Early Warning System

MIGA-12218

Dibamba Power Development Corporation

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Quick Facts

Countries	Cameroon
Financial Institutions	Multilateral Investment Guarantee Agency (MIGA)
Status	Approved
Bank Risk Rating	B
Voting Date	2014-04-22
Borrower	Actis Energy Generation Holdings N.V.
Sectors	Energy
Potential Rights Impacts	Cultural Rights, Healthy Environment, Housing & Property, Indigenous Peoples, Labor & Livelihood, Right to Food, Right to Health, Right to Water
Investment Type(s)	Guarantee
Investment Amount (USD)	$ 36.40 million

Project Description

The Project considered by MIGA comprises Globaleq Africa's acquisition and expansion of the two Independent Power Producer projects, namely, 1) the Kribi gas fired project owned by the Kribi Power Development Company (MIGA # 12242) and 2) the Dibamba HFO fired project (MIGA # 12218), owned by the Dibamba Power Development Company. Both Projects will be owned by AES Coporation and the Government of Cameroon through the subsidiaries Kribi Power Development Company and Dibamba Power Development Company. The electricity produced will be delivered to the Southern Interconnected Grid and will be disbursed through AES Sonel. The Kribi and Dibamba Projects mark the first independent Power Projects (i.e. privately financed) in Cameroon, which may pave the way for new investment in the power sector.

Early Warning System Project Analysis

RISK CATEGORIZATIONS:

The Dibamba Project, unlike its sister Kribi Project, is categorized as Category B under MIGA's Policy on Environmental and Social Sustainability (2013). MIGA states that potential environmental and social impacts and risks associated with the Dibamba Project include energy use and greenhouse gas emissions, pollution associated with thermal power plants (e.g. air emissions, water supply and effluent, noise, hazardous and non-hazardous waste) and risks related to occupational and community health and safety. The IFC had also categorized the Dibamba Operation as Category B.

Dibamba Project:
PS 1: Assessment and Management of Environmental and Social Risks and Impacts
PS 2: Labor and Working Conditions
PS 3: Resource Efficiency and Pollution Prevention
PS 4: Community Health, Safety and Security
PS 5: Land Acquisition and Involuntary Resettlement
PS 7: Indigenous People
PS 8: Cultural Heritage

***Note: The Dibamba Project is being undertaken at the same time as its sister project, Kribi (MIGA # 12242). For purposes of this assessment, the Dibamba Power Operations are analyzed separately from the Kribi Power Operations. As the current project financing relates to the acquisition and expansion of the operations, environmental impact assessments were analyzed primarily with regards to their operational impacts. To the extent that the acquisition or expansion may exacerbate impacts primarily associated with the initial construction of the plants, those specific impacts are included in the analysis.

People Affected By This Project

DIBAMBA OPERATION

LABOR RIGHTS

MIGA documentation states that Dibamba will provide employment for 73 employees. Similar to the Kribi project, the main health and safety risks associated with labor are the are explosion risks, road accidents, unauthorized access to site and public safety risks associated with transmission lines. Additionally, the plant is guarded by security forces. MIGA maintains that the guards are trained in the adequate use of force, appropriate conduct toward workers and affected communities and human rights considerations," and will "ensure that security personnel abide by the requirements of PS 4."

The following questions may be relevant to determining whether you or your community's labor rights have been violated due to the Dibamba operation:

- Can all members of your community apply for jobs in the context of the investment project?
- Are your wages sufficient to meet your basic needs and those of your family?
- Are your working conditions safe and healthy?
- What opportunities (legal or other) are available if you consider that your working conditions are not just and favorable?

RIGHT TO FOOD

In Cameroon, agriculture is the basis for 70% of the population's livelihood. Project documentation states that the project area is characterized by moderate to severe poverty, therefore many people in the area lived by subsistence farming or informal sporadic roadside business activities. Loss of agriculture land associated with the construction or operation of the Dibamba project may therefore result in long-term effects on the livelihoods and subsistence of previous land users.

