Sixth Annual

SADC Financial Inclusion Forum Report

Table of Contents

List of Acronyms

ACDP	Assessment, Concept, Design and Pilot
AML	Anti-money laundering
CCBG	Committee of Central Bank Governors
CTF	Combating the financing of terrorism
DFS	Digital financial services
eKYC	Electronic know your customer
ESG	Environmental Social Governance
FIC	Financial Inclusion Committee
FIP	Financial intelligence and processing
FSDMoc	Financial Sector Deepening Mozambique
FSDA	Financial Sector Deepening Africa
IWEE	Industrialisation of women's economic empowerment
KYC	Know your customer
MAP	Making Access Possible
MFI	Microfinance institutions
MSME	Micro, small and medium enterprise
NFIS	National Financial Inclusion Strategy
PPRM	Public Private Results Matrix
RTGS	Real-time gross settlement
SACCO	Savings and credit cooperative
SADC	Southern African Development Community
SDG	Sustainable Development Goal
SIBE	Support to Improving the Investment and the Business Environment
SME	Small and medium enterprise
TCIB	Transactions cleared on an immediate basis
UNDP	United Nations Development Programme

Introduction

The sixth annual SADC Financial Inclusion Forum convened from 18-19 May 2023 at the Sandton Convention Centre, Johannesburg, South Africa.

In collaboration with the SADC Secretariat, SADC Banking Association, FinMark Trust, UNCDF and the European Union, the 2023 Forum adopted a hybrid format allowing for both virtual participation and a limited number of in-person attendees. The event brought together senior-level representatives from the Ministries of Finance, central banks, non-bank regulators and the private sector.

The Forum achieved a significant milestone this year with the inclusion of a keynote address delivered by a Minister, marking the first time in its history. This addition brought value to the event and highlighted its importance and impact.

The following themes that are central to financial inclusion, inclusive growth, sustainable finance, and regional integration were covered during the Forum:

- The draft five-year SADC Strategy on Financial Inclusion and SME Access to Finance;
- Digital finance enabling increased financial inclusion and inclusive growth;
- Sustainable finance and financial inclusion in contribution to the SDGs;
- Financial literacy and consumer protection; and
- Financial inclusion enabling improved livelihoods for women in the region.

Day 1

Official Welcome

Welcoming remarks and opening of the 2023 SADC FI Forum by Ms Maxine Hlaba.

Ms Maxine Hlaba commenced the 2023 SADC Financial Inclusion Forum by extending a warm welcome to both the in-person delegates and those joining the proceedings virtually. She acknowledged that the Forum was being held earlier than usual, following the fifth annual Forum held in October 2022.

She thanked the esteemed guests, the Honourable Minister Karabo Gare, Minister of Entrepreneurship from Botswana and Deputy Governor Felicia P.N. Dlamini-Kunene from the Central Bank of Eswatini for their attendance.

With all protocols observed, Maxine invited the Honourable Minister Karabo Gare to deliver the keynote address on the first day of the two-day Forum.

Keynote Address

SADC Financial Inclusion and Industrial Nexus

Honourable Karabo Gare, Minister of Entrepreneurship, Botswana

In his address, the Minister welcomed guests to the event and outlined the vital role that financial inclusion plays in promoting inclusive and sustainable growth in African countries. He emphasised the significance of financial services for the informal sector, which relies heavily on remittances, savings groups and associations. When provided with access to financial services, individuals and businesses can save, invest, manage risks and access credit to start or expand businesses, which in turn, can facilitate job creation and income generation.

Achieving financial inclusion, however, is not without its challenges. He noted that inadequate infrastructure, limited financial literacy, higher transaction costs, rigid regulations and discriminatory practices create barriers to accessing financial services for marginalised populations. Addressing these barriers would require a comprehensive approach involving governments, financial institutions, regulators, and civil society organisations.

The Minister said that governments have a critical role to play in creating an enabling environment for financial inclusion. By developing policies and regulations and investing in the necessary infrastructure such as digital payment systems and branch networks, governments can promote innovation, competition and consumer protection. Financial institutions also need to tailor their products and services to the needs of low-income individuals and small businesses, adopting technologies like mobile banking and agent banking to reach remote and rural populations.

Access to finance for micro-, small and medium-sized enterprises (MSMEs) remains challenging in the region. The Minister added that financial inclusion through credit, insurance, savings and transaction products can strengthen the resilience and growth of the MSME sector, leading to increased employment and overall industrialisation.

Access to finance for micro-, small and medium-sized enterprises (MSMEs) remains challenging in the region. The Minister added that financial inclusion through credit, insurance, savings and transaction products can strengthen the resilience and growth of the MSME sector, leading to increased employment and overall industrialisation.

He shared the strides that Botswana's Ministry of Entrepreneurship has made to reduce access to finance constraints, starting with the development of products below market rates through Development Finance Institutions (DFIs) to provide business development support and advisory services According to the Minister, initiatives like the Mabogo-Dinku product offered by Citizen Entrepreneurial Development Agency (CEDA) eliminated the need for collateral, which has encouraged enterprises to apply as a group to reduce the risk of non-payment. For informal sector businesses, he shared that the Letlhabile product offers financial services that are otherwise unavailable to them, for the sole purpose of increasing financial inclusion. Partnerships with banks and wholesalers have been established to facilitate banking and credit services for clients.

Minister Gare further emphasised Botswana's commitment to collaborating with stakeholders to ensure access to basic services such as mobile network penetration and internet services across the country. This has been demonstrated through subsidies provided by the Botswana Communications Regulator Authority (BOCRA), which have facilitated the construction of cell phone towers in financially unviable areas to expand mobile network coverage.

He also highlighted Botswana's active role as co-implementers of the sustainable private sector development project (SPSD) in partnership with the United Nations Development Programme (UNDP) in Botswana. This collaborative effort aims to provide inclusive capacity development of the private sector, particularly MSMEs, including those owned by marginalised groups: women, youth and people with disabilities. The objective is to foster growth and diversification of the economy by enabling MSMEs to leverage innovative technologies, digital platforms and financial services.

Despite progress, the Minister noted that there are variations in financial inclusion levels among member states in the SADC region. Barriers like documentation requirements, inadequate identification systems, informality, lack of skills and financial information, limited infrastructure, and high transaction costs need to be addressed.

He emphasised that regional integration in financial services and cyber security concerns also pose challenges.

Expanding traditional financial service providers, improving infrastructure, lowering prices and enhancing the quality of financial products are essential to achieve greater financial inclusion in the SADC region. The Minister shared that he looked forward to productive discussions during the forum Forum to advance the financial integration agenda for the benefit of citizens in the SADC region.

The Minister concluded his address by thanking attending delegates and declaring the 2023 SADC Financial Inclusion Forum officially open.

Setting the Scene

The Vision of the SADC Financial Inclusion and SME Finance 2023 – 2028 Strategy

Sadwick Mtonakutha, Director: Finance, Investment and Customs, SADC Secretariat

Sadwick started his address by acknowledging the esteemed attendees, including the Minister of Entrepreneurship of Botswana, the Deputy Governor of the Central Bank of Eswatini, Maxine Hlaba, partners and delegates. He highlighted the significance of financial inclusion and access to finance for MSMEs as vital components of the SADC Industrialisation Strategy and Roadmap in supporting the effective implementation of the Protocol on Finance and Investment.

While the previous SADC Strategy (2016-2021) aimed to assist member states in developing their own National Financial Inclusion Strategies, the new SADC Strategy for 2023-2028 tackles the challenges of poverty, inequality and unemployment that have been exacerbated by the Covid-19 pandemic. The draft Strategy's primary focus is to enhance the well-being of SADC citizens by establishing an inclusive financial system that contributes to both industrialisation and sustainable economic development.

