

WSP/pw/2042/3

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2 August 1994

Mr. Ian C McRae
Chairman Elect
SAD-EL
P.O. Box 30853
Braamfontein
2017

Dera Mr. McRae,

This is to advise you that after due consideration, Mr. Walter Sisulu is willing to become a member of the Board of SAD-EL.

However, he wishes to make it very clear, that as he is almost fully committed to the work of the African National Congress, he is lending his name only to the Board, but will not become an active member. He should not be expected to attend meetings, make speeches, or any of the other duties usually required of a board member.

He sends you regards

Yours sincerely

Rica Hodgson
Secretary to the
Deputy President

22 June 1994

Mr. Ian C McRae
Chairman Elect
SAD-EL
P.O. Box 30853
Braamfontein
2017

Dear Mr. McRae,

This is to acknowledge and thank you for your letter and enclosures to Mr. Walter Sisulu.

He wants you to know that he is still giving the matter his consideration and will contact you again when he has made a decision.

With every best wish

Sincerely

Rica Hodgson
Secretary to the
Deputy President

Chairman Elect
SAD-EL
P O Box 30853
BRAAMFONTEIN
2017

Tel: (011) 711-2623
Fax : (011) 711-2181/2772

16 June 1994

Mr Walter & Mrs Albertina Sisulu
African National Congress
16th Floor
SHELL HOUSE
51 Plein Street
JOHANNESBURG

Dear Mr and Mrs Sisulu

Thank you most sincerely for making time to meet with me yesterday. I particularly appreciate the opportunity you provided for me to share with you some of the things I am busy with in Southern Africa and South Africa.

I am aware that both of you are very active and busy people. You focus on the plight of our people in the country and help that can be given to ease their burden, and to minimise the miseries many are subjected to. I wish to pay tribute to you both for the wonderful work you have done and are doing at present. Our country needs you both and therefore in making my request to assist us in the region in creating an infrastructure for economic growth, I realise that one must not burden you to any extent and that your good health is a high priority.

I am attaching, as promised, my note to Minister Jay Naidoo in response to his request for some thoughts on the implementation of the RDP policy for Southern Africa. You will note that to be in a good position to move things along we need a political structure and a business structure for the various components of the infrastructure, e.g. electricity; transport; communication; water; roads, etc. We also need an operating structure between the various organisations dealing with these infrastructural issues in each country.

I would be most grateful if you would be prepared to join me, as well as others from within the region and outside of the region on the Board. We are looking at people like Prof Vidkunn Hveding from Norway, Dr Bill Leininger from Malaysia, Dr Genscher - ex Foreign Minister from Germany (even if in an honorary Board position), Sir Peter Holmes - ex Chairman of Shell International. We are now wishing to meet with potential Board members from Zimbabwe, Zambia, Botswana and any other country. SAD-EL will focus on the electricity infrastructure. It is a non-profit making organisation, its role will be to identify projects, seek funding for projects and facilitate implementation of projects. It will assist in development of the electricity supply system, electrification in various countries, development of skills, development of managers, development of support services, etc.

The Board will meet once a year and this can be arranged to avoid travel. I would from time to time come to you to discuss some issues and obtain your views. Mr Sisulu, your wisdom,

