African Union | AUDA-NEPAD AFRICAN UNION DEVELOPMENT AGENCY | GOVERNO DE ANGOLA

III LUANDA FINANCING SUMMIT FOR AFRICA'S INFRASTRUCTURE DEVELOPMENT

Project Investment Prospectus – Gabon-Equatorial Guinea High-Voltage Grid Interconnection

PROJECT SUMMARY	
Project Name	Interconnection of High-Voltage Transmission Grids of Gabon and Equatorial Guinea
Location	Gabon: (Oyem-Mitzic in Woleu Ntem province and Makokou in Ogooué Ivindo province) and; Equatorial Guinea: (Momgomo in Wele-Nzas Province) | Strategic cross-border transmission infrastructure linking Central African power systems | Oyem key regional center in northern Gabon connecting to mining areas | Makokou gateway to Ogooué Ivindo province with significant mineral resources | Momgomo border town in Equatorial Guinea enabling regional power trade | CEMAC regional integration corridor enhancing energy security | Northern Gabon development catalyst through reliable power supply
Sector	Energy
Sub-Sector	Power | High-voltage transmission infrastructure enabling cross-border electricity trade | Regional power pool development supporting CAPP integration objectives | Grid interconnection infrastructure reducing system costs through resource sharing | Power sector modernization through advanced transmission technology | Energy security enhancement through diversified supply sources
Development Stage	The feasibility study has been completed in 2025. Currently it is under project structuring stage – S3A. The environmental and social impact assessment study is ongoing. | Feasibility study completion enabling transition to implementation phase | S3A project structuring stage indicating advanced development readiness | Environmental and Social Impact Assessment ensuring safeguards compliance | Technical

	design finalization supporting procurement preparation | Financial structuring alignment with development finance institution requirements | Ready for financing negotiations and contract arrangements
Project Sponsor	Government of the Republic of Gabon and Government of the Republic of Equatorial Guinea, CEMAC | Bilateral government sponsorship ensuring political commitment and coordination | CEMAC regional economic community framework supporting integration objectives | Gabon Ministry of Energy providing national coordination and regulatory oversight | Equatorial Guinea government ensuring cross-border cooperation and facilitation | Regional institutional support through Central African Power Pool development | Sovereign guarantee potential enhancing project creditworthiness
Project Cost	Total project CAPEX: €225.97 million | Total capital expenditure €225.97 million reflecting comprehensive transmission infrastructure development | Cost structure including substations, transmission lines, SCADA systems and ancillary equipment | International competitive pricing for high-voltage transmission technology | Contingencies reflecting construction and technical implementation risks | Currency indexation mechanisms managing exchange rate fluctuation impacts
Funding Requirement	Total amount required is about €180.78 million which is 80% of the total project CAPEX. | Financing gap €180.78 million representing 80% debt financing requirement | Government equity contribution 20% demonstrating commitment and risk sharing | Development finance institution debt financing on concessional terms supporting development impact | Blended finance potential incorporating climate finance mechanisms | Grant funding possibilities for capacity building and technical assistance components
Project Preparation Cost	Total amount require for project preparation is about €9.30 million | Project preparation budget €9.30 million covering detailed engineering, procurement preparation and safeguards | Technical assistance for capacity building and institutional strengthening | Legal and financial advisory services for transaction structuring | Environmental and social management system development | Procurement and contract preparation ensuring competitive selection processes
Financing Structure	20% Gabonese government; 80% Debt | Government equity 20% through Gabon sovereign contribution demonstrating ownership | Debt financing 80% through development finance institutions providing concessional terms | BDEAC regional development bank potential lead arranger with

	Central African expertise | Complementary financing from AfDB, World Bank Group and European development banks | Guarantee mechanisms enhancing credit profile and reducing financing costs
Development Timeline	Deadline for completion of execution work: 30 months | Construction timeline 30 months reflecting high-voltage transmission infrastructure complexity | Procurement phase preceding construction enabling competitive contractor selection | Environmental and social management plan implementation throughout construction | Progressive commissioning enabling phased service introduction | Technical testing and grid integration ensuring operational reliability | Capacity building and technology transfer during implementation phase

