

African Footprint

Newsletter from the Crowe Global African firms

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Crowe Powering Green Economies in Africa

Crowe Infrastructure Africa is making a mark in renewable energy development.

Crowe Infrastructure Africa (Crowe Infra) is Crowe's member firm dedicated to infrastructure development in Africa, working with public and private sector clients to structure financially viable and sustainable projects in the energy, transport, water and social infrastructure sectors. As a specialized boutique consulting firm and being part of a top 10 financial services network, Crowe Infra has a unique and highly competitive delivery model based on an uncompromising commitment to quality, agility and responsiveness.

Renewable energy projects are representing a steadily growing share of the firm's engagements, followed by projects in the transport and logistics sector.

"This doesn't come as a surprise", says John Ouko, who is heading Crowe Infra's private sector practice. "Both energy and transport provide ample opportunities for private sector developers and financiers to get engaged in bankable investment projects.

Since African governments are progressively creating the enabling frameworks and conducive conditions for independent power producers to augment public utilities' generation capacities, renewables have become a particularly attractive area for private investment with low default rates and respectable returns".

With almost 600 million people in Africa lacking access to electricity and the continent having the lowest power generation capacity compared to any region in the world, the investment requirements are enormous. And while the infrastructure gap in the electricity sector is estimated to cost the continent 2–4% of GDP growth annually, African governments, supported by development finance institutions (DFIs) and impact investors, are channeling more funding into the sector to spur economic growth. Current projections suggest that Africa's electricity sector will attract a total of US\$ 660 billion over the coming 10 years until 2030, but there remains a financing gap of approx. US\$ 100 billion.

The Covid-19 pandemic has probably widened the financing gap in Africa even further, since increased fiscal pressure on African governments has caused a dip in multilateral and bilateral lending.

While the financing gap sounds insurmountable, one of the main constraints to electricity infrastructure development is not a lack of finance, but rather a lack of well-prepared, bankable infrastructure projects. Inadequate support at the project preparation stage can result in critical projects being scrapped prior to implementation or increased costs of implementation to a prohibitive degree.

Project preparation, which spans activities from conceptualization and feasibility analysis to deal structuring and transaction support, is integral to creating bankable projects. Crowe Infra's senior management team has over 100 years of combined experience in transaction advisory and financial structuring of infrastructure investment projects with a total investment portfolio of over US\$ 20 billion.

"We are observing a number of trends in the infrastructure finance industry in Africa which we are aiming to proactively respond to with our engagements", explains Crowe Infra's Managing Partner, Stefan Kauder: "First of all, there is an increasing focus on Environmental, Social and Corporate Governance (ESG) issues and this is driving a rethink of investment decisions in infrastructure - deals need to be net positive, low carbon footprint and sustainable for local African economies and bankable at the same time. Secondly, Development Finance Institutions (DFIs) are playing a greater role in blended finance and unlocking project finance - creating a new multi-source ecosystem of local bank, specialist fund and private investors by offering new financial products and guarantees that de-risk lending. Finally, the sheer scale of the infrastructure gap means that there are excellent opportunities for investors in relation to renewable energy, transportation infrastructure, and other sectors such as primary healthcare and digital connectivity."

Crowe Infra has the mandate to provide transaction support and to raise capital in debt and equity for a developer of a large-scale renewable energy project in West Africa, which will transform the country's electricity supply sector. Other mandates include low or zero-carbon emission electricity generation and transportation projects in East and Southern Africa.

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About Crowe Global

Ranked eighth largest accounting network in the world, Crowe Global has over 200 independent accounting and advisory firms in 130 countries.

For more than 100 years, Crowe has made smart decisions for multinational clients working across borders.

Our leaders work with governments, regulatory bodies and industry groups to shape the future of the profession worldwide. Their exceptional knowledge of business, local laws and customs provide lasting value to clients undertaking international projects.

Crowe provides global reach on a personal scale. Crowe firms focus on the future, the client experience and working with clients to build something valuable, substantial, and enduring. Close working relationships are at the heart of our effective service delivery.

At Crowe, our professionals all share one commitment, to deliver excellence.