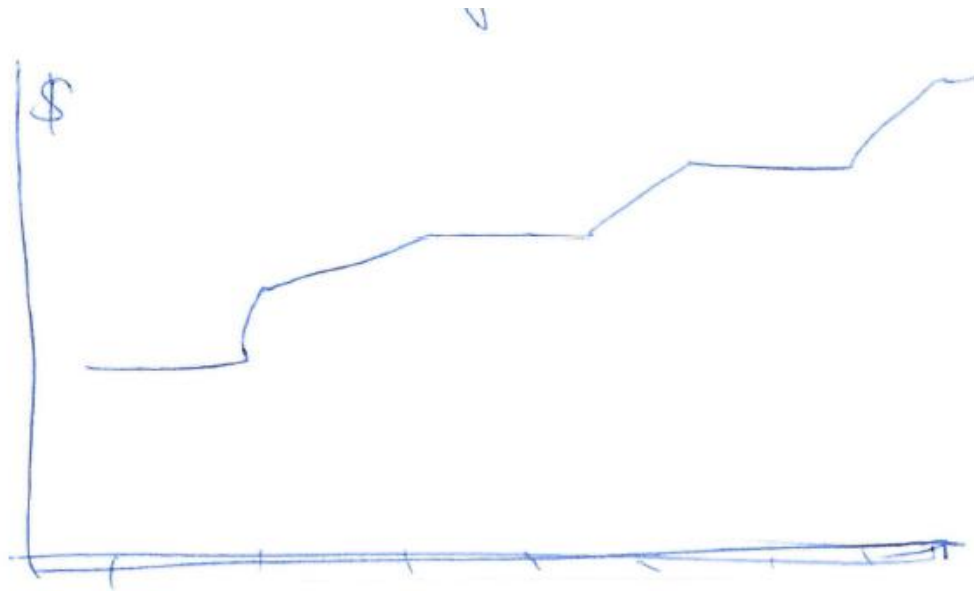
Section 1-2-3: over-all performance

Average payment delay per type of transaction



Section 4: over-all performance

Amount of invoices reported over time



Report Description: A consolidated month on month report ,which provides details of the Invoices raised by IPPs over a period of time .

Report Type : Trend

Audience : ATI

Tooltip Detail : Amount in Dollars \$, Count

Frequency of Update : Monthly

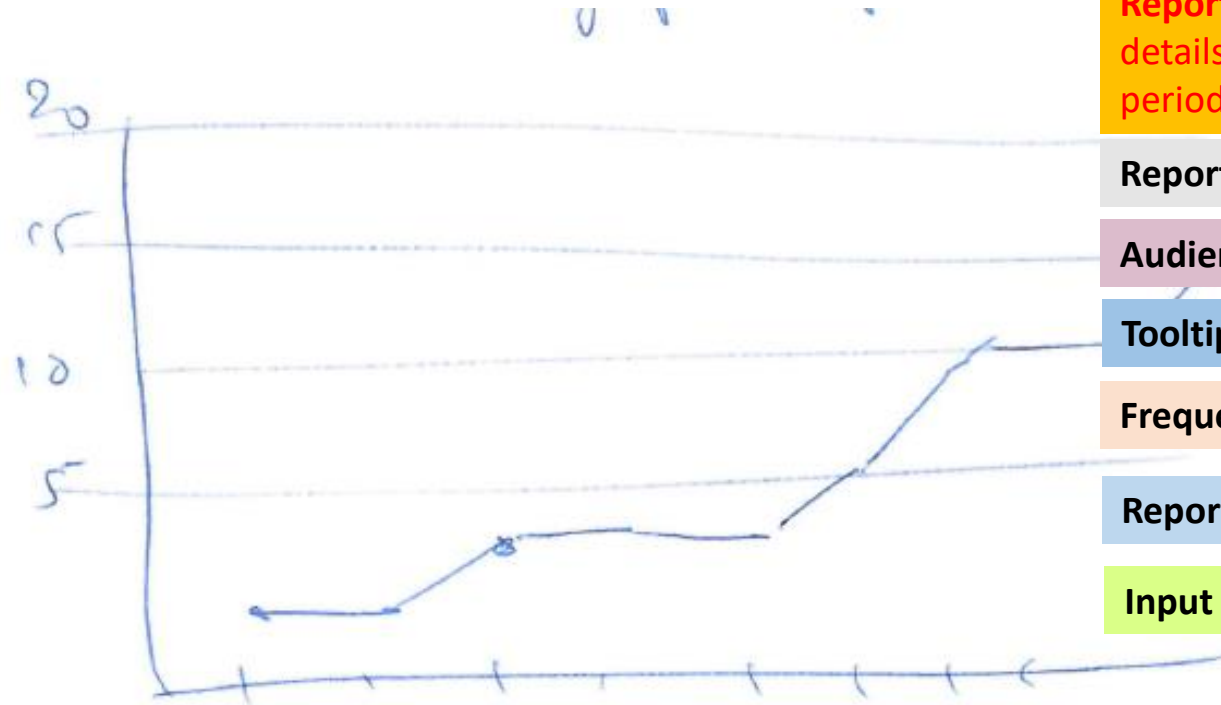
Report Dimensions List of IPPs , Types of Invoices , Coountry

