

GRAND INGA HYDROPOWER PROJECT PROMOTION COMPANY

Creation of a Promotion Company (PROCOM)

An implementation Task Force to facilitate the creation of PROCOM has been set up at the WEC Workshop on Financing the Inga Project, held in London on 21-22 April 2008. The targeted date for the creation of PROCOM is 2008. Beforehand, the support and agreement of the Democratic Republic of Congo (DRC) authorities are fundamental for that action to be carried out successfully and timely. Consequently, WEC will work together with the concerned DRC Authorities, in order that the promotion of Grand Inga Project can be entrusted to PROCOM. Subsequently, Team Inga and the DRC authorities will proceed to the identification and confirmation of the Companies committed to the "Promotion Company" (PROCOM).

The creation of PROCOM should facilitate and accelerate the start up of Grand Inga, which is essential for its development and realisation; this will also facilitate the coordination of Grand Inga planning and development with the work to be done for Inga 3 by Westcor and for the refurbishment and renovation of the existing facilities (Inga 1 & 2 power stations, HV transmission system and MV and LV distribution network) by SNEL. The main scope of this Promotion Company is to set up the Holding Company (HOLCOM) for Grand Inga.

Main Tasks of PROCOM:

1. to review and analyse the political conditions in the Region, and define countries and political risks;
2. to draw-up a provisional schedule of the Project which is as precise as possible;
3. to recommend and follow-up the establishment of legal, regulatory and institutional frameworks, and business environment in DRC and other involved African countries (transit countries and consumer countries);
4. to recommend and follow-up the progress of electricity reforms in DRC, as well as to recommend adequate regulation attractive for investment in the electricity sector;
5. to help to secure the funding of the Feasibility Studies for Grand Inga Project and the associated transmission system;
6. to follow up and monitor these Feasibility studies of Grand Inga and the associated transmission system, which will cover among other aspects: technical study, environmental impacts and commitments assessment study, social impacts and commitments study, cost estimates, implementation schedule, financial and economic evaluations, cooperation agreement, sustainable management plan (construction and operation phases), conclusions and recommendations;
7. to secure political, economic, social and environmental acceptance of the overall Project, and notably to assure its eligibility for loans and international subsidies (e.g. World Bank, African Development Bank, and other), and its general political acceptability (African Union). To this effect, feedback of similar hydropower projects would be organised (e.g. Three Gorges, Itaipu Binational and Nam-Theun);
8. to promote the necessary agreements among involved Governments and Institutions;
9. to develop a Communication Plan to boost and "sell" the Project;
10. to establish a clear division of responsibilities for the definition and co-ordination between energy policy and water resources policy and land use policy;
11. to examine the possibility of establishing a "free trade zone" in Africa, including the Power Pools and big energy consumers, such as aluminium, cement, drinking water Companies, and other mining and industries;
12. to hire an eventual professional operator; the operator would negotiate the "take or pay agreements" and the electricity tariffs with the buyer companies (in order to cover the Project costs on a commercial basis), while

- paying a dividend to the DRC Government – in particular, this will give confidence to private investors that the money would be protected, and the result would be on time for delivering efficient and low cost electricity;
13. to define the ways and means for technology transfer and capacity building, and subsequently to create the “Inga Infrastructure & Services Integrated Zone”, with the help of WEC and Team Inga and others (Suppliers, DRC and other Governments);
 14. to gather the adequate stakeholders and create a Holding Company (defining the most efficient stakeholder structure for generation, transmission and commercial entities; identifying and defining the roles of the potential stakeholders, and the relationship between them; contacting and negotiating with them for their participation and involvement in the Project).

The above mentioned activities can be divided into the following phases:

- . Phase1: Setting the grounds for Grand Inga Project (points 1 to 12)
- . Phase2: Establishing the “Inga Infrastructure & Services Integrated Zone” (point 13)
- . Phase3: Establishing a Holding Company (HOLCOM) (point 14).

PROCOM needs to put all things in order for a “Go-non-Go” decision on Grand Inga by DRC Authorities, no latter than 2015.

PROCOM will be committed to complete all its tasks by around 2015.

Main characteristics of PROCOM:

- Headquarter Office (TBC);
- Board with representatives’ members and full time staff and Chair of the Board to be nominated by the DRC government. A Managing Director will be appointed, assisted by several technicians (technical and environmental, economics, institutional affairs and regulations, and communication). He will be appointed by common agreement among PROCOM members or hired trough an international bid;
- PROCOM members will have the first priority to be nominated and selected as members of the Holding Company.
- Budget for operating cost plus contracting consultant services, plus business travels to estimate later (pending to discussion with involved stakeholders);
- Feasibility Studies of Grand Inga and associated transmission system to be funded timely and subsequently to be performed by an International Consultant: US\$ 15 - 20 million.

NOTE: Once the above mentioned tasks of the Promotion Company are completed successfully say, by the end of 2015, a Holding Company (HOLCOM) will immediately take over the leadership and manage the development and the construction of Grand Inga Project..