



EXTRAORDINARY MEETING OF THE SADC DFI SUB-COMMITTEE

COVID-19 CHALLENGES AND THE ROLE OF THE DFIs

VIDEOCONFERENCING (ZOOM PLATFORM)

24TH APRIL 2020

DRAFT RECORD

ABBREVIATIONS

AGRIBANK	Agricultural Bank of Namibia
BDC	Botswana Development Corporation
BECI	Botswana Export Credit Insurance
CEO	Chief Executive Officer
DBSA	Development Bank of Southern Africa
DFI	Development Finance Institution
DFRC	Development Finance Resource Centre
FINCORP	Eswatini Development and Finance Corporation
GAPI SI	GAPI Sociedade de Investimentos
IDC-SA	Industrial Development Corporation of South Africa
PPE	Personal Protective Equipment
SADC	Southern African Development Community
SMMEs	Small Micro and Medium Enterprises
TIB Bank	TIB Development Bank

1.0 WELCOME REMARKS

- 1.1 The meeting commenced at 10:10 hours.
- 1.2 The Network Chair, Mr Charles Singili, Managing Director for TIB Development Bank, welcomed members to the meeting, and apologized that he would not be able to participate due to other competing assignments scheduled at the same time, due to time differences.
- 1.3 Mr Patrick Dlamini, the DBSA Chief Executive and Managing Director, chaired the meeting at the recommendation of the Network Chair. In welcoming the members, he emphasized the need to meet as a regional body, given the pandemic crippling economies globally, DFIs included, and to come up with a regional perspective on how best to alleviate challenges emanating from this pandemic.
- 1.4 Members introduced themselves for everyone's appreciation of who was in attendance, since the virtual meeting had limitations in that regard.
- 1.5 The Subcommittee also noted that not all members had read the email invitation due to internet challenges while working from home. Thirty six (36) participants were in attendance. **Annex 1**
- 1.6 The Subcommittee further noted apology from the following:
 - TIB Development Bank
 - Eswatini Development and Savings Bank
 - Industrial Development Corporation of Zimbabwe Limited

2.0 BACKGROUND AND INTRODUCTION

- 2.1 The SADC DFRC CEO, Mr Stuart Kufeni, presented a synopsis of the subject matter, Covid-19, which is currently moving at a very fast pace and adversely affecting the region and the world at large. It was for this reason the meeting was convened, to provide a platform for DFIs to discuss ways of playing a critical role in supporting their Governments to ameliorate the impact of the novel virus in the region.

The observation has been that Governments resources were limited, especially in the production of the required materials, including ventilators, masks, sanitizers, face shields and protective clothing for the medical personnel. DFIs were therefore, expected to share their national experiences and contributions made thus far if any, and come up with resolutions that would provide a regional perspective. Members noted that these would be shared with the SADC Secretariat and the Member States.

- 2.2** In response to Mr Msibi's inquiry regarding the stance of SADC Secretariat, Mr Kufeni further informed the meeting that Covid-19 was top of the agenda of the SADC Council of Ministers meeting held in March 2020. Two SADC meetings had been held to date on Covid-19, which resulted in Member States directed to provide needs assessment lists for purposes of identifying shortages, and surpluses if any.

Mr Alvino Wildschutt-Prins, International Investment Partnerships of DBSA informed the meeting that seven countries had already submitted lists of needs, primarily PPE and testing kits, viz: Botswana, DR Congo, eSwatini, Madagascar, Namibia, Tanzania, Union of the Comoros and Zambia.

It was also reported that the SADC Secretariat was compiling information on a continuous basis, for weekly publications, which report on the status of implementation of the SADC response to the Covid-19 pandemic.

3.0 OPENING REMARKS

- 3.1** In his opening remarks, the Chief Executive and Managing Director of the Development Bank of Southern Africa, Mr Patrick Dlamini emphasized the need to meet as a regional body given the pandemic that had gripped the African continent, but being more pronounced in South Africa, with 3,953 reported cases of Covid-19, and 75 deaths. It has also been reported that there was only one country in the region that had not reported infections, being Lesotho, with a total of 6 countries in the continent without any reported cases.
- 3.2** The Chair further highlighted that, considering the global shortage of medical supplies, and with economic giants such as Europe battling to access these critical supplies, SADC countries stand no chance as a region. But of critical importance was the ability for the member states to coordinate amongst themselves, to localize some of these supplies and support each other where possible. Therefore, DFIs need to strategise on how to support governments in strengthening economies to ensure fast recovery from the impact of the pandemic.

