



Review and Recommendations on Norway's Role as Lead ICP for Energy within SADC

Report from a Fact-finding Mission

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Report from a Fact-finding Mission

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FOREWORD

The restructuring process of SADC has resulted in the establishing of a new partnership between SADC and its International Co-operating Partners (ICP) in order to improve the dialogue and facilitate co-operation. SADC has launched Norway as the lead ICP for the energy sector.

The Norwegian Embassy in Maputo has requested Norad to organize a fact finding mission to the region in order to review and make recommendations on how to prepare for Norway's role as lead ICP. The Team should base its recommendations on consultations with the SADC-Secretariat, relevant ICPs and other key stakeholders in the region.

The Mission took place from 4-15 June 2007 with the following team:

- Mr. Morten Svelle, Norad (Team Leader)
- Mr. Kristian Løkke, NVE
- Mr. Fernando Julião, Consultant

In addition to this mission Mr. Kristian Løkke visited the Coordination Centre of the Southern African Power Pool in Harare on 3 May 2007.

The Team would like to express its sincere thanks to all the institutions and the persons met during the mission, in particular for providing information and inputs of great importance for the recommendations. The information and views will be important support for the Norwegian Embassy in Maputo in establishing an effective coordination of the development cooperation between SADC and ICPs.

The Team highly appreciates the professional inputs provided by the staff at the Norwegian Embassies in Pretoria and Maputo, and for setting up the program and making the necessary arrangements which were necessary for the Team to carry out its tasks efficiently.

Oslo/Johannesburg

August 2007

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0. ABBREVIATIONS

AfDB	African Development Bank
CDM	Clean Development Mechanism
CG	Core Group
DBSA	Development Bank of Southern Africa
DFID	UK Department for International Development
EAP	SADC Energy Activity Plan
EC	European Commission
EDM	Electricidade de Moçambique, The Mozambican National Utility
EIB	European Development Bank
ESKOM	The South African National Utility
ESI	Electricity Supply Industry
ETG	Energy Thematic Group
EU	European Union
GTZ	German Technical Cooperation
ICP	International Cooperating Partner
IFI	International Financing Institutions
IPP	Independent Power Producer
JTG	Joint Task Force
MoTraCo -	Mozambique Transmission Company, jointly owned by EDM, ESKOM and SEB
NEPAD	New Partnership for Africa's Development
Norad	Norwegian Agency for International Development
NRSE	New and Renewable Sources of Energy
NVE	Norwegian Water Resources and Energy Directorate
PPA	Power Purchase Agreement
PPP	Private Public Partnership
ProBEC	Programme for Biomass Energy Conservation
PV	Photo Voltaic
RECs	Regional Economic Communities
RERA	Regional Electricity Regulators Association
RISDP	Regional Indicative Strategic Development Plan
SACTEN	Southern Africa Clean Energy Technology Network
SADC	Southern African Development Community
SAPP	Southern African Power Pool
SAPP CC	Southern African Power Pool Coordination Centre Harare
SEB	Swaziland Electricity Board, the Swaziland National Utility
SHP	Small Scale Hydro Power
SIPO	Strategic Plan for the Organ
TG	Thematic Group
TGE	Thematic Group Energy
TOR	Terms of Reference
UNDP	United Nations Development Programme

1. EXECUTIVE SUMMARY

1.1 Introduction

In the Regional Indicative Strategic Development Plan (RISDP) and the Strategic Plan for the Organ (SIPO), SADC and International Co-operating Partners (ICPs) have developed a new partnership between SADC and the ICPs. This Partnership is intended to provide a structure for effective dialogue between SADC and ICPs and to guide future co-operation between SADC and ICPs for the achievement of SADC's socio-economic development agenda.

SADC has launched Norway as the lead ICP for the thematic group for the energy sector (ETG).

The objectives of the arrangement with a lead ICP of a thematic group is to assist SADC in facilitating coordination of ICPs involved or interested in the given thematic area, and to strategically advise the Secretariat and other SADC structures on ICPs comparative advantages, and individual ICP priorities of support.

The main purpose of this review has been to provide advice to the Norwegian Embassy in Maputo on how Norway can fill the role as lead and meet the expectations from SADC and ICPs in this respect.

1.2 Main Findings

There was an unambiguous positive attitude towards the proposed coordinating structure amongst all ICPs met and from the SADC Secretariat. The expectations to the structure were also high.

There exist extensive lists of new generation and transmission projects that would both relieve the existing electricity deficit situation and cover the more long term increase in the use of electricity in the region. The major part of these projects has received a positive response from ICPs, but they are not at the bankable level which is normally required for financial involvement by IFIs.

There are evidences of an increased interest and involvement of the Private Sector in the power sector in the region. A materialization of this interest into concrete projects will amongst other things require a strengthening of the national electricity regulators and the development of a regulatory framework for regional trading.

Draft Terms of Reference for the Energy Thematic Group (ETG) is presented in Annex V. This draft will be discussed in the first meeting of the ETG and a final draft version will be presented for an approval of the Coordination Group (CG).

The first meeting of the ETG should focus on discussions on methodologies of work and operational framework of the group, and less on programs and project developments. The rationale for this approach relates to the need of the ETG to establish a clear mandate and working framework from the start of its operation, and thereby creating the necessary conditions for its future success. A draft agenda for the first meeting has been developed and is presented under Section 7.2.

SADC will convene the meeting during October/November 2007 in Gaborone.

During the meetings with ICPs and the other institutions, the Team invited them to nominate candidates to be included in networking activities according to the TOR for the ETG. All parties showed a very positive approach to this, and the candidates are given in Annex II.

The tasks of the Coordinator are extensively described in the Draft Terms of Reference for the position (a copy of the Draft is given as Annex XI).

The Team is considering the TOR for the Coordinator to be very extensive and to demand a professional insight most probably too broad to be covered through the one person being assigned in the position as Coordinator. The Coordinator would hence need adequate support from external professional sources, but also from the SADC Secretariat, regional professional institutions as SAPP and RERA, and last, but not least from other Norwegian Embassies in the region.

The Team would also like to emphasise that the TOR and its fulfilment should be considered in a medium to long term perspective, i.e. 5-10 years. This should also be taken into consideration in the evaluation of achievements made during the first phase of the work.

For the first 2–4 years priority should be given to:

- (i) Plan the first Thematic Energy Meeting and establish the mode of operation of the Group.
- (ii) Establish and operationalise a network consisting of ICPs and other key stakeholders within the sector.
- (iii) Initiate a process of identifying the status of the most promising interconnection and regional generation projects in terms of progress and funding commitments. Potential hindrances should also be identified and appropriate rectifying actions recommended.
- (iv) Identify the cooperation approaches within the sector between ICPs, between ICPs and SADC and possibilities for extended cooperation.
- (v) Initiate and establish a system for systematic gathering and distribution of information on project plans and status as well as other appropriate information as a tool for improving information sharing between the institutions involved in the energy sector in the regions.
- (vi) Initiate activities including appropriate forums to improve information flow and the basis for a more efficient coordination of the work on New Renewable Sources of Energy (NRSE) and Energy Efficiency in the region.
- (vii) Follow-up developments of the SADC Energy Activity Plan and coordinate inputs from ICPs.

1.3 Recommendations

In order to meet the high expectations to the new coordination structure, the following are found to be of particular importance:

- The ICP-arrangement would need full commitment from all sector stakeholders and institutions. The Norwegian Embassies in the region should take on a particular responsibility to facilitate such commitments from each involved country.
- The ICP coordination concept is new and the existing experience of implementation in other sectors is limited. It is hence advisable to apply to a simple organisational set-up for the coordination function and establish clear lines of communication with the SADC-Secretariat and efficient networking activities towards and amongst the ICPs and other stakeholders both at regional and national levels.
- SADC should give priority to the strengthening of the SADC Secretariat's capacity to perform its intended roles as the leading institution in terms of setting up the policy and strategy for the regional development of the energy sector as intended. The capacity of the Secretariat should also be reinforced in order to ensure its capabilities to perform its coordination and monitoring roles in this development.
- The Coordinator will be instrumental in assisting the SADC-secretariat to reinforce its role as leader of the energy development process in the region. In order to

facilitate this, the Coordinator should visit Gaborone regularly and spend significant working time there.

- As the traditional energy sources still will dominate the energy use for the major part of the population in the region in the foreseeable future, the establishment of organisational and/or institutional instruments to facilitate a coordinated, effective and sustainable development of these sources must be supported. Some interesting initiatives have already been established (ProBec is a good example), and the Coordinator should investigate whether there is a basis for developing these initiatives into such instruments.
- As the promotion of coordinated and complementary approaches between the different ICPs is the most important task in the new structure, the cooperation approaches between ICPs and between ICPs and SADC – both for existing and new projects/programmes – should be more extensively identified. The potential for an extended degree of coordination should also be identified.

The Energy Thematic Group (ETG) will represent the interface between SADC and the ICPs in terms of improving the efficiency and effectiveness of the development of the sector as well as facilitating planning and monitoring of the implementation of the various SADC energy initiatives, programs and projects. As such the ETG is definitely also a very important instrument in supporting the coordination role of Norway and hence it is of critical importance to ensure an optimal operation of the Group. The TOR prepared for the ETG describes its main organisational and operational principles. In order to secure a proper functionality of the ETG, attention should be paid to the following issues during the initial stages of the establishment and operation of the group:

- As the Energy Thematic Group would be a very important instrument in facilitating efficient energy sector development and coordination, SADC should take the active lead in the establishing and subsequent operation of the group. Both Norway, as the Lead ICP, and the Coordinator should support SADC in undertaking this function to secure that SADC is able to take the actual ownership of the process and prevent any tendency of the ETG being donor dominated.
- The character of and challenges to the energy sector in the region are fragmented making it difficult to encompass all relevant issues within the scope of just one thematic group. It should therefore be considered whether there is a possibility and rationale to establish ad-hoc or more permanent sub-groups for more specific tasks or areas. This is particularly interesting for the traditional energy sources where there do not seem to exist any formal structures that could promote a coordinated and efficient regional development of the use of these.
- The ETG will only meet quarterly or semi-annually. To ensure a proper continuity of the work between these meetings, appropriate mechanisms and reporting structures should be established to secure that agreed initiatives and actions are followed up.
- An efficient coordinated approach and joint priorities between the ICPs would require consensus amongst all the involved stakeholders, and the ETG would be instrumental in establishing such a consensus. This is definitely a challenging process and ample time should be allocated and appropriate actions taken to secure a successful outcome of this process.

The regional institutions established for promoting regional integration in the power sector, e.g. SAPP and RERA, should be used to the extent possible both because they already possess a high level of competence, and because a more extensive involvement would extend this further and promote regional capacity building.

2. INTRODUCTION

2.1 Background

SADC has developed new strategies in the Regional Indicative Strategic Development Plan (RISDP) and the Strategic Plan for the Organ (SIPO). The strategies calls for effective implementation of the SADC Common Agenda of promoting sustainable and equitable economic growth and socio-economic development through efficient productive systems based on a programme - rather than project-based approaches. For effective implementation SADC and the International Co-operating Partners (ICPs) have developed a New SADC/ICP Partnership. This Partnership is intended to provide a structure for effective dialogue between SADC and ICPs and to guide future co-operation between SADC and ICPs for the achievement of SADC's socio-economic development agenda.

In October 2006 SADC launched Norway as lead ICP in the energy sector.

The objectives of the arrangement with a lead ICP of a thematic group is to assist SADC in facilitating coordination of ICPs involved or interested in the given thematic area, and to strategically advise the Secretariat and other SADC structures on each ICPs comparative advantages, and individual ICPs' priorities of support.

The roles of the lead ICP include supporting SADC in:

- Building partnerships for implementation of the common Agenda;
- Promoting and coordinating thematic areas or programmatic approaches to implementation of the Agenda, including assisting SADC in validating and/or identifying pertinence of programmes, projects or other activities requiring intervention of ICPs;
- Mobilizing knowledge, financial and/or other resources by identifying potential partners for thematic programmes and projects;
- Promoting and coordinating multi-source funding approaches and mechanisms for the implementation of the Common Agenda;
- Promoting the synchronization of ICPs' dialogue and assistance with SADC programming and funding of activities;
- Facilitating coordinated consultations among ICPs and assist SADC in its endeavours towards coordinated consultations with ICPs in a thematic area.

2.2 Scope of Work

The Norwegian Embassy in Maputo requested Norad to undertake a fact finding mission in order to review SADC and ICPs priorities in the energy sector in preparation

The main objective was to come up with findings and recommendations as part of the process to prepare for Norway's role as lead ICP. This was to be done through consultations with the SADC Secretariat, ICPs and other key stakeholders. Discussions was also to be held with the SADC-secretariat to agree on timing of events.

The mission and the review should prepare:

- A platform for networking / confidence-building through establishing draft Terms of Reference for the SADC/ICP Energy Thematic Group, to be discussed at the first thematic donor coordination meeting in energy;
- An overview of SADC priorities in the energy sector, with reference to the SADC and NEPAD priority lists;
- An overview of ICPs present and planned support, their priorities and position regarding possible new funding mechanisms;

- A matrix or programme for the "soft areas" (e.g. renewable energy, energy saving, regulators, the power pool and training) order to identify gaps, this could in the future be made into a multi donor programme, and
- An agenda for the first ICP preparatory meeting and input for the first thematic coordination group meeting to be held in late spring 2007.

