

Opening Statement by Gerry Cunningham, Irish Aid, on behalf of SSATP Financing Partners

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Your Excellencies, Honorable Ministers, distinguished guests, friends and colleagues,

It's an honor and a privilege to address such an important gathering.

So let me start by thanking our host the Government and people of Lesotho. The Basotho are justifiably renowned for their hospitality. Their country is renowned for its dramatic landscape including the spectacular highland dams, and the beauty of its remote mountains and valleys. However rural populations do not live off beautiful scenery. They need access to social and economic services. In rising to this challenge there are a few examples of best practice which should be shared with SSATP participants:

- ❑ Firstly, Lesotho's PRSP clearly prioritizes both infrastructures for rural communities as well as employment. Therefore it is not surprising to find that Lesotho, politically and institutionally, attaches a very priority to labor based approaches.
- ❑ Secondly, the standard of labor based construction is very high, a testament to years of building the capacity of local institutions and contractors.
- ❑ Thirdly, the high participation of women in the workforce is striking, not just as road laborers, but as construction supervisors, and as senior officials responsible for policy and implementation.

Additionally Lesotho is both one of the newest and most enthusiastic members of SSATP having completed their Poverty Reduction and Transport Strategy Plan within two years of joining. For reasons such as these it is very appropriate that we have the privilege of meeting in Lesotho this year.

There are basically three overarching areas I hope to address this morning.

- ❑ Firstly, recognizing the changes in program management
- ❑ Secondly, briefly looking towards the completion of the Output to Purpose Review
- ❑ And finally, reflecting on the changing context for aid, to provoke later discussions on the future role and shape of SSATP.

1. Program Management Changes

To start we would like to pay tribute to the role of former program manager Nigel Ings. At the time Nigel inherited the SSATP Program, transport was very much isolated from the mainstream debates on poverty reduction. Ownership of the SSATP Program by member countries was weak, usually confined to the transport sector; and often lacking high level political support. There are of course remaining challenges, but we recognize that Nigel's "boundless energy and hands on" management style has left the Program on a much stronger foundation than when he inherited it.

We also welcome Zaza Ramandimbarison as the new Program Manager of SSATP. Zaza with his combined professional and political background is ideally placed to convince the key Ministries of Finance and Transport to incorporate SSATP principles and activities into their national development and financing plans. At the High level Strategic Workshop in June, Maryvonne Plessis Fraissard described the need for a “business-like approach” to SSATP. We very much welcome that, conscious that the best business leaders are usually those who combine results with active communications with clients, in this case all SSATP stakeholders.

In the intervening period between Nigel’s departure and Zaza’s arrival, SSATP has continued to deliver on the ground. This is a testament to the strong program management team which must also be acknowledged.

I would like to make one obvious very important point for the management and participants, and that is that for some donors, putting finance in place for the next Long Term Development Plan starting in 2008, will involve putting financing proposals together as early as March next year.

2. Completing the Output to Purpose Review

We obviously welcome the draft output to purpose review. The review is an essential step in putting new donor financing in place but more importantly it is designed to capture the feedback of you the stakeholders; to guide the completion of the current Long Term Development Plan and to shape and program beyond 2007. We believe that on the whole the review reflects the substantial progress made by SSATP. In its findings it points to both successes and areas that will benefit from further discussion in the later presentation today. In finalizing the report we would welcome more analysis of the findings to come up with clear conclusions for each output; leading to recommendations that relate back to the thematic areas; and leave us with a very clear picture of who needs to do what as we plan for the next LTDP.

3. The Changing Context for Aid, and Implications for Transport and SSATP

The Paris Declaration on Aid Effectiveness from 2004 will result in more and better aid. But this does pose challenges for the way we finance transport as well as SSATP.

In particular, in terms of ownership, donors will increasingly only fund programs which are clearly included within National Development Plans. Clearly the Poverty Reduction and Transport Strategy Review can address this. But the financing instruments by which we channel aid to the transport sector are also changing. The Paris Declaration includes commitments to increasing Budget Support wherever practical such that Ministries of Finance can allocate the money in accordance with the funding gaps in the National Development Plans.

The decision on where to invest “non-budget support” funds will be taken in country by our Heads of Development, rather than by experts missions from our Headquarters. In deciding which sectors to support, Heads of Development and your Ministry of Finance will be keen to see a more efficient division of labor among donors. In effect donors will support fewer sectors but will play an in-

creased role within these sectors. In this way unnecessary duplication of effort and so-called “transaction costs” or administration costs on developing countries will be reduced.

Deciding which donors stay in which sectors will very much take account of comparative advantage. In the transport sector in particular, size as well as experience matters and it is most likely the World Bank and the European Commission who will continue to play the lead role in the transport sector in most SSATP countries.

So what are the implications for the transport sector and SSATP? Well ownership and visibility at both country and regional level are central, and although improving, there is much more to do. And I pose the following questions to inform and provoke our discussions throughout the rest of this week.

Firstly what can still be done to improve ownership and visibility *at country level*?

- ❑ When should we expect that *all* SSATP countries will have integrated transport at the core of their national development plans and budgets?
- ❑ How soon could all SSATP countries move to inclusive Sector Wide or SWAP arrangements for the sector. How will this integrate the findings from the Poverty Reduction and Transport Strategy Review Process and how will it ensure sustained inclusive dialogue with civil society and donors?
- ❑ How does the role of the national SSATP Coordinator align with a SWAP?
- ❑ Can SWAPs jointly funded by government and donors provide resources for in country SSATP activities in a manner which increases ownership and visibility?

Secondly, what can be done to improve ownership and visibility *at the regional and international level*?

- ❑ Is it time to consider which African institution will provide the eventual home for SSATP?
- ❑ The SSATP website is now more up to date containing the main reference materials emerging from SSATP. But what forms of communication are required to provide relevant information and/or more general interest information to non-transport people? How could it develop so that participants do not have to wait for an annual meeting to exchange ideas but instead could do so as part of other ongoing website based discussion forums? To what extent does the website reinforce the perception that SSATP is a “World Bank” rather than an African program? How does SSATP distinguish itself from and yet complement other organizations dealing with transport issues.

We will shortly be hearing key presentations on the achievements of the past year. In posing these questions I would hope that throughout this meeting we can also provoke some advance thinking as to where SSATP should be at the end of the next LTDP.

Thank you.