



MINISTRY OF FINANCE
REPUBLIC OF SOUTH AFRICA

**REMARKS BY MINISTER OF FINANCE, MR. TITO MBOWENI, AT THE 5TH NDB
BOARD OF GOVERNORS VIRTUAL MEETING**

DATE: MONDAY, APRIL 20, 2020

TIME: 13:00 (SA TIME)

Good Morning, Good Afternoon and Good Evening Governors

1. Governors - we are all in agreement that these are remarkable and extraordinary times. Unfortunately, we sit in the unenviable position of steering our economies out of the pandemic relatively unscathed which is, in itself, a tall ask.
2. No economy will be left unscathed. The IMF projects that the global economy will contract by 3 percent this year, before economic activity recovers in 2021 to 5.8 percent. Assuming that this pandemic is overcome in the second half of this year.
3. There is extreme uncertainty around economic forecasts. The projected economic impact of COVID-19 on each of our economies varies vastly. While the impact on Emerging Markets and Developing Economies is considered to be more moderate, contracting by 1 percent, the pathway of COVID-19's effects on EMDCs and sub-Saharan Africa, which will contract by 1,6 percent, is significantly different with potential long-lasting implications.
4. It is with this understanding that last week, we as the BRICS, endorsed measures to support all poor countries and called on the IFIs and MDBs to augment their facilities and financial assistance to all their members.
5. South Africa acted timeously in introducing measures to mitigate against the spread of the virus, including implementing a state of national disaster, national lockdown, and social distancing.
6. We have also been working on a national recovery package, which will include putting in place the much need structural reforms.
7. Amidst this bleak picture, we have something of a green shoot to celebrate. Our project, the New Development Bank, seems to be hitting its stride just when we require its services primarily as a financing house.

8. With over US\$16 billion in approved projects, and roughly 150 staff compliment, I think we all agree that now is the opportune moment to uncover the full potential and might of this institution.
9. Simplistically speaking, the way forward should unfold in two phases:
 - Firstly, the bank and its membership must take care of the immediate toll of this global pandemic on its populace, and its economies. This may likely require us to re-prioritise and set aside some of our plans in order to be fully present and alive to the world and its new realities. I suspect, for example, that our expansion as previously foreseen will take on a completely different size and scale.
 - Secondly, we must learn how to master the new world that shall confront us hereafter. The way that humanity relates would have changed, consumer behaviour, perhaps even social structures. Looking ahead, it is of paramount importance that the Bank fits the mold of the world ahead; and quiet the voices within that harken to a time before the virus.
10. I look forward to seeing the Bank's offering renewed. I am excited about the NDB's equity instrument; local currency lending, and have a keen eye on the direct finance to Sub National Government, amongst others.
11. It is without saying that the environment in which the Bank operates and raises funds in has transformed, the Bank must evolve with it. With crisis comes opportunity. Let's renew the "newness" of the NDB. And with a fresh and optimistic outlook take on upcoming challenges with courage and vigour.
12. I wish to thank President Kamath and his stellar team of VPs: Messers Kazbekov, Maasdorp, Sarquis and Zhu.
13. Through your stewardship, Mr Kamath, and the efforts of the Management team, the Bank is on a solid footing.
14. The founders of this Bank had a vision. It was handed to you, to make manifest. And we thank you for your service. I wish you well for the rest of your term, and hope you may have a bright start in your future endeavours.

Thank you.

Enquiries: Contact Ms Mashudu Masutha-Rammutle on 0665492596, alternatively send an email to media@treasury.gov.za

Issued by Ministry of Finance

Date: 20 April 2020