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

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Glossary of Abbreviations and Technical terms

ABBREVIATIONS	TERM
ACH	Automatic Clearing House
AD / ADLA	Authorised Dealer / Authorised Dealer with Limited Authority
AFI	Alliance for Financial Inclusion
AFCTA	African Continental Free Trade Area
AFDB	African Development Bank
AML/ CFT	Anti-Money Laundering/ Combating the Financing of Terrorism
ASEAN	Association of Southeast Asian Nations
CCBG	SADC Committee of Central Bank Governors
CDD	Customer Due Diligence
CESARE	GIZ Cooperation for the Enhancement of SADC Regional Economic Integration
CISNA	SADC Committee of Insurance, Securities and Non-Banking Financial Authorities
COSSE	Committee of SADC Stock Exchanges
CRASA	Communications Regulators' Association of Southern Africa
D-FIC	Directorate of Investment and Customs (FIC) Directorate
DFI	Development Finance Institution
DFRC	SADC Development Finance Resource Centre (SADC DFI Network)
DRC	Democratic Republic of Congo
ESAAMLG	Eastern and Southern African Anti-Money Laundering Group
ESG	Environmental, Social and Governance
EU	European Union
FANR	SADC Directorate of Food, Agriculture and Natural Resources
FATF	Financial Action Task Force
FDP	Forcibly Displaced Persons
FI	Financial Inclusion
FI-GAP	SADC Financial Inclusion Gender Action Plan
FIC	SADC Finance, Investment and Customs (FIC) Directorate
FIP	SADC Protocol on Finance and Investment
FMT	FinMark Trust
FSD	Financial Sector Deepening
GABAC	*Groupe d'Action contre le blanchiment d'Argent en Afrique Centrale*
GDP	*Gross Domestic Product*
GIZ	*Deutsche Gesellschaft für Internationale Zusammenarbeit*
GSMA	GSM (mobile telecommunication) Association
GU	SADC Gender Unit
ICT	Information and Communication Technology
ID	Identification document
IDT	SADC Directorate of Industrial Development and Trade
ILO	International Labour Organisation
IMF	International Monetary Fund
IMF-FAS	IMF Financial Access Survey
INFF	Integrated National Finance Framework
ISO	International Organization for Standardization
KPI	Key Performance Indicator
KYC	Know Your Customer
LTE	Long Term Expert
M&E / MRE	Monitoring an Evaluation / Monitoring, Reporting and Evaluation
MFI	Micro Finance Institution
ML/TF	Money Laundering and Terrorist Financing

MOU	Memorandum of Understanding
MS	Member State
NFIS/ NFIF	National Financial Inclusion Strategy (/Framework)
PAPSS	Pan-African Payments and Settlement System
PF	Proliferation Financing (in context of AML / CFT)
POS	Point of Sale
PSOC	SADC CCBG Payments Oversight Committee
PWD	People with Disabilities
RAIP	SADC Regional Agricultural Investment Plan
RDF	Regional Development Fund
RISDP	Regional Indicative Strategic Development Plan
RTGS	SADC Real-Time Gross Settlement platform
SA	South Africa
SACCO	Savings and Credit Cooperative Organization
SACU	Southern African Customs Union (5 members)
SADC	Southern African Development Community
SDG	Sustainable Development Goals
SFA	CCBG Strategic Focus Area 2021 – 2023
SHD	SADC Directorate of Social and Human Development
SIBE	Support to Improving the Investment and Business Environment
SME	Small and Medium Enterprise
SPO	Senior Programme Officer
STE	Short Term Experts
TCIB	SADC Transactions Cleared on an Immediate Basis
TOC	Theory of Change
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Fund
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
US / USD	United States / United States Dollar
WDI	Word Bank World Development Indicators

Preamble

The SADC Strategy on Financial Inclusion and SMEs Access to Finance 2023-2028 contributes to SADC's long-term objectives as enshrined in the SADC Treaty. The strategy has been developed under the SADC "Support to Improving the Investment and Business Environment" (SIBE) Programme. SIBE is a five-year Programme funded by the EU and implemented by the SADC Secretariat's Finance, Investment and Customs (FIC) Directorate. Within the SIBE programme the strategy contributes to Result Area 3, enhancing financial inclusion in the region, and specifically the "Development and implementation of Financial Inclusion Strategies".

This strategy that will run from 2023 – 2028 succeeds the Financial Inclusion and SME Access to Finance 2016 – 2021. The latter was approved by the SADC Committee of Ministers of Finance and Investments in September 2016 as a means to accelerate financial inclusion programmes in all SADC Member States, with a special emphasis on empowering the SMEs, youth and women to participate and contribute to economic activity. A review of the implementation of the 2016 strategy was commissioned in 2021, to take stock of results achieved and challenges to date, document lessons learned, and to inform the Financial Inclusion Agenda Post 2021. The review was adopted by the SADC Committee of Ministers of Finance and Investments in July 2022, and the Ministers mandated the development of a new updated strategy 2023 – 2028.

The strategy contributes to achieving sustainable and inclusive growth in the region and supporting job creation through inclusion of all economic players in SADC Member States, with special focus on women, youth and Small and Medium Enterprises (SMEs). The SADC financial inclusion agenda foresees and supports the development of Member States strategies which are focused on inclusive growth, and industrialisation especially through enhancement of financial inclusion and SMEs access to finance. In addition, the 2030 Sustainable Development Goals (SDGs) advocate for the enhancement of quality financial inclusion, which goes beyond access, into usage and quality of services and products.

The strategy development has been guided by the SADC Vision 2050, the Regional Indicative Strategic Plan (RISDP) 2020-2030, the SADC Industrialisation Strategy and Roadmap 2015–2063, the Finance and Investment Protocol (FIP) Roadmap for deeper financial and investment integration, and the findings of the Review of the SADC Strategy on Financial Inclusion and SMEs Access to Finance 2016-2021. The Strategy takes into account emerging issues relating to usage, impact on livelihoods, economic growth and quality of life. The Strategy also considers key financial inclusion initiatives which are part of the strategic focus areas of the FIP Substructures.

The strategy has been developed with guidance from the SADC Directorate of Finance, Investment and Customs (D-FIC), input from a wide range of stakeholders, and support from the SIBE Consortium composed of FinMark Trust as Lead Partner, GFA Consulting Group and the Southern Africa Trust.

Executive Summary

The SADC Strategy on Financial Inclusion and SME Access to Finance 2023-2028 is developed in context of the SADC Industrialization Strategy and Roadmap 2015 – 2063. The industrialisation strategy highlights finance as a binding constraint to industrialisation, and identifies pathways through which financial inclusion can contribute to industrialisation, inclusive growth and a sustainable future:

- Domestic resource mobilisation
- Finance for Agriculture sector, Agro processing and value addition
- Strengthening SMEs to participate in trade, industrialisation and value chains
- Deployment of ICT and fintech towards regional objectives
- Women and youth inclusion and empowerment

This 2023 – 2028 strategy uses as a key input the Review of the implementation of the SADC Strategy on financial inclusion and SME Access to Finance 2016 – 2021 adopted by the Committee of Ministers of Finance and Investment in Lilongwe in July 2022. The Review highlighted progress since 2016, however it noted significant gaps in inclusion and usage of financial services, and considerable variation between Member States. These gaps are driven by various barriers, notably documentation requirements, informality especially in the SME sector, lack of infrastructure in rural areas, low levels of financial literacy, high product prices, and inadequate product innovation. There is need to facilitate expansion of new types of financial services providers including those employing financial technology.

Purpose and status of financial inclusion

Ultimately, increased access to, and usage of quality financial services must result in inclusive and sustainable growth, and improved livelihoods. Future outcomes should therefore closely support the United Nations Sustainable Development Goals (SDGs), the SADC Industrialisation strategy, and inclusive Covid-19 economic recovery.

The proportion of adults in SADC who are financially excluded continues to decline. However available data indicates that priority segments are underserved, with large inclusion gaps for rural and youth populations. There is a small 2 percent point gender gap, however it masks differences by country, and quality gaps as for example women are more likely to use informal providers, or to use someone else's account. Vulnerable Segments including people with disabilities, forcibly displaced persons, and the elderly are also underserved. In the SME sector access is mainly to transactions products, while use of credit and insurance remains very limited.

Opportunities

Launched in 2013, the SADC-Real Time Gross Settlement (RTGS) and more recently the Transactions Cleared on an Immediate Basis (TCIB) platforms have been the flagships promoting inclusive cross border payment systems in the region. Increased participation of non-bank players on the platforms, and utilisation by member states are crucial to enable lower transactions costs to be achieved including for trade and remittances. Remittances in particular have a direct link to both industrialisation and household resilience, yet prices remain well above the SDG target of 5%. Additional measures are also required at member level, including enabling regulatory reform, and continued digitisation of the first and last mile.

Innovation in the financial sector is crucial, yet the fintech sector is very small in most member states. Member states need to put in place frameworks and infrastructure required to fully take advantage of technology in financial services.

The financial sector must be more inclusive across all its dimensions and in particular capital markets have a contribution to make to enable sustainable SME finance, building on ongoing interventions such as green bonds and the Jasiri gender bond. There is also need to better leverage the microfinance sector which already has significant rural reach, and to develop the insurance and pension markets whose penetration in the region is very low. The development of informal pension products in particular can address significant numbers of people involved in the informal sector.

Differences in AML/CFT/PF implementation across member states is emerging as a barrier to cross border services and innovation. In addition the emergence of fast and efficient digital technologies, and increasing role of non-banks in cross border interventions necessitates improved capacity and cooperation, including through operationalisation of the AML committee as provided for in the FIP Annex 12.

Strategic Priorities 2023 – 2028

The overall aim of the updated strategy is to support industrialisation and inclusive growth in SADC, as well ensure households have a secure, sustainable future. In line with this, the vision for 2023 – 2028 is outlined as being to create:

"An inclusive, stable and innovative SADC financial system that empowers individuals and businesses to access and use quality financial services, in order to contribute to industrialisation, inclusive growth, and resilient, sustainable economic well-being."

The vision will be achieved through three mutually reinforcing strategic priorities, underpinned by an enabling activity.

Strategic Priority 1: The updated Strategy emphasizes harmonisation as a means of supporting member states to adopt and implement best practices in support of the regional objectives. The strategy emphasises that the region should responsibly meet its AML/ CFT/ PF obligations without negatively impacting on financial inclusion. It also provides for regional direction on critical issues, i.e. innovation and financial technology, consumer protection and market conduct, and further development of non-bank sector. New regional frameworks for informal sector pensions and carbon trading are proposed.

Strategic Priority 2: The purpose of this strategic priority is to implement Regional projects that will help move the financial inclusion and SME access to finance agenda forward. Identified projects include scaling of the regional payment integration platforms; support to capital markets to increase availability of sustainable SME and agriculture finance products including through a regional commodity market; support to ensure availability and use of sustainable and flexible finance for small businesses; development of insurance and pensions in the region; and implementation of selected SADC Youth focused interventions.

Strategic Priority 3: This strategic priority identifies areas where support will be provided to member states, targeting regulators and policy makers. Areas identified include the development and implement national financial inclusion strategies; promotion of equitable access to financial services and financial inclusion of women-owned businesses and women entrepreneurs through the domestication of the SADC financial inclusion Gender Action Plan; the strengthening of rural finance through the microfinance sector; and support to member state consumer protection and financial education interventions.

Enabling Environment: Successful achievement of the above 3 priorities will require stakeholders to have adequate capacity and finance, and to monitor implementation. The SADC Secretariat will lead this effort, ensuring there are effective coordination mechanisms; wide availability and accessibility of supply side and demand side data; and adequate collaboration between substructures.

The full range of proposed interventions are summarised below.

SP1: Harmonisation of Regulations and Guidelines	**SP2: Regional infrastructure platforms and projects**	**SP3: Targeted SADC level support to Member states**
1. Ensure AML/ CFT/ PF obligations are responsibly met 2. Develop innovation and fintech framework 3. Implement consumer protection & market conduct guidelines 4. Support domestication of developed non-bank model laws 5. Develop regional frameworks for informal sector pensions and carbon trading	1. Scale regional payment integration platforms 2. Support capital markets to include SMEs, and to be socially responsible 3. Promote sustainable and flexible finance for SMEs 4. Support development of insurance and pensions products to support regional objectives 5. Implement selected SADC youth focused interventions	1. Support MS to develop and implement national financial inclusion strategies and plans 2. Promote equitable access to financial services for women and women owned businesses 3. Strengthen rural, women and youth inclusion through microfinance Sector 4. Support MS to rollout consumer protection and financial education interventions
Enablers: Availability of data, cross learning, and capacity of coordination mechanisms	1. Enhance SADC Secretariat coordination and capacity support to MS 2. Ensure wide availability and accessibility of financial inclusion data 3. Enhance collaboration between substructures	

Table 1: Overview of Proposed interventions 2023 – 2028

Monitoring, Reporting and evaluation

The MRE framework 2023 – 2028 serves as a support mechanism to systematically track progress and results. Fifteen indicators will be used to measure progress and outcomes in line with the Theory of Change. Regular demand side surveys across member states will be needed to track progress. Supply side data will complement the demand side data, as it allows shorter measurement time intervals. Supply side data generated in member states will be collated by SADC substructures, and used for reporting by the financial inclusion Secretariat at the SADC FIC Directorate. The Directorate will require adequate capacity to guide the process.

Coordination

Successful implementation is dependent on the effectiveness of the leadership and interfaces through the institutional and governance mechanism established by the Committee of Ministers of Finance and Investment 2018 and fully operationalised in 2021. Under the structure, Committee serves as the owner of the strategy, while the FIC Directorate serves as its champion and financial inclusion Secretariat. The FIC is supported in this role by the other SADC Directorates (particularly IDT, ICT, Gender, S&HD, and FANR), and the FIP Substructures, both of whom are crucial in ensuring the successful implementation of the strategy. These are supported by ICPs, regional organisations, FSDs, and member states. Target groups (SADC adults and especially women, youth, and SMEs) in member states use the financial services to improve their livelihoods and to contribute to industrialisation and regional economic growth.

1. Introduction

1.1 SADC Regional Context

The Southern African Development Community (SADC) region comprises 16 Member States[1] with a combined population of 345 million and GDP of USD 754 billion (World Bank WDI 2021). There are large variations between Member States, in terms of population, geography, language, and economy among others. The region experienced significant economic contraction between 2019 and 2020 as a result of the Covid-19 pandemic,[2] with substantial impact on manufacturing outside of the food and pharmaceutical sectors due to pandemic related lockdowns and disruptions. Tourism was even more significantly impacted, with bookings down by three-quarters in South Africa and Zimbabwe by late 2020.

Natural resources, including agriculture and mining account for 25% of GDP, while manufacturing accounts for around 13% of regional GDP.[3] The contribution of agriculture to GDP has declined in many SADC countries, however the sector is still very important as it supports livelihoods. A majority of SADC population lives in rural areas, and 10 out of 16 Member States have more than 50% of the population living in rural areas (Figure 1).

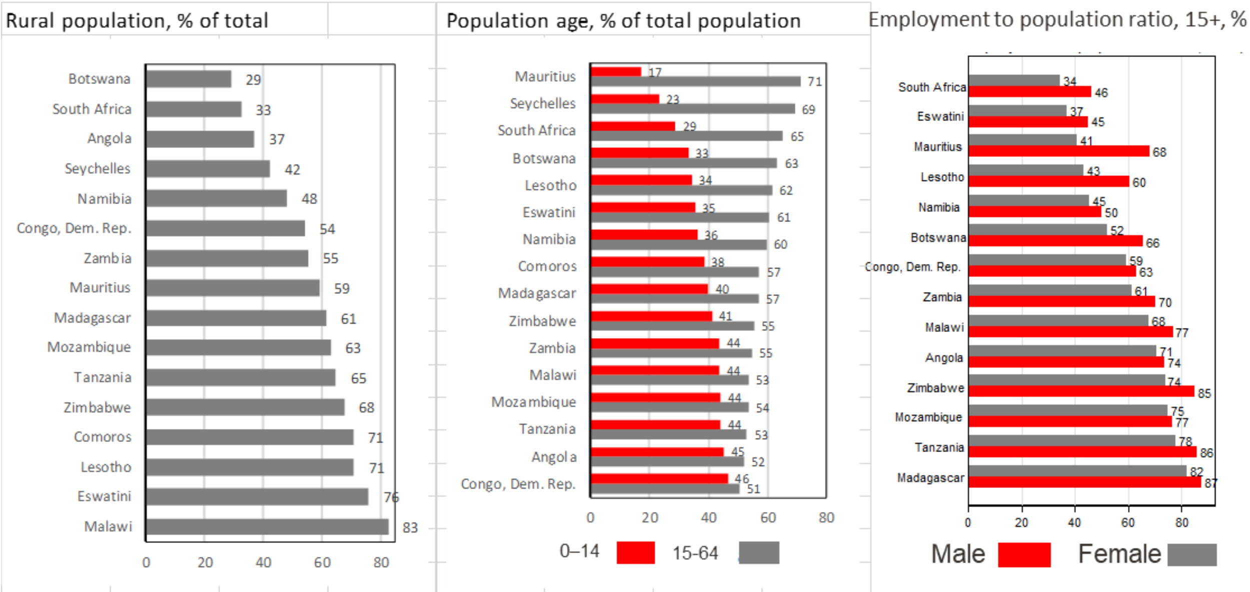

Figure 1: SADC Population Dynamics by age, geography and employment

Source: World Bank, World Development Indicators, 2019 and 2020, available at: https://databank.worldbank.org/source/world-developmentindicators, Banco Nacional de Angola

The population of SADC is young, and in almost all member states young people below 15 years of age account for a third of the population or more. According to ILOSTAT, youth unemployment stands at a high 18% compared to a regional average of 12%. Employment rates as a proportion of the working age population are low, less than 50% in the SACU region.

Various FinScope surveys in the region consistently show high levels of informality in usage of financial services, as evidenced by high prevalence of informal savings groups, money lenders and informal remittance channels. It is estimated that 52% of all remittances from South Africa by value are through informal channels.[4]

1.2 SADC Regional integration

SADC envisions a regional community that has a common future and that by 2050 ensures social-economic well-being and improvement in the standards of living and quality of life as enshrined in the

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[1] *Angola, Botswana, Comoros, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, United Republic Tanzania, Zambia and Zimbabwe*

[2] *Makgetla, N. (2021). The Covid-19 pandemic and the economy in Southern Africa. Helsinki: UNU-WIDER.*

[3] *SADC Regional Indicative Strategic Development Plan (RISDP), 2020-2030*

[4] *FinMark Trust (2021). Remittances Market Assessment. https://finmark.org.za/Publications/Remittances_Market_Assessment_2021.pdf*

Treaty. Treaty aims are implemented through agreements including Protocols that are legally binding, of which the most relevant here include:

- Protocol on Finance and Investment (2006, amended in 2016);
- Protocol on Trade (1996);
- Protocol on Mining (1997);
- Protocol on Trade in Services (2012, ratified January 2022); and
- Protocol on Industry (2019)

Through the protocols, SADC envisages to eliminate obstacles to the free movement of labour, goods and services. The Finance and Investment Protocol (FIP) in particular intends to increase cooperation, coordination and management of macroeconomic, monetary and fiscal policies. In particular it envisages the establishment of macroeconomic stability as a precondition to sustainable economic growth and for the creation of a monetary union. This would be achieved through coordination amongst central banks, financial and capital markets, and establishment of a regional clearing and settlement system amongst others. In addition to the FIP, other key policies that anchor this strategy include:

The SADC Vision 2050 which has three pillars, of which Pillar 1 is industrial development and market integration. Gender equity, youth empowerment, and climate change are cross cutting themes. The path to attainment of the vision's objectives is further outlined in the Regional Indicative Strategic Development Plan 2020 – 2030.

The Regional Indicative Strategic Development Plan 2020 – 2030 (RISDP) operationalizes each of the key pillars of the Vision 2050, in alignment with African Union Agenda 2063. RISDP Strategic Objective 5, Outcome 1 envisages deepened financial integration, broadened financial inclusion, and increased monetary cooperation.

The SADC Industrialization Strategy and Roadmap 2015 – 2063 recognizes the potential of the region's diverse resources to accelerate industrialization, especially in agriculture and mining. Among others it highlights the need for finance and capacity for SMEs, and to increase intra-SADC trade which has remained very low. One of three binding constraints to industrialisation as identified in the strategy is finance.

