A Platform to Share Information

There is a lot of uncertainty about the actual payment behaviour of utilities. Since many utilities don’t publish their annual financial statements in a timely manner, this ambiguity increases the perceived risk of non-payment by IPPs and their lenders, and this in turn impacts the cost of funding.

The Transparency Tool has three main objectives:

1. To improve the transparency related to Power Purchase Agreement (PPA) payments and to demonstrate, over the long term, that the off-takers are reliable paymasters. This in turn will align the perceived risk with the real liquidity risk. It will also help lenders to assess the credit worthiness of the off-takers.
2. To demonstrate to IPPs that the off-taker is paying all IPPs at the same time and thus respects the cash flow waterfall to which it has committed.
3. The Transparency Tool will enable ATI to monitor the risks it takes through RLSF and to efficiently manage potential problems.

The Foundation For Mutual Trust

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Easy to Understand

Use of the Transparency Tool is free of charge. Users will sign a straightforward “Terms of Use” agreement that details the way the data will be shared, processed and reported.

Participating IPPs have a number of options to share their invoices and (reconciled) payment records, but all of them will be simple easy-to-use options: manual input, upload of a spreadsheet or direct upload from the accounting interface.

The IPPs have online access to a customized set of reports that provide global data and that also compare an IPP’s records to those with comparable features on an aggregate basis. The identity of other participants will never be disclosed. The reports include snapshots, trends and averages over different periods of time.

The users are able to drill down into the data and prepare additional reports using Microsoft software.

As an added measure of credibility, ATI validated the main features of the Tool with several experienced IPPs and with other experts in the energy sector.

Eligibility

- IPPs that benefit from RLSF will automatically participate.
- Participation is open to all other IPPs that operate in a country that has signed the RLSF Memorandum of Understanding (MOU). The list of countries will increase over time and the updated list will be available on www.ati-aca.org.
- Off-takers (national utilities) can also participate, access the reports and validate the data provided by the IPPs.
- IPPs in countries that have not signed the MOU can also participate, depending on the confidentiality agreements they signed. If these prevent them from sharing information they can still upload their data and retrieve reports, but their information will not be shared and they will not be included in the general reports.
The Transparency Tool is part of the RLSF project. The RLSF provides Renewable Energy IPPs the liquidity that they need in the event that their off-taker (frequently a state-owned entity) delays payment.

RLSF provides immediate cash collateral supported by guarantees to Absa South Africa Bank Limited who will then open a stand-by Letter of Credit (L/C) to the benefit of the IPP. The amount provided will be up to the equivalent of 6 months of the IPP’s revenue.

RLSF is a joint initiative of the African Trade Insurance Agency (ATI) and KfW, the German Development Bank. As a condition to make RLSF available in a country, the Ministry of Finance, the Ministry of Energy and the national off-taker(s) of each country sign a Memorandum of Understanding that allows IPPs to participate in the Transparency Tool and allows ATI to share data and make information public.

Stakeholders
- ATI is implementing the RLSF. ATI is a multilateral investment insurer of credit and political risks with a capital in excess of USD 240 million. ATI has been profitable for the last 6 consecutive years and has an ‘A’ rating from S&P. Its main shareholders include 14 African member countries as well as the African Development Bank.

- KfW initiated the RLSF. Funds for the cash component and to set up the RLSF have been provided by the German Federal Ministry for Economic Cooperation and Development (BMZ). In December 2016, the BMZ approved a total investment grant amounting to EUR 31.6 million as well as a technical assistance grant component of EUR 1.3 million.

Contact
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