Sadwick informed the delegation that the proposed draft Strategy is scheduled to be presented to the SADC Financial Inclusion Subcommittee in June 2023 and subsequently submitted to the Ministers of Finance and Investment for consideration and approval in July 2023. He emphasised that the new strategy is a collective effort of all member states, with its vision centred around poverty alleviation through the attainment of regional and national financial inclusion objectives.

For this reason, Sadwick encouraged active participation from the delegates during the Forum, urging them to form partnerships and actively contribute to the development of the new SADC Strategy. He emphasised the significance of economic inclusion and how financial inclusion can stimulate economic growth for individuals and MSMEs, aligning with the objectives of the Forum.

Inclusive Growth in SADC

Dr Kameshnee Naidoo, Global Programme Advisor Financial Inclusion UNCDF

Dr Naidoo used the opportunity to celebrate the progress made in financial inclusion and its positive impact on low-income markets in SADC. She acknowledged the collaborative effort among development partners, led by UNCDF's Making Access Possible (MAP) Programme, in advancing financial inclusion.

Dr Naidoo emphasised the importance of reflecting on the concept of money in society and understanding how it affects economic and personal lives. She discussed financial inclusion as a link between the macro-level financial sector and micro-level economic activity that has an important role to play in supporting basic household needs and contributing to inclusive growth pillars such as health, education, entrepreneurship, employment, redistribution and access to basic services.

Dr Naidoo also recognised the significance of financial sector regulators in creating an inclusive policy environment and managing the twin levers of people and the planet through financial inclusion and sustainable finance. She concluded with an emphasis on the need for a cohesive and integrated approach among African countries to bring about more inclusive growth and achieve the Sustainable Development Goals (SDGs) while ensuring viable pathways out of poverty.

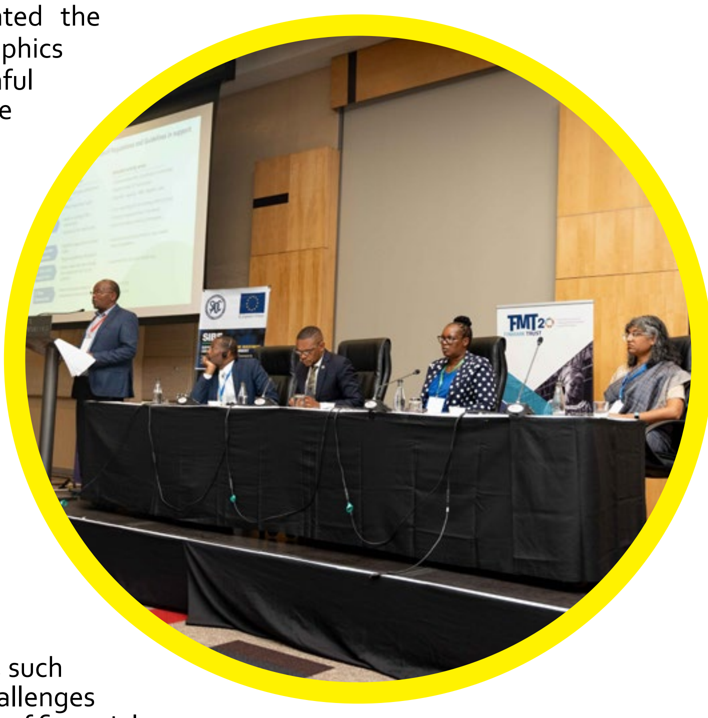
Progress Report

SADC Strategy on Financial Inclusion and SMEs' Access to Finance 2023-2028

Anthony Githiari, SIBE Short-term Expert and Damola Owolade, FinMark Trust

Anthony provided an overview of the SADC Strategy's development process that started in February 2023 with consultations involving various stakeholders. The primary objective of the draft version was to collect feedback during the Forum and refine it for presentation to the financial inclusion subcommittee meeting scheduled for June.

To provide context for the region, Anthony highlighted the diversity among the 16 member countries in demographics and economies. A common characteristic was a youthful population with a significant percentage of young people in each country. The region has a high population of rural areas and agriculture plays a vital role in supporting livelihoods. Anthony acknowledged the high levels of informality in the region and the economic challenges that it faces, particularly in the aftermath of the Covid-19 pandemic.



The strategy for financial inclusion was developed within the context of the SADC Industrialisation Strategy and identified five key pathways to contribute to regional industrialisation through financial inclusion. These pathways include domestic resource mobilisation, support for agriculture and value addition, strengthening MSMEs for participation in industrialisation and trade, leveraging ICT as a catalyst for industrialisation, and addressing the challenges faced by women and youth.

Anthony highlighted various barriers to financial inclusion, such as limited access to information and documentation, challenges with collateral, limitations in rural infrastructure, low levels of financial literacy, lack of trust and awareness, high product prices, limited availability of relevant financial products, and poor quality of services. He said that it would be important to consider the utility of financial products, as individuals often need to withdraw money from their accounts for immediate needs, which limits the benefits of having a bank account.

Reflecting on the previous strategy, Anthony highlighted the need to align activities with anticipated impacts and development goals. He stressed the importance of coordination and partnerships, particularly the role of the SIBE programme in advancing the financial inclusion agenda. Embracing ICT more effectively was proposed, as the current level of ICT usage among adults is insufficient.

The new strategy aims to achieve outcomes related to job creation, trade facilitation, the resilience of individuals and businesses, opportunities for low-income individuals, and finance for environmentally friendly and socially inclusive interventions. Anthony acknowledged the progress made in reducing exclusion rates, particularly in the non-bank sector, but noted the challenge of outdated or unavailable data. He proposed conducting surveys in countries simultaneously or with a shorter timeframe to enable more meaningful comparisons.

The gender gap in financial inclusion is evident, which emphasises the need to ensure equal access to quality financial services for women and to consider different segments of the population. There is also a significant gap between rural and urban areas that need to be considered, as well as the challenges faced by vulnerable segments such as forcibly displaced people and people with disabilities.

Regarding MSMEs, Anthony mentioned challenges including informality, limited finance, lack of markets, and information gaps. For larger SMEs, he emphasised the importance of linking them to markets and finance, expanding financing sources, including capital markets and preferential procurement on a regional basis. Financial literacy and consumer education were identified as significant challenges across all segments, necessitating consumer protection measures, financial education programmes, and increased use of technology for education.

Anthony highlighted the challenge of access to financial services, particularly in terms of mobile money usage. He pointed out the potential to incentivise adoption, implement mobile money guidelines, and expand the range of services offered by mobile money providers. He also noted the importance of remittances as a crucial area for resource mobilisation and household support. While non-bank players were seen as having a growing impact, banks were losing market share. He suggested promoting competition, interoperability, and a level playing field between banks and non-banks.

Anthony acknowledged the importance of the fintech environment but noted the lack of sufficient frameworks in this area. He proposed developing a framework to guide countries in improving their fintech landscape through appropriate laws and regulations to promote innovation while managing risks.

The importance of capital markets and microfinance in providing finance to MSMEs and contributing to other SDGs was highlighted. Opportunities that were identified include supporting alternative exchanges, expanding sustainable finance, promoting market diversity, and implementing the Stock Exchange interconnectivity project. In the microfinance sector, challenges such as inadequate regulation, lack of funding, and poor governance were noted. Strengthening oversight through umbrella bodies, establishing wholesale finance facilities, leveraging partnerships with existing institutions, and deploying ICTs in the sector were recommended. Anthony also highlighted the importance of insurance and pensions for individual resilience and finance for MSMEs, emphasising the need to increase awareness and financial literacy around these products.

