

**Office National de l'Electricité (ONE)  
National Electricity Office**

**Investment dynamics in Africa  
IRES workshop**

**Rabat**

**February 23<sup>rd</sup>, 2011.**

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**Open up to Africa**

- Opening up strengthened since 2006.
  - Technical Support
  - Support for project management for generating plant construction
  - ✓ Senegal (3)
  - ✓ Mali (1)
  - ✓ Gambia (1)
  - Project management in the rehabilitation / expansion of network system
  - ✓ Chad
  - ✓ Cape Verde
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**• Assistance in the rehabilitation of the generating methods and network**

- ✓ Sierra Leone
  - ✓ Mauritania
  - Management assistance
  - ✓ Niger
  - ✓ Chad
  - Education and Training
  - ✓ Senegal (tariff study)
  - ✓ BADEA – IDB
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**▪ What kind of funding?**

- ✓ IFIs (IDB, World Bank, BADEA, etc.)
  - ✓ Moroccan International Cooperation
  - ✓ Capital Partners Fund (rare case)
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- Investment

- Two concessions to the Rural Electrification in the Senegal / St. Louis and Louga Regions
- Long term (25 years)

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### **Concessions of Rural Electricity in Senegal / objectives**

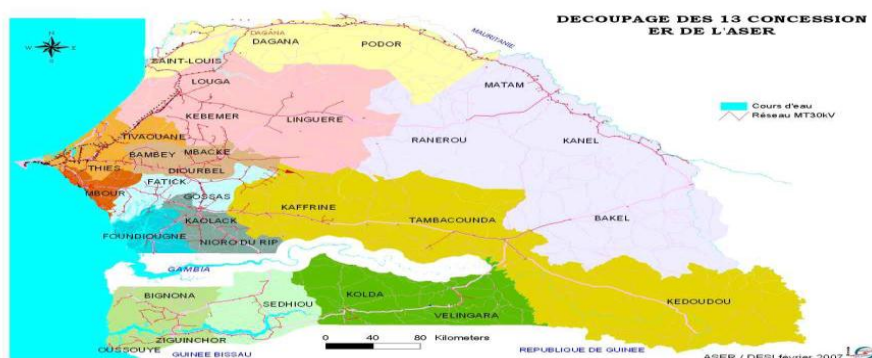
- Positioning on the sub-Saharan Africa electricity market.
  - ONE Expertise valuation regarding the RE.
  - Opening new markets for domestic industrial sector (end of Global Rural Electricity Program -GREP).

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### **General principles and frame of the project**

- Concession principle:
    - ✓ Distribution concession, more production and sales licenses, over 25 years.
    - ✓ Monopoly distribution on rural areas.
    - ✓ Technological neutrality.
    - ✓ OBA Grant
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- Company projected according to the Senegalese private law.
  - State participation:
    - ✓ Senegalese State grand.
    - ✓ Tax incentives.
  - Relations with SENELEC:
    - ✓ SENELEC takes control of the electrified urban areas and villages before 2001.
    - ✓ Energy supplier to the Concessionaire with general price less than 20% MT.
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### **Concession Area**




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### **St-Louis: Concession zone**

- Dagana – Podor- St. Louis
- Northern Senegal
- 19000 Km2 /362.000 inhabitants
- 16 rural communities; 510 villages with no electricity

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Provisional investment over 3 years

Section	Amount	
	CFA franc in million	MAD in million
Production	-	-
Transport	2105	36
Distribution	2784	48
Interior installations funded for the clients	2661	46
Individual solar system	2361	41
Public lighting	4	0.1
Structures	322	6
Engineering	152	3
Cost of investing in other services	414	7
Total (ex. Tax (including pre-financed interior installations	10803	186

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**Provisional funding plan over 3 years**

Section	Amount	
	CFA franc in million	MAD in million
Capital stock	1628	28
Other equity shareholders	300	5
Middle term loan	4400	76
Grants	3211	55
Funding of operation	1264	22
Total	10803	186

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Project company

- Morocco, Senegal Company of Electricity / St Louis. Comasel St. Louis.
- Decree # 2.08.105 , dated March 11<sup>th</sup>, 2008.
- Limited Company subject to the Senegalese law recorded in Dakar on October 31<sup>st</sup>, 2008.
- Capital: 1,628 million CFA franc.
- IFC Participation: 20% per capital increase

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**Louga: Concession Zone**

- LOUGA - KÉBÉMER - LINGUERE.
- North-central Senegal.
- 29 188 km<sup>2</sup> / 622,000 inhabitants
- 46 Rural Communities.
- 2,300 town/locality with no electricity.

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**Provisional investment over 3 years**

Section	Amount	
	CFA franc in million	MAD in million
Production	-	-
Transport	2992	52
Distribution	3716	64
Interior installations funded for the clients	847	15
Individual solar system	811	14
Public lighting	254	4
Structures	347	6
Engineering	244	4
Total (ex. Tax (including pre-financed interior installations	9211	159

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**Provisional funding plan over 3 years**

Section	Amount	
	CFA franc in million	MAD in million
Capital stock	1673	29
Reports	69	1
Other equity shareholders	355	6
Grants	7134	123
Total	9211	159

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**Project Company**

- Morocco, Senegal Electricity Company / Luga. In the process of being created.
- Capital: 1,673 million CFA francs (29 million Dirhams)
- Decision of the ONE Board: October 19<sup>th</sup>, 2010.
- Decree in the process of being established
- IFC Participation: 20% of capital

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**Our points of strength**

- Expertise in electricity business;
- Competitiveness;
- Image and reputation;
- Quality of relationships with fund providers.

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### **Our points of weakness**

- Unfavorable financial situation;
- Undeveloped organizational Tools;
- Consultation deficit with manufacturers.

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### **Opportunities**

- Energy Crisis in Sub-Saharan Africa.
- Increasing interest of the IFIs for Africa.
- Significant potential energy resource (hydraulics , gas, etc.)

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### **Threats**

- Political instability risk;
- Insolvability risk;
- Unfair practices.

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### **African electricity market**

Very low supply rate (30%);  
High production costs;  
Operators' structural imbalance;  
Abundant resources (hydraulics, gas, etc.)

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### **Our strategy**

- Implement projects with high added value (consulting, project management, O & M, etc.);
  - Consolidate and evaluate our position in Senegal;
  - Prioritize West and Central Africa;
  - Focus on partnership with operators, financial and private sector partners;
  - In the medium and long term independent power producers (IPP), equity acquisition, etc.
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## Perspectives of the Moroccan electricity industry

- Regional integration between Morocco and Mauritania;
  - Taking part in independent production projects (hydraulics, etc.);
  - Taking part in the current redevelopment process.
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