Press release on behalf of AADFI and ADFIAP

Opening of the 1st joint CEO Forum

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Johannesburg, South Africa

CEOs from across the southern hemisphere were meeting at a “very opportune” moment.

The 1st joint CEO Forum organised by the Association of African Development Finance Institutions (AADFI) and the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) is being held at a time when “the recovery from the global financial crisis – a glitch in the financial sector – is still very fragile”, the chief executive of South Africa’s Industrial Development Corporation (IDC), Mr. Geoffrey Qhena, reminded guests at the opening ceremony.

The Forum, taking place in Johannesburg, South Africa, on 15 and 16 November, involves some 200 participants from development financing institutions, commercial banks, specialist agencies and government ministries.

Its aim is to promote closer co-operation throughout Africa and the Asia-Pacific region to boost socio-economic development. Participants are tackling the theme “Promoting South-South Co-operation among DFIs through Value Chain Financing in Africa, Asia-Pacific and the Caribbean”.

Qhena added: “However, the economic growth that we are expecting is coming from developing countries.” This placed development finance institutions (DFIs) centre stage as they ensured that infrastructure needs were financed, agriculture projects and manufacturing activities were managed, and capital was affordable.

“It is important that, as associations, we convince other non-member DFIs that there is value to belong to associations.”

Objectives of the two-day Forum include:

- Developing a closer working relationship among CEOs and senior executives of development finance institutions (DFIs) and their strategic stakeholders in Africa, Asia and the Pacific;
- Sharing best practices in development financing operations;
- Developing a network for cross-border financing and investment promotion; and,
- Supporting efforts to promote inclusive socio-economic development through South-South co-operation among DFIs.

On her part, Ms. Moomo Mupotola, Manager: Regional Integration and Trade Division at the African Development Bank, indicated: “As the AfDB, we are particularly satisfied that this workshop has brought together about 200 CEOs and senior managers in Africa and Asia DFIs … I trust that the free exchange of your valuable knowledge and experiences will greatly benefit all of us, and provide some useful ideas regarding the design and implementation of value chain finance.”

A key aspect of the Forum is looking at ways that value chain financing can be used to integrate micro, small and medium enterprises (MSMEs) into the broader economy.
The AfDB recognised the strategic importance of supporting small and medium enterprises (SMEs), particularly in the agricultural sector, as a way of promoting Africa’s export competitiveness, inclusiveness and regional integration.

With regard to the importance of value chain finance and related challenges, she said: “Interest in value chain finance is not new to African and Asian governments. South Africa and India been using value chain analysis for years to formulate and implement competitive strategies.”

“More recently,” Mupotola said, “Asian and African governments and their development partners are devising interventions along value chains that reposition entire industries, build business competitiveness as well as facilitate upgrading of others to generate greater returns, promote foreign direct investment programmes and spur economic growth.”

Value chains were also used as a tool for MSME development and that access to value chain financing was regarded as part of a sound environment for MSME and rural development. “Value chain finance is also cheaper than traditional finance.”

**Strengths and opportunities**

Mupotola stressed that one of the key challenges of the CEO Forum was to not only see how the strengths and opportunities of supply chains could be used to improve efficiency and access to finance, but also to realise the limitations and offer ideas on dealing with those left behind.

“The role of the AfDB in promoting regional financial integration in Africa is to promote sustainable economic growth and reduce poverty in Africa. We see regional integration and financial inclusion as fundamental to our objectives ... We are facilitating regional integration in Africa through regional infrastructural development, private sector development, business and enabling environmental programmes, aid for trade, and regional financial integration,” she stated.

“In supporting rural and SME development in Africa, the bank makes use of financing and non-financing instruments, including SME financing, leasing, SME guarantees, private equity and technical assistance, among others.”

This CEO Forum is a milestone event for both AADFI and ADFIAP, providing a platform to exchange and share knowledge.

The ADFIAP Chairman Datuk Wan Azhar Wan Ahmad underlined that “as a first to be held in Africa, the Forum is a welcome development ... Development finance institutions are unique entities and are expected to be sustainable and profitable. They have to be recognised for good measure and as instruments for economic growth.

“The challenge for DFIs is to adopt innovative mechanisms in development finance in the face of the current financial crisis,” he said, adding that in Asia, most governments had gone for a new approach to grow SMEs by creating conducive eco-systems and transforming SMEs to be globally competitive.

His AADFI counterpart, Mr. Peter Noni, hailed the gathering as extremely valuable, emphasising: “The journey to this Forum is a product of the memorandum of understanding [MoU] signed between AADFI and ADFIAP in 2010 in Malaysia. The MoU was aimed at strengthening relationships
and promoting an enlarged window of opportunities for learning and experience sharing on best practices in development financing.”

The objective of the Forum, he added, was to develop a closer working relationship among DFIs and senior executives of DFIs in Africa, Asia-Pacific and the Caribbean, in order to “share and learn best practices in development financing operations and develop a network of cross border financing and investment promotion by DFIs on the continents”.

Its workshop theme, “Enhancing Export Competitiveness through Value Chain Finance”, provided an opportunity to examine the challenges of SMEs in Africa, which were predominantly small scale farmers in rural areas. “Around 90 percent of African agriculture production is from small scale farmers. Lack of funding to the small scale farmer has led to stagnation of farm productivity and has partly hindered growth of exports, Noni affirmed, adding that “a sustainable solution to the predicament of small scale African farmers can only be reached through a value chain approach that will review and address all requirements from producers to consumers”.

In conclusion, he indicated that “the theme of this workshop provides an opportunity for AADFI members to learn from the Asian experiences and see how [they] can be applied in the transformation of the small scale African farmer”.

South-south co-operation

Declaring the Forum open, Mmakgoshi Phetla Lekhethe, the Deputy Director General: International and Regional Economy Policy at the South African National Treasury, said: “We cannot allow the woes of Europe to affect our development. It is important to note that things are not looking good; that we are living in the worst economic situation in years.”

She added that what was happening in Europe posed challenges in other parts of the world, like Asia, but that south-south co-operation was key. “It is important that African and Asian countries redefine their development. We have to look to ourselves and not to Europe and not rely on aid from Europe. We should place greater emphasis on alliances with like-minded friends, in a south-south co-operation.”


ADFIAP and AADFI share similar objectives of fostering co-operation among development finance institutions, and both are key members of the World Federation for Development Financing Institutions (WFDFI) www.wfdfi.org.

For more information about ADFIAP, visit: www.adfiap.org.

For more information about AADFI, visit: www.adfi-ci.org.

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