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SAPP - Program for Accelerating Transformational Energy Projects

- The SAPP ran out of generation surplus capacity in 2007/8 due to Inadequate Investments in both generation and transmission infrastructure over the last 30-years.

- The SADC region is now in need of investment in both generation and transmission infrastructure. The challenges being faced include, but not limited to the following:

  i. The generation and transmission projects identified for implementation are not properly prepared,
  ii. There is limited capacity within SAPP utilities to prepare projects and bring them to bankability stage, and
  iii. Project preparation funds have not been forthcoming at a rate suitable enough to prepare a number of projects.
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a. Response from Ministers responsible for energy in SADC region

- There has been significant work to develop governance arrangements around the SAPP to be able to attract project preparation funds. In fact, an inter-government authorizing environment was discussed at ministerial level and has been agreed since February 2008. It is set out in a SADC communiqué dated February 21, 2008.

- A Reporting Structure was put in place in the region and was approved by the Task Force of Energy Ministers and also by the Ministers responsible for energy in the SADC region at their meeting held in Kinshasa, DRC, on 31st April 2008.
b) The SAPP Priority Projects

- In 2009, the SAPP completed the revision of the Pool Plan, which was funded by the World Bank and the government of Norway, and came up with a list of priority projects which could be prepared and implemented.

- The status of project implementation was reviewed by the SAPP Executive Committee at a meeting held in 2011. It was found that:
  - Most of the selected priority projects needed extra work to be done on them to bring them to bankability stage, and
  - In order to bring the projects to bankability stage, project preparatory funds were required.

- The SAPP-CC was therefore mandated to request for financial support from Co-operating Partners to secure project preparation funds.
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c. Response from Cooperating Partners

- The government of Norway and Sida, DBSA and AFD, and the ADB responded to the call from SAPP and are helping the SAPP to prepare projects such as: ZIZABONA, CTC, AnNa and MOZISA.

- The World Bank has further responded by assisting the SAPP to set up a Project Advisory Unit (PAU) that could accelerate the implementation of projects in the region:
  - An IDA grant up to US$20 million has been provided for the establishment of a PAU in the SAPP,
  - An advance of US$1 million has been made available to the SAPP for logistics in setting up the PAU.

- Other Cooperating Partners have been invited to assist the SAPP-PAU in the implementation of power projects.
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d. Objectives of the PAU

➢ The PAU will:
   i. Conduct regional analytical work,
   ii. Use the grant funding received by the SAPP-CC to screen, select, prepare and monitor the implementation of regional priority projects, and
   iii. Play an advisory role to SADC governments

➢ The objective is “to be accountable for the preparation and implementation of selected and agreed priority regional electricity projects in the Southern African Power Pool region”.

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f. IDA Grant Components

Funding from the International Development Agency ("IDA") has been divided into three components:

1. **Component A**: Setting up the PAU under the SAPP (US$ 7 million) which would fund the mobilization of a high caliber team.

2. **Component B**: Project Preparation Funds (US$10 million, initially). The funds in this Component would be managed by the PAU. Key focus will be on projects’ environmental and social performance.

3. **Component C**: Analytical support to SAPP (US$3 million). This component would support analytical work to update critical non-project specific information used by SAPP to support project preparation, including revision of the SAPP Pool Plan.
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g. **PAU Key Staff and Location**

- The **key staff complement** have been identified as follows:
  
  1. Chief Transaction Advisor (CTA)
  2. Financial Management Specialist
  3. Procurement Specialist, and
  4. Environmental/Safeguards Specialist

  Using the advance payment from the World Bank, the CTA will be employed first and he/she in turn will assist with the recruiting and employment of the other staff.

- Proposed location of **PAU** will be **Johannesburg**, South Africa, due to the strategic position of the city and the likely ability to attract credible Team Members, and access to Banks that can fund projects.
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h. PAU Organogram

NOTES:
1. Project Implementation Unit (PIU) Manager is the same as the Chief Transaction Advisor (CTA).
2. Recruitment and appointment of CTA will be done by SAPP HRWG.
3. Recruitment of other key staff will be done by SAPP HRWG and with the participation of the CTA and the SAPP-CC Manager.
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i. Status of the Project

➢ The following key documents have been SIGNED:
  i. Financing Agreement to enable release of an advance to the SAPP
  ii. Minutes of the negotiation meeting

➢ The SAPP has prepared the “Project Implementation Manual”.

➢ World Bank Board formally approved the project in November 2014.

➢ Project Implementation advance of US$1 million has been received from the World Bank for the immediate use to:
  i. Prepare PAU offices
  ii. Recruit key staff
  iii. Secure office tools such as computers, printers, etc.
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j. Project Sustainability

- Support from World Bank is initially for a period of two (2) years and is subject to extension based on performance of the PAU.

- The initial grant from the World Bank IDA is US$20 million. Other Cooperating Partners are being sourced to support the PAU.

- At the point of financial closure of each priority project, the sponsors of the project will be requested to pay back to the PAU the cost of project preparation.
For more information contact

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