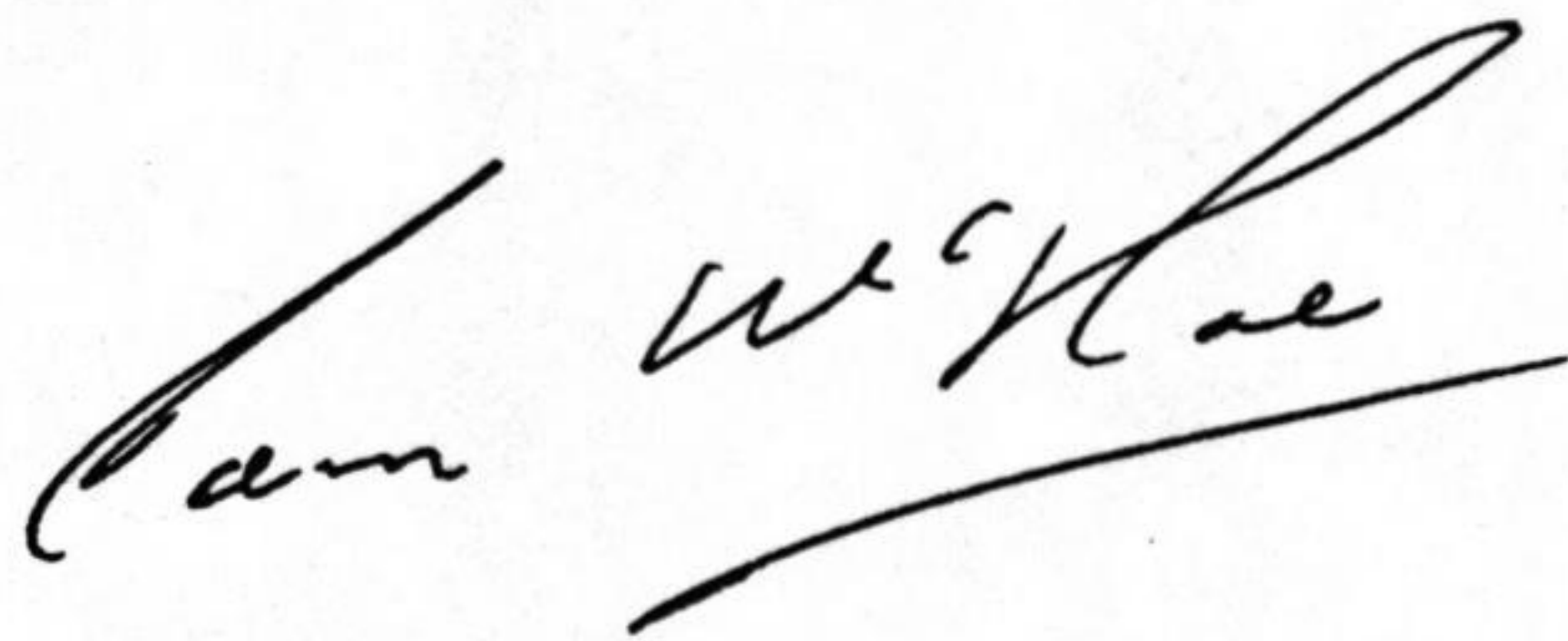
2/...

knowledge of communities, your credibility within the region and beyond, which is essential to us raising funds, would contribute so much to the success of the venture. I therefore again wish to invite you to become a member of the Board of SAD-EL. I understand and respect your wish to consult with members of your family and others with whom you are involved. Should I be of value to further clarify any aspects I would be available at any time. I will contact you again sometime in the future.

Mrs Sisulu, in connection with help you require for the establishment of creches, pre school clinics and homes for street children, I will contact you after the 13 July to make a day to visit some of these facilities in Soweto and Alexandra. From thereon I will try to help you where I can. I need to obtain an accurate picture of what you are doing and your need.

I look forward to seeing you both soon.

Kind regards

A handwritten signature in cursive script, appearing to read 'Ian C McRAE', with a long horizontal flourish extending to the right.

IAN C McRAE

Encls:

NELF
P O Box 30853
BRAAMFONTEIN
2017

Tel ; (011) 711-2623
Fax : (011) 711 -2181/2772

8 June 1994

Minister J Naidoo
Minister Without Portfolio
Private Bag X1000
PRETORIA
0001

ATTENTION : DR B L FANAROFF

Dear Minister

As requested during our discussions in your office with Dr Fanaroff and Mark Pickering, I am submitting my thoughts on how to possibly bring about implementation of the Southern African Regional Policy, as laid down in the Reconstruction and Development Programme.

Paragraph 49.1 (page 58) of the RDP (draft dated 17.02.1994) spells out the need for sustainable reconstruction in Southern Africa as a whole as well as the consequences of not achieving this goal. It further states "The democratic government must negotiate with neighbouring countries to forge an equitable and mutually beneficial programme of increasing co-operation, co-ordination and integration appropriate to the condition of the region". How do we achieve this?

Firstly we need to decide whether we are focussing on Southern Africa as the Region or Africa as the Region or both. I recommend that we develop policies for both Southern African and Africa as it will not be long before we will be focussing on the continent of Africa as an economic entity and the words co-operation, co-ordination and integration will be appropriate for the continent and could give us increased strength in the long run. In the medium term we need to develop our policies on development in Southern Africa, East Africa, West Africa and North Africa and as we develop the infrastructure and economic growth in the sub-regions we will begin to focus on the Africa as a whole.

The next question is:- What is our definition of Southern Africa.

This could vary from infrastructure needs to sub-region political power bases and country preferences. In the energy field, particularly electricity, one could conveniently describe Southern Africa as a Region which incorporates countries as far north as Zaire, Uganda, Kenya, etc. This is really Sub-Sahara Africa which consists of 17 countries and virtually countries below the equator. Others may see the Region differently. This decision needs to be made.

