

## EMEA Export Finance – Power

### EEHC – Assiut & West Damietta SACE facility

**Country:**

Egypt

**Size:**

\$470 million

**Tenor:**

15 years

**Lead arrangers:**

BNP Paribas (administrative agent), Crédit Agricole, Crédit Industriel et Commercial and ING

**ECAs:**

SACE (fronting ECA), EDC and Kexim (reinsurance)

Political uncertainty has not dampened economic growth in Egypt, or rising demand for power. Egyptian Electricity Holding Company, the country's state-owned utility, has moved fast to deal with these shortages. It has chosen to procure new generating capacity directly, rather than rely on independent producers.

It is fortunate, then, that export credit agencies have been willing to offer generous terms on direct loans to EEHC. Though not EEHC's only ECA deal that year, a highlight was the \$470 million loan closed to finance the conversion of two natural gas-fired power stations from running on a simple cycle configuration to the larger and more efficient combined-cycle configuration.

The two plants are West Damietta, located at the top of the Nile Delta on Egypt's Mediterranean coast, and Assiut, about 500km south along the Nile. The conversion will consist of the installation of one GE D200 steam turbine and four GE 9E gas turbines at West Damietta

and two D200s and eight 9Es at Assiut.

General Electric and local conglomerate Orascom are the project's contractors. Alongside these two, as Italian procurement agent, is Imagro, which coordinates another 50 small- and medium-sized enterprises.

The participation of Imagro and the subcontractors led to Italian ECA SACE providing 100% cover on the debt, though it reinsures some of its exposure with Export Development Canada (EDC) and Export-Import Bank of Korea (Kexim). Using SACE as fronting ECA on a single loan vastly simplifies the task of financing such a variety of subcontracts.

The lenders on the facility were BNP Paribas (administrative agent), Crédit Agricole, Crédit Industriel et Commercial and ING. The debt benefits from a full guarantee from Egypt's Ministry of Finance and allowed the lenders to offer pricing of below 150bp over Libor. This is a powerful sign of confidence in Egypt's recovery.

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