



**OPENING REMARKS**

**BY**

**HER EXCELLENCY, DR. STERGOMENA L. TAX**

**SADC EXECUTIVE SECRETARY**

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

**JOHANNESBURG, SOUTH AFRICA**

**11 JULY 2018**

**Honourable, Nhlanhla Nene, Minister of Finance of South Africa, Chairperson of the Committee of the Ministers of Finance and Investment, and Co-Chairperson of the SADC Macroeconomic Peer Review Panel;**

**Honourable Ministers of Finance and Investment;**

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

**Dr. Thembinkosi Mhlongo, the Deputy Executive Secretary for Regional Integration;**

**Distinguished Governors of Central Banks;**

**Senior Treasury, Central Bank Officials and SADC Secretariat Staff;**

**Representatives of Media Organizations;**

**Ladies and Gentlemen.**

It gives me great pleasure to welcome you all to this meeting of Ministers of Finance and Investment, which will be followed by the meeting of the SADC Macroeconomic Peer Review Panel, comprising of Ministers of Finance and Central Bank Governors. I am thankful that, despite your busy schedules, you have honoured our invitation to participate in this important meeting. May I also extend our appreciation to the Government and people of the Republic of South Africa for the warm hospitality since our arrival in Johannesburg, and for the facilities put at our disposal that have facilitated the smooth conduct of these meetings.

## **Honorable Ministers, and Distinguished Governors,**

The Protocol on Finance and Investment is an integral pillar of the SADC economic integration agenda, and sets out a legal basis for harmonization and regional cooperation in the finance, investment and macroeconomic policy sub-sectors. The Protocol also provides the framework within which, a conducive and stable macroeconomic environment, and deepening of the financial sector can be enhanced for overall regional economic integration.

It is pleasing to note that there has been notable progress in these sub-sectors. Allow me to highlight progress in the area of cross-border payment, which is being championed by the Central Bank Governors. The SADC Integrated Regional Electronic Settlement System (SIRESS) has made progress, moving from single currency settlement system (Rand settlement) into a multi-currency settlement system, with the US Dollar as the additional currency of settlement. Settlement in US Dollars on the current platform is expected to go live in October 2018, while the whole multi-currency platform is expected to be fully operational by December 2019. Noting that the facilitation of payments remains a key challenge to intra-SADC trade, the addition of the US Dollar, that account for about 60% of intra-SADC cross-border transactions is expected to facilitate greater cross-border trade and investment in the region. Progress has also been made in making SIRESS a more inclusive payment platform, which will also deal with low value cross border payments in the region. This milestone is important in consolidating progress and catalyzing developments in some of the milestones already attained by the

Southern African Development Community (SADC), in particular, the SADC Free Trade Area. Member States are encouraged to learn from these successes, and in doing so, expedite implementation of other SADC programmes.

The operationalization of the Project Preparation and Development Facility (PPDF) was a key milestone for the region, which started with infrastructure development with a number of projects having been evaluated and developed to a bankability stage, ready for investment by public, private sector, and financial institutions. To-date a total of nine projects have been financed under the Facility.

### **Honourable Ministers,**

Notwithstanding the achievements made, this milestone needs to be moved to the next level, by operationalizing the SADC Regional Development Fund (SADC-RDF), the first step of which, would be to sign the Agreement and also deposit the respective instruments of ratification. While we all recognize the importance of mobilizing adequate and sustainable resources for our regional programmes, delays in signing and ratifying the Agreement, remains a matter of serious concern. This is the region's vehicle that will facilitate mobilisation of resources for regional programmes and propel the region out of dependency and poverty, which deserve prioritization. SADC has embarked on economic and technical transformation through the SADC Industrialisation Strategy and Raodmap 2015-2063, as a long term perspective. The programme will only be sustainable with sustainable financing. The Regional Development fund is aligned to this long term perspective and has

prioritized Infrastructure and Industrialisation windows, which are to facilitate industrialisation with infrastructure development aimed to leverage industrialisation. The Regional Development Fund, and other sustainable ways of financing our regional programmes are unavoidable, recognizing the pace of the 4<sup>th</sup> Industrial Revolution.

