Early Warning System

WB-P165704

Mpatamanga Hydropower Project
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<td>Bank Risk Rating</td>
<td>A</td>
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<td>Government of Malawi</td>
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<td>Investment Type(s)</td>
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<td>Investment Amount (USD)</td>
<td>$ 350.00 million</td>
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<td>Project Cost (USD)</td>
<td>$ 1,000.07 million</td>
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Mpatamanga Hydropower Project

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Project Description

According to bank documents, the project objective is to increase hydropower generation capacity through a public private partnership in Malawi.

The Mpatamanga Hydropower Project including a regulating dam (MHP-RD) involves the construction, operation and maintenance of a greenfield hydroelectric power plant with peak capacity of up to 350 MW. The project will be located around 40 km west of Blantyre on the Shire River (at the boundaries of Blantyre and Neno districts), between the existing Tedzani and Kapichira hydropower plants. The Project’s main transmission line 400 kV (64 km) will cross the same districts and will connect Mpatamanga powerhouse to Phombeya Substation and to the national grid.

The project shall be designed as a public private partnership (PPP). IFC entered with the Government a Joint Development Agreement (JDA) for the development of the project. This entails IFC engaging in the development of the project in the capacity of a principal/potential investor. The JDA includes provisions setting out GOM’s and IFC’s respective development obligations.

In addition, the Government and IFC entered into a cooperation agreement (CA) - an interim, simpler arrangement between GOM and IFC, enabling IFC to start in the name of the Government on certain early-stage development activities before the JDA was concluded in April 2019. The overall project investment amount, financed by the Project Company, and including preparatory work, development costs, interest during construction, and contingencies is currently estimated to US$ 1.07 billion. IDA resources of US$ 350 million shall be used to fund the following components:

1. Transmission Line (US$ 25 million): The project is expected to include a 64 km 400 kV, double circuit transmission line that will connect the Mpatamanga switchyard to the Phombeya Substation. Loading of the 400-kV line from Mpatamanga to Phombeya will be 169.2 MW for each circuit at 16.4 percent for Ckt 1 and 16.8 percent for Ckt 2. Losses for the transmission will be 0.3 MW for each circuit.

2. Hydropower Plant (US$ 265 million): IDA resources shall be used to contribute to the project’s capital costs, the details of which, including the form of onlending, shall be determined during project preparation. Capital costs for equipment, civil works, transmission lines, mobilization, and contingency are provided as an early estimate in the technical audit of the feasibility study. It is expected that EGENCO will own equity - funded by IDA proceeds allocated by the Government - in the project company on behalf of the Government. The Government would like to preserve its ability to be represented on the Board of the company through EGENCO, and vote on important decisions. IDA resources are expected be mobilized to cover the proposed EGENCO equity ownership in the project company.

3. Technical Assistance (US$ 10 million): EGENCO is the proposed Government entity responsible for preparing the project in partnership with IFC, and the Concessionaire. As such, a fully staffed PIU shall be formed at EGENCO to manage project preparation, the members of which will require capacity building in the supervision of complex hydropower projects. In addition, capacity building support in hydropower plant operations, and in engaging with the private sector including risk allocation, and sharing, contractual arrangements, duties and responsibilities of the public sector, and proposed financing obligations, shall be included in a comprehensive TA program.

4. Component 4: Guarantee(s) (US$ 200 million cover, US$50 million IDA allocation): In order to attract private capital required for the project, and the perceived credit risk of Malawi, the bankability of the project will likely require credit enhancement which can be provided through IDA Guarantee(s). IDA resources can be mobilized in form of Loan Guarantee(s) (US$ 110 million) which could provide support to local or international debt. An IDA Payment Guarantee (US$ 90 million), that would backstop a certain number of months of payments under the Power Purchase Agreements between ESCOM and the project company. The nature of the guarantee and coverage to be provided shall be discussed with the GoM, the private sponsors, IFC, lenders and with the proposed GoM transaction advisers during preparation.
Investment Description

- World Bank (WB)
Contact Information

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**Borrower:**
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ACCESS TO INFORMATION

To submit an information request for project information, you will have to create an account to access the Access to Information request form. You can learn more about this process at: [https://www.worldbank.org/en/access-to-information/request-submission](https://www.worldbank.org/en/access-to-information/request-submission)

ACCOUNTABILITY MECHANISM OF WORLD BANK

The World Bank Inspection Panel is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by a World Bank-financed project. If you submit a complaint to the Inspection Panel, they may investigate to assess whether the World Bank is following its own policies and procedures for preventing harm to people or the environment. You can contact the Inspection Panel or submit a complaint by emailing ipanel@worldbank.org. You can learn more about the Inspection Panel and how to file a complaint at: [http://ewebapps.worldbank.org/apps/ip/Pages/Home.aspx](http://ewebapps.worldbank.org/apps/ip/Pages/Home.aspx)
Bank Documents

- Concept Project Information Document-Integrated Safeguards Data Sheet - Mpatamanga Hydropower Project
- Malawi signs US $150m deal for Mpatamanga Hydroelectric project with IFC InfraVentures

Media

- Mpatamanga Hydro financier identified
Other Related Projects

- IFC-40830 InfraV-Mpatamanga Hydro