

Speech by Mr Justin Mupamhanga, Deputy Chief Secretary to the President and Cabinet, at the Official Opening of the Zimbabwe Development Finance School, 7th October 2013, Harare, Zimbabwe.

CEOs of DFIs:

- Mr Charles Chikaura – IDBZ
- Mr Sam Malaba – Agribank
- Mr Michael Ndudzo – IDC
- Ms Gladys Kanyongo - SEDCO

CEO of SADC DFRC – Mr Stuart Kufeni

Invited Guests

Participants to the Workshop

Ladies and Gentlemen

I have the great pleasure and honour to welcome you to Harare, Zimbabwe on the occasion of the launching of the Zimbabwe Development Finance School which is a series of high-level Executive Development Programmes in core areas of development finance targeted at senior members of staff of institutions involved in the development and financing of investment projects.

This programme is a collaborative exercise between the Development Finance Resource Centre (the DFRC), a subsidiary institution of SADC, and the cluster of our local development finance institutions (DFIs), namely, the Infrastructure Development Bank of Zimbabwe (IDBZ), the Industrial Development Corporation (IDC), the Small Enterprise Development Corporation (SEDCO) and the Agricultural Bank of Zimbabwe (Agribank).

I welcome the initiative of the collaborating partners to convene this programme, firstly as an important capacity building programme in its own right, and secondly for this opportunity to host it in Zimbabwe, where we

have a pressing need in the critical skills areas that this programme will be covering.

I believe the country cluster approach to capacity building by the SADC DFRC is a reflection of your strategy to take the programmes to the member states and their institutions and address their most pressing skills and institutional gaps I am aware that similar programmes have been conducted across the region in Zambia, Swaziland and Namibia, and have elicited positive responses, largely a reflection of the relevance of the programmes to the specific needs of the countries and their institutions.

The DFRC has been in existence for almost 10 years as the Secretariat of the SADC Network of Development Finance Institutions, providing capacity building, policy research and advisory services to an ever-growing body of development finance institutions and other development stakeholders in the region. In those years, significant strides have been achieved in placing development finance issues firmly on the regional development agenda, emphasizing once again the key catalytic role of development finance in the region. This has included greater cooperation amongst the DFIs in investment and lending as well as benchmarking and sharing of experiences and best practices.

The challenges that relate to the financing of development in such key growth sectors as economic infrastructure, SMES, industrial development, agricultural development, housing and other social infrastructure, and information and communication technologies, are well recognised. The fact that the public fiscuses in many of our countries cannot be relied on to generate adequate resources to invest in these critical socio-economic areas at levels sufficient to meet the requirements and expectations of our peoples, invariably calls for creative and resourceful development solutions and the active participation of all stakeholders, including governments, DFIs, state-owned enterprises and the private sector, among others.

In addition to national pressures for development finance is the recognition that high level sustained economic growth can only be achieved through effective integration of the economies of SADC member states in the regional and international economy through enhanced trade and investment, which also imposes a greater need for an appropriate framework to support these activities.

The regional goals can only be achieved through the joint identification, preparation and implementation of regional projects, and the effective integration of national development plans as well as coordinated resource mobilization and policy harmonization across the SADC region. SADC structures such as the Regional Indicative Strategic Development Plan (RISDP), currently under review as well as the Protocol on Finance and Investment (FIP), among others, provides the necessary frameworks for inclusive regional integration.

In the light of this, it is important to note that SADC has and continues to undertake various initiatives to fast track the development of a regional development finance framework. These include:

1. The setting up of SADC Project Preparation Development Facility (PPDF) a few years ago to develop and prepare regional infrastructure projects to bankability for take up by investors including the private sector; and
2. The establishment of the SADC Regional Development Fund currently at the operationalisation stage.

With the foregoing evolution in the development finance architecture, it is expected that the resource envelop from stakeholders will be enhanced in such a way as to make a significant impact on infrastructure development and industrialization in our region.

However, the success of these efforts will also require the national DFIs to play an expanded developmental role by interfacing with regional

development financing institutions such as the Regional Development Fund in project identification across the SADC region as well as accessing resources for their national projects.

