

# Report of the Ad Hoc Experts Group Meeting on Cost-Benefit Analysis of Regional Infrastructure and Services



Economic Commission for Africa  
Subregional Office for Southern Africa





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Lilongwe, Malawi  
22 - 23 March 2010

United Nations Economic Commission for Africa  
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# Acronyms and abbreviation

AEGM	Ad Hoc Experts Group Meeting
CBA	Cost-Benefit Analysis
CEO	Chief Executive Officer
CSIR	Council for Scientific and Industrial Research
COMESA	Common Market for Eastern and Southern Africa
DBSA	Development Bank of Southern Africa
DRC	Democratic Republic of the Congo
EIA	Environmental Impact Assessment
ECA-SA	Economic Commission for Africa, Southern Africa Office
ESKOM	Electricity Supply Commission
GDP	Gross Domestic Product
GNP	Gross National Product
ICT	Information Communication and Technology
IWRM	Integration Water Resources Management
LHWP	Lesotho Highlands Water Project
MISA	Media Institute of Southern Africa
MoU	Memorandum of Understanding
NEPAD	New Partnership for Africa's Development
NRID	NEPAD and Regional Integration Division
PPAs	Power Purchase Agreements
RITD	Regional Integration Infrastructure Trade Division
SADC	Southern African Development Community
SADC-DFRC	Southern African Development Community- Development Finance Resource Centre
SAPP	Southern African Power Pool
SARDC	Southern African Research and Documentation Centre
UNECA	United Nations Economic Commission for Africa
USA	United States of America
VAT	Value Added Tax
WAP	West African Power Pool
WESTCOR	Western Power Corridor

# Summary

In line with continued support to the Southern African Development Community (SADC) mission to develop integrated and cost-effective regional infrastructure, the United Nations Economic Commission for Africa Southern Africa Office (ECA-SA) in cooperation with SADC organized an Ad Hoc Expert Group Meeting on the *Cost-Benefit Analysis of Regional Infrastructure and Services* in Lilongwe, Malawi from 22 to 23 March 2010.

The objective of the meeting was to provide guidance on the preparation of a technical publication commissioned by ECA-SA on *Regional Infrastructure Costs and Benefits in Southern Africa* aimed at producing an analytical framework for establishing regional infrastructure costs and benefits to serve as a knowledge resource for assessing the key issues and challenges facing regional cooperation in developing regional infrastructure. Based on up-to-date data and methodology, the framework is intended to deliver effective policy advice and guidance to facilitate countries' investment in regional infrastructure projects.

The meeting was attended by representatives from member States, a number of private and non-governmental organizations, Regional organizations, the Development Bank of Southern Africa (DBSA) and the consultants contracted by ECA-SA to develop the analytical framework.

Opening statements were delivered by Ms. Jennifer Kargbo, Director of ECA-SA and Mr. McFellow Ngwira, Principal Secretary of the Ministry of Transport and Public Infrastructure of Malawi who stressed the importance of developing regional infrastructure.

The following reports prepared by consultants were presented:

Emerging issues and challenges on cost-benefit analysis of regional infrastructure pertaining to the power sector in Southern Africa;

Emerging issues and challenges on cost-benefit analysis of regional infrastructure pertaining to the water sector in Southern Africa;

General framework for cost-benefit analysis of regional infrastructure in Southern Africa.

These were followed by short presentations by discussants on: Policy and financial implications for regional infrastructure development; Highlights of the Lesotho Highlands water project ; Lessons



learnt from the Westcor project and highlights of Eskom experience; and Implications of regional infrastructure and regional integration.

To facilitate wider inputs into the discussions working groups were established to discuss the water sector issues and challenges and the power sector issues and challenges from which synthesised recommendations were made and a way forward charted. General recommendations entailed:

**Political commitment:** Countries should demonstrate their commitment to the regional projects through all stages of implementation.

