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**Namibia**

Oil and Gas Conference

# Financing Oil and Gas

## “The Role of a DFI”

Hellen Amupolo

Head: Investments

Development Bank of Namibia

# About DBN



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- Established 2002 (DBN Act)
- Government of Namibia is sole shareholder
- Finance large Enterprises and SME
- Pioneers new forms of lending (products, sectors)
- Lending in Namibia only
- Mandate: *“...Contribute to economic growth and social development of Namibia and for the sustainable promotion of the welfare of the Namibian people...”*
- **Development Impact & Financial viability/Sustainability**

# Development Impact is KEY

- Infrastructure development
- Import Substitution
- Job Creation
- Skills Share and Transfer
- Economic diversification
- Decentralization
- Transformation (youth, women, PDN's)



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# Lending Focus

- Large enterprises & infrastructure (Public and Private Sector)
- NDP5 Sector focus
  - Manufacturing
  - Transport and logistics
  - Tourism & Hospitality
  - Infrastructure
- Lending to address development needs
- Transformative lending to address persistent economic issues
- Invested N\$ 19.4 Billion since inception (2004)



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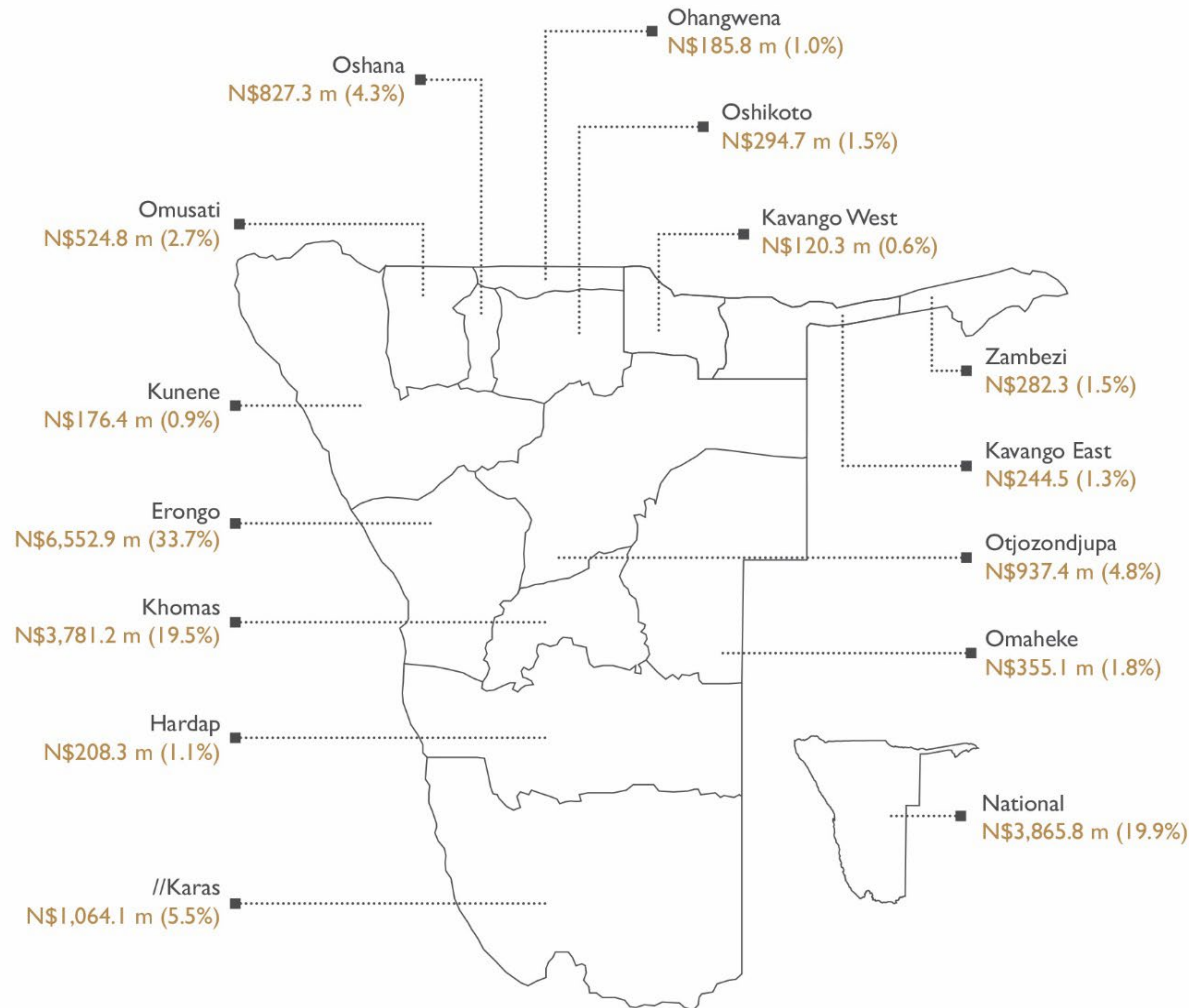
# Regional Footprint



