



STRATEGIC NOTE

**TOWARD SUB-REGIONAL
ENERGY SOVEREIGNTY
IN CENTRAL AFRICA**

Systemic integration · Local developers · Collective sovereignty · The role of BDEAC

This note examines a central question: how can Central Africa build genuine sub-regional energy sovereignty? It frames its answer around four interdependent conditions — the integration of power systems, the emergence of competent local players, anchoring in a vision of regional economic integration, and the pivotal role of sub-regional financial institutions.

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Introduction: A Paradox That Calls for a Structural Answer

Central Africa is an energy continent. The Congo Basin holds a hydroelectric potential estimated at close to 600 GW, of which less than 3% is exploited. The gas reserves of Cameroon, Equatorial Guinea, Congo and Gabon offer abundant fuel for thermal plants. The sub-region's solar irradiation places its territories among the continent's highest-yield areas for photovoltaic generation.

And yet, access to electricity there shows disparities that by themselves capture the scale of the challenge. Gabon reaches an access rate of around 92%, while Chad plateaus at 11% and the Central African Republic at 16%. Cameroon — the zone's largest economy and a key player in the sub-regional energy mix with close to 48% of CEMAC's installed capacity — posts roughly 65 to 68% access, a figure that masks glaring deficits in rural and peri-urban areas and a quality of service insufficient for industrial uses. Congo hovers around 50%.

These figures do not tell a story of insufficient resources. They tell a story of fragmentation — national grids that do not communicate with one another, projects built in silos, local skills left undeveloped, and sub-regional financial institutions that have not yet exercised the role their mandate and their size would allow them to play.

How can Central Africa build genuine sub-regional energy sovereignty?

This question deserves an answer that goes beyond a mere list of projects to finance. Energy sovereignty is a systemic state: it cannot be decreed through a concession agreement, is not built plant by plant, and is not measured in installed megawatts. It presupposes four interdependent conditions, which this note examines in turn: the integration of power systems at sub-regional level, the existence of local players able to carry and operate projects over time, the anchoring of energy policy in a vision of regional economic integration, and the mobilization of sub-regional financial instruments equal to the stakes.

I. First Condition: Think in Systems, Not in Projects

The first confusion to dispel is that between electricity generation and energy sovereignty. Building a plant, even a large one, does not guarantee sovereignty if that plant operates in isolation from the rest of the system. Energy sovereignty is a property of the system, not of an asset. And to understand why the sub-region remains far from it, one must look at the three levels at which this silo logic reproduces itself, from the smallest to the largest.

Three levels of isolation, one same logic

The first level is the captive industrial IPP. A port operator, a cement plant, a special economic zone that cannot wait for the national grid to restructure builds its own supply source. It is a rational response to a systemic failure, and insofar as this IPP is well designed, it can be a useful building block: it creates a credible offtaker with a documented consumption history, a measurable risk profile, an established payment capacity. In that sense, a properly structured captive industrial IPP can prepare the ground for future integration into the national grid.

But beyond the sovereignty argument, there is a purely economic and financial reason why every large captive system should provide, from its very design, for a connection to the national grid. An IPP operating in a closed circuit, with no grid access, exposes its business model to two symmetrical risks that structurally weaken its profitability. The first

is the risk of a fall in captive demand: if a major customer scales back its activity, closes a site or improves its energy efficiency, the producer is left with excess installed capacity whose fixed costs it bears without being able to sell the output elsewhere. Without a backstop grid, that surplus is lost energy and uncovered debt. The second is peak-demand risk: a captive system sized for average demand must be oversized to absorb peaks, which inflates the initial investment and degrades the average tariff. With grid access, those peaks can be absorbed by an external supply, allowing the IPP to be sized optimally.

Grid interconnection thus plays the role of a two-way economic insurance: it lets the captive producer sell its surpluses when its customers' demand falls, and top up its production when peaks exceed its installed capacity. This business-model stabilization mechanism is not a technical luxury — it is a condition of bankability. Lenders financing a large IPP with no grid interconnection assume a concentration risk that the credit analysts of the most demanding institutions will refuse to ignore. Building the grid-connection option into the project from the design stage therefore also improves its financing terms.

