IGD IMPACT CASE STUDY

ContourGlobal

“ContourGlobal, we know our operations don’t exist in a vacuum. The communities in which we operate are often also our customers, and their residents are our employees and our families. By providing social support and insisting on ethical and transparent relationships with vendors and governments, we are working to sustain and grow our communities and their people.”

Joseph C. Brandt, President & CEO

Founded in New York in 2005 by Reservoir Capital Group, ContourGlobal manages, owns, and operates a portfolio of 31 power plants in 15 countries, utilizing a wide range of fuel types and technology, including renewable energy production based upon wind, solar, and biomass. Through its direct ownership interest and active control of its projects, ContourGlobal ensures it operates at the highest industry standards.¹

CONTOURGLOBAL // POWERING HEALTHY, VIBRANT COMMUNITIES

Sub-Saharan Africa’s power sector is defined by insufficient generating capacity, unreliability, high prices, and low rates of access to the electricity grid. Energy remains one of the biggest constraints to growth in the countries where ContourGlobal operates. For example, Togo must import 486 million kWh from neighboring Ghana in order to meet its annual electricity demand of 576 million kWh.² In Rwanda, only 13 percent of the population is connected to the grid.³ The heightened risks and costs associated with energy inaccessibility have a negative impact on entire communities, including low-income consumers.

BUSINESS MODEL

Reaching underserved markets, demonstrating a fuel-agnostic approach, utilizing local resources, and implementing innovative solutions are the four central principles of ContourGlobal’s business strategy. In high-growth markets, the company supplies the national electrical grid through its own central power generating stations. In mature markets, innovative niche products such as carbon capture and renewable energy are utilized to support multinational corporate clients. This strategy ensures that ContourGlobal provides the most efficient energy solutions, even in the most challenging international markets.⁴

KEY IMPACTS

• ContourGlobal’s investment of over $350 million in Togo and Rwanda will provide the countries with 125 MW of reliable, competitively-priced power.

• ContourGlobal increased local capacity, operational efficiency, and productivity by investing in the construction of a technical school in Rwanda and employing 250 local workers and contractors for its power plant projects in Africa.

PERFORMANCE AGAINST FRAMEWORK METRICS

ACHIEVING GROWTH

ContourGlobal’s projects in Africa are achieving growth and enhancing livelihoods by utilizing first-mover advantages and a unique delivery model to increase accountability, optimize electric system purchases, and add a substantial source of reliable, competitively-priced power to governments’ generation portfolios. As a result, low-income consumers have better access to clean, affordable energy. The $142 million KivuWatt project in Rwanda—financed by the African Development Bank (ADB), the Emerging Africa Infrastructure Fund (EAIF), and the Netherlands Development Finance Company (FMO)—will increase the country’s installed capacity by 40 percent. To be completed in 2013, the project will add 26.2 MW of electricity generation capacity through an integrated methane gas extraction production facility and power plant that processes methane trapped in the waters of Lake Kivu.⁵

ContourGlobal’s project in Togo represents the country’s largest infrastructure investment and independent power project to date. Through its $209 million tri-fueled (natural gas, heavy fuel oil, and diesel) power plant, ContourGlobal has tripled Togo’s generation capacity with the supply of 100 MW of reliable, fuel efficient, and competitively-priced power.⁶

² Source: World Bank

³ Source: United Nations Development Programme

⁴ Source: ContourGlobal

⁵ Source: KivuWatt Project

⁶ Source: ContourGlobal
ContourGlobal partnered with the Coca-Cola Hellenic (CCH) subsidiary Nigeria Bottling Company (NBC) to develop three combined heat and power plants. Completed in 2012, the plants provide 99 percent of NBC’s power needs and reduce carbon emissions by 40 percent. Delivering the plants under ContourGlobal’s build, operate, and transfer model allows the company to manage them for 15 years, then transfer ownership to NBC. This delivery model contributes to ContourGlobal's high level of accountability, while also incentivizing private investment in power infrastructure.

ACHIEVING OPERATIONAL EFFICIENCY AND INCREASED PRODUCTIVITY THROUGH THE VALUE CHAIN

ContourGlobal employs over 250 local workers and contractors in projects across Togo, Rwanda, and Nigeria. All of these employees are over the age of 18 and receive extensive training on health and safety standards, as mandated by the company’s policy. Working with local organizations like La Compagnie Energie Electrique du Togo, ContourGlobal builds strong relationships with experts in the industry to facilitate the hiring and training of local workers at the highest level of technical proficiency. This helps to build local capacity and increases operational efficiency and productivity through the value chain. By building a technical training institute in Rwanda, ContourGlobal is ensuring that future generations possess the skills necessary to be effective workers.

DOING BUSINESS RESPONSIBLY

ContourGlobal invests its own human and financial resources into every project under management. This helps to encourage transparency and responsible business practices, while also creating interdependency, as revenues are generated from investments in immovable infrastructure. These interdependencies—where both the company and the country benefit—foster a collaborative business environment that promotes a mutual commitment to success. ContourGlobal adheres to the UN Global Compact principles and to International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability to ensure that its projects are developed in a socially-responsible manner and reflect sound management practices. The company relies heavily on its internal policies, such as its Anti-Corruption Policy, its Code of Conduct and Business Ethics, and its Social Responsibility and Environmental Sustainability Policy, to ensure responsible business practices.

ENHANCING THE OPERATING ENVIRONMENT TO SUPPORT BUSINESS GROWTH

ContourGlobal’s strong public-private partnerships—with the IFC, the Overseas Private Investment Corporation (OPIC), development banks, and governments—enhance the local operating environment by building the capacity of small firms, and encouraging sustainable and inclusive investment decisions. As an Independent Power Producer (IPP), the company also plays an important role in reducing reliance on state-owned utilities, increasing competition in the sector and contributing to lower costs and enhanced reliability of electricity supply.

SUCCESS STORY

In 2011, ContourGlobal received the Africa Power Deal of the Year award from Euromoney’s Project Finance magazine for its $142 million KivuWatt project. The project is expected to increase Rwanda’s total installed generation capacity by 40 percent through its innovative integrated methane gas extraction and production facility and associated 26.2 MW power plant. The system, which extracts harmful methane gas trapped in Lake Kivu, will improve the health of both the environment and the population of 2 million living close to the shoreline, while also contributing to Rwanda’s transformation from a fuel importer to an electricity exporter. The project underscores the benefits of innovative energy solutions for both the local economy and private companies like ContourGlobal. Indeed, through adaptation of advanced technologies, ContourGlobal has realized substantial financial and social returns on its investment.