**Institutional framework:** The SADC/COMESA need to enhance their economic initiatives in infrastructure development. They should speed up the establishment of a SADC project preparation unit with the requisite capacity to prepare bankable infrastructure projects, mobilize capital and implement projects.

**Financing:** Joint project resource mobilization, coordination and harmonization between traditional and non-traditional development partners should be in place to optimize; National plans/budgets should incorporate regional infrastructure projects (resource mobilization should be consistent with the financial strategies of Governments); member States are urged to intensify efforts to implement cost-reflective tariffs.

**Gender mainstreaming:** Member states are urged to mainstream gender in infrastructure decision-making; Member States are urged to develop appropriate indicators to measure gender mainstreaming in infrastructure development.

**On water sector-specific recommendations:** (a) SADC regional water infrastructure projects should be designed with a multi-purpose focus that ensures collateral use across various economic sectors; (b) Countries that share a trans-boundary river basin should seek opportunities to cooperate on all water projects in order to harness the potential of downstream benefits from upstream investment projects and vice versa.

**On power sector-specific recommendations:** (a) SADC needs a regional power master plan which is informed by member States' specific needs; (b) The wide disparity in power sector infrastructure cost estimates needs to be resolved; and (c) Power infrastructure should include renewable energy technologies in the energy mix.

The meeting also made the following recommendations on the methodology used for cost benefit analysis: (a) The design of the CBA methodology should permit each member State to gain an understanding of its individual cost and benefit arising from a regional infrastructure investment; (b)

Costs and benefits must target the interests (i.e. social, economic and environmental interests) of all the different stakeholders in the decision-making tree (e.g. national Governments, financial backers and regional groupings); and, (c) Members States are urged to allocate adequate resources to ensure reliable data.

On the way forward, the meeting agreed to set up a working group to work with the consultants in finalizing the study. The group comprised the Bureau of the AEGM, DBSA, Department of Water Affairs (South Africa), CSIR and ESKOM supported by the ECA-SA Secretariat.

The lead consultants were asked to pursue the following tasks:

- (a) Incorporation of the comments from the AEGM, and finalization and submission of issues and challenges coming therefrom;
- (b) Cooperation between stakeholder institutions to provide further inputs to the report on Power and Water infrastructure sectors in Southern Africa; and
- (c) Participation in the internal and external review of the study and its finalization.

# 1. Background and objective

1. In line with continued support to the Southern African Development Community (SADC mission to develop integrated and cost-effective regional infrastructure, and within the framework of the Multi-Year Programme of Cooperation with the Community, the Southern Africa Office of the United Nations Economic Commission for Africa (ECA-SA) organized an ad hoc expert group meeting on the Cost-Benefit Analysis of Regional Infrastructure and Services in Lilongwe, Malawi from 22 to 23 March 2010.

2. The objective of the meeting was to provide guidance on the preparation of a technical publication commissioned by ECA-SA on Regional Infrastructure Costs and Benefits in Southern Africa to serve as an analytical framework for establishing regional infrastructure costs and benefits and as a knowledge resource for assessing the key issues and challenges facing regional cooperation in developing regional infrastructure. Based on up-to-date data and methodology, the framework is intended to deliver effective policy advice and guidance to facilitate countries' investment in regional infrastructure projects.

## 2. Attendance

3. The meeting was attended by representatives from the following member States: Lesotho, Malawi, Namibia, South Africa, Zambia and Zimbabwe. In addition, representatives from a number of private and non-governmental organizations, namely, the Walvis Bay Corridor Group, the Cross Border Traders Association, Women and Law in Southern Africa, Media Institute of Southern Africa (MISA) and the Council for Scientific and Industrial Research (CISR) of South Africa attended. Regional organizations and development partners represented included the New Partnership for Africa's Development (NEPAD), SADC, SADC Development Finance Resource Centre (SADC-DFRC), the Southern African Power Pool (SAPP), the Common Market for Eastern and Southern Africa (COMESA), the Southern African Research and Documentation Centre (SARDC) and the Development Bank of Southern Africa (DBSA). Also present were the consultants contracted by ECA-SA to develop the analytical framework.

