WORLD BANK GROUP

World Bank Group Delivers **Comprehensive Energy Package** to Côte d'Ivoire

Overview

After a 10-year civil conflict, Côte d'Ivoire is rebuilding its infrastructure and is aiming to boost electricity output by 80 percent. Côte d'Ivoire's energy infrastructure currently suffers from a lack of maintenance, system overload, and financial difficulties. Over three-quarters of households are dependent on cheap wood charcoal, which has environmental and health costs in the long term.

The World Bank Group has long played a crucial role the country's energy sector, including support for the construction of the CIPREL and Azito independent power plants in the 1990s.

Côte d'Ivoire has been able to mobilize significant amounts of financing from investors and lenders for the country's energy sector expansion program through the use of a combination of guarantees from the International Development Association (IDA), financing from the International Finance Corporation (IFC), and guarantees from the Multilateral Investment Guarantee Agency (MIGA).

The Azito power plant expansion

The project involves the conversion of the existing Azito Thermal Power Plant from simple-cycle to combined-cycle. The project will add approximately 140 megawatts of installed capacity to the grid, without requiring any additional gas supply, for a total plant installed capacity of approximately 430 megawatts. This will result in 225,000 tons of CO_2 emissions avoidance and $60 million in avoided gas expenses per year.

IFC, as lead global arranger of the project—alongside PROPARCO (an affiliate of the Agence Française de Développement) as European development finance institutions coordinator, and the West African Development Bank, arranged the $350 million debt package for Azito's expansion.

The debt package is complemented by MIGA guarantees of $116.1 million covering an equity investment by Globeleq Holdings (Azito) Limited. MIGA is providing coverage for a period of up to 20 years against the risk of breach of contract.

The CIPREL power plant expansion

IFC is also the lead arranger and global coordinator for a €200 million financing package for the expansion of the CIPREL plant in Côte d'Ivoire.

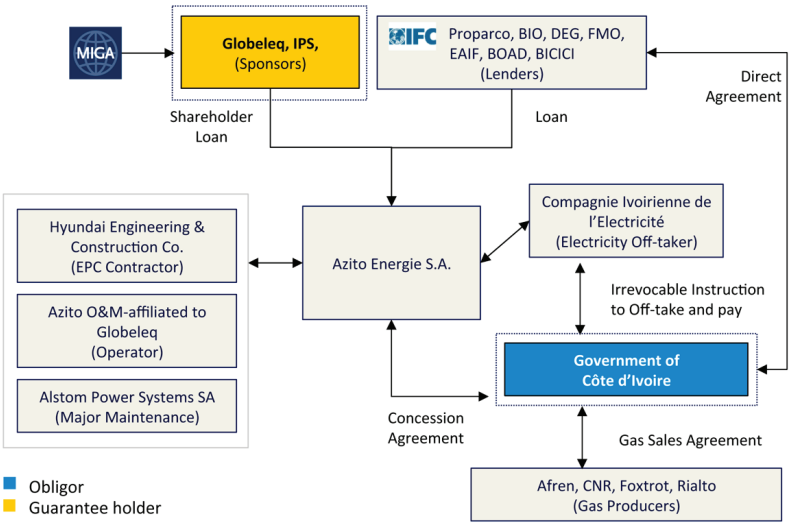
CIPREL is currently undertaking a major expansion plan composed of an additional 111 megawatts turbine and the conversion to combined cycle of two gas turbines, which will add a further 111 megawatts capacity via a steam turbine. The conversion will enable CIPREL to generate an additional 800GWh/per annum of low-cost power without any incremental gas consumption and no further greenhouse gas emitted. After the expansion, total installed capacity of CIPREL will increase to 543 MW – making it the largest power plant in Côte d'Ivoire and one of the most important in the region.

Block CI 27 expansion program

The World Bank Group is using a combination of guarantee instruments backing investments in the offshore gas facility that delivers dry natural gas directly to Côte d'Ivoire's power plants. Foxtrot International's oil and gas production platform in the Gulf of Guinea has a daily production capacity of between 110 and 120 million cubic feet of natural gas, more than half the national output. Foxtrot currently operates six gas wells, and the new investments will allow drilling of seven new wells by the end of 2014. The company will also construct a new platform in its Marlin gas field, expected to go online in 2015. The overall investment program, worth $1 billion, will secure 150 million cubic feet/day until 2024.

An IDA partial risk guarantee of $60 million backstops ongoing payments for gas supplies to the power sector's Joint Venture partners, who in turn are also able to make timely payments to the commercial banks providing loans. Minimal security is provided by IDA to the partners to help secure payment flows. That support–together with the MIGA support–were instrumental in securing the payment flows–and therefore enabling the investment–from the government to the joint venture.

MIGA guarantees of over $500 million are providing coverage for a non-shareholder loan from HSBC and a syndicate of commercial banks as well as an equity investment and shareholder loan provided by SCDM Energie SAS of France. The coverage is for a period of up to seven years against the risks of transfer restriction, expropriation, war and civil disturbance, and breach of contract.



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