

**KEYNOTE ADDRESS BY THE PRIME MINISTER OF THE
REPUBLIC OF NAMIBIA
TO THE 2ND SADC REGIONAL ELECTRICITY INVESTMENT
CONFERENCE IN WINDHOEK, NAMIBIA
19 SEPTEMBER 2005**

SADC Executive Secretary
SADC Energy Ministers
Honourable Ministers,
Ambassadors and Country Representatives
The SAPP Executive Committee Chairperson
The Chairperson of RERA
CEO's of Power Utilities in the Region
CEO's of Electricity Regulators
Officials from SADC Member States
All Protocol Observed
Other International Visitors
Distinguished Guests,
Ladies and Gentlemen

I have the pleasure and honour to extend a warm welcome to all the delegates of this conference to Namibia. To our SADC neighbours, comrades and partners in regional development a hearty welcome to the most friendly and clean City of the African continent.

A month ago in August, the political leadership of our region gathered in Gaborone, Botswana, to commemorate the 25th Anniversary of the Southern African Development Community (SADC). As you may be aware, the Westcor Shareholders Agreement was signed on the 7th September 2005 in Gaborone, Botswana. I am also informed that last a week ago, South Africa hosted the 25th Southern Africa Power Pool meeting in Cape Town. Today, Namibia is a proud host of a distinguished gathering of 2nd SADC Regional Electricity Conference and the 10th anniversary of SAPP.

Ladies and Gentlemen:

We live in a fast changing world – one that is migrating from geopolitics to globalization. Global markets are becoming increasingly integrated and competitive, which has posed a number of challenges to Africa. The effect of globalisation on poverty and equality has generated intense debates and raised several key concerns. The experiences of the past few years have shown that there are many benefits from globalization, yet if we are not careful the pitfalls can be damaging to economic growth and the quality of life of our people.

Unfortunately, Africa is more vulnerable to the negative effects of Globalization. In order to overcome this vulnerability and benefit from what globalization has to offer, we need to support efforts at regional integration; support development programmes such as NEPAD; and

support structures that promote co-operation, peace, stability and economic development such as the African Union, SADC and SAPP.

Your commitment to co-operation, co-ordination and integration in the electricity sector is appreciated, respected and is therefore a priority.

The Southern African Development Community (SADC) power utilities and other non-SADC utilities recognise the need to develop an efficient electrical energy market through the establishment of the Southern African Power Pool (SAPP) whose goal is to benefit Members and their governments, as well as consumers by reducing investment cost and enhancing reliability. The SAPP broad's strategy is to co-ordinate the planning and operation of Members' systems while maintaining reliability and autonomy. The benefit accrued will be equitably shared whilst costs are fully recovered.

Ladies and Gentlemen:

This co-operation becomes even more important when we look at the increasing demands being placed on the electricity sector by the economic growth we are experiencing in Southern Africa. In the last ten years, the power demand in the Southern African Development Community (SADC) region has been increasing at a rate of about 3 percent per annum. Unfortunately, there has not been a corresponding increment of investment in power generation during the same period. As a result, the generation surplus capacity has been diminishing steadily. The continued diminishing generation

reserve capacity will have a negative impact on the SADC economies as potential investors will not have confidence to invest in the region.

While this economic growth is contributing to greater demand for electricity, we should also see how the provision of electricity is able to act as a catalyst for economic development and improving the livelihoods of our people. In Namibia for example, electrification has brought about significant improvements and economic opportunities to communities in rural areas.

Chairperson,

The lack of access to electricity frustrates economic development, impact negatively on quality of life and environmental improvements, and it condemns millions of people to continued poverty. This lack of access to electricity places a formidable development challenges at our door step. Regional economic integration, NEPAD and SADC infrastructure projects and the work of SAPP will therefore continue to have a fundamental role to play in accelerating economic growth and sustainable development. Our cooperative efforts to strengthen social and economic infrastructure offers SADC an opportunity to accelerate growth and development. It also allows SADC countries to assert its interests from a stronger and more confident position in the international arena, and thus use regional integration as the driving force for integration into the world economy.

Today you will agree with the view that energy, and in particular electricity, will be a leading defining issue for our region at least for

the next decade and beyond. We are fortunate that SADC through SAPP has had a head start on these important issues. Ten years ago and on the 28th of August 1995, an Inter Governmental Memorandum of Understanding signed at a SADC Summit held in Kempton Park, South Africa, laid a very solid foundation for the creation of the SAPP. Subsequent to the August Summit, the newly formed power pool took its first steps and held its first Executive Committee Meeting on the 8th of December 1995. It is at this first SAPP official meeting where an Inter-Utility Memorandum of Understanding and the Agreement between Operating Members were signed.

