



THE PRESIDENCY
REPUBLIC OF SOUTH AFRICA

**KEYNOTE ADDRESS AT THE NEPAD/SADC INFRASTRUCTURE PROJECTS
CONFERENCE**

**BY HONOURABLE MINISTER OF TRANSPORT, MR JEFF RADEBE (MP),
DELIVERED ON BEHALF OF H.E. MS. PHUMZILE MLAMBO-NGCUKA, DEPUTY
PRESIDENT OF THE REPUBLIC OF SOUTH AFRICA
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Programme director;

Chairman of NEPAD Business Foundation, Dr. Reuel Khoza;

**Special Advisor to the Chief Executive of the NEPAD Secretariat, Dr. Gengezi
Mgidlana;**

Executive Secretary, SADC Secretariat, Dr. Tomás Augusto Salomão;

Distinguished Guests;

Members of the Media

INTRODUCTION

It is with great honour to be part of this conference in which we will extensively explore measures of creating a viable infrastructure network that will promote economic development and integration in the SADC region. The Heads of States and Governments have already engaged and agreed in various meetings that regional infrastructure will be central to the sustainability of regional economic development and trade through facilities such as hubs and development corridors.

It is the responsibility of delegates at this conference to urgently ensure that this becomes reality for it is our own respective countries that will gain from these projects through economic growth, job creation and poverty alleviation.

IMPORTANCE OF INFRASTRUCTURE PROJECTS IN SADC

I cannot overemphasize the importance of reliable network through which activities of economic development can take place without hindrance or delay. In this regard, there is a need for market integration to be premised on the availability of efficient border infrastructure and services to allow for the free movement of persons, goods and services.

This will ensure the elimination of all the inconveniences brought about by inefficient infrastructure and services as our border posts will thus pave the way for a more economically-productive region. For this to happen, we must put in place various infrastructure projects pertaining to the networking industries, transport, energy and ICT as well as basic infrastructure such as water, sanitation and shelter.

For the smooth movement of goods and services to enhance our competitiveness in the entire Africa and the world, the networking infrastructure and its human resources is a must. The availability of these facilities allows countries to share production, cross country management, use and operation of infrastructure including trade hubs as well development corridors. It is our responsibility as SADC to position ourselves as an efficient provider of goods and services to other parts of the continent and the world.

Amongst key infrastructure development issues facing our continent are those that relate to transport and energy generation. South Africa supports the Nepad goal of

better and safer transport infrastructure to bring Africa together which will be pursued through the development of regional networks and strengthening the capacity for sustainable road management. The region must continue to support the Road Sector Development Programs (RSDP's) based on the network management approach and on institutional arrangements to ensure reliable funding of maintenance and accountability to users.

Other forms of transport infrastructure including rail, aviation and ports must also be developed as they can be viable means to close the identified gaps and deal with the missing links. SADC Secretariat along with the various development agencies must be commended on their efforts with regards to identifying and quantifying the missing links in the region. South Africa has learnt from this and developed the Southern Africa Regional Action Agenda which identifies the missing links, prioritizes project and aims to facilitate regional integration within the region.

Increased investment in regional roads will be pursued under the framework of sub-regional programs prepared by the REC's. The New Partnership for Africa's Development (Nepad) through its Business Foundation will support the development of guiding principles for planning and financing the upgrading of roads along regional corridors. The Nepad Business Foundation has also made a firm commitment to assist SADC member states in the preparation and structuring of projects which will make them palatable to the financial markets.

The goal of the Nepad Transport program is to close Africa's gap in transport infrastructure and services by: Reducing costs and improving quality of services, Increasing both public and private financial investment in transport infrastructure, improving maintenance of transport infrastructure assets, removing formal and

informal barriers to the movement of goods and people, And supporting regional cooperation and the integration of markets for transport services.

