

POLICY BRIEF

Central Africa Compact Commitments



ACRONYMS AND ABBREVIATIONS

Acronym	Definition
AfDB	African Development Bank
AFD / FDA	Agence Française de Développement
AEDE	Agence de l'Énergie Domestique et de l'Environnement
AGREE	Access Governance & Reform for the Electricity and Water Sectors Project
ANER	Agence Nationale de l'Électrification Rurale (Republic of Congo)
ANSER	Agence Nationale de l'Électrification et des Services Énergétiques en milieu rural et périurbain (Democratic Republic of Congo)
ARE	Autorité de Régulation du secteur de l'Électricité (Democratic Republic of Congo)
ARSE	Autorité de Régulation du Secteur de l'Énergie Électrique (Chad)
ARSEL	Agence de Régulation du Secteur de l'Électricité
ATC&C	Aggregate Technical, Commercial and Collection (losses)
BII	British International Investment
CAPP / PEAC	Central African Power Pool / Pool Énergétique de l'Afrique Centrale
CEC	Central Electricité du Congo
CEMAC	Communauté Économique et Monétaire de l'Afrique Centrale (Central African Economic and Monetary Community)
CORREAC	Commission Régionale de Régulation de l'Électricité de l'Afrique Centrale (Central Africa's regional electricity regulator)
DRC	Democratic Republic of the Congo
DRE	Distributed Renewable Energy
E2C	Énergie Électrique du Congo
EAPP	Eastern Africa Power Pool
ECCAS / CEEAC	Economic Community of Central African States / Communauté Économique des États de l'Afrique Centrale
EDC	Electricity Development Corporation (Cameroon)
EIB	European Investment Bank
ENEO	Cameroon's national electricity distribution/generation utility
ERP	Enterprise Resource Planning
GDP	Gross Domestic Product
GWh	Gigawatt-hour
HFO	Heavy Fuel Oil
IDA	International Development Association
IFC	International Finance Corporation
IPP	Independent Power Producer
kV	Kilovolt
LPG	Liquefied Petroleum Gas
MIGA	Multilateral Investment Guarantee Agency

Acronym	Definition
MW	Megawatt
PAEHR	Plan d'Action pour l'Électrification Hors-Réseau (Cameroon's Off-Grid Electrification Action Plan)
PAGASE	Power Sector Improvement and Governance Support Project
PDEMC	Republic of Congo's forthcoming Least-Cost Development Plan
PEZoR	Republic of Congo's rural electrification programme
PIRECT	Cameroon-Chad interconnection project
PPA	Power Purchase Agreement
PPP	Public-Private Partnership
PV	Photovoltaic
RBF	Results-Based Financing
RE	Renewable Energy
RIS / RIN	Réseau Interconnecté Sud / Réseau Interconnecté Nord (Cameroon's Southern/Northern Interconnected Grids)
SAPP	Southern African Power Pool
SDG	Sustainable Development Goal
SEFA	Sustainable Energy Fund for Africa
SHS	Solar Home System
SNCP	Stratégie Nationale de Cuisson Propre (Republic of Congo's National Clean Cooking Strategy)
SNE	Société Nationale d'Électricité (Chad)
SNEL	Société Nationale d'Électricité (Democratic Republic of Congo)
SONATREL	Cameroon's national electricity transmission company
USD	United States Dollar
WAPP	West African Power Pool
WB	World Bank

INTRODUCTION

In January 2025, at the Mission 300 Africa Energy Summit in Dar es Salaam (Tanzania), leaders from across Africa shared official roadmaps aimed at achieving universal energy access. This event, backed by global financial institutions such as the African Development Bank (AfDB) and the World Bank (WB), marked a coordinated push toward lasting infrastructure change. National strategies, referred to as Energy Compacts, have been formally submitted by 29 governments, setting out the specific commitments that each country intends to follow to expand affordable energy, strengthen power systems, and scale renewables.

The Mission 300 initiative encourages nations to set the necessary reforms and measurable targets in five key target areas, which form the structural pillars of this brief:

- 1) Expanding cost-efficient power generation;
- 2) Boosting regional power integration for cross-border trade;
- 3) Scaling up last-mile electrification with distributed renewable energy solutions;
- 4) Unlocking private investment through supportive regulatory frameworks; and
- 5) Strengthening utilities with transparent financial management and cost recovery.

The Mission 300 initiative stands as the largest organized attempt so far to respond to Africa's power shortages. Central Africa enters the Mission 300 process with a strong strategic opportunity: the region combines exceptional hydropower resources, including the Congo River basin and Cameroon's Sanaga system, with growing national commitments to expand access, strengthen power systems and deepen regional electricity trade. The four Energy Compacts reviewed in this brief show how this resource base can be progressively transformed into reliable, affordable and tradable electricity by 2030, supporting both universal access and broader regional energy security.

Figure 1: Energy Summit



This strategic brief compares the Energy Compacts presented by four key countries in Central Africa: **Cameroon, Chad, the Democratic Republic of the Congo (DRC), and the Republic of Congo**. It identifies implications for investment roadmaps, utility turnaround, clean cooking finance and the Central African Power Pool (CAPP/PEAC) market development, drawing on the official National Compact documents (2024-2025), World Bank sources and CAPP/PEAC information.