The second point essential to implementing the policy is the development of a suitable political structure for the Region. Africa already has a political structure in the OAU and now that South Africa is a member this issue is taken care of. In Southern Africa there are two options -

- (a) Create a new political structure; or
- (b) Use the existing structure of SADC

I personally tend to prefer the latter, but then SADC needs to recognise that it must make four basic changes in order to bring about economic prosperity and harmony throughout Southern Africa.

1. The organisation needs to revamp its overall mission and concentrate on expanding economic growth for the region.
2. Membership in SADC must be extended to more than its current 10 nations (e.g. South Africa, Zaire, etc.).
3. Its structures should be reviewed with secretariats being centralised, with closer intercommunication and integrated planning strengthened between secretariats in SADC.
4. With new member countries, perhaps we should consider opening up positions within the secretariats in order to incorporate fresh ideas.

Now we need to bring about these changes in as short a time as possible and to do this I believe we need an outside facilitator or facilitating country. No country within the Region could play this role, particularly not South Africa without others being threatened or being suspicious of hidden agendas, etc. Europe is the natural partner for Southern Africa due to its history. I therefore believe it would be superb if the EEC would, on invitation from SADC, delegate the facilitating role to United Kingdom, Germany or France. The first two may be more acceptable in Southern Africa while France is at home in North/West Africa. It may be attractive to Germany to undertake this role during the term of its Presidency of the EEC. The German Ambassador, Dr Ueberschaer, thought Dr Genscher, ex Foreign Affairs Minister, who has considerable interest in Southern Africa, could well play this facilitating role I am suggesting. Baroness Chalker, Minister for ODA in United Kingdom, totally supports this view and even offered to help bring this about if requested. I am confident that if we accept this approach we could have an acceptable structure in place within a year, and a structure in which RSA is a member and will play a useful and even a leadership role.

In addition to the political structure we need to implement the creation of a number of non-governmental business organisations which in the first instance are non-profit making but which focus strongly on the development of the infrastructure, e.g. electricity, water, communications, transport (including various forms of transport; road, rail, air and sea), other forms of energy, environmental issues, tourism, etc. These NGOs would link closely with the political structure for the Region and in the individual countries as well as the utilities, statutory bodies, etc., for example to the electricity power utilities in the countries in the Region. These NGOs would help with the definition of projects, seek and facilitate funding for these projects, facilitate implementation of projects via co-operation between utilities or utilities and other organisations. The NGOs would be funded through a small fee extracted from the projects to cover their running costs. These NGOs would have a small number of staff and minimal facilities and could be registered in any convenient country in the Region. They would interface actively with the financial and lending agencies around the world.

In the electricity field we are already developing a NGO for the Region which has come out of need. The Board of such a NGO could be made up of some persons from outside the Region and some from within. A chief executive with a small management team would be established.

There is a belief in some quarters, and particularly American thinking, that the non-profit making NGO is not the right way to go. We should establish an equity based company which would invest in each local or regional initiative and where there is a heavy emphasis on profit.

I do not believe the countries making up the Region, or the Region itself, are ready for this or in fact wanting it. Many Governments in Africa and Southern Africa have been bruised somewhat by organisations and companies coming in to make some quick "buck" and in the end have not left much behind.

Finally an operational structure, where needed, such as the electricity industry, such as a power pool for electricity transfer between countries, integrated planning for the region, establishing parameters, identification of projects, co-ordinating co-operation, etc. Enthusiasm and resulting support has been received from utilities within Southern Africa and the first workshop on this was held in Tanzania recently under the auspices of the SADC electricity sub-committee which ESKOM and SNEL (Zaire) were invited.

