

CANADIAN COUNSEL FOR AFRICA

**NATURAL RESOURCES AND AFRICAN ECONOMIC DEVELOPMENT
CONFERENCE – NOVEMBER 28TH AND 29TH, 2006.**

KEY-NOTE SPEECH

STEPHEN W. MASON

RT HONOURABLE PRIME MINISTER LOWASSA, MAMA LOWASSA,
HONOURABLE MINISTERS AND MEMBERS OF PARLIAMENT OF
THE UNITED REPUBLIC OF TANZANIA, AND DISTINGUISHED
GUESTS

MA BIBI NA MA BWANA, KARIBUNI SANA, ALL PROTOCOL
OBSERVED

GOOD AFTERNOON, LADIES AND GENTLEMEN. I WOULD LIKE TO
THANK THE CONFERENCE ORGANIZERS FOR PROVIDING
ARTUMAS GROUP WITH THE OPPORTUNITY TO SHARE WITH YOU
SOME OF THE LEARNINGS AND EXPERIENCES DRAWN FROM OUR
TIME IN EASTERN AFRICA.

TEN DAYS FROM NOW, ARTUMAS GROUP WILL COMMISSION THE
FIRST PHASE IN OUR INTEGRATED ENERGY DEVELOPMENT
PROJECT, AND THE REGION OF SOUTHEAST TANZANIA WILL
EMBARK ON A PERIOD OF ECONOMIC AND COMMERCIAL
EXPANSION THAT PROMISES TO BE UNPRECEDENTED IN ITS
HISTORY.

TEN DAYS FROM NOW, A SMALL URBAN CENTER ON THE
SOUTHEAST COAST OF TANZANIA WILL, ARGUABLY, BOAST ONE
OF THE ONLY CLEAN, SECURE, **RELIABLE** AND AFFORDABLE
ELECTRICITY SUPPLIES IN EASTERN AFRICA, A REGION CAUGHT

IN THE MIDST OF A DEBILITATING ENERGY CRISIS. HON. PRIME MINISTER, WITH THE COMMISSIONING OF THE MTWARA ENERGY PROJECT, THE POWER WILL NEVER AGAIN GO OFF IN MTWARA.

TEN DAYS FROM NOW, THE EMPLOYEES OF ARTUMAS GROUP IN CANADA AND TANZANIA, MY COLLEAGUES, WILL TAKE A MOMENT FROM THEIR VARIOUS TASKS AND REFLECT ON THE WINDING, SOMETIMES FRUSTRATING, AND OFTEN TIMES REWARDING, PATH THAT THIS COMPANY HAS TRAVELLED IN ORDER TO REACH THIS STAGE IN OUR DEVELOPMENT.

OVER THE PAST 6 YEARS, I HAVE STOOD IN MANY BOARDROOMS AND AT VARIOUS CONFERENCE PODIUMS, DISCUSSING THE DETAILS OF THE MTWARA ENERGY PROJECT AND THE INTEGRATED ENERGY STRATEGY THAT UNDERPINS THE ARTUMAS BUSINESS MODEL, AND I WILL SHARE SOME OF THAT DETAIL WITH YOU TODAY. THE FOCUS OF MY REMARKS THIS AFTERNOON, HOWEVER, WILL BE ON SOME OF THE LESSONS THAT WE HAVE LEARNED IN MOVING THIS PROJECT, AND THIS BUSINESS PARADIGM, FROM CONCEPT TO REALITY.

THE MTWARA ENERGY PROJECT ENTAILS DELIVERING “THE TOTAL ENERGY SOLUTION” TO TWO REGIONS IN SOUTH EASTERN TANZANIA. THE PROJECT SCOPE INVOLVES THE DEVELOPMENT OF THE MNAZI BAY NATURAL GAS FIELD WHICH INCLUDES A GAS PLANT FACILITY (WITH AN INITIAL INSTALLED CAPACITY OF 25 MMCF/D), A 27 KM GAS PIPELINE AND THE FIRST PHASE, 12 MW POWER GENERATION FACILITY. THE PROJECT ALSO INCLUDES THE UPGRADE AND STRENGTHENING OF A REGIONAL TRANSMISSION GRID AND DISTRIBUTION SYSTEM. ARTUMAS IS PROUD TO BE PROUD TO BE WORKING WITH ANOTHER CANADIAN COMPANY WITH EXPERTISE IN DISTRIBUTION MANAGEMENT AROUND THE WORLD. MANITOBA HYDRO INTERNATIONAL HAS BEEN CONTRACTED TO OPERATE THE REGIONAL DISTRIBUTION SYSTEM . CURRENTLY, MHI IS CURRENTLY MANAGING

