



SEVEN

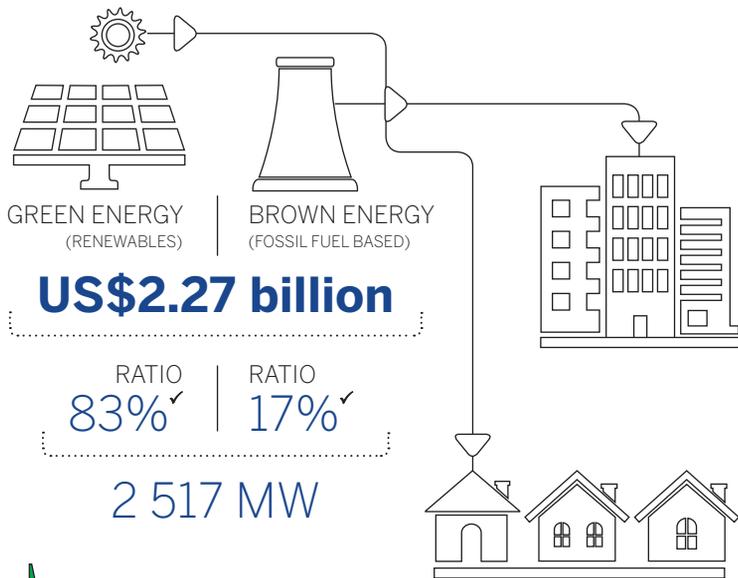
INFRASTRUCTURE



SDG 7 prioritises access to affordable, reliable and sustainable energy. SDG 9 is concerned with developing

infrastructure to enable inclusive and sustainable industrialisation. The African Development Bank estimates that Africa needs to invest at least \$130 billion a year to address the infrastructure gaps undermining economic growth. Standard Bank works with African governments and development institutions to structure funding instruments and mobilise funding for energy, transport, telecommunications and health infrastructure.

ENERGY PROJECTS FINANCED – SINCE 2012 (SBG)



POWER INFRASTRUCTURE

Affordable energy supply is critical for economic growth in Africa, but existing energy infrastructure is limited. During 2017, Standard Bank funded several large-scale energy infrastructure projects across Africa. For example, we partnered The Eastern and Southern African Trade and Development Bank (PTA Bank) in a US\$120 million financing package for the Zimbabwe Power Company (ZPC) and Namibia Power Corporation (NamPower). Our local presence, relationships with stakeholders and technical expertise enabled a deal that effectively supports regional power integration and creates value for ZPC and NamPower. We worked closely with four policymakers and four ministries in Namibia and Zimbabwe to structure the deal, which will fund the rehabilitation of existing power infrastructure such as the Kariba South Hydro Power Station.



In late 2016, we concluded a US\$104 million funding transaction with Ethiopian Electric Power to finance the upgrade of approximately 30 km of power transmission lines and electricity sub-stations in Addis Ababa. This is Standard Bank's first transaction in Ethiopia, and was supported by the Ethiopian government.

RTS 66 Read more on our energy financing and environmental impacts

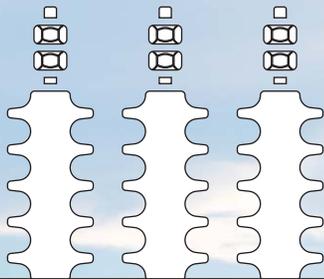
ESG <http://sustainability.standardbank.com/esg/>



GREEN – Clean, non-polluting and renewable energy sources that are naturally replenished over time, such as solar or wind.



BROWN – Fossil fuel-based energy sources that release pollutants during processing and are not replenished over time, such as coal, oil or natural gas.



ZAMBIA'S ZESCO POWER INFRASTRUCTURE EXPANSION

CASE STUDY

THE CHALLENGE

Zambia's government has prioritised universal access to clean, reliable and affordable energy.



In 2014, it arranged a funding deal to broaden access to reliable and affordable power in provinces with limited access to the national grid.

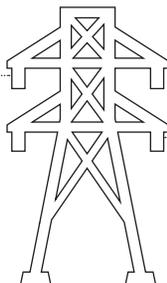


These areas historically relied on diesel generators, which are unreliable, provide expensive power, and emit high levels of carbon.

THE SOLUTION

Stanbic Zambia co-arranged the US\$164 million funding required.

THE IMPACT



Development of 790 km of transmission lines.

Construction of eight substations.

Expanded grid infrastructure distributes affordable energy access into more Zambian communities.

Enhanced energy access should stimulate economic activity in the mining, agriculture and tourism sectors.



Completed in 2017, Standard Bank worked closely with the client to ensure that environmental standards were met and implementation aligned with international good practice.



RENEWABLE ENERGY – FROM SMALL- TO LARGE-SCALE

THE CHALLENGE

Access to energy in rural areas

In Kenya, about half the population has access to electricity, with the average decreasing to only 5% in rural areas.

In Uganda, the average is 14% overall, down to 7% in rural areas.

Building and maintaining expensive distribution networks in sparsely populated areas does not make practical or economic sense.



THE SOLUTION

Rooftop off-grid power

Standard Bank has been working with M-KOPA Solar, a leading pay-as-you-go energy provider, to deliver off-grid power supply to these areas.

During 2017, Stanbic Kenya acted as arranger and book runner on a US\$55 million local currency debt facility for the company.

M-KOPA will use the funding over the next three years to finance pay-as-you-go solar installations in one million homes in Kenya and Uganda.

Stanbic leads the debt facility and has committed US\$9 million.

The debt is backed by customer receivables, paid over mobile money payment plans.