4.0 PRESENTATION OF DFI IMPACT SURVEY RESULTS

- 4.1** The Subcommittee noted a briefing on the status of the survey from the SADC DFRC Capacity Building Advisor, Mr Mahamba-Sithole. He reported that from the Forty members of the Network, only four DFIs had submitted responses to the questionnaire, with some promising to submit at a later date.
- 4.2** Members who had submitted were joined by the Agribank of Namibia and GAPI-SI (Mozambique), and presented their positions as follows:

a) DEVELOPMENT BANK OF SOUTHERN AFRICA

The Chief Executive and Managing Director of the Development Bank of Southern Africa, Mr Patrick Dlamini, briefed the meeting that in response to the Covid-19 pandemic, the DBSA engaged the private sector with a view to support the country in boosting its economy. He further said that South Africa was currently sitting at 20% unemployment, which was expected to grow due to the impact of Covid-19.

Mr Mohan Vivekanandan, the DBSA Group Executive: Client Coverage further briefed the meeting that the DBSA approached the Covid - 19 challenge in five different areas as follows:

- i) Establishment of the National Disaster Management Centre;
- ii) Local Production and Distribution of Critical Health Supplies;
- iii) Local Government Economic Recovery programme;
- iv) Liquidity Facility for Small Contractors; and
- v) Coordinated Efforts with SADC Secretariat on humanitarian support

To explain further on the above, Mr Chuene Ramphele, Group Executive: Infrastructure Delivery of the DBSA highlighted that the key initiatives in terms of the production and distribution of critical health supplies, particularly the non-evasive ventilators, were to:

- Offer support to augment the current production capacity to cover the SADC region;
- Augment the testing, screening and isolation facilities and capacity, for both the current situation and future pandemics; and
- Support contractors to have adequate liquidity, now and post Covid-19.

b) INDUSTRIAL DEVELOPMENT CORPORATION OF SOUTH AFRICA

Ms Phiwe Marumo, the Head of IDC-SA Rest of Africa Support Unit, briefed the meeting that the IDC-SA was mainly considering regional efforts in respect of supply chains, similar to the DBSA. The observation was that both South Africa as a country, and the continent at large, were net importers of medical supplies, which provides a huge scope of opportunities in this space.

The IDC-SA had announced a Covid-19 essential supplies support package in the sum of R500 million, primarily targeted towards SMMEs. This included, acquisition and/or manufacturing of essential supplies on an urgent basis, within set qualifying criteria which includes manufacturing capacity, track record, accreditation of supplies, etc.

The IDC-SA also offers related financial instruments such as short-term loans, revolving credit facility, and guarantees for banking facilities, etc.

c) BOTSWANA DEVELOPMENT CORPORATION

The Chief Investment Officer for the Botswana Development Corporation (BDC), Mr Moatlhodi Lekaukau, briefed the meeting that BDC being the anchor of the hospitality industry in Botswana, as it owned the majority of hotel establishments in the country, had undertaken a few projects to support the country during Covid-19, as below:

- i) Provision of capital support to the hospitality industry to sustain operations, particularly towards hotel working capital, including salaries, as the occupancy rate was currently at 0%. Most hotels in Botswana have therefore, been offered for use as Covid-19 quarantine facilities;
- ii) Provision of six months rent relief for its Clients;
- iii) Provision of working capital support to the manufacturing industry, which had also been hard hit by the pandemic, particularly non-essential goods manufacturers;
- iv) Support to the health care sector – primarily the provision of soft loans to its two private hospitals, which were currently supporting government with Covid-testing.
- v) Provision of rent relief to the real estate cluster; and
- vi) Provision of working capital and technical assistance to its 100% - owned financial services company, BECI, which had the mandate to manage the P1 Billion Government Covid-19 Loan Guarantee Scheme, mainly to SMEs up to 70%.

