

**PRIVILEGED AND CONFIDENTIAL
(AUTHORISED READERS ONLY)**

**BUSINESS PLAN FOR THE
WEST AFRICA POWER POOL (WAPP) ORGANIZATION**

PERIOD: 2006-2009

FINAL VERSION

**Prepared
For
The WAPP General Secretariat**

June 16, 2006
Washington DC

TABLE OF CONTENTS

WEST AFRICA POWER POOL (WAPP) ORGANIZATION – BUSINESS PLAN	
EXECUTIVE SUMMARY	
INTRODUCTION.....	2
VISION.....	2
MISSION.....	2
WAPP ROAD MAP	2
TRANSITIONING PHASE.....	2
WAPP ORGANIZATION – A SPECIALIZED ECOWAS INSTITUTION	4
Qualifications for Membership.....	4
WAPP Governance Structures	5
WAPP General Assembly	5
WAPP Executive Board	6
WAPP Organizational Committees	6
WAPP General Secretariat.....	7
ESTABLISHING THE WAPP SECRETARIAT	8
Start Up Priorities (2006 – 2009).....	8
Priority Goal 1: Set-Up Effective Secretariat Workforce.....	9
Priority Goal 2: Set-Up Effective Information Clearinghouse Capability.....	10
Priority Goal 3: Set-Up Effective Project Management Capability	11
Priority Goal 4: Set-Up Capacity Building Arrangements	13
Priority Goal 5: Set-Up Effective Monitoring & Evaluation System	13
MANAGING RISKS & PERFORMANCE	15
Project, Operations; Technology Risks	15
Financial Risks	18
Financial Performance.....	18
Monitoring & Evaluating Performance.....	18
Verification & Validation of Performance Data.....	18
INDICATIVE FINANCING PLAN.....	18
Budget (2006 – 2009).....	18
Funding Plan	18
Medium-Term Funding Strategy.....	18
Managing Contributions from Donors and Member Utilities	18
Budget for WAPP Secretariat	18
IMPLEMENTATION OF BUSINESS PLAN	20

WEST AFRICA POWER POOL ORGANIZATION – BUSINESS PLAN

EXECUTIVE SUMMARY

This WAPP Business Plan is developed as a framework to guide the operations of the new WAPP Organization, its corporate governance and organizational structures, performance standards and measurements, and monitoring and evaluation during the 2006 through 2009 period.

The purpose of this business plan is to establish clear and realistic goals based on the vision, mission and values of the WAPP Organization, and to outline clear action plans required to achieve the goals.

The strategic goals for the next three years are predicated on the proposed implementation time table for the delivery of the WAPP Priority Projects and the institutional framework envisaged in the WAPP Organization Strategic Plan (2006 through 2011). The WAPP Strategic Plan is the preparation document that sets up the strategic context for this business plan.

The WAPP Business Plan articulates the goals and objectives consistent with the electric power infrastructure development, institutional building and capacity development plans for the WAPP's utilities over the next three years.

Various in-kind and other contributions from the ECOWAS Secretariat, the power utilities and donors have supported the WAPP over the formative years. The WAPP Secretariat must now take over the task to mobilize funding to finance the operations of the WAPP Organization. The WAPP Secretariat is totally dependent on grant funds to manage its operations until it is able to secure adequate funding from Membership Fees. To that end, proposals for grant funding in support of institutional capacity building at the WAPP Secretariat will shortly be presented to different donors, trust funds and also to the Bank-administered "Africa Catalytic Growth Facility".

The WAPP Secretariat thus needs to develop a Fund Mobilization Plan that details the strategy to be followed to secure funding required for the next three years operations, focusing on sustainability measures to eventually reduce dependency on donor funding. Furthermore, an investment plan to construct the proposed permanent facility of the WAPP Secretariat's headquarters must be developed with a commercially viable component since WAPP Secretariat has no financial performance to accommodate debt financing.

The budget proposal for the initial three years of the set up and functioning of the WAPP General Secretariat totals approximately US\$ million.

1.0 INTRODUCTION

1.1 WAPP VISION

The vision of the West Africa Power Project (WAPP) Organization is to integrate the national power systems operations into a unified regional electricity market with the ultimate goal of providing the ECOWAS member states with stable and reliable electricity supply at modest costs. This will be enhanced by facilitating the balanced development of the diverse energy resources of the ECOWAS member states for their mutual benefit, long-term cooperation in the energy sector, uninterrupted energy transit, and increased cross-border electricity trade.

1.2 MISSION

The mission of WAPP is to encourage all participating power utilities to collectively institute and adhere to common rules of practice for power system planning, network design/dimensioning, project development, power system operation, operational reliability, and system protection and restoration and exchange information. The above should result in full and effective implementation of the WAPP priority projects, and development and approval of clear, measurable standards to harmonize electricity planning and operation of pooled electric systems in ECOWAS member states. Additional outcomes will include effective programming for enforcing compliance with mandatory standards, improvement in cross-border and reliable flows of electricity in ECOWAS member states among electric system operating organizations, and effective communication and information sharing.

1.3 WAPP ROAD MAP

Recognizing the large diversities among national power systems, a WAPP “road map”, which derives from the **Revised ECOWAS Master Plan (Generation and Transmission of Electrical Energy)**, has put in place a two-track approach to develop distinct but mutually reinforcing sub-regional cooperative power pooling mechanisms:

WAPP “Zone A” – *Benin, Burkina Faso, Côte d’Ivoire, Ghana, Niger, Nigeria and Togo*; and

WAPP “Zone B” - *The Gambia, Guinea, Guinea-Bissau, Liberia, Mali, Senegal and Sierra Leone*

The WAPP “**Road Map**” is intended to set priorities for mobilizing financing required to accelerate implementation of the following sub-regional power system infrastructure development projects:

- **Coastal Transmission Backbone Sub-program** to establish a robust interconnection link between the national power systems of WAPP “Zone A” Coastal States (Côte d’Ivoire, Ghana, Benin/Togo and Nigeria);

- **Power System Development Sub-programs** for the OMVS and the *Organisation pour la Mise en Valeur du Fleuve Gambie* (OMVG) which aim to interconnect national power systems of WAPP “Zone B” and secure access to sources of low cost hydroelectricity from facilities to be built primarily on (i) the Senegal River Basin (Guinea, Mali) and (ii) the Konkoure River Basin (Guinea);
- **Inter-Zonal Transmission Hub Sub-program** to establish more secure, reliable transmission corridors for the transfer of low cost energy supply (produced by large capacity hydroelectric and gas-fired power generation plants of WAPP “Zone A” Coastal States) to displace diesel-based sources in the land-locked national power systems of the WAPP “Zone A” Sahel States (Burkina Faso and Mali); and
- **North-Core Transmission Sub-program** to upgrade and extend the existing capacity to transfer low cost energy supply (produced by large capacity hydroelectric plants on the Niger River Basin and gas-fired power generation plants) from Nigeria into Niger and other Niger Basin riparian countries, including Benin, Burkina Faso and Mali.