4. A list of participants is contained in Annex I.

# 3. Opening session

## 3.1 Opening statements

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5. Opening statements were delivered by Ms. Jennifer Kargbo, Director of ECA-SA and Mr. McFellow Ngwira, Principal Secretary of the Ministry of Transport and Public Infrastructure of Malawi.

6. Ms. Kargbo welcomed participants and expressed her confidence that their inputs would throw further light on the key issues and challenges facing countries in Southern Africa in the quest to develop regional infrastructure. She noted that the subregional infrastructure financing gap was currently estimated at \$US31 billion per annum in the power and water infrastructure sectors, with adverse consequences for national and regional economic growth. In this context, she highlighted the detrimental effects of the global financial crisis on the development of national and regional infrastructure and underscored the importance of scaling up donor finance for infrastructure as recognized by the G-8 summit at Gleneagles.

7. In light of scarce national resources and competing national priorities, she underlined the importance of properly assessing the costs and benefits of infrastructure investments for effective planning and budgeting at the national and subregional levels. In this endeavour, appropriate and up-to-date data and methodologies were fundamental to capturing and reflecting the varied needs, circumstances and national priorities of member States.

8. Mr. Ngwira observed that inadequate infrastructure stifles economic growth, weakens international competitiveness and adversely affects poverty reduction efforts. In the face of the rapid growth in demand, he highlighted the need for member States to prioritize pre-emptive regional infrastructure investment in energy and to enhance water resource management building on the SADC Shared Watercourse Systems Protocol. He stated that the SADC region lacked capacity to prepare, package and finance infrastructure projects. Low and unsustainable electricity and water tariffs coupled with ineffective legal, regulatory and institutional and policy frameworks also compromised the sector and stifled private investment. He noted that the subregion remains overly reliant on the South African power provider, ESKOM.

9. He noted that the small size of many SADC economies made cooperation in the development of regional infrastructure an imperative. He stressed that a comprehensive cost-benefit analysis of infrastructure projects would provide for informed decision-making on the future development of

infrastructure projects while promoting awareness on prioritization and financing requirements at the national level.

### **3.2 Election of officers**

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10. The meeting elected Mr. Israel Phiri as the Chair, Mr. Victor Lungu as the Vice Chair and Ms. Gertrude Nyashadzamwaki Murungu as the Rapporteur. Adoption of the Agenda and Work Programme.

11. The Agenda was adopted as follows:

1. Opening statements
  - (a) Election of officers
  - (b) Adoption of the work programme
2. Emerging issues and challenges on cost-benefit analysis of regional infrastructure pertaining to the power sector in Southern Africa
3. Emerging issues and challenges on cost-benefit analysis of regional infrastructure pertaining to the water sector in Southern Africa
4. General framework for cost-benefit analysis of regional infrastructure in Southern Africa
5. Panel Discussions
  - (a) Policy and financial implications of regional infrastructure development
  - (b) Highlights of the Lesotho Highlands water project
  - (c) Lessons learnt from the Westcor project and highlights of Eskom experience
  - (d) Implications of regional infrastructure and regional integration
6. Presentation of Group Work, formulation of recommendations and the way forward
  - (a) Water sector issues and challenges
  - (b) Power sector issues and challenges
7. Closing remarks

## 4. Account of proceedings

### **Emerging issues and challenges on cost-benefit analysis of regional infrastructure pertaining to the power sector in Southern Africa (Agenda Item 2)**

12. Mr. Lawrence Musaba, the ECA-SA consultant on the power sector, gave an overview of the power sector in Southern Africa and outlined the evolution of the Southern African Power Pool (SAPP). The subregional power sector has an installed capacity of about 50,000 MW and a growth rate of about 4.6 per cent per annum. The SAPP was established in 1995 with the aim of optimizing the use of available energy resources across SADC. The benefits of power pooling include balancing regional demand and supply, increasing security and reliability of power supply, facilitating improved sector investment through reduced operating costs and possibly reducing and deferring investment costs through energy trading.

