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Analysing the Development Process for Infrastructure Projects in SADC

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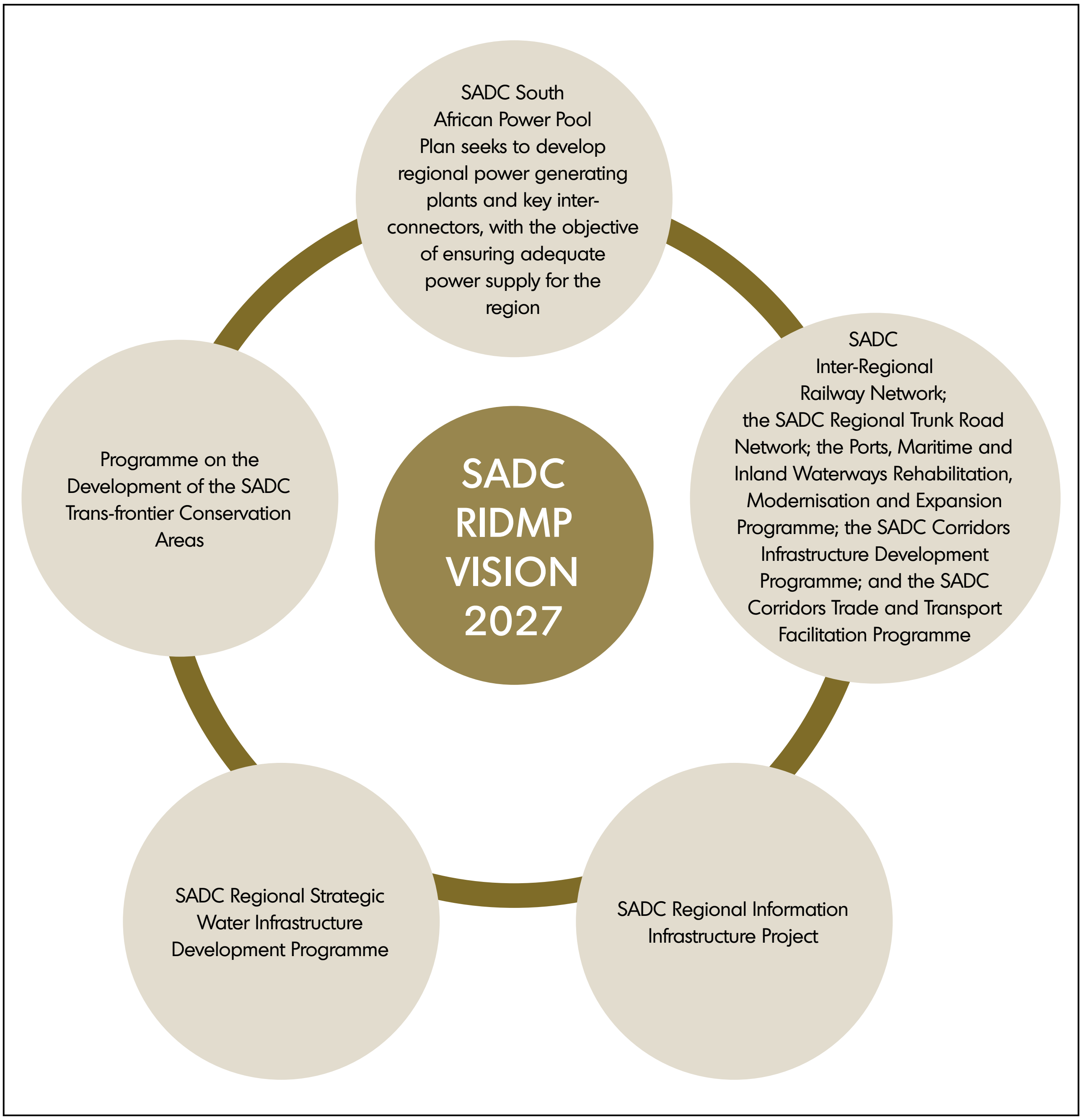
In a period where there is renewed emphasis on regional integration on the African continent, including the Southern African Development Community (SADC), the lack of infrastructure development has emerged as one of the biggest challenges to the full attainment of this goal. Inadequate infrastructure constrains intraregional trade, increases the cost of doing business and makes the region unattractive to investors, which in turn deters economic growth. The renewed focus on regional integration has therefore been concomitant with the re-emphasis on infrastructure development.

