

## EIB AND EU-AFRICA TRUST FUND WORK TOGETHER TO HELP BEIRA TRANSPORT CORRIDOR IN MOZAMBIQUE



Monday 04 May 2009

The European Investment Bank (EIB) is lending EUR 65 million to the Republic of Mozambique for the rehabilitation of the Beira corridor in Mozambique. The EIB loan will be complemented by a EUR 29 million interest rate subsidy from the EU-Africa Infrastructure Trust Fund. The funding package will support improvements to the Sena railway line and the restoration of the Beira port access channel.

The rehabilitation of the Beira corridor is an emblematic project for Mozambique, restoring efficient links to other countries in the region and facilitating international trade. By improving Mozambique's transport services by sea to international ports and by rail to the landlocked countries of southern Africa, the project will catalyse local and regional economic growth and contribute to overall poverty alleviation.

Plutarchos Sakellaris, EIB Vice President responsible for lending operations in Africa, was welcomed to Mozambique by the Finance Minister, Manuel Chang, to the official loan signature ceremony in Maputo. The EIB loan was welcomed as a further step on the country's road to rehabilitation and development.

"The EIB is dedicated to supporting Mozambique in its bid to rebuild an efficient national transport system," said VP Sakellaris. "We are delighted to cooperate with other international donors and notably with the World Bank as well as the EU Member States and the European Commission through the EU-Africa Infrastructure Trust Fund to support this project which will significantly reduce transport costs in the Beira Corridor. We are convinced that the benefits of this investment will reach beyond Mozambique's borders and the involvement of the Trust Fund serves to underline the positive impact the project will have on the region as a whole."

### Beira: unlocking an international trade gateway

The EIB loan will support two portions of the planned improvements to the Beira Corridor. EUR 42 million will be dedicated to the rehabilitation of the 680km-long Sena railway line which links Beira both to the coal mining town of Moatize and to the Malawian border. The EIB finance will be used to implement track improvements and also to construct and maintain essential operational buildings and radio telecommunications systems. The project aims to allow a minimal operating speed of 60 km per hour along the entire length of the train line.

An additional EUR 23 million will benefit the Beira port which acts as an international gateway, not only for Mozambique, but also for the region's landlocked countries – Zimbabwe, Zambia, Malawi and potentially also the Democratic Republic of Congo. The EIB loan will help to restore the depth and width of the access channel to the Beira port, to dispose of dredged materials and to rehabilitate marine service vessels.

### EU-Africa Infrastructure Trust Fund: a vital component for project success

The EUR 29 million interest rate subsidy from the EU-Africa Infrastructure Trust fund is a vital component of the Beira Corridor project. Established jointly by the EIB, the EU Member States and the European Commission, the Trust Fund's main aim is to foster investment in regional African infrastructure projects, overcoming potential funding obstacles. As a country which has reached completion point under the Heavily Indebted Poor Country (HIPC) initiative, Mozambique must respect a concessionality level of 35% in all borrowing operations. As such, the interest rate subsidy which the Trust Fund is providing is critical for the materialisation of the investments in the Beira project.

The improvements to the Beira Corridor are expected to have a significant impact on local employment during and after the construction phase. The EIB will maintain close monitoring links with the Beira Corridor project after the loan signature to ensure that all aspects of the projects are carried out to expected operating standards.

The EIB and Trust Fund financing will be made alongside funding from the World Bank and from Dutch and Danish development agencies.

[Chiudi finestra](#)