KEY FINDINGS

Across the four national Energy Compacts, Central Africa's transition agenda is shaped by the opportunity to turn exceptional resource potential into stronger delivery systems. The region combines major hydropower and solar resources with growing commitments to expand access, rehabilitate generation assets, strengthen utilities and deepen cross-border electricity trade.

The compacts therefore set out a pathway for converting resource abundance into reliable service, bankable projects and regional exchange:

- Step-change access ambition. Targets range from 62% access in DRC (60 million additional people, the largest absolute commitment on the continent) to 81% in the Republic of the Congo, 90% in Chad, and 100% in Cameroon. Chad faces the most challenging path in relative terms, as it would need to raise coverage from 11% to 90% within just five years.
- Hydropower-anchored renewables, with a solar pivot. The DRC commits to maintaining a 95% renewable generation mix while more than quadrupling capacity; the Republic of the Congo plans to lift its renewable share from 29% to approximately 73%; Chad targets a rise from roughly 10% to 30% driven by 520 MW of new solar under the Desert to Power agenda; and Cameroon couples its hydro-dominated mix with a 10% target for new renewables and the hybridization of isolated thermal plants.
- Clean cooking is now part of the compacts, but funding levels vary. For the first time, all four compacts set measurable clean cooking targets: 30% in the DRC, 40% in Cameroon, 46% in Chad, and 81% in the Republic of the Congo. Chad gives clean cooking the strongest financial priority, allocating USD 656 million or about one third of its total investment needs to this area. By contrast, the DRC allocates USD 600 million, which appears modest given the scale of the challenge: more than 95% of households still depend on biomass, and the related health costs are estimated at USD 13.6 billion each year.
- The private sector will be central to delivery. Expected private financing ranges from 33% of total investment needs in Chad to around 72% in the Republic of the Congo, with Cameroon and the DRC falling in the middle at approximately 52% to 53%, respectively. Across all four compacts, governments commit to competitive procurement for independent power producers, standardized power purchase agreements, and instruments to reduce investor risk.
- Regional power integration is starting from a very limited base. CAPP/PEAC remains Africa's least developed power pool, with almost no operational interconnectors linking the four countries. The Cameroon-Chad interconnector, expected around 2027-2028, is set to become the pool's first major transformative corridor. At the same time, the DRC's

Inga-based corridors are intended to connect CAPP with the Southern and Eastern African power pools, while Cameroon is expected to serve as a future link between CAPP and the West African Power Pool (WAPP).

PILLAR 1: EXPANDING COST-EFFICIENT POWER GENERATION

For Central Africa, cost-efficient generation starts with making existing capacity usable. Across the four countries, a large share of installed capacity is unavailable or heavily derated: the DRC has only around 70% of its 3,067 MW operational, Chad can dispatch roughly 235 MW of 487 MW installed, and the Republic of the Congo's hydropower fleet is heavily derated, with the 15 MW Djoue plant producing no power. Rehabilitation, maintenance and loss reduction are therefore the fastest cost levers, while new hydropower and solar capacity can reduce exposure to fuel-price volatility and lower variable generation costs over time.

Analysis of National Strategies

Tables 1 and 2 below compare the current generation mix, grid performance, and 2030 capacity targets across the four compact countries.

Table 1. Energy mix and power grid performance

Country	Current energy mix	Details / Main capacities	Grid reliability / Technical issues	Grid losses	Other key information
Cameroon	Hydro 70%, HFO/diesel 16%, Natural gas 11%, Solar 3%	2,011 MW installed (2025), incl. Nachtigal (420 MW); IPPs 36% of capacity	Two unsynchronized grids (RIS South / RIN North); degraded transport network being upgraded (3,405 km)	Distribution efficiency 73% (target 88%)	3rd largest hydro potential in Sub-Saharan Africa; ambition to become a net power exporter by 2030
Chad	Thermal 90%, Renewables 10%	487 MW installed, 235 MW available; IPPs 85 MW	No interconnection; isolated urban networks; frequent load shedding	39% (ATC&C)	Highest production costs in CEMAC; consumption 47 kWh/cap/yr vs 109 for Central Africa
Democratic Republic of the Congo	>99% hydro (95% renewable mix), solar marginal	3,067 MW installed, only 70% available; Inga I & II = 1,775 MW	Ageing infrastructure, chronic under-maintenance; 22 of 26 provinces below 5% access	46% (technical + commercial)	100 GW hydro potential, only 3% exploited; 30 small IPPs (100 kW-39 MW)
Republic of Congo	Gas 71%, Hydro 29%	748 MW installed (630 available); CEC gas plant 484 MW; hydro fleet derated (Djoué)	Radial 440 km Pointe-Noire-Brazzaville 220 kV line; reactive power dependency on DRC grid; frequent	45% (2022)	Tariffs unchanged since 1994; cost recovery only 56% of cost of service

Country	Current energy mix	Details / Main capacities	Grid reliability / Technical issues	Grid losses	Other key information
		15 MW: 0 available)	outages in Brazzaville		

Source: National Energy Compact (Mission 300).