Accordingly, over the medium term, the expected outcomes include the establishment of WAPP Cooperation Agreements for each sub-program, each of which, *inter alia*, would put in place common, flexible, robust rules of practice to encourage transmission system operators of interconnected national power systems to adhere to for: (i) power system planning, network design and dimensioning and project development: (ii) power system operation, operational reliability, system protection and restoration and exchange of information: (iii) acquisition and pricing of transmission services.

1.3 TRANSITIONING PHASE

ECOWAS has been the coordinating agency for the WAPP since 1999. It has facilitated the policy making process at the Heads of States and Ministerial levels, and deepened relationships with the international donor community to advance the WAPP initiative. This has resulted in several policy accomplishments highlighted in the WAPP Organization Strategic Plan (2006 through 2011).

Over the last six years, the WAPP has been driven by its Working Group which comprises technical and institutional committees drawn from the power utilities of ECOWAS Member States. This group leveraged support in the form of technical assistance from various consultants and donor-sponsored institutions around the world, including the United States Energy Association (USEA), and Southwest Power Pool (SPP) to advance the WAPP initiative.

Following the adoption of the WAPP Articles of Agreement in October 2005, the WAPP Organization was established on 20th January, 2006, when the

Heads of States and Government of ECOWAS granted it the status of a specialized ECOWAS institution. On February 1, 2006, an Interim Secretary General was appointed to serve as Secretary to the WAPP Executive Board and to advance the WAPP Secretariat through, among others, transitioning the coordinating function of the WAPP from ECOWAS to the WAPP Secretariat.

It is estimated that it would take approximately five years to transform the ECOWAS Energy Observatory to undertake the monitoring and evaluation (M&E) and information coordination functions, and establish a fully-functioning institutional platform, including the WAPP ICC to carry out the responsibilities necessary to facilitate effective trading among the member utilities of the WAPP.

2.0 WAPP ORGANIZATION – A SPECIALIZED ECOWAS INSTITUTION

The WAPP Organization is structured as an independent, committee-driven organization, and will operate as an association of public and private electric power entities in the West African region. The WAPP Members are required to further the goals of WAPP by coordinating their projects and complying with regulatory requirements at the regional level.

2.1 WAPP ORGANIZATION STRUCTURE

The WAPP Organization is created within the framework of provisions in the revised ECOWAS Treaty as an international public organization, and shall benefit from all diplomatic immunities in the performance of its functions within the territory of ECOWAS Member States. The WAPP will possess in each member state:

- the judicial capacity necessary to perform its functions provided for in the WAPP Articles of Agreement; and
- the capacity to conclude contracts and acquire tangible and intangible assets, and to use and dispose of them.

The WAPP Secretary General shall represent the WAPP in the exercise of its functions as defined in the WAPP Articles of Agreement. He shall perform the necessary formalities to ensure recognition of the WAPP legal status in all the Members States.