DISTRIBUTION SYSTEMS IN NIGERIA AND THE REPUBLIC OF GEORGIA. RECENTLY, MHI WAS AWARDED THE MANAGEMENT SERVICES CONTRACT TO MANAGE KENYA POWER AND LIGHT COMPANY.

RECENT DRILLING BY ARTUMAS HAS VERIFIED A SIGNIFICANT NATURAL GAS RESERVES BASE AT MNAZI BAY, ESTIMATED AT IN EXCESS OF 3.0 TCF. BASED ON THIS SUBSTANTIAL RESERVES, ARTUMAS IS MOVING FORWARD WITH A NUMBER OF PUBLIC AND PRIVATE STAKEHOLDERS TO INVESTIGATE THE FEASIBILITY OF LARGE GAS OFF-TAKE OPTIONS THESE OPTIONS INCLUDE THE CONSTRUCTION OF A 300 MW POWER GENERATION FACILITY AND LINK TO THE NATIONAL GRID IN TANZANIA, PROVIDING THE MUCH NEEDED ELECTRICITY CAPACITY TO TANZANIA, AND OFFSHORE TRANSPORT OF NATURAL GAS TO MARKETS IN KENYA AND SOUTH AFRICA.

ARTUMAS IS PROUD TO HAVE THE NETHERLANDS GOVERNMENT THROUGH ITS DEVELOPMENT FINANCE INSTITUTE, FMO AS A PARTNER IN THE MTWARA ENERGY PROJECT. FMO HOLDS A 20% EQUITY INTEREST IN THE BASE MTWARA ENERGY PROJECT. TO DATE, ARTUMAS AND FMO HAVE SPENT APPROXIMATELY 105 USD. A FURTHER 50 MILLION USD IS PLANNED TO BE SPENT IN 2007.

THE MTWARA ENERGY PROJECT IS THE CORNERSTONE OF THE ARTUMAS BUSINESS PARADIGM. THIS PARADIGM IS NOT UNIQUE, NOR IS IT COMMON IN THE ENERGY SECTOR. IN THAT SIMPLE STATEMENT LIES A WEALTH OF INVESTOR AND PROJECT FINANCING CHALLENGES THAT COULD EASILY OCCUPY THE REMAINDER OF MY TIME, BUT I WILL RESIST THE TEMPTATION. SUFFICE IT TO SAY THAT THE MORE COMPLICATED IS THE STORY, THE GREATER IS THE CHALLENGE OF CONVINCING AN ANALYST OR FINANCIER TO EMBRACE IT.

LET ME MOVE NOW FROM THE SPECIFICS OF THE MTWARA ENERGY PROJECT, AND SHARE WITH YOU SOME THOUGHTS ON THE SOCIO-ECONOMIC FOOTPRINT THAT A PROJECT LIKE THIS CAN HAVE IN THE HOST REGION.

THERE IS AN ONGOING DEBATE WITHIN THE ENERGY SECTOR REGARDING THE APPROPRIATE LEVEL OF ECONOMIC AND SOCIAL INTEGRATION THAT SHOULD BE TAKEN ON BY ENERGY COMPANIES OPERATING IN REMOTE REGIONS AND DEVELOPING ECONOMIES.