1.3 Definitions

Financial Inclusion refers to the delivery of financial services and products in a way that is accessible, convenient and affordable to all segments of society, and plays a pivotal role in combating poverty and contributing to inclusive economic growth. The three main dimensions of financial inclusion are:

- **Access**: the combination of both the availability and appropriateness of financial products and services;
- **Usage**: the frequency of interaction with the product or service, or the utility to which the access is translated to; and
- **Quality**: the combination of product fit, value add, convenience and risk.

Financial products and services can be provided formally or informally. Informal services are sometimes preferred by some consumers for various reasons, however there are many instances where they are used because consumers have no access to formal products, or because the formal products do not fully meet their needs. In addition it is difficult to ensure adequate consumer protection in the informal sector. For these reasons, this strategy focuses on ensuring that formal financial products are available to all.

The adult population and businesses accessing financial services and products is segmented into the following main categories:

- **Banked** refers to individuals and businesses who have/use services provided by an institution operating under a banking license which is regulated by the regulatory authority of the country.
- **Other formal (non-bank)** refers to individuals and businesses who are served by other regulated financial institutions such as micro-finance institutions, mobile money operators, insurance companies, retail chains, remittances service providers, credit providers.
- **Under served** refers to individuals and businesses who have needs for multiple products, but only have access or use a select subset of them.
- **Informally served** refers to those make use of financial products from unregulated persons or institutions.

Financial exclusion can be voluntary or involuntary, and proposed focus is on reducing involuntary exclusion

Financial inclusion in this strategy refers to both individuals and SMEs.

Definition of SMEs

The precise definition of SME varies from country to country within SADC. Here the term is used broadly to encompass the range of businesses between survivalist micro-enterprises to medium-sized enterprises capable of raising finance and implementing capital projects. Per the World Bank Enterprise Survey, small enterprises are those with between 5 and 19 employees, while medium enterprise comprise those with between 20 and 99 employees.

Definition of Youth

The standard SADC definition of "youth" is adopted, i.e. 15 to 34 years old. It is noted that available data often does not exactly match this bracket, especially given different definitions by the UN (15 – 24), World Bank (youth 15 – 24) and the ILOSTAT database (15 – 29) years old.

1.4 Financial Inclusion Pathways to SADC Industrialisation Strategy

The SADC Industrialisation Strategy highlights several pathways through which financial inclusion and access to finance for SMEs can contribute to industrialisation, inclusive growth and a sustainable future in SADC. The following five pathways are prioritised in this strategy:

Domestic resource mobilisation: Finance is highlighted as a binding constraint under the industrialisation strategy, requiring mobilisation of domestic and external resources. The financial inclusion and SME access to finance strategy can contribute to the mobilisation of finance in the following tangible ways:

- Helping improve the investments environment in the region, through increased harmonisation and integration of the financial sector, and competitive, inclusive financial and capital markets. Contributions to the trade and trade liberalisation agenda will also help to create a positive investment environment.
- Supporting the mobilising of savings and deposits in member states through increased accessibility, relevance and usage of savings, pensions, insurance, and investments and capital market products.
- Ensuring efficient remittance corridors that allow increased cross border movement of capital. Easier movement of cash across distances presents a unique opportunity to increase trade, household incomes and regionally-led financing.
- Attracting more customers to the formal sector and formalising currently informal capital flows e.g. informal savings groups, money lenders and others.
- Increasing the tax base and tax revenues through the growth of SMEs, and digitisation and formalisation of economic activity. Mobile money for example, can expand person-to-government (P2G) and business-to-government (B2G) payments, with potential to reduce leakage and increase government revenues.

These measures will both empower consumers with tools to live more prosperous lives, while contributing to SMEs and governments having the capital and revenue needed to expand and industrialise the economy.

Finance for Agriculture sector and Agro processing: Agriculture tends to be under-served by financial services providers, yet it has significant untapped potential. The sector needs to be supported to allow increased productivity, and value addition.[5]

Agricultural finance is required to improve agricultural production (e.g. though improved seeds, mechanisation and irrigation), which continues to perform below full potential. It can also facilitate agro-processing and value addition, for example through the purchase or lease of processing equipment. Programmes that link SMEs with larger value chain players can facilitate value addition processes through linkage into regional and international value chains, as well as achievement of food standards. Finance can be provided directly to smallholders and SMEs, or through cooperatives, with the objective to improve the quality and quantity of their produce.

[5] *SADC Industrialisation Strategy and Roadmap 2015- 2063*

Digitalisation can play an important role in improving outcomes in the agricultural sector, including by reducing informational asymmetries and transaction costs (e.g. having to visit different regions to find market information). There is significant agriculture produce price dispersion among SADC Member States[6], which the introduction of technology has potential to reduce, particularly for fresh produce.[7, 8] Technology can also contribute to the creation of regional digital marketplaces, and a sustainable regional commodity market.

Other products such as life-, micro-, agri- and livestock insurance and savings products are also of importance to farming households and businesses, to ensure they are resilient and productive. Additionally support for uptake of Smart Agriculture practices among farmers and especially small holder farmers can further ensure that SADC contributes positively to the climate agenda.

Strengthening SMEs to participate in trade, industrialisation and value chains: While SMEs are already an important source of livelihood and jobs across the region, they are also envisaged under the regional strategy to play a critical in industrialisation and inclusive growth. Yet as a sector they face many growth challenges, including high levels of informality, lack of skills and capacity, and lack of funding especially from traditional sources such as commercial banks.

Appropriate product design is key in ensuring that SMEs participate in industrialisation. Lending in sectors that contribute more directly to production and industrialisation often requires different financing mechanisms. Firms in the manufacturing sector, for example, may require higher capital expenditures and longer loan cycles than firms engaged in trade who mostly require short-term working capital facilities.

The growth of SMEs and their participation in trade and value chains can be enhanced through capacity support, digitisation of activities and processes, linkage to markets, and availability of credit and other forms of finance that cater to their needs. The scaling and deepened use of platforms that facilitate intra region trade (such as instant payments), and linkage into the AFCTA initiative will help more SMEs to participate in trade. Given the significant proportion of women owned / led SMEs, it is also important to include a focus on the inclusion of women in trade, industrialisation and value chains, by addressing gaps, challenges, needs and priorities of women entrepreneurs.

SMEs also require other financial services, especially insurance to mitigate risk. SMEs face numerous business risks, including related to production processes, theft of equipment and stock, trade, and entrepreneur or staff life cycle events – such as death and illness especially those with few employees. Insurance products lead to a more resilient SME sector. Sustainable finance approaches promoting green activities will help SMEs to contribute to the SADC climate agenda.

Information and communication technology (ICT): The industrialisation strategy recognizes the role of ICT as an enabler as well as a catalyst to industrialization. It envisages the mainstreaming of ICT in the socio-economic transformation process as an essential element/ prerequisite for industrialization.

In the financial sector, technology will most particularly be deployed to expand the reach, relevance, cost and quality of financial services. Mobile technology can help financial service providers to extend their reach, at low-cost, including in dispersed rural areas. This is an important consideration given the high proportion of rural populations in member states. Fintech as a concept is recent but it has already made a big impact in many countries globally, and can be expected to yield significant benefits for industrialisation in SADC. ICTs will also be deployed in specific financial subsectors to increase convenience, for example in the use and verification of information across borders, remote access to financial services, and the deployment of financial education through technology.

Financial services authorities and regulators will need to work hand in hand with ICT stakeholders to promote access to technology, and to address various gaps such as in skills or in reach of services. Such collaborative approaches will help promote innovation and strengthen the digital transformation already underway in the region.

Women and youth empowerment: Women and youth are identified as cross cutting themes in the regional vision, as well as in the industrialisation strategy which envisages the mainstreaming of Gender and Youth Issues. The industrialisation strategy in particular anticipates a wider scope and quality of women and youth's participation in industrialization, notably through improved access to finance, skills development and support programmes. Youth unemployment and underemployment is a major

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[6] Source: Centre for Competition, Regulation and Economic Development (University of Johannesburg) Market Price observatory, available at: https://www.competition.org.za/marketobservatory

[7] Jensen, R. (2007). The digital provide: Information (technology), market performance, and welfare in the South Indian fisheries sector. The quarterly journal of economics, 122(3), 879-924.

[8] Aker, J. C. (2010). Information from markets near and far: Mobile phones and agricultural markets in Niger. American Economic Journal: Applied Economics, 2(3), 46-59.

challenge for SADC Member States, to be addressed through the development of youth economic empowerment and mentoring programmes.

Financial inclusion will help empower women and youth particularly in the SME sector, through increased access to opportunities, entrepreneurship and financial education, and access to finance. The regional Industrialisation strategy also envisages targeted programmes for empowering persons with disabilities, and as such the improved provision of financial services to this marginalised group provides a further pathway to contribute to the regional agenda.

The lack of disaggregated data to track and reflect the status of youth, women and persons with disabilities is a specific area that financial inclusion can contribute to, through support to regulators.

1.5 Approach to the development of this strategy

The Review of the implementation of the SADC Strategy on financial inclusion and SME Access to Finance 2016 – 2021 was done in 2021. The development of this strategy uses as a starting point the results of the review, which were adopted by the Committee of Ministers of Finance and Investment in Lilongwe in July 2022.

Further inputs have been obtained from various other sources as follows:

- Significant SADC research and studies have been carried out in the last 2 years, mainly under SIBE programme. Recommendations from these studies have undergone stakeholder validation, providing a strong input to this strategy.
- Several Member States have a national financial inclusion strategy in place, with a few in preparation (Angola, Botswana, Malawi, Eswatini and Lesotho), providing further insights.
- SADC Substructures' strategic plans were reviewed, including the CCBG Strategic Focus Areas 2021 – 2023, the CISNA Strategic plan 2022 – 2026, the DFRC Strategic Plan 2019 – 2024 and the CoSSE Strategic Plan 2020-2024.
- Key Informant Interviews with substructures and various stakeholders were held, to collect further data and information, and to help identify potential high priority interventions that can move the financial inclusion agenda forward in the region.
- Review of key SADC policy and strategy documents e.g. FIP, RISDP, the SADC Industrialisation strategy and Roadmap, RAIP and others
- Available Member State supply and demand side data
- Inputs from member states and stakeholders attending the 2023 SADC Financial Inclusion Forum[9]

The analysis of the above data and information has been used to prepare the SADC Strategy for financial inclusion and SME Access to Finance 2021 – 2028, including the M&E framework. The strategy takes into account country and regional priorities, potential impact of various interventions, and emerging issues such as fintech, sustainable finance and climate change among others.

2. Reflections on the Implementation progress

2.1 Overview of the SADC Strategy on FI and SME access to finance 2016 – 2021

The Strategy for Financial inclusion and SME access to finance 2016 – 2021 emphasized digitisation based on strong payment systems, and strong credit markets. Following approval of the strategy an implementation plan was submitted to the Committee of Ministers of Finance and Investment in July 2017, comprising sub-activities to be implemented and key performance indicators. The implementation plan was anchored on the strategic objective to "improve access, uptake and utilization of quality financial services and products for consumers and small and medium businesses in the SADC region for effective participation in the SADC Industrialisation Strategy and Roadmap", and seven key outcomes:

[9] *The Forum was held on 18 – 19 May 2023 in Sandton, Johannesburg*

- Improved capacity to support regional and national financial inclusion programmes, including the establishment of a regional centre of excellence and regional stakeholder forum for financial inclusion
- Improved policy and regulatory environment for financial inclusion in the region
- Harmonized regulations for member exchanges
- Access to information on capital markets improved
- Increased awareness and participation of the youth and SMEs in capital markets promoted
- Improved capacity of financial service providers (FSPs) to develop appropriate financial services and products in the region
- Increased formal cross border retail payments

A total of 45 sub-activities were identified in the implementation plan.

2.2 Achievements and Progress since 2016

The review of implementation progress carried out in 2021 estimated that of the 45 sub-activities identified for implementation, 32 of them or 71% were in progress or had been completed. It is noteworthy that implementation of several significant components of the plan were only began in 2021, under the SADC-SIBE programme. Given that many of these implementation areas remain important going forward, some activities can be expected to carry forward into the new 2023 – 2028 strategy.

Overall there has been significant activity progress since 2016, guided by SADC coordination and implemented by an array of stakeholders. Key achievements under the 2016 – 2021 strategy can be summarised as follows:

- Establishment of the financial inclusion subcommittee, and its 4 Task teams to coordinate and guide financial inclusion activities in the region.
- Establishment of the Regional Stakeholders' learning and sharing forum (FI forum). The forum was held in 2017, 2018, 2019, 2022 and 2023.
- Funding under SIBE towards enhanced investment and financial inclusion, which included significant technical support for the implementation of the 2016 – 2021 strategy.
- Scaling of SADC RTGS and launch of TCIB retail real time instant payments platform. As at March 2022, SADC-RTGS processed 38,556 transactions to the value of ZAR 146.34 Billion per month.[10]
- Mobile money guidelines were published in 2018, and implemented in Malawi, Lesotho, Zimbabwe and Eswatini (Botswana underway).
- Progress in assessment of viable regional digital financial identification approaches, with e-KYC pilots in 3 corridors. Lesotho authorities are planning to make financial service provider access into its database permanent.
- Partnerships in place with development partners to prioritise financial inclusion research, including national level strategy development ongoing / completed in 9 countries.[11]
- Improved access to data, through a website portal, and a forthcoming SADC FI portal currently in development under SIBE programme.
- SADC Innovation Challenge successfully held in August 2020, with 36 companies across 7 SADC countries participating.
- Ongoing coordination of harmonization of regulations, particularly in AML/CFT, Balance of Payments reporting and consumer protection.

At an outcome level there has been some progress, although this has been below the targets set in 2016.[12] Approximately 70% of adults in SADC in 2021 had access to financial services, compared to a baseline of 66% in 2016, and a target of 75% by 2021. Similarly 30% of adults used mobile money services, compared to a baseline of 23% in 2016 and a target of 50% by 2021. The gender gap improved, from a 3 percent point gap in 2016 to a 2 percent point difference in 2021, where 69% of

[10] *https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/settlement-services/sadc-rtgs/2022-stats/SADC-RTGS%20Settlement%20Statistics%20and%20Indicators%20-%20March%20-%202022.pdf*

[11] *Angola, Botswana, DRC, Eswatini, Lesotho, Madagascar, Malawi, Mozambique and Zimbabwe*

[12] *Ryan Hawthorne (2022). Review of the SADC strategy on financial inclusion and SMES access to finance. Report Reference: 003/STE/FR, Version: 5.1*

women in SADC had access to financial services compared to 71% of men. Across all these dimensions, there have been challenges with obtaining up to date data in member states, as well as significant differences between Member States. The lack of information on various member states is an important area that needs to be addressed in the next phase.

2.3 Key Barriers to Access and Usage of financial services

Despite the progress there remains significant exclusion especially in rural areas, and considerable variation between Member States with some countries having a third of adults or more being excluded from access to any form of financial services. The gaps in inclusion and usage of financial services is driven by a number of important barriers identified by stakeholders and research as follows.

Documentation requirements continue to constrain access to financial services in SADC Member States[13], and a number of Member States in particular need to improve their national identification systems (Figure 2**Error! Reference source not found.**). Providing people with a valid Identity Document (ID) is essential to access financial services. Processes to obtain an ID card and to open an account need to be streamlined and simplified.

SMEs in the region remain largely informal, which translates into obstacles in accessing formal financial services.[14] This is due to a variety of factors, including lack of skills and financial information, lack of formal registrations and permits, limited access to ICT, and lack of credit or transactions histories.

Limitations in rural infrastructure, which is linked to poor financial service provider presence in rural areas and lack of interoperability between them. There is also a significant challenge with limited mobile network connectivity – with important differences between Member States (Figure 3). This is often due to challenges with electricity availability and other required infrastructure, and lack of incentives for telecommunication companies to make the required commercial investments.

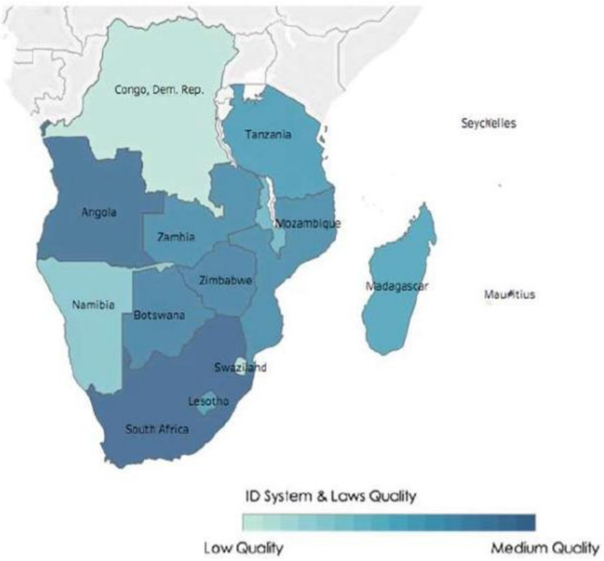

Figure 2: State of national identification in SADC

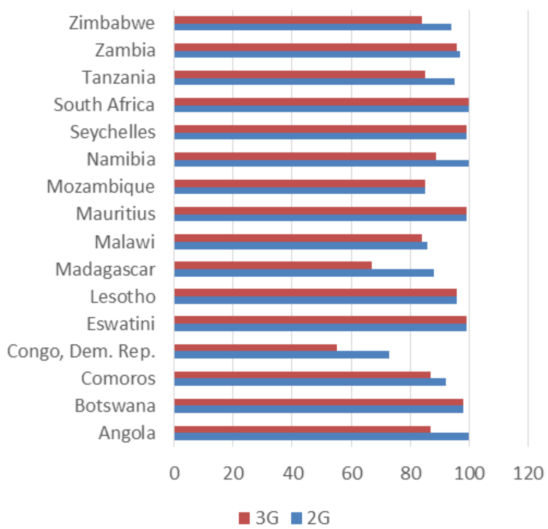

Figure 3: Mobile network connectivity in SADC – population coverage by network technology, %

Sources: FinMark Trust, 2018, 'Landscaping a digital financial identity for SADC', available at: https://bfaglobal.com/wp-content/uploads/2018/02/FMT-Digital-ID- landscape-report-1.pdf;
ITU Data hub, https://datahub.itu.int/data/?i=100095&e=ZWE

Low levels of financial literacy and financial skills among consumers and SMEs. Lack of awareness and knowledge in financial products and how to use them limits their relevance and usage. Member States should accelerate the development and delivery of digital and financial literacy programs,

[13] *Muronda, Farai. 2019. 'Lower documentation requirements; driving greater financial inclusion in Africa'. FinMark Trust. Available at: https://finmark.org.za/knowledge-hub/blog/lower-documentationrequirements-driving-greater-financial-inclusion-in-africa?entity=blog&offset=4*
[14] *See for example United Nations Capital Development Fund, 2020-2021, MAP Refresh reports for Lesotho, Malawi and Zimbabwe*

especially in rural areas, to ensure people can make sound financial decisions, select financial products which best fit their needs, and know how to use related channels such as ATMs or mobile banking.

Lack of trust and awareness among consumers and SMEs in financial institutions is also a critical barrier to uptake of financial services across SADC, and underlying this, low financial literacy and inadequate consumer protection. Enhanced financial consumer protection outcomes will contribute to increased trust in the formal financial services sector, including increased transparency and fair practices. As technology based financial products take root, regulators need to address cybercrime, data protection, over indebtedness and other issues that may accompany it.

High product prices, resulting from lack of competition among traditional financial services providers. As an example, the prices of remittances are as high as 30% of the remittance value in some corridors (see section 3.3), pushing people into informal mechanisms. Affordability or perception of high prices also impacts on credit, digital financial services, insurance, bank transaction accounts, and others.

Lack of relevant products and poor quality of services, due to lack of competition and inadequate product innovation. There is need to facilitate the expansion of traditional and new types of financial services providers, in order to bring about greater competition. Providers employing financial technology (including money transfer operators and mobile money providers) can help increase reach and lower prices of financial services in SADC. Shifts towards data localisation and cybersecurity issues are key risks that need to be managed, as they can prevent the emergence of regional technology based innovations.

