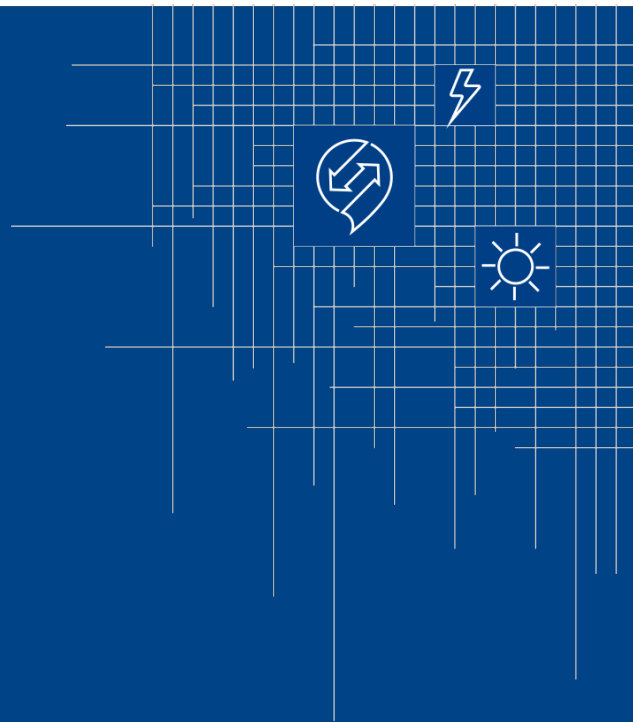


POWER AFRICA

A U.S. GOVERNMENT-LED PARTNERSHIP



POWER AFRICA The Opportunity

- Historic **international momentum**
- Energy access is **a gateway to broader development gains**
- Collaboration can play a **catalytic, game-changing role**
- Promotes **regional integration**
- Quality procurement **leads to market opportunities and growth for firms**



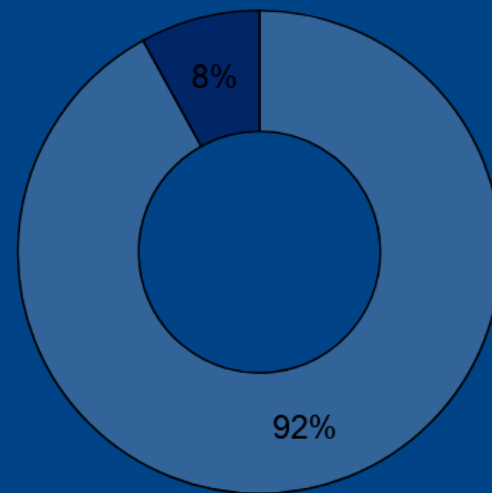
HYDROPOWER'S POTENTIAL

Hydropower represents the second-largest source of MW from existing transactions in sub-Saharan Africa, with 92% of hydropower potential still untapped.

With less than 10% of this renewable resource developed in sub-Saharan Africa, Power Africa has an opportunity to assist in the scaling of hydropower generation.

Power Africa will maximize our long-term pipeline of hydropower deals to help meet our goal of 30,000 MW by 2030.

