



# **Situating South Africa's infrastructural development plans in a Southern Africa regional context**

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# Context

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- Deficiencies in infrastructure arguably the most critical bottleneck to regional integration in Africa – US\$31 billion a year
- Infrastructure imperative for regional production and trade networks – value chains
- South Africa's dual role
- Practical issues for effective development of infrastructure for SA and the SADC region

# Outline

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- Operationalising the SADC Regional Infrastructure Development Master Plan
- Mapping the architecture of SADC Protocols for infrastructural development under the RIDMP
- South Africa's National Infrastructure Plan – domestic plan with regional implications

# Operationalising the SADC RIDMP

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- Ambitious programme launched in 2012
- Provides framework for joint preparation and implementation of projects in:
  - Energy
  - Transport
  - ICT
  - Meteorology
  - Water
  - Tourism

# The Short Term Action Plan

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- First phase – 2012 to 2017
- Cross-border projects in the 6 areas
- Progress slow so far
- Most at pre-feasibility and feasibility study phase
- Project Preparation and Development Facility (PPDF) approved

# Financing

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- Overall cost of programme US\$558.1 billion of which STAP US\$64 billion
- Multi-source financing
  - SADC Governments – socio-economic, political
  - Private sector (PPPs)
  - AfDB, World Bank, KfW DB, DfID, JICA
  - SADC Regional Development Fund – US\$1.2 billion
  - Infrastructure bonds – Zambia, Tanzania, Angola

# Institutional capacity and coordination

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- Streamlining SADC's dev finance institutional framework into RIDMP
- Mentioned SADC PPDF and RDF. Others are:
  - SADC DFRC – cap building, adv services
  - SADC DFI Network - in-country project financing
  - SADC PPP Network – promotion of PPPs
- Most seem peripheral to SADC process and uncoordinated
- Note DBSA

# Mapping the architecture of SADC Protocols

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- Placing RIDMP in wider institutional set up also extends to SADC Protocols
- 6 sectors covered by 4 Protocols:
  - Protocol on Energy
  - Protocol on Development and Tourism
  - Protocol on Transport, Communications and Meteorology
  - Protocol on Shared Watercourses
- Coop and harmonisation of policies and laws



# Interconnectedness of Protocols

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- For development of individual sectors but issues are interrelated
- Protocol on Trade in Services and Protocol on Finance and Investment underpin
- Protocol on Trade in Services provides for liberalisation in:
  - Construction
  - Communication
  - Transport
  - Energy-related services
  - Tourism

# Interconnectedness of Protocols cont...

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- Complexity of implementation of RIDMP projects becomes more evident
- Regulatory issues include:
  - Employment, procurement, equity holdings by foreigners, licenses, tariffs, state ownership, concessions, allowed entrants
- Challenge for Governments is to balance domestic regulation with harmonisation
- Note: South Africa

# South Africa's national infrastr. dev plans

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- Has about 36 project items in the STAP
- Has also formulated the South Africa National Infrastructure Plan (NIP) - 18 Strategic Integrated Projects (SIPs) with 645 projects at national, provincial and local levels
- Regional integration SIP first step to plugging in regional framework
- Synchronizing RIDMP projects and NIP will be key to leveraging benefits of regional integration and trade

# South Africa's national infrastr. dev plans cont...

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- Institutional issues
  - Project preparation and financing - how will this be coordinated nationally and regionally?
  - Technical capacity – Integrated skills plan for national gap. How will this target region?
- Regulatory environment – will need to have effective domestic regulation. Currently changes in immigration, investment etc. Services agenda with the region will be key

# South Africa's national infrastr. dev plans cont...

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- Financing. NIP considers:
  - Innovative financing
  - Use of State-owned Enterprises
  - DFIs such as Industrial Development Corporation (IDC)
  - Reassessment of PPP models
- For regional angle, bilateral and multilateral cooperation will be important
- DBSA will also be important - DFI network alluded to earlier

# South Africa's national infrastr. dev plans cont...

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- BRICS New Development Bank – first regional office in South Africa
- Non-BRICS countries can hold shares up to 45% - West Asian, South American. Would we see African countries holding shares to enhance channelling of funds to regional projects?
- Cooperation with other funding agencies e.g. AfDB, and DBSA. How will DBSA be integrated into the operations of the NDB – for regional impact and minimisation of duplication?
- Much work will have to be done in making sure the different agreements are linked to each other
- SA's central role in driving infrastructure efforts for optimising regional and national benefits



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**THANK YOU FOR YOUR ATTENTION**

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