The tasks for the review include the following points:

- Visit the SADC secretariat in Gaborone and relevant offices of SADC donors dealing with, or planning to support, the energy sector in Maputo, Gaborone, Harare and Pretoria.
- Contact donor agencies headquarters in order to obtain information about activities in the sub-region that have regional aspects.
- Map out ongoing support to SADC in energy and support to regional programmes in the energy sector within the SADC area.
- Map out donor agency policies of relevance for the SADC energy co-operation and modalities for donor support to the energy sector.
- Review possible common arrangements for planning, funding, disbursement, monitoring, evaluation and reporting.
- Start up consultations among ICPs to assist SADC in its endeavours towards co-ordinated consultations with ICPs involved in energy.
- Assess ICPs comparative advantages, and individual ICP priorities of support.
- Identify private sector interest in energy in the SADC-region.
- Draft a TOR for the energy co-ordination group in consultation with energy ICPs, and on the basis the SADC Guidelines for Thematic Co-ordination Groups.
- Establish a network of individuals working in relevant donor agencies in Gaborone, Pretoria, Harare and Maputo.
- Design a matrix or programme for the "soft areas" (e.g. renewable energy, energy saving, regulators, the power pool and training) in order to identify gaps, this could in the future be made into a multi donor programme.
- Plan for the thematic coordination group meeting in Gaborone which will be convened by the Secretariat and the preparatory donor meeting tentative in May/June 2007 in Maputo.

The Team were requested to focus on the following outputs:

- Draft TOR for the energy co-ordination group.
- List of contacts among ICPs.
- Overview of ICPs existing and planned support to regional activities in SADC countries.
- Overview of priority projects related to both SADC and NEPADs lists.
- Matrix for donor support to the more programmatic areas of support
- Short review of possible mechanisms for more coordinated support.
- Draft agenda for ICP meeting in Maputo.

A copy of the Terms of Reference is enclosed as Annex I.

2.3 Approach

The Mission took place from 4 June to 15 June 2007 with a team consisting of

- Mr. Morten Svelle, Norad (Team Leader)
- Mr. Kristian Løkke, NVE
- Mr. Fernando Julião, Consultant

In addition to this mission Mr. Kristian Løkke visited the Coordination Centre of the Southern African Power Pool in Harare on 3 May 2007.

The Team met with the SADC Secretariat, ICPs dealing with or planning to support the energy sector as well as other key stakeholders in the energy sector in the region. An inventory of people met is given as Annex II.

The meetings included two main issues:

1. Information on ongoing and planned support to the energy sector on bilateral and regional level as well as relevant strategies and policies; and
2. Consultations and views on the organization of the coordination, the needs for coordination and the priorities for the Coordinator.

The review is also based on a desk review of key documents like the Windhoek Declaration on a New SADC – ICP Partnership, the Windhoek Declaration Implementation Action Plan, the Regional Indicative Strategic Development Plan (RISDP) and the Strategic Plan for the Organ (SIPO) and the Record of the Meeting of SADC Ministers Responsible for Energy – Harare 25 April 2007.

A list of documents studied and made available to the Team during its mission is at Annex VI.

3. ENERGY WITHIN SADC – STRUCTURAL AND OPERATIONAL ISSUES

3.1. The SADC Energy Activity Plan (EAP)

In the meeting of SADC Energy Ministers in Arusha, Tanzania in June 1997, the Ministers approved the SADC Energy Sector Action Plan, as a framework for elaboration of a more detailed and operational activity plan, the SADC Energy Sector Activity Plan (EAP). The EAP was prepared in 2000 by a Task Team of consultants supervised by the SADC Energy Sector – Technical and Administrative Unit (TAU) which was located within the Angolan Ministry of Energy. The overall objective of the EAP was to detail a programme of prioritised activities that could be implemented over a 3-5 year period up to 2005. In the elaboration of the EAP it was imperative that the activities be appropriate, affordable and contribute significantly to the sustainable development of the energy sector. In addition the consultants were to advice on the best options for the institutional organisation, co-ordination and management of the programme of activities.

In their meeting in Harare 25 April 2007 the Ministers noted that due to the restructuring exercise and centralization of activities at the SADC Secretariat, the energy staff had been substantially reduced (from around 25 at the TAU to only one at the secretariat). As a result the EAP, which was supposed to have been implemented by 2005, had not been entirely implemented. In addition a lot of changes had taken place within the SADC Secretariat and in the energy sector both regionally and internationally.

The Ministers noted that the 2007/08 SADC Budget provides for consultancy services to update and realign the SADC Energy Activity Plan with the Regional Indicative Strategic Development Plan (RISDP) and the related continental developments. This would enhance the ability of SADC to engage the International Cooperating Partners (ICPs), donors and financiers in resource mobilization as well as the capability of the member states to plan investments and satisfy the growing energy demand. The output of the proposed consultancy will be a Revised SADC Energy Activity Plan with recommendations on the best strategies to successfully implement the proposed programmes and activities. This review will be completed within the 2007-2008 financial year.

3.2. SADC-ICP Cooperation & Thematic Groups

In order to effectively implement the SADC Common Agenda as outlined in the **RISDP and SIPO**, SADC and International Cooperating Partners (ICPs) have developed a **New SADC/ICP Partnership** for the implementation of the SADC Common Agenda. The New Partnership as outlined in the draft **Windhoek Declaration** would provide a structure for

effective dialogue between SADC and ICPs and guide future cooperation between SADC and ICPs for the achievement of SADC's socio-economic development agenda.

Thematic coordination provides a platform giving attention to specific priority areas by SADC and by ICPs interested in a particular area as well as giving an opportunity for pooling resources together and implementing specific programmes in areas of common interest.

The main objectives of the thematic coordination include creating:

- Platforms for SADC and representatives of the International Cooperating Partners (ICP) for **networking/confidence-building**.
- Forums for **exchanging ideas and enhancing dialogue** on strategic issues (consultation).
- Networks for **exchanging and disseminating information** (progress reports, SADC decisions, global developments etc).
- Forums for **coordinating activities** to avoid overlaps and achieve maximum synergies with other donors, other SADC activities, sub-regional and global initiatives/actions.
- **Resource mobilization** mechanisms on funding gaps including coordinating the utilization of secured funding.
- Platforms for developing Joint Financing & Technical Cooperation Arrangements which could include basket funding mechanisms etc. in line with the New SADC/ICP Partnership and the Paris Declaration.

In order to promote harmonization of efforts of various ICPs, a **Lead ICP** of each of the thematic groups should be identified in order to lead to more coherent, effective and efficient mobilization and utilization of resources for regional cooperation and integration in SADC.

The **objective** of having a lead ICP is to assist SADC in facilitating coordination of ICPs involved or interested in a thematic area, and to strategically advise the Secretariat and other SADC structures on ICP comparative advantages, and individual ICP priorities of support.

The **roles of the lead ICP** in a sector or issue may include supporting SADC in:

- Building partnerships for implementation of the RISDP and SIPO thematic areas.
- Promoting and coordinating thematic areas or programmatic approaches to implementation of the RISDP and SIPO thematic areas. In this context, where relevant, assist SADC in validating and / or identifying pertinence of programmes, projects or other activities requiring intervention of ICPs.
- Mobilizing knowledge, financial and / or other resources by identifying potential partners for thematic programmes and projects.
- Promoting and coordinating multi-source funding approaches and mechanisms for the implementation of the RISDP and SIPO in a thematic area.
- Promoting the synchronization of ICPs' dialogue and assistance with SADC programming and funding of activities.
- Facilitating coordinated consultations among ICPs and assist SADC in its endeavours towards coordinated consultations with ICPs in a thematic area.

On 31 October 2006 SADC launched Norway as lead ICP in the energy sector.

The organisational structure of the Thematic Coordination would be as given below:

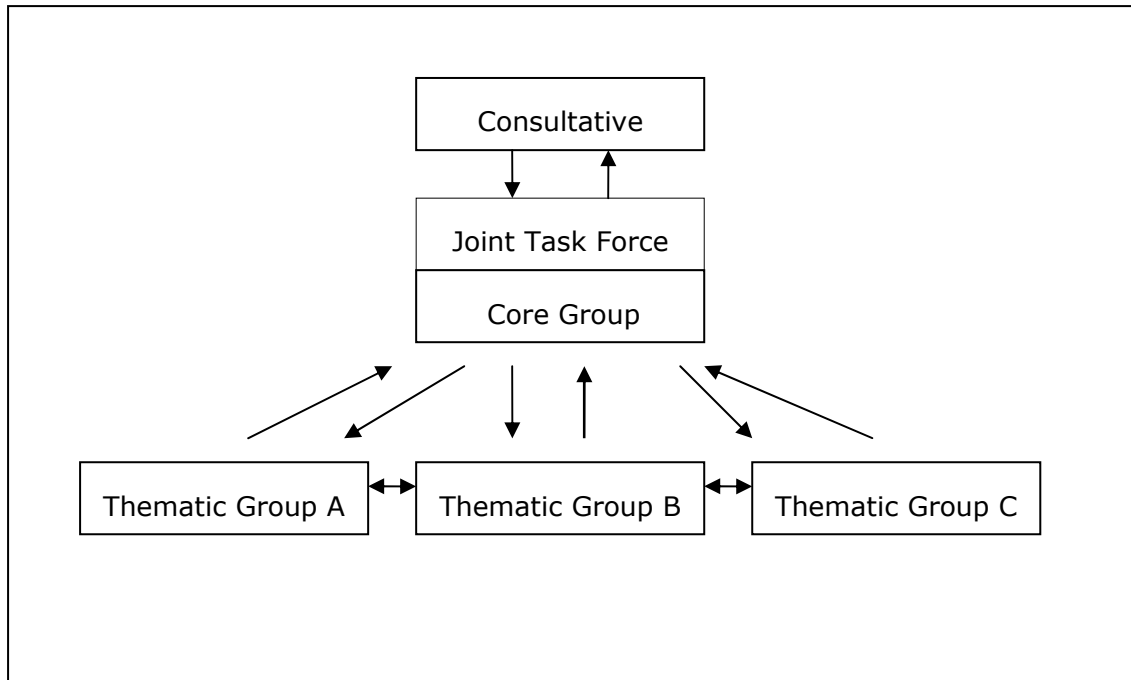


Figure 1. Organisational structure of the Thematic Coordination.

Consultative Conference: Dialogue at Ministerial level of both ICPs and SADC specifying issues where political issues about partnership may be required from both SADC and ICPs – spelling out implications of changing political ideas for the scope of partnership – Inform political authorities of new policy approaches and their implications.

Joint SADC – ICP Task Force (JTF): Wider group of ICPs and SADC representatives to constitute a link between the top level political decisions and the thematic groups. The JTF will consist of representatives from the SADC Secretariat at Senior Officials level, SADC Ambassadors, ICPs ambassadors and/or Senior Officials.

Core Group: The Group will manage and coordinate the day-to-day operation of JTF and consists of ICPs represented in Gaborone, representatives of SADC and is also open for representation for all members of JTF.

3.3. The Southern African Power Pool (SAPP)

SAPP was created in April 1995 through the SADC treaty to optimise the use of available energy resources amongst the countries in the region and support one another during emergencies. Recently SAPP has opened for membership for all Electricity Supply Enterprises in the region (Power Utilities, Independent Power Producers, Independent Transmission Companies and/or Service Providers for the electricity market) and actors outside the region that in some way or another are connected to the transmission grid system within the SAPP region.

The basis for the SAPP activities is the need for all participants to:

- Co-ordinate and co-operate in the planning and operation of their systems to minimise costs while maintaining reliability, autonomy and self-sufficiency to the degree they desire;
- Fully recover their costs and share equitably in the resulting benefits, including reductions in required generating capacity, reductions in fuel costs and improved use of hydroelectric energy;
- Co-ordinate and co-operate in the planning, development and operation of a regional electricity market based on the requirements of SADC Member States.

There are several steering documents regulating the operation of SAPP. The **Inter-governmental memorandum of understanding (IGMOU)** of the SADC members granting permission for the national utilities to participate in the power pool and enter into contracts, and guarantees the financial and technical performance of the power utilities.

In addition there are several committees relating to various professional areas of operation of SAPP such as an **Operating Sub-Committee**, a **Planning Sub-Committee**, an **Environmental Sub-Committee** and a **Markets Sub-Committee**. The committees consist of a maximum of two representatives per member of SAPP with a sufficient seniority in their own organisation to make all relevant decisions.

The **Coordination Centre** (SAPP-CC) was established in Harare, Zimbabwe, at the beginning of the year 2000 and there are, in addition to the Centre Manager, a total of 7 support staff are presently employed at the Centre within the following fields; system planning, finance, information technology, environment and secretarial services.

A Short Term Energy Market (STEM) administered by the Coordination Centre commenced operation in April 2001 permitting the participants to trade energy on a day ahead hourly basis between themselves through bilateral arrangements.