The SADC Corridors Ministerial Forum recently took place in Windhoek, Namibia from 2-5 June 2008. At this forum, the SADC Ministers responsible for Transport convened a High Level SADC Ministerial Corridors Review Meeting, Corridor Investment Programme and also launched the SADC Corridor Strategy. The forum provided an opportunity for Ministers to craft a SADC rapid roll out strategy to SADC Corridors Infrastructure Development, in order to support the regional integration effort.

By government intervention, we do not mean the exclusion of the private sector in any level of development. It is for this reason that we must emphasize the role of partnerships between governments and the private sector both in infrastructure and other levels and forms of development.

Partnerships with financial institutions both local and international must be facilitated to optimise impact on our infrastructure projects. Investment/Merchant Banks with expertise in or access to funding must be engaged. Regional development banks must look at being more proactive in this area and be more flexible with regards to long term financing packages that are in the interest of the region.

As part of this conference, we must therefore mobilize the private sector and development partners to participate even more in infrastructure development in SADC and Africa as a whole.

In the same spirit, we must strengthen intra-regional co-operation, reinforce public private partnerships (PPP) and encourage business-to-business co-operation on infrastructure projects.

STRATEGIC APPROACH TO INFRASTRUCTURE DEVELOPMENT

All these relations and multi-sectoral co-operation must be strengthened within the context of the NEPAD. As SADC, we have taken steps by adopting the Regional Indicative Strategic Development Plan (RISDP) in achieving the objectives of NEPAD both as a region and as member states, in our quest to utilize infrastructure effectively for purposes of trade benefits.

At the Extra-Ordinary Summit held in Midrand in 2006, the SADC Heads of State and Government reviewed the state of integration in SADC and resolved to accord this process high priority. SADC already enjoys a political commitment towards this common market by 2015 and we should use this to effectively gain momentum to the realization of the 2015 goal.

What should be of concern to SADC is the lack of momentum-drivers regarding the development of efficient infrastructure and services to facilitate the free movement of people, goods and services across the region. The roadmap approved by the Summit, compelled the region to put in place a robust programme of corridor infrastructure development to facilitate and support the free movement of people, goods and services. To this end, the Ordinary Summit of the SADC Heads of State and Government held in Lusaka in August 2007 focused its attention on the imperatives to deepen regional economic integration and fast-track implementation of infrastructure development in the region.

I must emphasize that member-states constitute the key drivers and champions within the development of efficient infrastructure and services. As quoted from the SADC Amended Treaty, the respective national SADC structures within the member states are responsible for the conceptualization and initiation of projects as an input to the preparation of RISDP, in accordance with the priority areas set out in the SADC Common Agenda. In this context, appropriate national and trans-boundary institutional structures must be constituted by member states to undertake the implementation of corridor development projects.

PRIORITISING INFRASTRUCTURE DEVELOPMENT

In the study '*Infrastructure, Regional Integration and Growth in Sub-Saharan Africa*', the authors recognise infrastructure and regional integration as two mechanisms that can help foster stronger economic growth in Africa. They acknowledge the general pattern in Africa that since the mid-80s, the main focus on development in the continent has been more on improving health and education.

While importance of health and education can never be down played, yet without the infrastructure the quality of life does not improve sustainably for the majority of citizens. In terms of international donor support in the 1990s, support to human development for Africa increased from fourteen percent (14%) to thirty-four percent (34%). This shift was accompanied by similar shifts in the expenditure of governments. At the same time, private investment in infrastructure did not materialise as initially expected. As a result, infrastructure had not received adequate attention in public policy and spending.

During the African Development Bank annual meetings in Ouagadougou in June 2006, South Africa argued that Africa's infrastructure investment levels are far too low to support the magnitude and character of growth and development that the continent needs.

In this regard, the Minister of Finance, Mr. Trevor Manuel, argued that in correcting these imbalances by scaling up investment in infrastructure, African governments must take responsibility for driving their own development trajectories. My own country has had its own fair of challenges in this regard hence our current upscaled public sector driven infrastructure built programme.

In line with Minister Manuel's contention, the responsibility for ensuring the rapid expansion of infrastructure within SADC lies squarely with member states which mean government budgets will continue to be the main drivers of infrastructure development.

