

Iraq infrastructure firm secures loans for power plant

MENA / 22-03-16 / BY MELODIE MICHEL



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Iraq infrastructure firm Qaiwan Group has secured two loans, totalling US\$105mn, to refinance part of its investment in the Baizan Power Plant in Iraqi Kurdistan.

Deutsche Bank acted as mandated lead arranger (MLA), structuring bank and facility agent on a US\$75mn, eight-year buyer credit facility, also involving the Dubai branch of BankMed as co-MLA and co-lender.

The loan was backed by France's export credit agency, Coface, and will be used to refinance the purchase of turbines bought for the first phase of the project – the simple-cycle phase.

The other facility is a US\$30mn commercial loan arranged by GE.

“These transactions underscore Qaiwan Group’s position as a model firm, operating with transparency and accountability, and one with robust operations. It also indicates that our growth strategy is one that engenders confidence from the international community,” says Saad Hasan, CEO of Qaiwan Group.

“Completing these landmark agreements on competitive terms despite a challenging macro-economic and social backdrop in the region is emblematic of the fact that the investment community is encouraged by what they see in Qaiwan Group – and in Kurdistan. This plant is a marquee infrastructure project that will go a long way in addressing the growing demand for power in a rapidly developing Kurdistan,” he adds.

Dubai-based CT&F Consulting DMCC acted as financial advisor to Qaiwan Group on the entire financing.

Qaiwan entered into a 15-year power purchase agreement with the Ministry of Electricity of the Kurdistan Regional Government in November 2013 to finance, build, own, operate and maintain a power plant in Sulaymaniyah. In August 2014, the firm signed a contract with EPC contractor Enka for the construction on a turnkey basis of the natural gas-fired, 442 MW, Bazian power plant, 25km from Sulaymaniyah.

In the future, the plant could be expanded to include a combined-cycle phase that would bring its total capacity to 662 MW. Enka has a commercial contract with GE for the supply of four gas turbines. According to Qaiwan Group, the plant is “nearing completion and handover”.

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