

***Stimulating Sustainable Economic Growth:  
Can we help by supporting  
Strategic and Business Planning?***

***IPAC National Conference***

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***Frank Schwartz***

***Belleclaire Consulting Inc., Halifax***

# *The Assignment*

**Facilitating preparation of:**

**1.2009-14 Strategic Plan**

**2.2009-11 Business Plan**

**3.a results management framework**

**for the Southern African Development Community's (SADC), Development Finance Resource Centre (DFRC)**

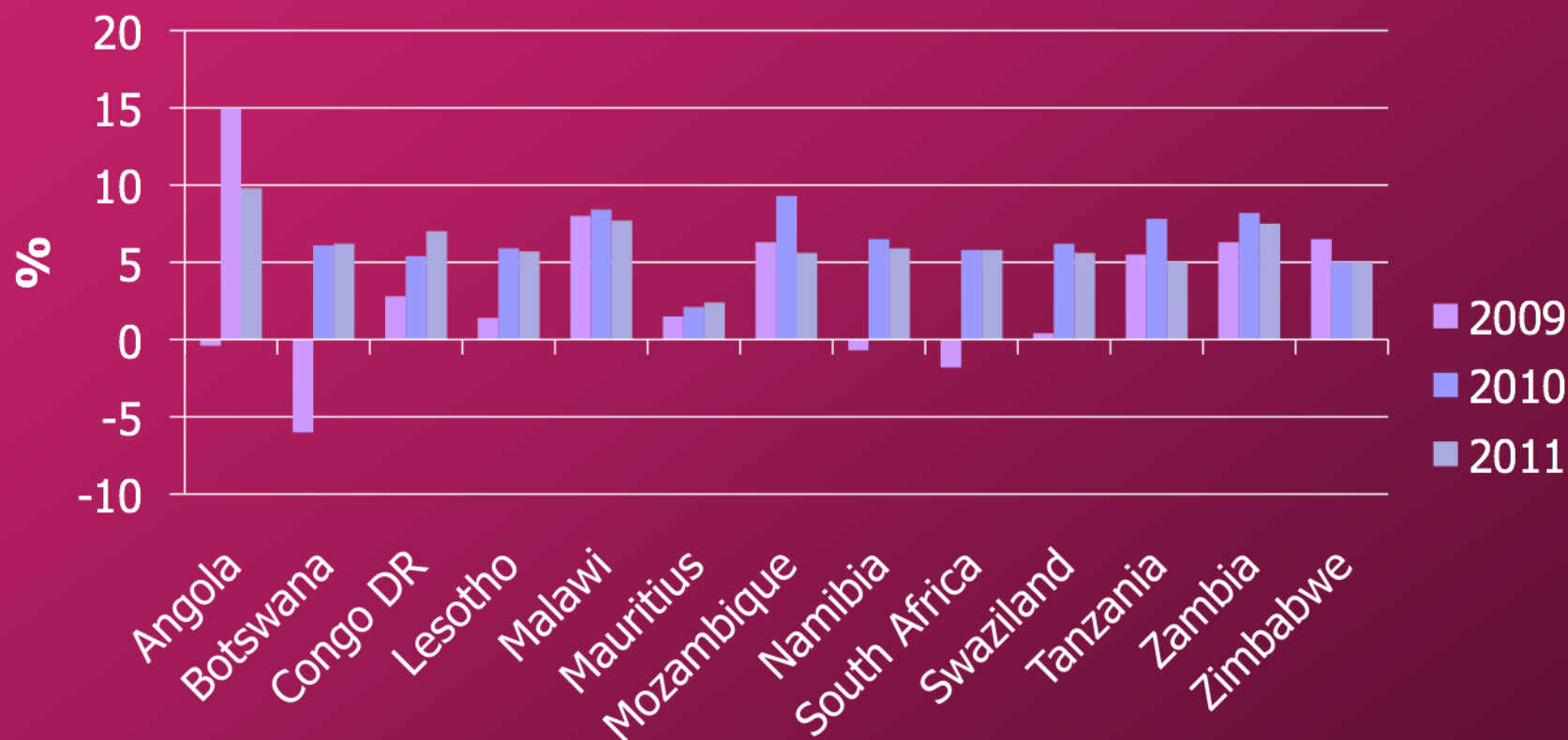


# *Some Key Definitions*

- **SADC** - Southern African Development Community – a multilateral organization established to promote sustainable and equitable economic growth and socio-economic development in its (15) member states.
- **DFI** - financial institution, usually established by government, to facilitate investment in areas where the market fails to invest sufficiently
- **DFI Network (DFIN)** – a formal body of SADC established to enhance development finance in the region
- **DFRC** – The DFIN’s secretariat charged with promoting DFIs in the region and positioning them as critical agents of development

# SADC Economic Outlook: Real GDP growth

Recession mostly avoided in 2009. Strong recovery projected for 2010



Source: IMF Regional Economic Outlook, April 2010

# *Finance is a centre of attention...*

- Recognition that markets and commercial FIs cannot achieve everything
  - Commercial banks are cautious
  - Many African countries are by-passed by commercial flows
- Recognition of particular development gaps – infrastructure, SMMEs, agriculture
