African Union | AUDA-NEPAD AFRICAN UNION DEVELOPMENT AGENCY | GOVERNO DE ANGOLA

III LUANDA FINANCING SUMMIT FOR AFRICA'S INFRASTRUCTURE DEVELOPMENT

Investment Prospectus – Kyela (Tanzania) – Songwe (Malawi) 400 kV Transmission Line

PROJECT SUMMARY	
Project Name	Kyela (Tanzania) – Songwe (Malawi) 400 kV Transmission Line
Location	Eastern and Southern Africa: Tanzania (Iganjo-Mbeya to Kyela-Kasumulu) and Malawi (New Bwengu substation to Songwe-Karonga substation) | Cross-border transmission infrastructure connecting Eastern Africa Power Pool (EAPP) through Tanzania to Southern African Power Pool (SAPP) through Malawi requiring bilateral coordination and harmonized power sector regulatory frameworks
Sector	Energy
Sub-Sector	Transmission Infrastructure | High-voltage transmission infrastructure establishing 400 kV double circuit interconnection for regional electricity trade and power pool integration between EAPP and SAPP
Development Stage	S3A: Structuring | Structuring stage (S3A) with outcomes expected from pending feasibility studies, requiring finalization of institutional, regulatory, and financing frameworks for investment readiness
Project Sponsor	Electricity Supply Commission of Malawi (ESCOM) and Tanzania Electric Supply Company Limited (TANESCO) | Bilateral sponsorship through Electricity Supply Commission of Malawi (ESCOM) and Tanzania Electric Supply Company Limited (TANESCO) with government support from Malawi and Tanzania for cross-border transmission infrastructure implementation

Project Cost	Total CAPEX US$ 148 million Interconnector US$ 16 million | Total capital expenditure of USD 148 million including USD 16 million for the 25 km cross-border interconnector section (Kyela-Songwe), with infrastructure investment covering 81.2 km in Tanzania (Iganjo-Kyela) and 206 km in Malawi (New Bwengu-Songwe)
Funding Requirement	Total CAPEX US$ 148 million | Total funding requirement of USD 148 million for complete 400 kV transmission line infrastructure across Tanzania and Malawi segments plus cross-border interconnector
Project Preparation funding gap	US$ 4 million ESIA for the interconnector section (25 km) | Project preparation funding gap of USD 4 million for Environmental and Social Impact Assessment (ESIA) of the 25 km cross-border interconnector section (Kyela-Songwe)
Expected Commercial Operation Date	Expected CoD: 2029/30 | Expected Commercial Operation Date in 2029/2030 subject to completion of feasibility studies, ESIA, financing mobilization, and construction of both Tanzania and Malawi transmission segments

FINANCIAL OVERVIEW	
Total Project Cost	Total CAPEX US$ 148 million Interconnector US$ 16 million | Total capital expenditure of USD 148 million for 400 kV transmission line infrastructure including 81.2 km Tanzania segment (Iganjo-Kyela), 206 km Malawi segment (New Bwengu-Songwe), and 25 km cross-border interconnector (Kyela-Songwe) with USD 16 million allocated for interconnector section
Capital Structure	To be determined during structuring phase | Capital structure and financing arrangements to be determined during S3A structuring phase with expected blended financing combining development finance institutions support and government contributions
Financial Metrics	Outcomes expected from pending feasibility studies | Financial performance indicators including Internal Rate of Return (IRR), payback period, and Debt Service Coverage Ratio (DSCR) to be determined following completion of pending feasibility studies aligned with regional transmission infrastructure investment standards

Revenue Model	To be determined during structuring phase | Revenue generation model to be defined during structuring phase with expected wheeling charges for cross-border electricity trade, capacity charges from EAPP and SAPP power pools, and bilateral power purchase agreements between Tanzania and Malawi utilities
Market Demand	Facilitate regional electricity trade and create an alternative route from Tanzania (EAPP) to SAPP | Strong regional market drivers including facilitation of regional electricity trade between EAPP and SAPP member states, creation of alternative interconnection route from Tanzania to SAPP (in addition to Tanzania-Zambia 400 kV interconnector expected in 2026), enhanced economic integration and growth through improved power system reliability and regional power pool integration