Through signing the various SAPP founding documents, member utilities effectively undertook to create a common market for electricity in the SADC region and to let their customers benefit from the advantages associated with such a market. Members committed themselves to share information and knowledge, develop common planning and operating criteria and procedures, and accept the wheeling of power on behalf of other members when it is technically feasible.

Today, we can enjoy reflecting on a bold initiative taken 10 years ago creating the first – and until recently, the only operational – power pool in Africa. As we mark the tenth anniversary of co-operation within the SADC electricity sector, we remain conscious that electricity, and therefore the sector that we are all actively engaged in, is not simply about the current in the wire. All of us present here

today would agree that electricity is one of the major contributors to the welfare and well-being of the peoples of the SADC region. It underpins the comfortable and sophisticated lifestyle that our people deserve.

We understand that it is our business, a core challenge and primary responsibility of every single member of the power pool to ensure that our processes are carried out with maximum efficiency and in the best interest of all the citizens of our respective countries. Equally important for us is the need to respect the world and environment around us.

And so ten years since the establishment of the power pool, SAPP Members remain resolute in their collective desire to ensure that SADC enjoys a reliable, adequate and accessible electricity supply. We know and accept that our continued collaboration will significantly enhance the competitiveness of the SADC region's on the world stage. This need for increased co-operation among SADC Members was again emphasized during the recent SADC Annual Summit Meetings in Gaborone, Botswana on the 17-18 August 2005.

As we begin the second decade of SAPP existence, we must take cognisance of the constant changes in our environment. Ten years ago, SADC enjoyed excess generation capacity. To all intents and purpose, programmes directed towards growing the region's electricity generation capacity were placed on the backburner. And so from the time of its establishment, SAPP focused largely on

energy trading among Members and building transmission lines to interconnect member countries.

In the last ten years, the SADC electricity demand has been increasing at a rate of about three per cent per annum leading to a decline in the region's excess electricity generation capacity. Hence, the SADC Electricity Investment Conference, with capacity expansion featuring prominently on the agenda.

We know that political commitment and government support was and continues to be an essential ingredient for the success in integration of the SADC energy sector. It gives us comfort to note that the need to increase our electricity generation capacity is firmly on the agenda of the SADC political leadership. You would recall that in August last year, the Ministers responsible for energy in the SADC region met in Windhoek to discuss among other things the status of power generation in the region paying particular attention to the diminishing generation surplus capacity. It is at this meeting where Ministers committed their respective governments to support electricity generation and transmission projects in the region. They accepted that attracting investment is key to these projects and hence their decision to support the creation of an enabling environment for both private and public investors.

We are now in the implementation phase of this ambitious programme. As you may know, the Inter Governmental and Utility memoranda of Understanding for the Western Corridor project was

signed. I am also reliably informed that the shareholders agreement was signed on the 7th September 2005, in Botswana. I am very excited about these capacity expansion projects, so much so that I believe the Regional Electricity Investment Conference will be showcase of these projects and many more as it will be presented to you during the course of the three days.

I am honoured today to be among the men and women who have been at the leading edge of regional integration. In many respects the work of SAPP translates the vision of the SADC political leadership into measurable programmes that begin to make a difference to the people of this region. To the delegates present today here, your work contributes directly to the economic growth and development of our region and advances the NEPAD.

Ladies and Gentlemen:

The opportunities for further growth of energy and integration are significant with the improvements in our economic development. What we do collectively as the power pool and individually in our respective countries and utilities will determine how well we meet the electricity demand for the entire region for the coming years. We cannot wait for a crisis to force us to work together, but rather to commit to work even closer to one another as we tackle the challenges that lie ahead. We are aware that as a region, we must continue to rely on one another in realising our collective future.

To conclude, ladies and gentlemen, at present the installed capacity in SAPP is about 50 000 MW and it is encouraging to know that the region has a robust plan to explore every available opportunity to expand this capacity, including the massive hydro potential at Inga in the DRC. We should not rule out other energy sources such as renewable energy, gas and nuclear as we tackle the diminishing generation capacity that the region is facing.

I am confident in the ability of this conference to deliver on the challenges that lie ahead and to turn the huge potential for shared development in SADC electricity sector into realizable and tangible successes that translates into a better life for all the people of the SADC region.

I am aware that this group is ready to showcase projects and am confident that by the end of the conference, deals would have been clinched.

I THANK YOU.