

SADC Infrastructure Presentation

3rd Japan-Africa Business Forum

Theme: Light and Power Southern Africa

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SADC Member States

- ✓ SADC was established as a development coordinating conference (SADCC) in 1980 and transformed into Southern African Development Community (SADC) in 1992.
- ✓ It is an inter-governmental organization 16 Southern African Member States as at August 2017.
- ✓ Combined Population of close to 340,000,000 Inhabitants



Key Policy , Strategies and Implementation Frameworks

- RISDP 2020–2030 covers six strategic priority areas:
 - The Foundation: Peace, Security, and Good Governance;
 - Pillar I: Industrial Development and Market Integration;
 - **Pillar II: Infrastructure Development in Support of Regional Integration;**
 - Pillar III: Social and Human Capital Development;
 - Cross-cutting issues including Gender, Youth, Environment and Climate Change, and Disaster Risk Management; and
 - Strategic Management of RISDP 2020–2030.
- Protocols on Transport, Communications and Meteorology, Energy and Water, Trade, Finance and Investment
- RIDMP-Regional Infrastructure Development Master Plan (2012-2027)
- SADC Corridors Development Strategy (2008),
- SADC Industrialisation Strategy and Road Map (2015-2063)
- Declarations, Tripartite, Continental & International Agreements and Conventions
- SAPP Pool Plan (2017)
- Renewable Energy and Energy Efficiency Strategy and Action Plan 2016
- Regional Energy Access Strategy and Action Plan
- Regional Gas Masterplan Phase I
- Market and Investment Framework for SADC Power Projects
- SADC Industrial Energy Efficiency Programme



SADC Energy Programme

Objectives - to facilitate and coordinate and achieve availability of sufficient, reliable, least cost energy services that will assist in the attainment of economic growth, industrialisation and the eradication of poverty whilst ensuring the environmentally sustainable use of energy resources in the SADC Region



SADC Energy Sector Plan Key Areas



Developing Regional Power generation and transmission projects

Promoting Renewable energy Resources and Energy Efficiency Sub-programmes

Developing Oil and Gas - Production; Refineries; Pipelines and Storage capacity; Regional Gas Committee

Coal, Nuclear Power and Energy & Climate Change



Energy Projects

Completed Feasibility Studies:

ZIZABONA; MOMA, BOSA, Alaska-Sherwood

Preparatory Studies to be completed in 2021:

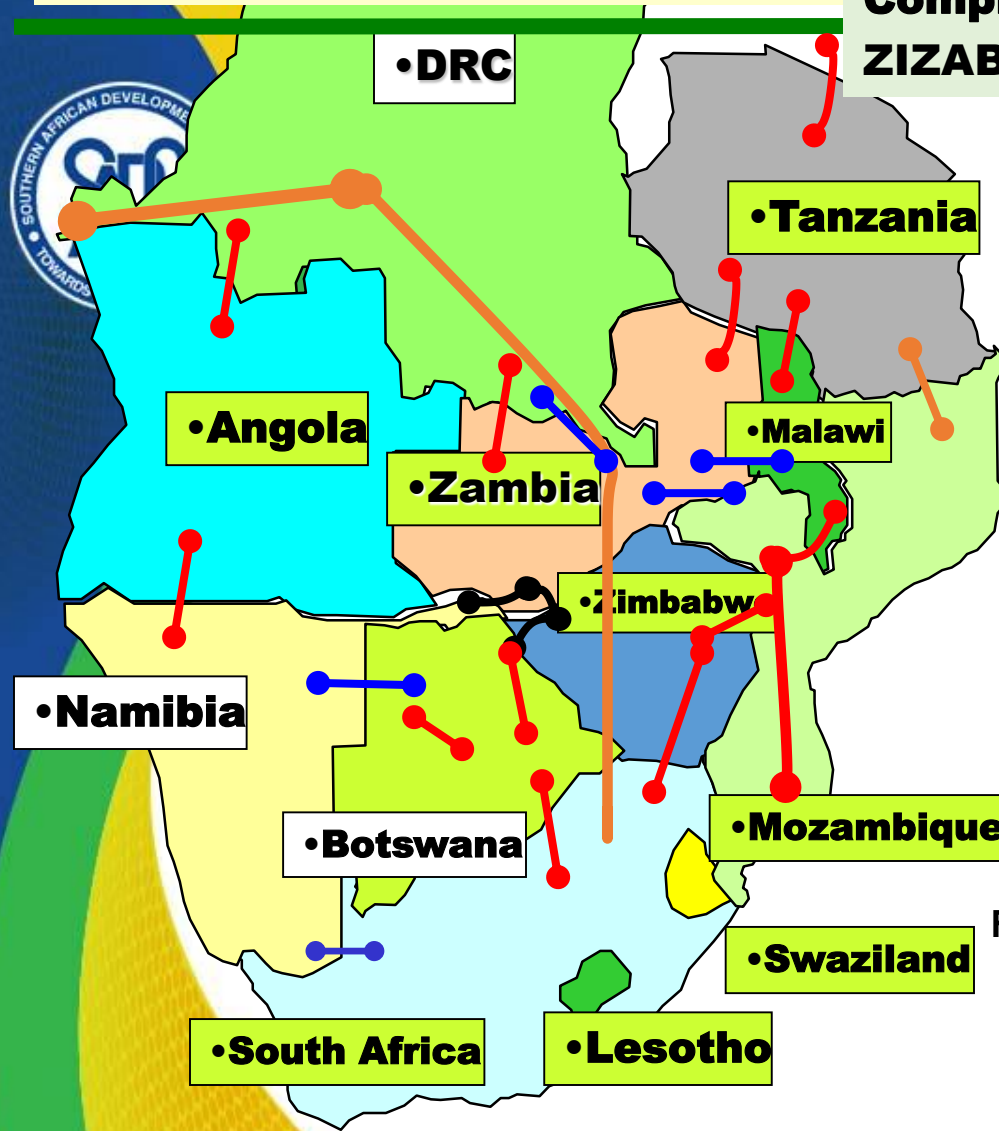
- ❑ Angola – Namibia Interconnector (SADC PPDF)
- ❑ Kolwezi – Solwezi Transmission Line (DRC-Zambia) (NEPAD IPPF)
- ❑ Mozambique – Zambia Interconnector (NEPAD IPPF/USTDA/WB)
- ❑ Zambia – Tanzania Interconnector (WB/EU)