It's the largest commercial debt facility to date in the pay-as-you-go off-grid energy sector.



Stanbic Bank arranged US\$55 million funding in Kenya and Uganda for M-KOPA, the world's leading off-grid pay-as-you-go energy company, showing how rapidly and effectively new disruptive off-grid energy solutions can provide affordable energy when coupled with innovative financial solutions.

– Stephen Lovell, Head of corporate financing solutions, Stanbic Kenya





I returned to Ghana to be part of the effort to develop our country. At this stage in our nation's growth, there is nothing more impactful than the provision of power and infrastructure to the populace, whether in small villages or in the urban centres. I am privileged to be in a position to contribute to the decisions ultimately made by Stanbic to commit our financial capital and human resources to projects that enhance our energy sources and industrial infrastructure.

– Randolph Rodrigues, Head of investment banking, Stanbic Ghana



▶ **THE IMPACT**
Affordable,
clean and
safe energy



Access to
affordable energy
drives economic growth and increases quality of living for everyone – from business owners to school children doing their homework and parents preparing dinner.

Standard Bank expects off-grid solutions to supply
higher volumes
as technology and funding mechanisms become more accessible.

To date, M-KOPA has connected well over
700 000 homes
in East Africa.

Its predominantly
low-income
customers can access lighting, phone charging, radio and TV on daily mobile money payment plans that are typically lower than kerosene fuelled power.

M-KOPA customers with limited access to formal financial services can now develop
credit histories
through establishing payment track records.

M-KOPA customers now enjoy more than **62.5 million hours of kerosene-free lighting per month and will save at least 600 000 tonnes of CO₂ over four years.**



Standard Bank **co-arranged US\$623 million funding for Kenya's Lake Turkana wind farm**, the largest in Africa with a capacity of 310 MW. This will power up to one million homes, and will account for about 15% of Kenya's total power capacity. Construction of the wind farm is complete. A delay in finalising the grid transmission line is being addressed by an inter-ministerial committee.

TRANSPORT INFRASTRUCTURE

Gauteng is South Africa's primary economic hub. Growing road congestion requires urgent solutions as people and goods mobility slows. Standard Bank has partnered with the Gautrain since the project's inception and was one of two joint arrangers when construction began in 2006. Along with Rand Merchant Bank, we were the underwriter and sole lender for R3.1 billion of commercial debt funding. We remain Gautrain's biggest commercial lender. The 80 km rapid transport system, launched in 2012, links Johannesburg, Tshwane, Ekurhuleni and O.R. Tambo International Airport. Gautrain is changing the face of the city, with neighbourhoods surrounding the ten Gautrain stations becoming high-density, mixed-use areas, enabling people to live, work and shop along convenient routes.

SOUTH AFRICA – GAUTRAIN



IMPACTS SINCE INITIAL INVESTMENT

52 400 PASSENGERS PER WEEKDAY



Growth and upliftment

IN AREAS SURROUNDING STATIONS

HIGH DENSITY MIXED USE SUBURBS

OFFICE AND OTHER COMMERCIAL DEVELOPMENTS

SHOPPING CENTRES





HEALTH INFRASTRUCTURE

Busamed is a black-owned and operated private hospital network. In 2013, Standard Bank partnered with Busamed to build South Africa's first project-financed private sector hospital development. We have since arranged approximately R1 billion for the construction of four new private hospitals in the Western Cape, the Free State and Gauteng, and a new oncology centre in Gauteng. **Busamed's hospitals are doctor-designed, owned and managed, supporting the development and transformation of South Africa's healthcare sector.** We've also arranged financing for Busamed's acquisition of two private hospitals in KwaZulu-Natal.

Acting as sole-mandated lead arranger, we provided a R230 million project finance facility for the 100-bed Paardevlei Private Hospital in the Western Cape, which opened its doors in 2015 – the first newly constructed hospital in the Busamed stable. The balance of Paardevlei's R420 million cost was contributed by the National Empowerment Fund (NEF) and from shareholder funds. We subsequently played a lead structuring and financing role in Busamed's Modderfontein Private Hospital Orthopaedic & Oncology Centre, an acute and sub-acute facility opened in 2016, followed by the Busamed Harrismith Private Hospital.

In 2017, we financed the 110-bed Busamed Bram Fischer Private Hospital in Bloemfontein, scheduled to open in 2018. Paardevlei, Harrismith and Bram Fischer were all structured in a co-financing arrangement with Futuregrowth Asset Management. During 2016, we supported Busamed in its acquisition of the operations of the Gateway and Hillcrest private hospitals in a R1.7 billion transaction. Standard Bank provided financial advisory services, structuring advisory, equity finance and asset finance. Busamed now owns three of the top ten private hospitals in South Africa.

WATER INFRASTRUCTURE

THE CHALLENGE ACCESS TO SAFE WATER

Water scarcity across Africa is often exacerbated by poor water management and inadequate water infrastructure.

Over the last two years, these infrastructural deficiencies were compounded by severe drought, particularly affecting east and southern Africa.

While rainfall returned over much of the region during 2017, some areas, including South Africa's western and eastern Cape provinces, continue to battle severe water shortages.

THE SOLUTION DESALINATION PLANTS

We recently approved finance for installing desalination plants in Monwabisi and Strandfontein in Cape Town, to service contracts with the City of Cape Town. These plants will be set up in containers and can be relocated to new sites as needed.

THE IMPACT POTABLE WATER

Desalination plants at Monwabisi and Strandfontein will each produce

7 million
LITRES OF POTABLE WATER A DAY