

Lesotho—Metolong Dam

General Information

Title of Project	METOLONG DAM PROJECT
Location	Maseru District -- Lesotho
Industry	Water Sector
Public or Private Sector Project (or PPP) (indicate public and private sector roles)	One of the proposed modes of project implementation or a combination

Project Participants

Project Developers	Government of Lesotho (GoL)
Other Sponsors	Feasibility Study funded by BADEA & GoL
Lead Commercial Financial Institutions	N/A

Public Sector Support

Multilaterals (e.g., IFC, MIGA, ADB, ECOWAS, NEPAD, PTA Bank)	Proposals submitted awaiting responses
Export Credit Agencies (e.g., U.S. Ex-Im, ECGD, Coface, Hermes)	N/A
Bilateral Development Agencies (e.g., OPIC, KfW)	Proposals submitted awaiting responses
Host Government Support (offtake agreement, performance guaranty, support/comfort letter)	General Project Administration through counterpart contribution

Project Terms

Anticipated Project Cost	1,024 Billion Maluti
% of Project Cost Constituting Capital Expenditures	75%
Debt/Equity Ratio	Not yet identified
Debt Service Cover Ratio	Not yet identified
U.S. Content	N/A
Potential Suppliers	Not yet identified

Principal Project Contracts

Offtake Agreement	Not yet in place
EPC Contract	Not yet in place
Purchase Agreements	Not yet in place
Operation and Maintenance Contract	Not yet in place
Project Framework Agreement	Not yet in place
Concession/License Agreement	Not yet in place

Project Status

Feasibility Study Completed	Yes, December 2003
EPC Contractor Hired	N/A
Construction Underway	N/A
Project Completion Date	N/A

***DISCLAIMER:** The materials herein were prepared by the project sponsors and the presenters and not by the Export-Import Bank of the United States ("Ex-Im Bank") or the Corporate Council on Africa ("CCA"). Moreover, the inclusion of the projects contained herein should not be deemed as an endorsement of such projects by Ex-Im Bank and/or CCA. The information contained herein is for informational purposes only and Ex-Im Bank and CCA are not responsible for the accuracy or completeness of such information.

Project Presenter

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Notes:

Introduction

The U.S. Export-Import Bank and the Corporate Council on Africa have coordinated in putting together the “Investment and Project Opportunities” session at the continent-wide “Increasing Capital Flows to Africa” conference on September 29-30, 2004 in Johannesburg, South Africa.

In addition to the project sponsors themselves, we are appreciative of the able assistance of the U.S. Embassies in Africa, specifically their economic/commercial officers, the Department of Commerce’s Foreign Commercial Service professionals, and most notably the U.S. Trade and Development Agency who provided the original grant assistance for feasibility studies for several of the projects.

This catalogue of projects is in no way meant to be comprehensive and was developed with an eye to offering conference attendees a menu of the type of projects open for direct involvement and investment. Additionally, there was an attempt to include projects that were at different stages of development—whether at the feasibility, financing, or prospective procurement phase. In some cases, project sponsors may already be specifically in contact with U.S. Ex-Im Bank, though that is not necessarily the case and was not required as a condition to their being offered the opportunity to present their projects before the conference.

As for the presentations at the conference itself, the assumption will be that attendees will have had the opportunity to review the project matrices prior to oral presentations by the sponsors at the Wednesday, September 29th session beginning at 11:00 AM thereby allowing the presenters to focus their brief remarks on additional elements of their respective projects. In addition to one-on-one sessions that will be organized by the CCA for attendees interested in learning more about a specific project, conference organizers urge participants to make maximum use of the many informal networking opportunities.

While the conference addresses many if not all of the broad issues associated with project/structured trade and trade finance issues that are part and parcel of doing business in Africa, including specific projects for presentation and discussion should allow attendees to “get down to business” given that is what it is all about.

Brief outlines as to agencies of the U.S. Government that may be considered by project sponsors for prospective involvement are also included in this document as informational items.

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EXPORT-IMPORT BANK OF THE UNITED STATES

The Export-Import Bank of the United States (Ex-Im Bank) supports the purchase of U.S. exports by creditworthy international companies who cannot obtain credit through traditional sources. As an independent U.S. government agency with nearly 70 years of experience, Ex-Im Bank has continually provided financing for buyers of U.S. products and services, taking risks that the private sector is unable or unwilling to accept.

