



ACP S&T Bio Fuels Workshop

SANUMARC Henties Bay, Namibia

3rd - 4th June 2010

Investment for development

Pre-conditions

- **Macro economic stability**
- **Infrastructure (legal, physical)**
- **Proven technology and technical support**
- **Market demand**
- **Promoters (owners) with equity & ability to manage their business**

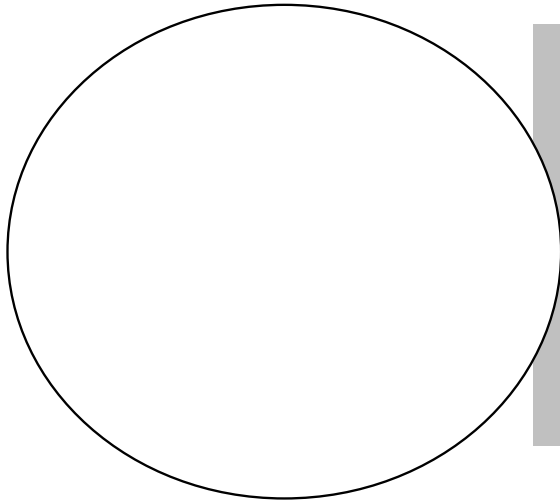
Investment for development

- ‘the art of the possible’

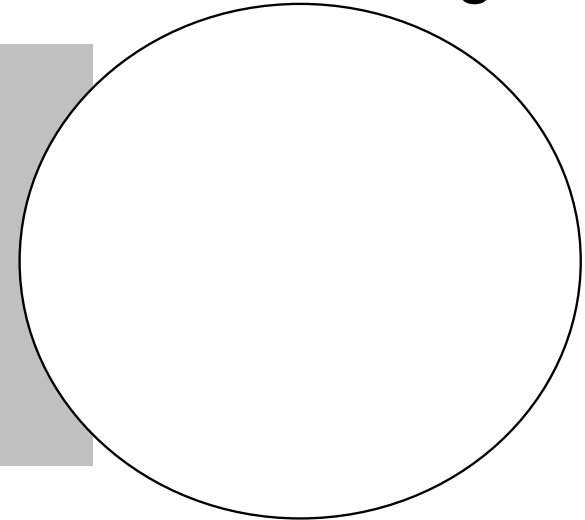
“Business case prevails”

development finance Gap

Government
investment



bank lending



**MISSING
MIDDLE**

**THE
FINANCE
GAP**



Closing the finance Gap

Government
investment

bank lending



fruit-full
investment
partnership

A Venn diagram consisting of two overlapping ovals. The left oval is labeled 'Government investment' and the right oval is labeled 'bank lending'. The intersection of the two ovals is highlighted with an orange rectangular box containing the text 'fruit-full investment partnership'.

Investment selection

many applications received, most screened out / referred back, due to basic problems

APPLICATIONS WITH POTENTIAL
ARE WORKED INTO INVESTMENT-
DECISION READY PROPOSALS

APPRAISALS

INVESTMENT
DECISION

approved deals
loan agreements
negotiated & implemented

Loan
agreement

Financial model = cash mirror

- focus on operational cash flows
- complexity \neq accuracy
- Realistic assumptions
- build a solid base case
- close the loop (DSCR & IRR)



thank you

Chris Hock chock@pan-african.co.za



Workshop

- You have \$100m to invest in renewable fuel
- The rules
 - You must achieve max impact/industry growth/jobs
 - You must make $>10\%$ pa on the fund
 - It must be invested in 3 y
 - You can't lose it!

Reporting back

- What project(s)? Make the case
 - 1-2 projects or a portfolio of several?
 - Risk return?
 - Jobs?
 - Technology?
 - How much own equity?
- What's the minimum needed from government to make this go?