

DRAFT SPEECH BY HONOURABLE PREMIER E.S. MCHUNU ON THE
OCASSION OF THE OFFICIAL OPENING CEREMONY OF SADC DFI FORUM
4TH DECEMBER, 2014 at 9h00

The Chairman of the SADC DFI Network
The Chairman of the DFRC Board of Trustees
The Chief Executive of the DFRC
Senior Government Officials
Members of the SADC DFI Network
Distinguished Ladies and Gentlemen

I have the honour and pleasure to welcome all the delegates from across Southern Africa to our beautiful Province of KwaZulu-Natal to this important biannual conference of the SADC Network of Development Finance Institutions (DFIs).

It is indeed an honour for us to play host to this conference of Chief Executive Officers of SADC Development Finance Institutions and senior treasury officials, which reviews the policy and strategic issues of the Network in relation to the role of DFIs in development and regional integration, and provides a Forum to discuss the contemporary themes in development finance as they pertain to regional challenges in SADC.

We are pleased to know that South African DFIs, namely the Development Bank of Southern Africa (DBSA), the Industrial Development Corporation (IDC), and the Land Bank, are among the founders of the SADC DFI Network and the DFRC. We are hopeful that through the participation of these agencies, they will make meaningful contribution to the growth of the network and the advancement of the frontiers of development finance in the region.

Our 1994 democratic breakthrough here in South Africa, and the subsequent re-integration of our country into the rest of Africa, positioned South Africa as an important player in terms of economic development of the African Continent. This important role has extended beyond issues of diplomacy at a foreign policy level, but

extended to issues of cross-border infrastructure development, regional trade cooperation and industrial development. As South Africa, our cooperation arrangements with other African countries have always been premised on constructive partnerships that are mutually-beneficial.

Africa has made significant strides in positioning itself as an attractive investment and business destination. However, if African countries are to become internationally competitive and secure economic progress they must shore up regional integration and expand intra-regional trade. This means among other things, diversifying production and exports, strengthening markets and institutions, investing in infrastructure and skills, and lowering the cost of doing business.

This therefore means that, part of what this SADC Network of DFIs should deal with, is to provide technical assistance to each other for human and institutional capacity building. At a more strategic level, your network should seize itself with finding solutions to development constraints facing our region.

It is clear that the continued limited access to transport and communication services, water and sanitation, and energy stifles economic growth and development in the region. We must therefore use this network to also address through project preparation facility and subsequently through project financing, supply-side constraints in particular network infrastructure like roads, rails, telecoms and energy.

For this reason, we welcome the role played by the SADC DFI Network and its Development Finance Resource Centre in capacitating the national DFIs, bringing development finance issues to the fore of the regional development agenda, undertaking research and policy discussions on issues germane to development finance, as well as enhancing cooperation amongst the DFIs in the region.

After more than ten years of existence and operation, it is important to recognize the signal achievements of our institutions in sharing and mobilizing our local expertise in the region to upgrade our technical skills, and resolve policy and operational problems with relevant up-to-date practical knowledge.

The evolution of SADC regional institutions, such as the Project Preparation and Development Fund (PPDF), presently hosted by DBSA, and the Regional Development Fund, coupled with a vibrant, innovative and responsive national DFI sector, augur well for effective resource mobilisation for investment in development projects in such critical areas as energy, transport, water, ICT and social infrastructure that positively impact the lives of the people of this sub-continent.

As South Africa, we recognize the key role and value of development finance institutions in our national development programme. The array of national and provincial development finance institutions present in our country attest to this. These are mandated to address specific developmental sectors ranging from infrastructure, industrial, agriculture, housing to small and medium enterprises (SMEs), all collectively working to lift our people from the shackles of poverty and empower them to create and sustain wealth through employment and business activity.

While focusing primarily on in-country activities, our national DFIs must remain committed to the regional agenda to share skills, resources and experiences with our partners from the rest of SADC, and to benefit from their unique insights in the development strategies of their countries and the region. The SADC DFI Network, must thus provide an appropriate vehicle for this purpose.

This unique experiment in regional cooperation and integration is not only beneficial to our region, but will serve as a model for innovative approaches to development cooperation elsewhere. Within this cooperative framework, it is our hope that the DFIs, equipped with the best skills, coupled with a conducive policy and regulatory environment, develop a pipeline of national and regional bankable projects. These projects could be co-financed amongst the DFIs or together with the private sector through such instruments as public private partnerships, particularly in the area of infrastructure development.

In addressing the theme of your Forum, it is important to recognize that the growth of infrastructure and other socio-economic sectors has been hampered by the dearth of financial resources to support such developments because of their long payback

periods, significant economic externalities and the perceived high risk nature of some of these activities. It is precisely in recognition of this that DFIs are core to the development strategies of our national economies and indeed our region at large.

The financial needs of our region are immense, while the pressures on us to effectively engage and benefit from the global economy requires substantial investment in the key sectors of infrastructure, agriculture, Small and Medium size enterprise (SME), among others, which will in turn facilitate the flow of production and domestic and international trade, leading to enhanced growth and development in our region and better standards of living for our people.

The theme of your Forum therefore represents an important and timely topic to which we must progressively address ourselves at policy, strategic and operational levels in dealing with the resource challenges that we confront if our endeavours to attain the overarching goal of regional integration and the attendant benefits are to bear fruit.

Your participation, as DFIs, in the Network activities and at this conference is also a clear testament to your determination to identify with, and be partners in the emerging development finance architecture in the region, an indispensable role long recognised by SADC under its Protocol on Finance and Investment.

I would therefore like to wish you every success in your conference, and hope that the vision, consensus and resolutions of this conference will translate into meaningful outcomes and actions that will benefit the whole of SADC as we all continue our collective march to development.

It is now my honour to declare this conference officially open.

Thank you.