ONE SIDE OF THIS DEBATE HOLDS THAT OIL AND GAS COMPANIES SHOULD **MINIMIZE** THEIR DIRECT INVOLVEMENT WITH THE LOCAL COMMUNITY. ENERGY EXPLORATION PROJECTS ARE NOT, BY NATURE, LABOR INTENSIVE, NOR DO THEY PROVIDE **SUSTAINABLE** SKILLED OR UNSKILLED EMPLOYMENT. WHILE ENERGY COMPANIES HAVE THE FINANCIAL CAPABILITY TO AUGMENT, OR EVEN REPLACE, CENTRAL AND LOCAL GOVERNMENTS IN THE PROVISION OF LOCAL SERVICES, SUCH AS SCHOOLS, MEDICAL CARE, AND SOCIAL TRANSFER PROGRAMS, THESE INITIATIVES CANNOT WITHSTAND THE ULTIMATE AND INTENDED WITHDRAWAL OF THE COMPANY FROM THE REGION. ENERGY PROJECTS CAN BE DEFINED AS FINITE IF EXPLORATION ACTIVITIES ARE NOT SUCCESSFUL, AND THEREFORE CARRY THE RISK OF LEAVING BEHIND THEM A DISPLACED POPULATION, RAISED EXPECTATIONS, AND LITTLE SUSTAINABLE ECONOMIC OR SOCIAL DEVELOPMENT.

THE OTHER SIDE OF THIS DEBATE HOLDS THAT OIL AND GAS COMPANIES HAVE AN **OBLIGATION** TO INVEST IN THE SOCIAL AND ECONOMIC FABRIC OF THE HOST REGION. FOREIGN COMPANIES CAN GENERATE WEALTH THROUGH SUCCESSFUL RESOURCE EXPLOITATION THE SUCCESS CARRIES AN OBLIGATION TO SHARE THAT WEALTH CREATION WITH THE LOCAL COMMUNITY. FURTHER, IT IS OFTEN ARGUED, THIS OBLIGATION IS GREATER, THE LESS EXPERIENCED IS THE NATIONAL GOVERNMENT IN

REDISTRIBUTING INCOME AND SERVICES TO THE LOCAL HOST COMMUNITIES.

FOR AN ENERGY COMPANY ENGAGED IN FRONTIER EXPLORATION ACTIVITY, THE ARGUMENT FOR SOCIO-ECONOMIC ISOLATION IS EVEN STRONGER. QUITE OFTEN A LIKELY OUTCOME IN A FRONTIER EXPLORATION PROGRAM IS FAILURE DUE TO GEOLOGICAL RISK. THIS RESULTS IN MANY EXPLORATION COMPANIES LEAVING ONCE THE COMMITMENT CONTRACTS ARE FULFILLED.

IN THE CASE OF THE ARTUMAS BUSINESS PARADIGM, HOWEVER, THERE IS **SIMPLY NO DEBATE** ON THIS QUESTION OF SOCIO-ECONOMIC ENGAGEMENT. COMMERCIALIZATION OF STRANDED GAS RESERVES IS, BY ITS NATURE, A COMMITMENT TO THE LONG-TERM DEVELOPMENT OF THE LOCAL AND REGIONAL ECONOMIES. RATHER THAN ISOLATING ITS IMPACT AND MINIMIZING ITS FOOTPRINT, THE ARTUMAS BUSINESS MODEL **REQUIRES** THAT THE COMPANY EMBRACE THE SOCIAL, ECONOMIC, AND CULTURAL FABRIC OF THESE COMMUNITIES. THIS IS NOT A MATTER OF ALTRUISM OR CORPORATE RESPONSIBILITY. BY INDEGENIZING THE ARTUMAS WORK FORCE, ENCOURAGING COMMERCIAL AND INDUSTRIAL RELOCATION, ENHANCING EDUCATION LEVELS, PROMOTING ENERGY USE AND APPLICATIONS, ALL LEAD TO THE SAME OUTCOME...GROWTH IN DEMAND FOR ELECTRICITY, AND STRENGTHENING OF GAS COMMERCIALIZATION.

IN THIS CONTEXT, I WOULD LIKE TO MENTION SOME OF THE CORPORATE SOCIAL RESPONSIBILITY AND SOCIAL DEVELOPMENT INITIATIVES THAT ARTUMAS GROUP HAS TAKEN ON BOARD IN TANZANIA.

ARTUMAS HAS CONDUCTED EXTENSIVE REGIONAL ANALYSIS AND STAKEHOLDER CONSULTATIONS TO IDENTIFY AND PRIORITISE

THOSE CSR ISSUES OF KEY IMPORTANCE TO THE COUNTRIES IN WHICH WE ARE ENGAGED. IN TANZANIA, WE IDENTIFIED THREE AREAS OF FOCUS AROUND WHICH TO DEVELOP OUR CSR ACTIVITIES: HEALTH AND SAFETY, ENVIRONMENT, AND EDUCATION.