Anthony urged SADC to prioritise climate change and sustainable finance in the strategy, considering its global impact, especially for Indian Ocean states that were at higher risk. He mentioned encouraging sustainable finance flows, supporting member states in implementing national strategies for sustainabale finance, and leveraging SADC platforms to promote sustainable finance practices as levers to achieve this goal.

The vision of the proposed strategy is an inclusive SADC financial system that empowers individuals and businesses to contribute to industrialisation, inclusive growth, and sustainable economic well-being. Three priorities were highlighted: harmonising regulation, implementing regional projects, and directly supporting member states. Enablers that require attention include data availability, cross-linking between members, and coordination mechanisms. Several actions were proposed to support these priorities and enablers, such as developing work plans, institutionalised funding, capacity support, and exploring new collaboration mechanisms.

In conclusion, Anthony hoped for substantive engagement and discussion on these issues during the Forum and thanked the delegation for their attention.

Questions and responses

1. Question from Elvis Daswa, Ministry of Finance and Economic Development, Zimbabwe:

"There has been a reduction in financial exclusion in the region attributed to improvements in non-banking institutions. What improvements have happened to non-banking institutions?"

Financial inclusion in the region has expanded through the non-bank segment, driven by authorised dealers with limited authority (ADLAs) who have provided access to migrants engaged in remittances. Mobile money has been a game changer in countries where it is available. It has enabled many people, especially in rural areas or those who do not meet the requirements to open a bank account, to access financial services through mobile platforms.
These non-bank institutions play a crucial role in facilitating the transfer of value for remittances, payments, and other financial transactions. Additionally, funeral insurance is another significant service provided by non-bank institutions in the region.

2. Question from Khumbo Mtalika, Reserve Bank of Malawi:

"Why has the banking sector not grown massively?"

Based on the available data from sources like the IMF and FinScope, it is evident that the banking infrastructure in the region has remained relatively unchanged since 2014. Despite an increase in the number of bank customers in proportion to population growth, the impact has not been significant. Coverage of adults has only risen from 33% to 37%.

Banks operate with specific business models and profit margin targets, which may limit their ability to cater to all market segments. When we question why banks are closing branches and ATMs, it considers profitability rather than solely meeting customer needs. From a profitability perspective, it may be entirely justifiable for banks to make such decisions.

Banks' existing business model may not be well-suited to serve rural areas or address the diverse needs of those communities. This is why it becomes crucial to look beyond banks and explore other providers who can address the specific needs of customers that banks may not be able to accommodate. These alternative providers can offer solutions tailored to different loan sizes, geographical locations, or even non-traditional banking hours. By embracing a diversified approach, we can ensure that all customer needs are adequately met.

3. Comment from Namibia on behalf of CISNA:

"The proposed strategy aligns well with the contents of our work plan. We are pleased to see that it broadly covers the areas we have been focusing on. I would like to express our excitement about the proposed strategy. It closely aligns with our programme, and we are eager to collaborate with CCBG and SADC moving forward."

Panel Discussion

Sustainable Finance, Financial Inclusion and Sustainable Development Goals

Facilitated by Maxine Hlaba, SADC Banking Association

Panellists: Christiaan Loots (UNCDF), Brinda Harjan (CISNA) and Esselina Macome (FSDMoç)

Maxine introduced her panel, who shared valuable insights regarding their respective organisations' objectives and how they link to financial inclusion and the Sustainable Development Goals (SDGs).

Maxine posed the following question to CISNA:

"What is CISNA's thinking around sustainable finance and financial inclusion, and what activities are CISNA planning relating to this?"

Brinda Harjan, CISNA:

The Committee of Insurance, Securities, and Non-banking Financial Authorities (CISNA) is a regional body within SADC that aims to harmonise the regulatory framework for non-banking financial institutions (NBFIs). It consists of 26 member authorities from 14 SADC member states and focuses on promoting financial stability through collaboration and coordination.

CISNA's objectives include regulatory harmonisation, development of financial products and services, ensuring access to financial products, cross-border cooperation, enhancing corporate governance, and promoting compliance with international standards and consumer protection.

In its Strategic Plan 2022-26, CISNA prioritises harmonising the legal and regulatory framework, capacity building, and market development. It aims to align with international standards, develop regional frameworks, enhance member capabilities, and promote sustainable finance aligned with Environmental Social Governance (ESG) principles.

CISNA is working towards establishing a sustainable finance framework, strengthening its secretariat, collaborating with the UNCDF, and implementing a 'Greener Roadmap', which involves engagement with the UNCDF, and capacity-building programmes that will lead to the establishment of the SADC Regional Framework for Sustainable Finance by 2026.

Maxine posed the following questions to UNCDF:

"What is sustainable finance and how can financial inclusion support sustainable finance and SDG outcomes?"

"What considerations are there for policymakers to better include financial inclusion in their sustainable finance initiatives?"

Christiaan Loots, UNCDF:

Sustainable finance is defined as financial services, products, and market arrangements that contribute to the delivery of the SDGs. It involves considering ESG factors when making investment decisions, leading to long-term investments in sustainable economic activities and projects.

Christiaan discussed how sustainable finance and financial inclusion are interconnected with the achievement of the SDGs. Sustainable finance directs capital towards social and environmental objectives while supporting economic growth, with the emphasis historically skewed towards environmental issues. Financial inclusion, on the other hand, provides access to financial services for individuals and businesses, contributing to the SDGs in areas such as basic services and entrepreneurship. As such, it has focused more historically on social issues.

The complimentary areas of emphasis for both areas provide the rationale to adopt financial inclusion principles as a crucial component of sustainable finance strategies to address the social objectives of the SDGs (alongside environmental objectives) more effectively. However, financial inclusion can also support sustainable finance directly by facilitating access to services that result from sustainable finance investments, thereby enhancing the impact of those investments (access to clean energy, hospitals, schools, entrepreneurship). Lastly, financial inclusion can be leveraged by sustainable finance to reach ground level real economic activity at the household and small business level through retail level financial services.

To integrate financial inclusion into sustainable finance frameworks, Christiaan highlighted the importance of recognising its role in supporting sustainable finance impact, collaborating with stakeholders, identifying key social risks through research, and offering technical guidance on incorporating financial inclusion in sustainable finance frameworks. He emphasised leveraging financial inclusion to address social risks and recommended specific retail financial products and target groups that support the social objectives of sustainable finance.

Overall, integrating financial inclusion into sustainable finance is essential for addressing both the social and environmental aspects of the SDGs. By promoting inclusive growth through increased access to financial services and aligning investments with sustainable development priorities, working towards achieving the SDGs is possible.

Maxine posed the following questions to Financial Sector Development Mozambique (FSDMoç):

"How is FSDMoç thinking about financial inclusion in terms of the SDGs, and how is this informing practical work on the ground?"

"Are they thinking about private sector investments in terms of this?"

Esselina Macome, FSDMoç:

FSDMoç is committed to promoting financial inclusion in line with the SDGs. Through an exercise that explores opportunities and solutions, Esselina pointed out their aim to raise awareness among stakeholders. The organisation emphasises the importance of data in understanding target areas for financial inclusion and has showcased various projects in this regard.

Climate finance is a key focus for FSDMoç. They conducted an assessment to understand Mozambique's position in this area, leading to the development of the country's first Green Finance Roadmap. FSDMoç actively engages with policymakers and financial service providers to promote action and raise awareness of green finance. Esselina highlighted the need for collective efforts in addressing environmental and social governance within the financial sector.

Recognising the significance of private sector involvement, FSDMoç acknowledged the role of collaboration in achieving the SDGs. They believe that financial inclusion and sustainable finance require collective efforts from the government, ministries, individuals and organisations.