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Regional approvals since inception (2004)



# Sectoral Approvals



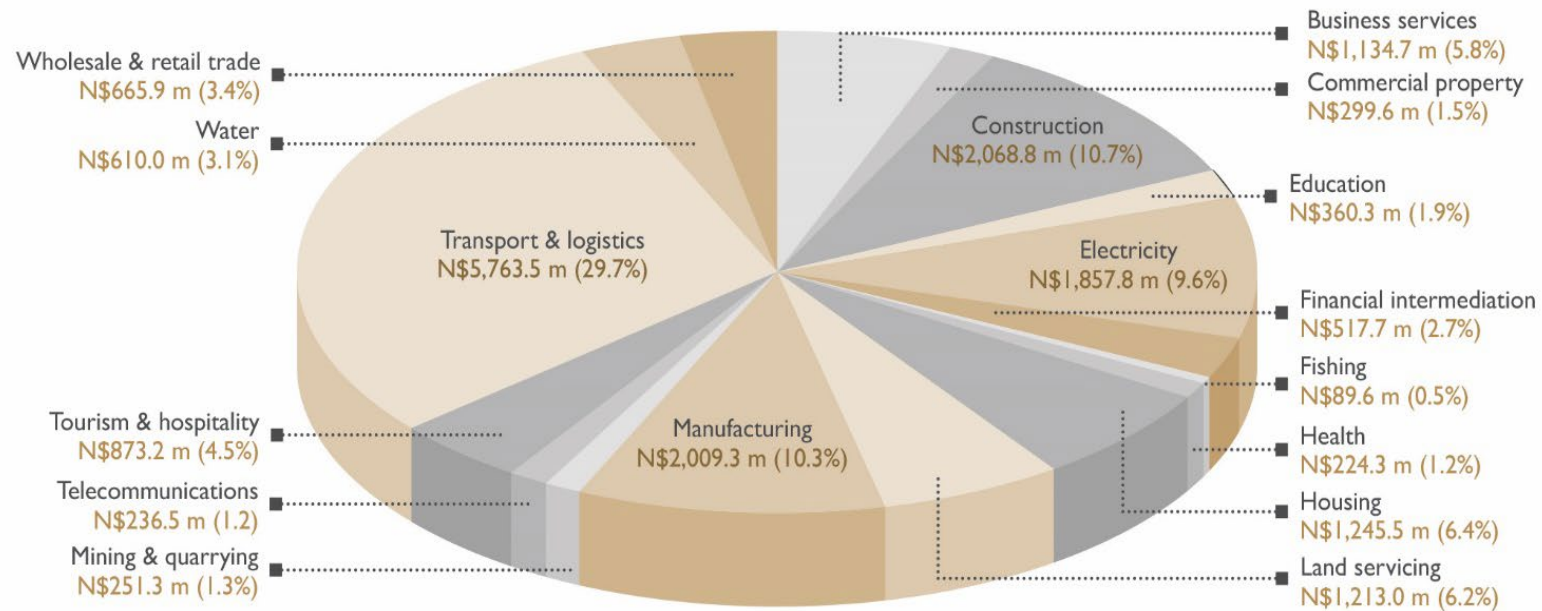
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Cumulative approvals since inception (2004)

