ECOFIN AGENCY · MOZAMBIQUE · SUBSEA

Mozambique seeks $65m World Bank loan for Temane power plant

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Mozambique is seeking up to $65 million from the World Bank to finance state utility Electricidade de Moçambique's (EDM) equity stake in the Temane gas-fired power plant, as the government moves to revive a project that has faced significant delays. The funding request forms part of a broader set of financial and contractual restructuring measures that Mozambican authorities have approved to put the development back on track.

The Temane power plant carries a total project cost of $660 million. While the article does not specify a revised commissioning date in full, the plant is described as now scheduled for full commissioning following the government's intervention. The scale of the facility and its gas-fired generation model make it one of the more consequential power infrastructure projects currently active in Mozambique, a country where domestic gas resources have long been identified as a foundation for both energy security and industrial development.

EDM, the national electricity utility, holds a stake in the project, and the $65 million World Bank facility is intended specifically to cover the utility's equity contribution. The government's approval of revised financial and contractual arrangements signals an acknowledgement that the original project structure required modification to attract the necessary capital and restore developer confidence. No further details on the revised contract terms or the identity of the project's other equity partners are provided in the available reporting.

The Temane project draws its name from the Temane gas field in Inhambane Province, which has historically been a source of natural gas piped to South Africa. A gas-fired power plant at Temane would utilise domestic gas resources to generate electricity for the Mozambican grid, addressing chronic power shortages that constrain economic activity across the country. The project sits within a wider national ambition to convert a share of Mozambique's substantial gas endowment into domestic energy supply, rather than directing all production to export markets.

The World Bank's potential involvement as a lender underscores the degree to which multilateral development finance remains central to large-scale power infrastructure in sub-Saharan Africa. For project developers and contractors already engaged in Mozambique's energy sector, the government's willingness to restructure arrangements and pursue additional concessional financing reduces — though does not eliminate — execution risk on a project whose delays had raised questions about its commercial viability. Progress on financial close and the formal ratification of any World Bank facility will be the key indicators to watch in the coming months.

Why this matters to partners and clients of Saga

The project remains at the financing and restructuring stage — no signed EPC or services contract has been reported — so Norwegian service companies should monitor progress toward financial close rather than initiating procurement outreach. If a World Bank facility is ratified and construction restarts, opportunities may emerge in power plant engineering, gas supply infrastructure, and associated civil and mechanical works. Relationship-building with EDM and active World Bank project pipelines would be the appropriate near-term posture.

PARTNER ANGLES

- **Pipeline:** Gas supply infrastructure connecting the Temane field to the power plant may require pipeline engineering and integrity services as construction resumes.
- **Service:** Mechanical and commissioning service firms should monitor the revised construction schedule for subcontract opportunities as the project approaches restart.
- **LNG:** Gas processing and metering expertise may be relevant if upstream tie-in works at the Temane field are included in the revised project scope.

- **Drilling:** Any upstream well-work required to sustain gas supply to the power plant could generate drilling and well-services demand linked to project milestones.

Original source: Ecofin Agency →

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