13. He stated that the SAPP developed its first Pool Plan in 2001, but that since the Plan was not widely accepted by SAPP members, its projects were not implemented. The priority projects in the Plan were reclassified in 2005 when the rehabilitation of existing infrastructure and the implementation of short-term projects were prioritized. Recognizing the need to double capacity by 2025, the Plan was revised again in 2008 with the total cost of a new power infrastructure estimated at \$US83 billion across SADC. The 2008 Plan has yet to be adopted by SADC.

14. To date, no regional power projects have been undertaken and in the face of an annual economic growth estimated at 5 per cent, power deficits are being experienced across the region. The lack of an enabling environment prevents the participation of independent power producers due to non-cost reflective tariffs as a result of which Government support for power purchase agreements (PPAs) and/or wheeling agreements are needed to underpin investment projects. Differences in policies and legislation across member States cause delays in concluding PPAs and wheeling agreements. In addition, weak project coordination capacities, especially at intergovernmental and inter-utility level, hamper progress in regional infrastructure development as do other costs such as fees for environmental impact assessment (EIA) and various duties and taxes levied on power equipment.

15. The findings of a 2008 study on a financing model for SADC power projects concluded that regional infrastructure projects were more likely to succeed with political commitment at the highest level of State rather than at ministerial level. Also necessary would be the putting in place of an appropriate institutional and policy framework whereby the SADC secretariat's mandate is significantly enhanced to manage regional infrastructure with the SAPP (as is the case between the West African

Power Pool and ECOWAS) and whereby there is sufficient flexibility for energy intensive users, such as large mining companies, to purchase power directly from power generators and thereby be in a position to underwrite PPAs. With regard to project finance, better coordination and harmonization will be necessary in order to maximize available funding for power projects to address the varied requirements of different funding sources.

16. In light of the above findings, he recommended that Governments underwrite tariff gaps, open access to the grid for intensive energy users, put in place appropriate regulatory oversight and the requisite institutional framework for developing, financing and implementing regional infrastructure projects.

17. In the discussion, experts expressed concern at the low implementation rate of power projects. They were of the view that SADC needed to explore innovative ways of advancing regional power projects and that the experience of the West African Power Pool, which had been established with the help of SAPP, could be instructive. They were in favour of a more direct and intimate relationship between the SADC secretariat and SAPP. The experts observed that while the need for cost-reflective tariffs was well understood, it was equally desirable that tariffs remained affordable. The challenge was therefore to innovate and lower electricity production, transmission and distribution costs, especially for rural areas. In view of the dependence on PPAs, the experts suggested the use of models from the water sector whereby large mining companies underwrote consumption. The experts were apprehensive of the heavy reliance of SADC on coal-fired power stations in light of climate change issues.

18. The meeting noted the report and its recommendations.

### **Emerging Issues and challenges on Cost benefit Analysis of Regional Infrastructure pertaining to the Water Sector in Southern Africa (Agenda Item 3)**

19. Mr. Johnson Oguntola, Senior Regional Advisor on Integrated Water Resources Management at ECA-SA, gave an overview of the total availability of water within SADC noting that the DRC and Angola receive the most rainfall whilst Botswana and Namibia are the driest in the subregion. According to his data, a significant number of SADC States are classifiable as water stressed, with Lesotho and South Africa showing respectable water storage levels based on available dam storage capacities. He provided information on water resources management, including on legislative and institutional aspects and flood and drought forecasting and management. He summarised the current status of water infrastructure and services in Southern Africa, including providing data on water storage, water and sanitation coverage levels and trends, and the obstacles to improving access to water and sanitation in Southern Africa.



20. He highlighted the importance and rationale for integrated water resources management at a subregional level citing a number of objectives and justifications, including facilitating intra-regional trade, unlocking national and regional comparative advantages, addressing special needs of land-locked countries and achieving some level of water security.