Overall, FSDMoç is dedicated to driving sustainable development and achieving the SDGs in Mozambique through financial inclusion, emphasising the importance of data, awareness and collaboration in their efforts.

Panel Discussion

Financial Inclusion and Women's Empowerment

The themes covered in the panel discussion include:

- **Gender mainstreaming toolkit for financial service providers from FSDMoç**
- **SADC IWEE project: key findings and recommendations for women's financial inclusion**
- **Gender bonds as a mechanism for gender equity**

Facilitated by Phumelele Ngcobo, FinMark Trust

Panellists: Anabela Mabota (FSDMoç), Annie Sugrue (GIZ) and Mary Njuguna (FSD Africa)

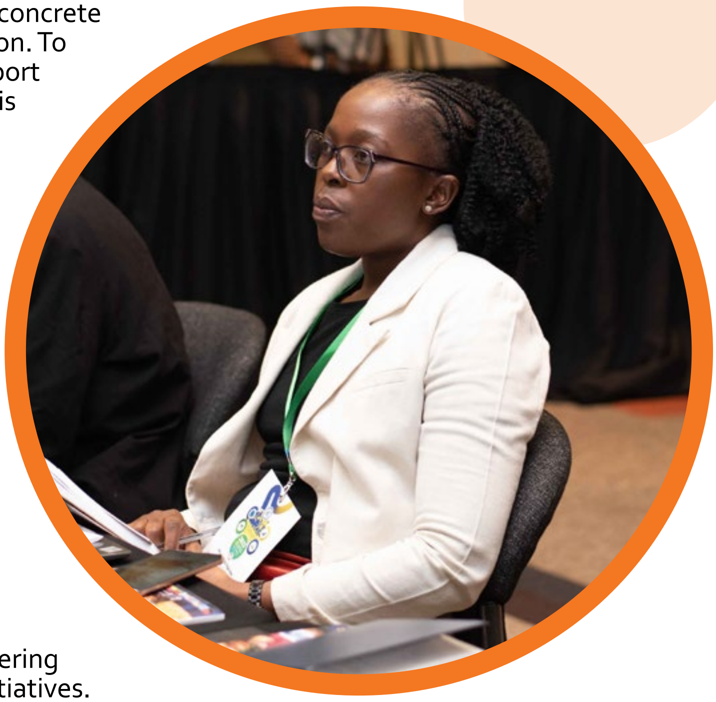
In her opening remarks, Phumelele highlighted the key theme of the discussions, which focused on financial inclusion and women's economic empowerment, particularly in the region where women are still underserved by the financial sector. She acknowledged the progress made so far but emphasised that more needs to be done to ensure equal financial and economic inclusion for women. While women have access to financial products and services, there are gaps in how they use these offerings.

Phumelele posed two important questions for collective consideration:

"Do these products and services truly benefit women and improve their livelihoods? "

"Are these products of high quality and designed with women in mind?"

She emphasised the need to move beyond talk and take concrete action to address women's financial and economic inclusion. To achieve this, she mentioned that FinMark Trust, with support from the Financial Sector Deepening Africa (FSDA), is conducting a gender market analysis in four countries where they are based. This analysis aims to gain a deeper understanding of the challenges faced by women in terms of financial and economic inclusion, identify market gaps and inform targeted interventions. The goal is to develop solutions based on market needs rather than assumptions.



Anabela Mabota, FSDMoç:

Financial inclusion is an ongoing journey and there is a need for innovation in the field. The toolkit developed by FSDMoç is a response to promoting women's financial inclusion, particularly in DFS. It focuses on improving women's access to, and usage of, digital financial services that address the gender gap identified in Mozambique.

The toolkit involves collaboration with DFS providers, offering them skills and knowledge through capacity-building initiatives. A business case will be developed based on market segmentation to demonstrate the viability of serving women as a segment. It emphasises designing products and services that consider the diverse needs of women, following the Assessment, Concept, Design and Pilot (ACDP) principles.

FSDMoç conducted a needs assessment with DFS providers to ensure their understanding and effective use of the toolkit, and established a gender-smart innovation facility, promoting gender mainstreaming among participating DFS organisations.

Phumelele asked Anabela the following questions:

"What is a gender toolkit?"

It is an instrument that provides information in terms of gender-inclusive financial services development as well as guidance on segmentation for women inclusion using the HDC which provides information on how to better serve women.

"For the DFS who do not move forward in the facility, what are the common reasons?"

A common reason for this is the unsatisfactory commitment of the C-Suite. For a partnership to be established, it is important that the C-Suite buys into the gender agenda.

Annie Sugrue, GIZ:

Annie discussed the SADC gender action plan, which focuses on gender mainstreaming in financial inclusion strategies and access to finance for MSMEs. The plan aims to empower women entrepreneurs and integrate them into the regional value chain.

It highlights the importance of flexible methodologies, regulations, coordination between the government and private sector, and gender-responsive budgeting.

Critical areas addressed include regulations, gender-disaggregated data, capacity building, and financing. However, implementing the plan requires political commitment and addressing barriers such as laws, regulations, social norms, women's vulnerability in digital channels, and financial literacy. Funding is currently needed to support capacity-building efforts for member states.

Phumelele asked Annie the following questions:

"How are we doing as a region?"

There is great variability in the region. Member states are innovating but there is still a long way to go.

"How will this work be taken forward?"

Assisting member states to translate the gender action plan into their country context will require some capacity building for member states by the experts who have been working on the action plan. This will require funding which has not yet been made available.

Mary Njuguna, FSD Africa:

Mary discussed gender bonds as a means of promoting gender equity. The FSDA conducted a study to explore financing opportunities for women and gender empowerment through capital markets in Africa. Key findings included the concept of gender bonds, the lack of gender bond issuances in the region, the need for an enabling environment, and the role of strong and growing bond markets in driving gender bond issuance.

To promote gender bond issuance, the FSDA has worked with regulators to develop sustainability bond guidelines covering gender, green, and social bonds. These guidelines are based on international standards and principles. Gender bonds are a subset of social bonds, with clear objectives, annual reports, and external assurance.

Gender bonds provide institutions with a mechanism to raise capital that can be lent to women. FSDA has supported gender bond issuers in Morocco and Tanzania, where the funds were used to support women entrepreneurs and women's access to finance.

Mary encouraged lenders and institutions to explore gender bonds to raise funds for lending to women.

Interview with Annie Sugrue

Commission Sessions

Opportunities and challenges for implementing the SADC Strategy on Financial Inclusion and SMEs' Access to Finance 2023-2028

All four commissions focused on the three pillars of the proposed SADC Strategy on Financial Inclusion and SME Access to Finance 2023-2028. The commission discussions aimed to gain insights into the opportunities and challenges of implementing the activities under each pillar. The feedback from the commissions will be used to finalise the Strategy.

The commissions were facilitated by Blessing Mautsa, Wilson Moleni, Nicola Schoeman, and Palesa Sematlane of FinMark Trust. Damola Owolade and Anthony Githiari engaged across all four commissions to gain insights for further development of the Strategy.

Feedback on the commission findings was presented by Sydney Julio Pereira Teixeira, CMC Angola, Daud Mtanthiko, Reserve Bank of Malawi, Rachael Mushosho, Reserve Bank of Zimbabwe and Gerson Kadhiwa, Bank of Namibia.

This summary combines the feedback from all four commissions to unpack the key challenges for the SADC Financial Inclusion Strategy and provides recommendations across the three pillars of the Strategy.

