

African Development Bank



KEYNOTE SPEECH FOR THE ZAMBEZI RIVER AUTHORITY - BATOKA GORGE HYDRO ELECTRIC SCHEME (ZAMBIA AND ZIMBABWE)

INVESTORS CONFERENCE

March 30, 2017, David Livingstone Safari Lodge, Livingstone, Zambia

VICE PRESIDENT AMADOU HOTT

- **Her honor, Madam Vice President of the Republic of Zambia;**
- **Your Excellences, Hon. Ministers from Zambia and Zimbabwe;**
- **Senior government officials of both countries;**
- **Members of the Diplomatic community;**
- **Representatives of Development Partners and financial institutions;**
- **Invited guests;**
- **Ladies and gentlemen;**
- **All protocols observed.**

(Mwashibukeni, Mangwanani, good morning)

- I would like to thank the Government of Zambia for their kind hospitality, here, in this beautiful city of Livingston.
- **I also thank the governments of Zambia and Zimbabwe for inviting the African Development Bank, your Bank, to this important forum and to play a cornerstone role in this important project.**
- Let me also use this opportunity to convey the greetings of President Adesina of the African Development Bank.
- **Her Honor, Hon. Ministers, Ladies and Gentlemen, the provision of sufficient, reliable and affordable electricity to Africa is the first of the Bank's high 5s.**

- **The target of the New Deal on Energy for Africa for a universal energy access by 2025 requires the implementation of transformative regional projects, such as Batoka, our baby, as Hon. Minister Mutati said last night.**
- The New Deal is meant to address the persistent and crippling lack of reliable electricity in African countries.
- Baseload supply through conventional power generation such as Batoka, addresses issues of power supply for industrial development and mining, as well as scaling up access to electricity.
- At the same time, the Bank also places a focus on decentralized energy solutions to provide access to populations in rural areas.

Allow me to briefly highlight the progress we have made since the launch of the New Deal last year in Davos:

- The Board of Directors of the Bank has approved a **Strategy for the New Deal** which commits the Bank to invest US\$12 billion in the energy sector by 2020 and leverage additional financing of US\$45 – 50 billion mainly from the private sector and other Development partners for the same period.
- Pursuing this strategy at the Bank, total approvals for the power sector reached US\$1.7 billion last year. These projects range from policy-

based operations, to power generation (support to IPPs) and public sector transmission and distribution projects.

- We have established a new **Vice Presidency Complex on Power, Energy, Climate Change and Green Growth** - the first MDB to do so; and we have recruited now the management team for the complex including 5 Directors. The Bank's energy team will increase from around 60 staff today to over 100 staff by the end of this year.
- The Bank has been able to elicit **political commitment** at the levels of Heads of State and Government in support of the New Deal. We are in particular pleased that Zambia is one of the countries that first requested to become a pilot country for the New Deal.

Hon. Ministers, Excellences, Ladies and Gentlemen, the Bank has been working together with Zambia and Zimbabwe on major energy projects.

Let me mention a few:

- **First, the transformative Itezhi Tezhi Power Generation and Transmission project for which the Bank was the lead arranger.** In addition, for the first time the Bank supported a regional member country to own shares in an energy infrastructure project. Embedded in this project was also the support for a **Cost of Service Study** to assist Zambia create an optimal framework for tariff structuring and adjustments.

- **Second, a Sector Budget Support:** following the assessment we carried in 2016 to address the Zambia energy crisis, a key finding was that ZESCO was importing power at high prices and sold it at way below cost. This led to both parties exploring a sizeable Sector Budget support to help Zambia recover from the power deficit and improve the liquidity of the power utility through reforms. We expect to approve the loan by July 2017.
- **3rd, the Bank is playing an active role in supporting rehabilitation of power infrastructure in Zimbabwe such as the Hwange power station and the transmission and distribution system.** The rehabilitation is being financed through the multi-donor Zimfund managed by the Bank.
- **4th, the Bank also supports infrastructure expansion through the Alaska Karoi Transmission line,** which will improve supply to the town of Karoi, an important farming town, surrounding communities and upcoming mines.
- **5th, the Bank is supporting key regional initiatives in cooperation with partners, including the Kariba Dam Rehabilitation project,** which is a key source of economic development activities for the two countries. We are pleased that work is now progressing with the signing

of the plunge pool contract in February. The spillway contractor is expected to be on board before the end of this year.

- **6th**, we are also planning to support major regional transmission projects such as **ZiZaBona Interconnection Project** which provides a crucial link between Zambia and Zimbabwe; and the **Mozambique-Zambia Interconnector**.
- **Last but not least**, we have also been working with both Zambia and Zimbabwe on the development of the Sustainable Energy for All **Action Agenda** as an umbrella energy sector development document.
- **Ladies and Gentlemen, we are here today to discuss the Batoka Hydro Power Project**, one of Africa's top priority projects and included in the Program for Infrastructure Development in Africa (PIDA).
- The two Governments have appointed the Bank as Lead Coordinator for this project which we will execute in partnership with other development partners such as the World Bank which has supported the preparation of the feasibility studies and the environmental and social impact assessment studies. We shall also work closely with commercial banks committed to this project.

- Following the mandate by the two governments, **the Bank sponsored a training on building capacities in PPPs to support the Batoka Hydropower for government officials from both the republic of Zambia and Zimbabwe as well as senior management and project managers from ZRA, ZESCO and ZESA.** The training was targeted at ensuring that key decision makers and implementing staff of the Batoka project are fully aware of the complexity of such project.
- **The Bank has recently provided its preliminary assessment of the feasibility study** in terms of project structure, geology & hydrology, risk analysis, technical options, economic analysis and ESIA.
- **The Bank is delighted to re-confirm its interest to support the project and to act as Lead Arranger in the transaction.**
- We thank the two countries for the trust they place in the Bank and we will mobilise all our instruments (**including loans, grants, partial risk guarantees, partial credit guarantee, legal support, advisory services as well as technical support for capacity building**) to baptize and raise the baby, see it grow and positively impact the people of Zambia, Zimbabwe and the people of the whole SADC region. The achievement of this goal would directly contribute to the Bank's objective of 160 GW of new generation by 2025.

Together! Let's all rise up, raise Batoka and light up and power Zambia, Zimbabwe and Africa. Thank you. God bless Batoka!