



OFFICIAL OPENING REMARKS

BY

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ON

THE OCCASION OF THE PRE-SUMMIT SADC NEPAD SEMINAR
ON INFRASTRUCTURE PROJECTS

AT

SOUTHERN SUN HOTEL, SANDTON, RSA
08 AUGUST, 2008

Director of Ceremonies,

Honourable Minister, Jeffrey T. Radebe,

Dr. Ruel J. Khoza, NEPAD Chairman,

Distinguished Delegates and Invited Guests Here Present;

Friends from Media House

Ladies and Gentlemen;

Allow me at the outset, to express my appreciation to the Government of the Republic of South Africa, for convening this important Pre-Summit Conference on NEPAD/SADC Regional Projects Conference, on the eve of South Africa's takeover of the Chair of SADC. I also wish to thank all colleagues here present for your overwhelming response to this invitation, which signifies your commitment to the SADC Regional Infrastructure Development Agenda, which shall not only promote regional trade, development, but also contribute to the acceleration of attainment of MDGs by our region.

Honourable Minister

Ladies and Gentlemen

The rationale for regional infrastructure development cannot be over-emphasised. The SADC Regional Indicative Strategic Development Plan (RISDP), as our blueprint for regional development, provides the

basis on which SADC regional integration agenda is underpinned. Summit, at its meeting held in August 2006, in Maseru, the Kingdom of Lesotho, sought to accelerate the SADC Regional Economic Integration Agenda, and at its Extra-ordinary Session held in Midrand in October, 2006, re-affirmed the timelines for the following stages of regional economic integration:

- Free Trade Area (FTA) by 2008;
- Customs Union (CU) by 2010;
- Common Market by 2015;
- Monetary Union by 2016, and
- Single Currency and Economic Union by 2018

Through the implementation of the Trade Protocol, and the ongoing tariff phase down process, SADC has achieved the Free Trade Area, which shall be officially launched within one week by our Heads of State and Government. As I speak at least 85% of intra-regional trade move duty free in the region. To improve and consolidate this process we require adequate infrastructure in the region. The efficiency of trade supply chains and main trade routes is central to the SADC infrastructure agenda.

Infrastructure development has been identified as one of the key drivers of regional development and integration in our region.....The development of infrastructure and the associated services is also critical to the promotion of investment and trade as espoused by the Finance and Investment Protocol. There is broad consensus on the

pivotal role of infrastructure in the overall regional development agenda, as it unlocks opportunities such as trade facilitation and access to infrastructural facilities by both business and rural communities to access raw materials and finished products at an affordable cost.

Unless and until the region has developed adequate regionally integrated infrastructure the deepening of the Regional Economic Integration Agenda will remain but a pipedream, underscoring the need to fast track regional infrastructure development as an integral part of the integration and development process.

It is therefore critical that today, we focus on the review of the status of Regional Infrastructure Development, the investment gaps in infrastructure and strategies to scale up implementation of infrastructure in line with the milestones Summit set for our Regional Integration Agenda. Notwithstanding the recent set-back in trade negotiations within the framework of the WTO, the globalisation of production and trade will continue unabated and only the most competitive regional blocs in the global context will grow and prosper through competitive advantage. Our challenge therefore is to create the necessary conditions for business in the region to meet the challenges of an increasingly globally competitive production and trade environment.

Honourable Minister

Ladies and Gentlemen

In order to determine the regional infrastructure investment gap, the minimum SADC regional infrastructure network requirements for all infrastructure sectors has been documented, and they continue to be updated. These have been pronounced through the SADC SAPP Pool Plan, the SADC Regional Trunk Road Network, the SADC Inter Regional Railway Network (IRRN), Ports and Inland Waterways Sectoral Plans, the SADC Broadband Regional Information Infrastructure (SRII) Project and the SADC Strategic Water Infrastructure Development Programme.

The region no doubt faces challenges relating to infrastructure availability and development, and these, among others, include:

- (i) Inadequate financial resources for investment in infrastructure;
- (ii) Lack of availability of bankable projects that can be marketed for investment by interested parties;
- (iii) Lack of multilateral agreements amongst affected States to jointly implement and finance trans-boundary projects;
- (iv) Countries like DRC, Angola and Mozambique emerged from civil strife during which infrastructure was destroyed, and require customised infrastructure rehabilitation and modernisation programmes;

- (v) Member States' priority affected by competing demands, socio economic services and imperatives like health (HIV/AIDS), food security, putting infrastructure in back seat;
- (vi) The need to create an adequate enabling environment and institutional framework for private sector investment;

Honourable Minister

Ladies and Gentlemen

In order to address these challenges, the SADC Summit held a "Brainstorming Session on Scaling up Infrastructure Development" in August, 2007 and adopted a number of resolutions to accelerate implementation of infrastructure, in particular the following:

- a) The establishment of regional financing mechanisms for packaging and investment in infrastructure development
- c) Strengthening of the legislative and regulatory policy framework as well as the institutional framework so as to create an appropriate enabling environment for regional infrastructure development.
- e) Strengthening the role of the African Development Bank (ADB) and the Development Bank of Southern Africa (DBSA) supported by NEPAD in terms of sourcing funding for packaging of infrastructure projects as well as the ultimate investment in regional transboundary infrastructure. The ADB and DBSA have signed a Memorandum of Understanding to

facilitate a partnership and delegated implementation of projects.

