



## PUBLIC-PRIVATE PARTNERSHIPS BRIEFS

## Cameroon: Dibamba Power Plant

**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.

IFC supported DPDC when it was an affiliate of AES Sonel, the privatized integrated electric utility of Cameroon and an IFC investee company. In 2008, IFC extended a loan as part of a debt financing package provided by African Development Bank (AfDB), German Investment Corporation (DEG), European Investment Bank (EIB), Proparco, Central African Development Bank (BDEAC) and IFC, to AES Sonel for its five-year investment plan. Actis Energy Generation Holdings N.V. (Actis) of the Netherlands subsequently acquired AES Sonel's assets in Cameroon. In 2014, MIGA supported the project by providing coverage to an equity investment by Globeleq Energy Holdings (Cameroon) B.V. (an Actis subsidiary) in DPDC against the risk of 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

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 1 to 2 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 5 percent of production value on average. AES Sonel was awarded the right 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. 44 MW 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 2012, is a power generation project developer and operator focusing on the emerging markets of Africa. It is a wholly owned subsidiary of Globeleq Energy Holdings Limited, which is 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 MW Dibamba heavy fuel oil power plant. DPDC is now 56 percent

owned by Globeleq and 44 percent owned 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.

## World Bank Group Role

IFC and MIGA supported this project in the following ways:

- In 2007, IFC loaned €70 million (\$95.9 million) as part of a €240 million (\$328.9 million) debt-financing package extended by a group of development finance institutions comprising AfDB, DEG, EIB, Proparco, BDEAC, and IFC. 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. In 2011, IFC invested €22 million (\$30.6 million) as part of a €66 million (\$91.9 million) financing package extended by IFC, FMO, and AfDB to the €92 million (\$128.1 million) Dibamba power project.
- MIGA issued a guarantee of €23.3 million (\$31.5 million) covering an 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.

## Outcomes

The investment will ensure continued operation of DPDC and boost its overall efficiency and reliability.



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