

 Early Warning System

AFDB-P-MG-FA0-018

Madagascar - Sahofika 192 MW Hydropower Project Partial Risk
Guarantee



Quick Facts

Countries	Madagascar
Financial Institutions	African Development Bank (AFDB)
Status	Approved
Bank Risk Rating	U
Voting Date	2019-12-13
Borrower	National Water and Electricity Company of Madagascar
Sectors	Energy
Investment Type(s)	Guarantee
Investment Amount (USD)	\$ 101.17 million



Project Description

According to bank documents, this Sahofika 192 MW Hydropower Project Partial Risk Guarantee aims to provide a partial guarantee of the risk of non-payment by JIRAMA. The Sahofika Project consists of the design, construction and operation of a 200 MW hydroelectric power plant on the Onive River, 100 km southeast of Antananarivo (Madagascar). Hydraulic and civil engineering works will eventually increase the capacity to 300 MW. The project also includes the construction of a 63 km transmission line between Antananifotsy and the site, a camp near the power plant, and 6 km of access roads. Construction is expected to take five years. It is expected to produce approximately 1,570 GWh per year. The power plant guarantees a base load capacity of 192 MW (95%), including during the dry season. However, the civil works are designed to allow for an extension to about 300 MW at lower cost. The project is being developed under a Build-Operate-Own-Transfer (BOOT) contract which provides for the design, financing, construction, operation and management of the hydroelectric plant under a 35-year concession agreement and a Power Purchase Agreement (PPA). The concession agreement will be concluded between the project company - Nouvelle energie hydroelectrique de l'Onive (NEHO or the project company) - and the Malagasy State represented by the Ministry of Water, Energy and Hydrocarbons, while the PPA will be signed between the National Water and Electricity Company of Madagascar (JIRAMA) and NEHO.

The objective of the ADF Partial Risk Guarantee (PRG) is to provide risk mitigation to the private developers and the debt providers to mitigate the payment risk of the off-taker (JIRAMA). Specifically, the ADF PRG provides credit enhancement by covering the equivalent of six (6) monthly NEHO's billing to the JIRAMA.



Investment Description

- African Development Bank (AFDB)



Contact Information

ACHIENG Jectone Tocho

j.achieng@afdb.org

ACCOUNTABILITY MECHANISM OF AfDB

The Independent Review Mechanism (IRM), which is administered by the Compliance Review and Mediation Unit (CRMU), is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an African Development Bank (AfDB)-financed project. If you submit a complaint to the IRM, it may assist you by either seeking to address your problems by facilitating a dispute resolution dialogue between you and those implementing the project and/or investigating whether the AfDB complied with its policies to prevent environmental and social harms. You can submit a complaint electronically by emailing crmuinfo@afdb.org, b.kargougou@afdb.org, b.fall@afdb.org, and/or s.toure@afdb.org. You can learn more about the IRM and how to file a complaint at <https://www.afdb.org/en/independent-review-mechanism/>



Bank Documents

- [Resettlement Action Plan](#) [\[Original Source\]](#)