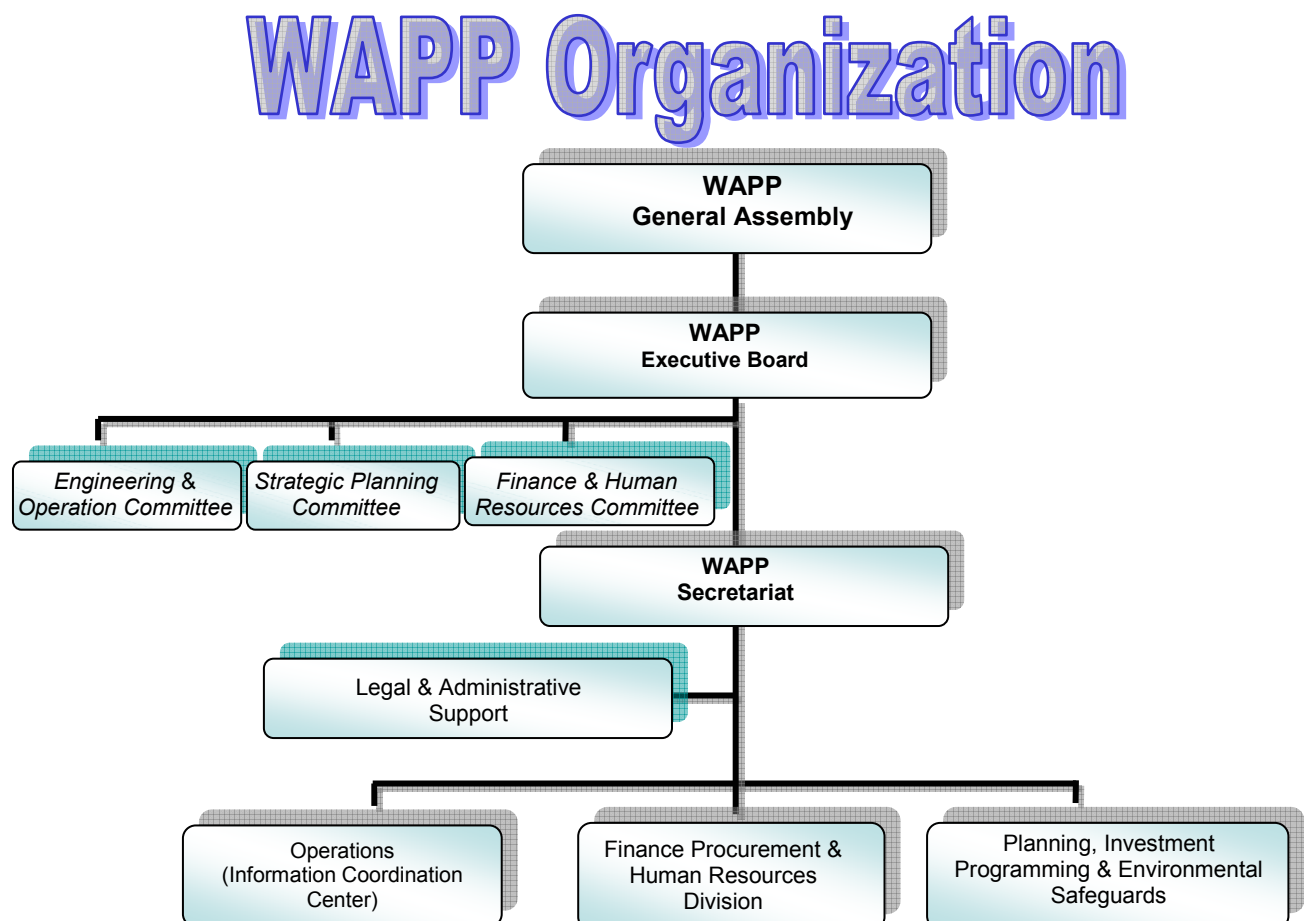
2.1.1 Qualifications for Membership

Membership in the WAPP Organization is voluntary and is open to any entity, public or private, which either (a) own/operate generation facilities of 20 MW or larger, and/or distribute and retail supply electricity (the “TUMs”); and/or (b) own/operate “major transmission facilities in the region”, if such facilities are physically interconnected and have an impact on coordination of system operations in the West Africa region (the “Transmission owning/Operating Members”).

2.1.2 WAPP Governance Structures

The WAPP operated under the auspices of ECOWAS prior to the adoption of the WAPP Organization. The WAPP Articles of Agreement provides a framework to institute a management structure for the WAPP and its organization and functions in order to establish a good framework of cooperation between participating members.

WAPP's governance structures comprise, a) The General Assembly, b) The Executive Board, c) The WAPP Organizational Committees, d) The WAPP General Secretariat; and e) WAPP Information Coordination Center. The WAPP Organization's structure is depicted in the graphics below.



2.1.3 WAPP General Assembly

The General Assembly is the highest decision making body for the WAPP. It comprises representatives of all WAPP Members. The General Assembly is charged to:

- Observe the provisions assigned to it in accordance with the WAPP Articles of Agreement and the Membership Agreement;
- Facilitate, in accordance with the provisions of the WAPP Articles of Agreement and the Membership Agreement, the coordination of appropriate measures towards the implementation of the principles of the WAPP Articles of Agreement;
- Engage Members in accordance with the prescribed provisions in order to facilitate the implementation of programs and projects in the implementation framework of the WAPP Articles of Agreement;
- Examine and adopt amendments of the WAPP Articles of Agreement;
- Approve new applications for membership to the WAPP Articles of Agreement;
- Elect members of the Executive Board;
- Examine and adopt the staff and financial regulations of the structures of governance of WAPP;
- Examine and adopt the annual reports of the Executive Board; and
- Determine the Headquarters of the WAPP General Secretariat.

2.1.4 WAPP Executive Board

The WAPP Executive Board shall serve on a part-time basis. Its responsibilities shall be to set policy, and oversee the operations of the WAPP as well as the planning for its future development. It shall consist of seven persons, including the WAPP Secretary General (Secretary General). Representatives elected to serve on the Executive Board shall be Chief Executives of Transmission Owning/Operating Members and/or Transmission Using Members (TUM).

Its duties shall include the following:

- Direct the activities of all WAPP Organizational Committees
- Examine and recommend to the General Assembly, the entry and exit of members to the WAPP Organization;
- Authorize all major contracts and finance/debt instruments;
- Select and review the performance of officers, who shall serve at the pleasure of the Executive Board;
- Determine positions, duties, qualifications, salaries, benefits and other necessary matters pertaining to the officers and staff;
- Review, approve, disapprove or recommend revision to the actions of any WAPP Organizational Committee;
- Approve or revise the operating and capital budgets and any additional expenditures;
- Convene the General Assembly at least annually;
- Recommend amendments to the WAPP Articles of Agreement and Membership Agreement for the approval of the General Assembly;
- Approve guidelines pertaining to standards and policies of the WAPP Organization and penalties for non-compliance with such guidelines; and
- Authorize filings with regulatory bodies.

2.1.5 WAPP Organizational Committees

The WAPP Organizational Committees (Organizational Committees), which consist of the Engineering and Operation Committee, the Strategic Planning Committee, and Finance & Human Resources Committee, shall provide support and advice to the Executive Board on all matters concerning collective policy formulation functions for developing, maintaining and updating common “rules of practice” on technical, planning, operational and environmental aspects of WAPP. The Organizational Committees shall be composed of technical experts drawn from the WAPP Membership.

The Chairperson of any Organizational Committee may appoint any ad hoc task forces as necessary to fulfill its mission. Task Force appointments under the auspices of any Organizational Committee shall be made with due consideration to relevant skills and expertise of Members and their geographic location.

2.1.6 WAPP General Secretariat

The WAPP General Secretariat (WAPP Secretariat) is the administrative organ which will support the Executive Board in the accomplishment of its duties. It will be responsible for the day-to-day operations of the WAPP.

The WAPP Secretariat will manage and coordinate a team of independent professionals and limited permanent core staff of the Secretariat that would implement the day-to-day tasks required to accomplish the mission of the WAPP. The staff of the WAPP Secretariat would perform the Secretariat’s functions for all meetings of the Organizational Committees and any ad hoc task forces. Consultants shall be hired on a short-term basis to strengthen the WAPP organizational capacity.

The WAPP Organization is currently under the auspices of the ECOWAS. It will soon become an independent association directed by the member utilities. The WAPP Secretariat will administer all the activities necessary to transition the current ECOWAS operations specific to the WAPP program into the WAPP Organization itself.

The WAPP Secretariat shall carry out the rights, duties, and obligations of the WAPP Organization pursuant to the authority granted by the Executive Board. Officers (including the Chairperson of the Executive Board, the Secretary General and the Head of the WAPP Information Coordination Center) will execute the Standards of Conduct upon employment.

The Officers of the Secretariat shall be empowered to:

- employ qualified technical and administrative employees;
- secure office space;
- employ outside technical and professional service organizations
- execute contracts;

- provide day-to-day administration of the WAPP Information Coordination Center (WAPP ICC);
- serve as the representative of the WAPP Organization before the Regional Regulatory Development Office, other regulatory bodies of ECOWAS Member States, and other public fora;
- incur reasonable expenses; and
- make available staff resources to individual Members or groups of Members on a non-firm, non-priority, first-come-first-serve basis so as not to interfere with current or future needs and priorities established by the WAPP Organization.

Staff members will be required to execute the Standards of Conduct upon employment and annually thereafter. The Standards of Conduct outline the independent requirements for employees of the WAPP Organization.

3.0 ESTABLISHING THE WAPP SECRETARIAT

3.1 Start – Up Priorities (2006 – 2009)

The Secretary General will establish a results-oriented planning atmosphere to promote efficiency throughout the WAPP Organization. This practice will become a core component of the organization's culture. It will promote consistency in the level of senior management attention, management involvement, and seriousness, as well as the effectiveness of the implementation across the WAPP Organization.