N\$19,420.9m

Sectoral approvals since inception (2004)



# Renewable Energy approvals



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9

Number of renewable projects  
financed by the DBN



1



8

63.1 MW

Combined plant capacity financed (MW)

NAD 845.2 Million

The total value of green/ climate  
Commitment capital



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# Financing Oil and Gas



# Eligibility



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## Public Sector

- Up to 20 years
  - Project Finance
  - Corporate Finance

## Private Sector

- Up to 12-15 years
  - Project Finance
  - Corporate Finance

## Public Private Partnerships

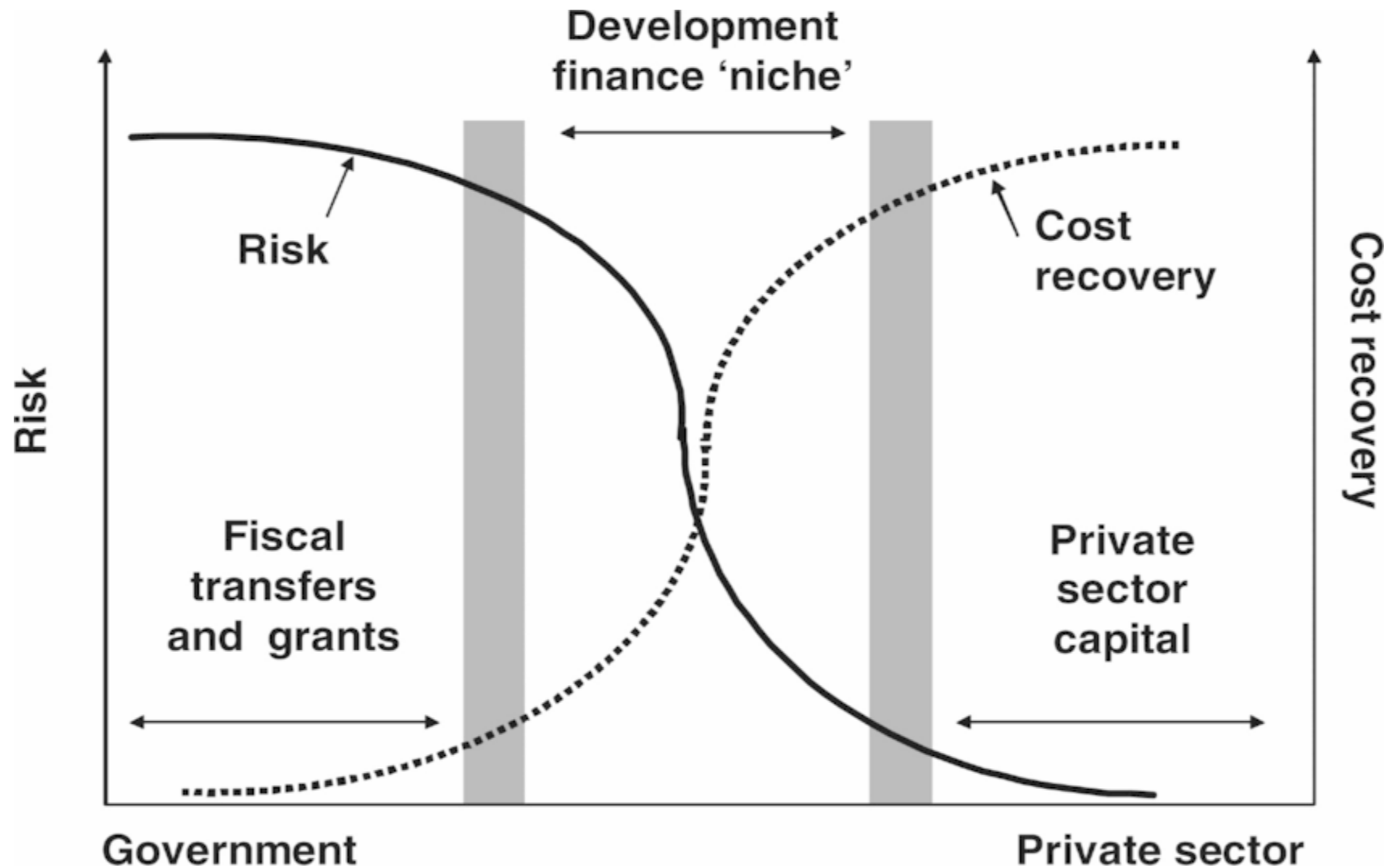
- Up to 20 years
  - Aligned to the concession
  - Project finance

