

Largest IPP project in Ghana reaches financial close

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Following the fulfilment of the conditions precedent to its debt financing agreements, Cenpower has reached financial close on the \$900-million financing required for the construction and development of its Kpone independent power producer (IPP) project, in Ghana.

Once completed, the 350 MW combined-cycle multifuel power station was expected to be the largest IPP in the country, accounting for some 10% of Ghana's installed capacity.

A company spokesperson told Engineering News Online on Thursday that the start of construction was "imminent" and was expected to take 32 months.

The African Infrastructure Investment Fund 2 (AIIF2), which was advised by African Infrastructure Investment Managers (AIIM) – a joint venture between Macquarie Africa and the Old Mutual Investment Group – together with its co-investors, owned a direct 15% interest in Cenpower through an interposed investment vehicle, Mercury Power.

Mercury Power had also subsequently increased its economic exposure to the project to around 30% through its investment in another of Cenpower's shareholders, Cenpower Holdings.

Cenpower Holdings was the investment vehicle through which the founding local shareholders of Cenpower would hold their investment in the project.

Other shareholders in Cenpower included the Africa Finance Corporation, Sumitomo Corporation and Dutch development bank FMO.

AIIF2 and AIIM were also involved in Nigeria's 450 MW gas-fired Azura-Edo IPP project, which would be located in Edo state, Nigeria.

The financing documents for the Azura-Edo IPP were signed in December and financial close was expected early this year.

"Cenpower represents AIIF2 and AIIM's first investment in Ghana, which is a jurisdiction we have been keen to invest in for some time. We are very proud to be associated with the groundbreaking Kpone [project], which will be a key part of plans to alleviate the power supply shortfalls currently being experienced in Ghana.

"We expect that it will be the first of many IPPs, where the private sector and international investors can play a meaningful role in strengthening Ghana's power sector," AIIM CEO Jurie Swart said in a statement.

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