For our national DFIs to do so, SADC governments through the SADC Finance and Investment Protocol, have recognized the need for the following to happen in the development finance space:

- a) Progressive internationalization of DFI operations to allow for cross-border investment such as equity participation, joint ventures and joint lending in different national jurisdictions;
- b) Creation of an enabling environment to allow the DFIs to play their catalytic role through improved governance and management structures and systems, and a supporting capital and financial markets system; and
- c) Enhanced capacity of operations of DFIs through the development of human resources in critical areas of investment appraisal, risk management, project management and others, as well as the strengthening of management systems processes.

My Government recognizes the cardinal role of development finance institutions in uplifting the economic and social well-being of Zimbabwe by empowering the people in the various sectors of infrastructure, business, agricultural and industrial development.

Our inclusive approach to development finance embraces the Infrastructure Development Bank of Zimbabwe which was restructured a few years ago to focus on investing in infrastructure and collaborating with external financial stakeholders to make this a reality, and the Agricultural Bank of Zimbabwe, which deals with the financing of the crucial agricultural sector.

The Small Enterprise Development Corporation is the leading institution in our financial policy towards the promotion of micro, small and medium sized enterprises (SMMEs) which employ in excess of 50% of our people, while

the Industrial Development Corporation focuses on the industrialization of the country to promote greater local value addition.

Their involvement in the SADC Development Finance Institutions Network is a reflection of Zimbabwe's commitment to the ideals of regional economic integration and our determination to enhance this process at all levels of economic and social interaction.

We therefore welcome the initiative of the local DFIs to constitute a local collaborative cluster to discuss matters of common interest, and in particular, to forge a common strategy of collaboration in capacity building with the regional body, the SADC DFRC.

I have also noted, hitherto, the substantial investment in human resource development of the SADC DFIs in various skill categories, as well as the implementation of technical assistance and exchange programmes, which has contributed to the great work that the DFRC has been doing, and continues to do.

Our task for the next three weeks under the Zimbabwe Development Finance School is the delivery of three executive development programmes in Investment Appraisal, Financial Modelling and Due Diligence, which skill areas are vital to sound project development and a greater and more assured socio-economic return for our institutions and countries.

I also note that participation is drawn not only from the local development finance and related institutions, but also from our neighbouring countries in Botswana, Zambia, Namibia, Swaziland and Tanzania.

It is my sincere hope that this mix of countries will provide an opportunity for a wide exchange of experiences in dealing with development and investment challenges in your various countries with a view to enriching the skills base, developing a common body of knowledge, and harmonizing practice across the region. This forms the bedrock upon which cross-border and regional projects can be undertaken by our institutions, thereby contributing to the common goals of SADC.

I am also delighted to note that the DFRC has continued to make use of regional expertise in the development and implementation of its programmes. These are people from the region who are highly qualified and experienced in their fields, but are working on many practical development finance projects in the region.

There is no greater learning benefit than to have programme leadership by technically sound and experienced expertise, which has a sound understanding of the unique regional challenges, so that we can develop more practical and relevant strategies for effectively dealing and advancing our goals.

It is my view that this background should provide an opportunity for participants to garner useful insights on how we can promote investment activities through sound appraisal of projects, proper financial planning and comprehensive risk management of projects and institutions.

I am confident that this training will improve the technical skills of our staff from the DFIs and our other local investing institutions to improve the management of their projects. However, the success of the programme rests with an effective combination of a knowledgeable, enthusiastic and participative audience, active and knowledgeable facilitators, a well-developed and structured programme and good learning materials. I trust all these ingredients are in place here for us to achieve our common objectives of knowledge dissemination and skills development.

Finally, allow me to bid welcome to all guests from our neighbouring countries. It is my hope that you will enjoy your stay in Zimbabwe, as you sample the hospitality of the Zimbabwean people and the splendour of our beautiful nation.

I now have the honour to declare the Zimbabwe Development Finance School officially open, and wish you all a successful three weeks.

Thank you.