



**INVESTORS** | MAR  
**CONFERENCE** | 30  
Batoka Gorge Hydro-Electric Scheme | 2017

**REMARKS BY HON DR. SAMUEL UNDENGE, MP  
THE MINISTER OF ENERGY AND POWER  
DEVELOPMENT OF THE REPUBLIC OF  
ZIMBABWE,**

**At The**

**BATOKA GORGE HYDRO-ELECTRIC SCHEME  
INVESTOR CONFERENCE**

**David Livingstone Safari Lodge, Livingstone, Zambia**

**30 March 2017**

Your Honour, the Vice President of the Republic of Zambia, **Mrs Inonge M. Wina, MP**

Minister of Energy, Zambia & Zambezi River Authority Council of Ministers Chairperson- **Hon. David Mabumba, MP**

Minister of Finance – Zambia & Member of the Zambezi River Authority Council of Ministers **Hon. Felix C. Mutati, MP**

Minister of Finance & Economic Development, Zimbabwe & Member of the Zambezi River Authority Council of Ministers **Hon. Patrick Chinamasa, MP**

Minister of Water Development, Sanitation and Environmental Protection, Zambia **Hon. Lloyd M. Kaziya, MP**

Minister of Environment, Water and Climate, Zimbabwe, **Hon. Oppah Muchinguri- Kashiri MP**

Minister of Commerce, Trade and Industry, Zambia- **Hon. Margaret Mwanakatwe, MP**

Provincial Minister for Southern Province in Zambia; **Hon. Edify Hamukale, MP.**

Vice President – Power, Energy, Climate and Green Growth: African Development Bank – **Mr. Amadou Hott**

Members of Parliament Present from Zambia and Zimbabwe;

Ambassadors and High Commissioners here present;

Permanent Secretary for the Ministry of Energy, Zambia (Zambezi River Authority Board Chairperson)- **Brigadier General Emelda Chola (Rtd)**

Permanent Secretary for the Ministry of Energy and Power Development,  
Zimbabwe (Zambezi River Authority Board Co-Chairperson)- **Mr.P.I  
Mbiriri**

Permanent Secretaries from Zambia and Zimbabwe;

Chief Executive - Zambezi River Authority **Eng. Munyaradzi C.  
Munodawafa**

Senior Government Officials from Zambia and Zimbabwe here present,

Distinguished Guests,

Ladies and Gentlemen,

All protocols observed

Firstly, I would like to extend a warm welcome to you all and thank you for accepting our invitations to attend this conference. I must commend my colleague the Honourable Ministers of Energy and Water and Finance of Zambia for facilitating this conference in this historic town of Livingstone.

I am very much pleased to speak at this very important Investment Conference. As you can witness, present here is the Vice President of the Republic of Zambia and six (6) Ministers from the two Governments as well, which is a clear testimony of our resolve to cooperate and implement the Batoka Gorge Hydro Power Scheme. As Governments, it demonstrates our unwavering commitment to this project.

Ladies and Gentlemen,

The Project which we are discussing today was identified long back before even the Kariba Dam was built. Engineers scouting for a site to build a power plant along the Zambezi River identified among others, the Batoka Gorge as a possible suitable site. However, because of economic considerations at that time, the Kariba Hydro Electric Scheme was built first.

In the late eighties, the demand for power in the two countries rose significantly spurred by the boom in the mining sectors. At this stage, the two Governments of the Republics of Zimbabwe and Zambia agreed to revisit the Batoka Gorge Hydro Electric Scheme as a source of additional power supply. This culminated in the engagement of consultants to carry out the first feasibility studies in 1992. Although these studies indicated

that the project was viable, the economic situation at the time could not allow construction to start.

The above scenario is a case of 'fiddling while Rome was burning' because sooner and rather than later the SADC region as a whole experienced a serious power supply deficit starting in 2007. Every country had to load shed at one time. It is at this point that the two Governments once again agreed to pursue this project. We are grateful to the World Bank who came on board and provided funding for the current feasibility studies which we are now completing.

Ladies and gentlemen,

The Batoka Gorge Hydro Electric Scheme is a critical regional as well as continental project. It is no secret that Africa especially Sub-Saharan Africa has the lowest electrification rate as well as per capita electricity consumption in the world. A recent World Bank report states that only 35% of households in this region have access to electricity. It is said that the combined generation capacity of the region is less than that of Spain. How many of our people are we depriving of electricity and what impact does this have?

The SADC region has adopted an Industrialization Strategy which was recently endorsed by its Head of States and Governments at a recent SADC summit. The Summit acknowledged that the goals set in the Industrialization Strategy cannot be met without adequate energy supply. It is therefore incumbent upon us as the Ministers responsible for Energy to see that the required energy is available.

The current installed generation capacity in the SADC region amounts to 58,000 MW. Out of this, about 47,000MW is operating against a demand of around 53,000MW giving an operational deficit of around 6,000MW. The pace of commissioning new projects is still slow, but the electricity deficit is expected to be overcome.

