



AFRICA POWER VISION (APV) FEATURED PROJECT BRIEF (WEF Africa side event)

3 June 2015



**Africa Power Vision (APV) featured project brief,
for discussion at the NEPAD/Power Africa event,
Cape Town June 2015**

(WEF Africa side event)

**The Westin, Cape Town, June 3rd, 2015, 1100-1300
Seal & Robben Island rooms**

Thank you for confirming your participation at the NEPAD/Power Africa event.

This short briefing document provides background information on the featured Africa Power Vision 'APV' project as well as an outline on the status of the project and key challenges which need to be overcome.

While representatives for the featured project will speak further to these issues, we kindly request that you review this brief in advance of the event, to familiarise yourself with the content we will be discussing.

Please note that this is a WEF side-line event, as such, we will not be able to facilitate passes or entrance to the Cape Town International Conference Centre or formal sessions on the WEF Africa 2015 agenda.

FOREWORD

At the 2014 World Economic Forum (WEF) meeting in Davos, Switzerland, African leaders – in particular, ministers of power and finance – recognised the importance of energy in driving socio-economic development. They thus committed to prioritise the implementation of energy infrastructure projects on the continent and to a focused vision for developing key energy infrastructure across Africa -- now called the “Africa Power Vision” (APV).

Africa Power Vision, APV, is an overarching vision of powering Africa that is consistent with Africa 2063 Agenda. The APV is based on the Programme for Infrastructure Development in Africa (PIDA) and targeted priority energy projects in Africa with the aim of advancing its implementation. It was jointly developed by the African Union Commission (AUC), the NEPAD Planning and Coordinating Agency (NPCA), the Federal Ministry of Finance, Nigeria, the Economic Commission for Africa (UNECA) and the African Development Bank (AfDB).

To support the APV and to ensure that Power Africa’s efforts aligned with those of our African partners, Power Africa signed a memorandum of understanding with NEPAD Agency to collaborate on and accelerate energy projects throughout the continent. Rooted in partnerships, Power Africa is working with African governments, the private sector, and other partners in sub-Saharan Africa to add more than 30,000 megawatts (MW) of cleaner, more efficient electricity generation capacity as well as increase electricity access by adding 60 million new home and business connections. Within the Power Africa initiative, Tony Blair Africa Governance Initiative (AGI)’s responsibility is to appoint a group of leaders, the Power Africa Senior Advisors Group, from politics, industry and finance who will work together to provide a resource of advice to serving Heads of State, Energy Ministers and others in a select number of Power Africa’s focus countries.

Recently, NEPAD Agency, supported by Power Africa, further refined the list of priority APV projects and the associated pillars that form the bedrock of the Vision. This APV Concept Note and Implementation Plan was presented and endorsed by the Heads of State and Governments Orientation Committee (HSGOC) in Addis Ababa in January 2015.

This next milestone event at the side-lines of the WEF Africa forum will see presentation of a featured project from that list, along with an exploration of the key issues or challenges preventing successful implementation of both this project and the advancement of the APV process more broadly. The main topics that will be discussed are outlined in the enclosed agenda. Representatives from NEPAD, APV leadership and key private sector partners (including SE4ALL’s African Energy Leaders Group) will be in attendance. They will be joined by three members of the Power Africa Senior Advisors Group, who will be facilitating much of the discussion.

It is our hope that such meaningful, issues-focused and multi-stakeholder discussions will help to mitigate potential impediments to successful implementation of the APV priority projects, while building avenues for downstream collaboration of key APV stakeholders, public and private sector partners. This is a fundamental next step in moving the APV from vision to action.

We appreciate your attendance and participation and very much look forward to the discussions.