SUSTAINABILITY AND IMPACT	
Social Impact	To be assessed in ESIA | Social impact assessment to be conducted through Environmental and Social Impact Assessment (ESIA) for interconnector section with expected benefits including improved electricity access, enhanced regional economic integration, job creation during construction and operation, and strengthened cross-border cooperation
Environmental Impact	US$ 4 million ESIA for the interconnector section (25 km) | Environmental and Social Impact Assessment (ESIA) to be conducted for the 25 km cross-border interconnector section (Kyela-Songwe) with USD 4 million funding requirement, addressing compliance with regional environmental regulations and international safeguards frameworks
Strategic Importance	Facilitate regional electricity trade and create an alternative route from Tanzania (EAPP) to SAPP. The long-term goal is to interconnect, monitor and facilitate regional electricity trade between EAPP and SAPP member states' systems and enhance economic integration and growth in the regions. | Critical strategic importance for EAPP-SAPP regional power pool integration through creation of alternative interconnection route from Tanzania to Malawi, enhanced regional electricity trade facilitation, improved power system reliability and security of supply, contribution to economic integration and growth in Eastern and Southern Africa regions, alignment with regional power pool development objectives
SDG and Agenda 2063 Alignment	To be detailed during structuring phase | Alignment with Sustainable Development Goal 7 (Affordable and Clean

	Energy), SDG 9 (Industry, Innovation, and Infrastructure), SDG 17 (Partnerships for the Goals), African Union Agenda 2063 Aspiration 1 (Prosperous Africa) and Goal 10 (World-class Infrastructure), EAPP and SAPP regional power pool development plans supporting regional integration and energy access

TECHNICAL DETAILS	
Project Description	An 81.2 km 400 kV double circuit Transmission Line section from Iganjo (Mbeya) – Kyela (Kasumulu) in Tanzania; In Malawi, a 206 km 400 kV Transmission Line section from New Bwengu substation to the Songwe (Karonga) substation; The 25 km Kyela (Tanzania) to Songwe (Malawi) 400 kV double circuit Interconnector which will interconnect Tanzania and Malawi grids (Tanzania-Malawi power interconnector-TAMA). | Cross-border transmission infrastructure comprising three components: 81.2 km 400 kV double circuit transmission line from Iganjo (Mbeya) to Kyela (Kasumulu) in Tanzania, 206 km 400 kV transmission line from New Bwengu substation to Songwe (Karonga) substation in Malawi, and 25 km 400 kV double circuit interconnector from Kyela (Tanzania) to Songwe (Malawi) designated as Tanzania-Malawi power interconnector (TAMA) establishing direct grid connection between EAPP and SAPP power pools
Technology & Design	400 kV double circuit transmission line | Advanced technical specifications including 400 kV double circuit overhead transmission line technology, compliance with regional transmission system standards (EAPP and SAPP interconnection codes), substation infrastructure at Iganjo, Kyela, New Bwengu, and Songwe, technical specifications to be confirmed during feasibility studies
Capacity/Size	Total length approximately 312 km (81.2 km Tanzania + 206 km Malawi + 25 km interconnector) | Infrastructure capacity including total transmission line length of approximately 312 km comprising 81.2 km Tanzania segment, 206 km Malawi segment, and 25 km cross-border interconnector, transmission capacity and power transfer capability to be determined during feasibility studies
Construction Timeline	Expected CoD: 2029/30 | Construction timeline with expected Commercial Operation Date in 2029/2030 subject to completion of ESIA (2026), financing mobilization (2026-2027), and phased construction of Tanzania segment, Malawi segment, and cross-border interconnector (2027-2029)

Project Dependency	The project depends on the completion of both sections in Tanzania and Malawi. The transmission backbone in Malawi is still being developed northwards from Nkhoma substation in the south. The network has reached New Bwengu substation, but another 206 km still needs to be established from New Bwengu to the border with Tanzania. | Critical project dependency on completion of both Tanzania and Malawi transmission segments with Malawi transmission backbone development in progress (network reached New Bwengu substation with 206 km remaining to Songwe border), requiring coordinated development and synchronization of construction timelines between Tanzania and Malawi utilities