Financial institutions should adapt products to suit the needs of underserved segments (e.g. women, youth, rural and disabled). Women for example are more likely to depend on informal and non-bank mechanisms than banks when compared to men. This effort can range from providing women with valid ID cards and education, to infrastructure to facilitate disabled people's access to services at financial institutions.

Limited utility of transactions products. Accounts opened do not always translate into usage, as evidenced by account dormancy rates in the region. Financial institutions must therefore be innovative and ensure that transactions accounts are useful and serve as a gateway to other financial products such as savings, credit and insurance. Interest on mobile wallet balances can facilitate savings for lower income groups, while governments and the private sector can play a key role in accelerating usage by depositing payments into accounts instead of paying cash.

2.4 Lessons learnt

The implementation of the Strategy 2016 – 2021 has provided some important lessons for the future. One of the key lessons learnt is that although there is a relatively high level of access in the region, this has not translated into usage, or positive developmental outcomes. Thus, it is important to assess the purpose of increasing inclusion, to ensure that it aligns to broader social economic outcomes that directly impact on consumers and SMEs. This also means that in line with trends globally, there will be need going forward to closely link strategic activities with impact.

A second issue is that the establishment of Subcommittee structure in itself was a milestone in the implementation of the last strategy, however there is now need to strengthen technical coordination capacity at SADC to support the Subcommittee and its Task teams in carrying out their duties. This includes strengthened annual work planning, monitoring and evaluation, and communications among others. Related to this, there is need to strengthen the M&E framework to ensure that progress can be regularly tracked and corrective actions taken when challenges arise. The lack of adequate quality data and data capacity remains a critical constraint, including limited supply side data, scarce or old FinScope datasets, and limited segment data e.g. youth, gender and disabled people data.

The partnership between the SADC Secretariat, substructures, member states, development partners and others has been impactful and this needs to be continued. The SIBE programme in particular unlocked many doors – highlighting the criticality of finance in implementation, and the need for SADC to leverage its power to converge public and private sector financing on critical interventions.

Finally the adoption of digital financial services in SADC remains very low compared to other regions, estimated at only 30% of adults. There is huge opportunity to encourage adoption towards strategic outcomes, for example to support regional payment platform objectives.

3. Strategic Context

3.1 Purpose of increased Financial Inclusion in SADC

Ultimately, increased access to, and usage of quality financial services is a means rather than an end in itself. Financial inclusion is part of a larger development agenda that results in economic inclusion and improved livelihoods. The main purpose of increased financial inclusion in SADC then, is that access and usage of financial services directly contributes to inclusive growth, access to basic services that allow households increased resilience and opportunities, and that contributes to a sustainable future through inclusiveness and financing of environmentally sensitive activities (Figure 4). These outcomes are anchored on the United Nations Sustainable Development Goals (SDGs) to which member states are signatories, the SADC Industrialisation strategy, as well as inclusive Covid-19 economic recovery.

Figure 4: Purpose of increased financial inclusion

3.2 Status of Financial Inclusion

3.2.1 Overview

The SADC region financial inclusion Access Strand shows that between 2011 and 2022 the proportion of adults who are financially excluded decreased from 43% to 27%, so that approximately 73% of adults now have access to financial services (Figure 5). This is significant progress, however in absolute terms there was an increase in the number of excluded adults, from 38 million in 2011 to 43 million in 2022.[15]

The SADC banked population has remained relatively stable in percent terms, though in absolute terms the number of adults who are banked doubled from 29 million in 2011 to 58 million adults in 2022. Non-bank formal inclusion has seen even faster growth, with the “other formal” category growing from 10% to 27% of adults, i.e. increasing reach among the unbanked from 9 million to 42 million adults. The proportion of adults using non-bank services alone or in combination with a bank product increased from 37% (33 million adults) to 56% (88 million adults). This highlights the potential of the non-bank sector in the region.

The data also suggests that additional interventions and initiatives are required to address the deficiencies and challenges that are inhibiting more significant progress for the region, including based on technology, as well as more closely linked to developmental outcomes that consumers and SMEs are concerned about.

[15] *The 2011 total adult population is estimated at 88 720 329 million and for 2022 at 156 607 019. High level conclusions drawn in this FinScope analysis have been reached taking into account the limitations in the data used. The 2011 survey compilation includes Malawi, Mozambique, Zambia, Tanzania, Zimbabwe, Namibia, Botswana, eSwatini, Lesotho and South Africa, but excludes Seychelles, Madagascar, Mauritius and DRC.*

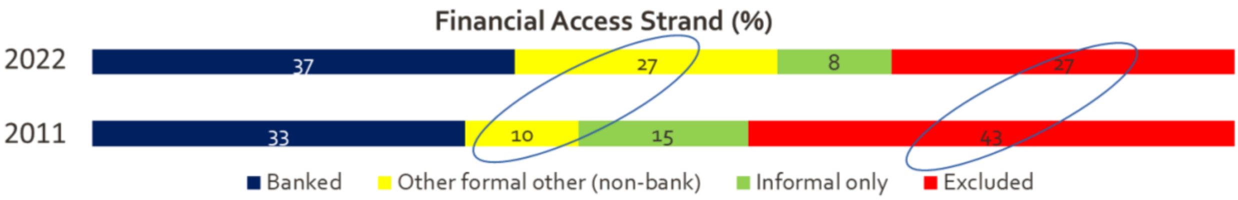

Figure 5: SADC Financial Access Strand
Source: FinScope analysis from various years, and FinMark Trust analysis.

Country comparison is difficult as the FinScope SADC Access Strand is constructed using FinScope results from different years, with very dated FinScope data in 3 countries (Malawi, Mauritius and DRC), and lack of data in 2 countries (Angola, Comoros). Nevertheless, the data demonstrates uneven progress across SADC member states, and the need for country specific approaches.

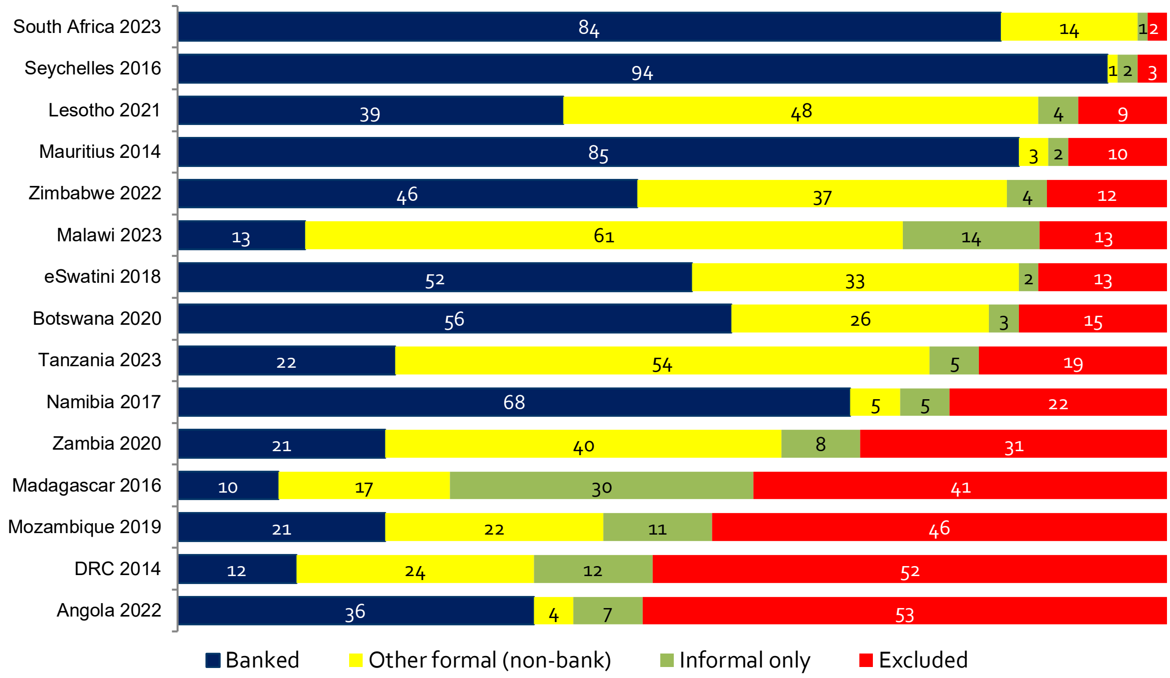

Figure 6: SADC Access strand by country
Source: FinScope surveys from various years

3.2.2 Access for priority Segments

An analysis of available FinScope data by gender, age and geography provides insights into the status of inclusion by segment (Figure 7). The small gender gap noted earlier masks differences by country, where some countries have a larger gender gap than others. Women often face unique challenges compared to men, such as different social norms and expectations, lower incomes, being based in rural areas, and lack of digital and financial literacy. Women in rural areas are more likely to be excluded or served by informal financial service providers. Women also often use someone else's account, especially in Zambia, Tanzania and Eswatini.[16]

Interventions to address increased access and usage of financial services for women should target both providers and the women themselves. Evidence shows that financial service providers are often consciously or unconsciously biased against women e.g. through higher loan rejection rates, or less favourable conditions (amounts, terms or rates). Their products are not always well suited to the needs of women for example in terms of available loan sizes, rural presence or documentation requirements. The women consumers themselves need support, through targeted financial education

[16] *Source: K Mutsonziwa, Top six insights on Gender from FinScope data across the SADC region, FinMark Trust, March 2019*

programmes and financial management skills. To ensure impact, women targeted interventions should be linked to income generating capability.[17]

The data also demonstrates a high rural inclusion gap of 24 percent points. This is due to the high cost to serve in rural areas, related to the lower density of consumers and lack of supporting infrastructure for providers. Efforts must focus on technology based extension of services into rural areas, partnerships to extend access networks, and the rollout of digital and financial literacy interventions to promote access and usage of services. Close linkage with developmental objectives (such as healthcare, agriculture value chains, social protection, and others) will be crucial to drive uptake and usage of services.

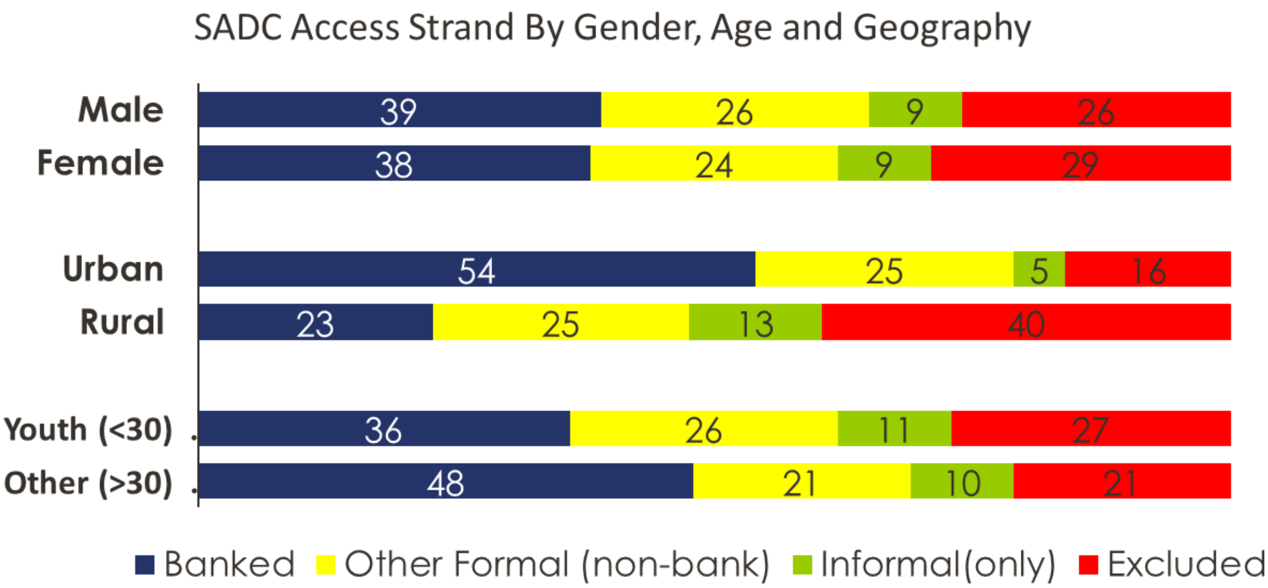

Figure 7: SADC Access strand by gender, age and geography

Source: FinMark Trust analysis based on available FinScope surveys as at 2022

SADC has a significant youth inclusion gap of 7 percent points (Figure 7). Financial education is a particularly critical aspect of attracting youth to adopt and use financial services, and school and college curriculum based financial education can be used to target youth early on. After leaving school, integration of financial education and skills into programmes that support unemployed graduates or that support re-skilling towards productive sectors can be used to reach the youth. Start-up capital can help the youth to contribute to the industrialisation more directly. The lack of data to assess and further segment the youth is noted, and this needs to be addressed going forward.

3.2.3 Access for Vulnerable Segments

As part of ensuring the inclusion of everyone in SADC, it is important to ensure that marginalised segments such as people with disabilities (PwDs), Forcibly Displaced Persons (FDPs), and the elderly are not left behind. Given the scope of a SADC regional strategy, it is recommended that vulnerable segments are more comprehensively addressed in each member state national financial inclusion strategy (NFIS). Measures such as those outlined below can be incorporated to ensure that no one is left behind, while SADC level engagement forums should be considered.

People with disabilities[18] form a significant proportion of SADC population. It is estimated that PwDs in South Africa comprise 7.5% of the population, (Statssa), 9.3% in Zimbabwe (UNICEF) and 9% in Tanzania (ILO). The majority have capacity to make use of, and benefit from financial services, however they are often excluded due to challenges such as lower digital financial literacy, language barriers, inability to access premises and materials, high risk perception, among others. SADC member states can deploy various strategies to ensure that PwDs are included in the financial sector:

- Increased knowledge of FSPs, including training and capacity of staff
- Sufficient infrastructure e.g. ramps, special counters; braille product brochures

[17] *ibid.*

[18] *Defined as per the United Nations Convention on the Rights of Persons with Disabilities*

- Platforms and tools to support FSPs to integrate disability issues
- Data to facilitate evidence-based interventions
- Entrepreneurial skills and grants, and digital and financial literacy

Forcibly Displaced Persons are another often marginalised community, and while it is only one among the many challenges that FDPs face, access to financial services can assist to improve their lives and to contribute to host communities. Some of the challenges faced by FDPs in the financial sector include lack of proper identification documents, lack of collateral, and a high risk perception by providers. Given the complexities involved, host Member States can assist by ensuring that multi-sector interventions include the financial sector, including to roll out financial education and to enable FDP financial data collection to support interventions.[19]

Elderly persons and Pensioners face potential hardship and poverty due to inadequate savings, and increasing medical expenses. Financial sector interventions need to recognize the unique challenges facing the elderly, such as low digital and financial literacy, cognitive decline, and over reliance on friends and family who may not always be trustworthy. Supporting efforts should include digital and financial literacy programs, more inclusive financial technologies, as well as alternatives that are accessible to elderly people e.g. assisted over the counter services.

3.2.4 SME Access to Finance

FinScope SMEs have been carried out in 5 SADC countries so far, and the results indicate that SMEs also face substantial challenges in accessing financial services (Figure 8). Urban and male owned SMEs are more likely to be included than rural and female owned SMEs. However of particular concern is that many SMEs are only making use of transactional bank and mobile money accounts, and usage has not extended into other much needed services such as credit or insurance. In Zimbabwe for example, 95% of SMEs are formally included, yet 60% of SMEs do not use any savings or credit product. Similarly 76% do not have insurance.

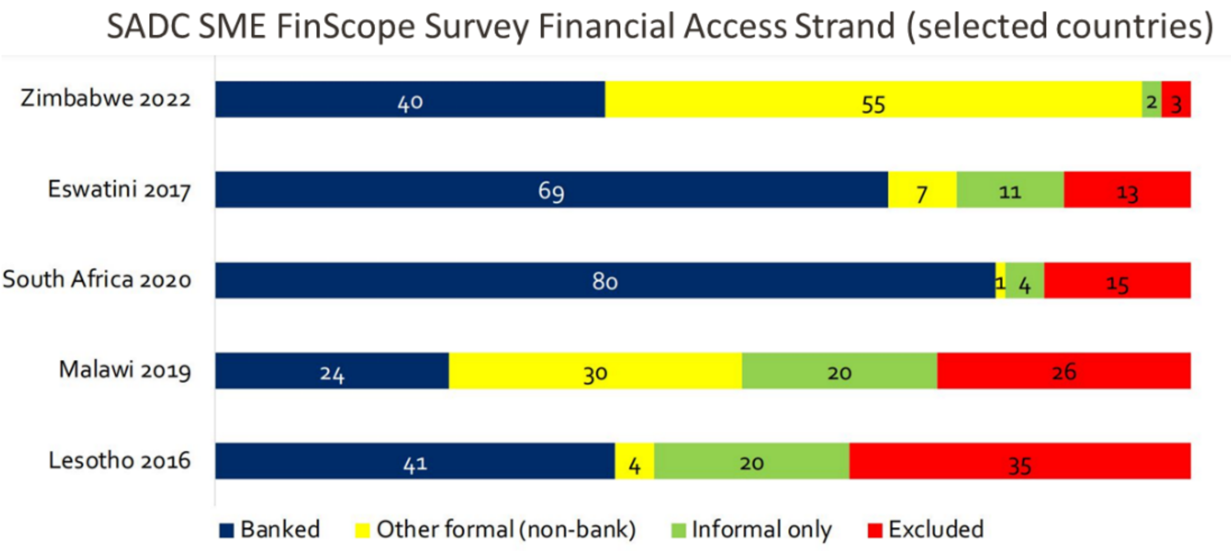

Figure 8: SADC SME Access Strand (Selected countries)
Source: FinScope SME in countries where it has been implemented to date

SMEs and industrialisation. SMEs are critical to the industrialisation agenda. The RISDP 2020 – 2030 identifies agro-processing, mineral beneficiation, and pharmaceuticals as the three priority sectors to anchor the industrialisation effort. Of these, agro-processing and to a lesser extent mining offer the most realistic potential for financial inclusion related interventions. Within the agriculture and agro-processing sector four value chains have been prioritised by SADC, and they include Soybean, wheat, rice and

[19] *AFI, Leveraging Digital ID and E-KYC for the financial inclusion of forcibly displaced persons: Risks and opportunities, July 2022, available at https://www.afi-global.org/wp-content/uploads/2022/07/Leveraging-Digital-ID-and-e-KYC-for-the-Financial-Inclusion-of-Forcibly-Displaced-Persons-FDPs-Risks-and-Opportunities.pdf*

cotton. The importance of agriculture and agro-processing is further highlighted by the Regional Agriculture Investment Plan 2017 – 2022.

SMEs in contributing to the industrialisation strategy face challenges with accessing finance, both for working capital and investments. However there are also broader sector gaps to be addressed, for example the low productivity in the agriculture sector linked to a lack of modernization and quality inputs, high logistics costs and lack of agricultural skills that together undermine the potential for regional agro processing and manufacturing. SMEs also lack of market linkages and face high costs to access markets. The products they make often do not meet required market standards. SMEs need to be supported with skills to effectively participate in value chains. From a supply side perspective a key barrier is the lack of systematic credit information.

A number of measures can be considered to better support SMEs in the industrialisation effort:

- Supply chain development projects, to increase linkages to markets and finance, and to help SMEs to meet product standards.
- Expanded sources of finance, including through capital markets and value chain players to supplement traditional providers such as DFIs and banks.
- Prioritised Government role in de-risking SME finance, within key value chains.
- Adoption of digital mechanisms, including to access financial services.
- Regionalised government procurement (i.e. regional procurement quotas).
- Ensuring that more women and youth are involved.
- Increased access to technology, cheaper inputs, and capacity building.
- Product development – regional commodity exchange / warehouse receipt system, agriculture related insurance pilots and products, financial literacy.
- Increased access to credit information, leveraging “aggregators” who collect tangible/ intangible data on SMEs.

Microenterprises in SADC. SMEs with the capacity to invest and contribute directly to the SADC industrialisation effort are more likely to be formal, and fall into small and medium categories of enterprises. However it is important to consider the inclusion of micro enterprises, given that the SME sector in SADC is dominated by micro enterprises. They provide much needed jobs and livelihoods, and some have potential to directly contribute to industrialisation and technological transformation in the region.