FEATURED AFRICA POWER VISION PROJECT

Transmission – Zambia-Tanzania-Kenya Transmission Line Project

Countries/Region	Zambia, Tanzania and Kenya East and Southern Africa regions
Project Location	Kabwe (Zambia) through Mbeya (Tanzania) to Isinya (Kenya) via Iringa, Singida and Arusha (all in Tanzania)
Sector/Subsector	Energy/Transmission
Project Description	Construction of a transmission line that will connect the Zambian grid to Kenya, via Tanzania, covering a distance of 2,200 km. The transmission line (interconnector) will be constructed as a bi-directional 400 MW double circuit 400 kV power transmission line in sections from Kabwe in Zambia to Isinya in Kenya. On Tanzania's side, a 400 kV line from Mbeya to Iringa will provide the strong path for power to be delivered to the northern load centres. On Kenya's side, another 400 kV line from Singida onwards to Arusha will be required to deliver power to the Arusha load centre as well as transmit power to Isinya.
Project Size/Capacity	Bi-directional 2,200+ km, 400 MW 400 kV power transmission line.
Project Objectives	<ul style="list-style-type: none"> • Promote power interconnection across the continent and facilitate the creation of a Pan African power market. • Promote and stimulate the development of new power generation projects and electricity export potential. • Improve the quality of power to Northern Zambia (via Kasama) and Western Tanzania (Sumbawanga). • Reinforce the national grid in Tanzania and make Tanzania an operating/trading member of the SAPP. • Assist Kenya in diversifying fuel sources for generation.
Project Structure/Type	Although the project was originally planned as a PPP, it is now being developed by the public sector as a unitary system covering the three countries. Driven by the need to keep the average cost of financing low, the project is a suitable candidate for concessionary funding.
Project Sponsors	Governments of Zambia, Tanzania and Kenya
Project Stage	Securing financing
Project Energy Source	Transmission line, transmitting energy from various hydro/coal sources
Potential Market	Zambia, Tanzania, Kenya, and the region
Regional Context	The development of the project has been prompted by the increasing demand for power in East Africa. Due to phenomenal growth of the economies in the East and Southern African regions (e.g. Kenya, Rwanda, Tanzania, Uganda etc.), the demand for power has increased substantially. Some of these countries (e.g. Kenya, Uganda) have had to resort to very expensive emergency power suppliers. Hence, the need to explore the possibility of drawing power from Southern Africa, Zambia in particular.



Countries/Region	Zambia, Tanzania and Kenya East and Southern Africa regions
REC	EAC, COMESA and SADC
Economic Sustainability & Expected Benefits	<p>Promoting power interconnection across the continent and facilitating the creation of a Pan African power market.</p> <p>Promote and stimulate the development of new power generation projects and electricity export potential, e.g. enable Kenya to diversify fuel sources for generation: hydro, geothermal, etc. Improve the quality of power to Northern Zambia (via Kasama) and Western Tanzania (Sumbawanga).</p> <p>Reinforce the national grid in Tanzania and make Tanzania an operating/trading member of SAPP.</p>
Implementing Authorities	Government of Zambia, Tanzania and Kenya. Zambia through its Office for Promoting Private Power Investment (OPPI). Project Management Unit (PMU) to be established by the participating governments to manage the project until the formation of the transmission company, Transco, which will be a special purpose vehicle (SPV).
Project Status	<p>Commencement of preliminary discussions on PPAs and technical review of the project (routing, configuration, capacity).</p> <p>Finalisation of technical aspects, installation of the PMU in Lusaka. Signing of the Heads of Agreements and, mobilisation of resources by Zambia and Tanzania.</p> <p>Funding for establishment of the PMU from European Union obtained.</p> <p>Commencement of the PMU recruitment.</p>
Total Estimated Project Cost	US\$ 1.1 billion
Financing Gap	US\$ 1.1 billion
Key Challenges	Securing financing
Way Forward	<p>Secure financing for the project.</p> <p>The sponsoring governments have agreed to provide the necessary counterpart funding and sovereign guarantees. A combination of multilateral, bilateral and commercial funding sources is to be considered. The funding is expected to come principally in the form of concessionary funding (grants and low cost/long tenor), semi-commercial (medium costs, long-term funding, subordinated to commercial funding) and commercial (market priced, long term funding).</p>



FROM VISION
TO ACTION