The Secretary General's Agenda contains the WAPP Organization-specific goals to manage and deliver results that matters to the WAPP Members. It reflects the Secretariat's commitment to achieve immediate, concrete, and measurable results. It focuses on remedies to problems and commits to implement them fully. The goals in the Agenda will be taken in advance of, not instead of, other needed management improvements. Additional goals will be undertaken, as tangible improvements are made in the initial set of initiatives.

Furthermore, the principles of performance management will be adopted in order to run the WAPP Organization as a results-oriented organization. The Secretary General and his management team¹ will explore avenues to sustain performance success. They will execute plans that align day-to-day operational activities with organizational goals in order to maintain a highly efficient organization. The Secretary General has considered the following in order to ensure that the WAPP Organization will be well run and results-oriented:

- Adopting a business process management system that will allow efficient control of the processes involved in coordinating the WAPP activities;

¹ Managers of the WAPP ICC; Planning Investment Programming and Environmental Safeguards Division; and Finance Procurement and Human Resources Division

- Aiming to deliver high value services and products² to the WAPP Members and other parties;
- Planning to deliver products and services in a cost-effective manner;
- Taking advantage of automated workflow;
- Aligning goals with resources, and expectations;
- Developing competences to improve the capacity;
- Rewarding good performance;
- Managing talent;
- Developing success factors: visibility, accountability, results;
- Setting targets and measures to determine whether the project and organizational goals have been accomplished;
- Automating business processes using automatic tools;
- Adopting activity based costing;
- Adopting performance-based procurement;
- Establishing relationship with the proposed Regional Regulatory Development Office ;
- Developing a system to ensure compliance of mandatory standards; and
- Promoting effective communication and information sharing throughout the WAPP Organization

3.2 Priority Goal 1: Set-Up Effective Secretariat Workforce

Enhance the effectiveness of the Secretariat's workforce by providing opportunity for all employees to realize their full potential and create organizational excellence by:

- developing the tools to ensure a well-informed, skilled, and problem-solving workforce
- expanding cross-training, improving internal communications, and promoting sharing of ideas throughout the WAPP Secretariat; and
- creating a work environment that enhances productivity, safety and quality of life.

The strategies to be employed to achieve these objectives include:

- Developing appropriate human resource plans, including hiring of skilled personnel, and preparing policies and procedures to retain critical technical capabilities and supporting skills, improve productivity, attain reasonable degree of organizational flexibility to meet both anticipated work requirements as well as unexpected developments; and
- Developing codes of conduct, policies and procedures to support financial management, including financial controls to promote accountability in the WAPP Organization;
- Providing for professional development of a diverse and highly capable workforce;

² In this WAPP Business Plan “products” are the WAPP Priority Projects that the Secretariat will help to implement and the technical reports that the WAPP ICC will produce for its Members.

- Developing performance measures and incentive plans to encourage employees' effective participation as well as recognizing and rewarding employees' achievement;
- Assigning and vesting employees with responsibilities and flexible discretionary authority respectively to enhance productivity of WAPP's Secretariat personnel;
- Encouraging employee participation in the decision making process;
- Detecting and breaking down barriers to communications;
- Treating all employees with respect and dignity; and
- Coordinating the work of donor funded consultants in order to maximize their contribution to the work of WAPP Organization.

3.3 Priority Goal 2: Establish Effective Information Clearinghouse

Establish an effective information clearinghouse that will facilitate efficient trading of power between utilities in ECOWAS member states by promoting operational coordination between transmission Owing/Operating WAPP member states and actual day-to-day information sharing/exchange between WAPP Operational Coordination Centers.

In this regard the WAPP ICC shall perform the following functions to fulfill its responsibilities:

- Collect, analyze and disseminate the information needed to determine the evolution of interconnected electricity generation and transmission systems in the region;
- Monitor the development of the national electric power sector in ECOWAS Member States in order to forewarn the risks of performance deficiencies and to provide them with corrective measures;
- Periodically analyze the economic and technical viability of cross-border electricity trading arrangements among TUMs;
- Facilitate the development of technical norms and standards for the collection and treatment of useful information for the efficient operation of the national and interconnected electric networks;
- Support and monitor the technical performance of the electricity utilities;
- Publish and distribute printed report as necessary; and
- Develop and maintain electronic databases of relevant technical information as approved by the Executive Board.

For the WAPP ICC to be effective in accomplishing the above it will need to undertake the following:

- Improve data collection process to ensure integrity of data;
- Establish harmonized Database;
- Improve communication with utilities;
- Publish monthly/quarterly "Operational Report";
- Establish WAPP Website (technical content) in conjunction with Secretariat;

- Establish the WAPP M&E System to monitor gaps in implementation of WAPP Priority Projects according to the World Bank's requirement and collaborate with PIPES;
- Develop Operation WAPP OSMP Manual; and
- Develop a Pilot Project to link the proposed WAPP Organization Website in real-time with a Utility SCADA System.

In addition, WAPP will equally need the following:

- Constant internet connectivity;
- IT consultant to assist in establishing the WAPP Organization Website and real-time operation with SCADA Systems;
- A Management Information System (MIS)/ M&E Specialist to support the M&E capacity development project and the computerized platform indicated in the M&E implementation plan; and
- Training from an expert on power pool operations.

The establishment and effective functioning of the WAPP Information Clearinghouse will be the first concrete step towards establishing a functioning power pool among the ECOWAS member states and an accomplishment of one of the 2006 through 2009 strategic goals of the WAPP Organization.

3.4 Priority Goal 3: Set-Up Effective Project Management Capability

The WAPP Secretariat will establish a team in its Planning, Investment Programming and Environmental Safeguards (PIPES) Division to take charge and ensure project delivery. The PIPES Division will be responsible for monitoring and reporting on the progress of each project during the planning through implementation phase. It will also monitor task forces working on pre-investment activities. Its personnel will carry out periodic reviews to evaluate the progress against established implementation plans and take actions to ensure all key players involved in the feasibility and implementation phase of the WAPP Priority Projects are working in concert and according to the project implementation plans and time schedules. The reviews will be provided as performance reports for evaluation by the appropriate Organizational Committees and stakeholders.