Input Field Required :

Note: Count of No of Invoices can also be added

Section 4: over-all performance

Number of participants over time



Report Description: A consolidated report ,which provides details of the number of IPP who have participated over a period of time sharing details of Invoices]

Report Type : Trend

Audience : ATI

Tooltip Detail : Count of records

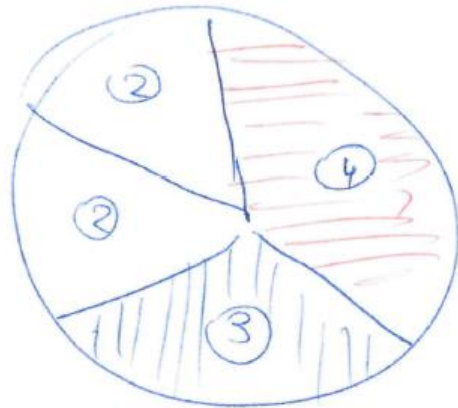
Frequency of Update : Monthly

Report Dimensions: From & To Range

Input Field Required :

Section 4: over-all performance

Input discipline



① ON TIME
② 5 DAYS
OVERD
③ 10 DAYS
OVERD
④ >10 D

Report Description: A consolidated report ,which provides details of the to what extent IPPs have shared the input details on time

Report Type : Snapshot

Audience : ATI

Tooltip Detail : Count of records , percentage

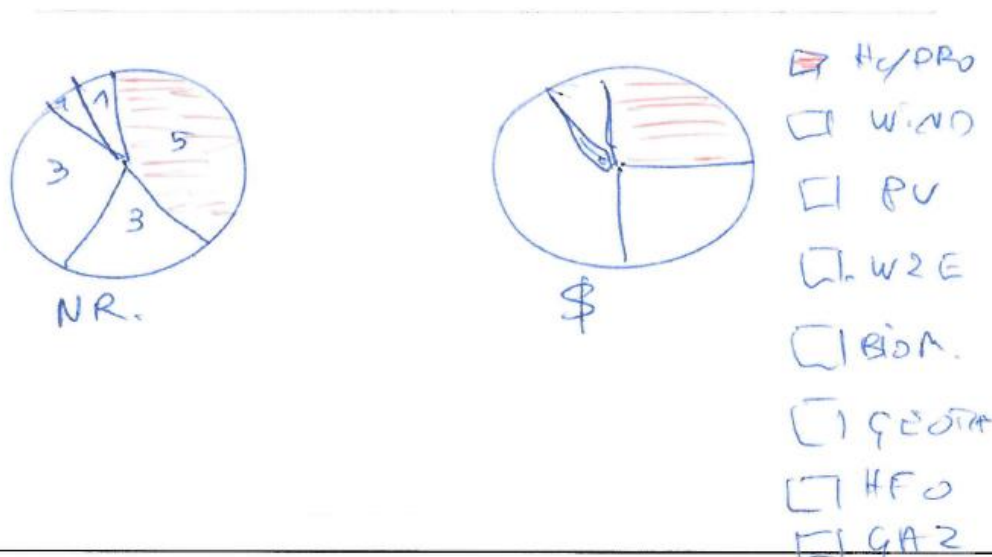
Frequency of Update : Monthly

Report Dimensions: Month Filter ,From & To Range

Input Field Required :