The following questions may be relevant to determining whether you or your community has suffered a violation of your right to food as a result of the Dibamba operation:

- Has your ability to subsist on your own land been affected since the beginning of the investment project?
- Has your access to good and affordable food in sufficient quantity been affected since the beginning of the investment project?
- What opportunities (legal or other) are available if you feel that your right to food has been affected?

RIGHT TO WATER

The Dibamba environmental and social impact assess states that the potential impact upon groundwater resources, both in terms of resource availability and quality, is greater than that on surface water. This is largely due to the absence of any local surface water receptor which could easily be linked to the power plant development. The environmental and social impact assessment notes that potable water will not be available locally during construction and must be brought in by tanker. Further, there is likely to be a groundwater resource (aquifer) of some size directly beneath the site that local users directly rely on for drinking water. As discussed in the Kribi analysis, any spills or leakage from heavy fuel oil may result in contamination of the groundwater, thereby jeopardizing a major water source for local communities.

The following questions may be relevant to determining whether you or your community has suffered a violation of your right to water as a result of the Dibamba operation:

- Has your access to good and affordable water in sufficient quantity been affected since the beginning of the investment project?
- Does the company have a policy or programme to ensure that its activities do not affect people's right to water?
- What opportunities (legal or other) are available if you feel that your right to water has been affected?

Investment Description

- Multilateral Investment Guarantee Agency (MIGA)

For non-payment of an award, MIGA would pay the investor's interest in the award. For denial of recourse, MIGA would pay the investor's interest in the amount which, according to MIGA's claims determination, the host government would have to pay to the investor pursuant to the contract. In either case, MIGA's compensation would be capped by the amount of guarantee stated in the guarantee contract.

Private Actors Description

Actis Energy Generation Holdins N.V. of the Netherlands plans to acquire the assets of AES in Cameroon, and will assume AES' responsibilities for the Kribi and Dibamba projects using its wholly owned subsidiary, Globeleq Africa Holdings (GA). Globaleq Africa is a subsidiary of Globeleq Generation Limited, which was launched in 2002. Over its history Globeleq has owned an interest in and/or operated multiple power facilities with a total capacity of over 4,000 MW of generation capacity in more than 25 countries. Both the Kribi Power Development Company and the Dibamba Power Development Company are owned 56% by Actis, and 44% by the Government of Cameroon. AES Sonel, of which, AES is a 56% shareholder, is the sole off-taker of electricity produced by both Operations.

PAST HUMAN RIGHTS ABUSES:

*** No existing complaints have been found against Globaleq Africa or Actis Energy Generation Holdings***

However, lawsuits have been brought against AES Sonel, the sole electric utility provider in Cameroon, in the Federal District Court of Los Angeles, CA, USA, under the Alien Tort Statute alleging many causes of actions, including wrongful death, loss of consortium, cruel, inhumane or degrading treatment, breach of third party contract, intentional infliction of emotional distress, negligent infliction of emotional distress, negligence, civil conspiracy, and deceptive and unfair business practices. The claims arises from power outages have been blamed for the deaths of at least nine children and infants in Cameroon in 2013. The number of deaths and injuries related to power outages is estimated to be in the hundreds since AES assumed control of electrical supply in Cameroon. The National Commission on Human Rights and Freedoms in Cameroon received complaints against AES-Sonel and the Cameroon Development Corporation (CDC) in cases relating to the initial set up or the expansion of the corporations. In addition, in August of 2011, a Cameroonian citizen submitted a specific instance filing to the United Kingdom OECD National Contact Point, alleging that he, an employee of AES Sonel, suffered salary discrimination based on his race, violating the OECD Guidelines for Multinational Enterprises.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Dibamba Power Development Company	Undisclosed	-
-	-	-	-	Globeleq Generation Limited	Parent Company	-
-	-	-	-	Kribi Power Development Company S.A.	Undisclosed	-

Contact Information

Actis has yet to establish an office in Cameroon.

Inquiries can be directed to:

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ACCOUNTABILITY MECHANISM OF MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/