SADC is relatively superior to other regions on the continent when it comes to infrastructure development, especially in member countries of the Southern African Customs Union. However, there is still an urgent need for further investment in infrastructure development and maintenance. With this in mind, SADC has developed the Regional Infrastructure Development Master Plan (RIDMP) Vision 2027 to guide the development and implementation of priority infrastructure projects for the region. The RIDMP identifies six priority sectors for development: energy, transport, tourism, information and communication technologies, meteorology, and transboundary water. The RIDMP will be implemented in three phases: the short term from 2012–17; the medium term 2017–22; and the long term from 2022–27. The strategy is to address trade facilitation issues simultaneously to ensure that the infrastructure developments are more effective. Such trade facilitation projects include the one-stop border post (OSBP) project that is supported by Trademark Southern Africa (TMSA), an example of which would be the Chirundu OSBP linking Zimbabwe and Zambia. Figure 1 shows some of the various regional sectoral plans that informed the development of the RIDMP.

Figure 1: Sectoral plans informing the development of the SADC RIDMP Vision 2027



Source: Author's compilation.

Other initiatives that have informed the infrastructure development process in SADC also include the New Economic Partnership for Africa's Development; the African Union Extra-Ordinary Summit; the SADC Summit on Agriculture and Water; the SADC Declaration on ICTs; and various SADC investment conferences.

The SADC RIDMP has to be viewed within the context of other infrastructure development plans on the continent, especially the Programme for Infrastructure Development in Africa (PIDA), whose formulation was based on consultation with regional bodies. PIDA seeks to consolidate and streamline various infrastructure initiatives into one coherent plan that is aligned with Africa's long-term objectives. The RIDMP therefore speaks to the continental strategies as well.

It is anticipated that the RIDMP will also constitute one of the key ingredients to the proposed Infrastructure Master Plan for the Tripartite Initiative, under which the Tripartite Free Trade Area – composed of the Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC) and SADC – is being negotiated, together with the regional plans of both COMESA and the EAC. Other initiatives that inform the RIDMP include the Presidential Infrastructure Champion Initiative (PICI) and World Bank African Infrastructure Country Diagnostic Study. The SADC plan comes during a period in which, based on previous experiences and studies, all the gaps have been identified, and the priorities and implementation strategies have been underpinned by rigorous research and are assumed to have been accepted and understood by all the member states and major players.

INTERACTION OF VARIOUS ACTORS IN REGIONAL INFRASTRUCTURE DEVELOPMENT

The key players in the SADC infrastructure development programme are the member states, secretariat, regional sectoral bodies, implementation bodies, private sector, development finance institutions, and international co-operating partners. The current infrastructure development initiative seems to be driven from the heads of state level, with the RIDMP having been endorsed at the SADC Heads of State Summit in August 2012. The 2013 Heads of State Summit noted progress being made in marketing the RIDMP through various initiatives. This is indicative of political will and the level of political support behind the project. To attribute it entirely to the heads of state would be inaccurate, however. The process has also been influenced by other factors. The infrastructure development gap has become more pronounced in the wake of Africa's commodity boom, particularly as Africa has come to be viewed as the last frontier for growth and there has been a need for infrastructure to facilitate resource extraction and exportation.

In the 1980s and 1990s Western donors seemingly preferred to focus on sector policy and institutional development and technical assistance programmes rather than infrastructure development projects. The expectation that private capital would take over through investment in infrastructure did not materialise, thus creating a big gap in terms of infrastructure development in the region. It must be noted, however, that SADC started its infrastructure development project during the days of the Southern African Development Coordination Conference (SADCC). The then SADCC's Programme of Action promoted both national and regional infrastructure, and particular success was recorded with the transport and communications sector. The idea had been to build up countries' capacities before integrating markets. Each SADC member was allocated a sectoral responsibility in an effort to create co-ordinated development projects. It was the responsibility of the selected country to source funding for the development projects, and the region did not oversee the implementation of selected projects. The downside to this was that the only projects that were implemented successfully were those that were aligned with countries' own strategic interests. This raises the issue of the conflict between national interests and regional interests; national interests usually trump regional interests, particularly where national resources are concerned.

With the experience of the SADCC in mind, SADC heads of state adopted the Regional Indicative Strategic Development Plan (RISDP) in 2003, which was a 10-year development programme aimed at regional connectivity in such sectors as energy, transport and water. At the Extra-Ordinary Summit held in October 2006, the SADC heads of state established a ministerial task force to develop a strategy for deepening the regional integration programme in line with the RISDP, and pursuant to the Windhoek Declaration of April 2006 (where infrastructure support for regional integration and poverty reduction was emphasised as a key priority for regional integration, together with regional economic integration). In August 2007 the SADC heads of state held a brainstorming session on infrastructure aimed at scaling up infrastructure development in SADC. This meeting recommended the development of the SADC RIDMP, which was subsequently adopted in August 2012 at the Heads of State Summit in Maputo, Mozambique.