Section 4: over-all performance

User profile



Report Description: A consolidated report ,which provides details of the number of IPP in each profile of power production & the dollar value in terms of invoices generated

Report Type : Snapshot

Audience : ATI

Tooltip Detail : Count of records , percentage

Frequency of Update : Monthly

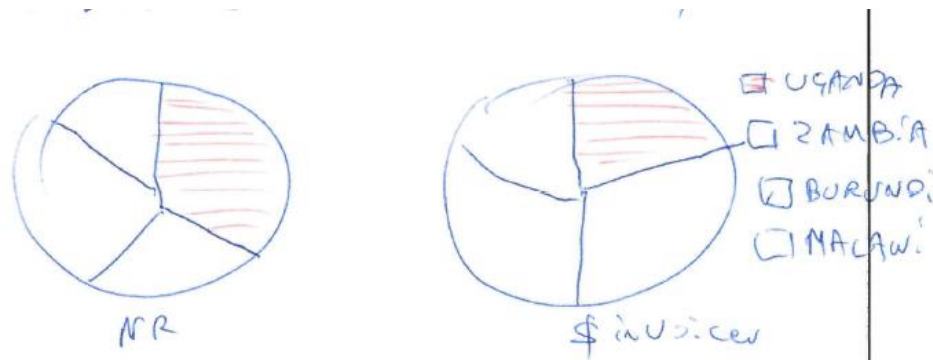
Report Dimensions: Month Filter ,From & To Range, offtaker

Input Field Required :

To be clarified : Will a single IPP generate different types of power , such as Hydro , Wind , Geo , Thermal etc .. **In principle not**

Section 4: over-all performance

Volumes per country



Report Description: A consolidated report ,which provides details of the number of IPP in each county & the invoice amount in dollars by the respective IPPs'

Report Type : Snapshot

Audience : ATI

Tooltip Detail : Count of records , percentage

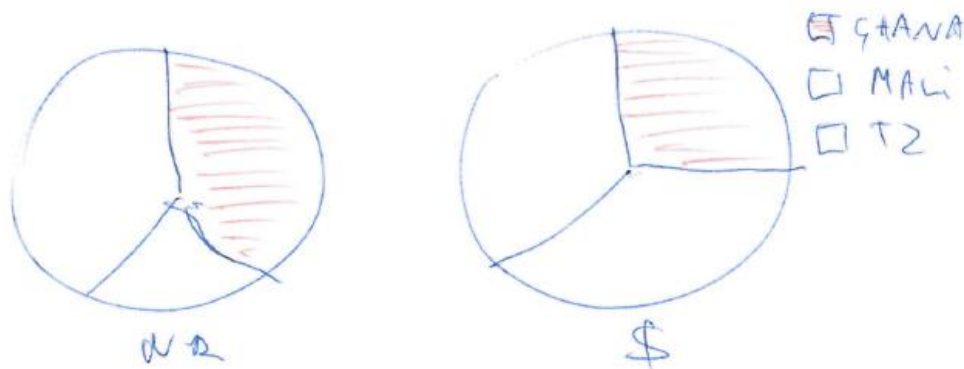
Frequency of Update : Monthly

Report Dimensions: Month Filter ,From & To Range, List of IPPs'

Input Field Required :

Section 4: over-all performance

Users in countries without MOU



Report Description: A country wise consolidated report ,which provides details of the number of IPP , both in term of numbers & Amount in dollars , based in countries that did not sign the MOU)