- More resources from MFIs
- Opportunities in new technology & partnerships (MFIs, telcos, donors)

## *... and DFIs are well-placed to:*

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1. Address market failure/fill development gaps
2. Mobilize resources
3. Help advance REI, a goal of SADC
4. Influence policy formulation
5. Provide finance, training and skills to SMEs

# *However, there are serious challenges*

1. The institutional capacity of the DFIs
2. Insufficient no./vol. of “prospects”
3. SME financing is highly risky
4. Under-developed capital markets, esp. for long-term local currency instruments
5. Risk of government interference
6. Risk of “crowding out” the private sector from commercially viable markets

# *SADC's DFI Network*

## 1. Statutory Body

## 2. Membership: 27 DFIs in 10 countries

## 3. Role:

- Collaborate on cross-border & in-country financing of projects in SADC
- Pool resources to mobilize intra- & extra-regional funds
- Share experience & best practices
- Where viable, take equity in each other's institutions
- Invest jointly in new structures where necessary
- Collaborate on institutional mechanisms to facilitate cooperation and development finance in SADC
- Support integration of Regional/Global development goals into National development frameworks

## 4. Secretariat: DFRC

# *DFRC Mission and Roles*

**Mission:** to provide capacity building, policy research and advisory services in development finance to the SADC DFIs and Governments - thereby contributing to SADC's goals of economic growth and sustainable development.

