

**SPEECH BY THE CHAIRMAN OF THE SADC DFI NETWORK,
AMBASSADOR LEONARD IIPUMBU, AT THE TENTH
ANNIVERSARY OF THE SADC DEVELOPMENT FINANCE
RESOURCE CENTRE, 5TH DECEMBER 2013, GICC,
GABORONE, REPUBLIC OF BOTSWANA.**

**His Honour the Vice President of the Republic of Botswana, Dr
Ponatshego H Kedikilwe;**

Honourable Ministers, invited and here present;

**The Executive Secretary of SADC, Dr Stergomena Lawrence Tax;
[TBA]**

**Your Excellences, Ambassadors, High Commissioners and
Members of the Diplomatic Corps;**

**Chairman of the SADC DFRC Board of Trustees, Mr Charles
Chikaura;**

CEO of the SADC DFRC, Mr Stuart Kufeni;

Senior Government Officials from SADC Member States;

Senior Officials of the SADC Secretariat;

SADC DFI Network Members;

Distinguished Guests;

Ladies and Gentlemen;

I am delighted on behalf of the SADC DFI Network, to welcome His Honour the Vice President of the Republic of Botswana, Dr Kedikilwe, and to thank you all most sincerely for accepting the invitation to join us on this momentous day in the life of the SADC DFRC and the DFI Network.

With your kind indulgence allow me time to give a brief background on the SADC DFI Network and to put into perspective its relationship with the DFRC within SADC structures. The two organisations were established pursuant to the recommendations of the Development Finance Study of 1998 by the then SADC Finance and Investment Sector Co-ordinating Unit (FISCU) on the theme: “Development Finance and the Need for a Sub-Regional Development Finance System in SADC”. The study recommended a three-pillar structure which, besides the DFI Network and the DFRC, also encompassed a Regional Development Fund. These structures would form part of an emerging SADC Development Finance system.

Following the adoption of the recommendations of the study by the SADC Committee of Ministers of Finance and Investment, the DFI Network was established in 2000 through a memorandum of understanding (MoU). The Network then established the DFRC by means of a trust deed and it eventually opened its doors to the public in July 2003. With the coming into force of the SADC Protocol on Finance and Investment (the FIP) on 16th April 2006, the DFI Network

and the DFRC were fully recognised as SADC structures, the DFRC as a subsidiary institution of SADC.

The DFI Network MoU was then incorporated into the FIP as Annex 9, together with eleven other annexes covering various areas, including: the Committee of Insurance, Securities and Non-Banking Financial Authorities; the Committee of SADC Stock Exchanges; and the Committee of Central Bank Governors which is responsible among other areas for cooperation in exchange controls, payments, clearing and settlement systems and banking, regulatory and supervisory matters.

Director of Ceremonies, Ladies and Gentlemen

Overall, the main objectives of the SADC Protocol on Finance and Investment include the facilitation of the development of financial and capital markets; providing the framework for macroeconomic (fiscal and monetary) convergence; and promoting the adoption of sound investment frameworks to stimulate resource mobilisation and investment in key economic sectors. All these are critical ingredients to the successful achievement of the overarching objective of regional integration and the resultant goals of sustainable economic growth, employment creation and poverty alleviation as envisaged under the SADC Regional Indicative Strategic Development Plan (RISDP).

As the SADC DFI Network, consisting primarily of thirty-one (31) national DFIs, most of them state-owned, our mandate within the ambit of the FIP and the SADC emerging development finance system is quite clear, and this is to:

- Pool resources to mobilize intra- and extra-regional funds for development projects;
- Collaborate on cross-border and in-country financing of projects in SADC;
- Share experiences and develop common best practices in such areas as risk management, corporate governance, and project appraisal;
- Where viable, take equity in each other's institutions;
- Invest jointly in new structures where necessary;
- Collaborate on appropriate institutional mechanisms to facilitate cooperation and development finance in SADC; and
- Strengthen & build creditworthiness of members and obtain credit ratings.

The ultimate objective of the Network is to ensure that national DFIs effectively play their role as agents of development to efficiently mobilise resources, both in domestic and international capital markets, to invest in the various sectors as mandated – infrastructure, agriculture, housing, industrial development and small and medium

enterprises (SMEs) – all key drivers for sustainable and inclusive development at national and regional level.