Report Type : Snapshot

Audience : ATI

Tooltip Detail : Count of records, amount in dollars\$

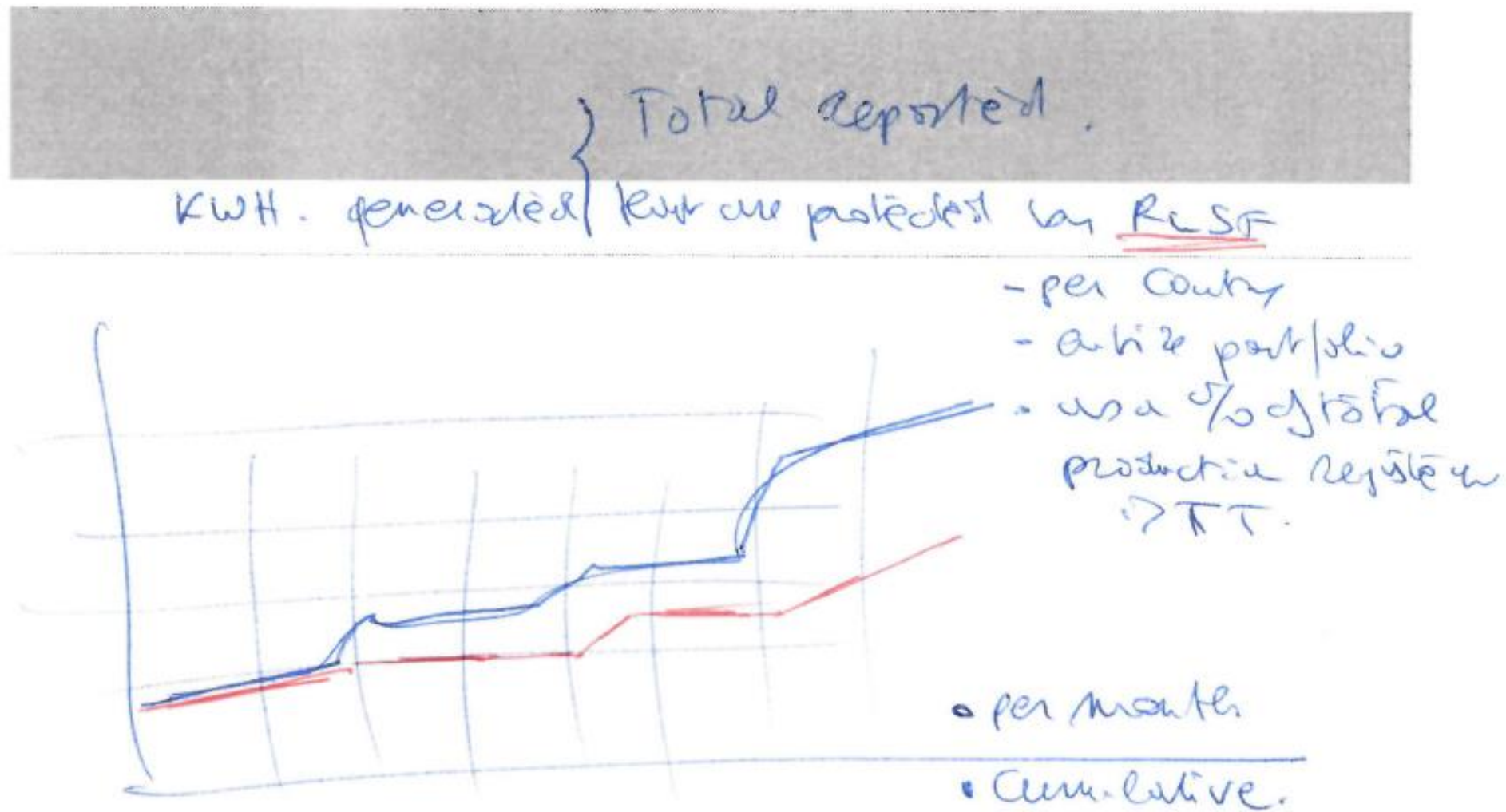
Frequency of Update : Monthly

Report Dimensions: From & To Range, month filter, Country

Input Field Required :

Section 4: over-all performance

kWh generated by participants



The implementation

Users of the Transparency Tool

Key users: IPPs

In order to have representative data we try to reach as many suppliers as possible

1. Beneficiaries of RLSF: mandatory
 2. Other IPPs in countries that have signed the MOU are invited
 3. Offtakers have the option to check and validate the data and to retrieve reports on an aggregate basis
 4. IPPs in countries that have not signed the MOU can participate but their data will not be shared (to discuss)
-

Data Input

IPP data (to be updated at least once a year)

name

group / main shareholder(s)

main lenders

provider of PRI / CRI

country

FiT

Deemed Generated Energy tariff

capacity charge tariff

PPA date

COD

resource*

installed capacity

point of contact (name, email, tel. , title) (more than 1 PoC possible)

ToU date of signature

RLSF beneficiary? (y/n)