21. He emphasized specific analytical frameworks for assessing feasibility of new investments in water infrastructure, such as re-allocating water from one use or sector to another using the with and without principle. He highlighted important issues relating to the choice of discount rate, the environmental impacts of projects, fund limitations, and the need to bear in mind that some water infrastructure projects would not be found economically feasible based on cost-benefit analysis alone (e.g. irrigation) and the mechanism devised by the United States Bureau of Reclamation to resolve such issues, namely, pooling revenues from all projects within a basin to offset the cost of non-feasible projects.

22. He recommended consideration of the Columbia River Basin model for enhancing implementation and funding regional infrastructure in Southern Africa. Useful methodologies used in this model include basin-wide accounting, negotiating treaties and protocols, and devising methods for sharing downstream benefits of investments on trans-boundary river courses.

23. The meeting, while noting that presentation's recommendations, suggested that more accurate data would assist better analysis of the sector.

#### **General framework for cost-benefit analysis of regional infrastructure in Southern Africa (Agenda Item 4)**

24. Mr. Daniel Ndlala, lead consultant tasked by ECA-SA to develop the cost-benefit-analysis methodology, reviewed the rationale behind cost-benefit analysis and the basic principles and steps of project appraisal, underlining its applicability at the regional level. In this context, he noted that large trans-boundary projects would need to take explicit account of indirect economic effects because they often encompass strategic considerations. Accordingly, economic analysis that determines a project's net impact on social and economic welfare is a critical step. He flagged some of the credibility risks around cost-benefit-analysis methodologies, including an unavoidable reliance on approximations, inherent data constraints, evaluator subjectivity and difficulties of quantifying costs and benefits in the absence of market values.

25. The experts observed that cost-benefit analysis must target the interests of all the different stakeholders (e.g. national Governments, financial backers and regional groupings) in the decision-making tree. In light of existing perceptions within the subregion that the benefits from joint infrastructure investments will accrue disproportionately across member States, the cost-benefit-analysis

approach could be one of the tools by which it might be possible to demonstrate that all member States can benefit proportionately from trans-boundary investments and overcome the apparent reluctance of member States to implement regional infrastructure projects. Thus, cost-benefit analysis could help bridge the gap between national and regional interests.

### **Panel Discussion (Agenda Item 5)**

#### **(a) Policy and financial implications of regional infrastructure development**

26. Mr. Mxolisi Notshulwana of the Development Bank of Southern Africa (DBSA) outlined the potential multiplier effects of infrastructure investment on social and industrial development and the pros and cons of different sources of finance for public investment. He noted that the challenge facing the subregion was to determine which projects were amenable to private or public intervention. In this context, DBSA played a valuable role by partnering with private financiers where infrastructure projects might have a significant developmental bias that did not pass strict market tests. In this context, he underlined the need to strike a balance between political and economic objectives. He stressed the need to address issues of both infrastructure quantity and quality. He noted with concern the prevailing data disparities in the subregion whereby SADC estimates on the current infrastructure funding gap are well below those of other experts and institutions.

#### **(b) Highlights of the Lesotho Highlands water project (LHWP)**

27. Mr. Onesmus Ongulu Ayaya, the ECA-SA consultant on the water sector, gave an overview of the LHWP in terms of its conceptualization, context, objectives, intended beneficiaries and overall implementation. He informed participants that the LHWP was designed to transfer water from Lesotho to South Africa's Gauteng Province through dams and associated infrastructure while also providing a source of electricity to Lesotho. The Government of Lesotho also sought to maximize poverty alleviation impacts through fostering labour-intensive economic growth – at the time of its design, 40 per cent of Lesotho's gross national product was based on remittances from South Africa. It was financed through multiple funding sources which included the World Bank. He also discussed elements of monitoring and evaluation, project sustainability and lessons learnt during the first phase of the project.