RISK MANAGEMENT	
Risk Assessment	The project depends on the completion of both sections in Tanzania and Malawi. The transmission backbone in Malawi is still being developed northwards from Nkhoma substation in the south. | Comprehensive risk management including implementation risk mitigation addressing dependency on completion of both Tanzania and Malawi transmission segments, coordination risk mitigation through bilateral governmental engagement for institutional, regulatory, and financing frameworks finalization, technical risk mitigation requiring synchronization of construction timelines and technical specifications alignment
Regulatory Risks	Engagement of governmental bodies of Tanzania and Malawi to finalise institutional, regulatory, and financing frameworks | Regulatory challenges addressed through engagement of governmental bodies of Tanzania and Malawi for finalization of institutional frameworks (bilateral agreements), regulatory frameworks (cross-border wheeling tariffs, interconnection agreements), and financing frameworks (cost-sharing arrangements, revenue allocation mechanisms) during structuring phase
Environmental and Social Safeguards	US$ 4 million ESIA for the interconnector section (25 km) | Environmental and Social Impact Assessment (ESIA) to be conducted for 25 km cross-border interconnector section with USD 4 million funding requirement addressing compliance with Tanzania and Malawi environmental regulations, international safeguards frameworks (AfDB, World Bank standards), community engagement requirements, and sustainable transmission infrastructure development practices

KEY STAKEHOLDERS	
Sponsors	Electricity Supply Commission of Malawi (ESCOM) and Tanzania Electric Supply Company Limited (TANESCO) | Bilateral sponsorship through Electricity Supply Commission of Malawi (ESCOM) and Tanzania Electric Supply Company Limited (TANESCO) with government support from Ministries of Energy in Tanzania and Malawi for cross-border transmission infrastructure implementation
Current Partners	USAID/Power Africa, Government of Malawi and Tanzania | Current project partners including USAID/Power Africa for project preparation support, Government of Malawi and Government of Tanzania for institutional coordination and regulatory framework development
Potential Investors	USAID/Power Africa, AfDB, WB | Potential investor base including USAID/Power Africa, African Development Bank (AfDB), World Bank (WB), and additional development finance institutions for blended financing structure supporting cross-border transmission infrastructure development
Contractors & Operators	To be selected via international tender | Technical contractors and operational partners to be identified through international competitive tendering process following completion of feasibility studies and ESIA, with expected operation by ESCOM and TANESCO under bilateral operation and maintenance agreement
Legal and Financial Advisors	To be appointed during structuring phase | Professional advisory services to be engaged during structuring phase to support bilateral contractual structuring, cross-border regulatory compliance, financing negotiations, and transaction advisory for Tanzania-Malawi transmission interconnector project

WAY FORWARD	
Investment Ask	Total CAPEX US$ 148 million, US$ 4 million ESIA funding gap | Investment requirement of USD 148 million total capital expenditure including USD 4 million for Environmental and Social Impact Assessment (ESIA) of cross-border interconnector section
Next Steps	Engagement of governmental bodies of Tanzania and Malawi to finalise institutional, regulatory, and financing frameworks, and scouting development finance institutions to secure funds for the Tanzania and Zambia sections. Mobilising financing for the Environmental and Social Impact Assessment (ESIA). | Strategic implementation pathway

	including engagement of governmental bodies of Tanzania and Malawi for finalization of institutional, regulatory, and financing frameworks, scouting development finance institutions (AfDB, World Bank, USAID/Power Africa) to secure funds for Tanzania and Malawi transmission segments, mobilization of USD 4 million financing for Environmental and Social Impact Assessment (ESIA) of interconnector section, completion of pending feasibility studies for financial and technical structuring
Implementation Timeline	2026-2030 | Systematic implementation timeline with ESIA completion (2026), feasibility studies finalization and financing mobilization (2026-2027), construction of Tanzania and Malawi segments plus interconnector (2027-2029), and expected Commercial Operation Date in 2029/2030
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