

**IFC****International  
Finance Corporation**  
WORLD BANK GROUP*Creating Markets, Creating Opportunities*

# Supporting Hydropower in Africa

## About IFC in Africa

IFC has established a leading position promoting private sector investment in Africa. Over six decades, IFC has invested more than \$60 billion in long-term finance in African businesses and financial institutions, of which more than \$40 billion is from IFC's own account. We are a leading provider of advice to promote a sustainable private sector and mobilize capital from other investors who invest alongside IFC in critical sectors for Africa's future. IFC's work is increasing access to finance for small businesses, supporting innovative startups, bridging the power gap, enabling sustainable manufacturing, bolstering resilient health systems and expanding regional trade. We are also deploying fast-track funding and advisory support to help African businesses recover from the COVID-19 pandemic.

## Overview of IFC's Work in Hydropower in Africa

Africa has abundant hydropower potential with only 11% of its hydropower potential utilized. As a carbon-neutral energy source, hydropower is one solution many governments in Africa are exploring to meet growing electricity demand. An estimated 37 GW of hydropower is currently installed on the continent, while 20 GW is under construction. IFC brings its expertise and full suite of products, both financial and non-financial, to support countries to develop hydropower.

## Examples of IFC's work in Hydropower in Africa

IFC's work in the hydropower sector includes:

- Arranging debt to finance private sector-led hydropower projects. IFC has mobilized over \$1.5 billion to support the development of hydropower projects in Africa in the past 10 years.
- Co-developing greenfield hydropower projects alongside industry players and government partners, including providing technical design, tender support, development of environmental and social (E&S) management plans, and resources to negotiate Power Purchase Agreements and other project documents.
- Advising governments on how to design and implement competitive and transparent project tender processes to get the lowest possible electricity tariff while adhering to rigorous technical and E&S standards. IFC believes environmental and social standards are central to sustainable development and must be held in high regard across all projects. In addition, IFC's performance standards provide clarity on the need to protect and conserve biodiversity.

# Overview of IFC's Hydropower Portfolio in Africa



## Nachtigal, Cameroon

This 420 MW run-of-river hydropower project co-developed by IFC, Electricité de France (EDF) and the Government of Cameroon will increase Cameroon's installed electricity capacity by nearly 33 percent when it begins operating in 2023. In addition to its work as co-developer and equity investor, IFC was also the lead arranger, mobilizing a €916 million debt financing package from 11 development finance institutions and four commercial banks. The project benefits from an IBRD Partial Risk Guarantee, which mitigates payment risk for the state utility.

## Bujagali, Uganda

This 250 MW hydropower project was the first privately financed hydropower project in sub-Saharan Africa. IFC arranged both the original debt financing in 2007 and the \$403 million refinancing in 2017 from seven development finance institutions and two commercial banks. The extended tenor from the refinancing enabled the Electricity Regulatory Authority (ERA) to reduce the electricity tariff. The commissioning of the plant relieved the country from significant load shedding, allowed for the decommissioning of emergency thermal plants and put the sector on the path to financial sustainability with the near-elimination of subsidies, by providing much needed least-cost, clean and reliable base load generation.

## Kinguélé Aval, Gabon

This 35 MW run-of-river hydropower plant, developed by Meridiam and the Fonds Gabonais d'Investissements Stratégiques, Gabon's sovereign wealth fund, is Gabon's

first independent power producer and is expected to provide electricity to 32,000 customers and save more than 90,000 tons of CO<sub>2</sub> emissions per year when it begins production in 2025. As the structuring and coordinating bank, IFC arranged a roughly €135 million debt package and mobilized a MIGA Political Risk Insurance to cover equity investors to support Kinguéle Aval's development.

## Mpatamanga, Malawi

Only about 15 percent of Malawi's population has access to electricity and the 350 MW Mpatamanga project, will significantly expand electricity access in the country, connecting more rural homes and small businesses to power. IFC co-developed the project with the Government of Malawi up to a point where a tender could be launched to attract a private investor. At the end of 2021, the government selected a consortium comprising EDF and Scatec as preferred bidder to develop, build and operate Mpatamanga as a public private partnership.

## Mphanda Nkuwa, Mozambique

IFC is collaborating with the Government of Mozambique to develop the 1,500 MW hydropower project and associated facilities, including the review of technical design, environmental safeguards, and commercial and financial structuring. The goal is to help mobilize competitive private investment and support the country's sustainable energy transition.

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