Overview

In 2009, the Government of Cameroon awarded AES Dibamba Power Development Corporation (DPDC) the right to develop an 86-MW thermal energy Independent Power Plant (IPP). The Dibamba Project provides Cameroon with peaking and reserve capacity in electricity generation, in order to meet the growing public sector and industrial demand for electricity. The project will help avoid load shedding during the dry season that typically lasts from January to June each year.

In 2008, AES Sonel received support by way of a €240 million debt-financing package extended by the African Development Bank (AfDB), the Central African Development Bank (BDEAC), the German Development and Investment Corporation (DEG), the International Finance Corporation (IFC), and PROPARCO. In 2014, the Multilateral Investment Guarantee Agency (MIGA) supported issued a guarantee of €23.3 million to cover the investment by Globeleq Energy Holdings in DPDC and DPDC’s future earnings. MIGA’s coverage is for a period of up to 20 years against the risk of breach of contract.

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

DPDC was first awarded to AES Sonel under Cameroon’s 1998 electricity laws to develop an 88 MW heavy-fuel based thermal power plant on an emergency basis to meet critical energy shortages. At the time AES Sonel had a $127 million investment plan for the project. 44MW of the Dibamba plant started producing in August 2009 while the remainder came online in 2011. By June 2014, Actis had taken over the existing assets of AES Corp. in Cameroon. Globeleq Africa, incorporated in Guernsey in 2012 is a power generation project developer and operator focusing in the emerging markets of Africa. It is a wholly owned subsidiary of Globeleq Energy Holdings Limited, which is itself owned by Actis, a large emerging markets private equity investor. Globeleq Africa currently operates five power projects (including Kribi and Dibamba in Cameroon), with construction activities ongoing for three renewable projects in South Africa and the expansion of the Azito power plant in Côte d’Ivoire.

Project Description

The project involves the acquisition, operation, and potential expansion of the 86-megawatt Dibamba heavy fuel oil power plant. Dibamba Power Development Corporation (DPDC) is now owned 56 percent by Globeleq and 44 percent by the government of Cameroon. ENEO Cameroon is the sole off-taker of electricity produced by DPDC under a 20-year tolling agreement. The potential for expansion or conversion of the facility to run on gas is currently being considered.

Multilateral Development Banks’ Role

AES Sonel received support from:

- A €240 million debt-financing package extended by AfDB, BDEAC, DEG, IFC and PROPARCO. This loan was extended to AES Sonel for a five year comprehensive investment plan in the energy sector of Cameroon including the Dibamba power plant.
- A 2014 MIGA guarantee, that provides coverage to an equity investment by Globeleq Energy Holdings (Cameroon) B.V. (an Actis subsidiary) in DPDC against the risk of breach of contract.

Outcomes

Energy shortages and the high cost of electricity have slowed growth in Cameroon for the past 15 years, with an estimated loss in GDP growth of one to two percent each year. According to the World Bank’s 2007 Investment Climate Assessment, two thirds of manufacturing firms cite power deficiencies as a constraint to doing business, leading to losses as high as five percent of production value on average. The investment will ensure continued operation of DPDC and boost its overall efficiency and reliability.

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