



## PRESS RELEASE

### ***Setting a Global Benchmark for Regional Power Generation: The Aga Khan Group and SN Power sign tri-national hydropower generation agreement with Governments of Burundi, Democratic Republic of Congo (DRC) and Rwanda.***

**Kinshasa, DRC, 29 July 2019** - IPS, the industrial and infrastructure development arm of the Aga Khan Fund for Economic Development (AKFED) and SN Power, a Norwegian international renewable energy company owned by Norfund, today signed the project agreements for the Ruzizi III hydropower project with Governments of Burundi, Democratic Republic of Congo (DRC) and Rwanda.

The proposed 147 MW Ruzizi III is planned as a run-of-river hydropower project and will be located on the River Ruzizi. River Ruzizi flows from Lake Kivu to Lake Tanganyika in Central Africa and delineates the southern border of Rwanda with DRC and also forms the border between DRC and Burundi.

Speaking at the ceremony, Mr. Galeb Gulam, Chief Executive Officer of IPS(K) Ltd., commented “Ruzizi III is truly a ground-breaking project; it is the first privately financed project in sub-Saharan Africa that will utilise a common regional resource to generate power that will be shared equally between three countries. Despite the complexities and challenges that this region has faced, this project sets a unique precedent for public-private partnership projects globally. Ruzizi III will contribute significantly to socio-economic development, building confidence in these economies, increasing access to reliable and affordable power to millions of people across the region.”

Currently, it is projected that the project will benefit a population of 30 million people, 70% of which are living under the poverty line and averaging a 6% electricity access rate. Once commissioned, Ruzizi III will double Burundi’s current capacity, increase Rwanda’s installed capacity by 33% and provide much needed baseload power in Eastern DRC, a region that is otherwise isolated from DRC’s interconnected grid.

“This landmark project will generate clean and renewable power, reducing the region’s reliance on expensive thermal generation that currently costs in excess of US 35 cents per kWh. It will also reduce the local communities’ dependence on wood fuel and charcoal; a major threat to the countries’ forests and biodiversity,” added Erik Knive, President and CEO of SN Power, a leading developer of hydropower projects in emerging markets and brings extensive technical experience to the consortium.

The project is structured as an Independent Power Project (IPP) based on a Build, Own, Operate, Transfer (“BOOT”) structure and underpinned by a 25-year concession agreement and Power Purchase Agreements (PPAs). The respective national utilities will be responsible for developing

the transmission lines that evacuate the power from the main substation at Kamanyola to the principal load centers.

With an estimated project cost of \$ 650 -700m, Ruzizi III will produce power that is expected to cost US 11 to 13 cents per kWh. “Considering the remote and challenging location of the power project, maintaining an affordable tariff is crucial. Financing of the project will, therefore, entail the largest blended financing in the region comprising of a unique combination of concessional funds, commercial debt, grants (contracting state equity) and privately financed equity; a first of its kind in Africa” explained Mr. Gulam.

Concessional funding is expected to be provided by amongst others, Africa Development Bank (“AfDB”), European Investment Bank (“EIB”), European Union (“EU”), KfW, AFD and the World Bank. For IPS, Ruzizi III will be part of the Africa Power Platform that was recently established by IPS, CDC and AKFED.

“While it has been a long and tedious journey since being appointed the selected bidder for the project under an international tender, our common vision for development has led us here today. The significant milestone we celebrate today is therefore testimony of the support and cooperation of all partners, from the Governments of Burundi, DRC, and Rwanda, the Great Lakes Energy Organisation (“EGL”) and the Development Finance Institutions, which is truly appreciated.” Dr. Kevin Kariuki, Head of Infrastructure at IPS added.

The project is expected to reach financial close in 2021 and is expected to be operational in 2025/ 2026.

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## NOTES

The *Aga Khan Fund for Economic Development* (AKFED) is an international development agency dedicated to promoting entrepreneurship and building economically sound enterprises in parts of the developing world that lack sufficient foreign direct investment. It also makes bold but calculated investments in situations that are fragile and complex. It is part of the Aga Khan Development Network.

*Industrial Promotion Services* (IPS) is the infrastructure and industrial development arm of AKFED. Within East Africa, IPS has operations in Kenya, Uganda, Tanzania, Burundi, Mozambique and DRC and employs over 10,000 people. It is also actively pursuing investment opportunities in Rwanda and Madagascar. Outside the East and Central Africa region, IPS also operates in Cote d'Ivoire, Burkina Faso, Mali, Senegal, Tajikistan, Afghanistan, Kyrgyzstan, Pakistan and Canada.

**SN Power** invests in clean, renewable energy on a commercial basis in emerging markets. The company's primary focus is on hydropower. The company concentrates on acquiring, developing, constructing, and operating hydropower assets and currently operate, through our Joint Venture partnerships, hydropower plants in The Philippines, Laos, Zambia, Uganda and Panama. The company is fully owned by Norfund.

SN Power has a multinational team of professionals globally employed with a head office located in Oslo, Norway.

*Norfund*, the Norwegian Investment Fund for Developing Countries, contributes to development and poverty reduction through profitable investments in sustainable enterprises in selected countries and sectors. Approximately 50% of the portfolio is investments in clean energy projects. The most important region is sub-Saharan Africa, as well as selected countries in South and Southeast Asia and in Central America. At year-end 2018, Norfund's portfolio was NOK 22.3 billion.

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