Early Warning System

AFDB-P-MZ-F00-017

MOZAMBIQUE - Hidroelectricia Cahora Bassa’s (HCB) Corporate Loan Facility

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Quick Facts

Countries	Mozambique
Specific Location	Songo village, Tete province
Financial Institutions	African Development Bank (AFDB)
Status	Approved
Bank Risk Rating	A
Voting Date	2022-11-23
Borrower	Hidroeléctrica de Cahora Bassa
Sectors	Energy, Hydropower
Investment Type(s)	Loan
Investment Amount (USD)	$ 677.18 million
Loan Amount (USD)	$ 677.18 million

Project Description

According to AFDB:

The project goal is to support HCB’s10-year investment plan named “Vital Capex”.

The proposed transaction entails a Corporate Loan Facility (the “Facility”) to support Hidroeléctrica Cahora Bassa’s (“HCB”) 10-year investment plan named “Vital Capex”, with an estimated cost of EUR 650 million to rehabilitate and modernize HCB’s electricity production system located in Mozambique (the “Project”). HCB is the concessionaire of the Cahora Bassa Hydroelectric Scheme (“CBHS”), with a total installed capacity of 2,075MW, on the main stem of the Zambezi River and is the largest power producer in Mozambique, accounting for more than 80% of Mozambique’s power output. The project rationale is to enable the rehabilitation of CBHS with the following expected outcomes: i) extend the life of the dam by an additional 25 years; ii) increase the delivery of clean energy by an additional 110MW; iii) enhance the reliability of delivery of energy ; iii) reduce unplanned outages of CBHS enabling HCB to fulfil its contractual obligations to its off-takers and iv) enhance regional integration of the electricity sector in SADC countries; v) increase revenue for both HCB and Mozambique and vi) ensure the sustainability of energy security of South Africa , Mozambique and Zimbabwe.

Early Warning System Project Analysis

The AfDB categorized the environmental risks of the project as 'High Risk'.

Investment Description

- African Development Bank (AFDB)

AFDB Investment: U.A 78,914,764.16

Private Actors Description

As stated on the company's website, Hidroelectrica de Cahora Bassa (HCB), the largest Independent Power Producer (IPP) in Southern Africa, provides hydroelectric power to Mozambique and the Southern African Development Community (SADC). With a firm focus on regional energy security, HCB has a solid performance record, an experienced management team and an established and sustainable strategy for the future.

HCB is headquartered next to the Cahora Bassa dam, in Songo village, Tete province. The company also has a financial and commercial office in Maputo, with maintenance facilities in Chimoio.

HCB is a private company with a majority state-owned capital participation.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Hidroeléctrica de Cahora Bassa (HCB)	Client	Hydropower

Contact Information

AFDB

private-sector@afdb.org

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

- hcb approval letter for disclosure [Original Source]
- manual do sistema gestao ambiental e social esms [Original Source]
- plano de gestao ambiental - projecto de reabilitacao da subestacao de songo [Original Source]
- power plant reabsul2 refurbishment project esia volume iii final report [Original Source]
- songo converter substation rehabilitation project esia volume ii final report [Original Source]