To power crisis that has hit the region is an issue that deserves our urgent attention. This crisis has resulted in black outs, load shedding, job losses, retarded investment, and has adversely impacted on the quality of lives across the social spectrum.

The energy shortfalls have been occasioned by:

- high economic growth in some SADC countries exceeding expansion of energy resources;
- slow process and long lead times for new generation plants with long gestation periods;
- low levels of water in some major rivers that operate hydro-schemes and;
- lack of regional inter-connectors, which facilitate intra-regional power trade amongst states experiencing energy shortfalls and energy surpluses.

Currently, access to electricity in SADC Member States ranges from 7% and 75%, with a regional average of 30%. Clearly, this represents a major challenge for the economic development of SADC and its objective for poverty reduction.

SADC Strategy and Way Forward to Accelerate Infrastructure Development

Priority SADC Regional Infrastructure Development Projects have been identified and have been included in the NEPAD Short Term Action Plan, soon to be succeeded by the NEPAD Medium to Long Term Strategic Framework. In order to accelerate the development of SADC regional infrastructure, the region has committed itself to the following interventions:

- Institutional Development and Capacity Building at the level of Member States and the Secretariat
- The ongoing process of the development of the SADC Regional Infrastructure Development Master Plan, which defines the ultimate and holistic minimum requirement to facilitate full regional integration in SADC for the next 15 years;
- Project preparation, development and packaging to deliver bankable projects for investment., facilitated through the NEPAD Infrastructure Projects Preparation Fund (IPPF), as well as other project preparation and development funds;
- Removal of political blockages to facilitate collective investment through the signing of Inter-governmental and Inter-State Memorandum of Understanding for transboundary projects like the Maputo Corridor Development Project, Kazungula Bridge Project and the Western Corridor (Westcor) Power Project;

- Establishment of the SADC Regional Development Fund, and its window 1 the Project Preparation and Development Facility (PPDF to be hosted by DBSA as a Trust Fund;
- Collective funding efforts in infrastructure through the thematic ICP Groups on Infrastructure Development, which SADC has set up within the recently adopted Windhoek Declaration, to spearhead and coordinate infrastructure development in particular sectors of infrastructure.

Intensified use of the SADC Subsidiary Bodies in Infrastructure Development, as provided in the requisite protocols.

However it is important to note that, the implementation of infrastructure development largely rests with the SADC Member States. The dominant role of the central government as an investor is also consistent as we now move towards private sector participation in investment in infrastructure.

Honourable Minister

Ladies and Gentlemen

Regarding NEPAD Support to Regional Infrastructure Development, SADC is grateful for the role played by the New Partnership for Africa's Development (NEPAD), which has funded several projects through the NEPAD Infrastructure Project Preparation Facility (IPPF), especially with regard to the development and packaging of regional

infrastructure projects up to the stage of feasibility studies, in order to provide a pipeline of bankable projects for investors.

Projects for which funding has been allocated for packaging, among others, include:

- The Kazungula Bridge;
- The Zambia-Tanzania-Kenya Inter-connector Project;
- Zambia – DRC Interconnector Project
- The EASSy Project.
- The Westcor;
- The SADC Broadband SRII Regional Inter-connectivity Project
- Several Corridor Infrastructure Development Corridors

However, in our view, the major challenges with the NEPAD Infrastructure Programme, is the slow pace of disbursements, based on replenishments by the Infrastructure Consortium for Africa, which allocates funding from the International Cooperating Partners (ICPs). There is no doubt that innovative local funding sources need to be developed to complement external resources.

Your Excellencies,

In conclusion, let me thank again, DFA and other partners for their initiative to put together this conference. I am confident that the sadc

infrastructure dream is doable and that that as long as our strategy is clear, we shall no doubt realize the vision of our Founding Fathers, who laid the ground for us to embark on sustainable development. Let me applaud Zambia, the current Chair of SADC, which rendered immense support in our efforts to implement regional infrastructure. As SADC Secretariat, we are part of the ready and willing crew, that seeks to collaborate with all pertinent stakeholders to make it all happen. I look forward to continued cooperation with NEPAD and the AU, all financing agencies and our incoming chair South Africa, in our quest to keep our infrastructure dream alive, for the benefit of our people.

I thank you for your attention, Merci beaucoup, Muito Obrigado!

Siyabonga, Realeboga,