Globally, the issue of energy access is the topic. The UN Sustainable Energy for All Program (SE4ALL) which has now been adopted as a Sustainable Development Goal (SDG7) has targets of universal access for all by 2030. This target has been embraced by most of the SADC countries. Furthermore, the same program has a drive towards renewable energy of which the Batoka Gorge Hydro Electric Scheme will be very pivotal. It is with this background in mind that as SADC Energy Ministers we have electricity high on our agenda.

Ladies and Gentlemen,

Distinguished Guests,

SADC countries are endowed with different sources of energy and we need to capitalize on this through cross- border electricity trading. In this endeavor, a coordinating unit, the Southern African Power Pool (SAPP) was formed and mandated with coordinating electricity trade in the region. Despite the challenges highlighted above on the regional supply and demand, SAPP has made significant strides on the electricity trading side.

The Competitive Market it launched in late 2009 in the form of the Day Ahead Market is progressing well. SAPP is now operating four products

on their competitive market platform that include, month ahead, week ahead, day ahead and hour ahead markets. Such a market structure provides for flexibility among its members. The traded volumes on the competitive markets have been going up since inception and over USD70 million was exchanged on this market among the SAPP members in 2016. Trading, however, could have been higher if there were no transmission constraints.

We should therefore note the importance of strengthening our transmission systems. Transmission projects are critical to evacuate the power from generation sources to various load centres within the region. There are still a lot of transmission constraints that are affecting electricity trading among the SADC Member States. In 2016 alone, 66% of the energy that was matched and available for trading on the competitive market could not be traded due to transmission constraints.

A number of transmission projects have been identified to remove transmission congestion as well as interconnect all SADC countries and other regional power pools. In the near future, SAPP will be trading power with the whole of Africa. SAPP has been getting support from its cooperating partners to prepare projects to get to bankability stages. Let me take this opportunity to thank our cooperating partners for this unwavering support that has greatly assisted the region to advance its projects.

Ladies and gentlemen,

Distinguished guests,

Let me now briefly share with you the energy situation in my country Zimbabwe. To increase the country's electrical power capacity, we are currently implementing the Kariba South Extension project by adding two more generators at Kariba South Power Station to give a total of 300MW additional capacity. The first unit is planned to be commissioned in December 2017 with the second unit planned for March 2018. We have also set up a 200MW emergency diesel power plant which enabled us to maintain power supply without load shedding in 2016. We are expecting financial closure on the Hwange Expansion Project soon.

There are other projects at various stages of sourcing financing that include coal fired, hydro and solar PV plants. These are being developed by the Government as well as Independent Power Producers.

Zimbabwe intends to take advantage of its central location in the SAPP Grid in providing power wheeling services as well as exporting power to the other SADC member states. We are therefore participating in the development of the Mozambique-Zimbabwe-South Africa (MOZISA) and the Zimbabwe-Zambia- Botswana- Namibia (ZIZABONA) interconnectors. ZESA is strengthening its national transmission capacity by constructing two new 400kV power lines; the Triangle –Orange Grove in the eastern part of the Country and Alaska- Sherwood in the central Region. In addition, the transmission lines which will be constructed for evacuation of power from the Batoka Gorge Hydro Electric Scheme will provide another interconnection for the region.

One of the major concerns of investors in the power sector in Africa is how the Batoka Gorge Hydro Electric Scheme will be financed as well as

the ability of loan repayments. The fear is that the tariffs are not cost reflective and the utilities do not collect revenue efficiently. As SADC Energy Ministers, we have adopted a resolution tabled in 2014 that all tariffs should be cost reflective by 2020 and we are all moving towards that. I have no doubt that by the time of commissioning the Batoka Gorge Hydro Electric Scheme, tariffs in Zambia and Zimbabwe will be cost reflective affording any investor to recoup their investment. We in Zimbabwe, I am sure this is also happening in Zambia, are installing prepayment and smart meters for all consumers. With these Systems in place the utilities will be able to collect all the revenue to billed consumers.

Ladies and gentlemen,

Distinguished Guests,

This conference comes at an opportune time as both Zimbabwe and Zambia; the SADC region and Africa as a whole is embarking on a massive generation expansion programme. The Batoka Gorge Hydro Electric Scheme is one of the regional priority projects as espoused by the AfDB Light Africa Programme and NEPAD's Priority Infrastructure Development programme. Your presence in this conference room gives us confidence that indeed you want to partner us in implementing this life changing project.

We are here with our teams who are running with the project; the Project Steering Committee, the Project Management Unit as well as senior officials from the two Utilities ZESCO of Zambia and ZESA of Zimbabwe.

These will share with you more information on the project as well as that pertaining to their respective energy sectors.

Distinguished Guests,

Ladies and gentlemen,

The old adage holds ‘all work and no play makes Jonny dull” and therefore, I urge you all to relax after the conference by visiting the famous Victoria Falls, one of the wonders of the World, before you fly back to your respective destinations.

**I THANK YOU.**