Pillar 1: Harmonisation of Regulations and Guidelines in Support of Financial Inclusion and SME Access to Finance

In the commissions, participants discussed the link between laws and regulations and financing at the country level. The need to encourage countries to align their strategies more uniformly was highlighted. The issue of risk and the disconnect between financial service provider assessments and business assessments, resulting in individuals taking personal loans instead of business loans was also highlighted as a regulatory challenge.

Legislation was identified as a potential solution, and the use of warranties as a short-term measure to enhance access to capital was suggested.

Recommendations:
1. Incorporate an activity related to the implementation of a regulatory sandbox to promote innovation and responsiveness to fintech evolution. Include an emphasis on strategies to provide capital for fintech development.
2. Develop responsive legal frameworks to address the disconnect between financial service provider assessments and business assessments.
3. Focus on legal framework responsiveness that can keep up with the pace of innovation.
4. Incorporate a focus on start-ups in the legal framework.
5. Explore the use of warranties as a short-term solution to enhance access to capital.
6. Further capacitate member states to ensure that AML/CFT is applied appropriately to avoid grey listing while also ensuring that it does not limit the access of low-value customers.
7. Develop a plan to capacitate member states on a consumer-protection framework.

Pillar 2: Implementation of SADC Regional Infrastructure Platforms and Projects to Support Financial Inclusion and SME Access to Finance

Participants discussed various challenges related to financing for MSMEs and the lack of institutions driving the agenda for financial literacy in this sector. The importance of standardising financial inclusion indicators and ensuring the accessibility of digital technology infrastructure to low-income individuals was also raised.

Recommendations:
1. Promote interoperability of payment solutions to facilitate financial transactions for MSMEs.
2. Promote and drive the optimal use of the Real-time Gross Settlement (RTGS) and Transactions cleared on an immediate basis (TCIB) for banks and non-bank financial institutions.
3. Implement a region-wide digital ID system to enhance accessibility and security in financial services.
4. Enable an environment where fintechs and innovation can support regional integration and cross-border interoperability.
5. Ensure the provision of infrastructure, such as mobile network availability, is prioritised. The poor need to be able to access innovative products and services and this requires them to have access to the right infrastructure.
6. Develop a capital markets development master plan to support investment finance and crowdfunding initiatives.
7. Promote an environment where microfinancing institutions, such as SACCOs, can reach and provide for the needs of people and MSMEs in communities where traditional financial services are not available.
8. Promote the development of products and services beyond simple transactional banking. Insurance is an area where low-income individuals and MSMEs could benefit.
9. Define a region-wide standard definition of MSMEs to ensure consistency in financial inclusion efforts.

Pillar 3: Provision of Targeted SADC Level Support to Member States towards the Achievement of the Regional Strategy

Participants highlighted the challenges in accessing information about MSMEs, the misalignment of financial inclusion initiatives with sustainable development outcomes, and the insufficient focus on rural areas.

Recommendations:
1. Develop an MSME data portal to facilitate access to information about MSMEs.
2. Align financial inclusion strategies with broader financing structures to ensure sustainable development outcomes.
3. Adjust the Strategy to specifically target rural areas, women, youth and people with disabilities to address their unique needs and challenges.
4. Consider expanding the financial inclusion agenda, via the financial inclusion forum, to include a focus on the financing of low-income individuals and enterprises.
5. Ensure that regional standards are flexible in a manner that allows them to be appropriately adapted to different member states' national contexts.
6. Member states should also adopt national strategies that are appropriate for their specific needs and goals, while using the regional strategy as a guide, rather than a substitute for their own national, country-specific objectives.

General recommendations

Monitoring and evaluation framework:
Establish a robust monitoring and evaluation framework to ensure effective implementation of financial inclusion initiatives. This framework should include mechanisms for holding member countries accountable and enforcing compliance with SADC guidelines. It should also integrate financial literacy and digital literacy to empower consumers to make informed decisions.

Disaggregated data:
Ensure the collection of disaggregated data, including gender, age and geographical location (rural/urban), to better understand the diverse characteristics of financial consumers within the SADC region. Providers should also supply disaggregated data to reflect the diversity of their customer base.

Communication strategy:
Develop a well-structured communication strategy at both the regional and country levels to facilitate timely information sharing and enable effective feedback on financial inclusion initiatives. A focus should be placed on sharing learnings that can build capacity for success across member states.

Resource mobilisation:
A specific plan for the mobilisation of resources to support the implementations of activities that contribute to the achievement and monitoring of strategic goals for financial inclusion needs to be developed. A review of the activities and objectives of global players such as the World Bank or the International Monetary Fund is needed to find synergies or areas to encourage the mobilisation of their resources to SADC objectives.

Capital markets and alternative financing:
Promote investment finance and crowdfunding initiatives within the SADC region to provide alternative financing options for individuals and businesses excluded from traditional financing sources. This will foster innovation, expand market opportunities and support MSMEs.

Regulations for fintech and new technologies:
Implement regulations to address the challenges posed by fast-moving fintech companies while maintaining financial sector stability. Balance the need for innovation with regulatory oversight to protect consumers and promote a stable financial system.

Financial literacy:
Consider different avenues to promote financial literacy, including integrating it into school curricula and forging partnerships with community-based organisations and global funding institutions to develop financial education and literacy programmes for ordinary people. For entrepreneurs, expand financial literacy interventions to include wider business skills and skills that allow them to properly navigate the regulatory environment.

Conclusion:
The commissions provided valuable feedback and recommendations for the SADC Financial Inclusion Strategy. They highlighted challenges and proposed recommendations across the three pillars: harmonisation of regulations and guidelines, implementation of regional infrastructure platforms, and provision of targeted support to member states. The recommendations emphasised the need for coordination, resource mobilisation, data collection, compliance monitoring and capacity building. The commissions also stressed the importance of aligning regional and national strategies and involving key stakeholders in creating an enabling environment for financial inclusion in the SADC region. The importance of ensuring that this alignment worked at a regional level but also promoted and maintained relevance at country level was also emphasised .

Interview with Dr Kameshnee Naidoo

Interview with Anabela Mabota

Day 2

Keynote Address

SADC RTGS Renewal Programme and Regional Development

Deputy Governor Felicia P.N. Dlamini-Kunene, Central Bank of Eswatini

The Deputy Governor expressed her gratitude for addressing the attendees of the 2023 SADC Financial Inclusion Forum. She opened her address by highlighting the importance of sustainable finance, financial literacy, consumer protection, women's financial inclusion, digital finance, inclusive growth, economic inclusion, and broad-based economic growth. She commended the efforts of the SADC Secretariat and its partners, including FinMark Trust, UNCDF, the European Union, and the SADC Banking Association, in developing the Financial Inclusion Strategy. She emphasised the need for collaboration and knowledge sharing among member countries to address financial inclusion issues effectively.

The Deputy Governor's address focused on the RTGS renewal programme, which was implemented by the South African Reserve Bank almost 10 years ago. Despite initial challenges, the programme has successfully served the SADC community and needs to be responsive to technological and regulatory advancements. She highlighted the main drivers of the SADC RTGS programme, including cyber and operational resilience, enhanced risk management, wider interoperability, wider access, and customer satisfaction.

Wider access was emphasised as crucial to fostering competition, innovation and reducing reliance on banks for financially excluded individuals. She encouraged the utilisation of infrastructure like the SADC-RTGS and TCIB for cross-border payments, including remittances. Harmonising regulatory frameworks and requirements for remittances was proposed to lower costs and contribute to the United Nation's Sustainable Development Goal 1 of ending poverty by 2030.