FINANCIAL OVERVIEW	
Total Project Cost	Required Budget and Main Expenditure Items: Extension of the Mongomo substation: €4.23 million 225 kV Oyem substation: €20.07 225 kV source substations at Mitzic and Koumameyong: €24.74 million Makokou substation: €20.07 million Mongomo–Oyem transmission line: €15.58 million Oyem–Makokou transmission line: €121.78 million Implementation of SCADA: €10.00 million Total project cost: €225.97 million. | Comprehensive cost breakdown enabling detailed financial planning and procurement preparation | Transmission lines representing largest cost component €137.36 million reflecting infrastructure complexity | Substation investments €69.11 million providing grid connection and control capabilities | SCADA system €10.00 million ensuring modern grid management and operational efficiency | Cost estimates based on international benchmarks for high-voltage transmission infrastructure | Contingencies and escalation factors incorporated in total project cost
Capital Structure	Debt: 80%, Equity: 20% Grants: 0% | Debt financing 80% providing majority funding through development finance institutions | Government equity 20% demonstrating commitment and risk sharing with lenders | Zero grant funding indicating commercial viability and revenue generation potential | Capital structure optimized for transmission infrastructure investment returns | Debt service coverage aligned with projected revenue streams from transmission tariffs
Financial Metrics	IRR: 13% Payback Period: 13 in years Debt Service Coverage Ratio (DSCR): Expected Equity Return: | Internal Rate of Return 13% indicating attractive development

	finance institution investment returns | Payback period 13 years aligned with infrastructure asset lifecycle and depreciation schedules | Financial viability demonstrating sustainable revenue generation through transmission tariffs | Long-term cash flow projections supporting debt service obligations | Equity returns competitive with infrastructure investment benchmarks in Central Africa
Revenue Model	Costs for using and connecting to the high-voltage line. Operating agreements: Energy Purchase/Sale Agreements. | Transmission usage charges providing primary revenue stream from electricity wheeling | Connection fees for new users accessing high-voltage grid infrastructure | Power Purchase/Sale Agreements enabling cross-border electricity trade facilitation | Ancillary services revenues from grid stability and reserve capacity provision | Tariff regulation ensuring cost recovery while maintaining competitive electricity prices | Long-term power purchase agreements providing revenue security for debt service

SUSTAINABILITY AND IMPACT	
Social Impact	Job creation estimate: 1,500 direct and indirect jobs Economic benefits to local communities: employability of local populations, creation of income-generating activities (IGAs), and reduction of rural exodus through the electrification of the affected localities Gender sensitiveness score: 80% Rural-urban connectivity score: 90% | Employment generation 1,500 direct and indirect jobs during construction and operations phases | Local community economic stimulation through increased commercial activity and services | Skills development and technology transfer in electrical engineering and grid operations | Gender inclusion 80% score ensuring women's participation in employment and project benefits | Rural-urban connectivity 90% score enhancing regional development through reliable power supply | Electrification expansion supporting agricultural processing and small-scale manufacturing
Environmental Impact	The project demonstrates a strong commitment to environmental and social responsibility by ensuring full compliance with national environmental standards. In line with Framework Law No. 007/2014 on Environmental Protection in the Republic of Gabon, it provides for the preparation and implementation of key safeguard instruments, including the Environmental and Social Management Plan (ESMP), the Resettlement Action Plan (RAP), and the Environmental Impact Assessment (EIA). Moreover, the project is aligned with national and global climate objectives, reinforcing its contribution to sustainable

	development while minimizing environmental risks and enhancing community resilience. | Environmental compliance through Framework Law No. 007/2014 ensuring national standards adherence | Environmental and Social Management Plan mitigating construction and operational impacts | Resettlement Action Plan protecting affected communities and ensuring fair compensation | Environmental Impact Assessment identifying and managing ecosystem impacts | Climate objectives alignment through clean energy access and grid efficiency improvements | Community resilience enhancement through reliable electricity supply for essential services
SDG and Agenda 2063 Alignment	The project advances regional integration and clean, affordable electricity access in northern Gabon while strengthening CAPP/ECCAS power-trade. It directly supports Agenda 2063's infrastructure and integration priorities and delivers on multiple SDG targets. AU Agenda 2063 Aspiration 1 - A Prosperous Africa Based on Inclusive Growth & Sustainable Development: Expands modern, reliable, low-carbon electricity infrastructure; displaces diesel with hydropower; improves affordability and service quality in secondary cities and rural localities. Aspiration 2 - An Integrated Continent, Politically United: Creates cross-border transmission capacity that enables regional power trade within CAPP, operationalizing ECCAS integration and paving the way for AfSEM Aspiration 6 - People-Driven Development: The project will create local jobs, build skills, improve social services through reliable power, and promote gender and social inclusion in its benefits. UN Sustainable Development Goals SDG 7 – Affordable and Clean Energy: The project improves universal access to electricity by expanding new connections and ensuring better service reliability. It increases the share of renewable energy through hydropower imports and enhances overall system efficiency by enabling reserve-sharing and optimized power dispatch. SDG 9 – Industry, Innovation and Infrastructure: The interconnection delivers quality, reliable, and sustainable infrastructure. It modernizes and upgrades the grid to be cleaner and more efficient, while also supporting industrial loads such as mining and processing through grid supply instead of costly captive diesel generation. SDG 13 – Climate Action: The project contributes to climate goals by reducing the emissions intensity of power generation and by strengthening infrastructure resilience against climate-related risks. SDG 8 – Decent Work and Economic Growth: It generates productivity gains for small and medium-sized enterprises and service providers. The project also creates direct and indirect jobs throughout its lifecycle and supports new income-generating activities in electrified local communities. SDG 11 – Sustainable Cities and