Feasibility Studies are in progress for:

- ❑ Inga – Soyo (DRC-Angola) Interconnector (World Bank)
- ❑ Malawi – Zambia Interconnector (World Bank)
- ❑ Mozambique – Tanzania Interconnector (NEPAD IPPF)
- ❑ Luapula hydropower project (NEPAD IPPF/World Bank)

Pipeline projects:

- ❑ Angola – Zambia Interconnector
- ❑ Botswana – Namibia Interconnector
- ❑ Batoka Gorge Hydro – Transmission Line
- ❑ Baynes Hydro – Transmission Line



Regional Programmes and Projects Investments Opportunities

- SADC Project Preparation and Development Facility
 - List of infrastructure projects ready for investments
- Regional Transmission Infrastructure Financing Facility
 - Potential transmission corridors for investments
- SADC Regional Gas Master Plan Phase II
 - Investment blueprint for gas infrastructure, Gas to power projects
- Mega Solar for Southern Africa
 - Botswana and Namibia





RTIFF | Why, what and how

A **Facility** that will address the lack of investments in regional transmission infrastructure in SADC and support the objectives of SAPP Members



Why integration?

- **Regional-level**
 - Cost savings of \$37-42 billion for the region (SAPP Pool Plan)
 - Integration of low-carbon sources and improved climate resilience
 - Enhanced security of supply
 - Access to more cost-efficient sources
 - Ability to mitigate supply shocks
 - Increased access/electrification
- **Country-level:** All countries have positive economic benefits, although at different scale



What needs to be done?

- Growing but still underdeveloped trading market & transmission bottlenecks
- The SAPP Pool Plan gives a strong starting point for identifying transmission project
- However, further support is required to strengthen the business cases for specific projects and accelerate financing



How can it be achieved?

- The business-as-usual approach of developing transmission (bilateral commercial trading agreement) has produced limited results
- **RTIFF as a regional facility can provide an innovative solution**
- RTIFF is underpinned by a **new approach** to developing and financing priority regional transmission projects

Enabled and supported by

Priority measures, including:

- Cost-reflective transmission pricing methodology
- Congestion management & transmission capacity allocation



Priority RTIFF Corridors

3 priority transmission corridors have been identified. They are made up of 8 high-benefit projects and internal country transmission projects

West corridor (North – South)

- DRC-Ang
- ANNA
- RSANam

Capex = \$0.8b
Econ = \$16b

Central corridor (East – West)

- MaMo
- MOZA
- ZIZA

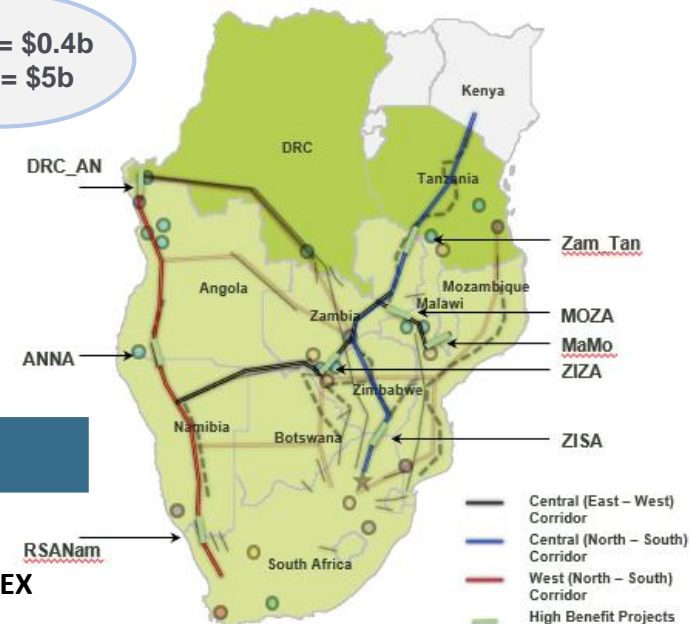
Capex = \$0.4b
Econ = \$5b

Central (North – South)