# The Role of DFI's



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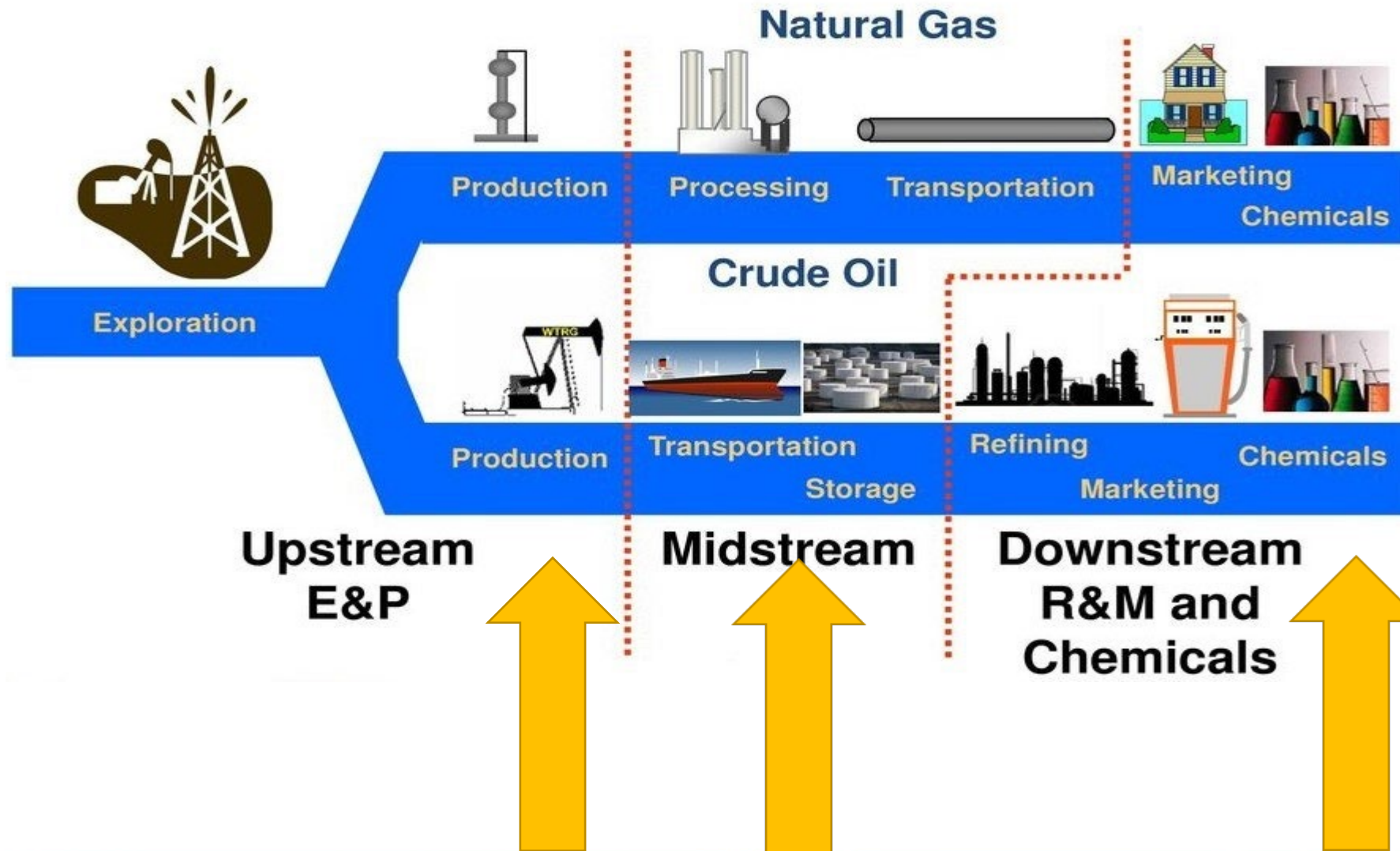


