

## EPCo signs accord with Chinese Company for Gibe III Project

*Gibe III Hydroelectric Project (May 13, 2010, Addis Ababa)*

By Getaneh Kibret (Gibe III HEP, Comm. Officer)



**The chief Executive Officer of EPCo delivering a speech before signing the agreement**

The Ethiopian Electric Power Corporation (EPCo) and Dongfang Electric Corporation (DEC), Chinese state-owned company, signed a contractual agreement amounting to about USD 500 million for the electro-mechanical and hydro-mechanical works of the Gibe III hydroelectric project.

Miheret Debebe, the Chief Executive Officer of EPCo, and Luo Zhigang, the president of DEC, signed the agreement on May 13, 2010, on behalf of their respective organizations at Sheraton Addis.

The CEO said EPCo and the Government of Ethiopia have been soliciting various potential financial institutions and banks for financing of the Gibe III hydroelectric project since 2007. He added, however, the process of financiers to grant loans is time taking, and unnecessary delays have been faced by the project. Thus, it has become very difficult to implement the project within the scheduled time.

Miheret explained that the Government of Ethiopia is forced to look for more alternative



**The Signing ceremony was witnessed by excellencies ministers**

sources of financing, especially with development partners that are ready to timely avail the required finance.

According to the CEO, DEC has submitted its financial and technical proposals that have been found acceptable in terms of cost, time and quality on the basis of the memorandum of understanding signed on Oct 2009.

The contract agreement for the electro-mechanical and hydro-mechanical works of the project consists of the design, procurement, manufacturing , shock testing , delivery- to -site inspection and commissioning, Miheret said.

He also mentioned that the Industrial and Commercial Bank of China (ICBC) is to cover about 85 percent of the cost of the project through the loan.

Luo Zhigang on his part said that his company, which is the major power equipment manufacturer in China, produces hydro- equipment with unit capacities up to 700MW.

He added that DEC has rich experience in hydropower development, and hopefully would complete the Gibe III hydroelectric project within the scheduled time.

Mines and Energy Minister Alemayehu Tegenu also stated that the Gibe III hydroelectric project, one of the several hydropower projects of the country, is a fast-track mode aimed at generating electric power needed for poverty reduction schemes.

The Minister underlined that the project would envisage strengthening economic cooperation with neighboring countries.

Girma Biru, Minister of Trade and Industry, Junedin Saddo, Minister of Science and Technology, Secretary of Chinese Embassy to Ethiopia, EEPCo's Board and management members, and other government officials attended the signing ceremony.