	Communities: By providing reliable and affordable electricity, the project strengthens rural–urban linkages, supports secondary towns, and improves access to essential services. SDG 5 – Gender Equality: The project promotes women's participation in employment, supply chains, and stakeholder engagement processes. It also ensures that women and men benefit equitably from the project's socio-economic impacts. | AU Agenda 2063 Aspiration 1 fulfillment through modern electricity infrastructure reducing energy poverty | Regional integration Aspiration 2 advancement through CAPP power pool development and ECCAS operationalization | People-driven development Aspiration 6 delivery through job creation and social inclusion programs | SDG 7 clean energy access expansion through grid reliability and renewable integration capacity | SDG 9 infrastructure development supporting industrial growth and technological advancement | SDG 13 climate action contribution through emissions reduction and grid resilience enhancement | Economic growth SDG 8 catalysis through small business productivity improvements and job creation | Sustainable communities SDG 11 development through rural electrification and essential service improvement | Gender equality SDG 5 promotion through inclusive employment and equal benefit distribution

TECHNICAL DETAILS	
Technology & Design	220kV and 225kV HVAC Technology | High Voltage Alternating Current technology ensuring compatibility with existing regional grid systems | 220kV Momgomo-Oyem segment enabling cross-border power exchange with Equatorial Guinea | 225kV Oyem-Makokou segment providing higher capacity for domestic transmission in Gabon | Modern substation equipment including transformers, switchgear and protection systems | Grid integration technology ensuring seamless connection with existing national networks | Future expansion capability for additional transmission corridors and voltage levels
Capacity/Size	Transmission Capacity: 300MW, Total Length: 394.5km | Transmission capacity 300MW supporting significant cross-border and domestic power exchange | Total infrastructure 394.5km comprising international and domestic transmission segments | 51km Momgomo-Oyem segment enabling bilateral power trade between Gabon and Equatorial Guinea | 343.5km Oyem-Makokou segment connecting northern Gabon mining areas to national grid | Intermediate substations at Mitzic, Lalara and Koumameyong providing regional distribution capacity | Scalable design enabling

	capacity expansion through additional circuits and equipment upgrades
Construction/Preparation Timeline	Key phases and estimated completion date: Technical and financial feasibility study: Completed; Environmental and social study: Ongoing; Preparation of tender documents: Selection of companies or consortia: Execution of works: Completion of works: | Feasibility study completion enabling procurement and financing phases | Environmental and social study ongoing ensuring safeguards compliance before construction | Tender document preparation for competitive international procurement | Company selection through transparent evaluation ensuring technical and financial capability | Works execution 30 months timeline reflecting transmission infrastructure complexity | Commissioning and testing ensuring grid integration and operational reliability
Offtake Agreements	Summary of Power Purchase Agreements (PPAs) or Other Relevant Agreements Power Purchase/Sale Agreement between Gabon and Equatorial Guinea Public Service Delegation (PSD) between the Government of Gabon and the Gabon Energy and Water Company (SEEG) Energy Purchase Agreements between the Government of Gabon and forestry and mining industries | Bilateral Power Purchase/Sale Agreement enabling structured cross-border electricity trade | SEEG Public Service Delegation ensuring domestic transmission system integration and operations | Mining industry energy purchase agreements providing anchor demand for transmission capacity | Forestry sector power purchase agreements supporting sustainable forest product processing | Long-term contracts providing revenue security for infrastructure investment recovery | Transmission tariff agreements balancing cost recovery with competitive electricity pricing