# The Role of DFI's cont...



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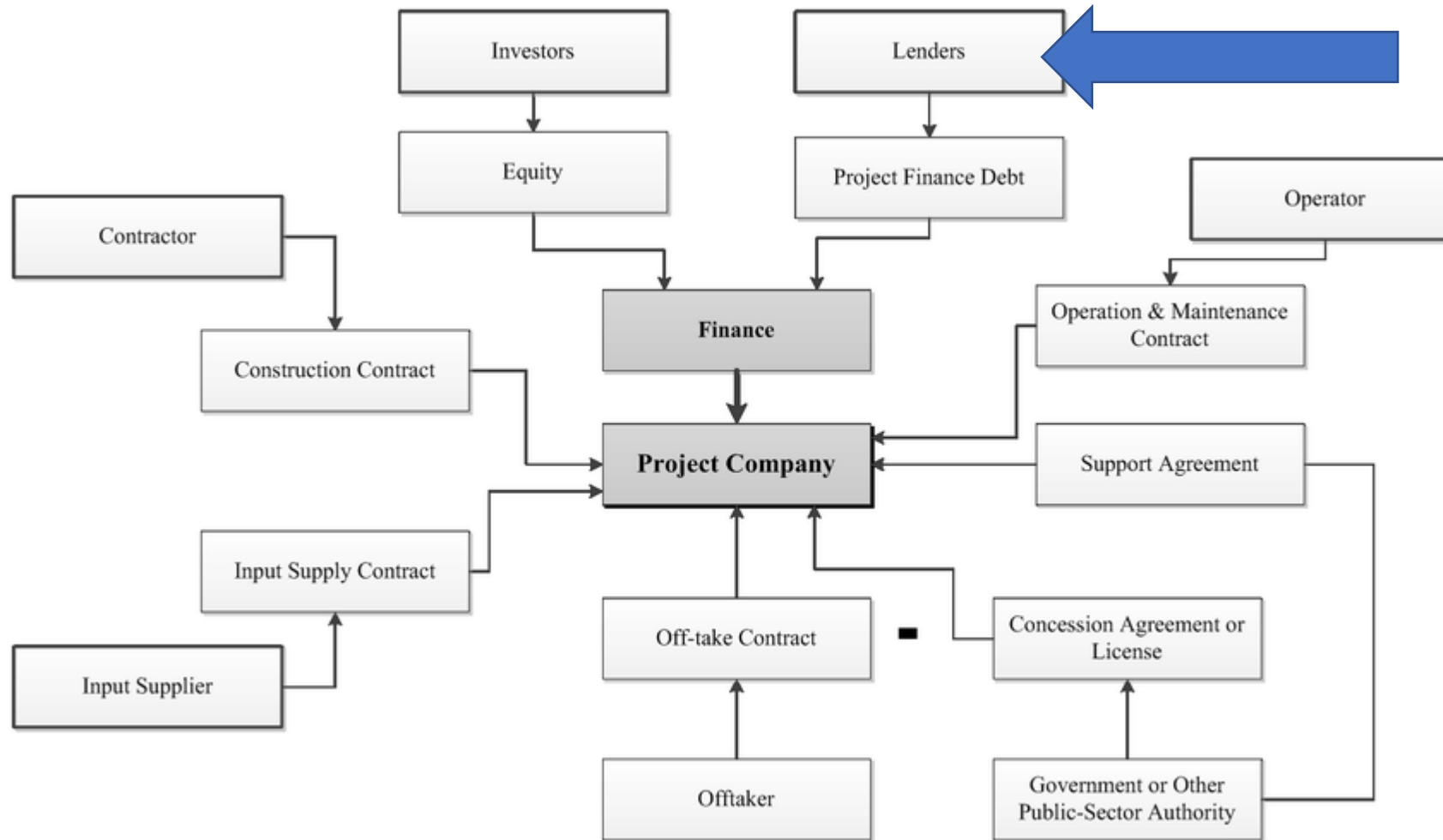