Table 2. 2030 targets and current situation

Country	Current capacity (MW) – 2025	2030 target (MW)	Current renewables share	Renewables share target 2030	Target dominant source
Cameroon	2,011 MW	3,000 MW	73% (hydro-led)	Hydro-dominant + 10% new RE	Hydro / Solar
Chad	487 MW	1,350 (+866) MW	10%	30%	Solar / Thermal
Democratic Republic of the Congo	3,067 MW	13,576 MW	95%	95%	Hydropower
Republic of Congo	748 MW	3,701 MW	29%	72.8%	Hydro / Gas / Solar

Source: National Energy Compact (Mission 300).

The four compacts start from markedly different positions.

- The DRC is the region's resource giant but also its most complex turnaround case: only around 70% of its installed capacity is operational and 22 of its 26 provinces have electricity access below 5%, yet its compact is the most ambitious in the region, aiming to more than quadruple capacity to 13,576 MW by 2030 while holding a 95% renewable mix.
- Cameroon is the sub-region's most mature system, with an operating Independent Power Producer (IPP) fleet, Nachtigal (420 MW) already commissioned, and the clearest ambition to become a net power exporter by 2030, but progress is constrained by two unsynchronized grids (RIS South/RIN North) and a degraded transmission network currently being upgraded.
- The Republic of the Congo is pivoting away from a gas-dependent system whose hydropower fleet is heavily derated – the 15 MW Djoué plant currently produces no power – toward a hydro-and-solar future, while depending on a single radial 220 kV line between Pointe-Noire and Brazzaville.
- Chad starts from the weakest base of the four: an isolated, 90% thermal system with no international interconnection and the highest production costs in CEMAC, for which the compact's central strategy is a direct leapfrog to solar under the Desert to Power agenda.

The Least-Cost Transition Pathways

The four compacts fall into three Central Africa-specific transition models:

- **DRC and Cameroon** are the region's hydropower giants. The DRC is structuring its entire compact around its world-class hydro endowment: capacity is set to more than quadruple to 13,576 MW by 2030 while keeping the mix 95% renewable, with the Grand Inga programme positioned as a future continental supply hub. Cameroon, having commissioned Nachtigal (420 MW), is maturing a deep pipeline of projects (Chollet 600 MW, Kikot 500 MW, Grand Eweng 1,035 MW, among others) and explicitly frames electricity as a future export product, complemented by a 50-site small-hydro programme and solar hybridization of isolated thermal plants.
- **The Republic of the Congo** represents a gas-to-hydro pivot. Gas-fired capacity at Pointe-Noire (CEC, being expanded by 470 MW) keeps the system running today, but the compact's 2030 trajectory is dominated by renewables: rehabilitation of the derated hydro fleet (Imboulou, Liouesso, Djoué), eleven micro-hydro plants, river turbines (hydroliennes) and utility-scale solar, with large dams (Sounda 800 MW, Mbandza Ndounga 630 MW, Kitéké 515 MW) following after 2030.
- **Chad** is attempting a solar leapfrog from diesel. Of the 866 MW of new capacity targeted by 2030, 520 MW is solar – anchored in the AfDB's Desert to Power initiative and projects such as RESPITE (35 MWc with 60 MWh of storage) and Djermaya – combined with at least 120 MW of hydropower imports from Cameroon once the PIRECT interconnector is commissioned. This pathway is designed to displace some of the most expensive thermal generation in the region.

Enabling Market and Regulatory Conditions

Central Africa's generation pipeline will only become credible if it moves from ad hoc project negotiation to bankable procurement. All four compacts signal this shift away from bilaterally negotiated, Memorandum of Understanding (MoU) based projects toward more transparent competitive processes. The DRC commits to tender 4,000 MWc of solar projects to private developers under a concession model; Cameroon will publish a multi-annual generation procurement plan, standardized Power Purchase Agreement (PPA) templates and a public project registry, while auditing legacy MoU projects; Chad plans a competitive procurement policy with transaction advisors from 2025; and the Republic of the Congo will align competitive procurement with its forthcoming Least-Cost Development Plan (PDEMC) by mid-2026.

Therefore, the binding constraint on turning this shift toward competitive procurement into bankable investment is institutional as much as technical. Developers will only commit capital where PPAs are enforceable, tariffs are predictable and off-takers are credible. In all four countries, the financial weakness of the national utility (see Pillar 5) is currently the main barrier to turning hydropower, solar and transmission pipelines into bankable investments.

PILLAR 2: BOOSTING REGIONAL POWER INTEGRATION FOR CROSS-BORDER TRADE

In Central Africa, regional power integration is a market to be built. The priority is twofold: deliver the first transformative interconnectors, especially the Cameroon-Chad corridor, while creating

the missing market rules for wheeling tariffs, grid codes, system services, and regional regulation under the Central African Power Pool (CAPP, known by its French acronym PEAC).

The CAPP, created under the Economic Community of Central African States (ECCAS/CEEAC), provides the institutional framework for this integration. However, the CAPP is by far the least developed of Africa's power pools: among the four compact countries there is today essentially no operational cross-border trade except for the Republic of the Congo's link with the DRC – an interconnection used largely for reactive power compensation instead of commercial exchange. Chad has no interconnection at all, and Cameroon's grid remains internally split into two unsynchronized networks.