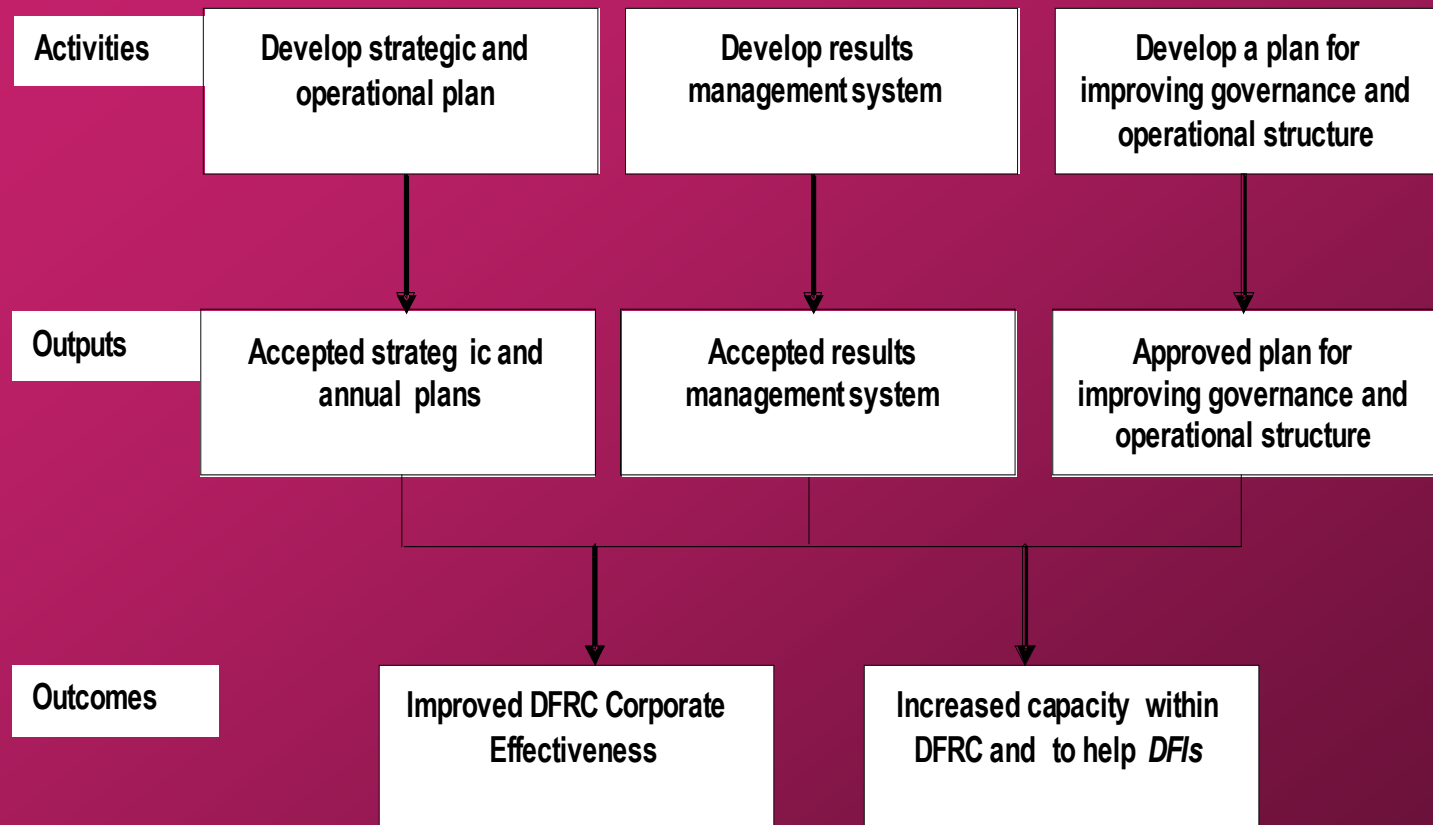
## **Roles:**

- 1. DFIN Secretariat** - facilitator and coordinator
- 2. Institutional strengthening** - through improved corporate governance, capacity building and skills development
- 3. Advisory Services** - to DFIs and governments

