



REMARKS

BY

**HIS EXCELLENCY MR. ELIAS MAGOSI
SADC EXECUTIVE SECRETARY**

ON

THE OCCASION OF THE OFFICIAL OPENING OF

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

06 AUGUST 2024

Honourable Dr. Victor Guilherme, Minister of Finance, Republic of Angola, and Chairperson of the SADC Committee of Ministers of Finance and Investment, and Co-Chairperson of the SADC Peer Review Panel;

Honourable Ministers from SADC Member States;

Mr. Lesetja Kganyago, Governor of the South African Reserve Bank, and Co-Chairperson of the SADC Peer Review Panel;

Governors of Central Banks from SADC Member States;

Ms. Angéle 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.

Good morning. I am delighted to extend a warm welcome you Honourable Ministers and distinguished Governors of Central Banks, and your esteemed delegations attending the meeting of the Committee of Ministers of Finance and Investment and the Peer Review Panel. Allow me to begin by expressing our sincere gratitude to the Republic of Angola, the Chairperson of SADC, for the continued cooperation in organising and facilitating this important meeting.

May I also express our gratitude to you, Honourable Ministers, and Distinguished Governors, for attending this meeting, despite your very busy work schedules.

Honourable Ministers and Distinguished Governors,

I wish to inform that the SADC Secretariat, with the participation and support of Member States, continues to implement the Protocol on Finance and Investment including the Peer Review Mechanism. Remarkable efforts and progress have been made by the Member States in fulfilling the commitments outlined in the SADC Protocol on Finance and Investment.

I would like to draw your attention to the fact that a considerable number of our Member States persistently continues to develop and enhance their financial markets. This is despite facing challenging global conditions. It is encouraging to note that economies have generally stabilised and new measures have been implemented to integrate sustainability into market frameworks. This progress can largely be attributed to a more stable macroeconomic environment following the impacts of the COVID-19 pandemic, the Russia-Ukraine conflict as well as conflicts in the Middle East. However, it is important to acknowledge that progress has not been consistent across countries and sectors, and there is plenty room for further improvement, particularly in advancing legal and capital markets.

Honourable Ministers and Distinguished Governors,

Allow me to direct my attention towards on the key roles of development finance interventions. It is widely acknowledged that development finance interventions are aimed at ensuring the availability of capital when financial markets fail to supply the needed capital. These interventions strive to address the deficiencies in financial markets and institutions enhancing their efficiency and establishing alternative development finance institutions (DFIs). The purpose of these DFIs is to directly supply capital to the market, dismantle regulatory barriers, and overcome other obstacles that hinder private markets from providing development capital.

Development Finance interventions play a pivotal at the multilateral, regional, and national level. For instance, it is important to highlight that these interventions contribute to 10% financing of global investment, accounting for over US\$20 trillion in assets and around US\$2.4 trillion of annual lending. Consequently, development banks hold significant importance in emerging economies, low-income countries, and developed economies alike.

However, it is important to underscore that the support of development banks implies a reflection of a balanced approach that encompasses the involvement of both the public and private sectors. There must be a paradigm shift instead of deciding whether it is the role of the state or the market in finance which dominates, as this is not the primary concern. It is more prudent to discuss the harmonious coexistence of these sectors and assess the inherent strength of each, in order to optimise their collaboration.

Honourable Ministers and Distinguished Governors

This brings me to the essence of my remarks today. The SADC Regional Development Fund (SADC RDF) as outlined in the SADC Treaty, aims to establish a financially sustainable framework that invests in regional projects to promote regional integration and enhance trade, resulting in positive economic and social benefits. Findings from a landscape review of active peer initiatives in Africa's infrastructure space highlighted the significant value-add of the SADC RDF. The main gaps that the SADC RDF would help bridge are in establishing an investment vehicle that includes a focus on public and private sector investments; provides patient long-term equity financing to bridge projects from the project development to the financing stage; and has a dedicated focus on regional projects.

As you may recall Honourable Ministers, you had requested for the African Development Bank to provide support in operationalising of the Fund, a Discussion Paper has been prepared. This paper presents various options and recommendations for the most suitable structure that the SADC RDF can adopt to effectively achieve its objectives.

This work was conducted with three key principles in mind, namely: (i) providing a pathway to sufficient scale to help address the regional infrastructure financing gap, (ii) ensuring majority control by SADC Member States, and (iii) financial sustainability while minimising contributions by Member States. The

paper is presented to you today to serve as the basis for discussion and decision on the proposed options and to pave a path towards the final Fund structure.

Honourable Ministers and Distinguished Governors

I would like to express my gratitude to Dr. Akinwumi A. Adesina, the President of the African Development Bank (AfDB),, for graciously accepting and wholeheartedly supporting the request from SADC Ministers of Finance and Investment. for the AfDB to assist in the operationalisation of the SADC RDF. The AfDB has provided invaluable assistance in the operationalisation of the SADC RDF, demonstrating their commitment to enhancing cooperation and partnership with our organisation. We highly appreciate the significant pool of capital and human resources extended by the AfDB for this assignment. SADC acknowledges the remarkable support we have received from the Bank in its endeavour to achieve deeper regional integration and development.

Honourable Ministers and Distinguished Governors

As I conclude, I would like to thank **Honourable Victor Guilherme**, Minister of Finance, Republic of Angola and Chairperson of the Committee of Ministers of Finance and Investment, together with his co-Chairperson of the Peer Review Panel, **Mr Lesetja Kganyago**, for their leadership, and tireless efforts in guiding the work of these Sectors and Committees. Let me also thank the Senior Officials for the excellent preparations for this meeting.

I look forward to fruitful deliberations as we continue working as a collective in advancing the SADC regional integration agenda for the benefit of our citizens. As your Secretariat, we remain resolute in our efforts to service our Organisation and our region.

Thank You Very Much,
Merci Beaucoup,

**Muito Obrigado,
Asante Sana.**