The micro enterprise sector faces the challenge of high levels of informality, poor record keeping, lack credit history or collateral, and limited financial statements or formal audits, all of which make access to finance difficult. While DFIs and MFIs provide micro enterprises with finance, there is insufficient funding and sustainability challenges especially due to Covid-19 related challenges.

Opportunities to support micro enterprises especially in the broader agriculture sector should include support to and digitisation of microfinance institutions and DFIs, as well as continued capacity support through the DFI network to formalise, skill and scale up the micro enterprises. The use of technology to train and capacitate micro enterprises as well as to allow credit assessments based on alternative approaches will allow financial institutions more comfort in providing financing. Beyond finance the micro enterprises need resilience and potentially trade related products including micro insurance, micro pensions, agri insurance, and affordable health insurance.

3.2.5 Financial Education and Consumer Protection

Low trust in financial institutions is a significant barrier to inclusion that stakeholders in the region have identified. Negative experiences with financial service providers erode trust, and there is therefore a need to ensure that the public is fully protected against unscrupulous and predatory practices. Responsible market conduct by financial institutions will help build confidence and trust, but consumers should also be empowered through adequate disclosure by financial institutions, financial education and recourse mechanisms.

As new technology based products extend the reach of financial services, new risks emerge such as cybercrime, loss of privacy, gambling and over indebtedness. The promotion of digital financial services therefore needs to be accompanied by secured and reliable platforms, and rules and regulations to protect customers. Customers in turn must be provided sufficient knowledge and information to enable them to make informed choices.

A recent study done under SIBE found that financial consumer protection frameworks in SADC are fragmented, spread across different regulatory authorities, and sometimes outdated.[20] There is therefore a need to consolidate and update practices, especially in light of digital innovation, as well as to move towards the harmonisation of frameworks across different financial regulatory authorities, in line with a risk-based approach to market conduct supervision.

Low financial literacy remains a challenge, leading to lack of uptake and low usage of financial services. Digital and financial literacy therefore needs to be prioritized by authorities, leveraging technology which is emerging as a key enabler. In addition behavioural insights lead to more effective, lower cost, financial literacy efforts.

Enhanced financial education and consumer protection outcomes across the region will contribute to increased trust in the formal financial services sector, and increased uptake and usage of financial services.

3.3 Bank and Non-Bank provision of Financial Services

The SADC financial sector is disparate in the way it is organised across member states. Although each of the 16 member states has a Central (or Reserve) Bank as the central prudential authority for the bank sector, the non-bank sector is managed very differently across member states. Some countries have adopted consolidated non-bank sector regulators, while others employ several regulators to cover the various sub sectors. In a number of countries the Central Bank is also responsible for non-banks, or aspects of it. A number of countries also have self-regulated subsectors, and for example MFIs and SACCOs are not regulated in some countries.

Fintech is generally regulated under the bank sector; however fintech related products and services and challenges often spill over into the non-bank sector, and hence close collaboration between bank and non-bank regulators is essential.

3.3.1 Bank Sector

While banks have continued to play a role in the expansion of financial inclusion in the region (as illustrated in Section 3.2), they have not been able to extend their reach much beyond already served areas (at least not to the same extent as non-banks). Depositors and borrowers at banks did not grow significantly between 2014 and 2020, nor was there substantial progress in respect of banking infrastructure save in a small number of member countries (**Error! Reference source not found.**). In addition, prices for bank accounts are perceived as high in many Member States.

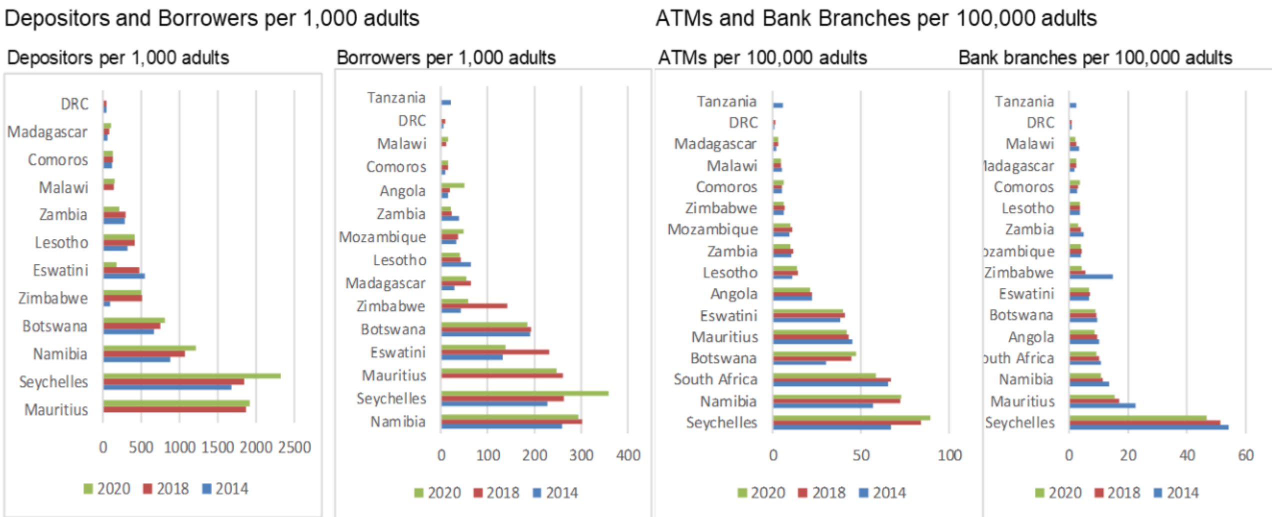

Figure 9: SADC Commercial Bank reach

Source: World Bank, World Development data for 2014 – 2020 (accessed April 2023), Banco Nacional de Angola

Going forward, the bank sector through its regulators and service providers can be more inclusive by promoting competition in domestic markets. This can be achieved by reducing entry barriers (licensing

[20] *SADC consumer protection guidelines, 2022, SADC*

requirements) through tiered banking regimes, which will help diversify service providers, leading to reduced pricing and potentially increased reach as products become more affordable. Product design for lower income markets, partnerships, and data sharing with technology companies can also help create new avenues to reach customers.

The implementation of simplified risk based KYC and particularly cross border e-KYC is an area that bank regulators should take a lead in, working with the non-bank sector to ensure that the financial sector is more inclusive and works across borders.

3.3.2 Cross-border payments and capital flows

The SADC bank sector plays a crucial role in promoting inclusive cross border payment systems, by addressing the cost, speed, access, and transparency of cross-border transactions. Launched in 2013, the SADC-Real Time Gross Settlement (RTGS) platform has been the flagship project. A renewal programme for the RTGS was launched in June 2021 with the key objectives of increasing access for non-bank players; increasing cyber and operational resilience; facilitating ISO 20022 migration[21]; a technology refresh on the now old platform; and to meet increasing customer demands.[22] The Renewal programme ultimately hopes to promote competition, minimise risk, and ensure the availability of digital services to all sectors of society.

The participation on SADC-RTGS by non-bank players such as mobile money operators, money transfer operators and fintechs is anticipated to increase competition and innovation in the retail payments sector. The renewal programme has also enabled multi-currency settlement, which eliminates the need to convert between currencies or to use costly international schemes. The South African Rand is already on the platform, and during 2023 the soft launch of US dollar is being implemented. This is important because between them the ZAR and USD account for over 90% of intra SADC transactions.[23] An additional currency is also planned by the end of 2023.

As part of the broader SADC payments integration road map, SADC has initiated a complementary initiative, the Transactions Cleared on an Immediate Basis (TCIB) scheme. This low-value cross-border payments solution went live in November 2021, with two members in Namibia and Zimbabwe. Settlement is done on the SADC RTGS, and transactions may be initiated by a bank or non-bank via multiple channels such as through the mobile phone or through an agent used for cash-in and cash-out services, an important function in respect of financial inclusion.

Progress unfortunately has been slow. Financial service provider readiness has been a challenge, as many potential participants are not yet ISO 20022 ready, and / or are not sufficiently capacitated or incentivized to undertake the integration and audits required. There are also regulatory challenges with non-banks being unable to integrate with settlement and Automatic Clearing House (ACH) systems at country and regional levels, coupled with bank reluctance to sponsor them. As at April 2023 there were 34 provisional members at different stages of being certified for activation.[24]

In addition to addressing the above challenges, careful communication emphasizing the full potential of TCIB in respect of remittances and trade can help attract more financial institutions. This can be complemented by practical support to providers and stakeholders, and exploration of easier on boarding mechanisms such as single points of in-country access (e.g. via country ACH).

The TCIB model aims to contribute to lower prices for cross border payments by encouraging increased competition, wider interoperability, and use of cost plus models. Nevertheless there is still much ground to be covered. Firstly while the CCBG has approved TCIB access criteria to include non-banks, national regulations also need to be amended. The playing field currently in favour of banks needs to be addressed, by enabling limited deposit taking and access to settlements systems.[25] The significant costs related to the first and last mile pose a challenge, and continued digitization at domestic level is needed if the UN cost targets are to be met. The harmonization of Balance of Payments codes is currently being addressed through a Payments Subcommittee Working group.

There are efforts to link the regional payment systems with the Pan-African Payment and Settlement System (PAPSS), however this is still at an early stage.

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[21] ISO 20022 migration is a global initiative which aims to harmonize standards for the exchange of high-value payment messages. ISO 20022 enables richer and more standardised data compared to current standard, faster processing and improved reconciliation. SWIFT introduced ISO 20022 in March 2023 and by November 2025 all messages, both sending and receiving must be based on ISO 20022.

[22] N Skenjana, Modernisation of SADC RTGS – what lies ahead, SADC RTGS Operator, SADC Payment Systems Annual Regional Conference 2022, 13 February 2023

[23] Interview with CCBG Payments Subcommittee 05 May 2023

[24] Interviews with BankServAfrica, April 2023

[25] South Africa is currently considering exemptions to allow non-banks limited deposit taking (wallets), and has a draft bill which if passed would go further and also allow them settlement accounts at the Reserve Bank.

3.3.3 Mobile money

Mobile money has proved effective at reaching and serving previously unbanked individuals, as well as allowing already served customers added flexibility and convenience. In the SADC context mobile money has domestic and regional use cases, both for consumers and SMEs. At the domestic level financial service providers and fintechs need mobile money digital rails to innovate and deliver products, while at regional level mobile money has potential to enable convenient and cost effective cross border payments. Mobile money can also provide a regional store of value.

Despite this potential, mobile money is still largely unexploited in across SADC, with various data sources indicating low penetration. SADC FinScope analysis shows that only 30% of adults use mobile money, while IMF FAS and GSMA data indicates only a few countries compare to the East Africa penetration benchmark (Figure 10). The growth of mobile money is crucial to regional use cases, as affordable cross border transaction costs are highly dependent on first and last mile related costs, which digitisation can help to reduce. Many consumers in SADC, especially remittance receivers live in rural areas and mobile money is well suited to allow such digitisation.

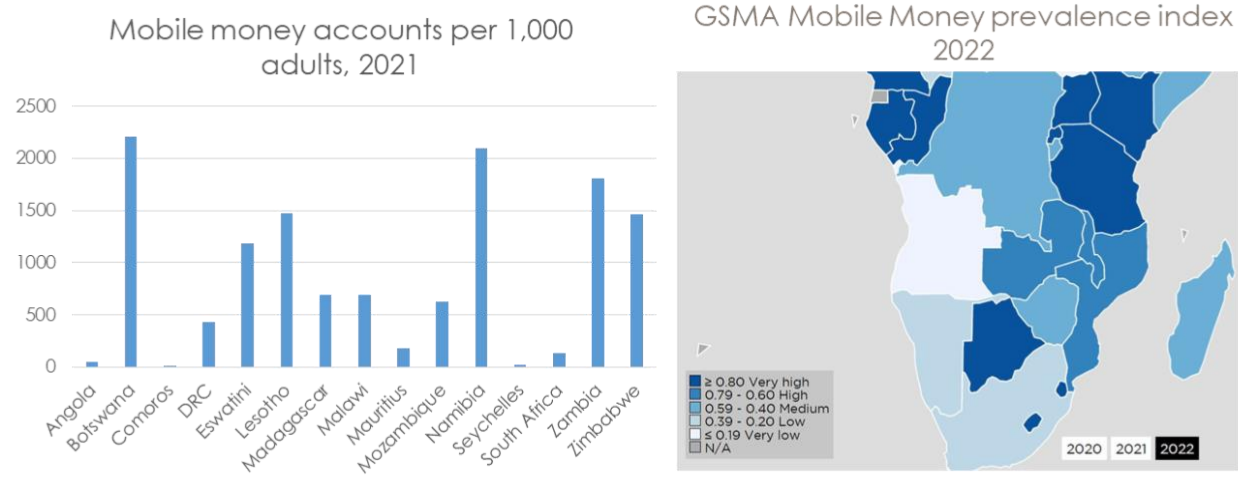

Figure 10: SADC Mobile money penetration

Source: IMF FAS 2021/2020, https://www.gsma.com/mobilemoneymetrics/?gclid=EAIaIQobChMIs9vB0r-A_gIVOo9oCR2Isw60EAAYASAAEgLnhPD_BwE#prevalence-index?y=2022, Banco Nacional de Angola

Mobile money can play a bigger role in facilitating competition, through regional approaches that level the playing field between mobile money (and other digital financial service providers) and banks. An important feature of such a level playing field is a set of common rules for various transaction types, regardless of the type of financial service licence. This could be implemented on a tiered license basis, so as to allow more services by non-banks for example limited deposit taking services and microloans. SADC Mobile money guidelines passed in 2018 allow for interest on savings, enabling consumers to use mobile wallets as savings instruments.

A further area to level the playing field is related to access to settlement platforms by mobile money operators (and other non-bank players) at country and regional level, in order to allow increased competition especially in the cross border payment flows. This should be complemented by efforts to address interoperability, to avoid mobile money Agent exclusivity so as to promote competition and consumer choice.[26]

3.3.4 Remittances

The mobilisation of domestic resources through remittances is an important pathway linking regional industrial development with financial inclusion. In addition there are an estimated 3.7m migrants in South Africa alone from other SADC countries, and as many as 6 million household members back home depend on these migrants.[27] Yet the cost of remittances remains exceedingly high in the region (Figure 11). On two of the largest SADC remittance corridors, from South Africa to Malawi and to

[26] See, for example, CGAP, 2016, 'Agents for Everyone: Removing Agent Exclusivity in Kenya & Uganda ', available at: https://www.cgap.org/blog/agents-everyone-removing-agent-exclusivity-kenyauganda
[27] Candice Borgstein, 28 September 2021, 'SADC Covid-19 Migrant Relief Fund', FinMark Trust, available at: https://finmark.org.za/knowledge-hub/articles/sadc-covid-19-migrant-relief-fund?entity=blog

Zimbabwe, the weighted prices for a USD 55 transfer are estimated at approximately 9%.[28] This is substantially higher than the SDG target of 5%. High prices on the formal channels lead to high levels of informality, and latest estimates indicate that 52% of remittances from South Africa by value are through informal channels.

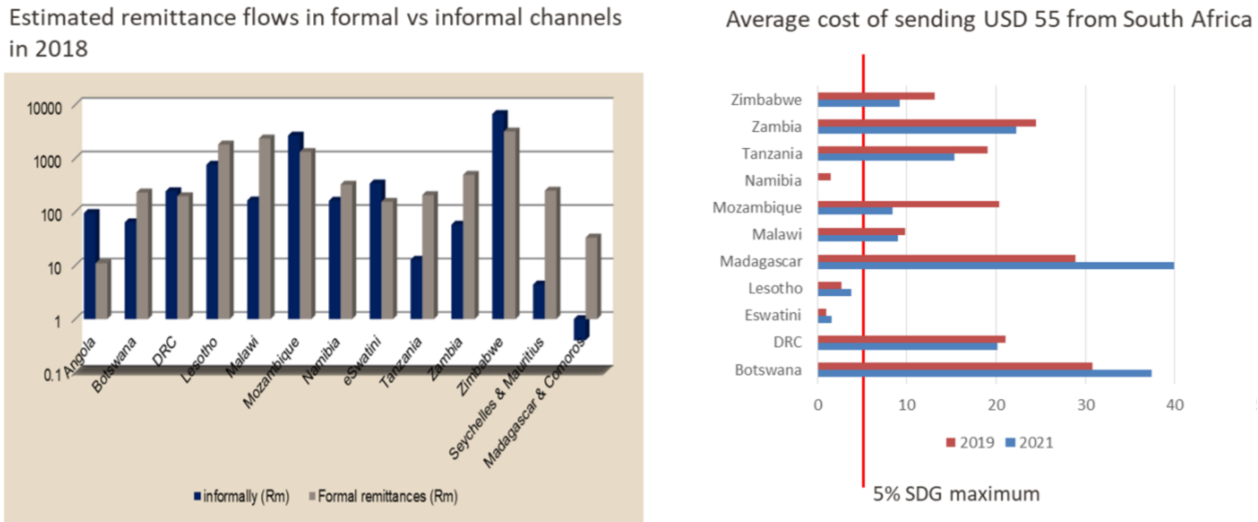

Figure 11: Remittance trends in SADC: Informality and weighted prices
Source: FMT Remittances Market Assessment 2021

The South Africa-SADC corridors account for a majority of remittances in the region, and amendments to Authorised Dealer Licencing (ADLA) regulations in South Africa and increasing application of risk based KYC regime has enabled increased access to formal cross border remittances by low value remitters.[29] Official remittances from South Africa to SADC by Category indicate that the market share of Authorised Dealers (AD), typically banks, has fallen sharply, from 31% in 2016 to 14% in 2020, with volume has shifting to ADLA (non-bank) players. Non-banks are also providing bank sponsored "store of value services", leading to cross border ownership of digital store of value services (e.g. Mukuru).

Key opportunities lie in the reduction of prices and formalisation through increased adoption of regional payment platforms and the digitization of first and last miles (discussed in Section 3.3.2 and 3.3.3 above), addressing documentation challenges, and the levelling of the playing field between banks and non-banks.

3.3.5 Fintech

CCBG recently commissioned a working group to landscape the fintech space in SADC and to map a way forward for consideration by the Governors.[30] Nine of 15 SADC central banks mapped their fintech landscapes: Botswana, the DRC, Eswatini, Lesotho, Madagascar, Namibia, the Seychelles, South Africa, and Zambia. Out of the nine responding jurisdictions, seven countries had a regulatory framework for fintech, while only one had a fintech policy or strategy (Figure 12). Countries highlighted various reforms underway, and were at different stages of consultation and development with regards to specific legislation, policies, and strategies.

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[28] *FinMark Trust, Remittances Market Assessment 2021, pocket guide available at https://finmark.org.za/Publications/Remittance_Pocket_Guide_2022.pdf*
[29] *FinMark Trust, Assessing the impact of the shift to a risk based approach to AML/CTF on financial inclusion and remittances South Africa, April 2021*
[30] *Fintech developments in the SADC region, SADC Payments Integration Project Office, 2022*

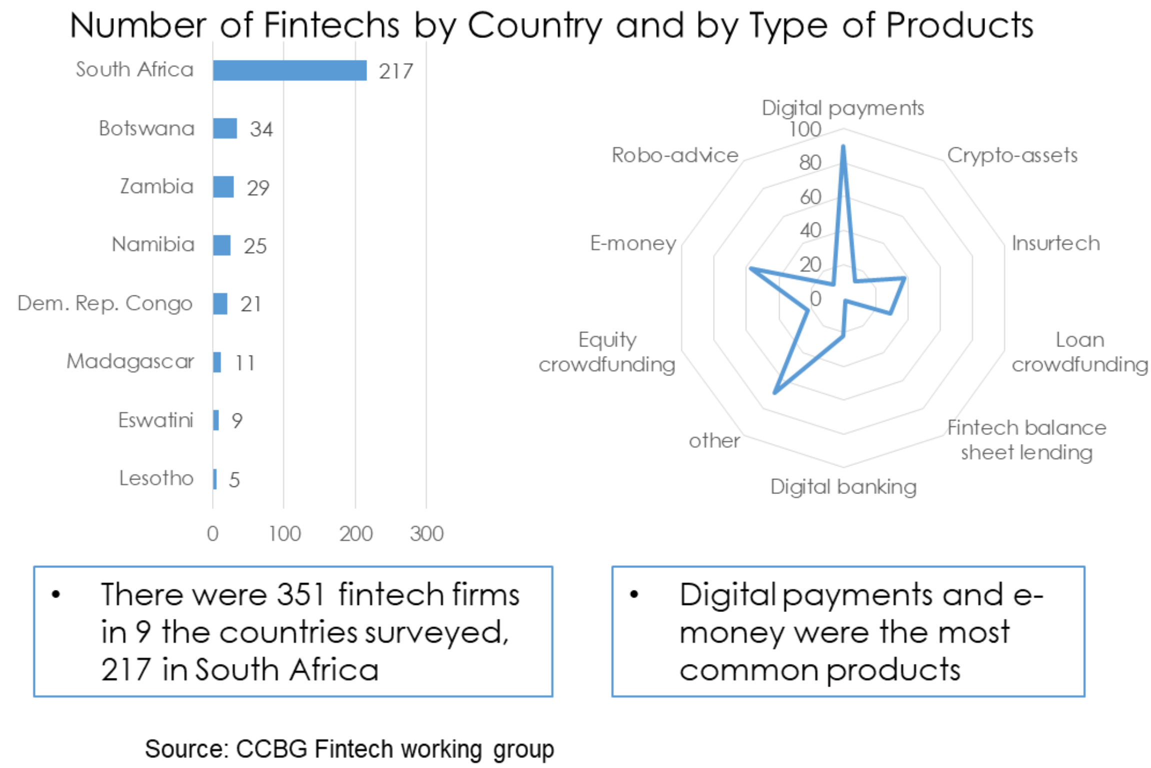

Figure 12: SADC FinTech Landscape

A total of 351 fintech firms were reported from the nine SADC countries, majority of them providing digital payments and e-money (some jurisdictions included mobile money under this categorization). Less than 10 firms operated within a regulatory sandbox, highlighting that regulatory sandboxes are still rare in the member states.

