



## CASE STUDY

# Due diligence and deal advisory in East Africa's power sector

Our findings enabled the client to make a time-sensitive \$50mn+ investment decision.



### LOCATION

Tanzania, Kenya, Uganda

### REQUIREMENT

In 2017, we were engaged to conduct an in-depth risk assessment and due diligence exercise for a leading private equity house with \$5 billion+ under management and an investment pipeline across multiple sectors and geographies in Africa. Our client was exploring an investment in a utility-scale renewable energy project in East Africa and required a deeper understanding of the political, policy and integrity risks facing the planned project.

### APPROACH

Our research team gathered targeted insight into the profile and reputation of the project development company and its directors. We also visited the project site - a rural location in a wind corridor along part of East Africa's Rift Valley - to interview community leaders, land owners and local suppliers. Finally, we obtained and analysed corporate records for the project developer, and conducted off-the-record interviews with sources in State House, the Ministry of Energy, the state power utility, and the local government authority in the project area.

### OUTCOME

Our findings enabled the client to make a time-sensitive investment decision. Through our research, we also identified critical dependencies such as the potential for a renegotiation of the price per kilowatt hour agreed in the original Power Purchase Agreement and the risk that delays to construction of a government-built transmission line could prevent the project from evacuating power. We then converted this intelligence into specific recommendations for how our client should structure its investment to limit the risk of financial loss associated with such dependencies. This \$200 million+ project, once complete, will provide affordable access to electricity to more than 150,000 people.

### CONTACT US

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