ON HEALTH & SAFETY:

GOOD HEALTH IN THE WORKFORCE AND WIDER COMMUNITY IS VITAL FOR ECONOMICALLY VIABLE BUSINESS OPERATIONS. ARTUMAS IS DETERMINED TO MAKE A MAJOR CONTRIBUTION TO IMPROVING HEALTH THROUGH ITS CORE COMPETENCIES AND EXPERIENCES.

BY WAY OF EXAMPLE, IN AUGUST 2006, ARTUMAS IMPLEMENTED AN HIV/AIDS AWARENESS PROGRAM, TO ADDRESS WHAT IS BY FAR THE MOST DEBILITATING AND CHRONIC HEALTH ISSUE FACING THE FUTURE OF THIS REGION.

ON ENVIRONMENT:

ARTUMAS EMPLOYS THE HIGHEST ENVIRONMENTAL STANDARDS IN ALL OPERATIONS AND PROJECTS.

FOR THE MTWARA ENERGY PROJECT, ARTUMAS CONDUCTED AN ENVIRONMENTAL IMPACT ASSESSMENT IN ACCORDANCE WITH WORLD BANK CATEGORY "A" REQUIREMENTS, APPLIED TO PROJECTS "LIKELY TO HAVE SIGNIFICANT ADVERSE ENVIRONMENTAL IMPACTS THAT ARE SENSITIVE, DIVERSE, OR UNPRECEDENTED." WE BELIEVE THAT THE LOCATION OF OUR UPSTREAM OPERATIONS, IN AN INTERNATIONALLY RECOGNIZED MARINE PARK, MANDATES NOTHING LESS THAN THE MOST STRINGENT OF OPERATING GUIDELINES.

THE RESULTING ENERGY MANAGEMENT PLAN CLEARLY SETS OUT THE COMMITMENTS THAT ARTUMAS AND ITS CONTRACTORS HAVE MADE TO ADDRESS ENVIRONMENTAL AND SOCIAL ISSUES DURING CONSTRUCTION AND OPERATION OF THE PROJECT, AND IDENTIFIES TASKS, RESPONSIBILITIES, SCHEDULES AND BUDGETS FOR ITS COMPONENT PARTS.

BY WAY OF EXAMPLE, IN OCTOBER 2006, ARTUMAS SPONSORED A REGIONAL BEACH CLEAN UP PROGRAM, ENGAGING THE LOCAL COMMUNITIES IN ENVIRONMENTAL AWARENESS TRAINING AND PRACTICES.

ON EDUCATION AND EMPLOYMENT:

ARTUMAS RECOGNISES THAT CAPACITY BUILDING, TRAINING, AND EMPLOYMENT CREATION ARE THE **CORE ENGINES** FOR SUSTAINABLE ECONOMIC GROWTH AND SOCIAL DEVELOPMENT IN THE COUNTRIES IN WHICH WE WORK. OUR OPERATIONS ARE, BY DESIGN, BECOMING AN INCREASINGLY INTEGRAL COMPONENT OF THE COMMUNITIES IN WHICH WE OPERATE.

THE FOCUS OF OUR INITIATIVES IN THE EDUCATION AND EMPLOYMENT ARENA REST ON A FEW BROAD PRINCIPLES:

- ESTABLISHING A SUSTAINABLE, RELIABLE AND PRODUCTIVE LOCAL SUPPLY CHAIN;
- PROCURING GOODS AND SERVICES LOCALLY, AND DISPLACING COSTLY IMPORTS;
- BUILDING A SUSTAINABLE OPERATING AND BUSINESS ENVIRONMENT THROUGH INVESTMENT IN BUSINESS SKILLS AND CAPACITY EXPANSION;
- BUILDING THE COMPANY'S REPUTATION AS A RESPONSIBLE EMPLOYER, MITIGATING THE DESTABILIZING EFFECTS OF LABOR MIGRATION AND ECONOMIC RELOCATION; AND
- IMPLEMENTING AND COMMITTING TO A SET OF POLICIES AND BUSINESS PRINCIPLES THAT WILL DEFINE OUR

CORPORATE CULTURE, ENSURE THAT THE ARTUMAS GROUP IS AN EMPLOYER OF CHOICE IN THE REGION, AND SERVE AS AN EXAMPLE TO LOCAL AND FOREIGN COMPANIES OPERATING IN TANZANIA.