The compacts treat this deficit as an opportunity. Cameroon reaffirms its ambition to become a power exporter by 2030, committing to interconnections with Chad, Nigeria, the Central African Republic, Equatorial Guinea, Gabon and the Republic of the Congo, and to facilitating the future link between the West African Power Pool (WAPP) and the CAPP. The DRC positions its Inga complex as the future backbone of inter-pool trade, with the planned Inga-Bunia corridor designed to bridge the Southern African Power Pool (SAPP) and the Eastern Africa Power Pool (EAPP), and the Inga-Kolwezi corridor serving the southern mining belt. Chad's entire import strategy rests on the Cameroon-Chad interconnector, while the Republic of the Congo plans new corridors towards Gabon, Cabinda (Angola) and Kinshasa.

Harmonized Transmission Pricing: the CAPP's Missing Market Layer

All four compacts converge on the same institutional gap: the absence of a harmonized transmission (wheeling) tariff within the CAPP. The DRC commits to harmonized transmission tariff rules – including balancing and congestion pricing – by 2026, with SNEL formally taking on the transmission system operator role; Cameroon and Chad commit to a harmonized CAPP transport tariff by 2027, supported by a Term Sheet already agreed between the two countries under CAPP supervision for the PIRECT corridor; and the Republic of the Congo will adopt a transmission service pricing scheme by mid-2027. Cameroon additionally proposes a cross-border grid connection code and the operationalization of a regional regulator for Central Africa (CORREAC).

Key Interconnection Infrastructure

Table 3. Interconnection infrastructure

Interconnection project	Countries involved	Technical specifications	Capacity / Exchange	Status	Financing / Partners
PIRECT (Cameroon-Chad interconnector)	Cameroon, Chad	225 kV line N'Djamena – Cameroonian border; rural electrification of 69 localities along the corridor	≥120 MW of hydropower imports to Chad (100 MW corridor capacity initially)	Under construction; commissioning targeted 2027-2028	World Bank (IDA USD 90 million Chad side), AfDB (EUR 33 million), EU (EUR 29.4 million)
Congo-DRC interconnection	Congo, DRC	220 kV, 60 km	150 MW transfer capacity; 2023: 150.6 GWh exported / 8.7 GWh imported by Congo	Operational (used partly for reactive power support)	Existing bilateral arrangement
DRC regional links (existing)	DRC, Zambia; Rwanda, Burundi	220 kV: 273 km to Zambia; 80 km Ruzizi corridor	300 MW (Zambia); 500 MW (Ruzizi corridor)	Operational	SAPP / EAPP frameworks
Ruzizi III regional hydropower	DRC, Rwanda, Burundi	206 MW run-of-river plant, shared equally	69 MW per country	2024-2028 (under development)	World Bank, IFC, AfDB, AFD, EIB, EU, KfW, BII
Inga corridors	DRC, regional	Inga-Kolwezi; Inga-Bunia multi-sector corridor (SAPP-EAPP backbone)	To be defined (Grand Inga programme)	Planned by 2030; intergovernmental MoU targeted 2026	To be mobilized (WB and partners)
Pointe-Noire-Cabinda & Congo-Gabon lines	Congo, Angola; Congo, Gabon	400 kV double-circuit lines; Congo-Gabon feasibility by mid-2027	To be defined	Studies / preparation	Bayshore (Cabinda); EU (Congo-Gabon, PN-Brazzaville-Kinshasa)
WAPP-CAPP interconnection	Cameroon, Nigeria	High-voltage interconnection studies (ToRs under negotiation between WAPP and CAPP)	To be defined	Studies to be completed by end-2027	WAPP / CAPP coordination

Source: National Energy Compacts (Mission 300), country documents 2024-2025; World Bank; CAPP/PEAC.

Remaining Integration Gaps

Despite this pipeline, several barriers continue to limit the prospects for regional trade. First, the physical deficit is severe: unlike East or Southern Africa, the CAPP lacks an existing meshed backbone, so every corridor is greenfield and capital-intensive. Second, wheeling charges, grid codes and a regional regulator (CORREAC) remain to be established – commitments now scheduled for 2026-2027 but historically subject to delay. Third, asymmetric creditworthiness among off-takers (SNEL's USD 3 billion debt burden, E2C's structural deficits, SNE's 45% collection rate) complicates long-term bilateral PPAs, exactly as observed in other pools. Finally, the dependence of the Republic of the Congo on the DRC grid for reactive power – with 60% of

E2C's reported incidents in 2021 originating from the DRC side – illustrates how integration without adequate investment in system services can import instability rather than resilience.

PILLAR 3: SCALING UP LAST-MILE ELECTRIFICATION WITH DISTRIBUTED RENEWABLE ENERGY SOLUTIONS

Rural Electrification: Targets and Strategies

Last-mile access in Central Africa is shaped by scale, density and distance. In the DRC, a territory of 2.3 million km² and 22 provinces below 5% access make grid extension alone insufficient. In the Republic of the Congo, very low population density raises the cost of conventional connections, while Chad combines rural access below 1% with long supply chains and dispersed settlements. All four compacts therefore give mini-grids and solar home systems (SHS) an explicit role as durable access solutions rather than residual or transitional options.

