

Uma Oya Hydro Power Project to be launched



James W. Spain

The US\$200 million Uma Oya Hydro Power Project will be launched shortly by Lanka Infrastructures Ltd., a Sri Lankan company headed by James W. Spain, a former US ambassador to Sri Lanka (1985-1989), now a guest investor. Following negotiations between Lanka Infrastructures Ltd., and the People's Republic of China, a proposal was developed under which a 100 MW power project would be built in South East Sri Lanka. This power project is aimed at meeting Sri Lanka's mid-term and long-term energy needs.

The project itself involves two dams, one on the Uma Oya at Puhulpola and the other on the Mahatotilla at Dyrabba. One of the attractions of the project is that water which would otherwise be wasted, will be directed to the dry zone at a point some 60 miles north of Hambantota. In its construction period the project is expected to provide an average of 8000 additional employment in the south. Once the project becomes operational 20,000 employment opportunities will be created. The additional advantages are that with this project 210MCM of water would be available for irrigation of approximately 8000 hectares of land in the south. This project would also lead to the development of a broad-based public- private enterprise, in which the citizens of the south and uva could both jointly own and operate the power and irrigation facilities of the Uma Oya project.

The total cost of the project is expected to be over US\$200 million. The Bank of China will provide a loan that would cover the entire cost but the Sri Lankan Government will have to guarantee the loan. In return, the Sri Lankan Government would own the project outright. The construction work will be carried out by Hainan SIT Enterprises. The initial support and management for

the operation of the project will be undertaken by Lanka Infrastructures Ltd.