INITIATIVES UNDERTAKEN TO DATE IN THE AREA OF EDUCATION AND EMPLOYMENT INCLUDE:

- CONSTRUCTION OF THREE COMMUNITY & BUSINESS COMPLEXES THAT WILL PROVIDE A COMMERCIAL AND TRADING CENTRE, TOGETHER WITH A RANGE OF SERVICES DESIGNED TO SPARK ECONOMIC ACTIVITY IN THE LOCAL ECONOMY;
- SPONSORING IN 2004 THE DEVELOPMENT OF A COMMERCIAL VEGETABLE FARM INITIATIVE THAT HAS GROWN TO SUPPORT AN ASSOCIATION OF 88 FARMERS, GENERATING MONTHLY REVENUE OF APPROXIMATELY \$1200 AND SUPPLYING THE PRODUCE NEEDS OF BOTH THE ARTUMAS DRILLING CAMP AND THE TOWN OF MTWARA; AND
- PROVISION OF FUNDING FOR A GIRL'S HOSTEL, KITCHEN AND DINING HALL TO SUPPORT THEIR ATTENDANCE TO A SECONDARY EDUCATION INSTITUTION.

THE MTWARA LINDI ENERGY PROJECT IS AN EXAMPLE OF THE GROWING TREND TOWARDS PUBLIC PRIVATE PARTNERSHIPS (PPP) AS A WAY TO FINANCE PROJECTS, BUILD INFRASTRUCTURE, AND DELIVER SERVICES IN DEVELOPING COUNTRIES. THESE COOPERATIVE VENTURES BETWEEN THE PUBLIC AND PRIVATE SECTORS USE THE EXPERTISE OF EACH PARTNER TO MEET CLEARLY DEFINED PUBLIC NEEDS THROUGH THE APPROPRIATE ALLOCATION OF RESOURCES.

ARTUMAS HAS HAD SUCCESS WITH FUNDING SUPPORT FROM THE DUTCH GOVERNMENT, FROM THE EAST AFRICAN DEVELOPMENT BANK; AND INPUT FROM USAID. WE ARE CONFIDENT THAT THE CANADIAN GOVERNMENT WILL SOON FIND ITS WAY CLEAR TO

ENGAGE IN THESE IMPORTANT AND MEANINGFUL INITIATIVES BEING IMPLEMENTED IN EASTERN AFRICA.

ARTUMAS VISION IS TO BE ONE OF THE MOST TRUSTED COMPANIES IN THE MARKETS IN WHICH WE OPERATE. IN 2007, WE WILL IMPLEMENT A FIVE YEAR CSR STRATEGY THAT WILL GUIDE US IN REALIZING THIS VISION.

EVEN A WELL CONCEIVED AND CAREFULLY DESIGNED DEVELOPMENT OPPORTUNITY, INCUBATED IN AN ENVIRONMENT OF SOCIAL, POLITICAL, CULTURAL AND ECONOMIC AWARENESS, CARRIES A HIGH PROBABILITY OF FAILURE IF THERE IS NOT SUBSTANTIAL ALIGNMENT AMONG THE STAKEHOLDERS.

ACHIEVING ALIGNMENT AMONG THE INTERESTED PARTIES, PARTICULARLY IN AN INTEGRATED ENERGY PROJECT SUCH AS THIS, IS SELDOM EASY, AND OFTEN COUNTER-INTUITIVE. THERE IS A FUNDAMENTAL DIFFERENCE IN GOALS AND OBJECTIVES BETWEEN THE PRIVATE AND PUBLIC SECTORS.

- THE PRIVATE SECTOR COMPANY IS ANSWERABLE TO INVESTORS, BOARD MEMBERS, AND ANALYSTS WHO ARE LOOKING TO ACHIEVE AT LEAST, COMPETITIVE RETURNS ON THE CAPITAL THAT THEY ARE INVESTING.
- THE PUBLIC SECTOR REPRESENTATIVES ARE, IN TURN, LOOKING TO SECURE THE MAXIMUM FINANCIAL, SOCIAL AND ECONOMIC BENEFIT FOR THE COUNTRY FROM EXPLOITATION OF NATURAL RESOURCES.
- THE PROJECT FINANCIERS ARE LOOKING TO MINIMIZE PAYMENT AND SOVEREIGN RISK, IN ENVIRONMENTS WHERE ABILITY TO PAY IS OFTEN A KEY QUESTION MARK.

