

MEPANDA MECUA HYDOELECTRIC PROJECT
Castigo Langa, Minister Energy and Mineral Resources

**Honorable Members of Government of Mozambique, Excellency,
The Honorable Ambassadors, Excellency,
Honorable Representatives of the International Energy Industry
Honorable Guests
Ladies and Gentlemen**

It's with great satisfaction that in name of the Government of the Republic of Mozambique I greet all participants at the investors' conference of the Mepanda Uncua Hydroelectric Project.

In particular, I welcome our friends, representatives of the international energy industry who have dared to leave their countries to join us in this important event toward the building of a modern and prosperous Mozambique.

This investor's conference takes place in a year that we celebrate ten years of peace in our country. Dialog, the spirit of tolerance and pardon, the sense of justice, are all fundamental elements for building of peace. Their consolidation, however, need creative work, demand initiatives capable of creating riches and eradicating absolute poverty.

We are, therefore, convinced that the construction of Mepanda Uncua is one more contribution toward peace and stability in Mozambique.

Mepanda Uncua appears in the same framework of other large and small projects we have had the opportunity to witness in the last few years thanks to the peace and harmony Mozambicans have been able to build and preserve.

Ladies and Gentlemen

Mozambique is a country blessed in terms of energy resources, with a particular emphasis on hydroelectric energy, a renewable and environmentally healthy, representing an approximate potential of 12000 MW, of which only a little more than 2,300 MW is being used.

The country has proven reserves of gas estimated at 3.5 TCF (Trillions of Cubit Feet), in addition to billions of tons of mineral charcoal with high heat potential and low levels of Sulfur.

Besides all these riches, more than 80% of the population depend on wood for fuel and vegetal charcoal. Of the more than three million and seven hundred households, only two hundred thousand families rely on electric energy.

Aware of the role the private sector can play in the development of national energy infrastructure, both for its enormous capacity to mobilize the necessary financial resources and for its potential in fostering efficiency and competitiveness, our Government has decided to open the national market for private investments. As a result, law 21/97 of October 01, was introduced, and establishing the legal framework

for participation of the private sector in production, transport and distribution of electric energy.

It was in the framework of this new law that we witnessed the birth of MOTRACO, an enterprise that operates two lines of 400KW that coming from the neighboring South Africa, feed the aluminum company MOZAL. Also, born were Elgas and Sinergestao, to mention but those already in the field. The last two operate electrical systems based on natural gas north of Inhambane province and another system based on diesel in the province of Cabo Delgado.

Our Government hopes that in the follow up of this conference, a consortium capable of forming the implementing company for the Mepanda Uncua can be constituted. It is our understanding that with the possibility of several capitals being able to participate in the company, this will be run by a credible and experienced operator of hydroelectric central, to which a concession will be made on BOT regime. Citing the Baroness Lynda Chalker's, we would say BOTT with one more T, which means Build, Operate, Train and Transfer.

As you will see in the following technical presentations of just concluded Feasibility Studies, this is a project with a great commercial merit, with minimum adverse environmental impacts.

Based on law, the Government is prepared to provide appropriate incentives, capable of ensuring the financial robustness of the project and safeguard earnings for all parties, in what we in English call a win-win situation.

Besides the hydroelectric central, the Mepanda Uncua project encompasses two energy transport lines in 400KV alternated, passing through the city of Beira to Maputo, along near 1600Km. This confers the project a strategic character by allowing the linkage between the country's three systems, namely the center-north line, the Center system and the South system, in national territory.

Distinguished Participants

In terms of market, the developments of the last few years in Mozambique are rather encouraging. After MOZAL which drove internal demand of the scarce 200MW, up to 650MW in a short period, awaiting for the start of phase II of that enterprise in the near future, the internal charge will reach 1100 MW; other projects are still being designed.

I refer to the project of heavy earth from Moma, Moebase and Chibuto. There is also a possibility of having another aluminum smelting plant in Beira, units of tantalite minerals in Zambezia province, to mention but a few.

On the other hand, the Southern Africa region where South Africa steaks out, constitutes a natural market for energy from Mozambique. For our satisfaction, the good political relations and consciousness on the need to join synergies in efforts aimed at eradicating poverty have allowed the region's States to develop a legal framework capable of facilitating this purpose. In fact, SADC Energy Protocol and

the agreement on the Southern Africa Power Pool are stepping-stones in energy business among member States.

The leaders of the energy sector in the region are conscious of the need to introduce improvements in these instruments so that Independent Energy Producers (IEP) can be accommodated, thus fulfilling what is now an endogenous reality.

Our vision is that the IEP's which integrate the international private capital, must feel a s a decisive part in the process of regional development. Let the just whim for rapid investment returns be conjugated with the convenience of energy prices capable of attracting industries capable of generating employment, riches and know-how in our region.

Ladies and Gentlemen:

Please allow me to take this opportunity to extend my profound thanks to the governments of Germany and France for their valuable financial contribution without which it would not have been possible to realize the Feasibility Study that is Presented to us here today.

We thank the government of Norway for its role in financing the Technical Unit that coordinated the realization of the Study, including the panel of experts that as assisted us in the appreciation of Study.

The contribution of these friendly countries has allowed the Mozambican people, through their Government, to be present in this room as owners of the Study, in the driver's seat.

Likewise, we extend our thanks to all that have given their contribution so that we can witness this moment:

- To the consultant, for the commitment shown in the production of quality work and for good collaboration with State agents and with the populations of the areas the project is located;
- We thank ESKOM for their readiness to collaborate from the very beginning when Governments of the two countries assumed the compromise to work together in the materialization of this project;
- Likewise, we thank Hydroelectric de Cahora Bassa and to all those anonymous individuals who assumed the importance of this project for the good of Mozambicans.

To the Government of South Africa, I cannot find any words capable of best expressing my thanks. I have to recognize the solidarity and full availability to share our points of view on the best ways so facing the challenges that building prosperity for our people's pose.

Ladies and Gentlemen

We started the month of May with a ceremony, which involved President Mbeki and President Chissano, to mark the beginning of construction of a Gas Pipeline of about 900 Km to South Africa, a project estimated at 1 billion US Dollars. We are here today at the closure of the month with the launching of one more challenge to the investors present: a project of 1.8 billion Euros. I hope that the as a result of this conference we may be able to have among us, in the near future, Heads of State to witness the beginning of construction of the **Mphanda Nkuwa** Hydroelectric Central.

Finally, please allow me dear participants that I take this opportunity to invite you to adopt, from today, a spelling closer to the way local populations pronounce the name: **Mphanda Nkuwa**, which means bifurcation of the river bank.

And with these words, I declare open the Investors Conference for the Mphanda Mkuwa Hydroelectric project.

Muito Obrigado