Opening remarks by H.E. Ambassador Mr. Gilles Hervio, Head of Delegation of the European Union to Zambia and Representative to COMESA, at the COMESA Sixth Meeting of Infrastructure Ministers responsible for Transport and Communications, Information Technology and Energy Friday 19th October 2012, Intercontinental Hotel, Lusaka

Guest of honour
Honourable Ministers
Mr Sindiso Ngwenya Secretary General COMESA
Distinguished Delegates
Invited Guests
Ladies and gentlemen

Let me first thank you for giving me the opportunity to address you at the opening of this very important meeting.

It will not come as a surprise to you when I start by saying that the European Union has been a long standing supporter of regional integration. Guided by our own history and experience, we are convinced that regional integration can stimulate investment, boost competiveness, promote economic growth and development which, as you all know, is a necessary condition for sustained poverty reduction.

The path to deeper integration is not an easy one, and many challenges remain; one of the key constraints indeed is the need to further develop regional infrastructure, be it transport, communication or energy.

Without infrastructures, without roads, energy or communication, there is no trade, no growth, no poverty reduction.

As the most important partner of Africa, the European Union has over the years supported a large number of infrastructure projects in Africa. This has been done mostly through grants provided by the European Development Fund, but also by the European Investment Bank which is a very significant actor in the sector through its various loans.

Infrastructure has been and will remain one of our priority areas, especially in the transport and energy sectors.

There are a number of challenges when dealing with infrastructure development, and the most difficult is may be not to find the finance.

One of the main challenges is perhaps to decide what the priorities are and what projects to choose in first place. Careful analysis and designs are essential to avoid bad choices. And we believe that in general a priority could be given to projects which have a regional dimension.

The second challenge is to select the best implementation modalities and the best source of financing, that is to say to choose between using own resources, grants, loans or Public Private Partnerships.

We as EU have up to present mostly directly financed projects through grants, in particular in the roads sector. But we are more and more looking at our capacity to attract other financement trough blending operations.

Blending meaning the combination of grant funds and non-grant resources for financing of a given project. The EU-Africa Infrastructure Trust Fund is a Loan-Grant-Blending mechanism which aim to increase the leverage effect of EU funding. The fund has been in place since 2007 and the financial contributions to the fund have now grown to around EUR 400 million.

In Zambia for example we are providing an interest rate subsidy of EUR 36 million from this EU-Africa Trust Fund to enable the Zambian government to sign EIB and AFD loans which makes it possible to complete the financing package for the rehabilitation of the Great East Road as part of the North-South Corridor.

You all know better than I do the other challenges: the biggest one being maintenance. It is very often more easy to find financing for a new road or for a rehabilitation than for supporting maintenance. However, maintenance has to be a number one priority in every country. It is the most efficient and effective use of financial resources anywhere in the world. This is why EU is pleased to support road sector reforms, backed with appropriate legislation and funding, to ensure that the National Road Funds have the capacity to carry out both routine and periodic maintenance of the road network.

Avoiding early deterioration due to too heavy vehicles is also essential. This is why the EU is very keen to be involved in setting up complete weighbridge facilities. In this context, effective harmonised regulations have to be in place, in particular harmonised maximum axle load legislation. I am therefore pleased to learn that the Guidelines for the implementation of the axle load limits across the region, as planned by the COMESA, EAC and SADC Tripartite Taskforce programme of work, will be implemented in 2013.

Honourable Ministers,
Historically the EU delegations in Africa have been more involved in road sector than in Energy, although the EIB has been active in the sector through loans. But things are changing and we are more and more looking at our involvement in the energy sector, and this includes supporting the *Sustainable Energy for All Initiative* launched by UN Secretary-General Ban Ki-Moon last year.

The power supply crises throughout Southern Africa have raised the need to optimise the use of available energy sources by expanding electricity trade, reducing energy costs and providing greater supply stability for national utilities. It is in this context that EU is supporting the Project Management Unit set up in Lusaka for the Zambia – Tanzania – Kenya Interconnector.

Honourable Ministers,
We believe that this meeting between the COMESA Member States fills a vital role to enhance regional integration by ensuring coordination and exchange of information on progress in regional infrastructure.

We will listen very attentively to the conclusions of your meeting.

As you may know, all the European Union Delegations in Africa are presently involved in the programming of the next European Development Fund which will be available hopefully from 2015. At the same time we are working with Comesa and other Regional organisation to programme a potential regional financial support envelope. This gives a unique opportunity to support through both national and regional envelopes key infrastructure projects in the region. I would recommend you to work very closely with every National Authorising Officer of the EDF not to miss this opportunity.

Thank you