# Project Finance Structure



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# Facilities

## Facilities

- Debt finance (repaid from project cash flow streams)
- Equity Finance (repaid from dividends)
- Mezzanine Finance
- Preference Shares
- Guarantees

## Use of Funds

- Infrastructure
  - Property development
  - Access roads
- Specialized equipment
- Working capital
- Inventory



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# Typical Structure

- Project Finance – ring fenced income
  - Cash is king - Ringfenced from the project
- Corporate Finance – Balance Sheet Lending
- Term : Aligned to the construction and income/sales schedule
- Collateral /Security:
  - Cession of contract income
  - ISA's, GNB's, Guarantees, CCMB's
  - Unlimited/Limited suretyships
  - Sculpted repayments
  - Cession of the Escrow Accounts;
  - Cash reserve to be built up;
  - Cession over Debtors/ Receivables



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# Typical Structure cont...

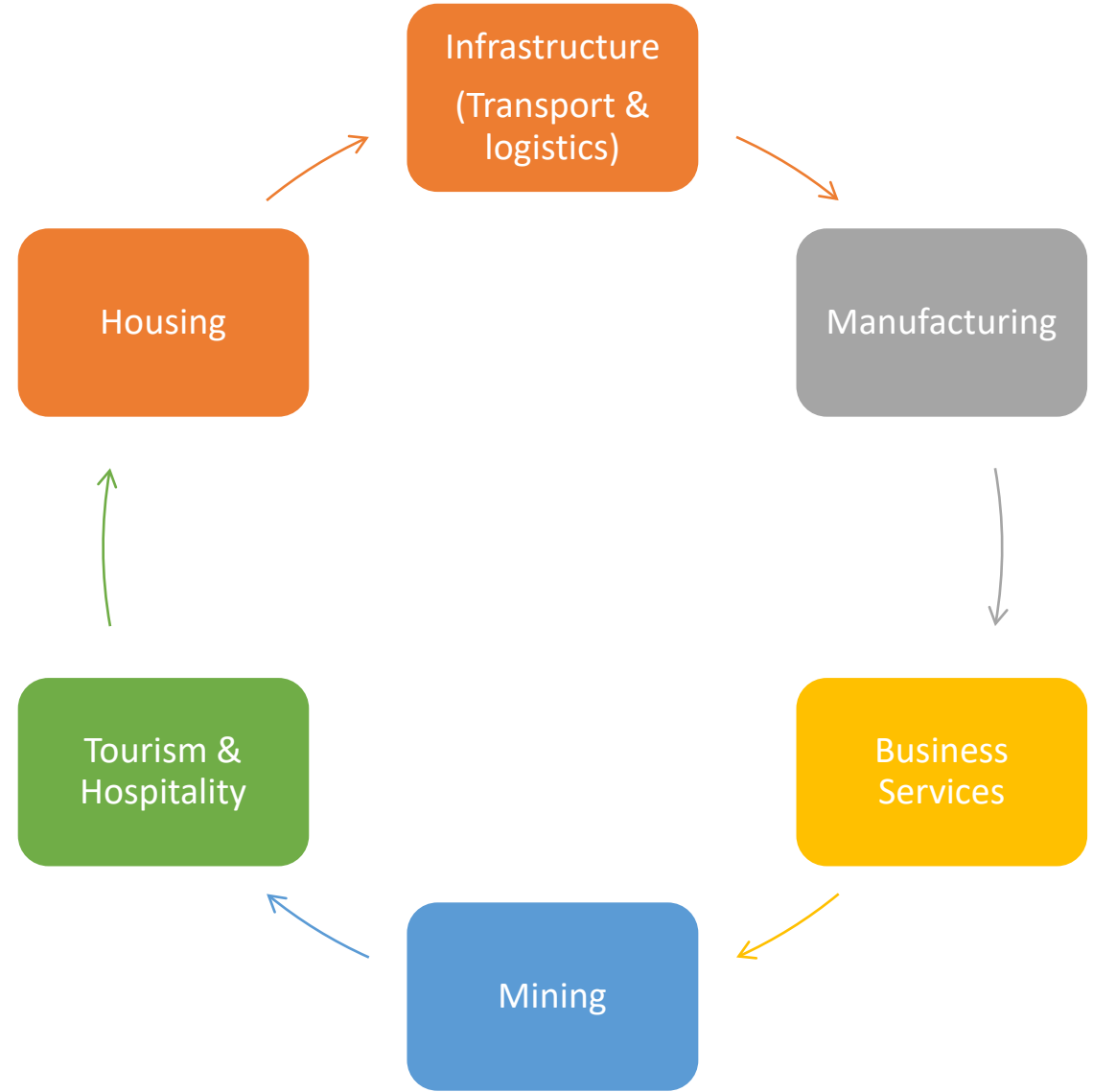
- Longer term view: Tenure typically around 20 years (infrastructure)
- Grace Periods of up to 4 Years
- Current max Single Exposure at N\$350 million (~U\$19 million)
- Preferred gearing of 70/30
- DBN keenly supports projects with high developmental impact, eg. job creation, export earnings, import substitution, etc
- DBN can involve other DFI's or Commercial Banks where needed to optimise funding package