28. In concluding his presentation, the speaker shared with the participants some of the lessons learnt from LHWP. He categorized the lessons as follows: (i) environmental issues need to be integrated in the design of large water projects and managed within a catchment-wide framework; (ii) monitoring and evaluation of large complex projects require data to be consistently collected, reported and integrated in decision-making; (iii) combating corruption requires political commitment;

and (iv) joint development of international water resources can deliver huge benefits beyond those from actions at the individual country level.

29. Participants were interested to know whether or not a policy and regulatory framework that guides member States on regional water projects existed. The presenter responded that SADC has a clear policy and regulatory framework that directs and regulates investments in the water sector.

**(c) Lessons learnt from the Westcor project**

30. Mr. Morgan Sithole informed participants that there was a growing demand for electricity in SADC where 50 per cent of the population have no access to electricity and connectivity varies from 7 to 78 per cent among member States. Much of Southern Africa is already experiencing power deficits resulting in power outages and load-shedding. The objectives of the Western Power Corridor Project (Westcor) was to meet the growing demand by developing a large low cost sustainable hydro-power plant at Inga III on the Congo River in the Democratic Republic of the Congo (DRC) and a series of other small hydropower plants on the Kwanza River Basin in Angola and in Namibia along the Kunene River. The project included the establishment of an interconnector linking the DRC to South Africa through Angola, Namibia and Botswana as well as the provision of optic fibre on the transmission lines for the management of the network and the supply of broadband for telecommunications.

31. Despite political goodwill to move the project into top priority, the signing of the key documents (various memoranda of understanding and shareholders agreements) and completion of pre-feasibility studies between 2004 and 2005, the project ran into an impasse generated by a combination of financial challenges and leadership shortcomings. The changing political climate in the DRC and an increasingly inward focus among the national utilities involved further eroded commitment to the subregional project. In the end, the project failed to capitalize on its initial momentum and was taken over by BHP Billiton, which was the company initially targeted by Westcor as the anchor customer for the project. Unlike Westcor, the anchor customer turned competitor was in a position to sweeten its deal with the DRC authorities by advancing a sum of \$US20 million to secure the project.

32. A new project integrating solar and wind power solutions for the SADC region has been mooted in the place of the Westcor project.

33. Key lessons learnt from the failed project included the need to identify the financial requirements for such projects upfront and secure the funding in advance. A dedicated team of staff must be in place to manage the project. The expectation that participating national utilities can fund and manage such projects was unrealistic. In view of the political risks in cross-boundary initiatives, concessionary agreements should have been concluded and transfers effected to the project authority at the very onset.

34. The experts were in favour of more private sector involvement in power sector development projects. The experts debated whether joint financing strategies with e.g. the World Bank that are based on a graduated tariff structure were feasible to avoid similar project failures in the future. They recognized that such a strategy would not be without challenges given that such projects might not always be deemed economically viable by investors because of the universal access requirements associated with electricity services. In this context, institutions such as the DBSA that take into account other developmental goals should be kept in mind as preferred partners. The experts reiterated the need to extend the mandate of the SAPP to allow its participation in subregional power projects.

**(d) Implications of regional infrastructure and regional integration**

35. Mr. Joseph Atta-Mensah of the Regional Integration, Infrastructure and Trade Division of ECA made a presentation entitled Financing Africa's Infrastructure. He underlined the importance of efficient infrastructure and services to achieving Africa's integration and development. He highlighted a number of infrastructure development challenges, including the absence of coherent policy frameworks, inadequate financing, the difficulties of securing finance for socially desirable but non-bankable projects and the high transaction costs brought on by inadequate infrastructure.

36. He stated that Africa's annual infrastructure investment requirements were estimated to be in excess of \$US93 billion over the next 10 years. Governments could not meet this requirement; participation by Africa's private sector in the provision of infrastructure is therefore critical.