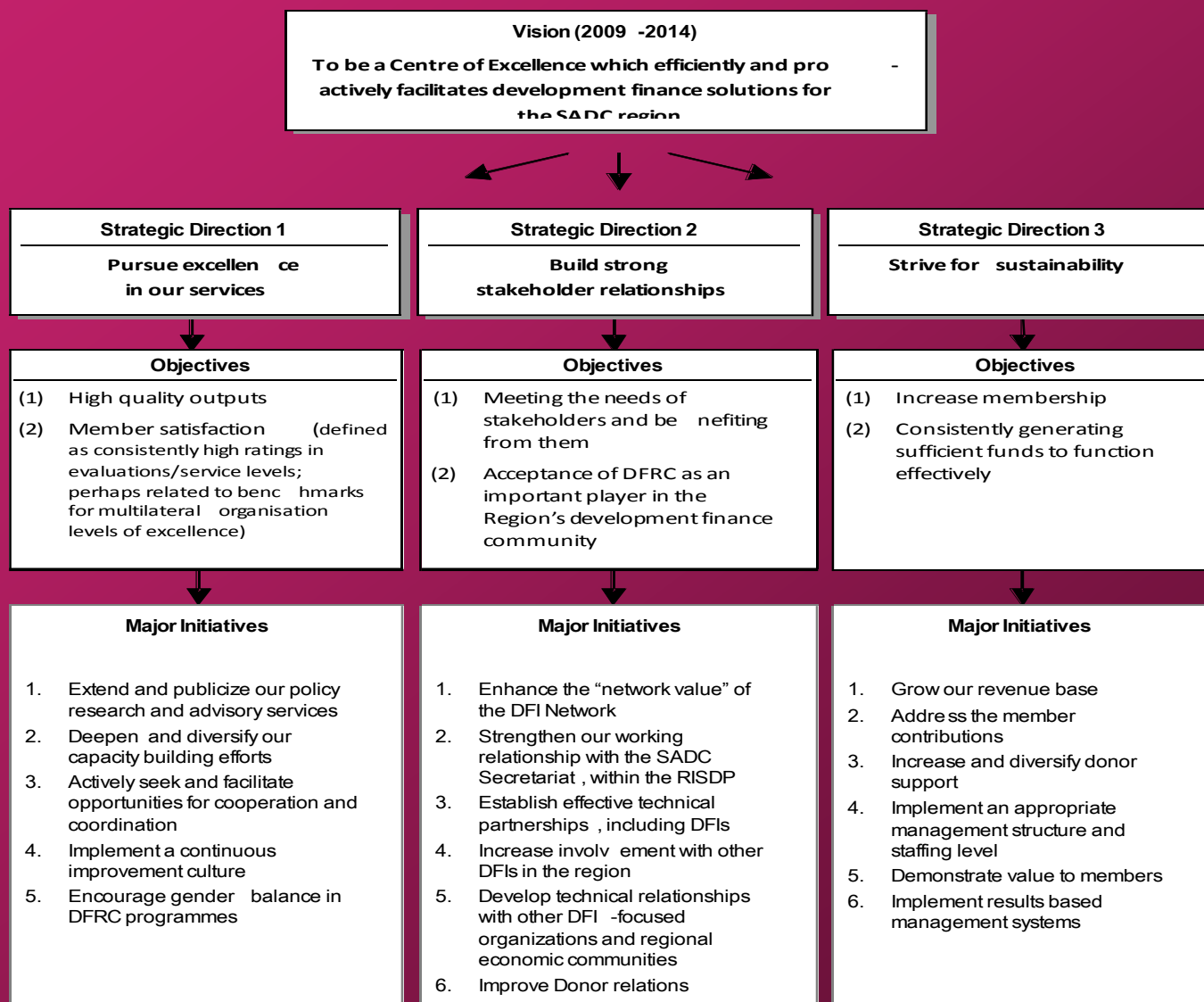
# *DFRC Funding Sources*

- Administrative budget funded through membership dues of DFI Network members.
- Programme activities funded from donor sources augmented by member contributions (mostly fees).
- Donors include:
  - DANIDA
  - WB/PPIAF
  - ACBF
  - AfDB/JAI
  - DBSA
  - IDC
  - WB/GCGF
  - CIDA
  - European Union/SADC