The second level is the national grid itself. And this is where the paradox becomes structural: the national power systems of the CEMAC zone operate, at their own scale, exactly like captive IPPs. Each country produces for its own perimeter alone, with no interconnection with its neighbors, no regional optimization mechanism, no risk pooling. Cameroon, with roughly 48% of the sub-region's installed capacity, manages its hydro-thermal mix without being able to export its rainy-season surpluses to Chad, or to import Gabonese gas to secure its consumption peaks. Equatorial Guinea holds an abundant gas resource without being able to inject it into a regional grid. This is not a resource problem — it is a connection problem.

The third level is precisely the one that is missing: the interconnected sub-regional grid. At that scale, complementarities between countries would become efficiency levers — Cameroonian and Congolese hydro potential, seasonal but abundant, naturally complements the dispatchable gas-fired generation of Equatorial Guinea and Gabon. A cross-border exchange mechanism would allow each country to reduce its spinning reserves, lower its marginal production costs and secure its supply against localized failures. This is what the Southern African Power Pool (SAPP) has achieved in southern Africa since 1995, generating more than 7,000 GWh of annual exchanges among 12 member countries.

The progression toward sub-regional energy sovereignty is therefore a three-level progression: captive industrial IPP → national grid → interconnected sub-regional grid. Each level should be designed as a step toward the next, not as an end in itself. A well-structured industrial IPP prepares integration into the national grid. A well-run national grid prepares regional integration. It is this logic of progression that sector policies, concession contracts and financing instruments should reflect — and that they almost never reflect today.

Why the progression does not happen spontaneously

If this progression is logical, why does it not occur naturally? Because each level generates vested interests that resist the move to the next. The operator of a captive IPP has no economic incentive to facilitate its customers' connection to the national grid if that connection reduces its rent. A state that has built an isolated national system does not necessarily have an interest in opening its borders to exchanges that could weaken its own producers. And lenders who have financed captive assets do not want the value of their collateral diluted by a regional integration they did not anticipate.

These resistances are not irrational — they reflect a structuring of projects and contracts that did not anticipate the progression. An industrial IPP whose contract provides no future-connection clause, a national plant whose technical

standards are incompatible with neighboring countries' voltage levels, a grid financed on the basis of national tariffs with no planned regional convergence: so many assets that become obstacles to the collective sovereignty they could have helped build. It is precisely at this stage — the initial design of the project — that expertise in systems engineering and contractual structuring makes the difference between a building block and an obstacle.

What regional integration would concretely enable

The Central African Power Pool (PEAC) has existed since 2003. Twenty years on, no structuring cross-border interconnection is operational in the CEMAC zone. The diagnosis is well known: no harmonized regulatory framework on tariffs and grid-access conditions, a deficit of physical high-voltage interconnection infrastructure, and national electricity markets too weakly structured for fluid cross-border exchanges to be possible.

These obstacles are real but not insurmountable — they are political as much as technical. The energy compact signed by Cameroon with the World Bank in 2025, which explicitly includes the objective of interconnection with Chad, Nigeria, Congo and Gabon over the 2028–2030 horizon, is an encouraging signal. It also illustrates the stakes: when Cameroon commits to interconnecting its grid with Chad's, that is not merely a power infrastructure project — it is an act of regional economic integration that will benefit the entire Douala–N'Djamena corridor, whose logistics costs are today weighed down by energy instability at both ends. A single signal, however, is no substitute for a coordinated sub-regional vision.

Toward a sub-regional electricity market

Physical interconnection of grids is a necessary but not sufficient condition. What transforms an interconnection infrastructure into a genuine vector of economic sovereignty is the emergence of an electricity market at sub-regional scale. A market where producers in different countries can sell their energy to buyers in other countries, where reference prices form transparently, and where economic signals steer investment decisions toward the most efficient solutions.

The difference between an interconnection and a market is the difference between infrastructure and ecosystem. Countries can be physically connected by high-voltage lines and still manage their exchanges through opaque bilateral agreements, with no price formation, no competition and no investment signal. That is precisely the situation of most existing interconnections in Africa. An electricity market, even in its simplest form, introduces a radically different dimension: price transparency, the incentive to produce efficiently, and the possibility for new players to enter the game.