EXPERIENCE HAS TAUGHT US THAT THE ONLY TRUE WAY TO ACHIEVE ALIGNMENT IN A MULTI-FACETED DEVELOPMENT PROJECT SUCH AS THIS IS THROUGH THE CULTIVATION AND

MAINTENANCE OF RELATIONSHIPS THROUGHOUT THE DECISION-MAKING PROCESS.

RELATIONSHIP-BUILDING AT THE HIGHEST LEVELS—BETWEEN SENIOR EXECUTIVES AND GOVERNMENT LEADERS—IS NECESSARY IN ORDER TO ALIGN THE POLITICAL WILL BEHIND THE PROJECT DEVELOPMENT. IF THE POLICY-MAKERS ARE NOT CONVINCED OF THE MERIT OF A PROJECT, IT IS HARD FOR THE DELIVERY AGENCIES TO PUSH THE INITIATIVE FORWARD.

HOWEVER, POLITICAL RELATIONSHIPS ARE A “NECESSARY, BUT NOT A SUFFICIENT” CONDITION. IN DEVELOPING ECONOMIES, ONE CAN BE DEALING WITH DECADES OF ONE-SIDED AGREEMENTS AND DECISIONS MADE IN TIMES OF CRISIS THAT, TOGETHER, HAVE LEFT A LEGACY OF DISTRUST. IT IS IMPORTANT, THEREFORE, THAT RELATIONSHIPS BE ESTABLISHED BETWEEN THE BUREAUCRATS CHARGED WITH REPRESENTING THE INTERESTS OF THEIR GOVERNMENT, AND THE OFFICERS AND EMPLOYEES CHARGED WITH REPRESENTING THE INTERESTS OF THE COMPANY. THESE RELATIONSHIPS MUST BE BUILT ON TRUST, RESPECT AND MUTUAL CONSIDERATION.

INSTITUTIONAL CAPACITY

ONE OF THE CHALLENGES THAT ONE CAN ENCOUNTER IN BUILDING A BUSINESS IN A DEVELOPING REGION IS THE CAPACITY OF THE VARIOUS INSTITUTIONS AND GOVERNMENT AGENCIES TO NEGOTIATE AND MANAGE A SIGNIFICANT ENERGY SECTOR DEVELOPMENT.

IN SOME INSTANCES, THIS INSTITUTIONAL CAPACITY HAS NEVER BEEN ESTABLISHED, FOR EXAMPLE, IN COUNTRIES WITH A NEWLY EMERGING UPSTREAM SECTOR. GENERIC CONTRACT TERMS AND FISCAL MODELS ARE OFTEN ADOPTED FROM OUTSIDE CONSULTANTS OR DONOR AGENCIES, WITH ONLY LIMITED

EXPERIENCE INSIDE THE BUREAUCRACY WITH THE NEGOTIATION OR MODELING OF THESE AGREEMENTS.

ENERGY POLICIES AND ENERGY REGULATION ARE OFTEN EVOLVING AS THE COMPANY EXECUTES ITS WORK PROGRAM, WITH EACH NEW CHALLENGE...PORT ACCESS, INVENTORY MANAGEMENT, IMPORT OF GOODS AND SERVICES, EASEMENTS, ENVIRONMENTAL IMPACTS, LOCAL CONTENT...CARRYING THE POTENTIAL FOR NEW RULES AND REGULATIONS.

LET ME BE CLEAR ON THIS POINT. ANY ENERGY COMPANY...AND INDEED, ANY COMPETENT CORPORATE INTEREST...WILL PREFER TO DEAL WITH A KNOWLEDGEABLE, INFORMED, AND EXPERIENCED GOVERNMENT BUREAUCRACY AND REGULATORY AGENCY. CLARITY AND STABILITY OF THE RULES OF ENGAGEMENT ARE NECESSARY CONDITIONS FOR BUSINESS SUCCESS. WHATEVER SHORT-TERM BENEFITS A COMPANY MAY BELIEVE IT CAN SECURE BY DECEIVING AN UNINFORMED OR OVER-TAXED GOVERNMENT COUNTERPART WILL INEVITABLY BE OFFSET THROUGH DISTRUST AND A SUBSEQUENT UNWILLINGNESS TO MAKE A DECISION IN SUBSEQUENT NEGOTIATIONS.

