



OFFICIAL OPENING ADDRESS

**BY HONOURABLE MARTIN DLAMINI,
MINISTER OF FINANCE,
SWAZILAND**

**DURING THE OPENING OF THE MEFMI COMBINED FORUM FOR
MINISTERS, GOVERNORS AND SECRETARIES OF FINANCE AND OF
ECONOMIC PLANNING**

**6TH OCTOBER 2015, SHERATON LIMA HOTEL AND CONVENTION
CENTRE**

LIMA, PERU

- **Honourable Ministers;**
- **Central Bank Governors;**
- **Permanent Secretaries;**
- **The Executive Director of MEFMI, Dr. Caleb Fundanga;**
- **The Sector Leader for Government & Infrastructure of EY in Africa, Mr. Joe Cosma;**
- **The Director of the Investec Investment Institute, Mr. Malan Rietveld;**
- **Senior Officials of EY and Investec Institute;**
- **The Vice President and Treasurer of the World Bank, Ms. Arunma Oteh;**
- **The Executive Secretary of the African Capacity Building Foundation, Prof. Emmanuel Nnadozie;**
- **The President of Afrexim Bank, Mr. Benedict Oramah;**
- **Representatives of the donor community;**
- **Distinguished Speakers;**
- **Ladies and Gentlemen.**

It is a great pleasure for me to preside over the opening ceremony of this year's MEFMI Combined Forum for Ministers, Governors and Secretaries of Finance and Economic

Planning from the MEFMI region. I would like to welcome you all to Lima and to this Forum in particular. May I extend a special welcome to those colleagues who are attending this event for the first time! I am sure you will appreciate the diversity of thoughts and the rich debates that characterize this Forum. We look forward to your contributions in this regard.

Before I proceed further, allow me to also welcome two private partners, Ernst & Young and Investec, who are co-hosting this event with MEFMI. On behalf of the MEFMI member state Ministers, I would like to thank the two partners and their officials for this positive gesture and I look forward to valuable interactions with them during and after this event.

Distinguished Delegates, Ladies and Gentlemen, it is exactly a year ago when we met in Washington DC for this annual Forum.

Honourable Ministers, Governors and Secretaries, our region has witnessed significant progress since the formation of MEFMI, including improvements in macroeconomic and financial management, reduction in external indebtedness through the HIPC initiative, accumulation and management of reserves, and discovery of new natural resources, particularly oil and gas in a number of our countries. In general, there is improved human and institutional capacity in macroeconomic and financial management across the region. The improvements are attributed to the significant role that MEFMI's has played over the last 20 years in our countries. It would take me the whole day to enumerate the progress made by member states and achievements made by MEFMI in this regard.

Despite these achievements, new challenges still remain which prohibit the attainment of our shared goals of economic growth and poverty reduction in the region. For instance, subsequent to obtaining new lows in Debt/GDP ratios, many countries were subjected to sovereign credit rating and started accessing the bond markets. This trend has led to the new rise of debt levels in some of our countries. We therefore live in an environment where attainment of economic growth is determined by our tenacity in formulating and implementing appropriate national policies in response to dynamic regional and international developments. It is against this background that the theme for this year's Combined Forum is **“Leveraging Natural Resources for Economic Transformation”**.

I find this theme to be very pertinent for our region considering the numerous constraints to economic growth and development being faced by our countries while exploring the emerging opportunities such as the discovery of new natural resources.

Distinguished Delegates, Ladies and Gentlemen, allow me to briefly reflect on a few topics to be discussed in this forum:

Over the past five years, MEFMI countries have made additional discoveries of natural resources. These include oil, gas, diamonds, gold, copper, and uranium amongst others. New discoveries are expected to propel MEFMI Member States to become the world's resource-based growth and economic frontier, in the medium to long-term, broaden fiscal space and provide opportunities to address poverty. However, these aspirational outcomes are not guaranteed due to the following: Inadequate capacity in managing natural resources in the region, specifically on Contract Negotiation, Taxation of Natural Resources, and Establishment and Management of Sovereign Wealth Funds (SWFs); and

The finite nature of natural resources, which without proper investment and management, may disadvantage future generations.

Distinguished delegates, ladies and gentlemen, we are aware of many studies conducted regarding the management of natural resources, however, not many studies have provided concrete direction, particularly for our region and policy framework/Institutions in the macroeconomic and financial sector to manage the revenue accruing from natural resources. According to Prof. Joseph E. Stiglitz, *"It appears that, on average, resource-rich countries have performed worse than those with smaller endowments. But not all resource-rich countries have fared the same. Some 30 years ago, Indonesia and Nigeria had comparable per capita incomes, and both were heavily dependent on oil revenues. Today, Indonesia's per capita income is four times that of Nigeria's. Both Sierra Leone and Botswana are rich in diamonds. Botswana has had an average growth rate of 5.2 percent between 1974 and 2002, but Sierra Leone has plunged into civil strife over control of its diamond riches. But even when countries as a whole have done fairly well, resource-rich countries are often marked by large inequality, poverty, war insurgence and illiteracy amongst others"* (From Resource Curse to Blessing, by Joseph E. Stiglitz,

August 6, 2012 at

[//www0.gsb.columbia.edu/faculty/jstiglitz/download/papers/2005_Covering_Oil.pdf](http://www0.gsb.columbia.edu/faculty/jstiglitz/download/papers/2005_Covering_Oil.pdf)).

Ladies and Gentlemen, the Forum is going to discuss a range of topics surrounding this phenomenon, including: *Transforming Depleting Natural Resources into Income for Growth; Taxation of Natural Resources: Principles and Policy Issues; Managing Africa's Revenues: In search for Stability and Diversification; and Management of Sovereign Wealth Funds (SWFS), the case of Botswana.*

Distinguished ladies and gentlemen, it is my hope that by the end of this Forum, we will have shared, in great depth, the possible solutions to these issues that confront our nations. I have no doubt that this Forum will make a significant contribution towards realising MEFMI's mandate of enhancing economic management capacity in the region and enabling the economies to address their numerous economic and social challenges.

With those remarks, it is my honour and privilege to declare the 2015 MEFMI Combined Forum, officially open.

I THANK YOU.