

AFRICAN DEVELOPMENT BANK



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Project Summary Note

Sendou Power Project

Senegal

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SUMMARY : SENDOU POWER PROJECT

Project Description	The Project includes design, development, procurement, construction, operation and maintenance of a 125 MW coal-fired power plant on a 29 ha site located 35 km from Dakar in Sendou, Bargny. The Project will produce 925 GWh of electricity annually, roughly 40% of the amount consumed in 2008 by Senegal. The construction period will be 24 months.
Client	Globeleq and NSD have agreed on a terms of collaboration as the Sponsors of the Project by establishing a Joint Venture. NSD is the developer of the Project and has a track record of successfully implementing energy projects that are currently in operation. Globeleq is an experienced operating power company, actively developing energy solutions for the emerging markets of Africa, the Americas and Asia.
Cost Structure and Financing Plan	The Project cost is EUR195.8 million and will be financed by EUR 58.8 million in equity (30%) and EUR 137.0 million in debt (70%).
Implementation Arrangements	A Joint Venture Company holds 70% of shares of a Holding Company and the are held by Argan Infrastructure Fund and Comptoir Balland Brugneaux, the coal supplier, respectively. The HC holds 98.5% of CES' shares with the remaining 1.5% equity of the CES owned by La Prévoyance Assurances S.A.
Bank's Role	The Bank will provide a senior loan up to EUR 55 million at an interest rate of EURIBOR plus 550 basis points. Senior debt will have maturities of up to fourteen years including a grace period of two years.
Market	Electricity demand in Senegal is currently exceeding supply and continuing to grow at an annual rate of 7 to 8%. Senegal is served primarily by expensive oil fired plants constraining the country's ability to be competitive or accelerate economic growth. Senegal has very limited alternative options for reliable, affordable base load in the short to medium term. Consequently, a large-scale coal fired plant is regarded as an essential addition to the national grid.
Justifications for the Bank's Involvement:	
Strategic Alignment	The Project is well aligned with Senegal's development strategy, the PSO objectives and the Bank's CSP for Senegal and emphasizes building the capacity of the private sector.
Development Outcomes	The Project will boost the annual power generation by generating 40% of current production. It will significantly reduce the energy cost which will improve the country's competitiveness. It will also improve the quality of the electricity delivery, create jobs and improve the living environment. It will further stimulate the development of the industrial zone of the area.
Additionality and Complementarity	Bank has played a pivotal role in project design and preparation. It has fundamentally improved the commercial viability of the Project to bring it to bankability including mobilizing approximately 85% of debt financing and 60% of the equity. In playing its triple "financier, advisor and partner" roles, as lead arranger, the Bank's involvement has ensured that the Project is bankable and compliant with best practices.