Overall it is apparent that SADC countries still need to address large digital infrastructure constraints, inadequate digital skills, and a slow pace of digital innovation and entrepreneurship if they are to take advantage of fintech to deepen inclusion. Also given that policy and regulation of fintech in the region is still in its infancy and most have yet to formulate adequate frameworks, member states will need to develop or complete the development of national fintech strategies and / or fintech legislation and regulations. There are limited country-level fintech strategic approaches in use, and hence SADC could benefit from a regional fintech strategy to guide member states.

In parallel with setting up the broad policy and strategic framework, countries will need to evolve their existing frameworks to cater for fintech. Key initiatives may include increased collaboration towards broader customer objectives, as well as updating existing payments or other services regulations to reflect fintech reality. Fintech innovation is highly dependent on data availability and use, and hence it will be essential to update or establish data sharing guidelines, including information privacy provisions. A careful balance needs to be struck between protecting customer information and promoting innovation, as greater competition will help reduce prices, improve quality and expand consumer choice.

Some aspects of fintech are still at an early stage to assess the full potential in the financial inclusion space, and member states should continue the gradual move towards formulating policy positions and regulatory regimes. This is particularly so in respect of crypto-assets and central bank digital currency (CBDC). The goal is to understand benefits, manage risks, and eventually ensure proper application of the new technologies in the financial system.

3.3.6 Capital Markets

Twelve countries within the region have established public capital markets, primarily dealing in equity and bond instruments, with a total capitalisation of $1.56tn or 261% of GDP. [31] The regional private equity market is estimated at $13bn as of 2020.[32]

[31] *F Muronda, Assessment and Diagnosis of SADC Capital Markets Architecture To Define A Baseline For Harmonisation Of Capital Markets In The Region, SADC SIBE project, 2022*

[32] *ibid.*

Policymakers have taken steps to improve financial product diversity and in total seven SADC countries already offer Exchange Traded Funds (ETFs). Environmental, social and governance linked (ESG) assets have also been introduced but are still relatively scarce. Four countries offer green bonds and other sustainable products, including Mauritius, Namibia, South Africa, and Tanzania which launched Jasiri bond. The Jasiri bond is the first gender bond in Sub-Saharan Africa, and its proceeds benefit women owned and women focused enterprises.[33]

Policymakers have introduced a variety of initiatives around financial education and mentorship, for example Malawi, Botswana, Zambia and Mauritius. Infrastructure upgrades using digital technologies to encourage financial inclusion are also ongoing, and to date 10 SADC countries have introduced online trading and/or mobile apps to make investing more accessible to citizens. Eleven countries have set up alternative exchanges for SMEs, but only South Africa and Mauritius have gained significant traction with 36 and 40 SME listings, respectively.[34]

Regional model laws have been developed by CISNA based on the International Organisation of Securities Commissions (IOSCO) principles, and approved, including the central depository system and operating collective schemes model laws. A further regional initiative is the Interconnectivity Hub Project, spearheaded by COSSE and supported by AfDB. Through this project, stock exchanges will be interconnected, allowing companies wider access to capital within SADC. Members of COSSE are also planning to participate in the Africa Exchanges Linkage Project (AELP).

The opportunities identified to enhance inclusion and social responsibility of capital markets in the region include the following:

- Enhancing market diversity especially through development and expansion of relevant products; and digital finance platforms to increase accessibility.
- Capacitation of existing and new Alternative Exchanges to better serve the SME sector
- Development and expansion of financial products to enable SME's access capital, accompanied by educational programmes for SMEs, including professional financial advisory services to prepare for listing
- Development of ESG-linked products that enhance sustainable capital flows, including green bonds, gender bonds, and others
- Development of the Regional Commodity exchange, with related products e.g. warehouse receipts, derivatives
- Growth in cross border securities trade within SADC – through implementation of the exchanges connectivity project

3.3.7 Insurance

FinScope surveys across the region consistently show that Insurance penetration in the region is very low. Available insurance penetration data (based on insurance premium volumes to GDP ratio available at WDI) shows that penetration is highest in South Africa at 13.7%, double the next nearest country which is Namibia at 6.7%. Outside of the Southern African Customs Union (SACU) and Mauritius, the region insurance sector is dominated by non-life insurance (Figure 13). The dominance of life insurance in SACU is driven by high penetration of funeral insurance, and for example while Lesotho FinScope 2021 shows that 49% of adults have insurance, only 11% of these insured adults have non-funeral insurance.

Yet there is a major need for non-funeral insurance. In Lesotho, of the adults who experienced a major risk event, more than half of them (54 percent) resorted to non-financial coping mechanisms such as adjusting their expenses (28 percent) or taking no action (26 percent), while others opted for credit (17 percent). Insurable risks remain uncovered due to a mismatch between the insurable risks and the insurance product taken. Of the uninsured, insurance is perceived as unaffordable.

[33] *SADC Financial Market Development Index 2022, SADC, 2022*

[34] *T Hamusute, Assessment of trading rules and type of products available in the region in order to develop products for SMEs to participate in the capital markets, SADC SIBE, 2022*

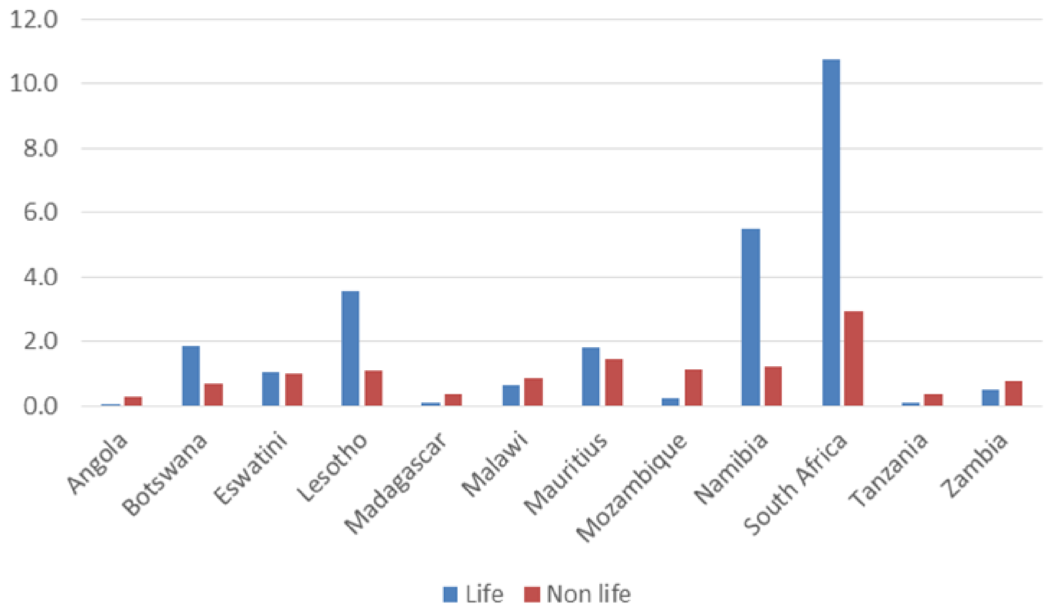

Figure 13: Insurance premium volume to GDP (%)

Source: World Bank Global Financial Development, https://databank.worldbank.org/metadataglossary/global-financial-development/series/GFDD.DI.09 (Note: 2020 where available, otherwise latest available data)

Insurance can provide much needed resilience to households and enterprises, and increased penetration will require concerted efforts from stakeholders to increase awareness, use of technology and partnerships in distribution, and to package products in ways that attract new classes of customers. Affordable and suitably packaged products are especially needed in health insurance, agriculture, fisheries and livestock, as well as for retirement.

While much of the work to promote insurance will be at country level, there is potential for regional projects. Insurance can be used more to mitigate cross border risks for investors and enterprises, and to mobilise a regional capital pool for investment. The following opportunities are highlighted.

- Harmonisation to encourage funds from insurance sector to be invested freely within the region to ensure better returns for policy holders,[35] and to contribute to the regional pool of long-term capital. Funds from other member states should be recognized as local funds.
- Product development to support regional industrial value chains, trade and commerce, and the agriculture sector. An important success in recent years has been the mutual recognition of insurance policies taken out by transporters in the SADC region.[36] There may be similar risks that could be insured on a regional basis, such as on loss of goods transported, risks associated with storage, accidents, and theft.
- Product development to ease migration, through regional mutual recognition of policies and providers e.g. medical aid and travel insurance.

CISNA is in a position to provide member state support to replicate successful initiatives and practices. Technology is evolving, and CISNA should also play a role in this regard by leveraging its economies of scale in research, by facilitating for instance better agricultural insurance data across the region.

3.3.8 Medical Aid Schemes

Access to health systems is important for inclusive growth and economic well-being, as it provides entrepreneurs and households alike increased financial protection from illness related hardships. Government led universal health care remains inadequate in the region, and private medical schemes have emerged to fill the gap. Five member states (Botswana, Malawi, Namibia, Eswatini and South Africa) have medical schemes which are prudentially regulated, while schemes in Lesotho, Mauritius, Seychelles, Tanzania, Zambia and Zimbabwe are not prudentially regulated.

The SADC Vision 2050 envisions strengthened and harmonised regional health systems for the provision of standardised and accessible health services. Harmonisation of health insurance and

[35] *CISNA Strategic Plan 2022 – 2026*

[36] *Ryan Hawthorne (2022). SADC strategy on financial inclusion and SMES access to finance. Report Reference: 003/STE/FR, Version: 5.1*

medical aid schemes is needed to support this objective. However while the insurance related aspects of the schemes are conventionally regulated by non-bank regulators, other aspects fall under corresponding counterparts from the health departments, and collaboration is essential for harmonisation to be effective. Such harmonisation may also include the investment of the pool of funds obtained. As a first step towards harmonisation, CISNA is in process of developing a Medical Aid Schemes Model Law.

3.3.9 Pensions

Pensions like insurance are underutilised in the SADC region. Current focus has been on formal employee pensions, despite high levels of employment informality in the region.[37] The Covid 19 pandemic has pushed even more people into the informal sector. Informal pension products are crucial given the significant numbers of people involved. Such products allow flexibility in premium payment, as informal workers' income is usually not regular or monthly. Pay outs may also be better designed to suit needs in the informal sector. The *Mbao Pensions Scheme* in Kenya and *Ejo Heza* in Rwanda both provide examples of such products that could more systematically be rolled out in SADC.

More broadly a single regional market in the pension sector will enable greater mobility of the workforce, deepen investment opportunities, and allow contributors a greater choice in providing for their retirement. CISNA has put in place a model law for pensions but continued legal and regulatory harmonization is critical to achieving an effective functioning of a single market in pensions sector.

Pension funds have great potential to mobilise finance, and similar to insurance could benefit from regional investment guidelines. In addition investments are mainly in the bond and equities markets, and new asset classes could be leveraged to support industrialisation, such as in into private equity, or to grow the ESG portfolio.

Key Opportunities are summarised as follows:

- Continued harmonisation to enable greater mobility of the workforce, deepen investment opportunities, and allow workers greater choice of product
- Guidelines and market development for informal sector pensions
- Deployment of technology, fintech, sandboxes to promote expansion of pensions products and new investment classes
- Development of regional pension's investment guidelines to provide local long term finance
- Potential to diversify pension fund investment beyond bond and equities

3.3.10 MFIs, SACCOs and Post Offices

The microfinance sector comprising Microfinance Institutions (MFIs) and Saving and Credit Cooperative Organisations (SACCOs) is an important sector in several SADC countries including Angola, DRC, Madagascar, Mozambique, Tanzania, Zambia and Zimbabwe. In these and other countries many micro enterprises and small scale farmers are dependent on the microfinance sector, as banks and other service providers often lack the reach needed to serve them. The sector also provides a savings mobilisation channel in rural areas that is linked into the formal bank sector.

Yet the microfinance sector faces many challenges, including low capitalisation, poor governance, unsustainable business models, high interest rates, and most recently slowdown due to Covid-19 and related inability of clients to pay back loans. There are also consumer protection concerns, due to infiltration by unscrupulous operators, as well as because a majority of deposits are not covered by deposit insurance schemes (some like Zimbabwe and Namibia do have a Deposit Insurance Scheme). The sector has yet to fully embrace digital transformation, with limited deployment of ICT so far.

[37] *Ohnsorge, Franziska; Yu, Shu. 2022. The Long Shadow of Informality: Challenges and Policies. World Bank, Washington, DC*

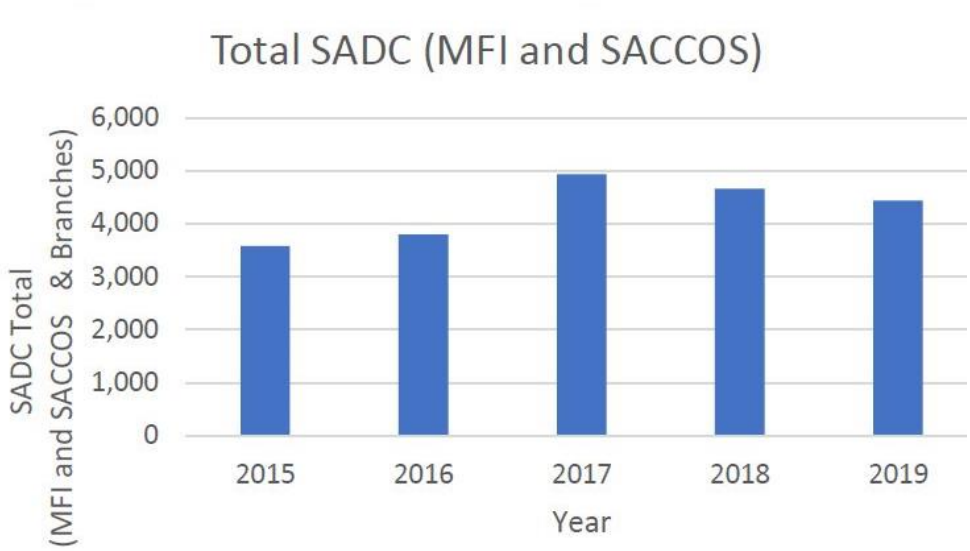

Figure 14: Number of MFI and SACCO Branches in SADC
Source: IMF FAS

Microfinance is largely unregulated in the region. Only Botswana, Eswatini, Malawi, Namibia, Zambia and Zimbabwe regulate the sector through the central bank and / or other non-bank regulator. The gap in regulation can be mitigated through umbrella bodies, which can help to enhance institutional transparency through better governance, record keeping, and operational procedures. MFIs and SACCOs should also be members of Credit Reference Bureaus, or credit information exchanges, and the umbrella bodies can be useful to advocate for such membership to enable better risk assessment and to avoid over-indebtedness in the sector. Even where supervised, umbrella bodies can complement regulators given the large number of players in the microfinance sector. This approach should be strengthened with SADC support and is currently an initiative under the CISNA Strategic plan 2022 – 2026.

In promoting the growth and sustainability of the microfinance sector there a number of other important opportunities. The enhanced use of ICT to improve operations and risk assessment can help to improve operational efficiencies, while use of fintech models can enable new products and financial literacy. Affordable finance facilities are also needed to support sustainability and to lower costs for customers. The operationalization of the Regional Development Fund project which is being implemented with AfDB support can be leveraged to support the micro finance sector.

CISNA has recently rolled out model laws to support the microfinance sector, including a regional framework for microfinance institutions and guidelines for SACCO operation and registration. These now need to be domesticated. An agency framework for regulated MFIs is also being considered.

Post offices also provide an extensive network in rural areas, providing distribution partnership opportunities with formal financial providers including banks and fintechs that can be leveraged to reach rural unbanked customers. These could be especially useful for Cash-In Cash-Out (CICO) agents, and for on boarding customers in context of shared agent network partnerships.

3.3.11 AML/ CFT/PF

AML/CFT/PF requirements in the region are set out by global and regional structures, including the Financial Action Task Force (FATF), the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) and the Central Africa Anti-Money Laundering Group (GABAC).[38] Differences exist in the way that the requirements are implemented across the region, and this impacts cross border services such as the regional instant payment system.[39] Difference in practices also increase the cost of doing business and impacts innovation.

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[38] ESAAMLG covers 15 SADC countries, excepting the DRC which falls under GABAC (Groupe d'Action contre le blanchiment d'Argent en Afrique Centrale)
[39] Member States all implement the FATF recommendations, however variations in approach arise from different risk assessments and tools implemented to manage related risks.

Coordination is therefore needed between member states for consistent implementation, particularly of risk based approaches, and to improve how risk is managed towards development goals. To date, ESAAMLG has provided direction, while both CISNA and CCBG take leadership in coordinating their respective sectors. However with the emergence of fast and efficient digital technologies, and increasing role of non-banks as a key player in cross border interventions, both risk and complexity related to AML/ CFT/PF are increasing and improved cooperation between the respective sectors and bodies is needed. It is therefore recommended to operationalise the AML committee as outlined in FIP Annex 12. The committee will provide the coordination based on priorities agreed at FATF and ESAAMLG level, provide regional direction where needed, and develop local evidence and capacity.

A further key objective of the SADC AML committee will be to enhance cooperation with ESAAMLG and GABAC. The SADC Secretariat has an existing MOU with ESAAMLG,[40] and the committee as part of its agenda could review how best to strengthen the formal collaboration with ESSAMLG. A formal relationship with GABAC does not exist and should be considered. The committee would also closely coordinate with other relevant structures such as CCBG and CISNA, and CRASA.

There is ongoing work under the AML/CFT/PF agenda. One of CCBG's strategic focus areas for 2021-2023 is the harmonisation of AML/CFT/PF policies to address digitised payment products and services based on new and disruptive technologies. CCBG is also doing a KYC mapping, to outline the various interpretations, thresholds, and regulations that different countries in the region have applied. These efforts form a basis for determining principles that could guide SADC in its effort to harmonise AML/CFT/PF provisions in the region, especially in the areas of remittances, mobile money accounts, bank accounts and card transactions.

CISNA through its AML/CFT/PF technical committee has also ongoing efforts to help non-bank financial institutions achieve full harmonisation of regulatory practices in line with FATF requirements. Further initiatives relate to an assessment of capacity needs related to Non-Banking Financial institutions, and an ongoing study under SIBE to assess the level of risk to the implementation of the FATF Recommendations, and to ensure member state measures are commensurate with ML/TF risks.[41] Key outputs from this work will be capacity building plan for the non-bank sector, and a 5-year Regional Action Plan to help the region to fully operationalise Annex 12 of FIP.