To implement the first five-year phase of the RIDMP (2012–17), a Short Term Action Plan has been developed with support from the UK Department for International Development (DFID) through the TMSA, as the principal funder of the RIDMP development process. The support from DFID has been complemented by the EU and the Development Bank of Southern Africa (DBSA) within the framework of the SADC–International Cooperating Partner programme.

The North–South Corridor (NSC) has also been selected by the Tripartite Initiative as a pilot Aid for Trade infrastructure development programme, as it covers a key set of corridors for the Tripartite Free Trade Agreement. The NSC comprises:

- The Dar es Salaam Corridor, linking the port of Dar es Salaam with the copper belt in the Democratic Republic of Congo (DRC) and Zambia;[1]
- the North–South (Durban) Corridor, linking the port of Durban with the DRC–Zambia copper belt via Zimbabwe and Botswana while connecting with Malawi via Harare; and
- it also connects with the Lobito, Trans Caprivi, Nacala, Beira, Maputo and Trans-Kalahari Corridors.

Once completed, it is anticipated that the NSC will reduce the cost of doing business in the sub-Saharan region. The NSC project is funded primarily by the Tripartite Trust Account, which has been managed by the DBSA. The projects themselves will be funded through DFIs and investors. The TMSA is also co-ordinating the OSBP projects to allow a simultaneous development of both infrastructure and trade facilitation. The TMSA is, however, faced with a particular challenge with some SADC members regarding it as an external influence. As such, they are not particularly receptive to its efforts.

There are two groups of external actors involved in SADC's infrastructure development process: traditional partners and emerging partners. Within the traditional partners group are the Western country donors and multilateral development institutions, such as the World Bank. Until recently, and as discussed, the traditional partners had shifted from infrastructure projects to sector policy and institutional development assistance.

The story with the emerging partners is different, however. This group comprises major emerging economies and has come to be epitomised by the BRICS grouping. China and India in particular have been instrumental in infrastructure support and development in SADC, albeit engaging at a bilateral rather than regional level. The engagement of the emerging partners with Africa is in line with Africa's emergence as the last frontier of growth and its resource boom. However, this has meant that most of the infrastructure development by these countries has tended to focus on resource-rich countries – which are a handful – with the primary purpose of facilitating the extraction and export of natural resources. The other countries that have benefitted from infrastructure support from the emerging partners are those offering routes to coastal ports. The infrastructure support is targeted mainly at roads, rail and power stations and for the purposes of resource extraction. This infrastructure is mainly along the main trunk routes, thus excluding the general population from using it, and leaves only that particular sector or industry to benefit.

ROLE OF SOUTH AFRICA

South Africa occupies a special position with regard to infrastructure development in the region. President Zuma is one of the champions in PICI, with a specific focus on the NSC. As the only African country in the Group of Twenty (G-20) and the BRICS grouping – and co-chair of the G-20 Development Working Group and member of the High-Level Panel on Infrastructure – South Africa has an opportunity to highlight

1 The Dar corridor is not included in the SADC Master Plan and there is some question about whether it is regarded as part of the NSC.

Africa and SADC infrastructure concerns and needs. The effectiveness of this engagement is a subject of discussion, but the platform gives visibility to African infrastructure needs. South Africa demonstrated its commitment to infrastructure development when it dedicated the BRICS Summit 2013 to African regional integration, industrialisation and development – infrastructure investment being one of the key needs raised by South Africa in its engagement with its BRICS partners. In both forums (the G-20 and BRICS), South Africa has consistently highlighted the need for investment in infrastructure development within Africa. Within the IBSA grouping (India, Brazil and South Africa), South Africa has also taken the lead on trade and infrastructure. South Africa has thus established itself as a champion for infrastructure development within both the region and the continent.

CHALLENGE OF INFRASTRUCTURE DEVELOPMENT IN SADC

The infrastructure story in SADC is not new. The benefits are known and the dire need for infrastructure development has long been accepted. A number of challenges have previously prevented SADC countries from developing their infrastructure, particularly infrastructure feeding into regional linkages. The biggest challenge has remained that of financing the infrastructure projects, be it through private-sector investment or donor financing. This is especially because the region is critically dependent on external financing to implement infrastructure projects, with governments not being able to carry the entire cost of infrastructure development. This occurs even more so where the projects are shared between countries.

Other challenges and priorities have prevented the region from implementing its infrastructure projects, including the following:

- Conflict between domestic and regional priorities.
- Bureaucratic red tape at both national and regional levels.
- Incapacitated secretariats who lack the power and authority to drive the process; an inadequate regulatory, institutional and policy framework; and a lack of regional harmonisation.
- An unwillingness to liberalise trade.
- A lack of engagement with the private sector.

Past challenges that have been identified with regard to infrastructure investment in SADC include the following.