The Southern African Power Pool (SAPP) set up a spot electricity market among its members as early as 2009. That market, however imperfect, has produced documented effects: lower production costs through optimized regional dispatch, the emergence of new commercial players specialized in energy trading, and a price signal that has steered several investment decisions in renewable generation. Central Africa holds the same potential — without yet having created the institutional conditions to realize it.

The economic opportunities of an integrated market

A sub-regional electricity market would not merely be a technical optimization mechanism. It would be an economic ecosystem generating new activities. Energy trading companies could emerge, specialized in arbitrage between price zones. Local market operators would develop the tools for price formation and transaction settlement. Energy-strategy analysis and advisory firms would find new demand from producers and buyers seeking to optimize their

positions. Financial hedging products against energy-price volatility could be structured by local financial institutions.

These activities, non-existent in the sub-region today, represent precisely the type of high value-added services that CEMAC economies seek to develop to diversify their economic bases. They do not require heavy physical infrastructure. They require competence, regulation, and a market liquid enough to be viable. A well-designed sub-regional electricity market would supply all three.

One must be lucid about the timeline. Such a market cannot exist without sufficient physical interconnections, without minimal regulatory harmonization and without grid operators able to manage cross-border flows in real time. It is a ten-year horizon, not a two-year one. But it is precisely because the horizon is long that its construction must begin now, by embedding market logic in every interconnection decision and every sector reform undertaken today.

II. Second Condition: Local Players Who Truly Master Their Projects

The second confusion to dispel is that between local participation and local mastery. A national developer holding 30% of an SPV whose operator, lead lender and equipment supplier are all foreign is not a sovereign player — it is a minority partner in a project whose essential parameters it does not control.

The state of the ecosystem: a reality without complacency

The landscape of private energy developers in Central Africa is today structurally dominated by outside players. Local players, where they exist, occupy facilitation roles — knowledge of the terrain, institutional relationships, carrying regulatory files — but rarely full development and financial-structuring functions. Effective project ownership remains concentrated outside the sub-region.

This configuration is not the product of anyone's malice. It reflects an ecosystem that has not yet been built: no operational track record on complex projects, no access to the long financing lines needed to carry equity, insufficient in-house skills in project financial-structuring engineering, no established relationships with the multilateral lenders that condition much of the available financing. And, often, no specialized advisory able to accompany a project's maturation up to effective bankability.

The sub-region has several hydroelectric and gas projects under development with capacities between 200 and 600 MW. These projects illustrate both the zone's potential and its structural challenges. It is precisely at the hinge stage between preliminary studies and financial close that the quality of structuring is decisive — and that the shortage of local financial-engineering skills is most keenly felt. A project can be technically sound and remain unbankable for lack of rigorous, independent structuring, anchored in an analysis of real demand rather than in a predefined sizing.

The gaps that really matter

Not all deficits are equal. Some can be corrected quickly through training and support. Others are structural and require deliberate policies over a decade.

Dimension	What is concretely missing	What it would take
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Project financial structuring	Capacity to model a bankable project finance, structure equity rounds, negotiate terms with DFIs and local banks	Specialized local project-finance advisory; training of SPV teams
Demand analysis and load diversity	Rigorous load studies integrating real coincidence factors — a decisive condition for sizing and tariff viability	Engineering firms competent in electricity market studies; standardized methods
Operational track record	No reference project in operation over 10+ years enabling access to institutional lenders without a guaranteeing partner	Mid-sized pilot projects (10–50 MW) with experienced operating partners
Equity capacity	Balance sheets insufficient to mobilize the equity required on projects of 100 billion FCFA and above	Dedicated co-investment funds, sub-regional quasi-equity instruments
Long-term O&M mastery	No experience of commercial operation of large assets over 20–25 years in BOT mode	Contractual O&M partnerships with progressive, measurable transfer of responsibilities
Relationships with multilaterals	Unknown to DFIs as project owners; no rating, no reference file	Capacity-building programs targeted at local developers (AfDB, IFC, World Bank)

What "local content" should really mean

Local-content requirements in PPP concessions, as generally formulated, constitute a formal minimum that builds no ecosystem. Local-labor quotas measure jobs created, not skills transferred. Subcontracting certain work packages hands over execution tasks without sharing project ownership. Mandatory minority participation aligns financial interests without transferring decision-making levers. These mechanisms answer a logic of compliance, not a logic of sovereignty.

