



OPENING REMARKS

BY

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**MINISTER OF FINANCE OF THE DEMOCRATIC
REPUBLIC OF CONGO AND CHAIRPERSON OF THE
SADC COMMITTEE OF MINISTERS OF FINANCE AND
INVESTMENT**

**AT THE OPENING OF THE
COMMITTEE OF MINISTERS OF FINANCE AND
INVESTMENT AND THE SADC PEER REVIEW PANEL
MEETINGS**

KINSHASA, DEMOCRATIC REPUBLIC OF CONGO

20 JULY 2023

Honourable Ministers from SADC Member States;
Governors of Central Banks from SADC Member States;
Ms Angele Makombo N'tumba, SADC Deputy Executive Secretary
for Regional Integration;
Senior Officials from SADC Member States;
SADC Secretariat Staff;
Representatives of the Media;
Ladies and Gentlemen.

1. I feel privileged in my capacity as the Chairperson of the SADC Committee of Ministers of Finance and Investment and co-Chairperson of the SADC Peer Review Panel to welcome you all to these meetings of the SADC Committee of Ministers of Finance and Investment and the Peer Review Panel. More importantly, let me welcome you to Kinshasa, Democratic Republic of Congo. I wish you a comfortable and unforgettable stay and implore you to find time in your busy schedule to experience the beauty of our city and the hospitality of our people.
2. I wish to take this opportunity to thank my fellow Ministers and distinguished Governors for reserving time out of your busy schedule to participate in these important meetings here at **10^e niveau de l'Immeuble du Gouvernement, Place royale, Boulevard du 30 juin, Kinshasa/Gombe**. Surely, your presence not only gives value to these meetings but is evidence of the commitment you have to the regional integration agenda of SADC.

3. **Honourable Ministers and Distinguished Governors**, the COVID-19 pandemic cost millions of lives, caused massive job losses, and disrupted supply chains. The pandemic also triggered extraordinary policy responses, with macroeconomic consequences still being felt. Inflation soared with governments providing massive fiscal and monetary support to counter the pandemic. The war in Ukraine triggered outright shortages of fuel, food and fertilizer. Natural disasters struck hard too, from earthquakes in Turkey and Syria to floods across South Asia and catastrophic drought in East Africa.
4. Africa countries have suffered the most from this onslaught of crises. The pandemic increased the global extreme poverty rate from 8.4 to 9.3 per cent. Now, SADC countries are facing the prospect of major domestic crises, with economic growth slowing, poverty and hunger on the rise, public debts reaching unsustainable levels amid rising interest rates, ineffective mechanisms for resolving external debt distress and underinvestment.
5. As we meet today, more than half of the world's poorest countries, including SADC Countries are in or at high risk of debt distress. According to the World Bank, their difficulties are mounting as the world economy and asset prices adjust to more normal interest rates and bond yields. Inflation and higher interest rates in advanced economies lead to capital shortages for developing countries, causing currency depreciation and higher interest rates, thereby adding to the debt burden.

6. **Honourable Ministers and Distinguished Governors,** confronted by these developments, we have the responsibility to forcefully reassert core economic principles for development in every SADC country. I will highlight at least five:

- First, achieving macroeconomic stability is critical, not least because fiscal recklessness compromises essential services and inflation penalizes the poor the most.
- Second, sound policies to promote private investment should always remain a top priority because without them there would be no economic growth.
- Third, free and fair trade in the context of the SADC Free Trade Area and the African Continental Free Trade Area (AfCFTA) must be nurtured – because it promotes efficiency and creates enormous opportunities for growth and convergence.
- Fourth, the SADC financing mechanisms to fund the provision of Regional Public Goods, such as Infrastructure and Industrial development, must be operationalised and strengthened. This is also because climate costs, conflict and pandemics will set back human progress everywhere unless the effectiveness of global efforts improve. Therefore, “We need to leverage private sector resources and the SADC Regional Development Fund is the instrument that can enable the Region to achieve that”.
- Finally, the human capital factor, specifically investing in the health of infants and the education of young people to create opportunities for a better future.

7. Accordingly, governments must plan for continued financial stress. This requires adopting a credible fiscal policy framework. On the spending side, policymakers must increase the efficiency of public spending, remove wasteful and regressive subsidies, and improve public procurement. On the revenue side, governments should be reducing tax exemptions and broadening the tax base, not repeatedly suffering the diminishing returns of tax and tariff rate increases. Enacting long-term fiscal discipline in government finances is vital to attract private sector capital.
8. **Honourable Ministers and Distinguished Governors**, the SADC Protocol on Finance and Investment underpins the need to foster harmonization of the financial and investment policies of Member States to make them consistent with SADC objectives and ensure that any changes to financial and investment policies in one Member States do not necessitate undesirable adjustments in other Member States.
9. As you might know, four (04) SADC Member States have been included in the list of countries that are under the Financial Action Task Force (FATF) increased monitoring (known as grey-list): namely Democratic Republic of the Congo; Mozambique; South Africa; and the United Republic of Tanzania. This would potentially affect the economies of these countries as well as the region in terms of capital inflows, Foreign Direct Investment (FDI), external financing options and financial transactions globally.

10. This leads me to one of the issues for decision that we are urged to discuss and deliberate today, the operationalisation of SADC Anti-Money Laundering (AML) Committee as recommended by SADC Heads of Financial Intelligence Units, and Heads of Units/Divisions dealing with the implementation of FAFT Recommendations. This recommendation is in line with Article 10 of Annex 12 of the Protocol on Finance and Investment which provides for the establishment of a SADC AML Committee that would play an important role including reviewing the implementation of the Annex, preparing annual reports to the Ministers of Finance and Investment and enhancing cooperation with the Eastern, Southern Africa Anti-Money Laundering Group (ESAAMLG).

11. **Honourable Ministers and Distinguished Governors,** during these meetings we will consider several issues including reviewing progress made in the implementation of our decisions and strategic programmes for the region as articulated in the Regional Indicative Strategic Development Plan (2020-30), notably: update on the Project Preparation and Development Facility; update on the development of the Regional Transmission Infrastructure Financing Facility; update on the Operationalisation of the SADC Regional Development Fund; and progress on the harmonisation and strengthening of the financial sector, including the new SADC Strategy on Financial Inclusion and SMEs Access to Finance (2023-2028). We will also consider the roadmap on the assessment of implementation of the Protocol on Finance and

Investment which will lead the work of this Committee and that of the Governors in the coming years.

12. Finally, **Honorable Ministers and Distinguished Governors**, let me thank the Senior Treasury Officials as well as the Central Bank Officials for the thoroughness they exercised in preparing our documents. This will make our discussions easier and efficient.
13. With these remarks, I would like to thank you all for your attention and look forward to fruitful deliberations.

Thank you very much!

Muito obrigada!

Merci Beaucoup!

Asante sana!