The Deputy Governor stressed the importance of customer satisfaction by addressing transaction costs, improving service quality, and reducing friction in transaction processing. She also discussed the RTGS renewal programme's aim to enhance interoperability between payment systems, allowing for seamless payments across different platforms. The ISO 20022 Project, a global initiative for a common financial messaging language, was briefly mentioned.

The Deputy Governor highlighted mobile money as a significant driver of financial inclusion in Eswatini and emphasised the potential benefits of interoperability between banks and non-banks. The adoption of ISO standards was seen as a way to improve transaction transparency, align with AML/CFT standards, and maintain the integrity of the financial system. The progress made by Eswatini in the RTGS renewal programme, including ISO 20022 readiness and market testing, was also highlighted.

In conclusion, the Deputy Governor reaffirmed Eswatini's commitment to improving financial inclusion and expressed willingness to collaborate with SADC. She mentioned that the country recently launched a Financial Literacy Strategy and conducts an ongoing review of the National Financial Inclusion Strategy as part of their efforts.

Member State Discussion

SADC Strategy on Financial Inclusion and SMEs' Access to Finance 2023-2028 M&E Framework

Damola Owolade, FinMark Trust and Nomcebo Hadebe, Centre for Financial Inclusion

The session served as a continuation of the previous day's presentation by Anthony who outlined the activities related to the key pillars of the new SADC Strategy. Damola's presentation focused on the indicators aligned with the Strategy's pillars and sub-activities. He shared an overview of the proposed M&E indicators to track the implementation of the new strategy. The M&E framework is crucial for strategy implementation as it offers tools to accurately assess whether the desired outcomes are being achieved and if the anticipated impact is being made.

The M&E framework for the SADC Strategy is based on the vision, objectives, pillars and strategic actions outlined in the strategy document. It enables monitoring and evaluation of individual actions and allows for an aggregate view across pillars and objectives. The strategic indicators define the pathway to track activities towards desired outcomes, while outcome and output indicators facilitate the monitoring of implementation. These indicators are evaluated by the financial inclusion task teams.

Damola highlighted that the number of proposed indicators has decreased compared to the previous strategy, and several proxy indicators are provided. The operational framework requires dedicated secretariats at the member state level to ensure the effective and efficient flow of information from member states to the Financial Inclusion Committee (FIC), from the FIC to the SADC Information Portal, and ultimately into the SADC Annual M&E plan, Public Private Results Matrix (PPRM), and the SADC Annual work plan.

Furthermore, Damola emphasised the importance of developing these indicators in parallel with the development of the SADC Information Portal, which member states will use to monitor progress towards national and regional financial inclusion objectives.

Delegate feedback during the session included several important points:

- Consider including social security schemes, taking into account community-level institutions like MFIs and SACCOs in the M&E framework, as well as business development services and financial literacy at the micro-level.
- Question on the focus on mobile money transactions in Indicator 4.4 and not banks – the reason for this is that mobile money uptake is a key driver for access to a store of value in the region.
- Consider indicators that track loans/credit provision to different types of SMEs, particularly in the agriculture sector. This, however, may be more relevant for national-level FI strategies rather than a regional strategy.
- Allow flexibility in data provision by member states and engage with them at country level, considering that not all indicators may be feasible for every member state.
- Clearly separate output, outcome and KPI indicators to ensure that the desired results inform the indicators. This may allow member states to work towards objectives, even if they may not be able to provide certain data.
- Revise or replace certain indicators, such as Indicator 10 – consider the percentage of MSMEs instead of a number, and Indicator 12 – consider the percentage of NBFIs instead of a number.
- Consider replacing the indicator on the number of forums convened under Indicator 18 and revisiting or replacing the indicator on the performance of the SADC Secretariat in their duties under Indicator 20.
- Include indicators focused on the level of integration in the region.
- Consider including an indicator that reflects the allocation of SME credit across various industries, such as agriculture.
- Emphasise the importance of the M&E process as an accountability mechanism for policy. Coordinate with country officials responsible for M&E to identify available indicators in different countries and align them

with the indicators envisioned in the strategy.
- Subdivide strategic indicators into impact level and output level, as well as outcomes.
- Regarding the first indicator, track individuals who prefer cash over banking systems or mobile money.
- Reconsider the value of Indicator 18, which measures the number of forums, and potentially replace it. Indicator 20, which measures the performance of the SADC Secretariat team, could be dropped.
- Ensure the inclusion of disability groups and measure the level of integration. Develop a financial inclusion tracker that member states can use to feed data from portals.

Nomcebo Hadebe, Centre for Financial Inclusion:

Nomcebo thanked Anthony and Damola for their contributions and provided a summary of the discussions from Day 1 and Day 2. The key aspects that emerged from the discussions were as follows:

- Recognising the critical correlation between financial inclusion and the real economy, the SADC FI Strategy and M&E framework need to focus on impactful indicators that go beyond simple access.
- Despite the differences among SADC countries, there is a common financial inclusion mandate. It is necessary to think regionally and locally, working for the benefit of individual countries while also collaborating and leveraging each other's strengths for the good of the region.
- Accountability to beneficiaries is essential, even though they may not have a voice in the forum. Reinforcing the focus on them is crucial.
- Improved communication and collaboration between SADC structures can lead to better collaboration and knowledge sharing.
- MSMEs and digital financial inclusion are key areas for achieving impactful financial inclusion in the real economy.
- Some central banks are exploring digital currencies and alternative credit-scoring methods to advance the financial inclusion agenda.
- Creating a financially healthy region requires attention to both individuals and MSMEs.
- Understanding rural economies and capturing relevant data on them is important.
- Financial inclusion and financial development go hand in hand.
- Data remains a challenge for all participants, and financing can make it difficult to track progress using tools such as FinScope regularly.
- Successful M&E requires acknowledging the differences at the state level while leveraging each other's strengths. The shared goal is to grow an inclusive and adaptable region .

Interview with Anabela Mabota

Interview with Damola Owolade

Panel Discussion

Cross-border Capital Transfers, Remittances and Trade

Themes that were covered in the panel discussion include:

- **Scaling the regional payment integration platform through TCIB**
- **The opportunities for digital finance in cross-border trade**
- **Innovation in payment systems in Mauritius**

Facilitated by Advocate Magedi-Titus Thokwane, South African Reserve Bank (connected virtually)

Panellists: Sarel Myburgh (BankservAfrica), Nikki Kettles (Mukuru) and Aswin Ramduny (Bank of Mauritius)

Advocate Thokwane introduced the panellists who would discuss middle-mile infrastructure and financial inclusion in the region. He provided background information on regional integration and the importance of the static payment system with a focus on renewing the SADC RTGS. He emphasised the significance of cross-border capital transfers for economic development and financial inclusion, particularly through remittances.

The strategy for integrating infrastructure and establishing cooperative oversight in the SADC region was outlined, with a specific focus on pillars 2 and 3: payment settlement infrastructure and the retail payment mechanism. The SADC Payment Integration Project aims to enable secure and efficient interbank payment settlements for all recognised payment types in a designated currency, offering benefits such as interoperability and risk reduction.

Strategic objectives for the SADC Payment System Integration were discussed, including harmonising legal and regulatory frameworks, implementing an integrated cross-border payment infrastructure, and establishing cooperative oversight based on harmonised regulatory frameworks.

Advocate Thokwane highlighted the principles adopted for the payment system, such as real-time settlement, open standards, and designated currencies. He mentioned the inclusion of the US dollar and ongoing efforts to include other currencies like the Angolan Kwanza.

The importance of renewing the SADC RTGS system was emphasised, citing the need to address an ageing platform, changing technology, and evolving business landscape. The renewal process aims to promote an integrated, safe, and efficient regional payment system, with a focus on providing settlement services for non-banks and ensuring accessibility and interoperability for non-traditional players.