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# Industry Value Sectors





# Project Preparation



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- Project Preparation consists of all work necessary to ensure a proposed project is well planned, structured and packaged for successful financing and implementation
- A tool unlock projects, initiated in 2014
- Large-scale manufacturing and infrastructure projects
- Risk mitigation through sound structuring & packaging
- Funding recovered when project is banked

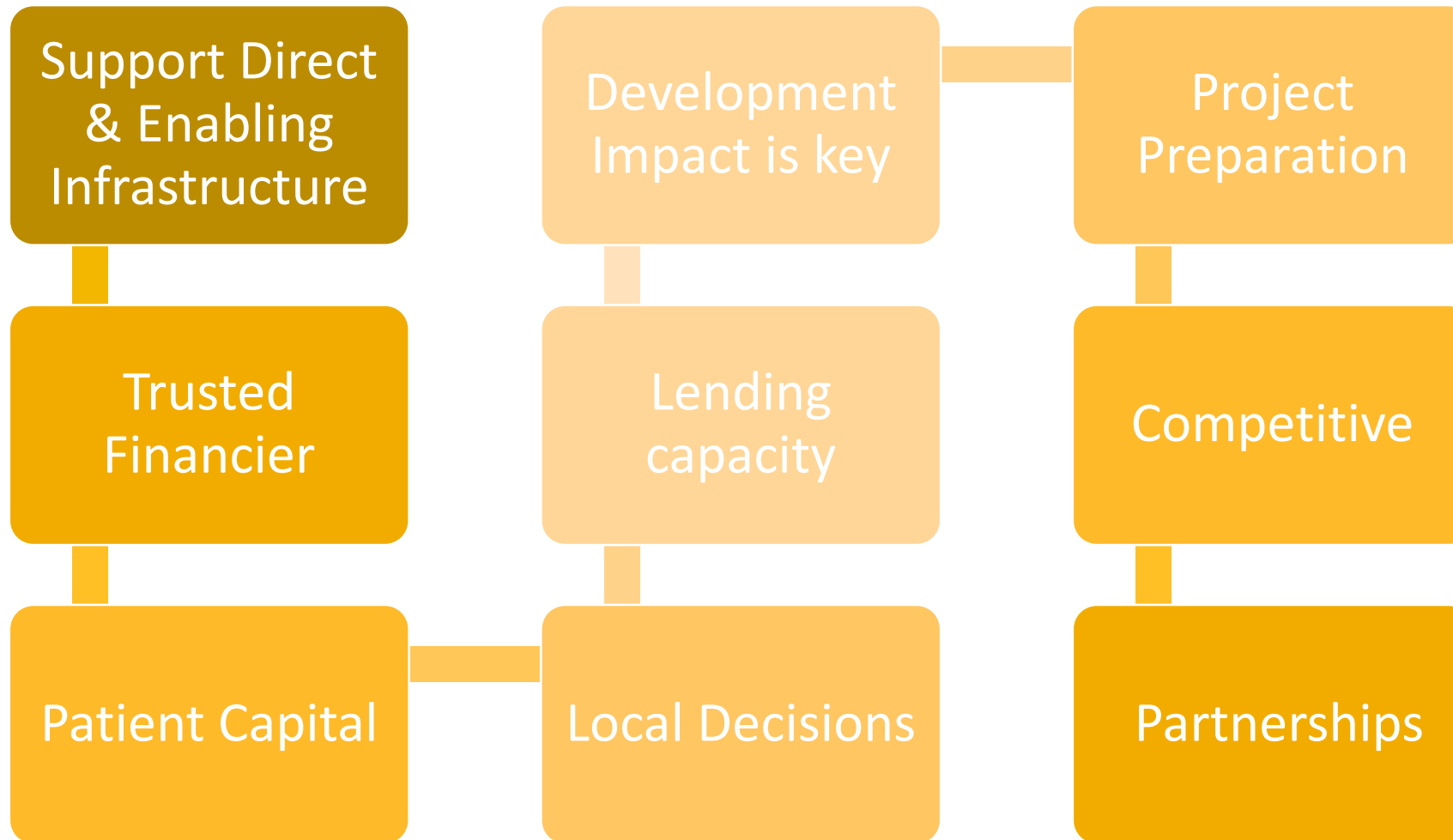


# DBN's value proposition



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# Mining Database



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## Mining input database and website

- DBN leading the development of the database and website for all mining input
- The objective of the database and website is to:
- Identify and record all physical mining inputs and services;
- Provide local entrepreneurs, particularly SMEs, full access to information on the mining industry's input requirements;
- To increase the number of local suppliers to the mining industry;
- To deepen the mining supply chain in Namibia.
- The development of the website if is completed, and will be launched on 30 August 2023, at the 2023 Mining Expo & Conference.

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Uma visão de futuro.



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KFW

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Industrial Development Corporation



AFD





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# Show case projects

# Mining



## Uis Tin Mine

- Tin mining operation, revived after decades standstill
- Funding towards pilot phase to ramp-up and optimize tin production and other minerals.
- Majority foreign-owned with a minority Namibian shareholding
- Project finance
- DBN Debt: N\$ 100 million
- Approved 2022



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# Manufacturing



## Ohorong Cement (Pty) Ltd

- Namibia's first cement plant, establishing new industry and securing local production of cement