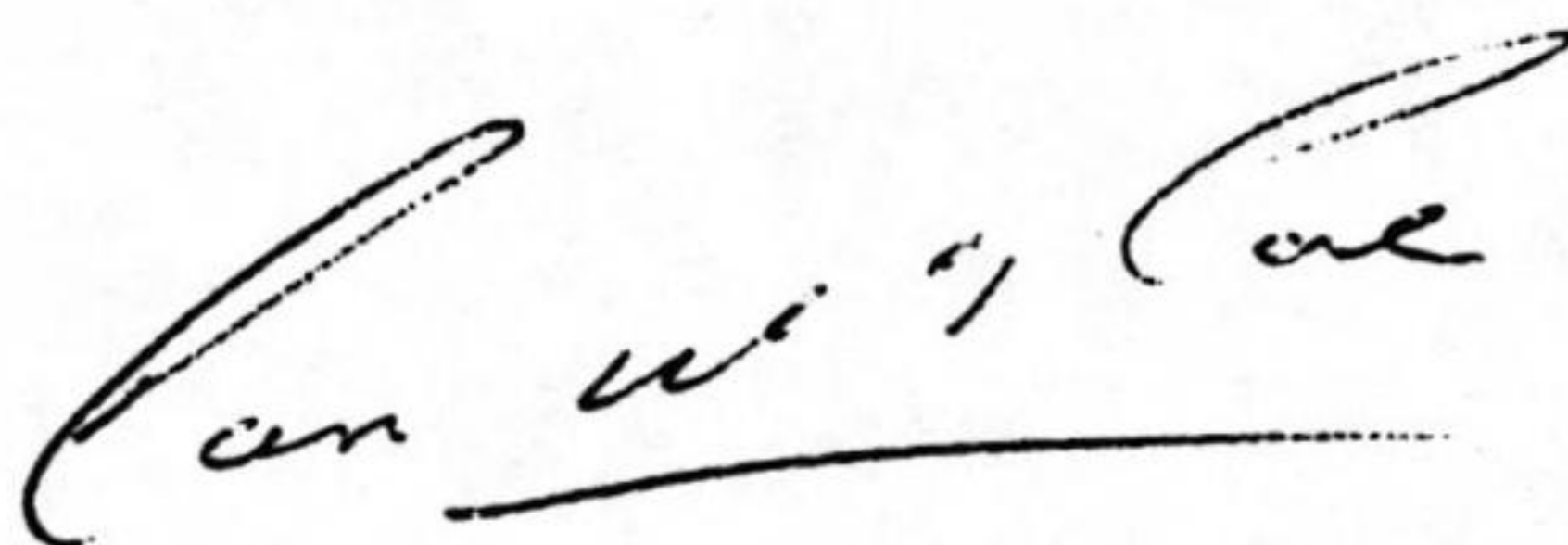
I believe that if we get this three tier structure - political, business NGOs and utility forums or pools, we can really make things happen. Electricity could be the pilot to determine whether or not this is the way and could be the catalyst to trigger off the other areas needs for building the infrastructure. Fortunately in the field of electricity, the problem of counter balancing the threat of poverty through economic growth is viable and deliverable. Today in the Sub-Sahara Region of 17 countries as described earlier, approximately 200 million people, less than 10% of the population have access to electricity. On the other hand the Region is blessed with excellent energy resources, e.g. free flowing rivers (Zaire, Zambesi, Capanda, Cunene, etc.) in the northern part of the Region; coal in abundance in Botswana, Zimbabwe, RSA and Swaziland in the south. Gas available off-shore and on-shore, a nuclear infrastructure and abundance of sun energy.

With similar structures in areas of transport, communication, water, roads, agriculture, etc., and an overall plan to drive all countries we can build a Regional infrastructure and the policies outlined in Section 4.9 of the RDP (draft dated 17.02.1994) will flow.

I trust this will be of use to you. These thoughts are not just recently "cooked up" but have developed over the years of working in the Region. My latest task of developing the NGO has re-inforced this thinking. This thinking has been tested against many in overseas countries as well as within the Region.

Should you find you require further development of these notes or clarification, I am only too pleased to assist.

Kind regards

A handwritten signature in black ink, appearing to read 'Ian C McRae', written in a cursive style.

DR IAN C McRAE

PROPOSED SAD-EL ORGANISATION

SAD-EL is an indigenous Southern African non-governmental organisation (NGO) established to promote the full economic development of the region by attracting and channelling funding for

- the creation of infrastructure
- the provision of management development support for optimal operation and maintenance of the infrastructure, and
- the creation of markets to ensure the viability of the investments.

SAD-EL promotes and facilitates business relations between Southern African entities and international investors/partners in development. It acts as a conduit for mobilising, directing and channelling funds from commercial and concessionary investors. To grow a capital base with which to finance development initiatives, -- and thereby contribute towards the emergence of self-sufficiency and sustainable growth in the region --, SAD-EL invests funds.

By capitalising on the global visibility already created by the progress on accelerated electrification programmes in the region, and the integration of the regional power network, SAD-EL uses the electricity sub-sector as the springboard towards a total development approach. It seeks potential investors in viable infrastructural and market development projects, and human resource development programmes, focused on but not restricted to the region's electricity sector, and facilitates business relations in e.g.:

- joint ventures
- franchising
- licensing agreements
- establishment or expansion of energy intensive industries.

