



Statement by

Elisabeth Pape

Ambassador and Head of the European Union Delegation

to the Republic of Namibia

on behalf of the Financing Institutions

at the Official Inauguration of the Caprivi Link Interconnector

Katima Mulilo, Namibia

12 November 2010

Your Excellency, Mr. Hifikepunye Pohamba, President of the Republic of Namibia;
Your Excellency, Mr. Robert Gabriel Mugabe, President of the Republic of Zimbabwe;
Your Excellency, Mr. Seretse Khama Ian Khama, President of the Republic of Botswana;
Your Excellency, Mr. Rupiah Banda, President of the Republic of Zambia;
Honorable Asser Kapere, Chairman of the National Council of Namibia
Honorable Ministers and Deputy Ministers from Namibia and SADC countries;
Honorable Members of Parliament;
Executive Secretary of SADC, Dr. Augusto Salamao, and your Delegation;
Honorable Governors of the Caprivi, Kavango and Otjozondjupa Regions, as well as those from other regions present;
Your Excellencies, the Ambassadors of France and Germany to the Republic of Namibia, and all other Ambassadors and High Commissioners present;
Your Majesties, Chiefs of the Traditional Authorities of the Caprivi Region;
Honorable Regional and Municipal Councillors;
Nampower Board of Directors and management and their respective counterparts in the neighboring countries;
Chairman and CEO of Development Bank of Namibia;
The Representatives of the EIB and the French and German Development Finance Institutions - Agence Francaise de Development (AfD) and Kreditanstalt fuer Wiederaufbau (KfW);
Senior officials from Governments;
Captains of Industry;
Distinguished invited guests;
Members of the media;
Ladies and Gentlemen;
All protocol observed.

I am privileged and proud to witness this historic event of the inauguration of the Caprivi Link Interconnector, and to be given the opportunity to say a few words on behalf of the European Union and the Financing Institutions of this project of eminent regional importance.

The state of infrastructure and the reliable and cost-effective provision of services in various areas – transport, water, energy, communication - is an important factor for investment and growth of an economy and region. Let us recognize that Namibia is a shining example in this respect, the best in the region, coming out as 25th best of 139 countries in terms of overall quality of infrastructure and 41 in terms of energy supply in the last Global Competitiveness Report – ahead even of some EU member states. Let us congratulate the Namibian Government on this remarkable achievement. This achievement would not have been possible without efficient institutions such as Nampower, which has been a valued partner of the European Development Finance Institutions AfD, EIB and KfW for close to two decades. Much of Namibia's infrastructure has benefits beyond its borders, and the Caprivi Interconnector is an example. It connects the electricity networks of Namibia and Zambia, and thereby the power resources of the countries in the Southern African Power Pool, an important step towards a reliable, competitive power market in Southern Africa.

Infrastructure is generally costly, as it requires financing something today which we hope will benefit also future generations. It is a typical case where external resources are needed to complement national ones. In this case, Europe – in a joint venture between France, Germany and the EU – provided financing to the tune of € 120 million, which came in addition to Namibian resources, incl. from its Development Bank.

The European financing comes in the form of long-term loans of € 35 million each the French AFD, the German KfW and the European Investment Bank, topped up by a grant of € 15 million from the EU Africa Infrastructure Trust Fund. The intention of the Trust Fund¹, is to encourage and advance cross-border investments and investments of regional benefits in Sub-Saharan Africa. In the present case, the grant is paid as an interest subsidy in equal shares of € 5 million to each of the three European Financing Institutions, making the project economically viable. It intends to cover the costs of the benefits that occur to the region as a whole, which would be unfair to put only on the shoulders of the Namibian consumer and taxpayer.

The EU-Africa Infrastructure Trust Fund targets energy, water, transport and telecommunications infrastructure and was established in 2007 under the EU Strategy for Africa. You will be pleased to hear that the Caprivi Link Interconnector was the first project that received funding from the Trust in Southern Africa. It can therefore serve as an excellent model for future investments with regional benefits. The cooperation between the European Development Finance Institutions with vast experience in infrastructure and project financing among themselves and with the Infrastructure Trust Fund as demonstrated with the Interconnector holds a significant potential for realizing major infrastructure projects in Namibia and beyond.

The Caprivi Interconnector has set high standards not only with the financing modality, but also with respect to ensuring transparent procedures, such as competitive procurement of goods and services, which ensure that the optimal financial and technical solutions are realized. Last not least the 950km of transmission line avoided nature reserves and conservation areas, as well as resettlement of populations.

¹ The Trust Fund was created in 2007. It is managed by the EIB and its contributors are the 27 EU member states through the European Development Fund together with additional bilateral contributions from a number of Member States.

Mr. Presidents, Ladies and Gentlemen,

I am convinced that the Interconnector will live up to our expectations and make an important contribution to the economy in the whole region - for generations to come. We are happy and honored to be your partner in this important endeavor.

I thank you.