- Majority shareholder: Schwenk Zement (German Corporate)
- DBN co-invested Equity Finance (minority shareholding) with Industrial Development Corporation (IDC) and Development Bank of Southern Africa (DBSA)
- Latest Valuation (DBN shares): N\$240 million
- Initiated 2010



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# Transport & Logistics (Storage)



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## National Energy Fund (“NEF”)

- National Strategic Oil Storage Facility (GRN owned)
- Upgrade of aging infrastructure, and increase of Namibia’s fuel storage capacity
- Ministry of Mines & Energy tender for EPC to design and construct jetty, pipeline and tank farm
- Tender awarded to international engineering firm, in joint venture with local companies
- Project financed with ring-fenced dedicated fuel levy
- Total Debt: N\$4.2 billion
- Initiated 2014





# Housing and Land Delivery



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## Ongos Valley Development

- Installation of bulk infrastructure, municipal services
- Develop 4457 units
- Multiple funders
- Supports housing provision
- Project financed on corporate finance structure
- Total Debt: N\$420 million
- Financed 2019

# Renewable Energy



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## Omburu Sun Energy (Pty) Ltd

- 5MW Solar PV Project
- Pioneering finance for independent power producer (IPP) as part of National Utility's RE programme, with 25 year PPA
- Majority foreign-owned SPV with Namibian shareholding
- Project financed on back of PPA
- Total Debt: N\$ 84 million
- Approved 2014

## Others

- Multiple solar parks and one wind farm followed
- Wheeling Agreements now accommodate PPA between private parties
- In total DBN financed 8 RE plants

# Tourism & Hospitality



## Shipwreck Lodge

- 5+ Star Lodge in the remote Skeleton Coast National Park
- Ministry of Environment & Tourism tender, with a Concession Operations Agreement to construct and operate for 25 years
- Tender awarded to Namibian owned company
- Corporate finance
- Total Debt: N\$ 15 million
- Approved 2016



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