UNCTAD

17th Africa OILGASMINE, Khartoum, 23-26 November 2015

Extractive Industries and Sustainable Job Creation

Islamic Development Bank’s experience in the Financing Infrastructure in the extractive Industry in Africa

By

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.
IsDB’s experience in the Financing Infrastructure in the extractive Industry in Africa

17th UNCTAD Africa Oil, Gas and Mines Trade and Finance Conference and Exhibition
23 - 26 November 2015
Khartoum, Sudan
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IsDB Group in Brief
IsDB Group at a Glance

40+ Years in the Service of Development ▷ 1975 - 2015G

Key Features
▷ MDB of the Islamic World
▷ South-South Development Financing Institution
▷ Solidarity-based
▷ Shariah-compliance
▷ Pioneer in Trade Finance
• A Unique Model of South-South Cooperation
• All Member Countries can benefit form IsDB Financing
• **MDB**: Membership 56 Countries spreading over 4 continents
Our Clients

56 Member Countries across 4 Continents +
Muslim Communities in Non-Member Countries

- Government
- Private Sector
- NGOs

| 1. Afghanistan | 20. Indonesia | 38. Pakistan |
| 3. Algeria | 22. Iraq | 40. Qatar |
| 5. Bahrain | 24. Kazakhstan | 42. Senegal |
| 6. Bangladesh | 25. Kuwait | 43. Sierra Leone |
| 8. Brunei | 27. Lebanon | 45. Sudan |
| 10. Cameroon | 29. Malaysia | 47. Syria |
| 13. Cote d'Ivoire | 32. Mauritania | 50. Tunisia |
| 14. Djibouti | 33. Morocco | 51. Turkey |
| 15. Egypt | 34. Mozambique | 52. Turkmenistan |
| 18. Guinea | 37. Oman | 55. Uzbekistan |
| 19. Guinea Bissau |  | 56. Yemen |
Access to IsDB Group: Geographic / Field Presence

5 COUNTRY GATEWAY OFFICES
- Nigeria
- Bangladesh
- Egypt
- Turkey
- Indonesia

4 REGIONAL OFFICES
- Senegal
- Kazakhstan
- Malaysia
- Morocco

HEADQUARTERS
Jeddah

14 Field Representatives
- Afghanistan
- Azerbaijan
- Bangladesh
- Burkina Faso
- Guinea
- Indonesia
- Iran
- Mali
- Nigeria
- Pakistan
- Sudan
- Turkmenistan
- Uzbekistan
- Yemen
IsDB involvement in extractive industries in Africa
Mining and Downstream infrastructure: SNIM (Iron Ore Mining Company), Mauritania

- SNIM – Mauritania:
  - 2nd Largest Iron ore producer in Africa
  - Majority shareholder: Government of Mauritania
  - Sales 2014: USD 800 million / 40% of the country’s exports

- Project objective: increase iron ore concentrate production

- The project includes:
  - Extension of the existing mine operation
  - Installing a new beneficiation line
  - Extending and modernising existing utilities and workshops
  - Building a new tailings disposal area and Opening a new water well field area

- Corporate Finance Transactions:
  - Total Project Cost: US$ 760 m (PPP)
  - 2 Operations:
    - Mining: (Guelb-2: US$ 80 m); completed November 2015
    - Support infrastructure: (Railway Modernization: US$ 28 m); completed Nov 2015
DOWNSTREAM INFRASTRUCTURE:
OCP- Morocco

- OCP - Morocco:
  - World leader in the entire Phosphate value chain
  - Majority shareholder: Government of Morocco
  - Product range:
    - Phosphorus rock
    - Phosphate Acid
    - Fertilizer
  - Operations:
    - Employees: 23,000 people
    - JVs: Brazil, USA, India, Pakistan and China
    - Sales June 2015 (6-months): USD 2.5 bn

- IDB Financing: USD 150 m (PPP)
  - Jorf Lasfar port rehabilitation & expansion
MINING VALUE ADDITION:
Tunisian Indian Fertilizer- TIFERT, Tunisia

- Project: Phosphoric Acid plant
- Project cost: USD 535 m
- Financing:
  - IDB: USD 120 m (PPP)
- Sponsors:
  - CPG/GCT (company in mining/value-addition) :70%
  - CFL/GSFC (exclusive Indian off-takers) :30%
- Project completed in August 2013
- So far 165,000 tons of Phosphoric Acid exported to India generating high dollar value exports for the country
- Creation of 466 permanent job positions
Takeaways from Bank’s experience
Takeaways from Bank’s experience

- Involvement of Private sector
- Local ownership
- Facilitation (downstream infrastructure)
- Value addition (downstream industries)

Quote: “Life can be understood only looking behind, but can be lived only looking ahead.” (Soren Kierkegaard)
Role of Banks / Financial Institutions in financing the industry
Role of Banks / Financial Institutions in financing the industry

- **Financing**
  - Infrastructure (Public or PPP; Equity participation etc.)
  - Trade (ITFC)
  - SMEs (ICD)

- **Facilitation / catalyst:**
  - Content development (long term development planning)
  - Guarantees (ICIEC)
  - Pre-screening of potential investors

- Knowledge sharing / Reverse Linkages (capacity development) (CCD)

- Mobilization of financing / leveraging (ACG)
Co-Financing Highlights

Arab Coordination group

- More than 120 MOUs/Agreements with 90 Institutions (MDBs, Bilaterals, UN Institutions, Regional Orgs, OIC and Affiliates, NGOs, etc.
- Partnership arrangements:
  ✓ Partnership Platforms: CAREC, CG, …
  ✓ Framework Co-financing Agreements: AsDB, AfDB, KDB, WBG

MDBs / Bilaterals / International Organizations
Concluding remarks:
Quote: “Nothing can be taught to a man, but it’s possible to help him find the answer within himself.” (Galileo Galilei)