WITHIN THE CHALLENGE OF INSTITUTIONAL CAPACITY LIES ANOTHER OF THOSE "VICIOUS CIRCLES" SO COMMON IN THE DEVELOPING ECONOMIES. IN ESTABLISHING A PRESENCE IN A REGION, THE ENERGY COMPANY WILL OFFER COMPETITIVE WAGES AND BENEFITS IN ORDER TO ATTRACT THE BEST AND THE BRIGHTEST FROM THE LOCAL WORKFORCE...LAWYERS, ACCOUNTANTS, ADMINISTRATORS, MANAGERIAL STAFF, AND SO ON THROUGH THE PROFESSIONAL DISCIPLINES. AND WHERE DO THESE RESOURCES COME FROM? IN MANY INSTANCES, FROM THE ALREADY OVERTAXED GOVERNMENT BUREAUCRACY, THEREBY WEAKENING FURTHER THE ABILITY OF THE BUREAUCRATS AND REGULATORS TO ESTABLISH THE STABLE,

TRANSPARENT OPERATING ENVIRONMENT THAT THE INVESTOR IS SEEKING.

IN CLOSING, LET ME STATE THAT ARTUMAS' EXPERIENCE IN TANZANIA HAS MET MANY CHALLENGES ALONG THE WAY. HOWEVER, OUR EXPERIENCE HAS NOT BEEN WITHOUT REWARD. THE FOUNDATION OF THE REQUIRED INSTITUTIONAL CAPACITY WAS LAID BY THE FORMER GOVERNMENT OF THE UNITED REPUBLIC OF TANZANIA LED BY FORMER PRESIDENT MKAPA. THE NEW TANZANIAN GOVERNMENT LED BY HIS EXCELLENCY, PRESIDENT KIKWETE AND THE RT. HONOURABLE EDWARD LOWASSA IS COMMITTED TO BUILDING UPON THIS FOUNDATION, ENSURING THAT TANZANIA REMAINS A "COUNTRY OF CHOICE" FOR FOREIGN INVESTMENT BY COMPANIES LIKE ARTUMAS.

HON. PRIME MINISTER, ARTUMAS LOOKS FORWARD TO A LONG STANDING PARTNERSHIP WITH YOUR GOVERNMENT. OUR SUCCESS WILL BE A TESTAMENT TO YOUR GOVERNMENTS EFFORTS IN CREATING A HEALTHY AND OPEN OPERATING ENVIRONMENT FOR FOREIGN DIRECT INVESTMENT.

FURTHER, I AM VERY PLEASE TO STATE, THE SIGNIFICANT NATURAL GAS RESERVES IN MNAZI BAY WILL PROVIDE RELIABLE, ACCESSIBLE AND AFFORDABLE ENERGY TO TANZANIA FOR GENERATIONS TO COME. THUS BEING A MAJOR CATALYST FOR THE GOVERNMENT'S GOAL OF SUSTAINABLE ECONOMIC DEVELOPMENT AND ULTIMATE POVERTY ALLEVIATION.

MR. PRIME MINISTER, ARTUMAS AND ITS PARTNER FMO ARE VERY PROUD TO BE PART OF THE EQUATION TO HELP YOU REACH THIS GOAL.

LAST BUT NOT LEAST, MY COMPLEMENTS TO MY FRIENDS FROM TANZANIA AND TO THE REST OF THE DELEGATION FROM FAR WARMER CLIMATES, FOR MAINTAINING YOUR HIGH SPIRITS IN THE

FACE OF SUCH EXTREMELY INHOSPITABLE WEATHER. I AM AFRAID THAT AFTER THE MANY WEEKS AND MONTHS SPENT IN EASTERN AFRICA, THE CONDITIONS IN CALGARY MAKE EVEN THIS CALGARIAN SHIVER.

MR. PRIME MINISTER TO YOU AND THE REST OF THE TANZANIAN DELEGATION, SAFARI NJEMA.

ASANTE SANA.....THANK YOU EVERYONE VERY MUCH FOR LISTENING.