A Program Management Team (PMT) should be established in the PIPES Unit of the WAPP Secretariat to support the PIUs of WAPP member power utilities to assess program schedules, costs, and technical performance against established programmatic commitments. In particular, the PMT should promote Effective Project Management and successful implementation of the WAPP Priority Projects, *inter alia*, by :

- mapping out the project development process from pre-feasibility through commissioning;
- identifying critical paths;
- developing strategies to manage potential major delays;

- exploring alternatives;
- mapping the decision making processes;
- developing strategies to manage and streamline the decision making processes;
- determining the feasibility of financing each project using debt instruments. The evaluation should be conducted using each borrower's financial statements, investment plan and business plan in order to determine if the borrowing utility is in a position to expand debt and how the financing will impact the other investment activities planned by the utility (this task should be conducted early in the planning phase by the Project Finance Strategist and the utility's designated Chief Financial Strategist); alternative financing strategies should be developed as needed;
- structuring a financial proposal based on the findings from the financial evaluation and commercial viability of the project, using credit enhancement techniques where applicable;
- conducting the feasibility studies;
- preparing the design documents;
- promoting the package for funding;
- securing funding;
- procuring contractors (implementation);
- starting the implementation phase;
- monitoring the implementation phase;
- monitoring the commissioning phase; and
- delivering the project.

If deemed necessary, the PIPES Manager should build a working relationship with a reputable Project Management Consulting Firm so as to effectively address the above imperatives.

3.5 Priority Goal 4: Set-Up Capacity Building Arrangements

Ensure timely action on the following:

- Establishing expertise within the WAPP Organization to support energy utilities that are currently not yet endowed with such a unit;
- Defining the relationship of WAPP Organization, the regional regulatory body³, the utilities and the national environmental agencies;
- Facilitating dedicated stakeholder capacity building within the environmental and energy ministries, the utilities and agencies of ECOWAS Member States; and
- Providing general awareness raising and knowledge sharing among the WAPP participants.

The process of harmonization of both environmental and social standards will be prepared by and driven through the WAPP Organization over a 3-year timeframe. Two experts (Environmental and Social) will be hired by the

³ AFD supports the development of a regional regulatory body financially.

WAPP Secretariat to support the Environment Sub-Committee and Environmental Task Force. Both experts will operate from the PIPES Division of the WAPP Secretariat. The Interim PIPES Manager will coordinate and monitor the progress.

The capacity building support for environmental and social safeguard will be considered as one of the pillars of the WAPP Cooperation Model over a three-year timeframe. The Environmental team will work towards consensus building (define the mandate, rules, policies, procedures, new issues in charge of environmental and social issues). This initiative will be supported by:

- Expert coaches to provide expertise and advice on a needs basis;
- A fund for consultancy studies to provide targeted information such as on lessons learned;
- A communication fund, which would assist information dissemination among energy and environmental stakeholders in the fifteen WAPP Member States; and
- Funds for meetings, workshops, training and operating costs.

The core environmental team of the WAPP Organization would develop and implement the road map that has been developed on how to achieve the harmonization of environmental and social safeguards in the region through a process of regular meetings for which targeted input will be prepared. All documents and reports developed with funding from the WAPP Organization should be owned and stored electronically in the WAPP Secretariat's database for future reference. The WAPP ICC Manager should delegate the tasks of cataloguing and storing documents electronically to be accessed by Members and relevant parties via passwords from the proposed WAPP Secretariat's website.

3.6 Priority Goal 5: Set-Up Effective Monitoring & Evaluation System

Execute a comprehensive, time-bound implementation plan to put in place a WAPP M&E System that addresses the following identified challenges:

- Information that focuses on data that is relevant and appropriate to the WAPP Priority Projects;
- Ensure that all needed information is available to the participating agencies;
- Reporting requirements for each indicator must be clearly defined to allow for the smooth flow of information to the WAPP M&E System and to ensure that the data collection and analysis can be done in an efficient manner, as needed, to feed for periodic program M&E and information dissemination; and
- Harmonization of existing M&E reporting systems.

In cooperation with the participating implementing agencies an "M&E Manual" and "Training Plan" will be developed to provide clear guidelines on the use of the WAPP M&E System. The M&E implementation plan will include an

assessment of the existing skills both at regional and national levels to support the deployment of the WAPP M&E System. These skills to be developed include the definition of information needs, definition of indicators, design of data collection tools and methodologies, data processing and storage, data analysis and interpretation, and data dissemination and use.

The WAPP M&E system should incorporate an MIS to serve as a computerized platform for the approach presented in the M&E implementation plan. The WAPP MIS will provide critical support tools for decision-making and will include other program management (inputs) and implementation (processes) functions, in addition to tracking outputs and outcome indicators.

The Consultant should be recruited to work closely with the WAPP Secretariat and counterparts designated by the membership to review the existing M&E/MIS Systems and consult with key stakeholders, including energy sector ministries, power utilities, and others to secure consensus on the definition of the key WAPP performance indicators and to build on the existing systems to develop the integrated WAPP M&E System.

It is envisaged that three results framework (APL 1, APL 2; APL 3) would be linked, establishing a unified results framework for the entire WAPP APL program. Each results framework would further be developed into a full-fledged M&E System that will enable WAPP Task Forces to track the outputs and processes that are necessary for the regional planning and assessment of progress of the achievement of targeted outcomes and results for WAPP Priority Projects.⁴

4.0 MANAGING RISKS & PERFORMANCE

4.1 Project, Operations; Technology Risks

Risks associated with project implementation have already been addressed in this business plan. As mentioned earlier, the single biggest threat to the Secretariat's operation is the lack of appropriate human capital to carry out the planned activities and manage the operations. The ability to execute the human resources plan articulated in this business plan, particularly in the areas of hiring, training, retaining, empowering the Secretariat's personnel, delegating responsibilities with the right level of authority, building personnel morale, equipping the personnel with tools, and securing funding to support the operation will help alleviate potential risks over the next three years.

Other potential risks, such as those associated with communications and settlement systems, must be identified and addressed during the next three years. Appropriate risk management techniques should be applied to manage risks associated with technology and communications. The WAPP Organization should also explore options to secure communications systems such as satellite systems, backed by double or triple redundancies to ensure effective and reliable links from the WAPP ICC to the utilities.

⁴ The results framework for APL 1 & APL 2 projects, 330kV CTB and OMVS Felou-Hydro Electric, respectively has been developed. The results framework for APL 3 will be developed during the transitional period.