Financial products of particular interest to African public and private sector buyers include:

- **Export Credit Insurance**—insurance policies protect the U.S. exporter against both the political and commercial risks of the international buyer defaulting on payment, allowing the U.S. exporter to comfortably extend credit to the buyer.
- **Loan Guarantees**—guarantees of medium and long-term loans extended by commercial lenders to African buyers allow the buyer to finance up to 85% of the U.S. contract value with competitive interest rates.
- **Project Finance**—limited recourse financing to newly created special-purpose project companies relying on the project's cash flow as the source of repayment instead of relying on foreign governments, financial institutions, or established corporations for the repayment of debt.

For More Information:

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OVERSEAS PRIVATE INVESTMENT CORPORATION

The Overseas Private Investment Corporation (OPIC) is an independent U.S. government agency established in 1971 to support and facilitate U.S. investments in developing countries and emerging market economies. Finance applications require the U.S. investor to assume a meaningful share of the risk, generally through the purchase of at least 25 percent of the equity in the project. Equity should consist primarily of cash, but may also include property, plant facilities, and equipment. OPIC also provides political risk insurance to U.S. investors, contractors, exporters, and financial institutions for currency inconvertibility, expropriation, and political violence. A project can receive a maximum of \$400 million in combined finance and political risk insurance support from OPIC.

OPIC provides “limited recourse” project finance in which funds are loaned directly to the Project Company registered in the host country. Limited recourse means that, in addition to a pledge of the project company’s assets and stock, OPIC requires that the sponsors or a third party provide a project completion guarantee until the project is “complete” and can generate sufficient cash flow to operate on a self-sustaining basis. Recourse to the sponsors or third party for repayment during the start-up or construction phase is released once self-sufficiency has been demonstrated.

OPIC may lend a minimum of \$100 thousand up to a maximum of \$250 million per project. The loan term ranges from 3-15 years and may include suitable grace periods on principal payments. OPIC can participate in up to 50 percent of the total costs of a start-up operation or up to 75 percent of the costs of an expansion of a successful existing business. Under OPIC’s new small business initiative, for firms with annual sales under \$35 million, OPIC can lend up to 65% of total project costs for a new venture.

For More Information:

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U.S. DEPARTMENT OF COMMERCE

The Department of Commerce (DOC) works to facilitate trade between the United States and countries in Africa. DOC offers trade promotion programs and services that link U.S. businesses with counterparts in African countries. DOC offers assistance for U.S. businesses seeking to enter and grow in the African market by offering targeted country and market research as well as export counseling. U.S. companies can use the Commerce Department's resources to increase commercial activity in Africa by:

- Working with the 104 Export Assistance Centers (EACs) located throughout the United States. These EACs, many sharing regional offices with the Small Business Administration and the Export-Import Bank, provide business counseling for first-time and experienced exporters. Please visit www.export.gov to find the closest EAC.
- Obtaining general export counseling through the Trade Information Center (TIC), as well as African-specific information. Call the TIC on 1-800-USA-TRADE.

The Commerce Department—through the Foreign Commercial Service—also has offices in Africa to facilitate trade, and the U.S. State Department posts commercial and economic specialists at U.S. embassies. Please visit www.buyusa.gov to learn more about DOC programs for the international buyer.

For More Information:

U.S. Department of Commerce

U.S. Exporters:
E-mail: tic@ita.doc.gov
Internet: www.export.gov

International Buyers:
E-mail: tic@ita.doc.gov
Internet: www.buyusa.gov

U.S. TRADE AND DEVELOPMENT AGENCY

The U.S. Trade and Development Agency (USTDA) promotes American private sector participation in developing and middle-income countries, with special emphasis on economic sectors that represent significant U.S. export potential. Through funding various forms of technical assistance, training grants, feasibility studies, conferences, orientation visits, and business workshops, USTDA helps U.S. businesses compete for infrastructure development projects in emerging markets. USTDA assists in building mutually beneficial partnerships between American companies and overseas project sponsors, which result in increased U.S. exports and jobs, and the completion of high quality, successful projects in host countries.

For More Information:

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