37. He presented the following measures as possible innovative ways of financing Africa's infrastructure development:

- (i) Tapping Africa's pension funds;
- (ii) Issuing infrastructure indexed bonds;
- (iii) Granting special government credits to private investors in infrastructure development;
- (iv) Establishing regional infrastructure banks;
- (v) African countries devoting a fixed percentage of their GDP to infrastructure development;
- (vi) Levying special taxes to support infrastructure development;
- (vii) Establishing stable macro-economic policies; and
- (viii) Developing cross-border financing mechanisms.

38. The meeting noted the recommendations.

## **Presentation of group work, formulation of recommendations and the way forward (Agenda Item 6)**

39. Participants were divided into two discussion groups; one focused on power issues and the other on water issues. The combined recommendations of the group discussion are given below:

Political commitment: Countries should demonstrate their commitment to the regional projects through all stages of implementation.

Institutional framework: The SADC/COMESA need to enhance their economic initiatives in infrastructure development. They should speed up the establishment of a SADC project preparation unit with the requisite capacity to prepare bankable infrastructure projects, mobilize capital and implement projects.

Financing Joint project resource mobilization, coordination and harmonization between traditional and non-traditional development partners should be in place to optimize;

National plans/budgets should incorporate regional infrastructure projects (resource mobilization should be consistent with the financial strategies of Governments);

The member States are urged to intensify efforts to implement cost-reflective tariffs;

Gender mainstreaming: Member States are urged to mainstream gender in infrastructure decision-making; Member States are urged to develop appropriate indicators to measure gender mainstreaming in the infrastructure development.

On water sector-specific recommendations (a) SADC regional water infrastructure projects should be designed with a multi-purpose focus that ensures collateral use across various economic sectors; (b) Countries that share a trans-boundary river basin should seek opportunities to cooperate on all water projects in order to harness the potential of downstream benefits from upstream investment projects and vice versa.

On power sector-specific recommendations (a) SADC needs a regional power master plan which is informed by member States' specific needs; (b) The wide disparity in power sector infrastructure cost estimates needs to be resolved; and (c) Power infrastructure should include renewable energy technologies in the energy mix.

The meeting also made the following recommendations on the methodology used for cost-benefit analysis: (a) The design of the CBA methodology should permit each member State to gain an under-

standing of its individual cost and benefit arising from a regional infrastructure investment; (b) Costs and benefits must target the interests (i.e. social, economic and environmental interests) of all the different stakeholders in the decision-making tree (e.g. national Governments, financial backers, regional groupings); (c) Members States are urged to allocate adequate resources to ensure reliable data.

40. On the way forward the meeting agreed to set up a working group to work with the consultants in finalizing the study. The group comprised the Bureau of the AEGM, DBSA, Department of Water Affairs (South Africa), CSIR and ESKOM supported by the ECA-SA Secretariat.

41. The lead consultants were asked to pursue the following tasks:

- (a) Incorporation of the comments from the AEGM, and finalization and submission of issues and challenges coming from the AEGM;
- (b) Cooperation between stakeholder institutions to provide further inputs to the report on Power and Water infrastructure sectors in Southern Africa; and
- (c) Participation in the Internal and external review of the study and its finalization.

#### **Closure of the meeting (Agenda item 7)**

42. The Chairperson of the Bureau of the meeting thanked the ECA-SA for organizing the AEGM and expressed his satisfaction with the outcome of the meeting. He commended the participants for the high level of engagement in the deliberations. He hoped that these would assist the consultants in finalising the study.

43. In closing the meeting the Director of ECA-SA, Ms. Jennifer Kargbo, expressed her sincere gratitude to all participants for their fruitful contributions to the AEGM, which will play an important role in finalizing the study. She informed the participants that she would be seeking their expertise in the finalization of the study. She wished them a safe journey home.

# Annex: List of participants

1. Mr. Bataung Leleka, Pincipal Secretary, Ministry of Natural Resources, P.O. Box 772, Maseru 100, Lesotho. Tel: 266 22 322334, Email: leleka@ilesotho.com
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