4.2 Financial Risks

In order to mitigate financial risks in the WAPP Organization, policies and controls should be in place to address:

- methods of monitoring, reporting, and approving budgets;
- compliance and performance issues related to financial management and budgets;
- risk management and control, and treasury management;
- internal controls and internal audits, including financial controls;
- external audits;
- handling of assets, including intangible assets such as copyrights and intellectual properties;
- financial control mechanisms to promote transparency and accountability;
- performance-based procurement as it relates to accounting and financial activities and reporting by WAPP Organization's contractors and external personnel;
- amendment process for the WAPP Financial Regulations;
- responsibilities of personnel and management as it relates to financial and budgetary issues;
- segregation of duties;
- issues of fraud and reporting; and
- handling of funds, particularly donor funding and reporting to promote transparency and accountability;

In addition, the FHRC shall monitor the financial management activities and help put in place additional measures to mitigate financial risks.

4.3 Financial Performance

The WAPP Organization will promote efficiency and consistency in reporting and will develop and utilize periodic financial statements as tools for financial decision-making and strategic planning by the FHRC.

Annual Pro-forma Financial Statements, including the Income and Expense Statements, Balance Sheets and Statements of Cash Flows should be developed as soon as baseline data are available from the Secretariat.

Financial indicators derived from the budgets and pro-forma financial statements shall be used as measures to monitor and determine the Secretariat's ability to perform against the projections.

Quarterly Pro-Forma Financial Statements will be prepared by the Head of Finance and will be used to conduct comparative reviews by the Finance Committee (FHRC). These reports will be used for financial decision-making and strategic planning by the WAPP SPC and WAPP FHRC. They should be used as building blocks to support the development of WAPP Annual Reports. The financial statements will be used as a financial control mechanism. They will be shared with donors and member utilities to promote

accountability and transparency. The following pro-forma financial statements will be developed to complete this business plan. The development of these statements is contingent on the baseline data requested from the Secretariat. Data have already been requested from the Secretariat to develop these statements. A strategy to support financial sustainability of the WAPP Organization can only be effectively addressed after these statements are developed.

- Pro-Forma Balance Sheet Projections 2006 through 2009
- Profit and Loss Projections 2006 through 2009
- Pro-Forma Statements of Cash Flows 2006 through 2009

4.4 Monitoring & Evaluating Performance

The WAPP Organization will use a process of extensive internal and external reviews to evaluate its progress against established plans. The organization and functional managers will conduct reviews on a period basis. There will be regular reviews for functional management activities, such as procurement, finance, personnel, and information resources management. An external firm will conduct the annual audit as stipulated in the WAPP Articles of Agreement. A third party contractor/consultant should also conduct independent reviews and provides recommendations for corrective actions. The WAPP SPC will perform internal oversight reviews. The committee members will assess program schedules, cost, and technical performance against established programmatic commitments. The Senior Management in the three Secretariat's divisions will conduct assessment reviews at least four times per year of the progress being made in meeting their respective divisional performance targets.

4.5 Verification and Validation of Performance Data

Data credibility is a critical element in the Secretariat's ability to manage for results and to be accountable for the accuracy of performance data. Hence, The WAPP Organization's performance in developing and delivering products and services should be evaluated at the Secretariat, functional office, contractors, program and project and individual levels.

Each level has responsibility to execute requirements and to measure, evaluate, and report results. Methods and procedures for collecting this information should be evaluated and validated by program managers who are responsible for data collection and reporting. As each part of the organization completes its measurement process, data will be used to validate that performance meets or exceeds planned goals, objectives and performance targets. In those situations in which performance does not meet expectations, opportunities for continuous improvement should be identified.

For the purpose of assessing WAPP Organization's overall performance, the Organizational Committees should evaluate accomplishments made by the Secretariat as well as the utilities. Their assessments should not only integrate quantitative output measures but also provide balance in the context

of quality, high performance, and appropriate risks. Annual performance of the Secretariat should be evaluated by assessing both actual performance and progress towards strategic goal and objective achievement. In addition, the Office of the Secretary General should conduct validation audits of reported performance data used to support the organization's actual results on selected performance targets to ensure that underlying performance data are accurate and reliable.

5.0 INDICATIVE FINANCIAL PLAN

5.1 Budget (2006-2009)

The WAPP Secretariat requires approximately US\$ million in startup costs, including the operating costs for the next three years. The table that follows summarizes the WAPP Secretariat's proposed budgets – 2006 through 2009.

5.2 Funding Plan (2006 – 2009)

The WAPP Articles of Agreement stipulate that the WAPP will be financed by contributions from the utilities and donors during the formative years. Most of the donor funding, contributed in the past, were not backed by cash. The funding is normally provided through Technical Assistance and in-kind arrangements. This places a cash flows restriction on the Secretariat. The challenge over the next three years will be to manage these sources of funding to effectively carry out the WAPP goals and objectives under the guidelines of the funding agencies.

5.3 Medium-Term Funding Strategy

A funding strategy should be developed to support the medium to long-term requirements of the WAPP Organization. It should focus on sustainability measures to eventually reduce dependency on donor funding. In as much as the WAPP Organization cannot be the conduit of any non-concessionary financing from donors, multilateral development banks or commercial lenders, the WAPP member utilities, both public and private must mobilize funding to construct the proposed permanent facility (WAPP Organization Headquarters) in Cotonou. The construction of such facility should be considered a special project. Hence the cost included in the budget figures should be considered as indicative only.

5.4 Managing Contributions from Donors and Utilities

Currently, the operations of the WAPP Secretariat are being funded by donors, ECOWAS Secretariat, and WAPP member power utilities. The funding is provided mainly through Technical Assistance, in-kind contributions such as seconded personnel, office facilities, vehicles, equipment, workshop materials, from power utilities, and limited cash from utilities and ECOWAS.