Through financial assistance from Norway a competitive market along the same principles as the Nordic power market is presently being established and planned to be officially opened towards the end of 2007. This will make the SAPP-market by far the geographically greatest competitive regional electricity market in the world. Through this market a more flexible trading system will be established accommodating trading at the pool with varying demand profiles and varying prices, and provide the necessary basis for the development of subsequent financial markets. The trading system will also provide transparent and predictable price indicators being key elements in attracting new investors and other actors considering entering the power sector within the region.

In order to assure a proper development and operation of a competitive market, SAPP has developed long-term transmission pricing policies and an ancillary services market with Technical Assistance financed by Sweden.

At their meetings in Harare 25 April 2007, the Ministers responsible for the energy sector directed the SADC Secretariat, the SAPP and DBSA to facilitate urgently, and in collaboration with other partners, the project development, packaging and feasibility studies for all outstanding SADC regional generation and inter-connector projects, and submit a progress report to the next meeting of Ministers.

SAPP has recently requested Norway and Sweden for a continued support i.a. covering the following activities:

- Training of SAPP Project Managers in project packaging, formulation of power purchase agreements, and project marketing strategies through workshops and seminars and information sharing;
- Market monitoring and evaluation;
- Completion of the revision of the steering documents of SAPP;
- Capacity Building in pool management and operations;
- Development of a regulatory framework for regional trade.

A broader presentation of SAPP is given in Annex III.

3.4. Regional Electricity Regulators Association (RERA)

The **Regional Electricity Regulators Association RERA** was approved as a formal association of independent electricity regulators by the SADC Ministers responsible for Energy on 12 July 2002 in Maseru.

RERA has the following 3 strategic objectives:

- **Capacity Building & Information Sharing;** Facilitate electricity regulatory capacity building among Members at both a national and regional level through information sharing and skills training.
- **Facilitation of Electricity Supply Industry (ESI) Policy, Legislation and Regulations;** Facilitate harmonized ESI policy, legislation and regulations for cross-border trading, focusing on terms and conditions for access to transmission capacity and cross-border tariffs.
- **Regional Regulatory Cooperation** Deliberate and make recommendations on issues that affect the economic efficiency of electricity interconnections and electricity trade among members which fall outside national jurisdiction, and to exercise such powers as may be conferred on RERA through the SADC Energy Protocol.

Membership in RERA is open to ESI regulatory bodies in each country within SADC and presently regulators from 8 countries are member of RERA. The rest of the countries are at various stages of reforms in the energy sector that eventually could lead to the formation of regulatory agencies. At their meetings in Harare on 25 April 2007, the Ministers responsible for energy urged those Member States that have not yet formed regulators to speed up their internal processes to establish regulators in order to create an enabling environment for investment and the development of the electricity sector

Norway has so far been the main supporting ICP for RERA in terms of technical assistance. RERA has now requested Norway and Sweden for an extended support. The request covers the following 3 main areas:

- Improving the regional investment climate in the power sector;
- Developing an enabling regulatory environment for access to and operation of a viable regional electricity market;
- Enhancing the capacity, image, credibility and performance of RERA.

A broader presentation of RERA is given in Annex IV.

4 SADC PRIORITIES IN THE ENERGY SECTOR

The prevailing energy deficit situation is a key component in all energy sector planning and priorities within the SADC region.

The excess capacity that has characterized the power sector in the region for a long time, in particular in South Africa, is coming to the end. The demand in the region is presently growing at more than a 1000 MW annually mainly driven by increased use in South Africa that represents about 85% of the total regional demand. The increase in usage in South Africa alone would require a doubling of the existing capacity within the next 20 – 25 years.

The total installed capacity in countries included in SAPP is today about 53,000MW, but the technical available capacity is only 45,000 MW due to technical limitations. The dependable capacity is further reduced to 41,000 MW as the available hydro power capacity varies along with the availability of water over the seasons, and other constraints in the remaining generation and transmission system. The non-coincidental peak demand in 2006 was 42,000 MW implying a short fall of about 1000 MW resulting in load shedding and other interventions in Namibia, Zambia, Zimbabwe and South Africa. In addition to the said short fall, a capacity of approximately 4000 MW for reserve purposes was not available during this period.

Through its operations SAPP has taken up a key position in the planning of the future generation and transmission system within SAPP. In 2001 a Pool Plan was developed giving a least-cost regional plan for the development of the power system. A development

according to this approach would indicatively represent a saving of approximately 3.5 billion USD compared to individually national approaches. This Pool Plan is presently being updated and the updated version is intended to be available towards the end of 2007. In their meeting in Harare 25th April 2007, the SADC-ministers responsible for energy noted that the new Pool Plan shall constitute the power sector component of the SADC Regional Infrastructure Master Plan.

In 2005 SAPP presented a list of prioritised projects within the generation and transmission sectors. The priorities are:

- Given the acute power deficit facing the region, and the normally long lead time in implementing new projects, the highest priority is given to rehabilitation of generation projects and associated transmission projects;
- For the same reason, generation projects expected to be commissioned by 2010 and where feasibility studies and EIAs are completed, are given second priority;
- Third priority is given to transmission projects aimed at interconnecting members not yet connected to the main regional grid, i.e. the Malawi-Mozambique interconnector, the Zambia-Tanzania-Kenya interconnector and finally the Westcor project representing a connection of DRC Angola, Namibia, Botswana and South Africa.

The fact that in the short term a north-south energy transport is the most obvious means of meeting the increasing deficit situation in the southern part of the region, high priority is also given to projects relieving the congestions in the transmission systems from DRC through Zambia and Zimbabwe.

SAPP and DBSA have been mandated by the Energy Ministers to initiate the necessary action to facilitate an urgent implementation of regional generation and interconnecting projects, cf. Section 3.3 above.

The different projects and their status are presented in Annexes VII-X.

NEPAD would use the SAPP project lists as a basis for their priority list of power projects. This would also be reflected in the Medium Term Action Plan which is still under preparation, but an advanced draft was made available to the Team during the meeting with the Secretariat.

5. ACTIVITIES SUPPORTED BY THE VARIOUS ICPS MET

This section describes in brief the most relevant activities supported by the various ICPS met during the mission with regard to their development cooperation programmes in southern Africa.

(i) DFID

DFID is the leading ICP for Transport Infrastructure.

According to DFID private sector involvement takes place within the transport infrastructure sector. DFID does not consider its role to try to coordinate this involvement rather than promoting the learning from models that work well (for instance using the thematic group for this purpose).

A DFID involvement in the energy sector is not envisaged as realistic for the time being, but might be considered given potential synergies with the involvement in the transport sector

(ii) Austrian Embassy

The main focal areas of the Austrian involvement are governance and transport related activities. However given the delays experienced in the transport sector, Austria is looking for new areas of activities, and the energy sector would be a realistic option.

Austria is involved in some minor ongoing programs within the energy sector i.a. related to technical assistance for transmission & generation systems, planning for rural energy supply and solar thermal in Zimbabwe and a forum of renewable energy in SADC. Austria is presently in a process of transforming its bilateral cooperation on energy with South Africa and Namibia towards a regional based cooperation on energy. This would be coordinated with the EU Energy Initiative and the EU Africa Infrastructure Initiative

Austria considers that a possible bilateral input to the sector should be together and aligned with other ICPs.

Austria considers CDM to be an important component to be considered is supporting projects within rural energy supply (e.g. through in cooperation with GTZ) by supporting solar thermal (water heating) and mini hydropower in rural areas.

Cooperation with Austrian private sector and mobilization of technical competence is an important element in Austrian energy cooperation in the region.

In addition to the traditional funding mechanisms Austria has various alternative lending concepts and mechanisms that can be used to assist the region.

(iii) Belgian Embassy

Any existing support to the energy sector is now being reduced as the sector is a part of what is referred to as "main infrastructure", and as such not eligible for assistance. Only the basic infrastructure is supported.

Belgium has for a number of years supported a large SADC project aiming at creating a regional energy planning network with associated database information, including a site with statistics (2001 - 2004). This project is now being terminated through the remaining funds.

(iv) German Development Agency (GTZ)

GTZ is the leading ICP for the water sector.

GTZ is responsible for the ProBEC SADC Program, a program which focuses on more effective use bio fuel. The overall aim is to provide appropriate and affordable energy access for the poor and better energy security. ProBEC is based on the assumption that the poor in the region will be without access to modern energy and rely on bio fuel on short and medium term; it is therefore regarded as important to provide more effective and more environmental friendly ways to use bio fuel for cooking. Capacity building programme is part of ProBEC. Currently also the climate change debate is of great relevance for the programme.

The objectives for the programme are set by the Energy Ministers and GTZ reports back to the ministers. The main financier of the programme is the Dutch (DIGIS). EU is currently considering support in the magnitude of Euro 3 mill, and Austria is in dialogue for possible support.

(v) Embassy of Japan

The involvement of Japan in the energy sector is limited from a regional point of view. However, Japan is supporting ESKOM (South Africa) on its expansion program. In this context ESKOM has recently entered into two agreements providing development loans: one amounting to a total of US\$300 million and the other one to US\$100 million for this program.

Japan is also supporting the Development Bank of Southern Africa with funding to a total of US\$120 million.

(vi) UNIDO

UNIDO is involved in energy generation, capacity building and energy efficiency in the productive sector as well as in rural energy and mini-hydro activities. In rural energy and mini-hydro UNIDO is making use of south-south cooperation based on global research centres supported around the world. For mini hydro the centre is in China, for bio-mass the research centre is in India. UNIDO covers all SADC countries.

In industry, UNIDO has a project for introduction of more energy-efficient electrical motors

UNIDO is in the process of establishing a network on bio fuels, and is also working on ideas of establishing resource centres, e.g. for renewable energy

UNIDO is also implementing an extensive energy efficiency programmes in the productive sector, e.g. through the application of energy efficient electromotor driven processes in the industry.

UNIDO is interested in taking part in coordination within SADC.

(vi) World Bank

The World Bank office in Pretoria was established two years ago, aiming at promoting regional integration. However, within the energy sector, there is not a southern African regional approach as such for activities of the office.

The existing projects of interest are all part of the SAPP priority projects and include:

- Improvement of the interconnection DRC – Zambia, including rehabilitation of the Inga Power Station, the substations at Iunga and Kolwezi as well as improvement of operational communications of the transmission system.
- New Interconnection Malawi-Mozambique.
- Interconnections Tanzania-Zambia and Tanzania – Kenya.
- Interconnection Namibia-Zambia (in the Kaprivi region)
- West Corridor Project (aiming at interconnecting DRC with South Africa via Angola, Namibia and Botswana).
- Improving and extending the transfer capacity between Zambia and South Africa by reinforcing the Zimbabwe transmission system.
- Least Cost Regional Power Expansion Plan for the region – A study currently being implemented through SAPP with completion date estimated by November 2007.

For further details on these and other projects, references are made to Annexes VII - X.

(vii) Embassy of Denmark

The regional activities within the Danish programmes are mainly in the water sector, ongoing up to 2009.

There is presently a discussion taking place regarding expansion of the regional programs, where it is likely that energy could be included, thus expanding the existing portfolio.

The energy projects now being implemented in the region with Danish assistance include:

- Namibia: Two projects on the renewable and energy efficiency areas now being completed after three years.
- Botswana: A project focusing on how to do energy audits in public buildings.
- South Africa: Assistance to the Department of Minerals and Energy on the renewable and energy efficiency areas, now being completed after five years.

Denmark has no regional energy activities but has a bilateral portfolio of renewable projects in South Africa, Namibia and Botswana.

Denmark's most comprehensive energy involvement is within South Africa covering energy efficiency and various issues related to new and renewable sources of energy. Denmark is partner on Darling wind farm (5MW) and this project is considered to offer very useful experience and learning options related different hurdles and bottlenecks in establishing wind farms in the country. In addition the project portfolio covers such areas as capacity building in energy efficiency and energy efficiency both in traditional buildings and in low-cost housing and renewable energy demonstration projects.

Denmark expressed a clear wish to see more coordination on renewable energy and energy efficiency issues.

The recently developed CDM strategy in Denmark was referred to abandoning the existing strategy of linking ODA financed project development and investments in carbon quotas with non-ODA funds, as this has proven to be un-successful. According to the new Danish strategy focus will be on facilitation for carbon quotas for Danish companies, by linking Danish industry to possible CDM projects.

(viii)Nepad Secretariat

According to the NEPAD secretariat in Johannesburg, NEPAD would use the SAPP project list as a basis for their priority list of power projects. This is also in line with the contents of Medium Term Action Plan not yet finalised, but shown to the Team during the meeting.

NEPAD's involvement would be limited to supervising the implementation of projects and interfere if necessary to sort out any blockages through its political channels.

(ix) DBSA

The power projects represent the largest portfolio in the Bank and cover almost all the countries in southern Africa.

In South Africa the focus is on supporting the municipalities and at regional level the involvement is based on the national priorities with due consideration to the SADC agenda.

In addition to the provisions of financial support to the implementation of projects, a minor TA-component is normally included.

The biggest challenge right now is the packaging of existing projects (i.e. preparing them up to a level considered as being defined as bankable).