Table 4. Rural electrification targets and off-grid strategies

Country	Current access (national)	2030 target	Off-grid strategy
Cameroon	74%	100%	Off-Grid Electrification Action Plan (PAEHR, 2026); mini-grid code by end-2026; 50-site small-hydro programme; solar kit distribution frameworks for low-density areas
Chad	11% (rural <1%)	90%	National mix: 50% grid, 20% mini-grids, 20% SHS; rural access driven by SHS (20%) and mini-grids; Scaling Mini-Grids programme (WB/IFC/MIGA) in secondary towns
Democratic Republic of the Congo	21.5%	62%	26.5% of the population (20 million people) to be served via private mini-grids and SHS; ANSER-led geospatial plan; Mwindia results-based financing fund
Republic of Congo	32% (rural 1%)	81.3% (rural 50%)	PEZoR rural electrification programme: 90% of new rural access via solar home systems, 10% via mini-grids (hydro and solar)

Source: National Energy Compact (Mission 300).

Enabling Regulatory Frameworks

The regulatory starting points differ markedly. The DRC is the regional pioneer: the 2014 Electricity Law liberalized the sector and an ecosystem of roughly fifty registered private operators has emerged, including dynamic mini-grid utilities (Virunga Energie with 30 MW of hydro, Nuru, ENK, SOCODEE, among others) charging cost-reflective tariffs of 25-70 US cents/kWh with strong collection rates – demonstrating viable demand for reliable service. The compact now commits to revising the law to create a dedicated off-grid status, simplified concession procedures

and clearer provincial responsibilities. Cameroon will adopt a mini-grid code by end-2026, explicitly including compensation mechanisms for private developers in case of main-grid arrival – a key protection against stranded assets. Chad will complete the implementing decrees of its 2019 Electricity Law to regulate off-grid solutions by end-2025, and the Republic of the Congo will embed the role of private off-grid operators in its forthcoming National Electrification Strategy.

Results-Based Financing and De-risking

In Central Africa, results-based financing (RBF) is emerging as a practical tool to address weak purchasing power, high delivery costs and private-sector risk in off-grid and clean cooking markets:

- DRC: the Mwinda Fund, an operational RBF facility, will be scaled from USD 500 million to USD 1 billion, alongside an expansion of the revolving credit line to USD 200 million covering mini-grids, Solar Home Systems (SHS), clean cooking, productive uses and institutional electrification; import duties on renewable energy and clean cooking components will be removed.
- Cameroon: tax and customs exemptions under the 2012 and 2024 Finance Laws will be extended and stabilized for the duration of the compact and broadened to clean cooking equipment; revolving funds will support solar kit distribution and connection charges; the 2025 investment incentives ordinance is to be systematically applied to renewable energy and clean cooking investors.
- Chad: the State maintains a Liquefied Petroleum Gas (LPG) consumer subsidy (2018 price structure) and tax exemptions for renewable energy equipment (2020 Finance Law), to be complemented by a quality-standards framework for solar products.
- Republic of Congo: simplification of import-tax exemption procedures for certified solar and clean cooking products (by end-2025), application of the investment charter to off-grid equipment, and adoption of a social tariff and capacity-to-pay-based connection policy.

Access to Clean Cooking

Clean cooking is the most acute dimension of Central Africa's energy deficit. In the DRC, more than 95% of households cook with firewood or charcoal; in Kinshasa alone, charcoal ("Makala") covers 98% of household energy and the compact estimates the health impacts of polluting cooking at USD 13.6 billion per year, with a further USD 16.1 billion lost annually in fuelwood-collection time. In Chad, wood-energy covers 79% of urban, 90% of peri-urban and virtually 100% of rural cooking needs, driving deforestation in an already fragile Sahelian environment. For the first time, all four compacts respond with quantified targets and dedicated strategies.

Table 5. Access to clean cooking

Country	Current access	2030 target	Priority technologies
Cameroon	23.4% (2022)	40%	LPG (national LPG Master Plan), eco-charcoal, biogas, improved stoves, e-cooking; six dedicated diffusion programs from 2027
Chad	Low (biomass-dominant)	46%	Subsidized LPG, improved stoves; update of the 1999 Domestic Energy Strategy; reactivation of the AEDE agency

Country	Current access	2030 target	Priority technologies
Democratic Republic of the Congo	5% (LPG 14% in Kinshasa)	30%	Improved stoves, LPG (supply-chain build-out with IFC), e-cooking where supply allows, briquettes/biogas; national strategy by end-2026
Republic of Congo	39.6% (urban 54.5%)	81.3%	LPG (urban-led), improved stoves; National Clean Cooking Strategy (SNCP) to be adopted by end-2026

Source: National Energy Compact (Mission 300); SDG7 tracking.

PILLAR 4: UNLOCKING PRIVATE INVESTMENT THROUGH SUPPORTIVE REGULATORY FRAMEWORKS

The Central Africa compacts depend on private capital, but the investment thesis is still fragile. Public finance cannot cover the more than USD 60 billion in identified needs, while private participation depends on conditions that remain only partly in place: bankable offtake agreements, currency convertibility, clear permitting, enforceable contracts and utilities able to honor payment obligations.

National Regulatory Frameworks

The DRC presents the largest private ambition in absolute terms: USD 20 billion out of USD 37 billion in total needs, anchored in the revision of the 2014 Electricity Law, a single-window for permits, standardized multi-year tariff contracts, credit-enhancement mechanisms for off-taker risk, and the scaled-up Mwindia RBF fund. The compact is frank about the obstacles: divergent provincial interpretations of the law, ad hoc taxation and account seizures without recourse, and the absence of a PPP project-preparation entity. Land disputes around solar sites are flagged as an urgent regulatory priority.