As we know, the domestic public sector remains the dominant source of finance for infrastructure all over the developing world because it accounts for seventy percent (70%) of current spending on infrastructure, with the private sector accounting for between twenty (20) and twenty-five percent (25%), and official development assistance for five percent (5%) to ten percent (10%). In Africa, private investment in infrastructure is a fraction of this developing country average.

SPATIAL DEVELOPMENT INITIATIVES

As member states, we need to align and synergise our national urban and rural development strategies to the continental framework of NEPAD and that of SADC at a regional level.

The South African Government in 2006 launched the Accelerated and Shared Growth Initiative for South Africa (AsgiSA) to help us half unemployment and poverty by 2014. Through AsgiSA we also see alignment between social and economic needs of the country. While this initiative is essentially a South African programme. It is considered within the broader regional context.

In order to realise the impact and to address the development discrepancies that exist between South Africa and the bordering member states of SADC, it is crucial that a close alignment be sought between the outward dimension of AsgiSA and the inward implementation of SADC development initiatives, especially the Regional Indicative Strategic Development Plan (RISDP).

The obvious focus in terms of this alignment would be the context of spatial development initiatives, such as the corridor development programme, growth triangles, growth centres and transfrontier conservation areas.

When we talk of spatial development and NEPAD Projects, we in fact should be dealing with development projects that have potential to promote cross-border regional development and integration. These are projects that fulfill one or more of the following:

- Direct social and economic benefit to at least two member states,
- Contribution to poverty eradication and human development,
- Gains in economies of scale where regionally coordinated investments will result in substantial cost savings and employment benefits,

- Ability to unlock the economic potential of less-developed areas and countries to promote balanced and equitable development, and
- Contribution to SADC integration into regional, continental and global economy.

The bottom-line is that spatial development initiatives must make a difference to the lives of people.

MAIN FOCUS OF CONFERENCE

This conference proves that NEPAD is alive and working. This conference builds on a previous NEPAD Projects Conference jointly organised by the Department of Foreign Affairs, the Department of Trade and Industry, the NEPAD Business Foundation and the NEPAD Secretariat in October 2007.

Since then, there has been a renewed interest from private sector and development partners to identify and pursue opportunities, including identifying specific infrastructure projects for support, development and implementation.

It is in this regard that we believe that this infrastructure conference will create a forum and facilitate that participants:

- Obtain information on infrastructure development opportunities in Africa, and particularly on the few developmental corridors identified, and to share the latest success stories and the best practices,
- Network with key South African, regional and international private sector and government representatives,

- Corporate sector expand its business by identifying specific growth areas and projects, reduce their exposure to financial, legal, and political risk,
- Discover the latest financing options and instruments available, and
- Meet and vet potential partners.

CONCLUSION

There is no doubt that in promoting NEPAD and SADC projects there is a real basis for mutually beneficial engagement between our continent and other regions of the world which will support Africa's development.

At the same time, it will benefit from Africa's huge market and her endowment with natural resources.

In this regard, we call upon all our external partners such as the G-8, the Forum on Africa-China, EU-Africa, India-Africa, UN, Development Banks and Development and Investment Funds, to reaffirm their commitments to support NEPAD programmes and projects, and to also subscribe to the underlying philosophy that NEPAD is the custodian of Africans over their own destiny.

Let me emphasize that our desire to ensure massive infrastructure development as platform for further economic development may be undermined by our lack of investment in skills development. While foreign investors bring about leading skills in design and the building of structures, much of the supporting skills must be borne by the local population.

In fact we must not shy away from producing skills that can provide engineering leadership in infrastructure development. Let us not allow the lack of skills development to define why as a continent we are in a vicious cycle of poverty and global marginalisation.

I wish to conclude by thanking all the participants, in particular the officials from the Departments of Foreign Affairs and Trade and Industry, the NEPAD Business Foundation and the NEPAD and SADC Secretariats for organising this conference.

May you have fruitful discussions and a successful conference!

I Thank You!