The largest involvement of DBSA is in Zambia and DRC, although it is also active in other countries.

For example, the portfolio of DBSA in Zambia covers:

- Assistance in various advice programs to ZESCO.
- Rehabilitation of Kafue Gorge Power Station and the new Kariba North Project.
- Transmission line to Kaprivi.
- Prepaid metering programs.
- Rehabilitation of the distribution network.

In DRC it has also an extensive program including:

- The rehabilitation of the Inga power scheme.
- The telecommunication component of the DRC – Zambia interconnection.
- The WESTCOR project.

In Namibia DBSA is i.a. involved in the development of the Kudu gas field and potential use of gas.

DBSA is financing three Transactional Advisors for the Zambia – Tanzania – Kenya Interconnector.

For its involvement in the power sector, the Banks has established a close cooperation with SAPP.

(x) EU Representation in Gaborone

Any assistance to the energy sector would be based on the ACP-EU Energy Facility with a total fund of EUR 220 million.

The EU Representation is supporting capacity building activities within SAPP considered by the team to be supplementary to the Norwegian and Swedish bilateral support.

In addition the Representation provides assistance to training initiatives, short term consultancy assignments and various thematic seminars.

Funds are also available for the elaboration of business plans and project preparation.

(xi) EU Representation in Maputo

As for the Gaborone office assistance to the energy sector using the ACP-EU Energy Facility Provisional acceptance for an EC contribution of around EUR 15 million has been provided for projects within Mozambique including:

- Rural electrification in Tete, Cabo Delgado and Sofala Provinces.
- Capacity building in the Ministry of Energy.
- PV systems for isolated rural communities

(xii) Southern Africa Global Competitiveness Hub

This is a USAID funded project, based in Gaborone, Botswana, established in 2002 under the TRADE Initiative. It is one of four USAID-funded regional trade hubs. The others are based in Nairobi, Accra and Dakar.

Currently, the Southern Africa Global Competitiveness Hub receives funding under the African Global Competitiveness Initiative (AGCI) with four areas of focus:

- Policy;
- Market knowledge;
- Finance;
- Investment in infrastructure.

The current work on the energy area focuses on energy regulation and liberalization. In particular, the Southern Africa Global Competitiveness Hub is working on:

- A study on regional regulatory constraints for private sector investments in the energy sector;
- Eight country-specific brochures and one regional brochure on energy regulatory issues are being prepared based on the outcome of this study;
- Supporting the Regional Electricity Regulators Association of Southern Africa (RERA);
- Supporting the establishment of the regulatory agency in Mozambique and has agreed to deliver a training course on energy regulation to the regulatory commission in Mozambique (CNELEC) after new CNELEC Commissioners have been hired; and
- Supporting other national energy regulators as requested.

(xiii) UNDP in Gaborone

The aim of the Rural Electrification Programme presently being prepared with support from UNDP is to provide decentralized energy services based on solar PV home systems, efficient wood stoves, rechargeable lanterns, ethanol based gels for cooking etc. The intention of the programme is to be complimentary to off grid connections, which in Botswana is about 10 times more expensive than the system being developed and as such is outside reach for poor people. UNDP's Rural Electrification Programme is funded by GEF and implemented by NGOs.

The concept to be applied to in Botswana is based on a franchising model for packages of solar PV home systems and effective woodstoves. The financing is based on a basic initial subsidy for down payment of capital cost and a monthly non-subsidised fee which will cover operation and maintenance costs. The fee will be prepaid and the hardware remains the property of the franchising company. The involvement of the private sector in a franchising model or other models gives a significant potential for private sector development as an important side effect. In order to achieve an effective implementation of the programme based on private sector involvement there is a need for a regulatory framework as well as common agreed standards and specifications. The development of a regulatory framework could be addressed within SADC as a strategic issue while the implementation may build on the existing cooperation among the regulators in the region within RERA. The need for a centre of excellence in the region on these issues was also discussed. The need for such a centre should be elaborated on further.

UNDP is cooperating with GTZ and ProBAC, but pointed out that there are lack of coordination between the different actors on the new renewable energy arena. The need for a forum for sharing of experiences, dissemination of results on a practical working level was pointed out.

(xiv) Norwegian and Swedish Embassies in Maputo

Norway and Sweden have a close cooperation in their support to regional activities.

The main component so far has been the support to SAPP where Norway has supported a project developing a competitive trading platform for the region making the region the geographically greatest competitive market in the world. As a complementary activity to this support, Sweden has financed the development of a model for Long Term Transmission Pricing and a model for an Ancillary Services Market.

The two countries have jointly been requested for a continued support to SAPP and RERA respectively as well as considering a close cooperation in the rehabilitation of the Kafue Gorge Regional Training Centre in Zambia.

Norway has been requested for financial support to a Feasibility Study of a possible interconnection between Mozambique and Tanzania.

Norway has also expressed an interest in contributing to the financing of the upcoming interconnection between Mozambique and Malawi.

6 FINDINGS AND CONSIDERATIONS

The meetings held with the various ICPs as well as other stakeholders involved in the energy sector in the region, provided very valuable and important contributions for setting up the concept of regional energy coordination. The most relevant aspects and issues emerging from discussions at these meeting were the following:

Approach to the assignment and role of a regional coordinator: It was a unanimous positive response expressed from all persons and institutions met with regard to the assignment of a coordinator and the establishment of a thematic group for the energy sector.

All institutions did also nominate their participants in regional networking activities and these are indicated in Annex II.

The Energy Thematic Group would be the only group with a full time designated coordinator. To secure an efficient execution of the work in the group, the Coordinator should apply to a simple organizational set up for the operation of the ETG

Coordination and communication: When developing the coordination role and methodologies of work the importance of defining clear lines of communication with SADC and establish contacts at national and regional levels were emphasised as a criteria for success. In this context it is also important to develop a well defined communication and information strategy, including an involvement of the media at national and regional level.

Avoid the creation of silos: The development of the thematic group concept can lead to the establishment of silos where each sector group works individually resulting in limited exchange of experiences and poor cross-sectoral coordination. To prevent such a situation clear mechanisms securing the necessary flow of information between the groups need to be established. Joint meetings between groups with mutual professional interests would be an appropriate option in this respect.

Keep momentum between meetings: In a normal situation, the thematic groups will not meet more than once or twice a year. Thus it is important to adopt mechanisms to keep momentum and ensure progress during the interval of meetings. The Coordinator should take a special responsibility to promote a pro-active approach in the work of the group.

Project replication: Successful projects implemented in a specific country outside a regional framework can be replicated in other countries of the region through a proper coordination facilitating the communication flow and information on these types of projects. The thematic group could be an appropriate means of promoting this, either through the group itself or through sub-groups established for more specific tasks.

Coordination among ICPs: Even if more extensive coordination generally is considered to be beneficial to most if not all involved parties, and the fact that there is a general willingness amongst the ICPs to work together, it has sometimes proven difficult to implement such cooperation in practice. Consequently it is a definite need to structure the cooperation in a way that the ICPs see the real benefit from a coordinated approach. There is also a need to develop a cooperating attitude among ICPs more aligned with AU/NEPAD and SADC development policies.

Build on current sector coordination in SADC countries: Guided by Joint Assistance Strategies, the establishment of Sector Working Groups is taking place on country level. ETG should build on these experiences in its effort to keep the organizational set-up simple.

Bilateral or trilateral cooperation had proved to work well: Even with an extended regional focus ICPs should not disregard projects involving a limited number of countries, e.g. two or three countries. Experiences indicate that these are normally the most successful projects.

Regional integration: The development of an effective regional power sector is an absolute prerequisite for a stronger regional integration as envisaged through the SADC-concept. The development of the regional transmission infrastructure and generation projects leading to cross border power trade is instrumental in this respect. In this respect, it is of the utmost importance to adopt implementation models that facilitate such project outputs.

There exist very valuable experiences from successful projects already or presently being implemented in the region, including models of private sector involvement, in particular cross-border transmission systems. The ICPs should make use of these positive experiences, and promote them further through the Energy Thematic Group.

Some cases can be used as a reference, including the interconnections Cahora Bassa - Zimbabwe, South Africa (Matimba) - Zimbabwe, South Africa - Mozambique - Swaziland (the MoTraCo system) and South Africa - Namibia.

Just for illustration purposes, the key organizational principles used in the implementation of two of those projects are described below:

Interconnections Cahora Bassa – Zimbabwe (Dema Substation)

This transmission system was built in mid the 1990s interconnecting Cahora Bassa in Mozambique to the Harare area in Zimbabwe through a single 420kV line, energised at 330kV to provide for a transmission of 500 MW of non-firm capacity. Each of the national utilities (EDM in Mozambique and ZESA in Zimbabwe) was responsible for the implementation and the subsequent owners of the project on the respective side of the border. A Joint Committee was established to ensure coordination and consistence in the implementation process.

Interconnection South Africa – Mozambique - Swaziland (the MoTraCo system)

The MoTraCo transmission network was designed to allow for an initial transmission capacity of 1,350 MW of firm power from South Africa to Swaziland, the Maputo-region in Mozambique and the Mozal aluminium smelters close to Maputo. The network consists of two 400kV transmission lines, one from Eskom's Arnot power station, and the other from Eskom's Camden power station via Swaziland to the Maputo substation.

This project was developed under a model where the three national utilities (SEB, ESKOM and EDM) formed a new company (MoTraCo), jointly owned on equal basis, to develop and implement the project. Thus MoTraCo has the ownership of the transmission system and it is responsible for its operation.

CDM (Kyoto Protocol): The knowledge about the Clean Development Mechanism concept and its implementation is still poor in the region. Thus it is important to spread the knowledge about it and, in particular, to support the establishment of National Designated Authorities (DNA) as well as promoting initiatives of capacity building and training for such DNAs and project implementers. There is also an extensive need and possibility to extend the usage of this mechanism as a supportive financial source. Of particular importance in this respect is the pooling of small scale projects like SHPs, Solar PVs and efficient wood stoves into certifiable CDM projects.

Climate change: The impacts of climate changes should be included in all energy development planning in the region both because pollutive coal will be the main source for electricity generation and that the climate changes definitely will affect the availability of water for hydro based generation.

Availability and implementation of projects: There exist extensive lists of new generation and transmission projects as well as rehabilitation projects that would both relieve the existing electricity deficit situation and cover the more long term increase in the use of electricity in the region. The major part of these projects has received a positive response from ICPs but they are not at a bankable level normally required for financial involvement by the appropriate IFIs. On the other hand existing Project Preparation Facilities (PPFs) does not seem to have been used to an extent possible.

NEPAD role and priorities: In its priorities NEPAD would basically include projects as proposed by SADC or SAPP. NEPADs involvement is limited to facilitate agreements and dialogue aiming at solving any political hindrances related to the project.

ICPs involvement in the energy sector: During the mission the team registered a substantial increase in interest amongst ICPs to increase the involvement in the energy sector including increased financial support to activities on both short and medium terms.

Private sector involvement: In order to respond to the challenges of the new reality for the energy sector in the region there is a need to mobilise unprecedented efforts and resources. This will provide an ample scope for the involvement of the private sector by

triggering a significant number of new business opportunities. In addition new approaches to sector developments where more commercial funding and market related initiatives will be important and critical in order to complement the traditional approach of public and/or international donor funding.

There are evidences of an increased interest and involvement of the Private Sector in the power sector. This can certainly be attributed to both the present energy deficit situation making it more conducive for more active private sector participation, and to the development of a competitive market opening for the trading of electrical energy on a regional basis.

Regional institutions; There exist several regional institutions established with the aim of promoting regional integration in the power sector, e.g. SAPP and RERA. These institutions should be used to the extent possible both because they already possess a high level of competence, and because a more extensive involvement would extend this further and promote regional capacity building.

The two institutions referred to would also represent valuable cooperating partners for the Coordinator both in terms of preparing and providing information for use within the Energy Thematic Group, but also in their capacity of promoting and facilitating a stronger regional cooperation. They have also established strong networking mechanisms amongst the members, and in particular SAPP has a very well established and professionally skilful system of networks that could be made great use of in the efforts of coordinating the development of the sector.

SAPP and RERA should be invited to the first meeting in the RTG to discuss how the two institutions should be involved in the work of the Group both in terms of scope and extent and contents.

Both institutions have requested Norway and Sweden for continued financial support. Such a support would strengthen the capabilities of the two institutions to contribute in the integration and cooperating process.

National Electricity Regulators: An envisaged extensive expansion of the electricity sector, and a stronger involvement of the Private Sector, would require a strengthening of the national electricity regulators. Even if most of the countries in the region have a modern legal framework for the regulation of the ESI, there are definitely needs to provide support to capacity building activities for the regulators in particular in order to operationalise this framework to make it more efficient and to prove the actual transparency and predictability of the regulation.

National regulators should also consider getting more involved in the regulation of isolated electricity schemes based on PV, small scaling hydro etc.

Traditional energy sources: Even though electrical energy is crucial for the economic development of the region, more traditional sources of energy will be the most important sources for the major part of the population in the region in the foreseeable future.