Cameroon targets USD 6.5 billion in private financing out of USD 12.5 billion (52%). Its strategy is procedural depth: a published multi-annual procurement plan, open competitive IPP selection with transparent pre-qualification, model PPAs and tender documents (2026-2027), a public online registry of generation projects, an audit and transition plan for legacy MoU projects, PPP-based financing of transmission (a regional first), local-content incentives for electrical equipment manufacturing, and contractual risk-mitigation clauses (non-retroactivity, protection against unilateral changes, accession to investment dispute conventions, and a payment stabilization/guarantee fund from 2026).

The Republic of the Congo assumes the highest private share – roughly 72% of USD 11.5 billion (USD 8.3 billion), with 100% of new generation expected to be financed by IPPs. This is ambitious given that no private capital has been mobilized to date beyond the existing gas plants, tariffs frozen since 1994 leave little or no margin for private operators, and E2C's indebtedness prevents it from issuing guarantees. The compact's gap analysis of the PPP law (2025), competitive procurement framework (mid-2026) and tariff reform (end-2026) are therefore preconditions for the entire investment programme.

Chad is at the earliest stage, targeting USD 650 million in private financing (33% of USD 1.95 billion). Today only five IPPs operate (≈85 MW, ≈USD 82 million invested), several under lease or take-or-pay arrangements with the SNE. The compact prioritizes full application of the 2019 Electricity Law – including a clearly defined approval process for private mini-grids (licenses,

tariffs, grid arrival) by end-2025 – competitive selection of new solar IPPs with transaction advisors, and standardized G5-Sahel PPA and concession templates developed under the AfDB's regional technical assistance. The compact explicitly notes that mobilizing private capital will require donor-backed facilitation and risk-mitigation instruments.

From resource potential to bankable projects

Recent experience in Central Africa highlights the importance of upstream preparation in transforming energy resources into investable projects. In Cameroon, World Bank-financed technical assistance for the Sanaga River Basin, approved in 2017 under the USD 26.3 million Hydropower Development on the Sanaga River Technical Assistance Project, has supported hydropower optimization, reservoir management, hydrological and climate risk analysis, dam safety frameworks, environmental and social safeguards, and transaction preparation. These activities provide a useful model for sequencing large hydropower development: first strengthening planning and institutional capacity, then structuring projects with clearer technical, environmental, financial and contractual foundations.

This lesson is also relevant for the DRC, where hydropower potential, industrial demand and renewed investor interest create opportunities for generation, transmission, distribution and decentralized energy investments. The ability to mobilize long-term capital will depend on the quality of project preparation, the credibility of off-take arrangements, regulatory clarity and the availability of risk-mitigation instruments. Across Central Africa, upstream studies, transparent procurement, stronger utilities and coordinated regional planning can help convert resource potential into projects that are both financially viable and aligned with the Energy Compact targets.

De-risking Instruments and the DRE Financing Gap

Across the four compacts, regulatory frameworks alone are recognized as insufficient: investors require concrete de-risking instruments. The toolkit converges on results-based financing (Mwinda in the DRC), payment stabilization and guarantee funds (Cameroon, 2026), blended finance for off-grid portfolios (Cameroon, DRC), consumer-side subsidies (Chad's LPG price structure; Congo's social tariff), and tax/customs exemptions in all four countries. The financing gap for distributed renewable energy remains particularly acute: mini-grid and SHS developers can mobilize commercial capital – as the DRC's operator ecosystem proves – but only where licensing, tariff-setting and grid-arrival rules are transparent, predictable and enforceable. The AfDB's private-sector window and the Sustainable Energy Fund for Africa (SEFA), already active in Chad (Djermaya, Qair solar plants, SNE technical assistance), have a direct role in demonstrating commercial viability to crowd in mainstream capital.

PILLAR 5: STRENGTHENING UTILITIES WITH TRANSPARENT FINANCIAL MANAGEMENT AND COST RECOVERY

Utility reform is the thread that connects all five pillars. Each compact depends on a different turnaround challenge: ENEO/SONATREL in Cameroon, SNEL in the DRC, SNE in Chad and E2C in the Republic of the Congo. Without better collections, audited accounts, debt treatment and cost recovery, generation procurement, private investment and regional trade will remain constrained:

- **ENEO / SONATREL (Cameroon):** the sector is partially unbundled – ENEO handles distribution and most generation, SONATREL transmission (since 2018), EDC water storage, with ARSEL as regulator. The compact centers on restructuring ENEO: completion of the buyback of Actis's shares (2025), a diagnostic and recovery plan (February 2026), debt restructuring (2026), publication of all sector companies' financial statements, a payment mechanism for public-entity bills (including salary-file deductions and at-source offsets), distribution efficiency raised from 73% to 88%, smart metering and prepaid conversion of 600,000 customers, and overall sector financial equilibrium by 2028.
- **SNEL (DRC):** the most indebted utility in the region, carrying USD 3 billion of legacy debt (75% financial, much of it mining-contract related), total losses of 46%, a 61% collection rate (38% on government customers), USD 110 million of state arrears, and last audited statements dating from 2020. The compact sequences the turnaround: publication of 2023 and 2024 audited statements (2025-2026), an updated recovery plan and reform roadmap adopted by the Council of Ministers, internal unbundling of accounts and assets by segment (2026), debt restructuring, an ERP system and generalized digital payment (2026), a cost-covering tariff regime from January 2026, creation of a second public utility for new transmission corridors (2026-2027), and 100% recovery of operating costs by 2029 – positioning SNEL for its central role in the Grand Inga programme.
- **SNE (Chad):** structurally loss-making, with a 65% billing rate, 45% collection (2019), 39% ATC&C losses, no performance contract with the State and no procurement or stock-management manuals. The compact relies on the performance audit (2025), the AfDB-financed Plan Djérid commercial and financial restructuring programme, a revenue-protection programme already underway, loss reduction below 15% by 2027 and financial balance by 2028, with 100% cost recovery targeted in 2028.
- **E2C (Congo, Rep.):** a vertically integrated company operating under a transitional statute since 2018, with 45% losses, a 73% collection rate, 40% of customers on flat-rate billing, a regressive tariff structure unchanged since 1994 recovering only 56% of costs, uncertified financial statements and chronic dependence on public subsidy. The compact commits to a new revenue-requirement methodology and tariff grid (including a social tariff) by end-2026, an ERP and full metered billing by end-2026, audited financial statements published by mid-2027, smart metering of all state consumption points, a 95% collection target by 2028 and loss reduction of three percentage points per year, alongside the operationalization of a separate transmission company with producer participation.

Cost Recovery and Tariff Reform

Below-cost tariffs are the common structural disconnect across the four systems: SNEL sells at 9 US cents/kWh against an average production cost of USD 0.40/kWh, a tariff that covers barely a quarter of the cost of supply, with the resulting shortfall also visible in its USD 3 billion of accumulated debt, 61% collection rate and 46% system losses; E2C's 9 cents/kWh tariff covers barely half of a 16 cents cost of service; Chad combines some of the highest generation costs in the region (17.5 cents/kWh) with a collection rate of 45%; and Cameroon's tariff compensation mechanism weighs heavily on public finances. The compacts address this with varying specificity: the DRC's commitment to a cost-covering tariff regime by January 2026 (with SNEL covering 100% of operating costs by 2029) is the most time-bound; the Republic of the Congo couples its end-2026 tariff overhaul with a social tariff to protect low-income consumers; Cameroon plans a finalized sector tariff model by end-2025, a tariff policy by 2027 and a 6%-per-year reduction in

tariff compensation; Chad ties tariff reform to the ongoing tariff study and the 2028 equilibrium target.

Transparent Financial Management

The opacity of utility finances remains a major obstacle to reform across the sub-region. SNEL's last audited statements date from 2020 and E2C's accounts are not certified; the publication commitments embedded in the compacts (SNEL 2025-2026; E2C mid-2027; all Cameroonian sector companies within six months of year-end; SNE's annual certified reports continuing) are therefore foundational rather than cosmetic. Without verifiable financial data it is impossible to design evidence-based tariff reform, measure progress, or give investors the certainty they need. The AfDB and partner institutions support this agenda directly – through the Plan Djérid in Chad, the governance components of PAGASE and AGREE in the DRC, and conditions attached to sector lending in Cameroon and the Republic of the Congo.

COMPARATIVE ANALYSIS OF FINANCING NEEDS

The total investment needs identified for these four countries exceed USD 60 billion to 2030 – with the DRC alone flagging a further USD 20 billion of system reinforcement needs to 2040. The public-private financing mix varies significantly by country, from 33% private in Chad to roughly 72% in the Republic of the Congo, reflecting both different market conditions and different levels of reform ambition.

Table 6. Investment amounts

Country	Total investment	Public / donors share	Private sector share	Most capital-intensive segment
Cameroon	USD 12.5 billion	48% (public + concessional)	52% (USD 6.5 billion)	Generation (USD 6.7 billion)
Chad	USD 1.95 billion	67% (USD 1.3 billion)	33% (USD 0.65 billion)	Clean cooking (USD 0.66 billion)
Democratic Republic of the Congo	USD 37.0 billion (+20 billion to 2040)	47% (USD 17.3 billion)	53% (USD 19.7 billion)	Generation (USD 20.3 billion) & off-grid (USD 8.3 billion)
Republic of Congo	USD 11.5 billion	28.4% (USD 3.3 billion)	71.6% (USD 8.3 billion)	Generation (USD 7.7 billion)

Source: National Energy Compact (Mission 300).

The financing asymmetries are not only about the size of each investment plan; they reflect very different delivery risks. The DRC's USD 37 billion target must be mobilized in an economy with a GDP per capita of roughly USD 650 and a fragile security context in parts of the east – making it, in relative terms, one of the most demanding financing challenges on the continent even though the underlying hydro resource is exceptional. The Republic of the Congo's programme is the most private-dependent, yet rests on a utility that has never recovered its costs. Cameroon's needs are large but directed at Central Africa's most mature power market, with an operating IPP track record and an investment-incentives framework already in law. Chad's programme is the smallest in absolute terms but must be delivered in a landlocked, low-income market where the single largest line item is not electricity at all but clean cooking – a useful corrective to the electricity-centric framing of energy access.

