

The Investor: Actis

Fund Manager: Actis

Fund Name: Actis Energy 3

Fund Size: USD1.15 billion

Total AUM: USD10 billion

Actis is a global investor focused on growth markets across Africa, Asia, and Latin America. Founded in 2004, Actis has raised USD19 billion since its inception, investing in more than 200 companies and realizing over 165 exits. The firm has a team of over 300 employees, including over 120 investment professionals, operating out of 17 offices globally.



The Company: PETN



Company: Parc Eolien Taiba N'Diaye

Website: www.taibaeolien.com

Industry / Sector: Energy

Location: Senegal

Parc Eolien Taiba N'Diaye (PETN) is the first utility-scale wind energy platform in Senegal and the largest wind farm in West Africa. One of several projects being developed by Lekela Power, PETN will provide 158.7 megawatts (MW) of clean, reliable power to Senegal's electricity grid once completed in 2020. It is designed to operate for a minimum of 20 years, while providing power to over two million people.



Date of Investment:
June 2016

Amount:
~USD330 million*

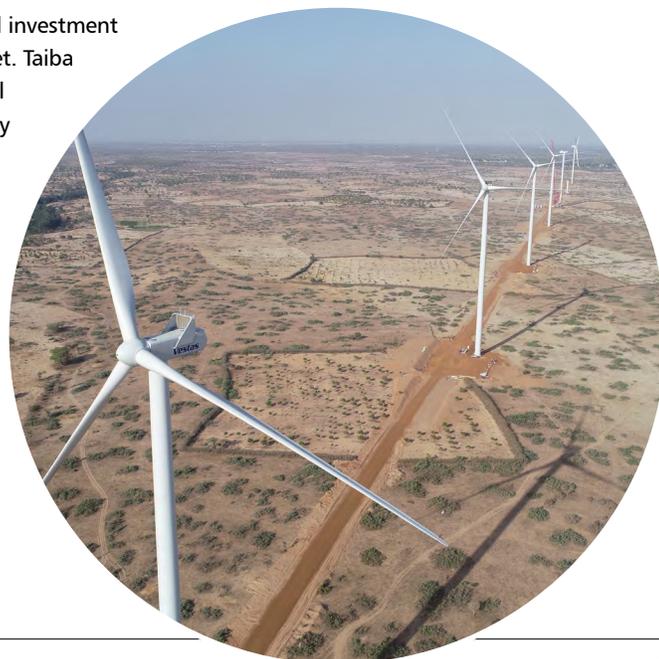
Participation / Stake:
60%

Opportunity

When Actis began evaluating the 158 megawatt (MW) Parc Eolien Taiba N'Diaye (PETN) project in 2016, it saw an opportunity to transform the Senegalese power sector by building the country's first utility-scale wind power plant. At the time, only 65% of the population in Senegal had access to electricity, while 88% of the country's generation capacity was sourced via burning oil and diesel, according to World Bank estimates. Senegal additionally had one of the highest generation costs in the world due to its reliance on imported fuel. Despite these challenges, Actis recognized that Senegal boasted one of the best wind resources in Africa, and valued that the project had the support of the Senegalese government, which was vocally committed to developing the country's renewable power sector in order to halt chronic electrical outages and achieve greater energy independence.

Actis had recently partnered with Mainstream Renewable Power to build Lekela Power, a USD1.9 billion renewable energy platform, and was actively searching for opportunities across Africa. PETN fit well within this platform as a commercially attractive greenfield investment in a historically challenging market. Taiba N'Diaye was a relatively poor rural community, located approximately 70 kilometers northeast of Dakar, and was vulnerable to increasingly frequent and prolonged periods of drought—particularly as only 5% of the land was irrigated. By the time Actis began looking at PETN, people in the local community were already well informed regarding the project and were open to further

discussions to see how their lives and the region could be improved by hosting a wind farm in the area.