Any energy sector development planning should take this fact into consideration and the importance and needs to support the implementation of socially viable systems for increased access to sustainable and affordable energy for the major part of the population (projects based on biomass, solar PVs, other solar technologies, and micro and mini hydro power) would increase in the future.

Most of these projects would probably be implemented at a national level and not necessarily involve SADC. There is however definitely a potential for efficiency improvements in the implementation of such projects by building on experiences made through existing initiatives and programs, e.g. by jointly addressing issues on policy and strategy, technological improvements, sharing of experiences, learning events, capacity building, training, replication of successes and possible synergies between projects and how to improve the coordination of activities in general. To succeed in this it was a widely

expressed need from the institutions met to establish an appropriate coordination mechanism to strengthen the development of new and renewable energy in the region.

This is definitely a challenging task that would require quite a long time and substantial support in order to reach tangible results. As a start the ETG should at its first meeting consider how this work could be most efficiently implemented, be it within the Group or through some sub-group particularly assigned to these tasks.

The role of SADC: There is a general perception amongst the institutions met, and even within SADC itself, that the SADC Secretariat presently has capacity way below what would be required, and that there are needs for capacity building and strengthening and the improved adoption of tools and mechanisms to support the sector developments.

There is also a perception that SADC needs to be more visible to the Member States and demonstrate its contribution to regional integration through focusing on promoting projects with proven benefits to the members and reducing the number of consulting studies with limited scope for implementation. This is considered crucial in order to re-establish what seems to be a lack of confidence in the region.

There also seems to be a need to have more cross sector coordination and exchange of information within the SADC-structure including the ICPs-involved activities.

The role of SADC should strictly be on policy and strategy developments and not be involved in implementation.

SADC should take an active lead on the operation of the Thematic Group of Energy and the Coordinator should support the Secretariat in undertaking this lead function.

7 MECHANISMS FOR COORDINATED SUPPORT

7.1 TOR for SADC/ICP Thematic Energy Group

A draft Terms of Reference for the Energy Thematic Group (ETG) is given in Annex V. This draft will be discussed in the first meeting of the ETG and a final draft version will be presented for an approval of the CG.

7.2 Draft agenda for ICP-meeting

The first meeting of the ETG should focus on methodologies of work and the operational framework of the group and less on programs and project developments. The rationale for this approach relates to the need of the ETG to adopt a clear mandate and working framework from the very start of its operation and thereby creating the necessary conditions for its future success. In close coordination with the Senior Program Manager of the SADC Secretariat the following agenda for the first meeting has been prepared:

- Presentation of the findings of the Fact Finding Mission.
- Presentation of status of the energy project by SADC.
- Presentation and discussion on the TOR for the Energy Thematic Group.
- Discussions on work modalities for the Energy Thematic Group.
- Network of Individuals.
- Scope, extent and contents of the involvement of SAPP-CC and RERA in the work of the ETG.
- The organisation of coordinative approaches for the work on new and renewable sources of energy.
- Date and venue of the next meeting.

SADC will convene the meeting during October/November 2007 in Gaborone.

7.3 Network of Individuals

During the meetings with ICPs and the other institutions the Team invited them to nominate candidates to be included in networking activities according to the TOR for the ETG. All parties showed a very positive approach to this, and the candidates are given in Annex II (People Met).

This should be considered a preliminary list in the sense that it could be extended during the establishment and the operationalization of the ETG.

7.4 Tasks and priorities for the coordinator

The tasks of the Coordinator are considered to be sufficiently elaborated in the Draft Terms of Reference for the position (a copy of the Draft is given as Annex XI).

The Team is considering the TOR to be very extensive and demanding a professional basis most probably too broad to be covered through the one person being assigned in the position as Coordinator. The Coordinator would hence need adequate support from external professional sources, but also from the SADC Secretariat, regional professional institutions as SAPP and RERA, and last, but not least from other Norwegian Embassies in the region.

The Team would also like to emphasise that the TOR and its fulfilment should be considered in a medium to long term perspective, i.e. 5-10 years. This should also be taken into consideration in the evaluation of achievements made during the first phase of the work.

For the first 2–4 years priority should be given to:

- (viii) Plan the first Thematic Energy Meeting (October/November 2007) and establish the mode of operation of the Group.
- (ix) Establish and operationalise a network consisting of ICPs and other key stakeholders within the sector.
- (x) Initiate a process of identifying the status the most promising interconnection and regional generation projects in terms of progress and funding commitments. Potential hindrances should also be identified and appropriate rectifying actions recommended.
- (xi) Identify the cooperation approaches within the sector between ICPs, between ICPs and SADC and possibilities for extended cooperation.
- (xii) Initiate and establish a system for systematic gathering and distribution of information on project plans and status and other appropriate information as a tool for improving information sharing between the institutions involved in the energy sector in the region.
- (xiii) Initiate activities including appropriate forums to improve information flow and the basis for a more efficient coordination of the work on New Renewable Sources of Energy (NRSE) and Energy Efficiency in the region.
- (xiv) Follow-up developments of the SADC Energy Activity Plan and coordinate inputs from ICPs.

8 RECOMMENDATIONS

Energy will be the only sector where the ICP leading and coordinating function will be implemented under the responsibility of a fulltime coordinator. There is a positive attitude towards this arrangement among the various ICPs, as well as from the SADC-Secretariat,

with all of them looking forward for successful results. Although the attitude is encouraging, it is also challenging as the stakeholders' expectations are high.

In this respect it is important to build the coordination concept around some key aspects, including:

Institutional support: The coordinator will have an important role in the overall coordination of the sector assistance as defined in the TOR for the position, ref. Annex XI. A successful outcome of both the ICP-arrangement and the Coordinator tasks in this respect require full commitment and support from all sector stakeholders and institutions. All the Norwegian Embassies in the region should take on a particular responsibility to facilitate such commitments and support from each involved country.

Simple organisational set-up: The ICP coordination concept is new and the existing experience of implementation in other sectors is limited. In this respect it is advisable to apply to a simple organisational set-up for the coordination function and establish clear lines of communication with the SADC-Secretariat and efficient networking activities towards and amongst the ICPs and other stakeholders both at regional and national levels.

Active assistance to SADC in its role as owner and leader of the process: The SADC-Secretariat is a relatively new structure with significant limitations in its organisational capacity. SADC should hence prioritise the strengthening the Secretariat's capacity to perform its intended roles as the leading institution in terms of setting up the policy and strategy for the regional development of the energy sector as intended. The capacity of the Secretariat should also be reinforced in order to ensure its capabilities to perform its coordination and monitoring roles in this development.

The Coordinator will be instrumental in assisting the SADC-secretariat to reinforce its role as leader of the energy development process in the region. In order to facilitate this, the Coordinator should visit Gaborone regularly and spend significant working time there.

Support the establishment of mechanisms and set-up to facilitate the coordination of the traditional energy area: Modern energy carriers, in particular electricity, are key drivers for the economical development of the region. However it is widely recognised that more traditional sources of energy will be the most important sources for the major part of the population in the region in the foreseeable future. Whilst the electricity industry in the region has institutional instruments in place and institutions with the aim to promote regional coordination is established (e.g. SAPP / RERA), there is nothing of similar nature in the traditional energy.

Thus one important aspect to be looked into is how to establish organisational and/or institutional instruments to facilitate an efficient development of the traditional energy sources. There are already some interesting initiatives within this area (ProBec is a good example), the Coordinator should investigate whether there is a basis to develop such initiatives into taking such coordination tasks.

Promote ICPs complementarities in the assistance As the promotion of coordinated and complementary approaches between the different ICPs programs for the sector is the most important task in the new structure, the cooperation approaches between ICPs and between ICPs and SADC – both for existing and new projects/programmes - should be more extensively identified. The potential for an extended degree of consensus based coordination and harmonisation, should also be identified with the aim of demonstrating the benefits and advantages offered through such an approach.

Importance of a well functioning the Energy Thematic Group (ETG); The ETG will represent the interface between SADC and the ICPs in terms of improving the efficiency and effectiveness of the development of the sector as well as facilitating planning and monitoring of the implementation of the various SADC energy initiatives, programs and projects. As such the ETG is definitely also a very important instrument in supporting the coordination role of Norway and hence it is of critical importance to ensure an optimal operation of the Group. The TOR prepared for the ETG describes its main organisational and operational principles. In order to secure a proper functionality of the ETG, attention

should paid to the following issues during the initial stages of the establishment and operation of the group.

- As the Energy Thematic Group would be a very important instrument in facilitating efficient energy sector development and coordination, SADC should take the active lead in the establishing and subsequent operation of the group. Both Norway, as the Lead ICP, and the Coordinator should support SADC in undertaking this function to secure that SADC is able to take the actual ownership of the process and prevent any tendency of the ETG being donor dominated.
- The character of and challenges to the energy sector in the region are fragmented making it difficult to encompass all relevant issues within the scope of just one thematic group. It should therefore be considered whether there is a possibility and rationale to establish ad-hoc or more permanent sub-groups for more specific tasks or areas. This is particularly interesting for the traditional energy sources where there do not seem to exist any formal structures that could promote a coordinated and efficient regional development of the use of these.
- The ETG will only meet quarterly or semi-annually. To ensure a proper continuity of the work between these meetings, appropriate mechanisms and reporting structures should be established to secure that agreed initiatives and actions are followed up.
- An efficient coordinated approach and joint priorities between the ICPs would require consensus amongst all the involved stakeholders, and the ETG would be instrumental in establishing such a consensus. This is definitely a challenging process and ample time should be allocated and appropriate actions taken to secure a successful outcome of this process.

Annex I

TERMS OF REFERENCE FOR FACT FINDING MISSION

REVIEW OF SADC AND ICPs PRIORITIES IN THE ENERGY SECTOR IN PREPARATION OF NORWAY'S ROLE AS LEAD ICP FOR THE SADC ENERGY CO-OPERATION

Background

The restructuring process of the Southern Africa Development Community (SADC) has resulted in the Regional Indicative Strategic Development Plan (RISDP) and the Strategic Plan for the Organ (SIPO). In order to implement the SADC Common Agenda as outlined in the RISDP and SIPO, SADC and International Co-operating Partners (ICPs) have developed a new SADC/ICP Partnership.

This New Partnership, as outlined in the Windhoek Declaration (April 2006), should lead to an effective dialogue between SADC and ICPs and facilitate the co-operation between SADC and ICPs. SADC launched Norway as lead ICP in energy 23rd January 2007.

AfDB, Belgium, Denmark, EU, Finland, France, Germany/GTZ, Japan, Norway, Sweden, Switzerland, UK/DfID, UNDP, USAID, and WB are among the donors to SADC. AfDB, Belgium, EU, Germany/GTZ, Norway and WB are among the donors to SADC within energy. USAID and the European Development Bank have expressed interest in energy.

Still, only limited funding is channelled directly to the SADC Secretariat, while some funding exists for organisations operating under influence of the SADC Infrastructure and Services Directorate (SAPP and RERA), most of the present funding is channelled to specialised project management units established by the countries involved. It is therefore important to get an overview of regional activities that is outside the coordination efforts of the SADC-secretariat. There has been little harmonisation or external development assistance to SADC-secretariat and to SADC member states.

Objectives

The main objective for the fact finding mission is to prepare for Norway's role as lead ICP in energy. This should be done through consultations with ICPs. Discussion will also be held with the SADC-secretariat to agree on timing of events.

The fact finding mission should prepare:

- A platform for networking / confidence-building through establishing a draft Terms of Reference for the SADC/ICP thematic energy group, to be discussed at the first thematic donor coordination meeting in energy;
- An overview of SADC priorities in the energy sector, with reference to the SADC and NEPAD priority lists;
- An overview of ICPs present and planned support, their priorities and position regarding possible new funding mechanisms;

- A matrix or programme for the "soft areas" (e.g. renewable energy, energy saving, regulators, the power pool and training) order to identify gaps, this could in the future be made into a multi donor programme, and
- An agenda for the first ICP preparatory meeting and input for the first thematic coordination group meeting to be held in late spring 2007.

Tasks

- Visit the SADC secretariat in Gaborone and relevant offices of SADC donors dealing with, or planning to support, the energy sector in Maputo, Gaborone, Harare and Pretoria.
- Contact donor agencies headquarters in order to obtain information about activities in the sub-region that have regional aspects.
- Map out ongoing support to SADC in energy and support to regional programmes in the energy sector within the SADC area.
- Map out donor agency policies of relevance for the SADC energy co-operation and modalities for donor support to the energy sector.
- Review possible common arrangements for planning, funding, disbursement, monitoring, evaluation and reporting.
- Start up consultations among ICPs to assist SADC in its endeavours towards co-ordinated consultations with ICPs involved in energy.
- Assess ICPs comparative advantages, and individual ICP priorities of support.
- Identify private sector interest in energy in the SADC-region.
- Draft a ToR for the energy co-ordination group in consultation with energy ICPs, and on the basis the SADC Guidelines for Thematic Co-ordination Groups.
- Establish a network of individuals working in relevant donor agencies in Gaborone, Pretoria, Harare and Maputo.
- Design a matrix or programme for the "soft areas" (e.g. renewable energy, energy saving, regulators, the power pool and training) in order to identify gaps, this could in the future be made into a multi donor programme.
- Plan for the thematic coordination group meeting in Gaborone which will be convened by the Secretariat and the preparatory donor meeting tentative in May/June 2007 in Maputo.