Hydropower Potential in Africa

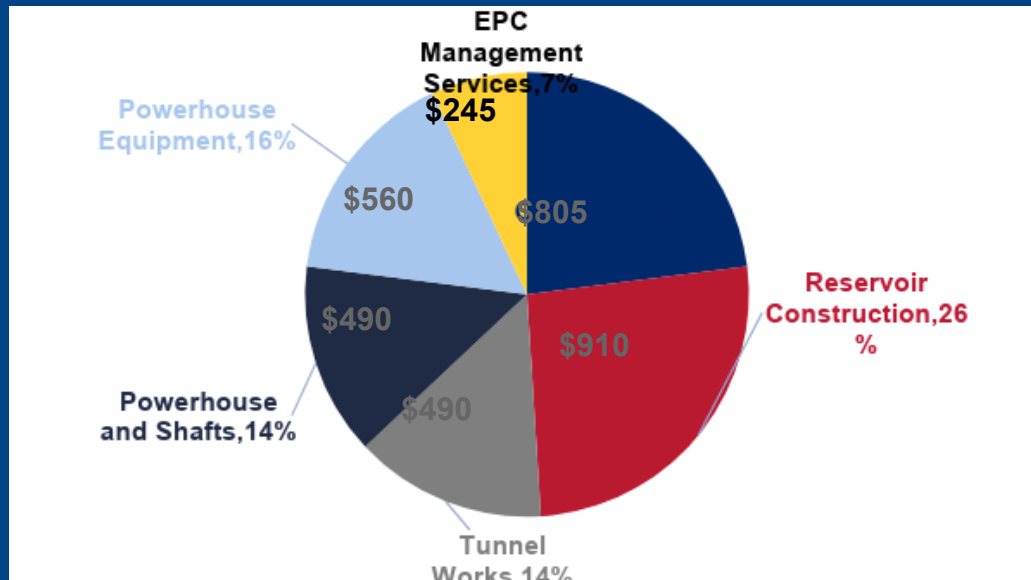


□ Untapped ■ Installed

UNTAPPED \$16 BILLION HYDRO MARKET POTENTIAL

Power Africa has identified \$5.5 billion in hydro infrastructure potential in seven focus countries by 2020, and an additional \$10 billion by 2030.

OPPORTUNITY PER
INSTALLED KW
OF HYDRO*



AFRICA: THE LOW RISK INFRASTRUCTURE MARKET

EXHIBIT 16

Average Default Rates by Region

Region	Basel II Definition of Default			Moody's Definition of Default	
	Projects (Note 1)	Defaults (Note 2)	Average Default Rate %	Defaults (Note 3)	Average Default Rate %
Africa	257	10	3.9%	7	2.7%
Asia	624	57	9.1%	52	8.3%
Eastern Europe	148	8	5.4%	7	4.7%
Latin America	408	55	13.5%	52	12.7%
Middle East	298	6	2.0%	5	1.7%
North America	1,669	138	8.3%	118	7.1%
Oceania	405	27	6.7%	24	5.9%
Western Europe	2,580	159	6.2%	98	3.8%
Total	6,389	460	7.2%	363	5.7%

Notes:

- 1) Based on 6,389 projects
- 2) Based on 460 defaults (BII)
- 3) Based on 363 defaults (Moody's)

Source: Moody's Analytics Project Finance Data Consortium

Bujagali: A Mess!

- Cost ballooned from \$800 Million to \$1.3 Billion
- Hydro is cheap? – The average cost of electricity increased
- The most expensive hydropower in Africa
- Ruined the Bujagali Falls, a national treasure
- Issues of compensation and resettlement

Bujagali: A Mess?

MARKETS

Blackstone Scores Profit on Dam Deal Dubbed ‘Big Mistake’ in Uganda

Private-equity firm hoped to do well and to do good with Bujagali investment. It succeeded on the first count; the second is debatable.

*By Nicholas Bariyo and
Ryan Dezember*

Aug. 28, 2018 6:07 p.m. ET

KAMPALA, Uganda—A decade ago Blackstone Group LP invested about \$120 million in a hydropower dam on the White Nile, a venture the firm hoped would be both lucrative and altruistic.

On the first count, Blackstone’s Ugandan gambit has paid off: The New York investment firm more than doubled its money when it sold its stake in the dam this summer to a Norwegian company.

QUALITY PROCUREMENT FOR HYDRO

- Better Environmental and Social Standards
- More sustainable infrastructure
- Greater economic opportunities for high-end producers
– not low-cost

HYDROPOWER AND THE ENVIRONMENT

ENVIRONMENTAL AND SOCIAL CONCERNS

There are typically numerous environmental and social concerns related to projects in proximity to water resources. These include:

- Land use of environmentally sensitive areas;
- Sterilizing agriculturally valuable areas; and
- Community displacement.



Some studies have indicated that the cumulative effect of multiple smaller-scale projects may be more detrimental than single, large projects. On the other hand, the concerns regarding large-scale projects are well documented. Each project should be assessed based on its own set of merits and not on a blanket approach based on size.

POWER AFRICA and Quality Procurement

- “High-quality infrastructure has a direct impact on overall economic efficiency, growth, and productivity.”
- “A ‘Quality Option’ must be made available to ensure that developing countries have infrastructure options that are sustainable and fiscally responsible and meet universally accepted quality standards.”