*Representing an equity investment by Lekela Power, which is a joint venture between Actis (60%) and Mainstream Renewable Power (40%), as well as debt financing provided by the Danish Export Credit Agency (EKF) and the U.S. International Development Finance Corporation (DFC)

Execution

Actis' impact-led investment approach was a key factor in Lekela winning the competitive process to acquire the PETN project and sell electricity to state-owned utility Société Nationale d'Électricité du Senegal (Senelec) through a 20-year power purchase agreement. An immediate priority for Lekela was recruiting community liaison officers and a local management team, including a dedicated ESG group. The team also negotiated the Engineering, Procurement and Construction (EPC) contract with the turbine supplier.

Actis and the Lekela team then faced the logistical challenge of transporting equipment such as 138 turbine blades, each 60 meters in length, and 46 Vestas wind turbines, each 180 meters in height, from the port in Dakar to Taiba N'Diaye. The mostly rural and narrow roads presented challenging conditions, so road turnings had to be modified, while turbine

transportation typically began at night in order to minimize disruptions to villages along the route.

In late 2018, construction on the wind power plant commenced. At peak construction, PETN employed 902 people, with 294 workers from the Taiba N'Diaye region, 536 from Senegal and 72 expatriates. PETN generated 18 permanent skilled jobs in the management team, 16 of which are held by Senegalese nationals. Actis and Lekela organized trainings for the employees, particularly on safety and construction techniques. Having to also account for the safety of curious community members keen to watch the plant being built, Lekela undertook various initiatives such as speaking at schools to educate people on the risks of being in operation areas and asking bystanders to stay a minimum of 300 meters away from turbine components.



Outcome

PETN is currently the largest wind farm in the West Africa region and is on track to expand Senegal's total electricity generation capacity by 15%. It began operating the first 55.2 MW of the project in November 2019, and the remaining 103.5 MW reached completion in December 2020. Once fully commissioned, PETN will generate 400 gigawatt hours (GWh) of clean electricity annually to over two million people for a minimum of 20 years. The project will also offset approximately six million tons of carbon over the next two decades and significantly reduce the cost of electricity in Senegal from the current price of approximately USD0.30 per kWh.

PETN was officially inaugurated in February 2020 by Senegalese Head of State Macky Sall and has been well received by local government officials due in large part to the community investment programs Actis helped put in place. Having a world class wind farm on their doorstep has also become a source of pride for people living within the region. As a private equity investor Actis will seek to generate a profit by selling its stake in PETN in the next several years, but the long-term partnership with the Taiba N'Diaye community will also be a lasting part of its track record.

Spotlight: Engaging a Community

Because the site was located in an agricultural area—and construction of the wind farm and access to associated roads would result in some farmers being economically displaced—Actis and Lekela participated in ongoing consultations with those affected by the project to develop a livelihood restoration plan and ultimately solidify their support for the project. PETN assisted 415 families with transitional financing, land and crop replacements, financial management training and irrigated garden establishments—and continues to monitor those families on an ongoing basis.

Lekela and Actis also examined how others living in Taiba N'Diaye might be negatively affected by the project. The women's agricultural economy became one focus point after seeing how heavy vehicles could pose a health and safety risk to those selling produce on the side of a busy main road. At the request of a local women's association, PETN provided a new marketplace in Taiba N'Diaye in November 2019 with over 60 covered stalls. The first monitoring and evaluation survey confirmed that all of the women interviewed had seen an increase in revenue and improved health since moving to the central marketplace. Actis also worked with PETN to build a new Information Technology Centre for the Taiba N'Diaye High School in October 2019 and has supported the funding of 12 technical traineeships.

In 2020, Lekela prepared the Taiba N'Diaye community for the COVID-19 pandemic. In collaboration with Actis' neighbouring thermal power plant Tobene Power, Lekela met with community groups throughout the region, including schools, mosques, and women's health groups to distribute information pamphlets and soap. Women were encouraged to start sewing masks, hand washing stations were established, and food parcels were distributed to the most vulnerable members of the community.