# Assignment: Expectations & Results <sup>IPAC</sup>



# Strategic Plan Overview



# Planning through Work Structure

## DFRC 's Strategic Plan

## DFRC 's Work Structure



## DFRC 's Business Plans

# Perf Mgt through Business Processes

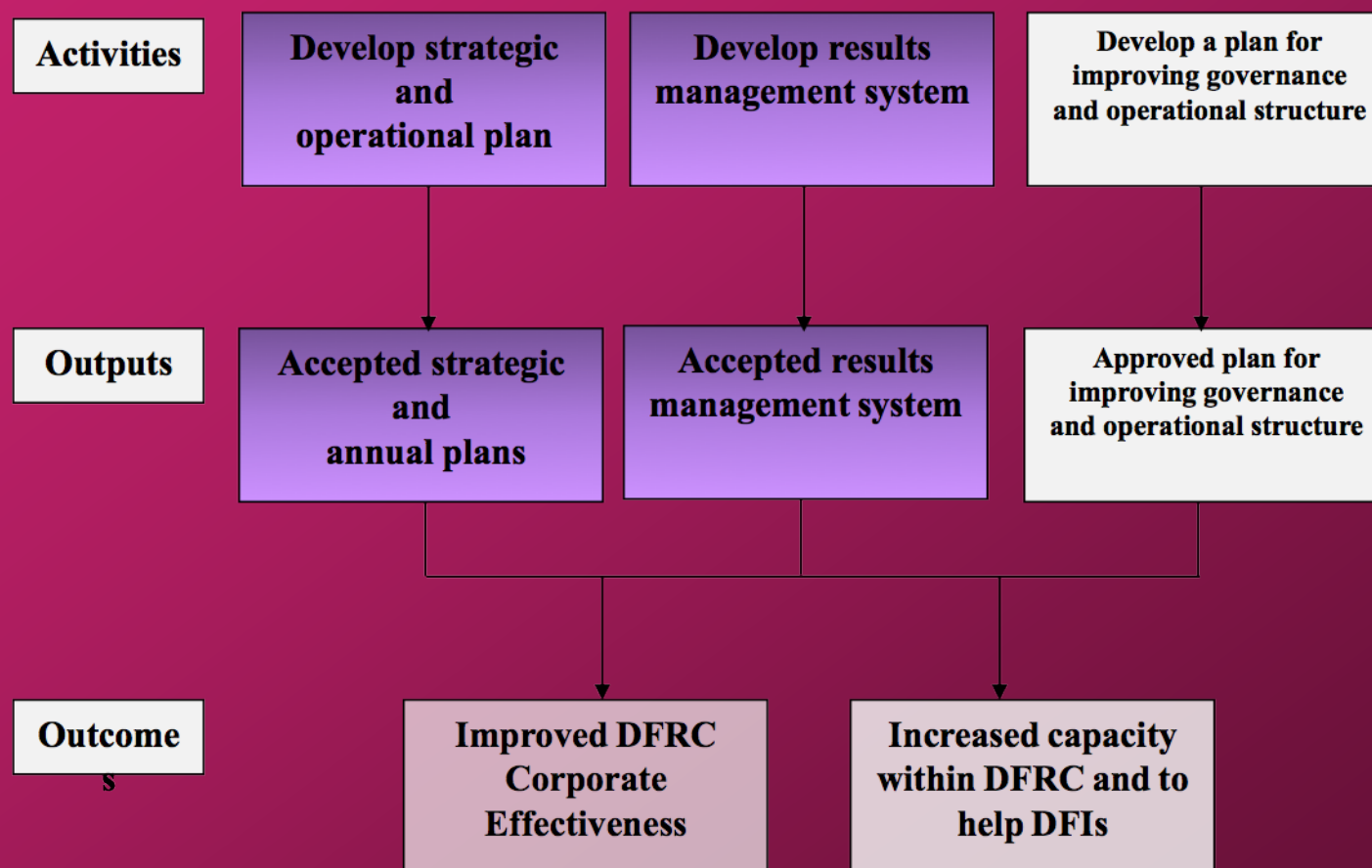
## DFRC 's Strategic Plan

### DFRC 's Work Structure



### DFRC 's Business Plans

# Assignment: Results



# Conclusion

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Was the project a success?	<b>YES</b>
Did it achieve ST results?	YES
Is it fully implementable?	I THINK SO
Are the results sustainable?	PERHAPS

# *Some Lessons and Observations*

1. Elaborate, paternalistic and confusing frameworks and requirements
2. Unrealistic expectations (much too ambitious given the resources and time frame)
3. Poor consultation practices:
  - Special approach for “development” assignments
  - Approach based on rigid rules
  - Tendency (perhaps expectation) to complexity
  - Jargon-laden partners
  - No follow through
4. A checklist mentality
5. PMS’ not built on or related to business processes
6. A focus on outcomes versus achievement

# DFRC's Work Structure

