

**Multilateral Investment Guarantee Agency (MIGA) Guarantee in Support of
Cambambe Hydropower Plant, Angola
(HSBC Bank plc, Societe Generale SA, BHF-Bank Aktiengesellschaft)
U.S. Position
May 23, 2013**

This MIGA-supported hydropower project will help Angola address its significant electricity needs. After decades of armed conflicts that severely damaged its energy infrastructure, Angola remains one of the most electricity-starved countries in the world despite its vast energy resources. With nearly 70% of Angola's population lacking access to electricity, developing the country's domestic power resources is critical to diversifying economic growth and improving the socioeconomic conditions of the Angolan people.

MIGA's guarantee of the expansion of the Cambambe Hydropower Plant is an important step in helping the Government of Angola access private capital to fund its developmental needs. Given the country's considerable oil wealth, the upcoming Country Partnership Strategy anticipates a shift in the Bank's relationship with Angola toward technical assistance and away from concessional financing. In the absence of such concessional financing, the role of MIGA, as well as the IFC, in mobilizing private capital will grow in importance. In this context, the United States believes that MIGA's guarantee of a private solution to Angola's energy challenges will help improve the country's investment climate, creating conditions that are conducive to private-led growth.

However, despite the considerable developmental benefits, this project has significant environmental and social risks. Furthermore, in light of a U.S. legislative mandate requiring that environmental assessments for all Category A projects be posted publicly for at least 120 days prior to Board review, the U.S. must abstain on this investment. The U.S. encourages MIGA to take every precaution in appropriately mitigating the environmental and social risks associated with this project.