

# INTERVIEW

## Project Financing for Onshore Wind Farm Project in Egypt

Supporting Project Involving Japanese Company  
by Co-financing with IFC and Other Financial Institutions

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The Japan Bank for International Cooperation (JBIC) signed a loan agreement in project financing (PF) amounting to up to USD281 million (JBIC portion) with AMUNET WIND POWER COMPANY S.A.E. (AMUNET) of Egypt, which is invested in by Sumitomo Corporation and AMEA Power of the UAE.

The loan is co-financed with International Finance Corporation (IFC), Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, and Standard Chartered Bank, bringing the total co-financing amount to USD518 million. Nippon Export and Investment Insurance (NEXI) provides the insurance for the loan by the private financial institutions.

### Contributing toward Egypt's Renewable Energy Transition Policy in Collaboration with Multilateral Development Bank

The Government of Egypt aims to increase the renewable energy in its energy mix to 35% by 2030 and 42% by 2035 in order to reduce its dependence on thermal power and to achieve a 30% reduction in greenhouse gas (GHG) emissions by 2030.

In the Tunis Declaration released at the Eighth Tokyo International Conference on African Development (TICAD 8) in August 2022, the Government of Japan calls for the promotion of Japan's Green Growth Initiative with Africa (GGA), which aims to achieve structural change toward low GHG emissions and green growth that reflects the different circumstances of each African country through public-private partnerships in order to mobilize financial resources in climate adaptation and mitigation, including collaborations with multilateral development banks.

About the significance of the financing, OKADA says, "In this project, AMUNET, which is jointly invested in by Sumitomo Corporation and the Emirati renewable energy developer AMEA Power, builds, owns, and operates a 500 MW onshore wind farm in Ras Ghareb within the Red Sea Governorate, 230 km southeast of Cairo, the capital of Egypt. AMUNET will sell the electricity generated by the wind farm to Egyptian Electricity Transmission Company for the duration of 25 years. This project will contribute to the GGA as well as the energy transition policy of the Government of Egypt. In addition, it is also a part of the collaboration with the multilateral development bank. In June 2020, JBIC signed a memorandum of understanding (MOU) with IFC, a member of the World Bank Group, to enhance cooperation between the two organizations. IFC identifies climate change measures and infrastructure development as key areas of focus and supports the development of infrastructure, particularly electricity, transportation, and water systems. Under the MOU, IFC and JBIC aim to enhance cooperation for structuring projects in such sectors as the environment and infrastructure in developing regions, including Africa. This project is JBIC's first co-financing with IFC since the signing of the MOU."

### Negotiations during COVID-19 Pandemic

Sumitomo Corporation contacted JBIC for PF support in the summer of 2020, and JBIC started in-depth consideration in the spring of 2021.

OKADA looks back on the project: "The job included evaluating the project's profitability, construction risk, and

environmental and social considerations and also negotiating the lending conditions. I heard it had been hard to communicate all this, including negotiations with the sponsors and lenders, on an online basis.

I joined the project shortly before all the sponsors and lenders gathered in Dubai, the United Arab Emirates, in July 2022. In September, we had another in-person meeting in Tokyo, where I felt firsthand the passion of everyone involved in the project, to negotiate the financing conditions. The subsequent meetings about loan documentation took place online in the early morning or late afternoon, Tokyo time, to fit in the stakeholders' office hours, and thanks to the face-to-face meeting, we could exchange candid views, and they understood JBIC's policy and thoughts."

On November 27th 2022, the PF loan agreement was signed. Construction commenced in early 2023 with the aim of completing the project in 2025.

### Supporting Power and Renewable Energy Development Globally

"Sumitomo Corporation is experienced in onshore wind farm projects in multiple countries, including the U.S., South Africa, and China. In the New Medium-Term Management Plan released in May 2021, the company states it aims to double the renewable energy power generation capacity proportionate to its shareholding to 3 GW by 2030. It was very meaningful for me as a member of JBIC to be able to support the business of such a Japanese company and quite fruitful to co-finance the project with IFC.

When I joined JBIC, I was hoping to be involved in infrastructure projects, particularly in Africa. In my first year, I was in charge of asset management and monitoring and managing the construction progress and operational status of the power projects JBIC had committed to financing, and in the second year, I was assigned to structure renewable energy projects in Africa. I am grateful to my senior colleagues, the team leader, and the members of our Representative Office in Dubai for supporting me from the beginning of the negotiations. For three months from January 2023, I was training in the Representative Office in Dubai and meeting with the stakeholders of this project on the ground, which renewed my willingness to support the project," says OKADA.

JBIC will continue to provide a wide range of financial support to assist power- and renewable-energy-related infrastructure projects that involve Japanese companies in enhanced collaboration with not only IFC but also the World Bank Group, and other public financial institutions in Europe, the U.S., and Asia.