Outputs

- Draft ToR for the energy co-ordination group.
- List of contacts among ICPs.
- Overview of ICPs existing and planned support to regional activities in SADC countries.
- Overview of priority projects related to both SADC and NEPADs lists.
- Matrix for donor support to the more programmatic areas of support
- Short review of possible mechanisms for more coordinated support.
- Draft agenda for ICP meeting in Maputo.

Team composition and duration

The team is composed of

- Mr Morten Svelle Norad, Team Leader
- Mr. Kristian Løkke, NVE
- Mr Fernando Julião Consultant

It's estimated that the whole exercise would take about two weeks in the field and one week for report writing.

Priorities for visiting ICPs

Pretoria: DfID (lead in transport and agriculture), Austria, Belgium, GTZ, DBSA, Denmark, UNIDO, NEPAD (for priorities), ESCOM, World Bank, France, Switzerland

Gaborone: SADC, EU, GTZ (lead in water), Sweden (On practical matters when expert in place), USA, Japan/JICA

Maputo: AfDB, WB and Norwegian Embassy

Harare: Energy meeting and SAPP

PEOPLE MET**Annex II**

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Review and Recommendation on Norway's Role as Lead ICP on Energy within SADC

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Review and Recommendation on Norway's Role as Lead ICP on Energy within SADC

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Annex III

SOUTHERN AFRICAN POWER POOL (SAPP)

SAPP was created in April 1995 through the SADC treaty to optimise the use of available energy resources amongst the countries in the region and support one another during emergencies. At the time of creation, the SADC governments agreed to allow their national power utilities to enter into the necessary agreements that regulate the establishment and operation of the SAPP. Recently SAPP opened for membership to other Electricity Supply Enterprises in the region or those in some way or another connected to the transmission grid system within the SAPP countries.

A major feature of the SAPP is the combination of long- and short-term arrangements, providing increased scope for reduction in supply costs to participating members. Such contracts govern the specific commercial arrangements within the SAPP framework.

The basis for the SAPP activities is the need for all participants to:

- Co-ordinate and co-operate in the planning and operation of their systems to minimise costs while maintaining reliability, autonomy and self-sufficiency to the degree they desire; and
- Fully recover their costs and share equitably in the resulting benefits, including reductions in required generating capacity, reductions in fuel costs and improved use of hydroelectric energy.
- Co-ordinate and co-operate in the planning, development and operation of a regional electricity market based on the requirements of SADC Member States

The main document in terms of the establishment of SAPP is the ***Inter-governmental memorandum of understanding (IGMOU)*** of the SADC members granting permission for the national utilities to participate in the power pool and enter into contracts, and guarantees the financial and technical performance of the power utilities.

An ***Inter-utility memorandum of understanding (IUMOU)*** between participants, defines the ownership of assets and other rights related to the participation.

A Host Country Agreement (HCA) was signed between the Government of Zimbabwe and SAPP on 13 March 2006 giving the SAPP Coordination Centre Diplomatic Status as the first SADC subsidiary.

A Memorandum of Understanding between SAPP and the Regional Electricity Regulators Association (RERA) on liaison and interaction between the two parties was entered into in April 2007.

The ***SADC Government Ministers and Officials*** are responsible for policy matters under their control in terms of the national administrative and legislative mechanisms regulating the relations between the Government and its respective power utility.

The chief executives of the members of SAPP form the ***Executive Committee***. The SADC Secretariat is also represented in the Committee.

The ***Management Committee*** oversees and decides on the recommendations of 4 established sub-committees consisting of a maximum of two representatives per Member who are of sufficient seniority in their own organisation to make all relevant decisions.

The ***Operating Sub-Committee*** consists of representatives from the interconnected power utilities (Operating Members), presently 9 countries (Botswana, South Africa, Zambia, Zimbabwe, Democratic Republic of Congo, Lesotho, Mozambique, Namibia and Swaziland). The Committee i.a. establishes and updates methods and standards to

measure technical performance, operating procedures including operating reserve obligations

The **Planning Sub-Committee** establishes and updates common planning and reliability standards, review integrated generation and transmission plans, evaluate software and other planning tools, determine transfer capability between systems etc.

The **Environmental Sub-Committee** develops Environmental Guidelines for SAPP; liaise with Governments to keep abreast of world and regional matters relating to air quality, water quality, land use and other environmental issues. Where Governments have in place related Environmental Organisations, the Committee liaise with them to assist one another on specific issues.

The **Markets Sub-Committee** i.a. contributes to the design and continued development of the electricity market in the region and determines criteria to authorise this trade.

The **Coordination Centre** (SAPP-CC) reports to a Co-ordination Centre Board consisting of a maximum of two representatives of each National Power Utility. SAPP-CC was established in Harare, Zimbabwe, at the beginning of the year 2000. In addition to the Centre Manager, a total of 7 support staff in fields of Finance, Information Technology, Environment and Secretarial are presently employed at the Centre.

The functions of the SAPP Co-ordination Centre are to:

- Implement SAPP objectives;
- Provide a focal point for SAPP activities;
- Facilitate the implementation of a competitive marketing the region;
- Monitor the operations of SAPP transactions between the members;
- Carry out technical studies on the power pool to evaluate the impact of future projects on the operation of the pool;
- Coordinate the training of members of staff to improve the region's knowledge of power pool operations; and
- Provide power pool statistics and maintaining a pool database for planning and development.

A Short Term Energy Market (STEM) administered by the Coordination Centre staff commenced operation in April 2001 permitting the participants to trade energy on a day ahead hourly basis between themselves. Through this bilateral arrangement a participant could take advantage of the short-term surplus of the other participants and also to profit from its own short-term surplus. A participant could also use STEM to cover a temporary shortage that it may be experiencing. In April 2001, there were only two participants; whilst there are now eight participants.

Through financial assistance from Norway a competitive market along the same principles as the Nordic power market is presently being established and planned to be officially opened towards the end of 2007 making it by far the greatest regional electricity market in the world.

Through this competitive market a far more flexible trading system will be established accommodating varying demand profiles and varying prices, and provide the necessary basis for the development of subsequent financial markets. The market will also provide price indicators in a more transparent and predictable trading system being a key element in attracting new investors and other actors considering entering the power sector within SADC.

SAPP has requested Norway and Sweden for a continued support i.a. covering the following activities:

- Training of SAPP Project Managers in project packaging, formulation of power purchase agreements, and project marketing strategies through workshops and seminars and information sharing.
- Market monitoring and evaluation.
- Completion of the revision of the steering documents of SAPP.
- Capacity Building in pool management and operations.
- Development of a regulatory framework for regional trade.

Annex IV

REGIONAL ELECTRICITY REGULATORS ASSOCIATION RERA

The establishment of the **Regional Electricity Regulators Association RERA** was approved as a formal association of independent electricity regulators by the SADC Ministers responsible for Energy on 12 July 2002 in Maseru.

The following principles guide the operations of the Association:

- the development in the electricity supply industry (ESI) across the region should be in line with broad international trends in which neighbouring countries form integrated electricity markets;
- there are benefits arising from economies of scale and shared resources which are economic imperatives to pursue the development of greater integration of the electricity systems in Southern Africa;
- the successful regional integration of electricity systems requires clear frameworks to facilitate – cross-border transactions, regional systems operations, a system of tariffs for use of regional transmission infrastructure;
- the development of facilitating regulation is essential to harmonizing and creating market structures that remove barriers to trade and attract investment in the ESI across the region; and
- to create a financially self-sustaining institution responsible for the facilitation of regional electricity regulatory issues.

RERA strives to be a credible and leading regulatory organisation internationally with a vision of being the leading regulatory association in the world. RERA should further provide a platform for effective cooperation between independent electricity regulators within the SADC region.

RERA has the following 3 strategic objectives:

- **Capacity Building & Information Sharing:** Facilitate electricity regulatory capacity building among Members at both a national and regional level through information sharing and skills training.
- **Facilitation of ESI Policy, Legislation and Regulations:** Facilitate harmonized ESI policy, legislation and regulations for cross-border trading, focusing on terms and conditions for access to transmission capacity and cross-border tariffs.
- **Regional Regulatory Cooperation:** Deliberate and make recommendations on issues that affect the economic efficiency of electricity interconnections and electricity trade among members fall outside national jurisdiction, and to exercise such powers as may be conferred on RERA through the SADC Energy Protocol.

Membership to RERA is open to ESI regulatory bodies in each country within SADC and is limited to each country being entitled to a single membership. As of today the current members of RERA:

- Electricity Control Board (ECB) of Namibia
- Energy & Water Utilities Regulatory Authority (EWURA) of Tanzania

- Energy Regulation Board (ERB) of Zambia
- Institute for Electricity Regulation (IRSE) of Angola
- Lesotho Electricity Authority (LEA)
- National Electricity Council (NECO) of Malawi
- National Energy Regulator of South Africa (NERSA)
- Zimbabwe Electricity Regulatory Commission (ZERC).

The rest of the countries are at various stages of reforms in the energy sector that could eventually lead to the formation of regulatory agencies.

RERA is governed through the following structure:

- **The Plenary** being the highest decision making authority comprising of all the Members and a representative of the SADC Secretariat.
- **The Executive Committee** responsible for the conduct of the affairs of RERA consisting of the Chairperson and the Portfolio Chairpersons (Chief Executive Officers of Member organisations).
- **The Secretariat** responsible for day-to-day activities of RERA permanently located in Windhoek, Namibia.

Other organs may be established in accordance with the provisions of the Constitution such as Portfolio Committees and Specialist Subcommittees.

Members share costs of the operations of RERA as determined by the Plenary. The financial resources of RERA consist of:

- Annual subscriptions or and/or special contributions by Members; and
- Other sources as may be approved by the Plenary, such as grants funding or donations.

The prioritised activities of RERA are:

- Capacity Building & Information Sharing.
- Facilitation of Electricity Supply Industry (ESI) Policy, Legislation and Regulations.
- Regional Regulatory Co-operation including Advocating for creation of regulators in countries where they have not been established.

At their meetings in Harare 25th April 2007, the Ministers responsible for energy urged those Member States that have not yet formed regulators to speed up their internal processes to establish regulators in order to create an enabling environment for investment and the development of the electricity sector

Norway has so far been the main supporting ICP for RERA in terms of Technical Assistance, but RERA has now requested Norway and Sweden for an extended support. The request covers the following 3 areas:

- Improving the regional investment climate in the power sector.
- Developing an enabling regulatory environment for access to and operation of a viable regional electricity market.
- Enhancing the capacity, image, credibility and performance of RERA.

Annex V

DRAFT TERMS OF REFERENCE FOR SADC/ICP ETG

Background

In order to effectively implement the SADC Common Agenda of promoting sustainable and equitable economic growth and socio-economic development through efficient productive systems based on a programme- rather than project-based approaches as outlined in the Regional Indicative Strategic Development Plan (RISDP) and the Strategic Plan for the Organ (SIPO), SADC and International Co-operating Partners (ICPs) have developed a New SADC/ICP Partnership. The basic principles of this partnership are outlined in the Windhoek Declaration (April 2006), and intended to provide a structure for effective dialogue between SADC and ICPs and to guide future co-operation between SADC and ICPs for the achievement of SADC's socio-economic development agenda.

23rd January 2007 SADC launched Norway as lead ICP for the Thematic Group for the energy sector.

An important element in the new partnership is the creation of thematic groups, to promote an efficient route towards partnership and dialogue based on clear commitments of all parties. For the energy sector, being a key instrument in the promotion of regional integration, the need to establish a designated Thematic Group has been identified.

This document is a guideline for the SADC Secretariat as well as its International Cooperating Partners (ICPs) on the setting and operation of such SADC / ICP Energy Thematic Group (ETG).

Purpose and Scope of Work

The ETG acts as the interface between the SADC institution and its International Cooperating Partners with the main purpose to improve the co-ordination between the stakeholders involved in the Energy Sector in the region, so as to improve the efficiency and effectiveness of its development. The ETG also aims at facilitating planning and monitoring of implementation of SADC energy initiatives, programs and projects.

In order to fulfil its purpose, the ETG shall:

- Provide a forum for discussion, sharing of information and experiences as well as co-ordination of inputs into the different processes related to sector developments with a view of enhancing trust, confidence, coherence, harmonization and standardisation.
- Discuss SADC energy objectives and plans with cooperating partners.
- Contribute to the alignment of the development of the Energy Sector in the region in accordance with the regional priorities.
- Make effective use of support from the ICPs by aligning their respective contributions fully with SADC policies and agreed priorities.
- Promote and strengthen the cross-sector links between the different thematic groups by adopting a participatory and inclusive working methodology.
- Contribute to simplify and reduce the number of individual procedures for reporting and similar requirements from the ICPs.
- Assist in establishing a monitoring framework for the regional energy sector.

