



PUBLIC-PRIVATE PARTNERSHIPS BRIEFS

Cameroon: Kribi Power Plant



Overview

In 2009, the Government of Cameroon awarded the Kribi Power Development Corporation (KPDC), a special purpose vehicle set up and owned by AES Corp. and the government, a 20-year public-private partnership (PPP) to design, build, finance, and operate the 216 MW Kribi natural gas-fired power plant and associated transmission line. It is Cameroon's second Independent Power Plant (after Dibamba HFO 88 MW, financed in 2010). Although Cameroon has a planned expansion of hydropower capacity of 6000 MW, crucial projects were not expected to come online until after 2017. In this context, Kribi provided a low-cost gas-fueled option to increase reliability. In 2012, IFC invested in KPDC with a financing package comprising direct and parallel loans, and the World Bank Group provided a partial risk guarantee to facilitate Cameroon's first long-term, local currency loan for infrastructure. In 2014, upon the acquisition of AES' shares by Globeleq, MIGA extended a guarantee to cover an equity investment by Actis Energy Generation Holdings N.V., made through its subsidiary, Globeleq Energy Holdings (Cameroon) in KPDC. This guarantee was made for eight years, against the risks of transfer restriction, war and civil disturbance, and breach of contract.

This series showcases how the World Bank Group supports the development and implementation of public-private partnerships. This support comes in the form of public sector loans, private sector finance, sector and transaction advice, guarantees, and output-based aid.

Background

The Kribi Power Project began construction in 2010 and started supplying electricity in March 2013. The project provides short-term relief to the hydropower-dependent country by providing electricity to 163,000 households. As the largest Independent Power Plant (IPP) in Cameroon, the project is considered an important step toward diversifying power generation sources in the country, while monetizing gas resources.

Project Description

The Kribi power project—the first power plant to run on natural gas in Cameroon—involves the development, construction, and operation of a new 216 MW gas-fired power plant located near the Mpolongwe village, nine kilometers north of the coastal city of Kribi in South Province of Cameroon. The project also includes the construction (with substations and transformers) of a new 100-kilometer 225-kilovolt double-circuit transmission line between the Kribi power plant and the existing Mangombe 225/90-kV substation at Edéa in Littoral Province.

Natural gas is supplied from the offshore Sanaga South gas field in Cameroon, developed by Perenco Cameroon through an 18-kilometer onshore gas pipeline developed by the National Hydrocarbons Company (SNH). Electricity generated from the project will be transmitted into Cameroon's Southern Interconnected Grid.

The project was implemented as a PPP between the government and KPDC, which is owned 44 and 56 percent by the government and AES Corp. (now owned by Globeleq Africa) respectively. AES Sonel (now ENEO) is the sole off-taker of the power produced.

World Bank Group Role

IFC, the World Bank, and MIGA supported this project in the following ways:

IFC provided a direct loan of \$86 million and acted as the lead arranger and global coordinator of a

\$182 million debt financing package to KPDC.

The syndicated loan has been mobilized from development finance institutions including the African Development Bank, European Investment Bank, Netherlands Development Finance Company (FMO), the French Promotion and Investment Company for Economic Cooperation (PROPARCO), and the Central African Development Bank (BDEAC), which together provide about 61 percent of project debt through parallel loans. The financing closed in early 2012.

The World Bank provided a partial risk guarantee to allow local commercial banks to provide extended tenors for their \$84 million financing, in order to match project needs, and backstop certain obligations of the government under its commitment agreement (including some termination and liquidity agreements). This guarantee assisted in raising much needed local financing and helped deepen the domestic financial sector.

In 2014, MIGA issued a guarantee of \$78.2 million supporting the equity investment made by Globeleq Energy Holdings (Cameroon) in KPDC against breach of contract.

Outcomes

By filling a temporary gap in power generation capacity until Cameroon's flagship hydropower projects go live around 2017, the Kribi power plant is providing short-term generation capacity and enabling the power generation diversification strategy of Cameroon.

The pioneering project is the first gas-to-power PPP being implemented in Cameroon and in the Central African region under a traditional project finance structure. Its success will pave the way for the country to make significant public investments as well as to mobilize private sector investment.

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