



JOINT MEDIA RELEASE BY THE EU AND THE SADC SECRETARIAT ON THE NEW SUPPORT TO SADC INFRASTRUCTURE DEVELOPMENT

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On 14th February 2014, the European Union and the Southern African Development Community (SADC) signed a €12 million Contribution Agreement in Gaborone, Botswana, on the occasion of the meeting of the SADC-International Cooperating Partners Dialogue Platform. The Contribution Agreement is EU funding to SADC, for the operationalisation of the Project Preparation and Development Facility (SADC PPDF). In addition to the European Union's funding, the German Government, through Kreditanstalt für Wiederaufbau (KfW), is also contributing up to €4.8 million. The aim of the PPDF is to address the challenges in terms of adequate project preparation and development capacity, particularly in the infrastructure sector.

SADC Member States have identified economic infrastructure as constituting a critical element in accelerating economic growth and the reduction of poverty. The purpose of the PPDF is thus to assist SADC Member States and associated regional and national infrastructure development institutions to develop high quality, viable and feasible regional economic infrastructure projects. These projects will then be considered for financing through grants, concessionary loans, interest-rate subsidies, bank guarantees, public and private equity investments, or private sector commercial loans. The primary role of the PPDF is thus to provide resources aimed at project identification, feasibility studies, project preparation and the development of investment proposals, with a view to making the projects bankable and attractive for funding.

The main regional infrastructure sectors to be covered by the PPDF are: Energy, Transport, Information and Communication Technologies, Water Resources and Tourism.

The PPDF is intended to be a demand-driven, quick-access and quick-disbursing facility that will help expedite the SADC region's integration agenda in line with the SADC Regional Infrastructure Development Master Plan.

A Contribution Agreement is a financial instrument which allows for funds transfer to the recipient organisation for use according to its own rules and procedures. These international standards are essential requirements for any international organisation to enter into joint management agreements or Contribution Agreements with the EU. The SADC Secretariat was formally recognised as having achieved compliance with the accepted international standards of good practice in the management of its internal systems, which made it possible to enter into Contribution Agreements with the EU.

Signing the Contribution Agreement on behalf of the SADC Secretariat, SADC Deputy Executive Secretary for Regional Integration, Dr

Thembinkosi Mhlongo hailed the PPDF as a giant leap in the right direction, stating that **"This is a valuable step towards the implementation of the SADC Regional Infrastructure Development Master Plan, as infrastructure is the cornerstone of economic development and one of the key drivers of regional integration and cooperation in the SADC Region."**

For the European Union, the Contribution Agreement was signed by H.E. Gerard McGovern, Head of the EU Delegation to Botswana and SADC who reiterated the EU's commitment to cooperating with SADC in pursuit of its regional integration agenda, saying: **"This programme will narrow the infrastructure deficit in the Southern African Region. This programme is a pragmatic response to the preparation of bankable regional infrastructure projects."**

For the purposes of programme implementation and to carry-out administration, management, and disbursement of the SADC PPDF funds, a Memorandum of Understanding (MoU) was concluded between the SADC Secretariat and the Development Bank of Southern Africa (DBSA).

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