SAD-EL lobbies and campaigns for the integrated planning and development of Southern Africa's resources and markets. To encourage and support the eradication of uneven development between nation states, rural and urban communities, and to promote the spirit of resource sharing, SAD-EL facilitates joint strategising and analysis of the constraints on infrastructural and market development on the local, national and regional level.

To ensure a total development approach and optimum synergy amongst all actors, SAD-EL works in tandem with existing and emerging regional structures.

In advocating and supporting environmentally conscious and sustainable development, SAD-EL assists the regional sectors, their markets, governments and international organisations to

- identify priority areas of need and viable means of satisfying them
- mobilise and coordinate technical evaluation and research support.

To contribute to the development of self-reliance, based on self-sustaining local communities, SAD-EL identifies and prioritises projects with specific focus on the development of human resources required to support infrastructure and market development.

Particularly, SAD-EL acts as "information broker" in the collection and distribution of information relevant to the development of regional economic growth hubs and nodes, and thereby addresses the information needs of the existing and potential investor community.

INTRODUCTION TO SAD-EL

Historically, Southern Africa's ability to attract financing from external sources has been limited to development aid. Recently, the pressures on traditional donors' national economies, coupled with the increased competition for funding from other developing regions, plus the growing reluctance to fund governments and state-owned corporations have weakened the region's competitive position.

While the sweeping reforms in Southern Africa have brought about increased confidence in the region's ability to engage in business relations with the international community, the region's marginalisation in the international context could hardly have come at a more critical juncture, ie at a time when South Africa became politically acceptable to the outside world. The issue is: will the international donor community and dominant trade partners focus

- only on South Africa
- on South Africa as the "gateway" into Africa
- on the region as a whole?

Given South Africa's modern infrastructure, entrepreneurial skills, and efficient banking and insurance sectors, post-apartheid South Africa's new-found attractiveness could overshadow the wider, equally critical regional needs. This has far-reaching ramifications for both South Africa and the region: the strain of massive migration would bring economic and societal collapse throughout the region, including South Africa.

While it is clear that South Africa will promote regional interests, South Africa's primary focus is the provision of services to its own historically disadvantaged communities; its regional involvement must be subject to this focus. Therefore, South Africa cannot undertake funding in any capacity other than as co-participant.

All these issues imply many obstacles ahead. However, no understanding of any future design can take place without some assumptions about an institutional framework - a framework for integration, development cooperation and interaction - reflecting the political parameters that will determine - together with the economy - the shape of things to come.

In August 1992, the Heads of State of Government approved a treaty establishing the Southern African Development Community (SADC). Article 23 of the Treaty opened the doors for NGO participation in the different SADC structures.

The emphasis on regional integration provides a window of opportunity when seeking funding. But, no integration strategies can materialise without adequate funding: long before any capital expenditure is incurred in the further enhancement of physical infrastructure, the immediate needs

concern expenditure on market creation, and on the development of human and institutional capability, particularly the enhancement of planning, decision-making and leadership skills.

Current disbursement trends favour non-governmental organisations (NGOs). Particularly with South Africa's involvement, the region has sufficient standing to tap into local private sector sources, and has the visibility and influence to enable access to international boardrooms.

To promote and facilitate business relations between Southern African entities and international investors/partners in development, it was opportune to establish an independent regional organisation for the sole purpose of mobilisation, management and legal administration of funds for:

- process facilitation
- human resource development
- studies, e.g.:
 - infrastructure
 - investment opportunities
 - economic growth point viability
- investment in capital projects
- associated administration expenditure.

SAD-EL was established after an extensive consultative process amongst African and international development thinkers and practitioners to identify ways in which an indigenous NGO could enhance the effectiveness of their development work.

Holistic development initiatives already have a proven track record of success in the region's power sector. For this reason, electricity provides a useful focus for a total development approach, with emphasis on market creation.

SAD-EL was formally registered in Gaborone, Botswana on 1994 as an NGO. Botswana was chosen because of its central location in the region, and its internationally acknowledged good governance, political stability and economic growth.

SAD-EL's 2-tier management structure provides for optimal regional and international stakeholder involvement, with a careful balance between technical, financial, environmental and institutional management skills.