The DFI was also finalising its contribution package towards the Government Covid-19 Relief Fund.

d) ESWATINI DEVELOPMENT AND FINANCE CORPORATION

The Group Managing Director of Eswatini Development and Finance Corporation (FINCORP), Mr Dumisani Msibi, briefed the meeting that unlike most countries in the region, Eswatini was on partial lockdown, as some sectors were fully operational during this period. The DFI and Government introduced the following measures in response to the impact of Covid-19 pandemic:

- i) Repayment holiday for SMMEs that were directly impacted by the pandemic, particularly the transport sector, which was the hardest hit;
- ii) Government Fund directed at SMMEs; R100 million raised to date, but with a challenge of where to source the required health PPE; and
- iii) Tax rebate for tax-compliant companies with a turnover of more than E8 million.

The DFI welcomed the interventions discussed at this meeting with the expectation that they would address the challenges they faced as a country.

e) GAPI SOCIEDADE DE INVESTIMENTOS

Mr Adolfo Muholove, the Chief Executive Officer of GAPI, briefed the meeting on the following measures currently in place:

- i) GAPI-SI was invited by the Mozambican Government to join the economic subcommittee groups aimed at supporting the government in combating the Covid-19 pandemic;
- ii) The institution also embarked on a project to support the vegetable market, in terms of reorganising the informal sector in this respect to become formal. GAPI was therefore looking for financial partners to support this initiative;
- iii) The reduction of interest rates by 50% between April and June 2020 was also considered; and
- iv) Support to the rural development programmes, including the rural tourism industry, which had collapsed due to the pandemic. The DFI was seeking financial support to achieve this.

f) AGRIBANK OF NAMIBIA

The Subcommittee noted that Agribank Namibia was yet to respond to the survey questionnaire, but the DFI has had interaction and intervention with the Government regarding the Covid-19 Stimulus and Relief Fund. Furthermore, the Chief Executive Officer, Mr Sakaria Nghikembua, informed the meeting that Agribank was finalising its package for contribution towards the Fund, with a two-pronged approach as follows:

- i) Instalment Relief for its farming clients to ensure their sustainability; and
- ii) Provision of loans to stimulate production, with some degree of guarantee expected from the Government of Namibia.

4.3 A summary of COVID-19 Impact Surveys submitted by DFIs is attached to this record as **Annex 2**.

5.0 CLOSING REMARKS AND WAY FORWARD

5.1 The Subcommittee noted the closing remarks from the SADC-DFRC Chief Executive Officer, Mr Stuart Kufeni.

In his closing remarks, the CEO expressed gratitude for the opportunity to meet as Network Members to discuss the topical global pandemic, and in particular the related experiences and interventions shared by DFIs at this meeting, which brought

out a number of key observations and issues for DFIs to consider going forward. Among these, that:

- i) Covid-19 was quite devastating for developing and emerging economies like ours, and SADC governments evidently did not have the fiscal space to address the economic impact by themselves;
- ii) There was need for DFIs to assist Governments in the various areas affected by the pandemic, including the manufacturing of requisite health supplies, resource mobilization, and the development of regional supply chains for health care products and pharmaceuticals;
- iii) This calls for an interface between Governments and the DFIs, and the involvement of DFIs, especially in areas such as planning; and
- iv) There was need for DFIs to enhance collaboration in terms of COVID-19 projects and sharing experiences among themselves, and to be instrumental to bring on board the private sector to work together with Governments to defeat the pandemic.

5.2 The Subcommittee further noted the following:

- i) That the remaining DFIs were still to submit the survey questionnaire responses, and the information compiled would be uploaded in the DFRC website, and shared with the SADC Secretariat and the SADC Committee of Ministers of Finance and Investment;
- ii) That the DFRC would circulate the SADC Weekly Report on Covid-19 to members;
- iii) Key considerations include; support for SMMEs; manufacturing of critical health supplies; production of basic food supplies; mass employment opportunities; lockdown dispensation for sectors such as construction; working capital facilities; etc.
- iv) That the Network needs to be kept alive despite the challenges posed by the pandemic.

5.3 The Subcommittee appreciated and thanked Mr Dlamini for chairing a successful and productive meeting, and the DBSA for availing its Videoconferencing facility for conducting the meeting. Members were also thanked for their participation, particularly at such short notice.

6.0 CLOSING AND DATE OF NEXT MEETING

6.1 The Chair wished all members well and to keep safe during these tough times, and closed the meeting at 12:08 hours.

6.2 The date of the next meeting was to be determined by progress with the Covid-19 initiatives survey and communicated with members accordingly after consultation with the Chairman of the DFI Network.