Table 1
BUDGET WAPP SECRETARIAT

WAPP SECRETARIAT BUDGET 2006-9								
PERIOD		1st Half 06	2nd Half 06	2007	2008	2009	2006-9	percent
WAPP Programme	Table 4							
Pre-Investment Activities		0	2,140,000	8,885,000	6,575,000	5,250,000		
Capacity-Building		0	0	1,100,000	1,800,000	1,650,000		
Subtotal		0	2,140,000	9,985,000	8,375,000	6,900,000	27,400,000	56.9%
Facilities & Equipment	Table 3							
Secretariat Building		0	200,000	5,000,000	3,000,000	2,000,000		
Equipment			327,027	327,027				
Subtotal		0	527,027	5,327,027	3,000,000	2,000,000	10,854,055	22.5%
Salaries	Table 1A							
Professional staff			349,152	719,253	740,831	763,056		
General staff			82,288	169,514	174,599	179,837		
Contract staff			23,978	49,394	50,876	52,402		
Subtotal		0	455,418	938,161	966,306	995,295	3,355,180	7.0%
Allowances	Table 1B							
Professional staff			200,920	413,895	426,311	439,101		
General staff			59,971	123,540	127,247	131,064		
Subtotal		0	260,891	537,435	553,558	570,165	1,922,049	4.0%
Operating Costs	Table 2							
Health, Pension Plans			51,522	106,135	109,319	112,599		
Staff training			12,500	25,750	26,523	27,318		
Office Expenses			39,650	81,679	84,129	86,653		
Utility Services			110,908	228,470	235,324	242,384		
Vehicle operating costs			43,500	89,610	92,298	95,067		
WAPP Meetings			112,886	232,545	239,522	246,707		
WAPP Secretariat Travel			206,475	425,339	438,099	451,242		
Promotion, Marketing & PR			9,597	19,771	20,364	20,975		
Miscellaneous			41,934	86,384	88,976	91,645		
Subtotal		0	628,972	1,295,682	1,334,553	1,374,589	4,633,797	9.6%
Grand Total		0	3,556,890	17,145,145	13,263,111	10,844,754	48,165,081	100.0%

During the period under consideration, the WAPP Secretariat will remain dependent on grant funds to manage a large share of its operations until it is able to secure adequate funding from Membership Fees. To that end, proposals for grant funding in support of institutional capacity building at the WAPP Secretariat will shortly be presented to different donors, trust funds and also to the Bank-administered "Africa Catalytic Growth Facility".

In preparation for the next business planning cycle, the WAPP Secretariat should develop a plan to effectively manage and utilize the existing donor contributions in order to maximize the returns to the WAPP Organization. It may be necessary to retain the services of a Consultant experienced in

preparing grant proposals from international agencies to strengthen the sourcing finance function of the Secretariat.

6.0 IMPLEMENTATION OF BUSINESS PLAN

This Business Plan will provide a framework for WAPP Organization's development and annual activities. The goals identified herein are intended to provide direction and priorities while affording flexibility to deal with unanticipated challenges. To remain focused while maintaining flexibility to make appropriate adjustments as needed, WAPP Organization will:

- Conduct annual reviews of the strategic plan – Annually, the Executive Board of Directors will review the strategic plan to determine the changes needed. In conducting this review, the Executive Board will be responsive to major challenges and trends within or affecting the bulk electric industry;
- Approve annual business plan – The board will approve the annual business plan developed by the Strategic Planning Committee and any changes to that plan made during the year. The business plan will identify the plan of work that WAPP will pursue in the coming year, and will include the budget requirements; and
- Monitor progress in achieving annual objectives – The Strategic Planning Committee will report to the Executive Board on progress in implementing and achieving the objectives contained in the annual business plan.

Successful implementation of this WAPP Organization Business Plan (2006 through 2009) will enable WAPP Organization to achieve its mission and vision in an effective and efficient manner, and, thus, establish its integrity and presence in the West African electric power market.

ANNEX I

Responsibilities of Proposed Divisions of the WAPP Secretariat's

Office of the General Secretary	1	Supervise and Guide the WAPP Organization Division Managers
	2	Support International Relations
	3	Represent the WAPP Organization to International Community
	4	Promote the Effective Regional Policy to Support the WAPP
	5	Appoint WAPP Organizational Committee Members
	6	Establish and maintain Relationship with Industry Players and Regulatory Agencies in the West African Electric Industry
	7	Hire Personnel and Consultants to Support the WAPP
	8	Promote the WAPP Organization
WAPP ICC	1	Coordinate the Area Control Centers
	2	Coordinate Operations
	3	Coordinate Planning and Environmental Issues within the WAPP Grid System
PIPES Division	4	Publish and Distribute Printed Reports
	5	Develop and Maintain Electronic Databases of Relevant Technical Information
	1	Monitor the implementation process for the WAPP Priority Projects
	2	Oversee the development of the WAPP Priority Project Plans.
	3	Contact the implementation agencies to confirm participation in the projects.
	4	Monitor the procurement process.
	5	Develop and compile program evaluations and reports.
	6	Monitor the activities of the contracts.
	7	Assist in writing funding applications to support special projects and tasks
	8	Advise and Monitor Environmental Safeguards Activities
	9	Advise and Monitor Social Issues
	10	Prepare Terms of References to hire Consultants to support the WAPP Priority Projects
Financial Management Procurement Human Resources Division	11	Oversee the activities of the Consultants directly assisting the pre-implementation (feasibility studies, etc.) phase of the WAPP Priority Projects.
	12	Assist the Strategic Planning Committees to carry out its responsibilities.
	13	Formulate and develop the WAPP Organization's corporate plans and budgets in line with organization's objectives, oversee its implementation and performance, and initiate and direct any corrective actions required to ensure achievement of plans and budgets.
	14	Monitor and report on the organization's performance against budgets to ensure the FHRC and the Secretary General are well informed of the organization's overall financial performance vs budgets
	15	Organize and direct resources (people and systems) and processes, develop reporting formats and contents to ensure compliance with the WAPP Organization's Financial Policies and Procedures to provide useful information to the FHRC, and Secretary General
	16	Direct and control accounting operations and constant review of the monthly financial statements to ensure proper recording/postings of transactions and maintaining high standard of data integrity through proper reconciliation adjustments to rectify error
	17	Develop and maintain a conducive-environment for staff member for a productive and motivated work force
	18	Help the FHRC to carry out its responsibilities

ANNEX II

WAPP SECRETARIAT PERSONNEL

Position	#	
Secretary-General's Office		
Secretary-General	1	seconded
Legal Adviser	1	
Personal Assistant	1	contract
Secretary (bilingual)	1	contract
Information & Coordination Centre (Operations)		
Director Operations & ICC	1	seconded
Secretary (bilingual)	1	
System Operations Manager	1	seconded
Market Operations Manager	1	seconded
Database Information Manager	1	seconded
IT / MIS Specialist	1	TA
Planning, Investment & Environmental Safeguards Directorate		
Director Planning, Investment & Environmental Safeguards	1	TA
Secretary (bilingual)	1	TA
Study & Planning Manager	1	
Project Manager	1	
Social & Environmental Impact Assessment Manager	1	
Social Specialist	1	
Outreach Expert	1	
Finance & Administration Division		
Head of Finance & Administration	1	
Secretary (bilingual)	1	
Accountant/Budget Officer	1	
Human Resources & Training Officer	1	
Procurement Officer	1	
Protocol Assistant	1	
Admin Assistant	2	
Accounting Assistant	1	seconded
Total WAPP Secretariat Personnel	26	
WAPP Secretary-General	1	
WAPP Directors	2	
WAPP Professional Staff	13	
WAPP General Staff	10	
CONTRACT STAFF		
Drivers	5	
Security	10	
Cleaners, Gardeners	4	
House Personnel	2	
Messenger	1	

N.B. Personnel to be recruited and seconded staff to be confirmed.