The most capital-intensive segment in each country reflects its main system bottleneck: large-scale hydropower and associated corridors in the DRC; generation and the transmission

backbone in Cameroon and the Republic of the Congo; and the cooking transition plus off-grid build-out in Chad. These different profiles call for different instruments – sovereign-backed project finance for the hydro programs, results-based facilities and blended finance for off-grid and cooking, and PPP structures for transmission, which Cameroon is the first in the region to open to private financing.

STRUCTURAL GAPS AND IMPLEMENTATION CHALLENGES

Across the five pillars, the main implementation task is to translate Central Africa's resource potential into financially viable delivery systems. The four national Energy Compacts mark an important step for the region, identifying more than USD 60 billion in investment needs and setting a pathway for expanded access, stronger utilities and deeper regional integration. Delivering these ambitions will require careful sequencing, institutional credibility and sustained progress on key reforms.

The financing challenge is substantial and front-loaded. The compacts assume that the private sector will cover between 33% and 72% of total needs, against a baseline of negligible private investment outside Cameroon and the DRC's mini-grid niche. Meeting these targets will require robust risk-mitigation instruments, and the pipeline of bankable transactions depends in turn on utility reform and regulatory credibility.

Utility turnaround is the bankability test. SNEL, SNE and E2C all combine sub-50%-to-73% collection rates, losses of 39-46%, legacy debt and stale or uncertified accounts; ENEO's restructuring is itself a precondition for Cameroon's programme. Until balance sheets and commercial cycles are repaired, bankable PPAs will remain scarce and regional trade will be limited by asymmetric off-taker creditworthiness.

Clean cooking is Central Africa's overlooked access emergency. Its inclusion in the compacts – with quantified targets in all four countries and, in Chad's case, the largest budget line – marks a genuine shift in how energy access is framed. Yet in the DRC, where the health and productivity costs of biomass cooking are estimated at nearly USD 30 billion per year, dedicated funding still falls far short of the scale of the problem.

Regional integration starts from the weakest base of any African pool. The CAPP must build its market layer (wheeling tariffs, grid codes, the CORREAC regulator) and its physical backbone simultaneously. The Cameroon-Chad interconnector will be the proof of concept; the Inga corridors and the WAPP-CAPP link are the long-term prize. None of this can be delivered by a single government acting alone.

Institutional delivery capacity is an underestimated bottleneck. The compacts are rich in investment pipelines but rely on regulators, procurement agencies and planning units that are nascent (ARSE in Chad, ANER/ARSEL in the Republic of the Congo) or stretched (ARE/ANSER in the DRC, where provincial-national overlaps create confusion). All four countries lack up-to-date least-cost development plans – each compact begins by committing to produce one – which underlines how foundational the planning gap is. Technical assistance and project-preparation support, including from AfDB facilities, are therefore core enablers rather than supplementary activities.

Fragility and geography raise delivery risk. Conflict dynamics in the eastern DRC, security pressures in the Sahel, the landlocked logistics of Chad (1,700 km from the nearest port) and the

extremely low population densities of the Congo Basin all raise the cost and complexity of execution, and argue for decentralized solutions, phased corridors and realistic sequencing.

CONCLUSION

Beyond the structural challenges outlined above, the four compacts reveal three converging trends that define the direction of Central Africa's energy transition.

- i. **There is a clear convergence toward hydropower-anchored renewable systems, diversified by solar.** The DRC and Cameroon are building around world-class hydro endowments while adding solar for diversification and speed; the Republic of the Congo is pivoting from gas toward a hydro-and-solar future; Chad is leapfrogging from diesel directly to solar with hydropower imports. The common direction is unmistakable, but the rationale and sequencing differ profoundly – and for the Republic of the Congo and Chad in particular, the transition must be preceded by system stabilization, loss reduction and utility performance improvement, without which new capacity will deliver limited benefits.
- ii. **The compacts reveal major disparities in market maturity.** Cameroon stands out as the sub-region's most advanced market, with an operating IPP fleet, a partially unbundled sector and codified investment incentives; the DRC combines a distressed national utility with the most dynamic private mini-grid ecosystem in Africa; the Republic of the Congo and Chad remain at an earlier stage, requiring foundational regulatory and institutional reforms before capital can flow at scale. Catching up will require not only investment but sustained support in regulatory design, contract structuring and utility management, where regional institutions such as the CAPP and development finance institutions have a critical knowledge-transfer role.
- iii. **Utility reform emerges as the central condition for success across all compacts.** Whether it is SNEL's USD 3 billion debt restructuring, ENEO's ownership and balance-sheet overhaul, the SNE's commercial turnaround or E2C's exit from a two-decade "transitional" statute, the underlying issue is the same: without financially viable and creditworthy utilities, it is difficult to establish bankable PPAs, attract private investment at scale, or integrate credibly into regional power markets.

For the African Development Bank, the Central Africa compact agenda calls for a role that goes beyond financing individual generation assets. As co-convener of Mission 300 alongside the World Bank, and already a financier of PIRECT, Desert to Power in Chad, PAGASE in the DRC and transmission studies in the Republic of the Congo, the Bank can help sequence hydropower rehabilitation, transmission corridors, utility turnaround, clean cooking finance and CAPP market-building into coherent country and regional programs. Its comparative advantage lies in connecting sovereign lending, private-sector operations, technical assistance and regional convening so that Central Africa's exceptional resource base becomes a bankable and inclusive access platform.

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