Advocate Thokwane concluded his overview by discussing the concept of the renewed RTGS system, highlighting its functionality and services for non-banks, which would contribute to financial inclusion and support the region's economic development goals.

Sarel Myburgh, BankservAfrica:

Sarel provided further context on TCIB, acknowledging previous discussions on the topic. He highlighted that TCIB initially focused on mobile financial inclusion, has evolved into a full-fledged payment scheme. In 2021, TCIB went live with person-to-person transactions but faced challenges in expanding adoption and achieving interoperability.

Sarel emphasised the scale and significance of TCIB, with 39 members from 11 countries, concentrated mostly in two countries to build corridors for scalability. TCIB is described as a real-time, low-cost, high-volume, multi-currency payment scheme with interoperability across banks, non-banks, systems, and networks. Collaboration with existing commercial offerings is seen to enhance market forces and economies of scale.

He explained that TCIB operates on a dynamic participant model, allowing members to shape its strategic direction. Dispute management, rule writing, and payment processing enablers are provided. Sarel acknowledged the complexity of the participant model but expressed confidence that it will become smoother with maturity. The cost of TCIB is driven by cost recovery rather than profit maximisation.

Regarding support needed for TCIB implementation, Sarel outlined three levels of support from regulators: practical support, catalyst/advocacy support, and alignment of requirements and regulations across countries. He shared positive experiences with regulatory support and stressed the importance of regulatory alignment, particularly for cross-border transactions.

In summary, Sarel discussed the evolution of TCIB, challenges related to interoperability, the membership scale, and the support required from regulators for its efficient implementation.

Aswin Ramduny, Bank of Mauritius:

Aswin discussed the initiatives implemented by the Central Bank of Mauritius to address gaps in the retail market and promote digital payments. Despite a high level of financial inclusion, there was significant reliance on cash and limited usage of cards.

In 2019, they introduced the National ATM Switch to introduce competition and foster innovation. They also created an instant payment system that allowed mobile transactions and enabled various banks to connect. Additionally, a centralised open banking platform was introduced, facilitating account linking and partnerships between banks, telecom companies and fintech firms.

To support these initiatives, the Central Bank implemented the NPS Act, encouraging fintech companies to obtain licenses and opening the RTGS system for settlement purposes. This ensured transactions were settled in central bank money, providing stability.

The government portal was introduced to facilitate government payments, allowing citizens to make instant payments to ministries. Cross-border initiatives were also pursued to interconnect payment systems with other jurisdictions, addressing interoperability challenges.

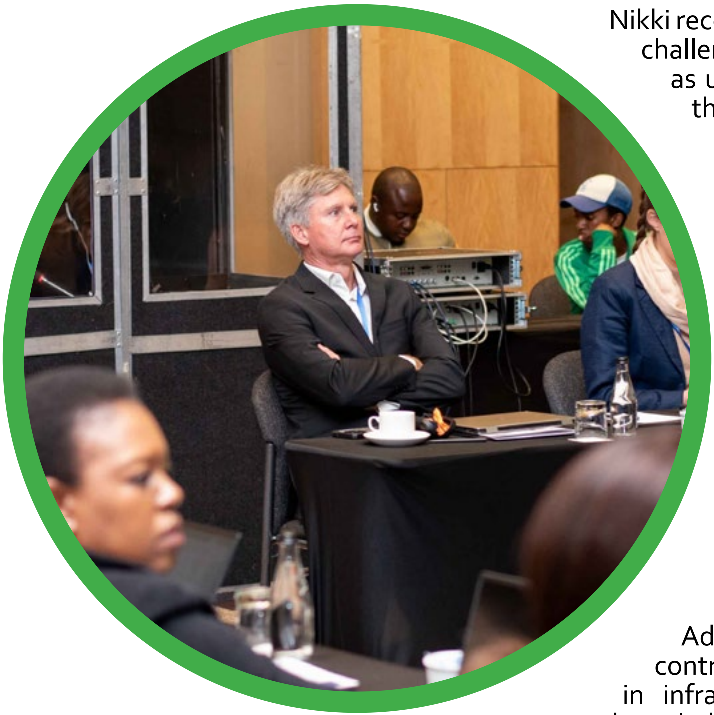
The interventions have led to reduced interchange percentages for merchants, encouraging digital payment acceptance. Government payments have become easier and cost-effective, streamlining transactions across agencies. The emergence of mobile agnostic devices has given customers more choices in fintech apps.

Overall, these initiatives have promoted competition, convenience, and digital adoption. The Central Bank continues to prioritise customer choice and aims for a robust and inclusive financial ecosystem.

Nikki Kettles, Mukuru:

Nikki discussed the role of Mukuru in person-to-person cross-border remittances and emphasised the importance of understanding customer needs in transforming the landscape of TCIB. She highlighted Mukuru's significant presence in the market with millions of customers and transactions conducted.

While the middle mile of TCIB presents minimal challenges and costs, Nikki highlighted that the first and last mile of the remittance space still heavily relies on cash. Cash remains dominant because of its convenience, despite discussions around digital wallets and bank accounts. To drive change, she mentioned the success of fintechs, their distribution networks, and their ability to ensure cash reaches recipients.



Nikki recommended examining the value chain to overcome TCIB's challenges. She shared Mukuru's innovative products, such as using a programming language for grocery payments on the recipient's side. This demonstrates how the value chain can be maintained. Mukuru holds multiple licenses and operates numerous corridors, which involve pre-funding and foreign exchange considerations.

The focus of TCIB should be on enabling and improving the middle mile, addressing factors like reducing charges, granting access to corridors, and enhancing settlement times. By optimising settlement processes, significant cost reductions can be achieved. It is also important to integrate non-bank financial service providers into the system.

In summary, Nikki emphasised viewing TCIB as an enabler for the middle mile and addressing challenges to streamline the value chain and optimise the system.

Advocate Thokwane thanked the panellists for their contributions and highlighted the significant progress in infrastructure development within SADC since 2012. He acknowledged the success of the SADC RTGS system, with increasing volumes and values processed through it, attracting international interest. He also mentioned the potential of the SADC switch, another platform owned by SADC, in addressing the challenges raised by Mukuru. He urged member states to offer support for the TCIB scheme operated by BankservAfrica, as it presents an opportunity to bridge the market's demands.

Advocate Thokwane encouraged member states to advocate for Ashwin's TCIB solution, emphasising the benefits of centralised innovation driven by the central bank, including digitising government payments, and reducing transaction costs.

Panel Discussion

Climate Finance Models Relevant to the SADC Market

Themes that were covered in the panel discussion include:

- **SADC Green Bond Programme overview**
- **The role of climate-smart finance in driving inclusive growth**

Facilitated by Joanne Manda, UNDP

Panellists: Joyce Dlamini (Eswatini Stock Exchange) and William Sichombo (FSD Zambia)

Joanne introduced her panellists: Joyce Dlamini, the CEO of the Eswatini Stock Exchange, who would share insights on the SADC Bond Green Bond Programme, and William Sichombo, the Head of Policy and Digital Financial Services at FSD Zambia, who would focus on the role of climate-smart finance in driving inclusive growth. She proceeded to highlight the work being done by the UNDP around finance, including initiatives aimed at unlocking capital for the SDGs through the Africa Sustainable Finance Hub. She stated that the panel discussion would specifically focus on climate finance and its potential leverage for the SADC region.

Regarding green bonds, Joanne noted the global surge in sustainable financial instruments and their potential for leveraging private capital and achieving the SDGs. She explained that issuing a green bond conveys a commitment to sustainability and offers benefits such as lower cost of capital and access to new investors. UNDP's support in thematic bond issuance focuses on ensuring SDG impact alignment with national policies and establishing effective monitoring and reporting frameworks.