Sovereign local content should be conceived at four distinct levels that interlock and reinforce one another, from the most visible to the most structuring.

Industrial content

This is the most tangible and most immediately measurable dimension. It means going beyond unskilled labor to require a growing proportion of locally manufactured components and materials in energy infrastructure projects. Tender specifications should require that distribution cables be sourced from local cable-making units where they exist, that civil works use materials produced in the sub-region, and that lower-complexity equipment — protection cabinets, low-power transformer substations — be progressively assembled locally. This is not naive protectionism; it is the deliberate creation of a captive market that makes viable local industrial investments which could not emerge otherwise.

Services content

Services to energy projects constitute a considerable market, largely outsourced to foreign providers: design engineering, works supervision, project management, quality control, commissioning technical assistance. These assignments are often entrusted to international engineering firms not for lack of local skills, but out of contractual habit and because financiers have easier access to their own networks of providers. Requiring minimum percentages of services performed by entities registered in the sub-region, with real verification mechanisms, would create

structural demand for the development of local engineering firms and advisory practices able to move upmarket over successive projects.

Financial content

Too rarely raised in local-content discussions, the financial dimension is nonetheless one of the most strategic. Who insures the project during construction and operation? Who provides the currency-hedging instruments? Who supplies banking services to the SPV? These captive markets are massively served by foreign institutions, even though local insurers, banks and asset managers have the basic capacities to participate. Imposing local financial-content requirements — reserving a fraction of insurance and banking services for regional institutions — would build their expertise on complex projects while keeping the value added within the sub-region.

Development and project-engineering content

This is the most structuring level and the hardest to reach quickly. Effective ownership of an energy infrastructure project — the capacity to design it, structure it financially, negotiate its contracts and steer its execution without critical dependence on an international partner — is the highest form of local content. It is built over a decade, through the accumulation of skills on successive projects. It presupposes demanding contractual clauses, targeted training programs and, above all, the willingness to trust local players even when international partners seem to offer a faster short-term solution.

These four levels are not alternatives: they are complementary and must be pursued simultaneously. Measuring local content solely in direct jobs created amounts to looking at the least strategic part of the iceberg. The real value added — the part that stays in the sub-regional economy and builds its future capacity — lies in services, financing and project ownership. That is where the sovereignty stakes reside.

III. Third Condition: Energy in the Service of Economic Integration

The third confusion to dispel is treating energy as an end in itself, when it is a means. The goal is not to produce electricity; the goal is to create the conditions for a competitive sub-regional economy, able to attract industrial investment, transform its raw materials locally and reduce its dependence on raw exports.

Energy as infrastructure of collective sovereignty

CEMAC's economic-integration ambitions — free movement, customs union, economic diversification — remain largely theoretical in the absence of shared physical infrastructure. Energy is one of those fundamental infrastructures, on a par with road corridors or rail connections.

Take the Douala–N'Djamena corridor. Chad, landlocked, depends on the port of Douala for almost all its imports and exports. Load shedding in the Douala-Bonabéri industrial and port zone drives up the logistics costs of the entire corridor — these are not merely Cameroonian costs. A reliable energy system in that zone is therefore not a strictly national project: it is regional competitiveness infrastructure whose benefits spill far across borders. The economic value of this type of project, properly measured, is well above what a simple local profitability calculation for its sponsor reflects.

The real question every evaluator of an energy project in the sub-region should ask is not only "is this project profitable for its sponsor?" but "does this project strengthen or fragment the sub-regional energy system?". These two questions can have different answers. That is where systemic analytical capacity is lacking — among promoters as much as among their advisers.

From technological dependence to the industrial imperative

There is a reading of technological sovereignty that stops at the gates of the built infrastructure: making sure skills-transfer clauses are honored, that local teams master the systems installed by outside partners, that the handback at the end of the concession is not an empty transfer. It is a necessary condition, but it remains insufficient. For it presupposes that the infrastructure itself will continue to be designed, manufactured and imported from outside. And it is precisely there that the logic of dependence perpetuates itself, at a level that concession contracts do not address.

