



## MULTILATERAL DEVELOPMENT BANKS' COLLABORATION: INFRASTRUCTURE INVESTMENT PROJECT BRIEFS

# Cameroon: Kribi Power Plant



### Overview

In 2009, the Government of Cameroon (GoC) awarded the Kribi Power Development Corporation (KPDC), 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.

In 2012, the project received a financing package from the African Development Bank (AfDB), the European Investment Bank (EIB), the International Finance Corporation (IFC), the Netherlands Development Finance Company (FMO), the French Promotion and Investment Company for Economic Cooperation (PROPARCO), and the Central African Development Bank (BDEAC). The World Bank provided a partial risk guarantee to facilitate Cameroon's first long-term, local currency loan for infrastructure and in 2014, the Multilateral Investment Guarantee Agency (MIGA) extended a guarantee to Globeleq to cover various risks associated with an equity investment.

This series showcases how the Multilateral Development Banks' collaboration supports the development and implementation of infrastructure investment. This support comes in the form of public sector loans, private sector finance, sector and transaction advice, guarantees, and output-based aid.

## Background

Although Cameroon has a planned expansion of hydropower capacity of 6000 MW, crucial projects were not expected to be operational until after 2017. In this context, Kribi provides a low-cost gas fueled option to increase security of supply. The Kribi Power Project began construction in 2010 and started supplying electricity in March 2013. The project contributes to meeting growing electricity demand by providing diversity of energy supply in a country that largely depends on hydropower resources. As the second and largest IPP in Cameroon, it is considered an important step towards 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 natural gas-fired power plant located near the Mpolongwe village, nine kilometers north of the coastal city of Kribi in South Province of Cameroon, and the construction 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, including substations and transformers.

Natural gas is supplied from the offshore Sanaga South gas field in Cameroon all 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 (a special purposes vehicle set up and owned by AES Corp. and the GoC), 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.

## Multilateral Development Banks' Role

- The debt financing package was mobilized from the AfDB, the EIB, FMO, PROPARCO, and BDEAC that

together provide 61 percent of the project debt through parallel loans.

- In early 2012, IFC provided a loan of US\$86 million and acted as the lead arranger and global coordinator of a US\$182 million debt financing package to KPDC.
- The World Bank provided a partial risk guarantee to: (i) allow local commercial banks to provide extended tenors for their US\$84 financing, (ii) 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.
- Later in 2014, MIGA issued a guarantee of \$78.2 million supporting the equity investment made Actis Energy Generation Holdings N.V. made through its subsidiary Globeleq Energy Holdings (Cameroon) in KPDC for eight years for against the risks of transfer restriction, war and civil disturbance, and breach of contract.

## Outcomes

The project will supply back-up energy capacity for dry periods with low hydrology, and will add to the overall stability and reliability of the power system, as such it will complement the development of Cameroon's hydropower projects. As the only gas fired generation plan in Cameroon, the project makes a valuable contribution to the diversification of Cameroon's power generation portfolio.

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 and its success will pave the way for the country to make significant public investments as well as mobilize private sector investment.

*For more information please contact:*

*World Bank Group: Nadine Ghannam  
Email: [Nsgbhannam@worldbankgroup.org](mailto:Nsgbhannam@worldbankgroup.org)*

*African Development Bank: John Phillips  
Email: [j.phillips@afdb.org](mailto:j.phillips@afdb.org)*

*European Investment Bank: Tim Smit  
Email: [t.smit@eib.org](mailto:t.smit@eib.org)*

### Photo Credits

Front: Biffinger/Creative Commons license, [creativecommons.org/licenses/by-nd/2.0/](https://creativecommons.org/licenses/by-nd/2.0/)