TA = Technical Assistance

ANNEX III

WAPP Secretariat: Projected Outputs and Outcomes (2006 through 2009)

STRATEGIC GOALS	Actions	Objectives	Out Puts	Out Comes	Out Puts/ Out Comes			
					2006	2007	2008	2009
Effective Organization	Hire Personnel Train Personnel	Strengthen Institution Capacity Building	Operational Reports	Functioning Secretariat	Operational Reports			Functioning WAPP
	Hire Experts	Transform the Observatory	Training Manuals		Training Manuals	Training Manuals	Training Manuals	Training Manuals
			Improved Operational Plans			Improved Operational Plans		
			Transformation Workforce Restructuring Plan			Transformation Workforce Restructuring Plan		
			Improved Strategic Human Capital Plan		Financial Regulations Codes of Conduct	Strategic Human Capital Plan		Robust and Self-Sustaining
	Develop Policies and Procedures	Operationalize the Secretariat WAPP ICC	Operational Financial Regulations					
			Codes of Conduct					
	Develop and Refine Work Program and Action plans		Periodic Work Plans		Periodic Work Plans	Periodic Work Plans	Periodic Work Plans	Periodic Work Plans
	Monitor Personnel		Assessment Reports	Effective Operation	Assessment Reports	Assessment Reports	Assessment Reports	
	Hire Legal Counsel		Enhanced Membership Agreement		Enhanced Membership Agreement			

Table A3 b - WAPP Organization Output/Outcome Summary

Table AS D - WAPP Organization Output/Outcome Summary									
STRATEGIC GOALS		Actions	Objectives	Out Puts	Out Comes	Out Puts/ Out Comes			
				2006200720082009					
Table 10b - WAPP Organization Output/Outcome Summary									
2	Apply Techniques to Support Harmonization	Hire Expert to advise on OSMP Develop OSMP	Strengthen Institution Strengthen Operations	OSMP Training OSMP -CTB	Operational Reliability System Protection and Restoration and Exchange of Information	OSMP-CTB Environmental Plan	OSMP- Zone "A"	OSMP- Zone "B"	
		Hire Environmental Expert Hire Social Expert	Deepen Regionalization Facilitate Compliance with Safeguards Procedures across West Africa Measures to Harmonize Policy, and Commercial Practices and Operational Guidelines	Environmental Guidelines Road Map to Building Environmental Impact Assessment Resettlement Plan Operational Guidelines Cooperation Agreement Zone "A" Cooperation Agreement Zone "B"	Minimize Burden that Environmental Safeguards Impose on Project Development	WAPP Road Map to Building Environmental Impact Assessment Cooperation Agreement Zone "A"	Environmental Guidelines Resettlement Plan Cooperation Agreement Zone "B"	Environmental Guidelines Resettlement Plan	Environmental Guidelines Resettlement Plan
		Set Up WAPP Task Force to Develop Trading Platform		Effective Trading Platform					Effective Trading Platform

Table A3 c - WAPP Organization Output/Outcome Summary

STRATEGIC GOALS	Actions	Objectives	Out Puts	Out Comes	Out Puts/ Out Comes			
					2006	2007	2008	2009
Apply Innovative Approaches & Tools to Meet Future Challenges	Hire M&E/MIS Consultant Develop M&E Plan Develop MIS Play Develop M&E Systems Develop MIS Database	Capacity Development	M&E System Manual M&E System MIS Data Base Computerized Platform M&E Manuals	Institutional monitoring and reporting platform to carry out M&E function Network to Strategic WAPP Coordination Center	M&E System Manual M&E System MIS Data Base	Institutional monitoring and reporting platform to carry out M&E function Computerized Platform M&E Manuals Network to Strategic WAPP Coordination Center		Institutional Platform <i>(development in progress)</i>

Table A3 d - WAPP Organization Output/Outcome Summary

STRATEGIC GOALS	Actions	Objectives	Out Puts	Out Comes	Out Puts/ Out Comes			
					2006	2007	2008	2009
Effective Power Utilities	Training	Strengthen Institutions		Regional Cooperation	Regional Cooperation	Regional Cooperation	Regional Cooperation	Regional Cooperation
		Building Capacity	Training Manuals		Training Manuals	Training Manuals	Training Manuals	Training Manuals

Table A3 e - WAPP Organization Output/Outcome Summary

STRATEGIC GOALS									
	Actions	Objectives	Out Puts	Out Comes	Out Puts/ Out Comes				
					2006	2007	2008	2009	
5	Effective Project Management/Coordination	Hire Experts Set Up PIU Set Up PMT in PIPES Train PIPES Personnel Transition PIPES Personnel to Permanent Staff Hire Turn-Key Contractor Hire One Project Management Consulting Firm	Strengthen PIPES Strengthen Utility Implementation Unit Reduce Project Implementation Risk Effective WAPP Priority Project Implementation	Progress Reports Transformation Workforce Restructuring Plan Deliver Ikeja-West Sakete Line Deliver Niger Burkina Faso Deliver OMVS HEP	Effective PMT Effective PMT Effective Utility Implementation Unit See APL Results in Append. III WAPP Cooperation Model	Progress Reports Progress Reports Deliver Ikeja-West Sakete Line	Progress Reports Transformation Workforce Restructuring Plan Deliver Niger Burkina Faso OMVS HEP	Progress Reports on Project that are Scheduled to be Delivered by 2011 Advance Cote d'Ivoire Mali Interconnection WAPP Cooperation Model	

Table A3 f - WAPP Organization Output/Outcome Summary

	STRATEGIC GOALS	Actions	Objectives	Out Puts	Out Comes	Out Puts/ Out Comes			
						2006	2007	2008	2009
6	Effective Funds Mobilization	Secretary General to lead the funding mobilization team for each WAPP Priority Project Retain a Project Finance Expert Leverage VRA's Project Management Expertise	Secure Funding Strengthen Weaker Utilities	Committed Funds Reports	See APL Results Framework in Appendix III Expand Power Infrastructure Effective Project Implementation	Deliver Ikeja-West Sakete Line Expand Power Infrastructure Reports	Deliver Niger Burkina Faso Expand Power Infrastructure Reports	Deliver OMVS HEP Expand Power Infrastructure Reports	Advance Cote d'Ivoire Mali Expand Power Infrastructure Reports