The six members of the Board of Directors were drawn from the Southern African Development Community, the European Union, the USA and the Far East. The Chairman of the Board is Dr Ian McRae. Recently retired as Chief Executive of the South African power utility Eskom, Dr McRae's contributions to the development of Southern Africa's power sector have earned him international acclaim.

The 4-member Management Council, which directs the day to day operation of SAD-EL, is staffed from the Southern African region. As operations expand, the Council's membership will continue to be sourced from within the region.

SAD-EL seeks to articulate and implement a regional development agenda rooted in ongoing experiences and analyses, with a sensitivity to both the realities and aspirations of Southern Africa's societies, and is well positioned to support the existing and emerging regional community building initiative. Specifically,

The organisation seeks potential investors in viable infrastructural and market development projects, and human resource development programmes. Additionally, it aims to facilitate the emergence of structures and institutions which can best support regional integration and economic growth. In addition to being implementor or conduit of development projects and programmes, SAD-EL also envisages a role as initiator of policies and strategies for implementation.

SAD-EL's vision is that of a region which is more self-determined and less vulnerable to outside pressures.

SAD-EL's objectives are to act as facilitating match-maker for:

- holistic development projects and programmes involving business, development agencies and the communities themselves
- grassroots projects where the emphasis is on effectiveness of delivery on the ground
- obtaining the technical and financial means required
- lobbying and otherwise attempting to influence governments, funders, multinational agencies and other centres of power
- establishing a forum for coordination and systematic exchange of information and experience
- institutional capacity strengthening
- narrowing the gap in the regional north/south relationships.

SAD-EL seeks potential investors in viable infrastructural and market development projects, and human resource development programmes, focused on but not restricted to the region's electricity sector, and facilitates business relations in e.g.:

Its management has a track record of success in managing grants, building coalitions, arranging technical assistance, promoting participatory training methodologies, facilitating strategic planning, offering communications products and services, and advocating and implementing development programmes and projects in disadvantaged communities.

SAD-EL's principal advantages are that it is indigenous, regional, and neutral.

Dr Ian C McRae
Chairman Elect
SAD-EL
P O Box 30853
Braamfontein
2017

16 August 1994

Rica Hodgson
African National Congress
Secretary to the Deputy President
P O Box 61884
Marshalltown
2017

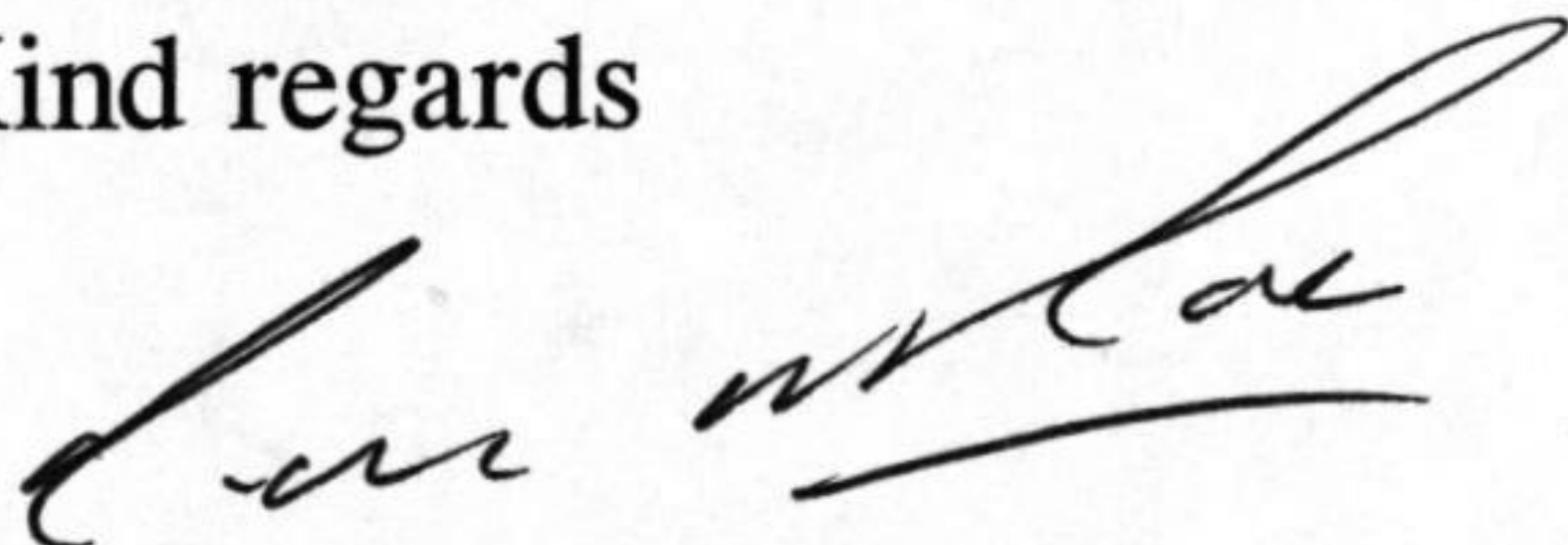
Dear Rica

I was so pleased to receive your letter dated 2 August 1994 informing me that Mr Walter Sisulu is willing to become a member of the Board of SAD-EL.