The most revealing paradox is that of transformer substations. The CEMAC zone is engaged in a massive program of extension and modernization of its transmission and distribution networks — every new generation project, every interconnection, every grid extension requires power transformers. This equipment is 100% imported, mainly from China, India and Europe. And yet, at no point has a serious industrial project emerged in the sub-region aiming to produce this equipment locally — even though the captive market exists, the needs are documented and growing, and some of the basic materials — copper, steel, insulating oils — are available in the region or can be.

Importing 100% of one's electrical equipment amid a structural foreign-currency crisis means suffering a double penalty: technological dependence on one side, pressure on foreign-exchange reserves on the other. The CEMAC zone has been living precisely this crisis for several years — member countries are under pressure on their reserves, imports of industrial equipment weigh heavily on balances of payments — and yet the question of local substitution is almost never raised in energy-sector development strategies.

Copper: a silent scandal

The sub-region holds considerable mining resources. The Democratic Republic of Congo is the world's second-largest copper producer — the metal that makes up the bulk of the electric cables used in transmission and distribution networks. Other countries of the wider sub-region hold significant deposits. And yet, CEMAC countries import large volumes of copper cables every year for their electrical infrastructure works, while that same copper, raw or semi-processed, is exported to cable factories in Asia and Europe.

There is no geographic or technical fate at work here. There is a deficit of industrial vision: the absence of a deliberate policy aiming to create in the sub-region the wire-drawing and cable-making units that would locally transform a local resource to supply a local market. CEMAC's fast-expanding energy sector could constitute the anchor demand — the guaranteed market — that would make this industrial project viable. This is not a theoretical idea: countries such as Morocco, South Africa and Egypt have built electric cable industries that today export across the continent.

Grid digitalization: an opportunity for the local economic fabric

The modernization of power systems — SCADA supervision and control systems, smart meters, demand-management platforms, renewable-output forecasting tools — is a fast-growing market in the sub-region. These solutions are today entirely imported, often as turnkey packages bundled with maintenance and support contracts that create lasting dependence on foreign suppliers.

Yet the sub-region's digital economic fabric is not as destitute as is often assumed. Cameroonian, Gabonese and Congolese technology companies have developed real skills in software development, systems integration and data analysis. The zone's universities are training engineers in growing numbers. What is missing is the bridge between this fabric and the energy sector's contracting authorities — national utilities, grid operators, project developers — who continue to turn systematically to foreign suppliers, by reflex or by contractual specification.

Opening grid-digitalization tenders to local technology companies — supporting them where necessary in partnerships with more experienced regional integrators — is not institutional charity. It is an investment in building an industry that, in ten years, could export its solutions to the rest of Africa. Digital sovereignty over energy-management systems is a full component of energy sovereignty: a grid run by software whose source code one does not control and whose maintenance depends on a foreign contract is not a sovereign grid.

Toward an industrial policy in the service of energy

These three angles — local equipment manufacturing, the transformation of mining resources into cable-making, the digital development of management systems — share one logic: making the expansion of the sub-regional energy sector the engine of local industrialization, rather than a mere captive market for foreign suppliers. That presupposes deliberate coordination between energy policy and industrial policy — two sectors that, in most countries of the zone, ignore each other.

Concession contracts, tender specifications and the procurement policies of national utilities are powerful levers. Including industrial local-content requirements — not only in labor but in locally manufactured components — in the specifications of energy infrastructure projects would send a strong signal to industrial investors about the reality of the demand. It is a workstream that goes beyond the energy sector alone, but it is in this sector, given the scale of the programmed investments, that the spillover effects would be fastest and most visible.

Who finances decides: the imperative of local capital

There is a contradiction this note would be incomplete not to name: how can one speak of energy sovereignty when that sovereignty must be financed by others? Dependence on external financing for one's most strategic infrastructure projects is not fate — it is a choice, often an unconscious one, flowing from a deeply rooted belief: that these projects cannot be financed locally.

That belief is false. And Ethiopia demonstrated it strikingly with the Grand Ethiopian Renaissance Dam (GERD): 6,450 MW of installed capacity, Africa's largest dam, built on the Blue Nile for a cost of roughly 5 billion dollars. Amid diplomatic tensions with Egypt and Sudan and limited access to Western multilateral financing, Ethiopia made the radical choice of financing this project mostly from its own resources: sovereign bond issues subscribed by Ethiopian citizens and the diaspora, mandatory civil-servant contributions of one month's salary, reallocation of national budget resources. A project of this magnitude — with no dominant international donor, no geopolitical strings attached, no imposed transfer of technological dependence.