The Secretariat remains committed to this noble cause, and through its engagement with Partners, the African Development Bank has accepted to support the Operationalisation of the SADC Regional Development Fund. Let us seize this opportunity to move our region forward with speed.

While appreciating the achievements recorded in sustaining macro-economic fundamentals, the wheels of the integration agenda seem to be loosening. The macroeconomic fundamentals in some of our Member States seem to be slowly diverging from the targets that we had set for ourselves. For the past six (6) years, the Region has experienced dampened economic growth. This has affected other sectors including the financial sector as indicated by rising non-performing loans. While inflation has slowed down in general, it remains high with some Member States still in the double digit levels. Weak exchange rates and aftermath impacts of weather-related factors, including the drought of 2015-16 continued to influence price movements in some of the Member States. In the fiscal sector, public revenues have remained low and in some instances declining in the face of increasing public expenditures. To this effect, may I call upon Member States to critically analyze these disturbing developments, and take timely corrective measures.

SADC Member States continue to be confronted with a number of challenges that need urgent attention in order to effectively steer the SADC integration agenda in various sectors including those that are under the mandate of Ministers of Finance and investments, namely Finance, Investment and Micro-economic policy. Our people are still faced with abject poverty due to inability to access resources and financial services, that would facilitate their meaningful participation in the SADC industrialization program, which has been prioritized to drive the technological and economic transformation of our economies. This cannot continue unchecked, SADC needs an intensive program that promotes the full participation of the SADC citizens in the integration agenda, particularly the youth and women. The SADC Financial Inclusion Strategy is one instrument that provides a benchmark for the inclusion of Small and Medium Enterprises (SMEs). I would like to encourage Member States that have not yet developed their Strategies to take advantage of the SADC Financial Inclusion Strategy, to do so expeditiously.

### **Honorable Ministers and Distinguished Governors**

As per the programme, we will be meeting this afternoon to Peer Review macroeconomic performance in selected Member States. The importance of Peer Review macroeconomic performance cannot be over emphasized, as the process seeks to promote the credibility and effectiveness of our respective policies, in pursuance of macroeconomic stability.

It is pleasing to note that considerable progress has been made since the launch of the SADC Macroeconomic Peer Review Mechanism in May 2013 in Maputo, Mozambique, as attested by the number of Member States, (eight as follows: Angola, DRC, Lesotho, Malawi, Namibia, Swaziland, Tanzania and Zimbabwe) which have been peer reviewed thus far, and have taken measures to implement the recommendations of the Peer Review. This time around, the Peer Review Panel will be reviewing Reports for Botswana, Mauritius, Mozambique, South Africa and Zambia, which were prepared by Kingdoms of Eswatini and Lesotho, and Namibia, Angola and Zimbabwe as reviewers. The lessons learned, and experience gained through the reviews continue to provide a solid basis for improvement. May I commend all Member States for their commitment, and encourage all, to strictly adhere to the agreed measures and timeframes.

As I conclude, let me wish you fruitful deliberations, and thank the Senior Officials and Secretariat teams for the excellent preparations for the meetings. May I also take this opportunity to thank Honourable, Nhlanhla Nene, the Chairperson the Committee of Ministers of Finance and Investment and Co-Chairperson of Peer Review Panel for the continued guidance and exemplary leadership with which, he steered the Committee that resulted in the progress attained this far. May I also welcome the Honourable Calle Schlettwein, Incoming Chairperson of the Committee of Ministers of Finance and Investment and Co-Chairperson of Peer Review Panel. I wish to assure you that the Secretariat will remain

resolute in supporting your efforts in leading, and advancing the regional integration agenda for the benefit of our region's citizens.

At this juncture, may I call upon Honourable, Nhlanhla Nene, Minister of Finance of South Africa, and Chairperson of the Committee of Ministers of Finance and Investment and Co-Chairperson of the SADC Macroeconomic Peer Review Panel to officially open the meeting.

**I THANK YOU**