I note the conditions of his acceptance and these are acceptable to us as I confirmed during my discussion with him. Notwithstanding these conditions I have no doubt Mr Sisulu will make an important contribution to our work.

Please also send my best wishes.

Kind regards

A handwritten signature in dark ink, appearing to read 'Ian C McRae', with a stylized flourish at the end.

Ian C McRae

**TELEFAX TRANSMISSION**TO: Ms. Rica Hodgson TELEFAX NO: 290120DATE: 1994: 10: 21 FROM Judi KonczNUMBER OF PAGES: _____ INCLUDING FRONT COVER
(If you do not receive all the pages, then please phone immediately.)

Comments/Instructions to addressee:

Herewith copy of letter and attachments which
were delivered to Shell House yesterday.

The envelope also contains the documentation
referred to in the letter:

- SADO-KLEC's Constitution: for information
- SADO-KLEC's draft strategic plan, for
perusal as input to discussion
at the Board Meeting.

I am most grateful for your assistance.
Regards,

Judi Koncz.

**SOUTHERN AFRICAN DEVELOPMENT
THROUGH ELECTRICITY**

AICA

HEREWITH IS THE INVITATION
LETTER FROM COE ZELDA
MANTLE. FOR MORE DETAILS
PLEASE PHONE HER AT HOME
THE NUMBER (011) 788-7646
THANICS. THANDI- X7392



Mr. Walter Sisulu
Deputy President, ANC
16 th Floor, Shell House
51 Plein Street
JOHANNESBURG

19 OCTOBER 1994

DELIVERED BY HAND

Dear Mr Sisulu

INAUGURAL BOARD MEETING

I am pleased to inform you that all details have now been finalised for the above, and our Patron and all Trustees will be able to attend. (A list of their names, professional involvements and countries of domicile is attached for reference).

DATE: TUESDAY 25 OCTOBER 1994 (as previously advised)

TIME: 08:30 - 15:00 (including a light lunch)

VENUE: Heritage Conference Centre
Heritage Park
Lower Germiston Road
Rosherville
Germiston.

Contact person: Jane Collett (Operations Manager)
Tel: 626-2857/8/9
Mobile: 082-821-2355

SOUTHERN AFRICAN DEVELOPMENT
THROUGH ELECTRICITY


A route-map to Heritage Park is attached herewith. However, the Hon. Mogwe and all Trustees are accommodated at the Rosebank Hotel, and will be conveyed from there to Heritage Park. Departure from the hotel will be at 07:45, and it may be more convenient for you to travel from the hotel.

DOCUMENTATION:

The draft strategic plan and a copy of SAD-ELEC's Constitution are also enclosed. The "plan" is intended to provide a framework for discussion of SAD-ELEC's focus and strategies to achieve our aim.

We are honoured that you will participate, and look forward to seeing you.

Yours sincerely,


Dr I.C. McRae
CHAIRMAN - ELECT

Patron:**The Hon. A. M. Mogwe**

- **Minister of Mineral Resources
and Water Affairs, Botswana**

Board of Trustees:**From Southern Africa:****Mr. Walter Sisulu****Dr. Ian McRae****Mr. India Musokotwane****Prof. Mark Mwandosya****Dr. Antonio Branco****Mr Kouassi Apetey**

- **Deputy President, ANC, South Africa**
- **NELF Management Committee
Chairman, South Africa**
- **Regional Director, IUCN-ROSA,
Zimbabwe**
- **Director, CEEST, Tanzania**
- **Director, Imadal, Mozambique**
- **Director, Infrastructure & Industry Dept.,
South Region, African Development
Bank, Cote d'Ivoire**

Non-African:**Prof. Vidkunn Hveding****Mr. Jack Edlow****Mr. Denis Gastin****Dr. William Leininger**