ETG Organisational set-up

The SADC/ICP ETG is a joint effort where the SADC Secretariat has the leadership and the lead ICP acts as a primus inter pares in accordance with the terms of this document. In order to enhance the functionality of the ETG the lead ICP shall actively support the SADC secretariat in implementing its leadership function. Norway performs the role of Lead International Cooperating Partner.

The ETG is composed of representatives of the SADC Secretariat, The SAPP, RERA and all the ICPs having programs of cooperation with the power sector in the region. ICPs not directly involved or cooperating with the energy sector could attend to constructively contribute to improved coordination can do so. Other stakeholders can also be invited to participate in the ETG to assist in debating specific issues identified as relevant for the regional energy sector.

The ETG can establish sub-groups to deal with specific areas of activity if found appropriate, under the leadership of the SADC Secretariat.

Each entity represented in the ETG will be responsible to cover its own cost of participation.

Reporting and links to the SADC/ICP Joint Task Force / Core Group

The ETG as part of the overall structure of SADC and its International Cooperating Partners reports to the SADC/ICP Joint Task Force / Core Group.

In addition to the continuous information exchange with the Core group the ETG shall at least once a year prepare and present a progress report to the Joint Task Force.

Frequency and Structure of Meetings

The ETG shall meet at least twice yearly. However, during the initial period of operation of the ETG, and in order to foster its consolidation, meetings should take place more regularly, preferably on a quarterly basis.

These meetings are called by the SADC Secretariat and should be held in a place at the discretion of ETG. Extraordinary meetings may also be convened at the request of the SADC Secretariat or at least three of the ICPs group members, one of them being the lead ICP.

ETG meetings shall normally take place in plenary. The lead ICP can after deliberation with the other ICPs, convene an 'Internal ETG ICP group meeting' if so deemed necessary. The lead ICP shall in such an event inform SADC about the ETG ICP group's intention to meet separately.

The ETG meetings will be chaired by SADC that may request the Lead ICP to co-chair.

Outputs

In addition to the reporting chains to the SADC/ICP Joint Task Force / Core Business the ETG may, as part of its main tasks, provide specific input to the SADC programming and planning process with regards to the energy sector developments and particular events (e.g. High Level meetings, seminars and workshops). SADC Secretariat shall on those occasions liaise with the Lead ICP as to establish the work plans and sharing of preparatory activities.

The ETG shall further contribute to and reinforce the overall work of the SADC/ICP Joint Task Force / Core Group contribute an environment conducive to bringing the energy developments and issues to the fore in all SADC-ICP relations and cooperation.

Networking in the ETG

A network of contacts shall be established among the participants of the ETG as a mechanism to keep communication and information flowing between the meetings. In this context individual ICPs shall name one focal point, person and/or institution/agency, to the ETG with whom communication shall take place. It may also name persons, and/or institutions/agencies, that shall be kept informed (e.g. by receiving copies of correspondence).

The SADC Secretariat has the responsibility to facilitate the establishment of such networking as well as to keep it permanently updated.

Annex VI

LIST OF DOCUMENTS

- IEG The Development Potential of Regional Programs – An evaluation of WB support of Multicountry Operations
- Memorandum of Understanding between RERA and SAPP April 2007
- NEPAD – Main Report Short Term Action Plan Infrastructure – May 2002
- Power Supply in the Southern African Region Beyond 2007 – Presentation made by SAPP April 2006
- Project Proposal - Regional Energy Efficiency Project February 2007 SAPP & SACTEN
- Record Meeting of SADC Ministers Responsible for Energy – Harare 25 April 2007
- SADC and Donors – Ideals and Practise – From Gaborone to Paris and Back - Elling N. Tjønneland
- SADC Donor Matrix May 2007 – (to be updated)
- SADC Inter-Governmental Memorandum of Understanding February 2006
- SADC Protocol on Energy
- SADC Strategic Indicative Plan for the Organ on Policies, Defence and Security Cooperation
- SADC Summary Regional Indicative Strategic Development Plan
- SAPP Criteria for Project Selection
- SAPP Inter-Utility Memorandum of Understanding April 2007
- SAPP Notes Meeting Between Sapp And Financiers – Johannesburg November 2005
- SAPP Report on the Criteria for Prioritising SAPP Projects November 2005
- Status of the Generation and Transmission Projects – SAPP April 2007
- Windhoek Declaration Implementation Action Plan (Simplified Version, 18.Jan 2007)
- Windhoek Declaration on a New SADC – ICP Partnership – April 2006

TRANSMISSION PROJECTS**Annex VII**

Project Name	Capacity [MW]	Project Description	Expected Date	Estimated Cost USD [M]	Project Status	Private sector involvement
Mozambique - Malawi 220 kV Interconnector	300	Connect Malawi to the SAPP Grid.	Mid 2009	85	PPA no longer requirement. WB approval June 2007	N/A
Zambia-Tanzania-Kenya 330 kV Interconnector	400	Connect Tanzania and Kenya to the SAPP Grid.	2008	330	Feasibility Study complete Transaction Advisors appointed	Yes
WESTCOR	3500	Transmission from Inga 3 the Angola, Namibia, Botswana and South Africa		3500	Project Company setup	Yes
Karavia-Luano 330 kV Interconnector	600	Increase transmission capacity between DRC and Zambia	2009	93	Feasibility Study not complete	Yes
Solwezi – Kolwezi 330kV line (DRC – Zambia)	600	Increase transfer capacity between DRC and Zambia from present capacity of 260MW.	2009	25	Feasibility studies to be revisited	Yes
2 nd 220kV Livingstone-Katima Mulilo (Zambia - Namibia)	260	Increased transmission capacity from Zambia to Namibia	2012	45	Feasibility studies exists	Yes
Zambia –Namibia (350 kV HVDC)	200	Interconnection Namibia - Zambia.	2009	430	Tender stage.	Yes
2 nd Alaska-Sherwood 330kV line	650	Project aims to decongest the ZESA system	2009	15.5	Feasibility studies to be done	Yes
Hwange-Livingstone / Kafue 330kV	650	Line to increase transmission capacity to Namibia and Botswana.	2012	42.5	Feasibility studies to be done	Yes

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Project Name	Capacity [MW]	Project Description	Expected Date	Estimated Cost USD [M]	Project Status	Private sector involvement
2 nd ZESA-Eskom 400kV line	650	Alternative transmission supply route between the northern and southern networks	2011	46.1	Feasibility studies done	Yes
Triangle – Orange Grove 330 Kv	650	Project to decongest the ZESA system	2009	49.2	Feasibility studies to be done	Yes
Mozambique – Tanzania Interconnector		Project to enable power exchange between Mozambique and Tanzania			Initial internal studies done by EdM.	Yes
Zeus - Cape 765 Kv transmission line , RSA	850	Decongest connection power to the Cape and for wheeling power to Namibia	2009		Feasibility	RSA
TOTAL				4,665.3		

SHORT TERM GENERATION PROJECTS**Annex VIII**

Country	Project Name	Capacity [MW]	Project Description	Expected Date	Estimated Cost USD [M]	Project Status	Private sector involvement
Angola	Benguela	83	Gas Turbine	2007		Construction underway	ENE
Angola	Capanda Phase 2	260	Hydro power development	2007	344	Construction is underway	Yes
Botswana	Morupule	600	Expansion of existing coal fired plant	2011	600	Feasibility studies completed.	Yes
Malawi	Kaphichira Phase-2	64	New hydro plant with transmission line.	2009	50	RFP documentation ready	Yes
Mozambique	Massingir	28	Brownfield development for base load hydropower generation	2009	55	Feasibility Studies completed	Yes
Mozambique	Quedas & Ocua	179	Construction of 2 hydro power stations.	2010	29	Feasibility study in progress	Yes
Namibia	Kudu	800	Construction of CCGT "F" class power station including pipeline to bring gas on shore.	2010	640	Detailed pre - feasibility study updated in 2003. Feasibility Phase started 2005	Yes
South Africa	Camden	1140	De-mothballed coal fired power station.	2005-2008	848	Implementation. On track.	Yes
South Africa	Grootvlei	1140	De-mothballed power station.	2008-2010	777	Implementation. On track.	Yes
South Africa	Komati	900	De-mothballed power station	2008-2010	987	Implementation on track.	Yes
South Africa	Arnot	120	Upgrading existing station generator	2007	63	Completed	Yes

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South Africa	Atlantis OCGT	600	Peaking plant with 10% capacity factor	2007	240	Implementation. On track	Yes
South Africa	Atlantis OCGT	750	Peaking plant with 10% capacity factor	2008	300	Feasibility	Yes
South Africa	OCGT	1050	Peaking plant with 10% capacity factor	2009	400	Feasibility	Yes
Swaziland	Maguga	20	Hydro Power Project	2007		Under construction	SEB
Tanzania	Ubungo	60	Gas fired power station	2007	45	Commissioning June 2006.	Yes
Tanzania	Kinyeredzi	200	Gas fired power plant.	2007-9	190		TANESCO
Zambia	Kariba North Bank	360	2x180 MW hydro extension	2009	192	Detailed engineering design needs to be done	Yes
Zambia	Kafue Gorge Lower	750	New earth rock fill type dam proposed upstream of existing station.	2010	600	Discussions with I investors. Reservoir operation studies to select dam site location.	Yes
Zambia	Itezhi-Tezhi	120	Hydro Power project	2008	142	Preparatory works commenced	Yes
Zimbabwe	Kariba South Extension	300	Hydro power extension and associated transmission.	2009	200	Feasibility studies completed. Equipment specifications completed. Investment agreement signed.	Yes
Zimbabwe	Hwange Expansion	600	2x300 MW coal fired plant including associated transmission investments	2009	500	Feasibility studies (including EIA) for done. MOU signed with potential investor.	Yes
Zimbabwe	Gairezi	35	Mini hydro to supply local load	2007	35	Pre-feasibility studies done. EIA is in progress.	ZESA
Zimbabwe	Lupane	300	New gas fired power plant	2010	368	Feasibility studies in progress	Yes
TOTAL		11398			8040		

REHABILITATION GENERATION PROJECTS**Annex IX**

Country	Project Name	Capacity [MW]	Expected Date	Estimated Cost USD [M]	Project Status	Private sector involvement
Angola	Gove Dam - Rehabilitation dam, new power station and transmission system]	60	2010	180	Feasibility studies for power station complete	Yes
DRC	Inga 2 - Refurbishment Including the Inga Kolwesi 500 kV DC Line	800	2007	452	Feasibility studies needed	SNEL/WB, Fin.. Gap USD 200m
DRC	Inga-1 Refurbishment	110	2007	78	Feasibility Studies completed.	SNEL/Public Financing
DRC	Nseke	62	2009	56	Feasibility Studies completed.	Yes
DRC	Koni Refurbishment	42	2008	15	Feasibility Studies completed.	Yes
DRC	Mwadingusha refurbishment	12	2010	30	Feasibility Studies completed.	Yes
DRC	Zongo new hydropower	75	2010	20	Feasibility Studies completed.	Yes
DRC	Nzilo Refurbishment	27	2009	28	Feasibility Studies completed.	Yes
DRC	Sanga Refurbishment	8	2010	6	Feasibility Studies completed.	Yes
Malawi	Tedzani 1&2 Rehabilitation	40	2007	17	Project fully underway,.	Yes
Mozambique	Mavuzi and Chicamba Rehabilitation	34	2009	30	Feasibility study in progress	Yes
Zambia	Kariba North Bank	120	2008		Technical studies completed.	Yes
Zimbabwe	Hwange Rehabilitation	400	2008	40	Technical studies completed. NamPower to finalise PPA and Loan Agreements with ZESA	Yes
TOTAL		1790		952		

LONG TERM GENERATION PROJECTS**Annex X**

Country	Project Name	Capacity [MW]	Project Description	Expected Date	Estimated Cost USD [M]	Project Status	Private sector involvement
Angola	Cambambe II	260	Hydro power development	2011	772	Detailed feasibility studies to be done	Yes
Botswana	Mmamabula	3600	Coal fired plant, initial install. 2400 MW expand. to 3600 MW.	2013		IGMOU Botswana-RSA signed 18.8.2006. IUMOU BPC- Eskom signed 13.11 2006	Yes
DRC	Inga 3	3500	Inga 3 hydro power development	2012	1730	Pre-feasibility Studies done. To be developed under WESTCOR	Yes
DRC	Grand Inga Ph1	6000	8x750 MW units planned for ph 1.	2015	4025	Pre-feasibility Studies done. EIA completed.	Yes
DRC	Busanga	240	Hydro plant and transmission infrastructure	2011	300	Feasibility studies to be updated by 2007	Yes
Lesotho	Oxbow	80	New hydro power station	2015	155	Feasibility studies completed.	Yes
Lesotho	Muela Ph2	110	Development ph2 on existing dam	2012		Feasibility Studies are underway	Yes
Lesotho	Musanga	230	New hydro power development			Feasibility Studies to be done	Yes
Malawi	Fufu	100	New hydro power development	2012	141	Feasibility Studies to be done	
Malawi	Kholombizo	240	New hydro power development	2018	391	Feasibility Studies to be done	N/A
Malawi	Mpatamanga	260	New hydro power	2020	397	Feasibility Studies to be done	N/A