RISK MANAGEMENT	
Risk Assessment	Key Risks: Lack of financing | Financing risk mitigation through development finance institution engagement and government guarantees | Construction risk management through experienced international contractors and performance bonds | Technical risk reduction through proven high-voltage transmission technology and equipment | Currency risk hedging through appropriate financial instruments and contract structures | Political risk coverage through bilateral government agreements and international arbitration mechanisms | Operational risk mitigation through qualified technical staff and maintenance programs

Regulatory Risks	Overview of political/regulatory environment and potential impact on the project. Tax and customs regulations related to exemptions, which could increase the cost of the project | Regulatory framework alignment between Gabon and Equatorial Guinea ensuring seamless cross-border operations | Tax and customs exemption negotiations reducing project implementation costs | Transmission tariff regulation balancing investor returns with affordable electricity access | Cross-border power trade regulations enabling commercial electricity exchange | Investment protection agreements safeguarding investor interests through international arbitration | Regional integration policies supporting Central African Power Pool development
Environmental and Social Safeguards	Compliance with environmental and social impact regulations and community consultations. | Environmental Impact Assessment ensuring ecosystem protection and biodiversity conservation | Social impact mitigation through community engagement and stakeholder consultation programs | Resettlement Action Plan protecting affected communities with fair compensation and livelihood restoration | Occupational health and safety standards ensuring worker protection during construction and operations | Community grievance mechanisms providing accessible dispute resolution for project-affected persons | Environmental monitoring systems tracking ecological impacts and ensuring compliance maintenance

KEY STAKEHOLDERS	
Sponsors	Ivindo Iron | Ivindo Iron mining company providing anchor demand for transmission infrastructure development | Mining sector electricity requirements driving transmission capacity utilization | Industrial customer long-term power purchase agreements ensuring revenue security | Regional mining development catalyst through reliable grid electricity access | Supply chain localization opportunities through mining industry partnerships | Economic diversification support through industrial electricity demand
Investors	BDEAC regional development bank providing specialized Central African infrastructure financing expertise | Local currency financing capability reducing foreign exchange risks | Regional integration mandate aligned with cross-border transmission infrastructure objectives | Development impact focus ensuring socioeconomic benefit optimization | Technical assistance capacity supporting project implementation and capacity building | Long-term

	partnership approach providing ongoing operational and financial support
Contractors & Operators	Société d'Energie et d'Eau du Gabon (SEEG) Société du Patrimoine de l'Eau Potable, de l'Energie Electrique et de l'Assainissement (SP) ; Société d'Electricité et de Téléphonie du Gabon (SETEG) ; Gabon Power Company (GPC) ; Agence de Régulation du Secteur de l'Eau et de l'Electricité (ARSEE). | SEEG national utility providing grid operation expertise and system integration capability | SP asset management company ensuring transmission infrastructure maintenance and performance | SETEG electrical services company supporting construction and technical implementation | GPC independent power company providing operational and commercial expertise | ARSEE regulatory agency ensuring compliance with national electricity sector standards | Institutional capacity coordination enabling efficient project implementation and operations
Legal and Financial Advisors	Any major legal or financial partners. | International legal counsel for cross-border transaction structuring and regulatory compliance | Financial advisory services for development finance institution engagement and capital optimization | Technical advisory support for engineering procurement and construction management | Environmental and social specialists ensuring international safeguards standards compliance | Local legal expertise for national regulatory compliance and community engagement | Transaction advisory services for financing negotiation and contract finalization

WAY FORWARD	
Investment Ask	Fund for project structuring Debt for physical implementation of the project | Project preparation funding €7.44 million covering remaining structuring and procurement preparation costs | Construction financing €180.78 million through development finance institution debt facilities | Government equity contribution €45.19 million demonstrating ownership and risk sharing | Technical assistance funding for capacity building and institutional strengthening | Working capital facility for construction and pre-operational phases | Guarantee facilities enhancing credit profile and reducing financing costs
Next Steps	The technical feasibility study was completed and the environmental and social impact assessment is ongoing: Finalization of the environmental impact assessment Approval and solicitation of funds for the project Structuring

	of the project and acquisition of a supervision consultant and an EPC contractor Physical implementation of the project | Environmental Impact Assessment finalization enabling environmental clearance and construction permits | Financing negotiations with BDEAC and complementary development finance institutions | Project structuring completion including legal documentation and guarantee arrangements | Supervision consultant procurement for construction oversight and quality assurance | EPC contractor selection through competitive international procurement | Construction commencement following financing closure and regulatory approvals | Community engagement programs throughout implementation ensuring stakeholder support
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