The Ethiopian model is not an isolated case or an African exception. It is a demonstration that mobilizing local savings, diaspora savings and national institutional capital can finance large-scale infrastructure — provided the political will exists, the instruments are created, and local investors are treated not as auxiliaries of international financing but as principal actors of their own development.

Sub-regional capital exists — it is looking for somewhere to go

The CEMAC zone is not poor in capital. Pension funds, insurance companies, nascent sovereign funds, the savings of the Cameroonian, Gabonese and Congolese diasporas — these resources exist and they are looking for placements. The paradox is that, for lack of suitable instruments, this capital often ends up invested in foreign assets or in local real estate, while the sub-region's energy infrastructure is financed by external debt with conditions attached.

The pension funds of the CEMAC zone manage assets of which even a modest fraction, allocated to long-term sub-regional infrastructure bonds, would represent a significant volume of financing. Insurance companies, subject to prudential rules that push them toward liquid short-term placements, could — with a targeted regulatory evolution — become natural investors in projects with stable revenues over 15 to 25 years, exactly the profile of a large hydroelectric or gas project. This is not theory: it is what the most advanced African pension funds are doing, notably in Kenya, Nigeria and South Africa.

The question, therefore, is not whether local capital exists. It exists. The question is why it does not mobilize toward the sub-region's energy infrastructure, and the answer holds in three points: lack of confidence in the quality of the projects presented to investors, the absence of financial instruments suited to the risk profile of local institutions, and the absence of an infrastructure-investment culture that would make such placements an evidence rather than an exception.

Making local investors aware of their responsibility

There is a dimension that discourses on energy sovereignty rarely address: the responsibility of local investors themselves. Leaving the financing of the sub-region's strategic infrastructure to international partners alone is not merely a dependence endured — it is also, in part, a default choice by local financial players who have not yet fully measured what that dependence implies.

When a structuring energy project is financed 90% by a buyer's credit from a foreign partner, the rules of the game are set by that partner: the equipment comes from its country, the technical experts come from its country, the arbitration clauses refer to its jurisdictions. The local capital that could have participated in that financing — and imposed its own conditions, notably on local content, skills transfer and governance — absented itself from the debate. This is not trivial: who finances decides. And delegating the financing means delegating part of the decision-making power.

This does not mean rejecting external partnerships. International financing brings volumes, guarantees and sometimes expertise that the sub-region cannot yet reproduce alone. But it should be a complement to a strong local anchoring, not the substitute for a local mobilization that was never attempted. The difference between these two configurations is not merely financial: it is sovereign.

IV. Fourth Condition: A Sub-Regional Financial System That Measures Up

The fourth condition — and perhaps the most immediately actionable — is that of the sub-regional financial system. Central Africa has liquidity. BEAC manages significant foreign-exchange reserves. The zone's commercial banks are in structural cash surplus. Insurance companies and pension funds are accumulating assets in search of long-term placements. And yet, energy infrastructure projects struggle to find local financing.

The paradox of abundant liquidity and underfinanced projects

This paradox reveals a mismatch of instruments, not a shortage of resources. CEMAC commercial banks collect short-term deposits and cannot transform them into 15–25-year loans without putting themselves at structural risk. What they lack is not the desire to finance infrastructure projects — it is the risk-sharing instruments and the long resources that would allow them to do so prudently.

The large energy infrastructure projects under development in the sub-region illustrate this constraint again and again. Their financing structures — typically built around 25 to 35% equity and 65 to 75% debt — require long-debt tranches that local commercial banks, despite their available liquidity, cannot absorb alone without guarantee and co-financing instruments suited to their prudential profile. That is precisely where the role of a sub-regional development institution is irreplaceable.

BDEAC: the pivotal institution that has not yet exercised its full potential

BDEAC has existed since 1975. Its capital has been raised to 1,200 billion FCFA. It has the mandate, the institutional structure and the basic resources to be the catalytic actor of sub-regional energy infrastructure financing. It has begun to use its Project Preparation Fund to support certain projects at the studies stage, which is a positive direction. But these interventions remain isolated and one-off: they point to what BDEAC could do systematically, not to what it does today at the required scale.