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Country	Project Name	Capacity [MW]	Project Description	Expected Date	Estimated Cost USD [M]	Project Status	Private sector involvement
Mozambique	Temane	750	Ph1: 750 MW gas fired power plant	2011	370	EdM looking for Strategic Partner	Yes
Mozambique	Mphanda Nkuwa (Ph1)	1300	Hydro power project. (Ph2 total 2400 MW)	2015	2000	Feasibility study completed, Negotiations with Strategic Partner	Yes
Mozambique	Moatize	1500	Greenfield baseload coal plant PhI: 1000 MW, (Phase II+500 MW)	2011	2700	EIA in progress. Feasibility study completed, Road show to be done by 1st quarter 2007	Yes
Mozambique	Massingir	40	Hydro power	2009	55	Feasibility Studies needs to be done	Yes
Mozambique	Lurio	183	New hydro power plant	2012	340	Feasibility Studies needs to be done	Yes
Mozambique	HCB North Bank	850	Development of north bank at existing dam site.	2015	771		Yes
Namibia	Walvis Bay	400	400 MW coal fired plant and associated transmission lines	2013	700	EOI has been issued and evaluation is underway	N/A
Namibia	Baynes	360	Hydro power project u to 500 MW	2013	640		Yes
South Africa	ESKOM North Coal Option 1	2250	3x750 MW coal fired units	2011	5000	Pre-feasibility Studies done. EIA is in progress.	Eskom
South Africa	ESKOM East Pumped Storage	1332	4x333MW scheme at Braamhoek	2012-13	1400	Implementation	Eskom

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Country	Project Name	Capacity [MW]	Project Description	Expected Date	Estimated Cost USD [M]	Project Status	Private sector involvement
South Africa	ESKOM North Coal Plant 2	2250	3x750 MW coal fired units	2013 -15	5749	Implementation	Eskom
South Africa	ESKOM North Coal Plant 3	4500	6x750 MW coal fired units	2012 -16	10 200	Pre-Engineering	Eskom
South Africa	ESKOM East Pump Storage	1520	4x380 MW scheme for peaking power	2015	1600	Pre-Engineering	Eskom
Swaziland	Lubombo	1000	1000 - 2000 MW coal fired plant planned.	2012		Feasibility Studies are underway	Yes
Tanzania	Ruhudji	358	New hydro power station	2015	611	Feasibility studies completed.	Yes
Tanzania	Mchuchuma	400	2 phases of 200 MW each	2022-24		Feasibility Studies to be done	Yes
Zambia	Kalungwishi	220	New hydro power development	2015	210	Feasibility Studies to be done	Yes
Zimbabwe / Zambia	Batoka	1600	Run off the river hydro power plant on the Zambezi River	2015	2500	Feasibility Studies completed. Agreement Zimbabwe - Zambia to proceed with the project.	Yes, no investors yet
Zimbabwe	Gokwe North	1400	Power station close to a green field mine.	2012	1357	Feasibility studies completed. EIA required for the transmission lines	Yes/ No investors yet
TOTAL		36 833			31814		

Annex XI

TERMS OF REFERENCE FOR AN ENERGY EXPERT

1. Background

1.1 SADC Restructuring and New Partnership

Over the past few years, the Southern Africa Development Community (SADC) has undergone a restructuring process aimed at realigning the regional integration Agenda and improve the efficiency and effectiveness of implementing SADC policies and programmes. The restructuring process has seen the development of the Regional Indicative Strategic Development Plan (RISDP) and the Strategic Plan for the Organ (SIPO), both of which outline the policies, strategies and priorities for achieving the long-term goals of SADC of deeper regional integration and poverty eradication.

In order to effectively implement the SADC Common Agenda as outlined in the RISDP and SIPO, SADC and International Co-operating Partners (ICPs) have developed a New SADC/ICP Partnership. This New Partnership, as outlined in the draft Windhoek Declaration (April 2006), provides a structure for effective dialogue between SADC and ICPs and will guide future co-operation between SADC and ICPs for the achievement of SADC's socio-economic development agenda.

The RISDP and SIPO adopts programme- rather than project-based approaches in implementing the SADC Common Agenda. The New Partnership aims at:

- Ensuring regular, institutionalised dialogue at policy and technical levels
- Improving co-ordination between ICPs and SADC in order to ensure more efficient co-operation mechanisms and maximised impact of development co-operation interventions
- Ensuring alignment, harmonisation and streamlining of operational modalities for delivery of development assistance to SADC
- Ensuring synergy and complementarities of assistance provided at the national and regional levels

In order to promote harmonisation as well as more coherent, effective and efficient mobilisation and utilisation resources for regional co-operation and integration, Thematic Co-ordination has been introduced as a mechanism for providing attention and pooling resources to specific areas prioritised by SADC.

Among the prioritised areas for Thematic Co-ordination, Norway has taken on the lead role on behalf of the ICPs in Energy.

1.2 Challenges and Strategies for the SADC Energy Co-operation

SADC has, through the Protocol on Energy (1997), the Energy Cooperation Policy and Strategy (1996) and the Energy Sector Action Plan (1997) a comprehensive policy framework for co-operation in the sector.

Although implementation of the Protocol on Energy has been slow, important progress have been made especially in the electricity sub-sector through the interconnection of power grids and the establishment of the South African Power Pool (SAPP) as a competitive market for short term power trade. The RISDP recognises that Energy programmes on the ground fall short of addressing some of the objectives of the Protocol (gender issues and research/technology development mentioned in particular), and that there is need to secure funding for i.a. grid interconnections, joint exploration, rural

electrification, new and renewable sources of energy, and energy efficiency and conservation.

There has also been limited success in attracting private sector participation in the development of energy infrastructure and a lot of backtracking in most SADC countries in the restructuring of the electricity sector, maintaining the status quo of vertically integrated utilities as state monopolies for power supply.

In order to improve progress in ensuring the availability of sufficient, reliable and least cost energy supplies, the RISDP outlines the main strategies with corresponding time bound targets for the SADC energy co-operation (included in Annex I).

Several donors are involved in the SADC energy co-operation. Limited funding is channelled directly to the SADC Secretariat, some funding to subsidiary organisations operating under influence of the SADC Infrastructure and Services Directorate (SAPP and RERA), and most funding is channelled to specialised project management units established by the countries involved (includes major investment programmes under SAPP and various energy corridors). In the energy sector, as for other sectors, there has been little harmonisation or external development assistance to SADC. Common arrangements for planning, funding, disbursement, monitoring, evaluation and reporting are absent. This has reduced the effectiveness of external aid. The institutional reform in SADC is, however, expected to increase the capacity of the Secretariat to co-ordinate and harmonise the support from ICPs.

2. Key Functions of the Energy Expert

The main objective for hiring an energy expert is to increase the capacity of Norway as lead ICP to assist SADC in facilitating co-ordination of ICPs involved or interested in Energy, strategically advise the Secretariat and other SADC structures on ICP comparative advantages and individual ICP priorities of support to the sector, and maintain a constant dialogue and flow of information between SADC and ICPs on regional energy issues.

Norway will as lead ICP assist in building partnerships for implementation of the SADC Energy priorities; mobilising knowledge and resources by identifying potential partners for thematic programmes and projects; promoting and co-ordinating multi-source funding or programmatic approaches and mechanisms; promoting the synchronisation of ICPs' dialogue and assistance; and facilitate co-ordinated consultations among ICPs. The roles and obligations for Norway as lead ICP in energy are further outlined in the attached SADC Thematic Co-ordination Concept Paper.

The Embassy in Pretoria has the overall responsibility for the relation to SADC, while the Embassy in Maputo will take over a responsibility for the energy sector. The expert will be expected to work on behalf of the Embassy in Maputo and in close co-operation with Norad, as a donor focal point for the SADC Secretariat. He will through own or external resources provide strategic and independent technical advice for the Embassy, related to the ICPs support to the Secretariat's efforts in moving the SADC energy agenda forward.

3. Type and Scope of Services

A key priority for the work of the energy expert is to promote and co-ordinate programmatic Approaches to implementation SADC Energy Agenda and in this context assist SADC in identifying programmes, projects or other activities requiring intervention of ICPs.

Detailed plans with time bound targets for the work of the energy expert will be agreed on an annual basis through the Plan of Operation process at the Embassy in Maputo and in Norad. The work priorities will be set by the Embassy in consultation with other ICPs involved in energy and the SADC Secretariat. Pending further consultations, the following general and specific priority tasks are envisioned for the energy expert:

3.1 Facilitate dialogue and partnership

- Facilitate co-ordinated consultations among ICPs and assist SADC in its endeavours towards co-ordinated consultations with ICPs involved in energy
- Maintain a constant dialogue and flow of information between SADC and ICPs involved in energy
- Support in building partnerships for implementation of the SADC energy agenda

3.2 Facilitate Co-ordination

- Assist the SADC-secretariat in facilitating co-ordination of ICPs involved in energy
- Inform the Secretariat and other SADC structures on ICP comparative advantages, and individual ICP priorities of support
- Create fora for co-ordinating activities to avoid overlaps and achieve maximum synergies with other donors, other SADC activities, sub-regional and global initiatives/actions.
-

3.3 Facilitate Networking

- Create a platform for SADC and ICPs for networking/confidence-building and exchange of information
- Create fora for exchanging ideas and enhancing dialogue on strategic issues

3.4 Assist in Resource Mobilisation

- Assist in identifying resource mobilisation mechanisms on funding gaps, and in promoting and coordinating multi-source funding approaches and mechanisms, including joint financing and technical cooperation arrangements.
- Mobilise knowledge, financial and / or other resources by identifying potential partners for thematic programmes and projects

3.5 Specific Priority Tasks

- Work out a ToR for the energy co-ordination group in consultation with SADC and energy ICPs and on the basis the SADC Guidelines for Thematic Co-ordination Groups.
- Map out ongoing support to SADC and regional activities in the energy sector comprising:
 - "Hard" (infrastructure investments) and "soft" (assistance to various regulatory bodies or regional policy development and harmonisation) programmes and projects of relevance to regional energy co-operation (investments under the SAPP and various energy corridors as well as energy projects involving at least two member states), under the auspices of NEPAD, channelled through the SADC Secretariat, through (national) subsidiarity organisations working under the influence of the SADC Infrastructure and Services Directorate, or through specialised management implementation units.
 - The mapping shall also include ongoing and planned investments by new development partners (China, India and Brazil) and the private sector involved in the region.
- Initiate a dialogue between the SADC Secretariat and ICPs to consolidate the investment and capacity building priorities for the regional energy co-operation.
- Map out donor agency policies of relevance for the SADC energy co-operation and modalities for donor support to the energy sector. Initiate a process on improving aid effectiveness by agreeing on common arrangements for planning, funding, disbursement, monitoring, evaluation and reporting of donor support. Initiate a

process to strengthen links between ICPs national support to individual Member States and their regional support

- Identify areas of support to enable SADC and the Secretariat to exercises stronger and more efficient leadership over the regional development priorities in the energy sector.
- Assess the need to support national capacities to participate in regional organisations/co-operation.
- Take initiative to create a forum for consultations with new development partners (China, India and Brazil) and the private sector involved in the region.

4. Reporting and other modalities for the work of the energy expert

The Energy Expert will be hired by Norad, but will report to and collaborate primarily with the Royal Norwegian Embassy in Maputo in its role as Lead ICP. Norad shall on regular bases be briefed and consulted on energy policy and technical issues. Norad will provide technical back stopping, and can assist in procuring technical advice and studies of relevance for the tasks of the energy expert. The Energy Expert is expected to carry out his functions in close liaison with the SADC Secretariat.

Regarding the SADC Structures for ICP Co-operation, the Energy Expert is expected to:

- Facilitate (call for, chair and report from) meetings in the Energy Co-ordination Group
- Represent Norway in the Core Group with a mandate approved by the Norwegian Embassy in Maputo.
- Prepare (briefs and talking points) for the Norwegian Embassy in Maputo's participation in the Joint Task Force.
- Provide energy sector specific input (briefs and talking points) for Norway's representatives in the Consultative Conference.

The Energy Expert may be located in Gaborone (SADC Secretariat), Pretoria (all major donors represented) or Maputo (co-location with the Embassy in charge, Maputo has a regional office of AfDB and Mozambique is an important energy partner country for Norway). Extensive travelling in the region will be necessary.

5. Qualification Profile

The competencies required for the Energy Expert to successfully carry out his tasks include:

- Demonstrated high skills in financing of energy infrastructure investments in Africa
- Extensive experience in the design, appraisal and implementation of energy infrastructure projects and institutional development programmes
- Familiarity with the context of electricity sector reforms in the SADC region
- A strong grasp of the theory and practice of development co-operation, in particular the harmonisation agenda and the adaptation programmatic sector interventions
- Highly developed "process" skills – communication, facilitation and team working
- Highly developed communication skills, in particular the ability to write clearly and succinctly to deadlines

6. Length of contract

It is envisaged that Norway will be lead ICP for the thematic area of energy for a period of about five years.

The Energy Expert will be offered a two year contract with a possibility of one year extensions based on an assessment of his/her performance.

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