Data input

Transaction data

invoice number

Payment received / outstanding

currency

currency exchange rate

disputed / undisputed

date of invoice

payment terms

due date

comments

nature of the transaction

Data input

Nature of the transaction

energy delivered (kWh)

energy delivered (\$)

deemed generated energy (kWh)

deemed generated energy (\$)

capacity charge (kWh)

capacity charge (\$)

interest charge

penalty charge

flat fee

wheeling charges

credit note

Segmentation of the key parameters

Feedback welcome

- Feed-in Tariff
 - Procurement (unsolicited bid, FiT, auction)
 - Size (nominal capacity)
 - Resource / technology (see next slide)
 - ...?
-

Resource / technology

solar

wind

run of the river hydro

hydro dam

geothermal

biomass

other waste to energy

gas

gas combined cycle

HFO

coal

hybrid solar - hydro

hybrid HFO - solar

Terms of Use Agreement

Users will have to sign terms and conditions under which they can use the TT

- The IPP will provide information about payments received and invoices issued to the offtaker in the format that is provided by the supplier by the 5th of every month
 - The IPP will answer any questions regarding the data and correct them when needed
 - The IPP agrees that the information provided can be shared with the offtaker and that the offtaker may request for changes.
 - The IPP agrees that the information provided can be shared with other IPPs in the same country on an aggregated basis, as soon as more than 2 IPPs participate in the TT
 - The IPP will inform ATI of any changes in its shareholding, lending , insurance, capacity and other features of its operation that are relevant for the TT
 - The IPP will not make any reports generated by the TT public unless agreed by ATI
 - ATI may publish information that is based on the input of the IPP on an aggregate basis (country level)
 - If there is no MOU in place with the country of the offtaker, the data will only be available to the IPP. If the MOU gets signed the IPP agrees that its data will be used accordingly.
-

Terms of Use Agreement

Users will have to sign terms and conditions under which they can use the TT

- ATI will inform the IPP if there is a change in the MOU that is applicable
 - The TT is free of charge for the first year of operation and the IPP will receive standard reports.
 - If the IPP wants to develop other reports it will acquire the Microsoft license
 - ATI will provide a user manual and update it from time to time
 - The TT will be hosted by DnB
 - ATI has the right to transfer the administration of the TT to an independent third party. The IPP will be informed and will have the right to terminate the agreement.
 - The IPP will receive an ID and password that enables to access its data, introduce data, retrieve reports, send mails. It is his responsibility to keep these confidential
 - ATI will develop and change the features of the TT from time to time.
 - The currency exchange rate rules are designed to reflect the payment performance by the offtakers and will not reflect accounting rules
-

TT administration

Shared between ATI and DnB

- registration of new users, management of user profiles and offtakers, Terms of Use Agreement, user manual: ATI
 - initially all the transaction data will be introduced manually by DnB in order to better understand the potential problems and areas for improvement. In the second phase the data will be uploaded by the users
 - DnB will do the validation of data and interact with the users in case of problems
 - Reporting: DnB
-

The costs

Free for the first 2 years

- The development charges are covered by KfW
 - The maintenance charges for the first 2 years are covered by KfW
 - User licenses for the reporting software are not needed if users are happy with the standard reports
 - User licenses for the reporting software will be for free for the first 10 IPPs that register (first 2 years)
 - After 2020: depending on the success of the TT, there are different scenarios possible
-

User manual

By the official launching date we will have a user manual

- Definitions
 - Input screens
 - How to correct the input
 - Explanation of the formulas used to generate ratio's and indexes
 - How to generate automatic reports
 - How to modify reports
 - Clarification of the Terms of Use
 - FAQ
-

Project management

We want to go live in October

- Validation of the input and output data and format: this week
 - Development by DnB
 - Workshop for IPPs in countries that have signed the MOU (Uganda, potentially Zambia)
 - Workshop for offtakers
 - Tests by ATI
 - Tests by end-users
 - User manual and training (webinar)
-

We need your input:

- which data will be recorded and in which format
 - how much information will be shared with other IPPs
 - which reports are useful
 - which reports can be made public
 - interest of having reports at the level of the group
 - Terms of Use agreement
 - access to IPPs in countries that haven't signed the MOU
 - further involvement of the IPPs (validation and advice)
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The core team of ATI

- Samuel Obbie Banda: main point of contact
 - Rainald Koester
 - Jef Vincent (development phase)
 - Sheila Ongas: communication
 - Onesmus Wahome: IT support
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Implemented by:
KFW



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Agence pour l'Assurance du Commerce en Afrique

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