The reasons for this gap are known and documented: a prudential intervention doctrine ill-suited to greenfield projects in project finance, a deficit of in-house skills in technical evaluation and in structuring complex transactions, insufficient co-financing capacity for large projects, and an institutional culture that prioritizes the security of commitments over development impact.

A development bank that applies the same risk criteria as a commercial bank is not fulfilling its mission. The role of a development institution is precisely to intervene where the private sector alone will not go, by taking the fraction of risk that allows the rest of the financing to mobilize. That is the very definition of catalytic leverage. BDEAC knows this. The challenge now is to make it a systematic practice, not an exception.

What BDEAC should concretely do

Become the reference lender in local currency

Currency risk is one of the most underestimated obstacles to financing energy projects in the CEMAC zone. Revenues are in FCFA; equipment is paid for in dollars or euros. BDEAC, as an institution of the franc zone, is the only one able to offer long-term FCFA financing at competitive cost — securing project revenues, reducing their exposure to currency risk, and mechanically improving their bankability in the eyes of international lenders, who can then position themselves as a complement rather than a substitute.

Make the Project Preparation Fund systematic

BDEAC's Project Preparation Fund is the right instrument. It must become systematic, not exceptional. But its effectiveness presupposes an essential condition: that the studies it finances be genuinely independent and rigorous, conducted without a prior confirmation bias on sizing or budget. A project whose size is defined before the studies turns their financing into an exercise in justification rather than evaluation — which weakens the file's bankability with the most demanding lenders. Feasibility studies, environmental and social impact assessments, PPA negotiation,

legal structuring: these expenses (3 to 7% of a project's total cost) are unbankable for project lenders and hard for local developers to finance from their own funds. Without them, no project reaches bankability. It is the first barrier — and today it is nearly impassable without external help.

Create a guarantee mechanism for local developers

The main constraint on local developers is not access to financing as such — it is the inability to provide the guarantees lenders demand. A partial credit guarantee mechanism, funded by BDEAC with contributions from member states and international partners, would unlock local bank financing for projects carried by regional players without a sufficient track record. This mechanism must be endowed with eligibility criteria that reward the quality of structuring — thereby giving local developers an incentive to invest in that competence.

Act as co-arranger in regional financing rounds

For large infrastructure projects, BDEAC should systematically co-arrange the financing with regional commercial banks and multilateral institutions. That role would allow it to influence structuring standards, attract international financing into the zone, and progressively build in-house competence on reference transactions — constructing the institutional track record it still lacks to be a recognized counterpart of the DFIs.

Catalyze the sub-regional bond market

BVMAC has existed since 2003 without becoming a source of long-term financing for the zone's infrastructure. BDEAC could change that by issuing green bonds on this exchange — creating a rate benchmark for regional private issuers, developing market liquidity, and signaling to local institutional investors (pension funds, insurance companies) that this market deserves an allocation.

The complete ecosystem the sub-region needs

BDEAC cannot act alone. Its transformation into a catalytic institution will have impact only if it takes place within a coherent financial ecosystem where each actor plays its role according to its risk profile and investment horizon.

Actor	Role in the ecosystem	What blocks it today
BDEAC	Long-term FCFA lender, partial guarantees, co-arranging, Project Preparation Fund	Overly prudential doctrine; insufficient in-house project-finance skills
Regional commercial banks	Local banking pool, short-to-medium-term debt alongside BDEAC	No long resources; need for risk-sharing instruments with a reference institution
Multilateral institutions (AfDB, IFC, AFD, EIB)	Concessional financing, sovereign guarantees, technical assistance, international ESG standards	Long processes; criteria that screen out unstructured projects in development phase
Local advisory and financial engineering	Bankable project structuring, robust financial models, PPA negotiation, support to financial close	Nearly non-existent at regional scale; local developers depend on costly foreign advisers
BVMAC / bond market	Long-term financing through issuance, refinancing of bank portfolios	Shallow market; insufficiently developed institutional investor base
CEMAC pension funds and insurers	Long-term investors in infrastructure bonds and stable minority equity	Restrictive investment rules; lack of instruments suited to their risk profile

V. Roadmap: What Can Change, and Where to Start

Sub-regional energy sovereignty will not be built within one political mandate. It is a ten-year horizon, requiring coherence between decisions taken today and effects expected by 2035. The good news is that the first steps are identifiable and actionable without waiting for all the conditions to be in place.