Based on the ongoing work and studies, SADC should continue to build the capacity of relevant regulators on AML/CFT/PF approaches, with a focus on facilitating country risk assessments, regional evidence, common approaches to applying the risk based approaches, and digitalisation. The increasing use of digital platforms necessitate support for regional data management and Regtech to help reduce illicit flows. To date much support has been focused on bank regulators and more is needed to capacitate non-bank regulators. The AML/CFT/PF interventions are urgent as they also impact on the broader investment climate, and four countries are currently on FATF's International Co-operation Review Group (ICRG) grey list. [42]

3.4 SADC and Climate change

Climate change poses risks across the globe, but the impacts are more severely felt in developing countries, including damage to property and infrastructure, loss of productivity, migration and damage to the agricultural sector. SADC Indian Ocean countries in particular suffer disproportionately due to limited coping capacities and high climate change risk exposure. The RISDP 2020 – 2030 highlights Climate Change as one of its four cross cutting themes, to be prioritised in SADC initiatives.

Financial regulators and policy makers in developing economies increasingly are developing and implementing policies to tackle climate change through climate-adaptation and climate-mitigation initiatives that in turn foster sustainable financial inclusion.[43] SADC should not be left behind.

Availability of adequate funding is key to green and sustainable growth, and it is the role of the financial sector to direct resources to sustainable investments by incentivizing the mobilization of green funds,

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[40] https://www.esaamlg.org/reports/ESAAMLG-ANNUAL-REPORT-1-APRIL-2013-TO-31-MARCH-2014..pdf

[41] SADC SIBE ToR, Assess the level of risk to the implementation of the Financial Action Task Force (FATF) Recommendations to ensure effective and proportionate measures against Money-laundering, terrorist financing and proliferation financing in the SADC region are commensurate with ML/TF risks.

[42] https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html

[43] https://www.afi-global.org/publications/integrating-inclusive-green-finance-policies-into-national-financial-inclusion-strategies

and penalizing financing that negatively affects the environment. The regional structures should therefore support member states to appropriately direct resources, as well as to ensure that all individuals, households and businesses – regardless of income level – can access and effectively use appropriate financial services and products that enable both resilience building and small-scale climate mitigation.

The contribution of this strategy towards sustainable financial inclusion in the region can be summarised as follows:

- Encouraging / facilitating finance flows that support sustainable business e.g. environmentally sensitive investments, green bonds, carbon exchanges
- Integration of smart agriculture practices into SME and farmer capacity development programmes
- Promoting NFIS that encourage inclusive green finance, and that enable both resilience building and small-scale climate mitigation for impacted populations

Given the importance of country based work in the SADC climate response, countries should include a mix of activities across the Alliance for Financial Inclusion (AFI) 4P framework i.e. creating awareness for green projects and approaches (Promotion), ensuring that financial resources are provided to inclusive green projects (Provision); reducing financial risk through instruments such as credit guarantees, insurance, and others (Protection); and avoiding undesirable outcomes (Prevention).

3.6 Ongoing SADC interventions that impact on this strategy

A key objective of the SADC financial inclusion and SME access to finance 2016 – 2021 was to support the development of NFIS in the region. Much progress has been made and to date 10 countries have an NFIS that is approved, while a further 5 NFIS are in progress or planned for development / renewal. The progress provides increasing opportunity for more coordination across countries, and to learn from one another.

There are a range of other ongoing initiatives within SADC structures that are linked to this strategy. The most relevant of these are summarised as follows.

Table 2: Summary of relevant ongoing SADC Initiatives

Structure	Project	Section
CCBG	RTGS Renewal project, including software renewal, increased participation of non-banks, addition of currencies, and ISO 20022 migration	3.3.2
	Transactions Cleared on an Immediate Basis (TCIB) Payment Scheme	
	Linkage to PAPSS (Africa wide initiative), but still early stages	
	Development of a M&E framework with uniform indicators to track financial inclusion	6.3
	Digital e-KYC to reduce the cost of compliance and improve efficiencies –cross border pilots between South Africa and Lesotho, SA – Malawi and SA – Zimbabwe	5.2
	CCBG SFA - Leverage Fintech innovation	3.3
CISNA	Harmonized regulations for member stock exchanges	3.3
	Model law for collective investment schemes – adopted by member states	3.3
	Domestication of recently developed non-bank model laws	3.3
	Market Conduct & Financial Consumer Protection Guidelines developed – to be adopted / implemented	3.2
	AML/CFT/PF technical committee support to non-bank financial institutions achieve full harmonisation of regulatory practices in line with FATF with a focus on model laws and licensing	5.1

	Pensions model law developed, being implemented	3.3
	Exploration of a SADC Carbon exchange	3.3
	Assessment of trading rules and products available for SMEs to participate in the capital markets in the region	3.3
COSSE	Financial Market Integration Project – AfDB Connect SADC stock Exchanges	3.3
	Improved participation by young people and SMEs in capital markets	3.3
	Assessments for a commodity exchange and warehouse receipt concept	3.2, 3.3
DFRC	Capacity support for DFIs including exploration of sustainable finance products for DFIs	3.2
	Development of new 5-year strategic plan	-
SADC Secretariat (SIBE, CESARE)	Review of the FIP, with implications for financial inclusion	-
	Facilitate the collection, processing and analysis of appropriate demand side data (Consumers and SME)	5.4
	Development of a SADC Financial Inclusion Data portal	5.4
	Industrialization and Women Economic Empowerment (IWEE) project, Gender Action Plan	5.3
	Assessing the capacities of Non-Banking Financial Institutions on Risk Based Supervision and Surveillance	5.1
SADC Secretariat (other)	Implementation of Regional Development Fund, and in future the Agriculture development fund	3.3
	Implementation of recently ratified Trade in Services Protocol	5.3
	SADC Secretariat / AfCFTA Secretariat negotiations on trade in services	5.3

Source: Team analysis, interviews

4. Advancing SADC Financial Inclusion and SME Access to Finance

4.1 SADC Financial Inclusion Vision

The overall aim of this strategy is to support the SADC vision, particularly in regard to industrialisation and inclusive growth, as well in ensuring households are resilient and have a secure, sustainable future. In line with this objective, the vision for this strategy is outlined as being to create:

"An inclusive, stable and innovative SADC financial system that empowers individuals and businesses to access and use quality financial services, in order to contribute to industrialisation, inclusive growth, and resilient, sustainable economic well-being."

4.2 SADC Financial Inclusion Strategic Framework

The SADC vision for financial inclusion and SME access to finance will be achieved through three mutually reinforcing strategic priorities, underpinned by an enabling activity which includes the coordination and monitoring required to achieve the overall objectives (Figure 15).

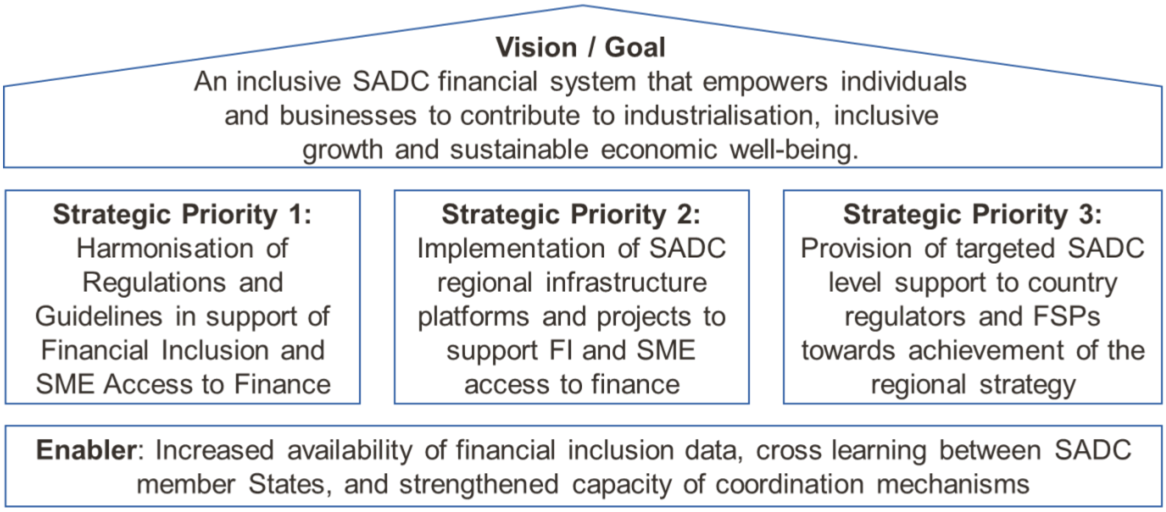

Figure 15: SADC Financial Inclusion Framework 2023 - 2028

The 3 strategic priorities underpinning the 2023 – 2028 strategy reflect the capacity and role of SADC in implementing this strategy, being to harmonise the legal and regulatory environment, to implement regional projects that benefit member states, and to support countries in implementing aspects of the regional strategy. The three strategic priorities are outlined as follows:

4.2.1 Strategic Priority 1

The purpose of this strategic priority is to further the harmonisation of regulations and guidelines in support of financial inclusion and SME access to finance in five key areas:

1. Ensure the region responsibly meets its AML/ CFT/ PF obligations as identified under the FATF and ESAAMLG frameworks
2. Develop a regional innovation and fintech framework to guide member states in navigating a new area that presents much opportunity as well as risks
3. Implement the regional consumer protection and market conduct framework, recently developed and under consideration by member states
4. Support countries to domesticate recently developed non-bank sector model laws that cover microfinance, SACCOs, Insurance, Medical Aid Schemes, SME to Access Capital, financial intermediaries and Debt Listing
5. Develop regional frameworks for informal sector pensions, and carbon trading

4.2.2 Strategic Priority 2

The purpose of this strategic priority is to implement Regional projects that will help move the financial inclusion and SME access to finance agenda forward. Five of these projects have been identified as high impact:

1. Scale the regional payment integration platforms to enable increased and formalised cross border capital flows
2. Support the region’s capital markets to deploy products suitable for financing SMEs, and that contribute to the SADC social responsibility agenda
3. Promote sustainable and flexible finance for small businesses
4. Catalyse development of insurance products that support regional objectives
5. Develop and implement selected SADC Youth focused interventions

4.2.3 Strategic Priority 3

The purpose of this strategic priority is to provide support to countries in areas of high impact, targeting the support at member state regulators and policy makers:

1. Support member states to develop and implement national financial inclusion strategies and plans
2. Promote equitable access to financial services and financial inclusion of women-owned businesses and women entrepreneurs, through domestication of the SADC financial inclusion Gender Action Plan
3. Strengthen rural, women and youth inclusion through microfinance sector
4. Support member states to rollout consumer protection and financial education interventions

4.2.4 Enabling Environment

Successful achievement of the above 3 priorities will require stakeholders to finance and monitor implementation. To provide leadership and ensure that all the required factors are in place, the Secretariat will implement 3 key interventions:

1. Strengthen SADC Secretariat coordination and research capacity, and interface to substructures and countries
2. Ensure wide availability and accessibility of financial inclusion supply side and demand side data
3. Facilitate enhanced collaboration between substructures

The full range of proposed interventions are summarised in Table 3 below.

SP1: Harmonisation of Regulations and Guidelines	SP2: Regional infrastructure platforms and projects	SP3: Targeted SADC level support to Member states
1. Ensure AML/ CFT/ PF obligations are responsibly met 2. Develop innovation and fintech framework 3. Implement consumer protection & market conduct guidelines 4. Support domestication of developed non-bank model laws 5. Develop regional frameworks for informal sector pensions and carbon trading	1. Scale regional payment integration platforms 2. Support capital markets to include SMEs, and to be socially responsible 3. Promote sustainable and flexible finance for SMEs 4. Support development of insurance and pensions products to support regional objectives 5. Implement selected SADC youth focused interventions	1. Support MS to develop and implement national financial inclusion strategies and plans 2. Promote equitable access to financial services for women and women owned businesses 3. Strengthen rural, women and youth inclusion through microfinance Sector 4. Support MS to rollout consumer protection and financial education interventions
Enablers: Availability of data, cross learning, and capacity of coordination mechanisms	1. Enhance SADC Secretariat coordination and capacity support to MS 2. Ensure wide availability and accessibility of financial inclusion data 3. Enhance collaboration between substructures	

Table 3: Summary of Proposed interventions 2023 - 2028

The strategic priorities and related objectives are interconnected, all in support of the overarching objective. Key principles to guide implementation include that it must be inclusive, taking into account each of the priority and marginalized customer segments, promote competition and diversity of providers, and ensure proportionate regulation that takes into account risks inherent in innovation.

5. Implementation focus areas

5.1 Harmonisation of Regulations and Guidelines

This updated Strategy emphasizes harmonisation as a means of achieving greater financial inclusion and SME access to finance, through increased financial sector integration, facilitation of regional projects, enhanced innovation, and entrenchment of best practices across member states. Furthermore, while individual member countries may not have the resources to research and develop approaches to various specific aspects, SADC as a region has the capability and resources to achieve this. In line with these objectives, five areas have been prioritised where common approaches, laws and regulations can be of most impact. Within each of these areas, there is also a need for the harmonization of definitions and interpretation of standards to better facilitate the harmonization of approaches and regulation.

1. Ensuring the region responsibly meets AML/ CFT/PF obligations: AML/CFT/PF regulations and related customer due diligence requirements are to date a significant barrier to financial inclusion and SME access to finance in the region as noted earlier. In addition, the implementation of SADC objectives such as regional payments platforms poses challenges that necessitate much closer cooperation and coordination between SADC member states. The Protocol on Finance and Investment recognizes this through its Annex 12, which also establishes the AML Committee that is yet to be operationalised. Improved coordination will be achieved by operationalising the AML Committee to coordinate the region on FATF / ESAAMLG priorities, and exploring ways to enhance formal collaboration with all relevant structures.

In addition to improved coordination, the development and implementation of a comprehensive Regional Action Plan on AML/CFT/PF as envisaged under SIBE will provide guidance to member states on areas that are most in need of attention. ESAAMLG has also highlighted the trend for financial institutions to 'de-risk' their businesses by terminating relationships with customers rather than managing risk, and member States and financial institutions therefore need support to implement the risk based approaches.[44] The capacity building efforts should include bank and non-banks, risk assessment, development of regional evidence base, digitalisation of customer due diligence (e-CDD and e-KYC), data management, and regtech.

2. Innovation and Fintech Framework: Technology is emerging as a key opportunity and driver of financial inclusion and SME access to finance in the region, yet member states are still at a nascent stage in terms of developing their national policy, strategic and regulatory frameworks. Approaches deployed so far in the region are also limited, and there is need for member states to be guided. It is therefore an opportune time to develop a regional innovation and fintech framework, which will help guide member states to leverage financial technology in their industrialisation and financial inclusion objectives.

A fintech working group under the CCBG payments subcommittee has been coordinating this area of work, and it is proposed that ways to better include the non-bank sector be explored. A new task team under the Financial Inclusion subcommittee, or the restructuring and introduction of cross reporting for the existing working group can be useful to enhance collaboration between the bank and non-bank sectors. Among the objectives of the restructured working group will be to include stakeholders from within and outside of the financial sector. The working group should implement a study to scope fintech opportunities and risks in the non-bank sector, to complement the study already completed for the bank sector, and inform the proposed regional fintech regulatory framework. The working group will also lead efforts to support member state regulators to develop fintech regulations, regulatory sandboxes, and to update existing payments or other regulations as needed to reflect fintech reality.

3. Consumer protection and market conduct guidelines: Consumer trust in the region's financial sector is low, and a key barrier to financial inclusion and SME access to finance, as outlined earlier. To address the challenge requires a multifaceted approach yet a key requirement is that consumers are protected including from new risks brought about by technological advances, and empowered with information. A comprehensive regional framework on consumer protection and market conduct has recently been developed to meet this objective, and it is recommended that this framework be adopted by member states, and be implemented across the region.

4. Implementation of non-bank model laws: Stakeholders through CISNA have identified critical non-bank areas where model laws are required, and 7 of these have been developed. These should now be adopted by member states, and implemented through amendments to laws and regulations, or enactment where these do not exist. These 7 model laws cover important areas including a regional framework for microfinance institutions, regional guidelines for SACCO operation and registration, Model Law for Insurance, Regional Medical Aid Schemes Model Law, Regional Framework for supporting SMEs to Access Capital, Regulatory Requirements for financial intermediaries and Model Law for Debt Listing Requirements.

5. Development of new frameworks for micro pensions and Carbon trading: While the region is actively pursuing opportunities in various non-bank areas as outlined above, Regional frameworks / model laws are yet to be developed in two crucial areas. Micro pensions for the informal sector have

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[44] ESAAMLG Working Group On Risk, Compliance And Financial Inclusion (WG-RCFI), April 2021, 'Follow up report to assess the continued existence and impact of de-risking in the ESAAMLG region', available at: https://www.esaamlg.org/reports/De-risking_FUR_April2021.pdf

been identified as an important opportunity going forward, and a regional framework such as that in place for the East African region can help spur countries to develop appropriate products. The other important area is carbon trading, which CISNA has been exploring. Although the process is still at an early stage, this is an important area to pursue as it contributes directly to the sustainable finance and climate change agendas.

5.2 Regional infrastructure platforms and projects

Beyond harmonisation of laws, regulations and approaches, SADC is also well positioned to implement cross border projects. Member states can easily implement projects within their border or bilaterally with others, however it is difficult for them to work with multiple member states without SADC leadership. The following five projects that span multiple areas are highlighted for implementation during the next 5 years.

1. Regional retail payments and remittances platforms: The important role of cross-border transfers has already been highlighted for mobilising of resources and supporting incomes and resilience of households. Efficient cross border payments are also needed to facilitate cross border trade, cross border insurance, interconnectivity of capital markets, and others. The successful implementation of regional payment platforms is therefore a core objective of this strategy. .

There has been considerable progress in the development of the cross-border payments systems and ongoing effort has targeted the renewal of the RTGS platform which needs to be successfully completed, and within that context the adoption of additional currencies, and ISO 20022 migration of current and potential partners.

The implementation of the TCIB scheme is another anchor to build on, but the participation of non-banks on the system needs to be accelerated. Mobile money and money transfer operators, and fintechs, can help increase reach, volumes and to lower costs. However related regulatory barriers will need to be addressed, in parallel with exploration of mechanisms to fast track non-bank financial service provider readiness e.g. alternative on boarding mechanisms. Awareness is also crucial, to encourage connected institutions to make full use of the platforms.

The system is enabled by efficient KYC systems, and therefore the exploration of suitable cross border identification mechanisms has been ongoing, which needs to be progressed to support the platform but also to spur further innovation and expand digital financial services and e-commerce in the region.

Beyond the platform there is need for continued digitisation of the first and last miles. The implementation of mobile money guidelines therefore remains important, and the exploration of tiered licenses to enable digital non-bank players to play a greater role in the region's financial sector.

2. Capital markets deploy agriculture, SME and ESG products: While member states have made progress in specific areas, the effort needs to be deepened. A Capital Markets Development Masterplan can be a useful tool to encourage market development and inclusiveness, addressing among others the effectiveness of alternative exchanges, and products for SMEs. SME listings on alternative exchanges in particular have been few outside South Africa and Mauritius. SMEs should also capacitated, especially in regard to listing disclosure requirements and reporting, and access to professional advisory services.

Member states and exchanges can be supported to implement SME specific finance instruments and tools, such as listed SME bonds, crowd funding frameworks, Invoice discount schemes, and National SME Credit risk databases. The credit rating schemes can be especially useful for SMEs access capital markets.[45] Commodity exchanges also offer potential, not only to SMEs but also to the agriculture sector, and some members such as South Africa and Zimbabwe have implemented models that the rest of SADC can learn from. A regional platform can provide the necessary scale, and a concept note is currently being prepared by COSSE.

The COSSE Macroeconomic Convergence and Financial Integration project aims to operationalise the interconnectivity of stock exchanges through the hub and spoke model, to encourage cross border trade and ease SMEs access to capital across borders. The project also includes the harmonization of exchange listing requirements, trading rules and settlement, as well as development of an ESG framework. Successful implementation of this project will contribute to SME access to finance.

[45] *See T Hamusute, Assessment of trading rules and type of products available in the region in order to develop products for SMEs to participate in the capital markets, SADC SIBE, 2022*

Capital markets in SADC should be socially responsible. Support will be needed to member states to develop and expand sustainable products such as green bonds, and social bonds including gender bonds. However proportionality is needed, so as not to exclude SMEs who often do not have capacity to meet all the requirements. Further, access to capital markets by all is also important in a sustainable future, and ongoing efforts to expand access through collective investment schemes need to be continued by building on the adoption of the collective investment schemes model law. Digital finance platforms will also help make SADC financial markets more accessible.