- Projects being donor-targeted and not addressing grass-roots needs.
- Projects lacking in commercial value.
- A lack of donor co-ordination, thus limiting aid efficiency.
- A risky business environment, such as political instability, corruption, and weak financial systems, which keeps private investors at bay.

The consolidation and harmonisation of regional infrastructure development projects into the RIDMP is only the first step, and it solves a few challenges on its own. The first is that of ownership of projects and ideas. The approach with the RIDMP has been a bottom-up process that has allowed member states to identify projects that are linked to national development plans. This lessens the risk of conflict between domestic and regional priorities if all the member states recognise the need for, and the benefits accruing from, a particular project. Also, by having a regional agenda on development, it becomes easier to marshal donor support, and private investment, which would still require conditions to be met such as policy certainty and good governance, among other things. It also does away with the problem of duplicating projects. Nonetheless, others have pointed to the need for champions. Using the Maputo Corridor as an example, former South African president, Thabo Mbeki, is said to have championed the project together with former Mozambican president, Joaquim Chissano. This facilitated the engagement between government bureaucrats and the private sector for the successful implementation of the project. The Walvis Bay Corridor is also being heralded as an emerging success story for the successful building of cross-country relationships and positive engagement with the private sector in building public–private partnerships. These two projects can be used as case studies to inform other projects.

With Africa at the height of its potential it is critical that the infrastructure deficit be addressed, particularly as it limits regional integration and development. Both advanced industrial economies and emerging economies are looking to Africa for the provision of natural resources, high growth markets, and as an investment destination, especially for the disposal of the emerging markets' surplus capital. Harnessing the benefits from this increased attention requires infrastructure development to facilitate intraregional trade and economic growth within the region.

Infrastructure development in SADC will help to facilitate intraregional trade, export product diversification and competitiveness in the SADC economies, by creating large efficient markets and lowering production costs. The network services infrastructure in particular – consisting of communications, energy, finance, and transport – is very important in achieving the goals of increased intraregional trade and economic integration. Enhanced intraregional trade will enable deeper economic integration and do away with the chronic supply-side deficit, which severely constrains SADC countries' capacity to produce for and supply goods to other markets. It will reduce the cost of doing business and facilitate incoming foreign direct investment for further economic growth. However, the successful implementation of infrastructure development projects would be inadequate if not accompanied by 'soft' infrastructure development. Adequate regulatory, institutional and policy frameworks are necessary for the infrastructure project to be successful. Trade facilitation thus becomes key and a necessary accompaniment to the implementation of hard infrastructure. As such, the ultimate success of the SADC RIDMP and its contribution to regional integration, which is critical, will depend on the legal, regulatory and administrative environment in which the roads, rail, transport and other networks exist. Beyond that, once regional integration has been achieved, the RIDMP will also help create global linkages for the region.

Going forward, a few prerequisites still need to be met to ensure that the SADC RIDMP does not end up on the dusty shelves. These include a strong regulatory, institutional and policy framework; a strong and capacitated secretariat with the authority to drive and oversee the cross-country projects; sustained political commitment from SADC member states; and sustained financial support for the projects. Lastly, there is the need to develop a strategy for engagement with the emerging partners to ensure that their infrastructure development projects are in line with the regional strategy and add value to the process. This also requires member states to be fully cognisant of regional priorities and how domestic projects can link into regional projects when negotiating with the emerging economies.

CONCLUSION

There are many actors involved in the infrastructure development process in the SADC region, which has come a long way in its infrastructure development ambitions. The majority of the necessary infrastructure is yet to be built, but, unlike during the days of the SADCC, the region has finally managed to consolidate and harmonise its member states' regional integration plans into one integrated whole that is sold as a package. This demonstrates an acknowledgement by SADC member states that they cannot go it alone and are likely to achieve more if they work together in identifying the infrastructure projects necessary for regional integration. This phenomenon is not divorced from the renewed emphasis on regional integration being the only way in which African countries can develop economically and integrate themselves with the rest of the world. The biggest lesson learnt over the years has been the value of ownership of the development process, even when the funding is external. SADC countries have instituted a bottom-up process in establishing a regional, coherent blueprint for infrastructure development.

The biggest challenge will remain that of political will to move the process beyond the piece of paper on which the SADC RIDMP is written. SADC heads of state have demonstrated political will to see the implementation of this plan by taking control and driving the process, but this has to be extended into the domestic sphere. Regional plans have to be written into the national development plans; and the various government departments and implementation agencies of the SADC RIDMP have to be co-ordinated, empowered and capacitated to ensure that the various regional agreements are fulfilled. The secretariat also needs to be empowered for oversight, enforcement where necessary, and monitoring and evaluation purposes.

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