Early Warning System

AFDB-P-MZ-DC0-004

MOZAMBIQUE - "Portos E Caminhos de Ferro de Moçambique EP (CFM)" - Prêt institutionnel

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Quick Facts

Countries	Mozambique
Specific Location	Ressano Garcia Line, Maputo Corridor, Maputo, Beira
Financial Institutions	African Development Bank (AFDB)
Status	Approved
Bank Risk Rating	B
Voting Date	2024-01-31
Borrower	Portos e Caminhos de Ferro de Moçambique EP
Sectors	Agriculture and Forestry, Energy, Industry and Trade, Infrastructure, Mining, Transport
Investment Type(s)	Loan
Investment Amount (USD)	$ 40.00 million
Loan Amount (USD)	$ 40.00 million
Project Cost (USD)	$ 70.00 million

Project Description

As stated by the AfDB, Portos e Caminhos de Ferro de Moçambique EP (CFM) the rail and port authority of Mozambique, is a Public Enterprise that oversees the railway system of Mozambique and its connected ports.
CFM has approached the African Development Bank to contribute to the financing of its Strategic Plan for the period 2021 to 2024. The Plan entails a total investment of USD 978.7 million comprising of the capacity development of the ports (USD 469.4 million) and railways (USD 509.3 million). Of the USD 509.3 million investment for the railways, USD 136.9 million is earmarked for the acquisition of rolling-stock. The Bank has been requested to finance a portion of the rolling stock component with a senior corporate loan of up to USD 70 million to support CFM’s acquisition of rolling-stock for its major corridor, the Ressano Garcia Railway Line.

The main commodities transported along the corridors comprise of raw and processed minerals, agriculture products, containerized freight, and bulk liquids. The Ressano Garcia Line services the Maputo corridor, which the targeted rolling stock will be deployed, is used mostly for the export of mineral products (bulk magnetite, ferro-chrome, chrome ore and coal) from South Africa’s north easterly mining belt through the port of Maputo, which provides the shortest access to a seaport.
With upgraded development and the efficient operation of the corridor, the potential to expand the corridor to transport mining products destined for exports from countries in the North-South Corridor, including the DRC, is extremely high.

Early Warning System Project Analysis

According to ESMS, Communities near the rail track and workshops face risks from noise and vibrations, air pollution (diesel exhaust, coal forge emissions, dust from cargo), and social disruption. Key concerns for Community Health and Safety include accidents such as train collisions, derailments, and risks associated with pedestrians trespassing on rail lines. The transport of hazardous materials also poses a risk of accidental spills leading to contamination and public safety issues

People Affected By This Project

Local communities in the Safi and El Jadida regions, particularly those near the construction and pipeline areas. Some agricultural areas and urban neighborhoods may be affected.

Investment Description

- African Development Bank (AFDB)

As stated by the AfDB, although the tenor of the proposed financing is 12 years (including a 3-year grace period), available evidence suggests that hard currency financing for up to 10 years with a 2-year grace period is available to CFM from a local commercial bank, Standard Bank.

Private Actors Description

As stated by the AfDB, Mozambique Ports and Railways (CFM) is a legally constituted State-owned Company responsible for the operation of Ports and Railways and ensuring mobility and circulation needs are assured. A major restructuring process was successfully concluded by the Mozambique Railways Company resulting from reforms implemented in recent decades. This resulted in the transformation of a State-Owned Company into a Public Company through Decree 40/94 of September 13th.

As stated on the company's website, RITES Limited, a Navratna and Schedule 'A' Central Public Sector Enterprise under the Ministry of Railways, incorporated on April 26, 1974, is a multidisciplinary engineering and consultancy organization, providing a comprehensive range of services from concept to commissioning in all facets of transport infrastructure and related technologies.

The bid process has been finalized in November 2023 with Rites Ltd., India and Kintech International, China selected as preferred bidders. The expected delivery period from contract award for the locomotives and for wagons and tank containers is 15 to 18 months and 6 to 12 months, respectively.

The link to Total Energies seems to be suggested by the paragraph at page 7 of the project ESMS (https://www.afdb.org/sites/all/libraries/pdf.js/web/viewer.html?file=https%3A%2F%2Fwww.afdb.org%2Fsites%2Fdefault%2Ffiles%2Fdocuments%2Fenvironmental-and-social-assessments%2Fenvironmental_and_social_management_plan_-esmp.pdf#page=1&zoom=auto,-13,842):
The maintenance at CFM-Centro is done in the running Maintenance Sector (Diesel Station) in Sofala (Beira), next to the General Workshops that have the capacity to maintain three locomotives simultaneously.
The supply is made in a specific area in the Traction Tank under the responsibility of Total Energy. There are two tanks with 130m3 each.
It is unclear whether 'Total Energy' actually refers to the company, which has a large network in Mozambique.
CFM also supplies logistics services to LNG projects in the Cabo Delgado province, where Total Energies is involved.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Portos e Caminhos de Ferro de Moçambique EP (CFM)	Client	Transport
-	-	-	-	RITES Ltd., India	Contractor	Infrastructure
-	-	-	-	Standard Bank Group Ltd	Investor	Finance
-	-	-	-	Total Energies SE	Undisclosed	Energy

Contact Information

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ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.afdb.org/en/disclosure-and-access-to-information/request-for-documents. Under the AfDBÕs Disclosure and Access to Information policy, if you feel the Bank has omitted to publish information or your request for information is unreasonably denied, you can file an appeal at https://www.afdb.org/en/disclosure-and-access-to-information/appeals-process

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

- Appraisal report (English)
- Appraisal report (French)
- ENVIRONMENTAL AND SOCIAL MANAGEMENT PLAN