3. Insurance and pensions products that support regional objectives: Insurance cross border products can be a powerful tool to aid regional integration and industrialisation, but this requires effort towards development of cross border products, and / or mutual recognition of insurance policies. Mutual recognition of insurance taken out by transporters in the SADC region has already been implemented, but this needs to be extended into other areas, such as loss of goods transported, storage, accidents, and theft. Regional migration could also benefit from such products particularly medical aid and travel insurance. The development of the pension and insurance markets in the region to increase their inclusiveness particularly through micro insurance and micro pensions, can support resource mobilisation. In addition as noted earlier the rollout of regional investment guidelines is another step that can support regional industrialisation.

4. Sustainable and flexible finance for small businesses: The DFI network is an important provider of finance to SMEs, and DFRC under its 2019 – 2024 strategy has been providing capacity support to DFIs in the region. This needs to be sustained into the new 5-year strategy. DFIs are under pressure, with reduced government funding and higher Non Performing Loans (NPLs) especially due to Covid-19. DFRC is exploring sustainable funding models for DFIs and continued capacity support in this area is important. DFIs should also be supported to develop products related to climate change, and digitisation for operations and product delivery.

DFIs are an important conduit to provide financial education and entrepreneurship training to SMEs, but this needs to be complemented by member state and stakeholder efforts to formalise and educate SMEs, emphasising the benefits of formalisation and providing suitable incentives. SADC can also encourage capacitation of institutional bodies that support SMEs such as Business Development Support (BDS) organisations and NGOs, including accreditation for such bodies.

SADC is in process of operationalising the Regional development Fund (RDF), and this could be used to support MFIs and SACCOs who serve rural farmers and SMEs, as they access finance at high cost from commercial banks. The RDF could provide targeted finance windows, to complement national facilities, but in time could also consider direct lending to some SME segments, using digital mechanisms.

SME access to finance is highly dependent on risk assessment mechanisms, such as credit information registries. Currently there is relatively poor participation by credit providers in these registries, resulting in lack of accurate data and exclusion of informal enterprises. Support is needed to build and encourage usage of credit infrastructure across the region, and to integrate such infrastructure across borders, particularly credit and collateral registries. MFI and Micro-lender participation should also be promoted to ensure that informal / small businesses are included. Beyond this there is scope to unlock data housed in digital platforms and value chains for credit access, and SADC could explore how to harness this data through a SADC level SME credit registry for selected sectors or value chains.

The definition of SMEs varies across the region, and SADC through its Industrial Development and Trade (IDT) directorate is exploring the development and rollout of a region-wide standard definition of SME.

5. Selected SADC youth focused interventions: Youth is a SADC high priority segment as highlighted in the SADC vision 2050, but also given high unemployment rates and the great potential the segment holds. Systematic introduction of financial education into school and college curriculum is highlighted under Pillar 3 however to support this segment further and more directly a youth innovation challenge is proposed. A similar SADC Innovation Challenge was run in August 2020, with 36 companies across 7 SADC countries participating. The new Innovation challenge will be focused on youth including girls, industrialisation and financial inclusion.

Aligned to curriculum based intervention, digital technology is becoming core to many areas of business in SADC, and there is need for training, certifications and adequate capacity in relevant ICT institutions. A partnership with CRASA and the ICT Directorate to support capacity of ICT institutes in the region in enabling digital technologies is recommended, with a focus on financial technology. This should include emerging areas such as crypto assets, regtech and suptech.

5.3 Targeted SADC level support to Member States

A SADC level strategy cannot cover many important aspects needing to be implemented for increased financial inclusion and SME access to finance in diverse member state markets. These remain the focus of member state national policies and strategies, and SADC can only support these where relevant. The following four areas are prioritised for support.

1. Development of national financial inclusion strategies: Majority of countries have already developed a national financial inclusion strategy and others are in process. The renewal of the strategies as they expire is required, as well as ensuring linkage to regional interventions such as payment systems, climate change, supply chain development, digitisation, SME formalisation, smart agriculture and others. Specific strategies can also be developed for the SME sector, as the consumer focused strategies often do not have sufficient focus on the small percent of SMEs likely to make the largest contribution. A targeted strategy for these larger SMEs (to complement the NFIS) can help to accelerate growth and industrialisation. Eswatini and Malawi already have such a strategy. An important component of the strategy should be the prioritisation of regional procurement in line with Trade on Industry Protocol provisions.

Financing forums are another area that countries can include in their strategies, to ensure that financial inclusion is aligned to broader financing agenda, and to encourage participation of public and private sector financiers for successful scaling of ideas and pilots (e.g. via INFF). The NFIS can also play a role to domesticate relevant elements of the SADC financial inclusion Gender Action Plan.

The National Financial Inclusion Strategies should encourage increased competition, particularly through commitments made under the Trade in Services Protocol which was ratified in January 2022. Financial services sector commitments have recently been signed, and these have the potential to increase domestic competition, range of available products, and innovation. Member states should assess and update legislation and regulations to align to commitments, while SADC can support by raising awareness of the Protocol among providers and the public. Similar commitments for the AfCTA Trade in Services protocol (ratified May 2019) are under discussion.

2. Equitable access to financial services and financial inclusion of women-owned businesses and women entrepreneurs. The SADC Financial Inclusion Gender Action Plan (FI-GAP) is designed to guide member states to improve gender outcomes as they relate to the SADC Strategy on Financial Inclusion and SME Access to Finance (2023-2028). In this context it aims to accelerate gender-responsive regional reforms and country-led actions, ultimately contributing to gender equality, justice, and transformation. The SADC FI-GAP in particular focuses on women entrepreneurs, and includes options for a transformed financial system that enables women to benefit fully and equitably in the economy.

Women's economic empowerment and women-owned enterprise development are critical for sustainable development, and both are essential for the industrialisation and reform of the region. Critical constraints on women's economic participation in the SADC economy include limited control and access to productive resources such as business finance, access to appropriate technical advisory services in business management, lack of control over assets and capital in both the formal and informal sectors, and exposure to limiting gender stereotypes. The FI-GAP seeks to address these constraints through five key outcomes:

- Gender Responsive Policies/Laws and Regulations, including gender-responsive financial inclusion strategies, and gender-responsive budgeting across government.
- Gender responsive government and financial institutions, including through adequate coordination mechanisms and accountability
- Women entrepreneurs' access to financial products, including access to local markets and trade opportunities, public procurement opportunities, and to digital financial services
- Capacity building including financial literacy and training on gender mainstreaming
- Monitoring, Evaluation, Reporting and Communication including a standardised set of indicators for women financial inclusion developed within SADC Member States, and collection and use of gender-disaggregated data across regulatory and non-regulatory institutions

The full financial inclusion Gender Action Plan Matrix is included as Annexure 4.

3. Support to member states on consumer protection and financial literacy. Rural finance is often hampered by lack of trust and awareness of financial services, and low levels of financial literacy. Countries are therefore implementing financial education as a priority area, including through school and college curriculum, financial service provider programmes, and community based approaches.

There is need for SADC to support to these programmes, through materials, standards, best practices and potentially funding. A SADC support facility to develop and help domesticate best practices, materials and programmes can therefore be a useful investment.

In addition it can be useful for SADC to develop and share best practices and benchmarks on digital and financial literacy and consumer protection practices, including on financing of such interventions, and on targeting priority segments such as women, youth and PwDs.

4. Strengthening rural financial inclusion: Rural finance is crucial for farmers and rural micro enterprises, largely provided by MFIs and SACCOs. CISNA has developed model laws for MFIs and SACCOs, and this needs to be further supported through strong umbrella bodies as the sector is largely self-regulated. Umbrella bodies can also spur digitisation and innovative partnerships with fintechs, and increased access to credit reference bureaus.

Capacity support to member states can help to formalise and structure the SACCO and MFI sectors according to best practices, and this could be complemented with research and increased availability of in-depth information and data to enable wider policy interventions.

Critical infrastructure gaps continue to constrain access to technology and services by rural and low income segments, and increased collaboration with CRASA and the SADC ICT Directorate to address infrastructure gaps within the region is proposed so as not to exclude the poor, as well as to address emerging cyber security issues.

5.4 Availability of data, and capacity of coordination mechanisms

The Secretariat is responsible to coordinate and monitor the implementation of the strategy, interfacing as needed with substructures and countries.

1. Secretariat coordination and research capacity: Compared to other regions such as the Association of Southeast Asian Nations (ASEAN) or the West African Economic and Monetary Union (WAEMU), there is room to strengthen financial inclusion coordination in SADC. Of particular importance is that in the absence of an overarching SADC legal framework, countries need to be actively encouraged to implement activities in support of the regional strategy. The public sharing of progress, impact and learnings can help to encourage lagging member states to improve their focus on implementation. From a Secretariat perspective this implies the preparation of annual work plans for this strategy, regular tracking, and annual communication of progress against plans. In this context a structured communication strategy to facilitate dissemination of accurate financial inclusion information to all stakeholders should be prepared, including through a regular SADC financial inclusion publication to raise awareness and to promote key issues.

Activity tracking and monitoring and evaluation are in collaboration with substructures, and the substructures particularly CCBG and CISNA need to build their internal capacity to enable this. Member states can also benefit from capacity support on MRE data collection and use, as well as on broader issues such as the domestication of the regional strategy. Specific capacity support for MS is also needed to enable them to report on progress against the plans proposed in this strategy.

A further aspect of coordination is annual convening, and so far the Annual SADC FI Forum was held each year between 2017 and 2023. Unfortunately, this forum is funded on ad hoc basis, and SADC should consider ways to allocate regular budget. This will ensure it is effective in sharing and promoting new ideas, and provide a regular platform to progress key issues such as climate change, access for vulnerable segments, fintech, and others.

The SIBE programme funding ends 2025, and the Secretariat will lead efforts to mobilise resources in order to fully implement this strategy which includes activities at both regional and member state level. In addition to traditional funding models such as implemented under SIBE, the Secretariat should consider additional models, including working with donors as necessary to directly finance contributing activities implemented through collaborating institutions such as FSDs. SADC should also create modalities to accept in-kind contributions, most notably term secondments to support specific technical areas.

2. Availability of financial inclusion demand and supply side data: Demand side surveys are useful to track progress and prioritise interventions, however they have been irregular in the region with only a few countries conducting regular surveys. The SIBE programme has started to redress this, with surveys planned / ongoing in Angola, Botswana, Zambia, Mozambique, and Tanzania, among others. Going forward the SADC Secretariat should negotiate financing and ensure demand side surveys such as FinScope consumer are held regularly in each SADC country (every 4 years). Surveys should be synchronized across member states, to be a maximum of 2 years apart. Alternatively and as a way to explore a longer term approach, it is recommended that SADC consider a once-off region wide financial inclusion survey, to synchronise national surveys, and to benchmark and prioritise interventions across the region.

Timely availability of supply side data across member states and sectors is also needed to complement the demand side data. An ongoing CCBG financial inclusion intervention is attempting to collect bank supply side data, but this is in its early stages. Supply side data offers different types of insight, but is also available at shorter time intervals. Currently supply side data is difficult to get from regulators across the region, and where available is not sufficiently disaggregated e.g. on gender, age, or geography.

The Secretariat should work with substructures (CCBG, CISNA, COSSE, and DFRC) to provide templates and technical capacity to member states to increase availability of reliable data, in a timely manner. Secretariat can also explore establishing capacity for data analytics to support decision making, while leveraging the SADC FI Data portal project currently in progress. The portal should help centralise and widen data accessibility if it is able to provide accurate and relevant data for decision making.

There is scope to leverage global partners particularly the World Bank, IMF and UN agencies such as ILO and UNDP in the area of data, including through partnerships to rollout select financial inclusion questions in broader livelihood surveys in case of insufficient FinScope funding. SADC can also collate regionally relevant data from these partners for example in relation to SMEs or remittances.

3. Enhanced collaboration between FIP substructures: Areas are emerging that require closer collaboration between CISNA and CCBG, as well as with other substructures. Key among this is AML / CFT, for which the operationalisation of the AML Committee has already been described. Other emerging areas include consumer protection and market conduct, and Fintech. The financial inclusion Subcommittee provides a platform for stakeholders in both the bank and non-bank sectors to engage on these issues, however given that meetings are annual there is need for closer engagement during the year. It is recommended that the substructures engage and consider other mechanisms for strengthening collaboration, for example through regular formal updates to one another.

6. Monitoring, Reporting and Evaluation

6.1 SADC MRE Framework 2023 – 2028

The monitoring, reporting, and evaluation (MRE) framework 2023 – 2028 serves as a support mechanism to systematically track progress and results of the SADC Strategy on Financial Inclusion and SME Access to Finance 2023-2028. This mechanism requires tools that enable the MRE implementation team to:

- Track the implementation progress of the strategy.
- Monitor the outcomes of the strategy to assess whether it is achieving the desired outcomes and the anticipated impact.
- Evaluate areas in the FI landscape where adjustment of the strategy may be required.

The MRE framework is important in keeping the strategic implementation plan on track, providing the basis for reassessing priorities and informing strategic reforms. It is also germane to ensure that there is an element of accountability in the implementation of the 2023 – 2028 regional financial inclusion strategy.

The establishment of the framework requires a methodology that includes a governance structure, and the tools that will be used to collect, analyse, and report on data that tracks outcome and impact.

Methodology

The methodology involves the construction (based on Section 3, 4 and 5 above) of a Theory of Change (TOC) which is a description of how and why a desired change is expected to happen in a particular context. It also identifies causal relationships between multiple levels of outcomes or interim results needed to achieve a long-term objective. The causal relationships established in the TOC are used to develop a results framework, and corresponding performance review and monitoring evaluation framework (Figure 16).

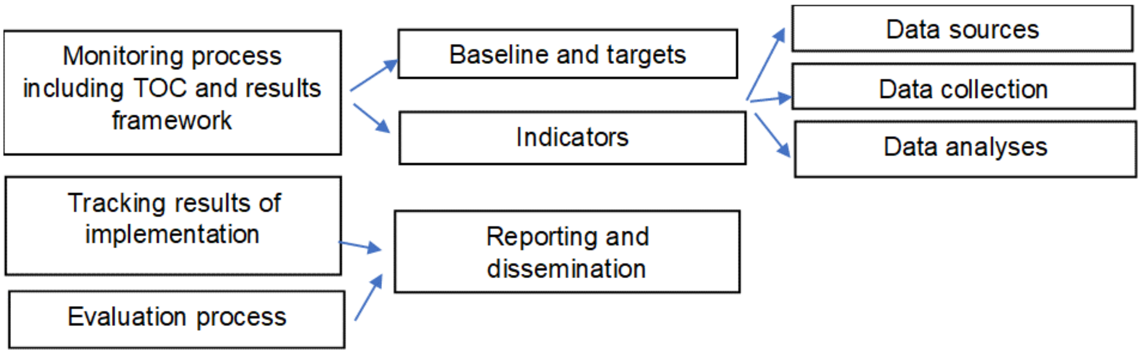

Figure 16: SADC MRE Framework

The guiding principles of the performance review framework include the following.

The Theory of Change: The TOC (shown in annexure 3) offers a view on how to achieve the vision of the region strategy as discussed in Section 4 and 5 but deconstructed into the following components,

- Strategic actions and activities
- Systemic changes to be achieved (regional and domestic affecting regulators, policymakers, FSPs and target groups)
- Long term outcomes
- Impact of strategy

Results framework: The result framework is derived from the TOC. Each strategic action is defined in terms of its systemic changes including what is achieved directly and its long-term outcome, the result of the systemic changes and identifying its area of impact.

Indicators: The indicators are measures of the long-term outcomes, and some of the systemic changes to be achieved. None of the indicators will be at an activity level. It is proposed that strategic action tracking should be embedded in the roles and responsibilities of the governance structure of the MRE framework.

Baseline and targets: The outcome of strategic actions should be measured against a target outcome. Targets will be determined in conjunction with the financial inclusion subcommittee. The calculated value of the long-term outcome indicator is to be compared to the target value. If it is not possible to define a target, the reporting will be done against the baseline indicator value. The baseline indicator value reflects the most recent or earliest available data which acts as the starting point.

Data sources: This will entail the use of primary (e.g., program monitoring reports, demand side surveys such as FinScope, data reported to regulators as a result of changes in legislation and regulation, rules and guidelines issued, etc.) and secondary data sources (e.g., national statistics, reports from third-party demand side surveys, data reported by financial service providers to regulators, etc.). These sources provide the basis for tracking systemic changes, progress on main activities and outcome indicators linked to the defined long-term outcome indicator targets. The data sources need to cater for provision of disaggregated data, for example sex- and age-disaggregated data which are important to track the outcomes for the designated target groups (SMEs, women and youth).

Data collection: This will depend on availability of resources, access to the sources of data, time constraints and needs of information users. However, consistency is required in data collection and aggregation using reporting templates designed to capture progress at designated intervals. In this case, an annualised collection framework is suggested. For interventions expected to result in rapid change, then the frequency can be increased to a more appropriate level, if the availability of the data allows such a change. The SADC FI Data Portal project is expected to be the central repository for data, but it is still in its design phase. The FIC Directorate will be the central aggregator of the data. The SADC sub structures (e.g., COSSE, CISNA etc.) will be responsible for preparing and finalising data which will be provided to the FIC Directorate. Existing FI M&E templates will be used for data collection while additional data requirements should be reviewed and approved by the financial inclusion subcommittee.

Data analyses: The environment needs to ensure that the same data definitions and data field identifiers are used across regulators (and the provider of demand-side data) and in all member states, to ensure that data from different regulators can be combined seamlessly to enable a view and analyses across regulatory realms. The dashboards/visualisation and any other analyses on the indicators should be constructed at source. This implies that a basic analytical ability is required at the source of the data although the MRE office should have the technical ability to ensure only high-quality data is analysed and disseminated.

Monitoring and Evaluation: A shortlist of outputs and outcomes of strategic actions, measured against a target, is reported in the monitoring process. Monitoring should also reflect strategic actions undertaken or in the process of being undertaken since the regional strategy implementation will not be an immediate once off event but would take some time to complete. The objective of the evaluation process is to identify corrective actions where outcomes or results are not at the desired level. This process needs to be consultative and led by the FIC in conjunction with the other SADC sub structures such as COSSE, CCBG etc. The evaluation is suggested to hold every 2 – 3 years and should consider the following,

- Is the implementation of the strategic action complete or near complete? If not then the impact of completing the implementation will have to be considered.
- Are there unforeseen factors that may have played a role in the outcomes?
- Is the particular action likely to improve outcomes over time, for example might market acceptance increase over time?
- Is the data being used complete, as some entities may not have provided data and the picture might be incomplete?
- Is there a case to be made to gather specific additional data, either from FSPs or through a small, dedicated survey?

Implementation tracking: This entails the tracking of the list of interventions expected to deliver systemic changes as shown in the Theory of Change. The MRE office will drive information collection directly from member states through the task teams and SADC sub structures such as COSSE, DFRC, CCBG and CISNA. The CISNA is particularly important in tracking the role of non-banks in financial inclusion in SADC.

Reporting and dissemination: It is also proposed that FIC Directorate develops a communication strategy to bring attention to policy processes such as the approval of key laws and regulations, and the level of consensus on strategy issues amongst the key stakeholders. This will be important in providing context and update on different policy implementations to the teams involved in mid-term or end-evaluations.

Internal reporting (within the Governance Structure) should be done through bi-annual and annual progress reports while external reporting takes the form of formal annual or biannual reports, dashboards, newsletters, press releases and other publications. It is expected that the dashboards will be available on the SADC FI Data portal which is currently being developed.

An annual assessment of the MRE office and governance structure is also proposed to ensure that the institutional mechanism to support the regional policy is relevant and appropriate. It is suggested that this be done by an independent party outside of the SADC structures. This will entail the assessment of the effectiveness of the MRE office on data management, reporting and communications.

6.2 Indicators and KPIs for 2023 - 2028

The suggested indicators are discussed in this section. These indicators are drawn from the relationships established in the Theory of Change and results framework. The indicators are directly or indirectly able to measure the long-term outcomes and some outputs/expected systemic changes in the Theory of Change.