- **Consultant, Norway**
- **Chairman, Edlow Resources, U.S.A.**
- **Chief Executive, Instate Ltd, Australia**
- **Chairman, Verzon, Malaysia**



Mr. W. Sisulu
Deputy president
African National Congress

25 AUGUST 1994

(Delivered by hand)

Dear Mr. Sisulu

*Actual venue
still to be
sent*

INAUGURAL BOARD MEETING

I am pleased to inform you that the formation of SAD-ELEC's Board of Trustees is well advanced and it is now opportune for us to hold our first meeting. Trustees who have so far accepted appointment are Mr. Walter Sisulu (South Africa), Prof. Vidkunn Hveding (Norway), Mr. India Musokotwane (Zambia), Dr. Antonio Branco (Mozambique), Prof. Mark Mwandosya (Tanzania), Dr. Bill Leininger (Malaysia), Mr. Jack Edlow (United States), Mr. Denis Gustin (Australia), and myself (South Africa).

I am sensitive to the fact that you should not be overburdened; however I would be most appreciative if you could spare the time to attend this Inaugural meeting. This would assist you to obtain an impression of the direction we are taking in helping establish an electricity infrastructure for Southern Africa as well as give you the opportunity to meet other Board members.

The proposed date & location for the meeting is Tuesday 25 October 1994 (09h00 - 15h00) in Johannesburg. A dinner for Trustees and the members of SAD-ELEC's Management Committee will be held on 24 October (19h30), to which you are welcome but not essential to attend, so as to help Trustees and the management team to get to know each other. The agenda proposed for the meeting is attached. It is intended that Board papers will be delivered to you at least 10 days prior to the meeting.

NO

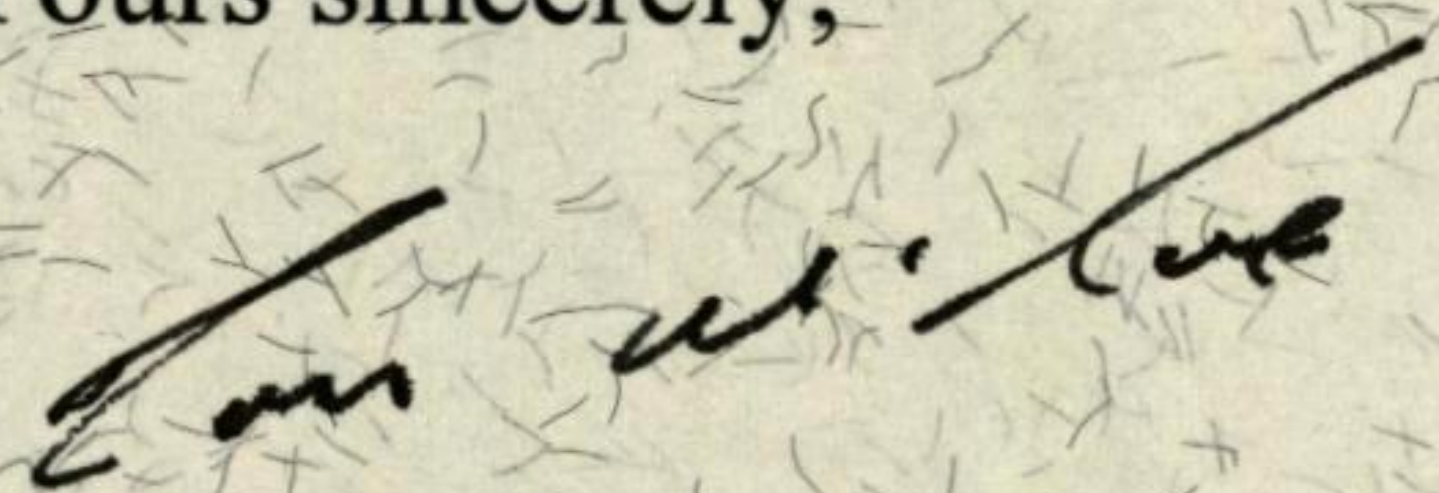
SOUTHERN AFRICAN DEVELOPMENT
THROUGH ELECTRICITY

711-2623

Please advise me whether the suggested date for the meeting is acceptable and should you be travelling from Cape Town, also indicate your preferred air travel dates and times so that our office can make the necessary airline bookings. All travel costs plus an appropriate stipend will be met by SAD-ELEC.

I hope that you will find the proposed dates convenient and I look forward to seeing you.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'I.C. McRae', written in a cursive style.

Dr I.C. McRae
CHAIRMAN - ELECT