What public decision-makers can do now

- Initiate a CEMAC directive on electric power that harmonizes national regulatory frameworks — tariffs, grid access, licensing conditions — and explicitly mandates PEAC to produce a sub-regional Interconnection Master Plan to 2040, building on the commitments made in the national energy compacts.
- Make the award of new PPP concessions conditional on qualified local-content requirements — the effective transfer of development and management functions, with measurable milestones and contractual penalties. Move from statements of intent to enforceable clauses.
- Legally secure fuel-supply contracts — gas, water for hydro — with public operators, through take-or-pay clauses and clear compensation mechanisms, to make these projects bankable without that risk weighing entirely on lenders.
- Enter cross-border electricity interconnection projects into national public investment plans and into financing negotiations with multilateral donors. These projects do not generate direct commercial revenues, but their development value is documented and measurable.

What BDEAC can do in the next eighteen months

- Formalize and endow the Energy Project Preparation Fund with systematic intervention capacity — not project by project as today — with clear eligibility criteria and an accelerated review procedure. This type of intervention must become a standard, not an exception, and the eligibility criteria must guarantee that the financed studies are conducted rigorously and independently, without the project's sizing being predefined before they are carried out.
- Define and publish an intervention doctrine specific to energy infrastructure projects in project finance, with criteria adapted to greenfield SPVs, partial-guarantee instruments, and an evaluation grid that integrates development value beyond immediate financial return alone.
- Recruit or second experts in infrastructure project finance and energy technical evaluation, and structure formal co-appraisal partnerships with the AfDB and IFC — building competence on real transactions while benefiting from these institutions' experience.
- Prepare a first green bond issue on BVMAC, sized to be absorbed by the zone's institutional investors, with a use of proceeds explicitly dedicated to sub-regional energy infrastructure — and communicate on this issue as a signal of commitment.

What private players can do starting today

- Invest in in-house skills in financial structuring and PPP law. Not to replace external advisers, but to exercise effective project ownership, steer advisory mandates, and be in a position to negotiate on equal terms with international partners. A local developer who does not understand the financial model of its own project is not a project owner — it is a signatory.

- Choose local advisers who genuinely know the sub-regional markets — regulators, local banks, the multilateral institutions active in the zone — rather than international firms bringing templates designed for other geographies and other risk profiles.
- Deliberately build a track record on mid-sized projects — 10-to-30 MW solar plants, storage systems, industrial energy-efficiency projects — before targeting the big transactions. Credibility is built on delivery, not on statements of intent.
- Demand, in every concession negotiation, a progressive skills-transfer clause — and have the technical means to verify that this clause is honored throughout the concession. It is the most concrete act of sovereignty a local developer can perform in a partnership with an international player.

Conclusion: Sovereignty Is a Choice

Sub-regional energy sovereignty in Central Africa is not a question of resources — the sub-region has them. Nor is it a question of the individual will of the players — public decision-makers, private developers and bankers all want to move forward. It is a question of systemic coherence: do the decisions taken at each level — project, regulator, financial institution, political decision-maker — align toward one same objective, or do they pile up as a series of local optimizations that build nothing lasting?

The honest answer, today, is that the coherence is missing. Projects are done in silos because the grids are not interconnected. Local developers remain on the sidelines because the instruments and skills that would allow them to scale up do not yet exist at the required level. Sub-regional financial institutions do not exercise their catalytic role because their doctrine does not prepare them for it. And political decision-makers treat energy as a sector problem rather than as infrastructure of collective sovereignty.

Each of these breaks can be addressed. None will be addressed spontaneously; they require deliberate decisions, institutional commitments, and the capacity to stay the course over a horizon longer than the ordinary political cycle. The energy infrastructure projects under development in the sub-region show that this path is passable. They also show that every step requires expertise the sub-region must build — not in order to do without outside partners, but in order to choose them, steer them sovereignly, and never leave to others the definition of the fundamental parameters of its own infrastructure.

Central Africa has the resources to choose its sovereignty. The question is whether it will give itself the conditions — institutional, financial and human — to build it.

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