KEYNOTE SPEECH AT THE LAUNCH OF THE FIRST AFRICAN SOVEREIGN DEBT MANAGEMENT CENTRE IN SOUTH AFRICA – DEPUTY MINISTER OF FINANCE

NHLANHLA NENE, MP

Deputy Secretary General of the OECD,

CEO and Managing Director of the DBSA,

Central Bankers and Debt Managers of Africa and OECD countries,

Treasurers from State Owned Entities,

Officials from financial institutions and development finance institutions,

Members of Stock Exchanges in Africa,

And other guests;

It is indeed an honour to welcome you to the launch of the African Sovereign Debt Management Centre in South Africa.

Debt Managers and Central Bankers in Africa, together with the OECD have been engaged in Public Debt Management and Bond Market developments in this kind of setting since 2006.

The initiative to establish an African Debt Management and Bond Market Development Centre in South Africa came from African Debt Managers themselves. Debt Managers in Africa have expressed their views on the need for a structured skill-sharing platform aimed at promoting African Capital Markets investments structures, which subscribe to international best practises.

The establishment of the Centre was made possible by the support received from the Government of South Africa, the OECD, fellow African Countries and Financial Institutions.

The signing of the Memorandum of Understanding (MOU) for the establishment of the Centre took place in Paris on 25 June 2011. During this ceremony, the Secretary General of the OECD stated that the new centre symbolises the OECD's increasing co-operation with emerging markets and developing economies.

The new Centre can only be a success with the support of the international community and the active participation by the various role players within the African Bond Market.

The eyes of the world are indeed on Africa. Our continent. is rich in scarce natural resources, which many developed countries need to sustain the daily running of their industries. Africa, needs to spend large amounts of monies on infrastructure, especially on transportation and energy. This could radically improve growth prospects and the ability to efficiently deliver public services that contribute to attaining the United Nations' antipoverty Millennium Development Goals. The needs are massive – the World Bank has estimated that in sub-Saharan Africa alone the total financing needed is $93 billion per year of which a third remains unfunded.

Notwithstanding the rapid gains of the last decade, poverty remains pervasive in sub-Saharan Africa. In so many places, rapid growth has not yet translated into local employment opportunities, a better social safety net, or a higher quality of life. In addition, weak governance, limited administrative capacity, or the political instability have suppressed or reversed per capita – GDP gains.

Africa, in my opinion, is ready to take the next step in her surge to sustainable growth. The world is in fact ready to do business with our continent, but we should make sure that we set the terms of doing business.

The Government of South Africa has identified the advancement of the African continent as a strategic priority. This is in recognition that as a country, we share a common destiny with the rest of the African continent. As Africans we can say to the world, on the back of debt relief, we have been able to institute and implement rigorous programmes of macro economic reforms that set out our respective countries and the continent on the path of a more resilient and sustained growth path.

Regional structures in Africa have laid the foundation for working closely towards regional integration. Recently the SADC, COMESA and the EAG have announced that free trade amongst south, middle and eastern African countries will be possible in three years time. Africa is not only ready to do business with the rest of the world, but also with one another.

To do business you need markets that will attract much needed capital.

The fiscal reform agenda and debt management efforts that we have been able to pursue in our individual countries, have shown the emergence, expansion and in some cases even led to the deepening of local bond markets: countries are increasingly extending their yield curves.

Perhaps more importantly for debt management, we have been progressively becoming more transparent and predictable in the manner in which we issue debt and report on it.

Payment systems and platforms to trade and settle transactions remain a challenge and a solution is perhaps to start sharing platforms which could be much more cost effective.

Further developments are that the primary dealers' systems have now been adopted by many Africa countries to bid on behalf of investors at primary bond auctions and to sell the bonds in the secondary market to provide much needed liquidity.

We have seen that more and more securities are listed and comply to the listing requirements of Stock Exchanges in Africa.

Finally the investor base is more diverse and Sovereigns are not only reliant on bank investors and government pension funds to buy their paper. Post the financial crisis, figures have shown that the foreign investors have a keen interest in the local currency bond markets of African countries.

The challenge remains that African countries should make their macro and foreign exchange policies robust to capital flows, in order to manage the burden of new debt and to keep searching for new resources that could finance infrastructure investment opportunities.

We have seen that over the years many Development Agencies, Multilaterals, Banks and other financial institutions have made huge strides towards assisting African countries to manage their finances and help build bond markets.

It is time that we take control as Africans and be in charge of our own destiny. It is time that we work together towards our common goals and share our views and build capacity among ourselves.

The new Centre on African Debt Management and Bond Market development is a step in the right direction. We can now sit together, plan our goals and co-ordinate our processes.

This is not something we can do alone. The strong partnership we have built with the OECD will ensure that the world's best practises will always be at our disposal. My plea tonight is that this should be a joint effort between Debt Managers, Central Bankers, the OECD and other institutions which are already involved in Africa. As a collective, our efforts will carry more weight and produce more meaningful results as compared to our individual efforts.

I wish everyone involved in the Centre's activities fruitful deliberations and may we all work towards a better Africa and so doing strive towards improving the quality of life of our people.

Lastly I want to thank Mr Baloyi and his team at the DBSA for making available the use of their excellent facilities which is indicative of our continued shared vision for Africa.

I thank you.