Director of Ceremonies, Ladies and Gentlemen

As already mentioned by previous speakers, the Network established the DFRC as its secretariat with the responsibility of facilitator and coordinator of cooperation of DFIs within the Network. This function the DFRC has performed diligently over the past ten years, holding regular Network meetings and undertaking fora for DFI Chief Executive Officers and senior management as platforms for information and knowledge sharing on topical development finance issues as well as sharing of best practices on operational and governance matters. We are greatly indebted to the DFRC for these efforts.

In addition to its secretariat role, the DFRC is also mandated to perform two other crucial functions, namely capacity building and policy research and advisory services. Most Network members face critical skills gaps, and partly due to legacy factors going back to the 80s, continue to be laden with weak governance structures. These invariably have tended to impair their capacity to execute their mandates effectively.

Director of Ceremonies, Ladies and Gentlemen

Through regular surveys and consultations with Network members, the DFRC has been able to identify skills gaps within DFIs spanning various stages along the project value chain which negatively impact on the DFIs' capacity to create pipelines of bankable projects. These skills include such areas as project appraisal, feasibility studies, risk management and project implementation, to mention some.

In recognition of these weaknesses, the DFRC's capacity building efforts have been targeted at closing the skills gaps and ensuring that the DFIs adopt best practice corporate governance frameworks and operational structures. At the same time, advisory services, supported in some cases by research, have also been resorted to for purposes of institutional strengthening and the improvement of the policy and regulatory environment within which the DFIs operate. This has been achieved through the engagement of responsible government structures and through feasibility studies in cases where new development finance institutions are deemed necessary.

I will not deliberate in great detail on the achievements of the DFRC since these have been amply narrated by my colleague, Charles Chikaura, the DFRC Board Chair. But suffice to say the training

programmes of the DFRC which have seen some three thousands of DFI staff and those of governments and state-owned enterprises trained and equipped with requisite skills over the past ten years, are a commendable achievement greatly appreciated by the DFIs and other development finance stakeholders.

These achievements notwithstanding, most DFIs continue to face capital constraints, a matter which His Honour the Vice President has amply underscored. And this somewhat undermines the capacity of DFIs to execute of their mandates to mobilise long-term financial resources for investment in their economies and across borders in support of SADC regional initiatives such as regional infrastructure development under the Regional Infrastructure Development Master Plan (RIDMP) and industrial development under the SADC Industrial Development Policy Framework. It is in recognition of this that DFIs have also welcomed the establishment of the Regional Development Fund, the third leg of the SADC development finance architecture, as a significant step towards ameliorating the capital deficiency problem, albeit partially.

Director of Ceremonies, Ladies and Gentlemen

The Development Fund is now at the phase of operationalisation. The DFIs recognize and fully appreciate the sterling contributions of the DFRC, on behalf of the DFI Network, through its participation at various SADC technical committees and ministerial meetings from the feasibility study to the current implementation status. As a result, we are assured that our views regarding the establishment of the Regional Development Fund and its interface with national DFIs have been taken on board by the responsible SADC structures, including the Committee of Ministers of Finance and Investment.

While on the matter of resource mobilisation for investment, it would be remiss of me not to join the Chairman of the Board, in congratulating the DFRC for establishing the SADC PPP Network which currently operate under its aegis. We look forward to the PPP Network which has been in existence now for just over one and half years playing a significant catalytic role in stimulating private sector participation in socio-economic infrastructure, through dissemination of crucial information on projects and extensively promoting public-private dialogue. By so doing, we see the operations of the PPP Network as supporting the implementation of projects under the Regional Infrastructure Development Master Plan and thus directly supporting and complementing the SADC development agenda.

While as the DFI Network we have supported our DFRC in meeting its administrative budget, we are immensely cognisant and greatly appreciative of the support the DFRC has received – technical and financial - from various strategic partners towards the implementation of its programmes over the past ten years. In this regard I would like to join the Board Chairman and the DFRC CEO in extending our heartfelt gratitude to the SADC Secretariat for its guidance and unwavering support and to the international cooperating and strategic partners many of whom have already been acknowledged.

Last but not least I would like to thank my fellow Network Members, represented tonight by their Chief Executive Officers and senior management, for their steadfast support and for a job well done in ensuring the sustainability of our DFRC. The support of you all over the last ten years has been invaluable and it is my fervent hope that we can continue to call on you over the next ten years and beyond.

In conclusion, I would like to wish the DFRC every success in the future and may it continue to grow as a pillar of support and guidance and a regional centre of excellence in the development finance space.

Thank you.