Joanne emphasised the inclusive aspect of climate finance, mentioning that bonds can be used to finance both large-scale and small-scale investments. She highlighted the use of bond proceeds to finance green loans and the potential of retail bonds and diaspora bonds to impact the real economy.

Concluding her remarks, Joanne shared that the SDGs, UNDP, and UNCDF are designing a programme focused on financing the real economy, targeting financial inclusion. This programme uses aggregator platforms to raise funds through bonds or other large instruments and disburse them in small loan sizes suitable for the market.

Joyce Dlamini, CEO of the Eswatini Stock Exchange:

Joyce discussed initiatives undertaken by SADC stock exchanges to advance financial inclusion. She mentioned five key initiatives implemented by SADC stock exchanges to capture more participants in the capital markets.

One initiative is the development of mobile applications and USSD codes accessible on smartphones and traditional cell phones. This recognises the widespread use of mobile phones for various transactions and aims to engage more people in the capital markets.

Educational outreach programmes are also conducted across the region, collaborating with institutions such as the Centre for Financial Inclusion, the Financial Services Regulatory Authority, and the Central Bank. They partner with business incubators to provide financial literacy programmes, shifting individuals' mindsets to consider stock exchanges as a viable option for raising funds.

Ensuring a robust market with sufficient securities is crucial, and stock exchanges actively engage in outreach programmes targeting potential issuers. They visit companies to educate them about the options available for raising finance on stock exchanges.

Investment conferences were planned, with the first initiated in Eswatini in 2019 but disrupted by the Covid-19 pandemic. However, in collaboration with SNG Grant Thornton, the first Eswatini Green Bond Indaba was planned for launch on 22 May 2023. The event will serve as platform for companies and stakeholders to access finance for ESG projects.

In summary, the Eswatini Stock Exchange aims to promote a mindset shift and encourage companies to consider stock exchanges as a source of finance. They also target the issuance of climate finance instruments, including gender bonds. Joyce emphasised the need for collective action to combat climate change and highlighted the responsibility of everyone to take small steps within their spheres of influence.

Joyce also provided an overview of the SADC Green Bond Programme, which aims to support individual stock exchanges in issuing green or sustainability bonds.

The programme, funded by FSD Africa, has conducted capacity-building workshops for stakeholders within the region, focusing on the potential issuance of green bonds and providing advisory support.

She highlighted the role of external verifiers in the green bond process, ensuring the use of proceeds aligns with the stated intentions. These verifiers play a crucial role in maintaining transparency and accountability, preventing funds from being diverted for unintended purposes.

Joyce emphasised the potential for remarkable outcomes if all stakeholders in the SADC ecosystem work together. Global investors have shown a strong interest in sustainability and climate finance, as seen through the oversubscription of green bonds worldwide. By attracting these global investors, the SADC region can channel funds into projects and initiatives.

In Eswatini, a comprehensive pipeline of projects, involving both the public and private sectors, has been compiled. This pipeline has been submitted to the SADC Green Bond Programme Manager, who assists in ensuring that companies meet the necessary criteria to attract global funds.

Joyce concluded that the Green Bond Programme offers an opportunity for stock exchanges and ecosystem participants to align themselves with global sustainability funding and attract investments to their respective countries.

To conclude the discussion, Joanne emphasised the importance of leveraging financial instruments like green bonds and the role of stock exchanges in capital raising. She stressed the need to involve non-banking financial service providers and prioritise financial inclusion. By exploring diverse avenues for capital access and engaging a wider range of participants, including non-banking institutions, the goal of expanding financial inclusion can be achieved. Stock exchanges play a crucial role in providing a platform for these efforts, enabling companies to access capital beyond traditional banking channels and promoting sustainable finance initiatives.

William Sichombo, FSD Zambia:

William acknowledged the gaps in financial inclusion and the real impacts of climate change in Zambia and other SADC member states, which have hindered GDP and SDG achievements. He highlighted the need to break down the funding required to meet climate action targets and ensure the right investments are made in climate-related initiatives.

He outlined four key objectives when considering climate change and financial inclusion. These include mitigating the effects of climate change through financial services that promote energy efficiency, building resilience in communities by reducing vulnerability through tailored insurance products, facilitating adaptation to climate change impacts and transitioning to sustainable livelihoods, and addressing the disproportionate impact of climate change on the vulnerable through inclusive financial services.

William mentioned various climate financing projects such as renewable energy, water management, and sustainable transportation. He emphasised the need to create an enabling environment through policy, regulation, infrastructure development, and skill enhancement to foster climate-related investments.

He shared examples of projects undertaken by FSD Zambia, including inclusive crop and livestock insurance, digitisation of agricultural finance, and the promotion of alternatives to charcoal. These initiatives focus on scalability, sustainability, and leveraging technology to deliver innovative products to grassroots levels.

In conclusion, William emphasised the importance of close collaboration among SADC members to address climate change, as it knows no borders and has regional implications. He expressed gratitude and handed the platform back to Joanne for further discussion.

Comment from Dionisia Peter Mjema, Senior Economist, Ministry of Finance Tanzania:

Ms Dionisia Mjema highlighted the progress made in Tanzania in the field of green and sustainable finance. The focus shifted from traditional tax-based funding to engaging the private sector, which posed its own challenges. To address this, a national team was formed, and a strategy was developed and launched by the Minister for Finance in May 2021. The team comprised members from various entities, including the Central Bank, stock exchange, treasury, local government authorities, and regulatory bodies.

Implementation was initiated through trainer-of-trainers programmes to equip departments with project development skills necessary for sustainable finance. The importance of bankable projects was emphasised, and guidelines and rules for their creation are being established. The Water Authority was preparing to issue a green bond, and the private sector responded positively. A social bond issued by NMB received overwhelming interest, with subscriptions exceeding the target.

Islamic bonds were also successfully issued, with participation from two banks and a microfinance institution, and experienced oversubscription. Efforts were being made to develop green finance guidelines and explore crowdfunding options to support MSMEs. The cross-listing of the social bond on another stock exchange attracted potential investors. Public-private partnership arrangements were actively pursued, creating opportunities and generating increased investor interest in the capital market.

Joanne thanked the delegate for sharing their experience and mentioned that green bonds had been oversubscribed both domestically and internationally, indicating a strong demand for these instruments. She emphasised the importance of raising awareness and educating market participants about green bonds, reporting requirements, and eligible projects. Once these aspects are understood and implemented, the process can become more efficient.

Closing Remarks

Brendan Pearce, FinMark Trust

Brendan thanked the partners involved in organising the SADC Forum and highlighted the importance of partnerships in achieving success. He acknowledged the teams from FinMark Trust and the SADC secretariat for their efforts in making the Forum a success.

Brendan mentioned the shift from financial inclusion 1.0 to 2.0, with a focus on bringing financial access and inclusion closer to important economic outcomes and livelihoods. He mentioned the draft SADC Financial Inclusion Strategy, which captures this shift and has made progress in implementation.

He also highlighted the support provided by the SIBE programme funded by the European Union, which has helped move the agenda forward. Progress has been made in various areas, as demonstrated by the overall financial inclusion data presented.

Brendan highlighted the need for the Strategy to be seen as a living document, focusing on implementable actions and quality indicators. He commended the team at the SADC Secretariat and emphasised the importance of harnessing all available resources in the region, including donors, NGOs and FSDs, to successfully implement the strategy.

He thanked the delegates for their participation and encouraged them to provide feedback through the evaluation process. He wished everyone well and expressed his hopes for continued success in future forums .

Interview with Brendan Pearce