

- Capitalization advisory in Colombia
- First Yemen IPP advisory
- New senior executive in London office
- SPECIAL REPORT on AFRICA

The experienced team in international project development and finance

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## News'nViews

### NEW PROJECTS

#### EMCALI, COLOMBIA, CAPITALIZATION ADVISORY

Taylor-DeJongh has been selected as the financial advisor to the Empresas Municipales de Cali (EmCali) of Cali, Colombia. As a co-lead of the consortium, along with Iberfin SA of Spain, Taylor-DeJongh will advise EmCali on the capitalization of the municipality infrastructure assets, including electricity, water, and telecommunications.

The total capacity of the water sector eligible for capitalization serves 422,842 consumers, including 393,109 residential. The telecommunications assets include 608,704 installed lines. The energy sector is represented by 234.5 MW of capacity, which includes a combined-cycle gas-fired plant. The value of all the assets to be capitalization is estimated in the range of 1 Bn.

Taylor-DeJongh will provide advisory services in the restructuring of these companies, helping make strategic decisions in the process of their capitalization, and assist in the development of tender information and in negotiating the sales to strategic investors. The work starts in February with a target for the auctioning of assets to strategic investors within six to eight months. ■

#### FIRST YEMEN IPP ADVISORY LAUNCHING

Taylor-DeJongh is appointed financial advisor to Athens-based Consolidated Contractors International Company (CCC) for a 500 MW independent power project to be built near Marib, Yemen. The capitalized cost of the project is \$300 million of which 30 per cent will be equity. The debt is to be raised from multilateral financial institutions and commercial lenders.

In conjunction with California-based Delma Power Company, CCC is to complete agreements with the authorities on power purchase, fuel supply, land, environmental impact and implementation. Taylor-DeJongh will be advising CCC on all these issues. This build-own-operate-transfer (BOOT) project promises significant savings to the country, as the gas-fired simple cycle plant will replace existing oil-fired plants by tapping the rich gas reserves in the Safar fields. It is estimated that the power purchase cost will be half the current price of \$0.06 per KWh for stations run by the Ministry of Electricity & Water and \$0.12-0.15 for privately owned generators.

Plans for construction of a 200-kilometre transmission line are also underway, to link the plant to the national grid near Sanaa. The 500-MW plant construction is due for completion by 2003 and can be later expanded to 800MW. ■

### UPCOMING CONFERENCES - February / March 2000

**Feb. 15-17- ICBI - Projects International 2000**, Paris. Terry Newendorp presents a speech on "Advancing the Financing Viability of Major Projects Through the Latest Credit Enhancement Techniques and Products." **Feb. 21-22 - 2nd Annual Electric Asset Valuation**, Atlanta, GA. **March 1-2 - 4th Annual Turkish Power Industry Forum**, Istanbul, Turkey. **March 20-22 - FLAME 2000, European Gas Conference**, Amsterdam, Netherlands. **March 22-24 - Infocast Forum 2000**, Amelia Island Plantation, FL. Terry Newendorp - panelist for "Globalization of the Energy Industry." **March 28-29 - MEED-ConferenceGulf 2000**, Abu-Dhabi, UAE. Terry Newendorp is a speaker. For more information go to [www.taylor-dejongh.com/Conferences](http://www.taylor-dejongh.com/Conferences) ■

-- by Christopher Lundstrom  
Taylor-DeJongh Managing Director; New Africa Infrastructure Fund Co-Manager

# AFRICA

Zimbabwe  
Ghana  
Mali

In the last five years, this continent of 11 million square miles, 800 million people, 53 countries, and some of the world's richest natural resources, has seen some unprecedented project finance activity as the interest in the African Sub-Saharan region has been renewed. The number of closed deals in Africa, however, is still only a small fraction of what it should be to meet the overall infrastructure needs. Most countries in the Sub-Saharan region need to continue evolving their protection of foreign investors, in order to maximize the attraction of private investment in the development of basic infrastructure. New Africa Infrastructure Fund (NAIF), co-managed by Taylor-DeJongh and New Africa Advisers, represents a new vehicle designed to focus and structure capital for infrastructure projects, and to act as a catalyst of bringing projects to a successful close.

South Africa  
Transvaal  
Ivory Coast  
Senegal  
Mauritania

Africa offers a large number of overall transactions for development. Investment funds, like NAIF, will be highly selective. Research suggests that telecom and energy sectors are the most promising ones from the stand point of attracting private capital.

Many African countries have already liberalized their markets and taken steps to create a more favorable investment climate. The sub-continent alone has recently been the target of several project financing deals which have forced the governments into considerable reforms to accommodate new structures. The flexibility demonstrated by some local governments and implementation of regulatory reforms prove that Sub-Saharan Africa is able and willing to attract project developers and lenders.

The developments that have taken place throughout many African countries suggest that the trend toward privatization activities in Africa is in its early stage and promises to continue evolving. We see that the relatively new revival of regional integration and economic cooperation in light of a post-Apartheid South Africa, presents attractive opportunities for investors, especially when certain anchor countries, such as Cote D'Ivoire, Ghana, Kenya, and South Africa are included. The countries that are more limited in financial resources compared to South Africa are not to be overlooked as places where project finance would be successful.

As Asian and Latin American investments are finding it more difficult to reach financial closing - and often at lower rates of return when they do - Africa is proving itself as fertile territory for project financiers. If one is to believe that this trend of closed transactions is to continue, then new and dedicated investment capital - financial and strategic - is a major ingredient of what is required to sustain the momentum. For now, no one can deny that Africa is entering the new Millennium with solid wind in its sails.