- Zam-Tan
- ZIZA
- ZIZA

Capex = \$0.8b
Econ = \$17b

Proposed High Priority Projects



Greater regional integration delivers economic benefits

On average, each transmission line has **economic benefit of \$4.3b (NPV)** vs. an average CAPEX of \$203m



This suggests that **\$1 of CAPEX unlocks \$21 in economic benefits**



Challenges of Implementing Programmes and Projects amidst COVID 19 and Mitigating Measures

- Slow completion of projects due to COVID 19 travel restrictions – engagements of consultants in Member States to carryout part of the studies
- Expiring of facility agreement during the COVID 19 pandemic – request of no cost extensions from ICPs to facility completion of projects
- The use of small Member States Task Teams has worked very well and has proved effective for getting support from Member States

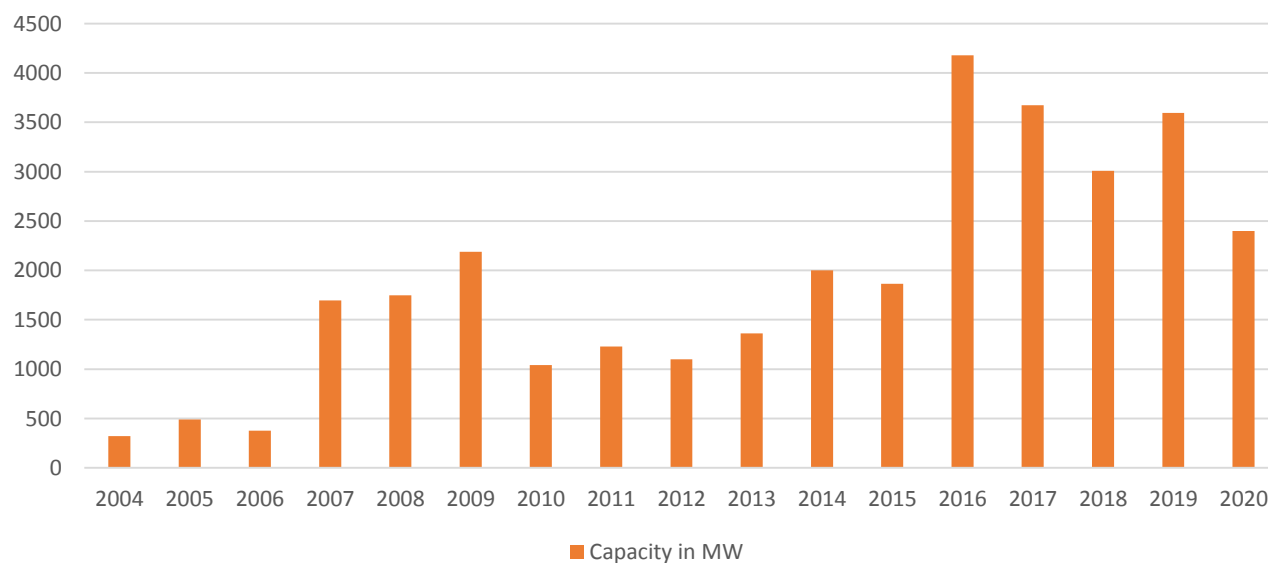


Success stories in Integrating Africa

- Financial close of the Malawi - Mozambique Interconnector
- Increase in Commissioned Generation Projects
- Steady progress on the Priority Interconnectors: ANNA and Zam-Tan Projects



SADC Regional Commissioned Generation Capacity, MW



Critical Success Factors For Project Implementation

- ✓ Commitment by Member States and related agencies
- ✓ Creation and strengthening of oversight and implementing institutions
- ✓ Appropriate policy, institutional and regulatory framework
- ✓ Provision of a robust monitoring and evaluation system
- ✓ Availability of a pipeline of bankable projects
- ✓ Financial sustainability of projects funding
- ✓ Partnership with private sector in infrastructure development
- ✓ Adoption of the user pays principle



CONCLUSION

Project Preparation and Implementation Mechanisms

- ✓ Accelerated and coordinated policy reforms and harmonization of laws, regulations and standards that affect infrastructure design, development, construction, maintenance and operations;
- ✓ There is a need to continue investing in building the capacity, tools and systems to bring projects to fruition;
- ✓ Closing SADC's infrastructure gap may call for experimenting with new models of project delivery;
- ✓ Exchanges offer a way for countries to share experiences and develop solutions to challenges; and
- ✓ Better management structures will improve project implementation.

Resource Mobilisation, Marketing and Financing

- ✓ SADC needs to expand the availability of project preparation financing and attract new sources of capital





**Thank
You**

Obrigado

Merçi

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