Indicator proxies are included to fill the gap in the absence of demand side surveys. Only five member states have SME demand side survey data which presents a challenge in tracking SME financial inclusion. Micro-enterprises tend to be unregistered and are likely to use personal accounts for business purposes. Therefore, supply side data on SMEs will not cover micro-enterprises. This reinforces the necessity of consumer and SME demand side surveys in order to track target group level outcomes as supply side data usually tracks volumes and values.

The proposed strategic level indicators are the following,

1. % of adults formally and informally included disaggregated by gender, age and urban/rural in SADC (Source: Demand side survey).

Proxies:
- Number of active bank accounts per 100,000 adults (Source: Member states)
- Number of active mobile money accounts per 100,000 adults (Source: Member states)
- Number of insurance policies per 100,000 adults
- Number of microfinance institution loans per 100,000 adults
- Number of SACCO members per 100,000 adults

2. % of SMEs formally included in SADC, disaggregated by gender, age and urban/rural.

Proxy: Volume of loans to SMEs (Source: Member state)

3. Number of regional guidelines and frameworks adopted by member states.[46] (Source: member states)

Fifteen other indicators are suggested for overall monitoring of the strategy, as follows.

Indicator 1: Number of member states that have domesticated FATF guidelines on risk-based approach to AML/CFT/PF (Source: FATF, ESSAMLG, and member states).
Rationale: Domesticating FATF guidelines can contribute to reducing the risks associated with money laundering and terrorist financing activities, safeguarding the financial system from illicit funds and illicit actors.

Indicator 2: % adults that trust formal financial services (also by gender, youth and rural). (Source: Demand side surveys)
Rationale: This indicates trust in formal financial services, and thus the effectiveness of financial education and consumer protection measures being put in place.

Indicator 3:
3.1: %adults (also by gender, youth and rural) with access to, and usage of formal financial services. (Source: Demand side surveys)
Proxies:
3.2: Number of active bank accounts per 100,000 adults (Source: Member states)
3.3: Number of active mobile money accounts per 100,000 adults (Source: Member states)
Rationale: Tracks the level of formal financial inclusion.

Indicator 4:
4.1. % of adults (also by gender, youth and rural) using digital financial services (Source: Demand side surveys)
4.2. % SMEs (also by gender) using digital financial services. (Source: Demand side surveys)
Proxies:
4.3: Volume of POS transactions (Source: Member states)
4.4: Mobile money transactions including P2P, P2B, B2P, G2P, P2G and B2B (Source: Member states)
4.5: Mobile money Cash in and Cash out ratio ((Source: Member states)
Rationale: Tracks the level of digital financial inclusion, being a key enabler of inclusive growth.

Indicator 5:
5.1: % SMEs (also by gender, youth) with formal credit financing across bank and non-bank providers (Source: Demand side survey)
Proxy:
5.2: Volume of loans to SMEs (Source: Member state)

[46] This indicator will be measured using a matrix that tracks number of countries (columns) and the specific frameworks adopted (rows). The matrix would distinguish between frameworks which are undergoing the process of being implemented relative to those that have been fully implemented and operationalised. This will be reflected in scoring system of which 1 will represent commencement of adoption, 2 representing completion of adoption and 3 representing the operationalisation of guidelines.

Rationale: This indicator is to measure financing support for SMEs, which are critical drivers of economic development in the region especially sustainable finance including green financing.

Indicator 6:
6.1: Average regional cost of cross border remittances (Source: Supply side data, mystery shopping).
6.2: Volumes of formal remittances in SADC (Member states)
Proxy:
6.3: % adults (including women and youth) using formal cross border remittances (Source: Demand side survey)
Rationale: This indicator measures the use of formal regional payments and costs thereof in order to track SDG and G20 target on remittances.

Indicator 7:
7.1: % adults (women, youth and rural) with access to micro pension services (Source: Demand side data)
Proxies:
7.2: Number of micro pension policies issued per 100,000 adults (Source: Member states)
Rationale: This measures the use of long term savings / investments by adults working in the informal economy.

Indicator 8: Number of member states with demand side surveys less than three years old (Source: Member states - D-FIC)
Rationale: This indicator can be used to track the availability and accessibility of relevant demand side data on financial inclusion in the region.

Indicator 9: Number of non-banks on TCIB per member state (Source: BankservAfrica/ CCBG Payments subcommittee and member states)
Rationale: This indicator tracks diversification of financial sector regionally

Indicator 10: Number of member states that have domesticated the SADC financial inclusion gender action plan (Source: Member states).
Rationale: This tracks institutionalization of women empowerment in the SADC region.

Indicator 11:
11.1: Total number of POS per 10,000 adults at national level (Source: Member state)
11.2: Total number of ATMs per 10,000 adults at national level (Source: Member state)
11.3: Total number of agents[47] per 10,000 adults at national level (Source: Member state)
Rationale: These indicators track accessibility to financial services.

Indicator 12: Number of registered Fintechs (non-bank market entrants offering digital financial services) in SADC (Source: Member state)
Rationale: High numbers of FinTechs can also indicate a supportive regulatory environment for technological innovation in finance.

Indicator 13:
Indicator 13.1: Number of capital market products for SMEs. (Source: Member state)
Indicator 13.2: Number of ESG products (green bonds, gender bonds, others) for SMEs
Rationale: This indicator tracks the development of sustainable financing for SMEs in SADC.

Indicator 14:
21.1: % adults (women, youth) with access to micro insurance services (Source: Demand side data)
Proxies:
21.2: Number of life policies per 100,000 adults
21.3: Number of non-life policies per 100,000 adults
Rationale: This measures the use of formal risk management services by adults working in the informal economy.

Indicator 15: % of financially healthy adults (plan for the future, manage risk and manage day to day liquidity) (Source: Demand side survey)
Rationale: This will measure the link between financial inclusion and the economic wellbeing of adults in SADC.

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[47] *This includes both bank and mobile money agents*

6.3 Operationalisation of the MRE Framework

The operationalisation of the MRE Framework will entail the following, Figure 17:

- Supply side data is generated by bank and non-bank regulators in member states, and provided to FIP substructures who on-send it to the FIC Directorate after some quality checks.
- Demand side data is generated at a country level, and in-country financial inclusion secretariat will generate relevant analyses and share with FIC Directorate to track indicators.
- FIC Directorate publishes an M&E report, including a commentary, and this report is published annually by SADC Secretariat.
- M&E is also fed into PPRM to be captured in SADC annual work plan.
- M&E data is fed into the SADC FI data portal by the FIC Directorate.
- FIC Directorate compiles various reports and shares with stakeholders including with in-country (MS) FI secretariat.

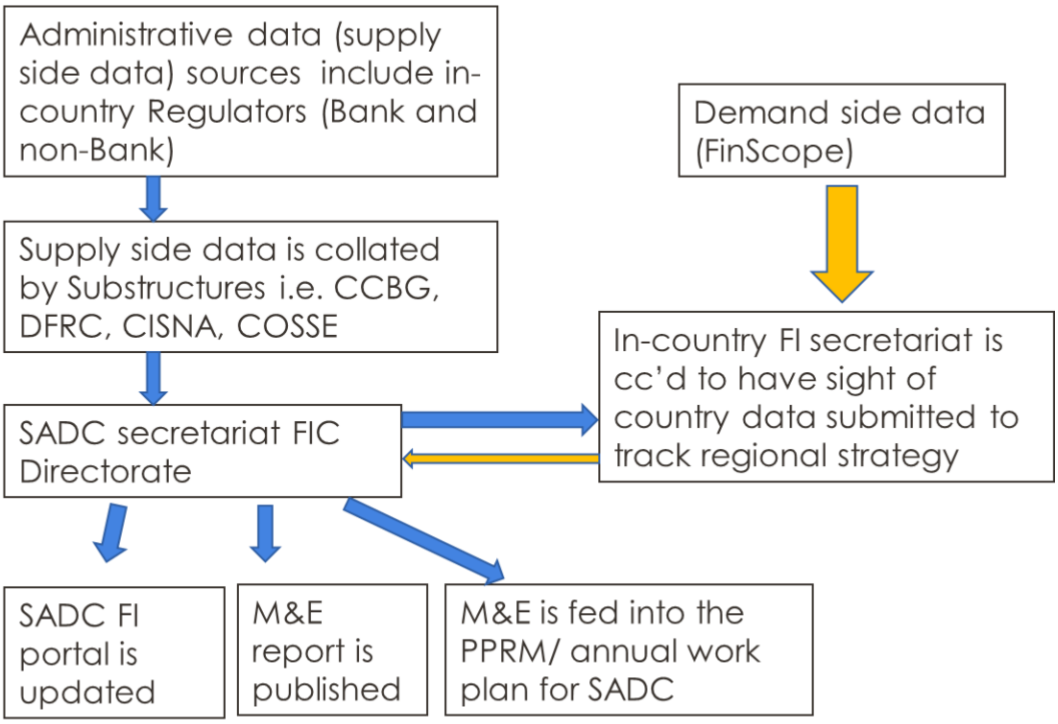

Figure 17: Operational framework for MRE

The FIC Directorate will be responsible for the operation of the MRE office. The office should have the capacity to collect, analyse, report, and disseminate reports on the delivery of implementation activities and the outcomes achieved in the regional strategy. The MRE office should have access to the necessary skills, expertise, and experience to perform the required functions. The MRE office should be well funded and ensure effective collaboration and coordination among member states, substructures and the FIC.

7. Implementation and Governance

7.1 Institutional mechanism

The successful implementation of the overall strategy including MRE will be dependent on the effectiveness and seamless interface of the stakeholders and governance institutions in the financial inclusion area.[48] To define the interfaces and institutional mechanism governing financial inclusion, the Committee of Ministers of Finance and Investment approved an initial institutional structure in July 2018. Subsequently in July 2019 the Committee approved the terms of reference for a Financial Inclusion Subcommittee, and the subcommittee inaugural meeting was held in March 2021.

The governance mechanism is illustrated in Figure 18 and includes the following official and representational bodies:

Ministers of Finance and Investment: The Committee of Ministers of Finance and Investment is the policy-making body and custodian of investment and financial integration including financial inclusion in the region. Through the Senior Treasury Officials and the Committee of Central Bank Governors, the Ministers provide high level policy guidance and buy in and political involvement.

Central Bank Governors: The Committee of Central Bank Governors as regulators of the banking sector monitor and support the financial inclusion agenda, and ensure that it does not compromise the integrity of the financial sector.

Financial Inclusion Subcommittee: The Financial Inclusion Sub Committee reports directly into the Senior Treasury Officials, and is composed of Secretariat officials, and senior officials from each Member State tasked with dealing with financial inclusion matters. The Subcommittee has in turn established four Task Teams:

- Task team 1 is responsible for the review and updating of the Strategy, the main subject of the present report.
- Task team number 2 considers consumer protection and financial education issues
- Task team number 3 is responsible to assess financial inclusion data and indicators.
- Task team number 4 is responsible for promoting access to innovative financial services and products.

Financial Inclusion Forum: The Forum is coordinated by the SADC Secretariat, and participants include member states, the private sector, and regional and other organisations dealing with financial inclusion matters. The forum is primarily an experience and ideas sharing Forum. The SADC Secretariat is a key participant in this forum, which includes representatives from CCBG, DFRC, CoSSE and CISNA.

Regional Organisations: Close collaboration and consultation is maintained with regional organisations that deal with financial inclusion issues. These organisations include the Alliance for Financial Inclusion (AFI), IMF, World Bank, UNIDO, ESAAMLG, Mobile Network Operators, and international cooperating partners supporting financial inclusion in the region.

Development Finance Network: The FIC Directorate collaborates with the SADC Development Finance Resource Centre to develop or support programmes that are specific to SMEs and farmers.

Member States: Implementation of financial inclusion is done at Member State level. Member States ensure that their financial inclusion strategies are aligned to the regional Strategy and provide data, information and progress updates.

SADC Secretariat: The FIC Directorate provides coordination support and collaborates with other Directorates like Gender, Social Human Development (SHD), Industrial Development and Trade (IDT), Food, Agriculture and Natural Resources (FANR) and others. It also coordinates on financial inclusion activities with other Secretariats.

[48] *Institutional Mechanism for dealing with financial inclusion matters in SADC, Document SADC/MMFI/1/2018/4.1A, SADC Secretariat, 2018*

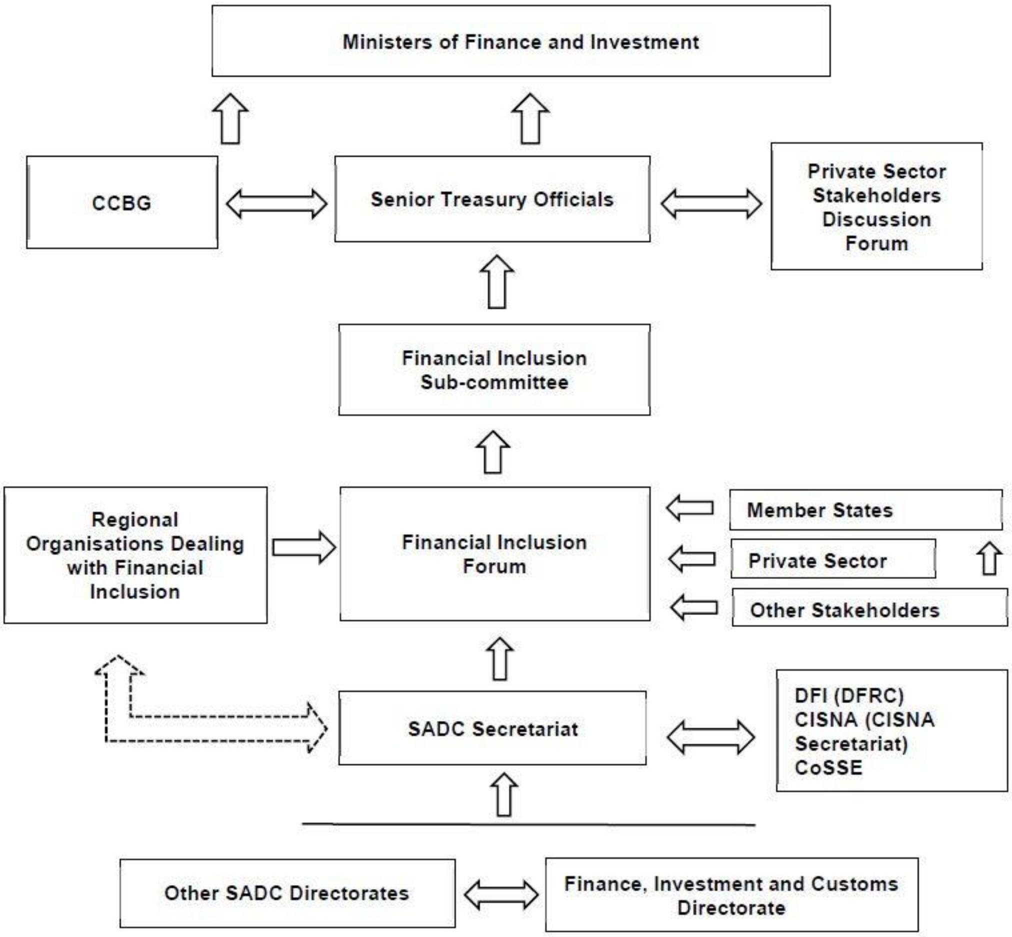

Figure 18: Institutional mechanism for SADC Financial Inclusion
Source: SADC Secretariat

The governance structure including the FI subcommittee and its task teams are relatively newly established, and need to be given an opportunity to be fully implemented. Additional task teams may be required in due course, especially in the important area of financial technology. This needs to be considered in light of broader arrangements to be agreed with CCBG which is leading the work on fintechs.

A mutual evaluation or peer review mechanism can be useful to encourage progress. The financial inclusion forum can be used to provide such a mechanism, focusing on implementation progress by member states, and based on selected key performance indicators. This is especially important in regard to implementation of regional guidelines and model laws discussed in this Strategy.

7.2 Stakeholders

The successful implementation of the strategy is contingent on support of all stakeholders, including those mentioned above under the institutional structures. Each of these stakeholders has an important role to play, and some of the more crucial ones are further outlined below (Table 4).

Table 4: Stakeholders supporting implementation of the Strategy

Stakeholders	Organisations	Role
SADC Secretariat	• D-FIC	• Leadership, coordination, communications, M&E
	• IDT, S&HD, Gender, ICT, PPRM	• Co-create strategy • Provide input to strategy implementation • Support domestication of regional policy
FI Structures	• Financial inclusion subcommittee and task teams	• Technical and strategic input on reviewing and updating strategy • Track implementation • Determine and coordinate country level support
	• Financial inclusion Forum	• Peer learning mechanism and dissemination platform • Platform for consultation on regional strategy and domestication
FIP Substructures	• CISNA, COSSE, DFRC, SADC Banking Association • CCBG + subcommittees	• Operationalise strategy through capacity building, technical assistance and regional level implementation • Aggregator of data from member states to track interventions
Member States	• Regulators and Policy makers	• Implementation • M&E data provision
Public and private sector actors	• Financial service providers • Stock exchanges • Service providers (credit bureaus, rating agencies, etc.)	• Implementation • Advocacy • Aligning commercial finance to development objectives
International cooperation partners (ICPs) and regional organisations	• Bilateral and multilateral donors e.g. AfDB, Bill & Melinda Gates Foundation, EU	• Mobilization of resources at SADC level • Advocacy • Parallel funding to country implementations
	• FinMark Trust, FSD Mozambique, FSD Tanzania, FSD Zambia	• Implementation support to regional and / or country structures • Data and information from member states
	• ESAAMLG, IMF, GIZ, UNCDF, UNIDO, World Bank	• Implementation support through market facilitation, capacity support or resourcing at both regional and national levels
	• AFI	• Peer learning networks

The SADC FIC directorate will serve as the secretariat and primary driver of the regional strategy. It leads in the process to coordinate, consolidate and analyse the implementation progress of the strategy. The secretariat will also implement and coordinate evaluation activities (e.g. mid-term review), and disseminate internal and external progress reports. The FIC will mobilise resources to implement key aspects of the strategy, and develop and implement a communications strategy for the strategy.

FIP Substructures are a crucial partner to the SADC FIC in leading the implementation of this strategy, and will assist to operationalise it by guiding and capacitating member states, direct implementation, and aggregating data from member states to track interventions. International cooperation partners (ICPs) and regional organisations will ensure high quality and sustainable implementation practices, including through advocacy, resources, data, market facilitation and peer learning opportunities.

FSDs require particular specific mention, due to the role they play as neutral market facilitators at national level. Stronger formal recognition of FSDs as SADC and member state implementing partners is needed, particularly in the areas of innovation, member state capacity enhancement, monitoring and evaluation, and funding

The committee of Ministers of Finance and Investment serves as the owner of the strategy, approving it and supporting its domestication in member states. Target groups (SADC adults and especially women, youth, and SMEs) use the financial services to improve their livelihoods in order to contribute to industrialisation and regional economic growth. The FIC should promote the participation of beneficiaries in the implementation and in due course renewal of this strategy.

8. Annexures

Annexure 1: Strategic Action Plan for 2023 – 2028

STRATEGIC PRIORITY 1: Harmonisation of Regulations and Guidelines in support of FI /SME finance									
OBJECTIVE	**ACTIONS**	**RESP**	**Expected Output**	**TIMELINE**					
				2023	**2024**	**2025**	**2026**	**2027**	**2028**
1.1 Ensure the region responsibly meets its AML/ CFT/ PF obligations as identified under the FATF and ESAAMLG frameworks	1.1.1 Operationalise SADC AML Committee as proposed by Annex 12 of the FIP to coordinate the region on FATF / ESAAMLG priorities	Secretariat	AML Committee operationalised, with formal work plan in place	X	X				
	1.1.2 Enhance formal collaboration with FATF bodies active in the region, by (i) reviewing existing MoU with ESSAMLG to provide for a formal collaboration mechanism, and (ii) establish formal relationship with GABAC	AML Committee	Formal arrangement established with GABAC		X				
	1.1.3 Implement the comprehensive Regional Action Plan on AML-CFT (being developed under SIBE), ensuring focus on implementation of country risk assessments	AML Committee, CISNA, CCBG	Regional action plan approved, and at least annual progress reviews in place		X	X	X		
	1.1.4 Develop and implement a regional capacity building plan covering *all* relevant AML/CFT/PF regulators, with a focus on regional evidence, risk-based approaches, digitalisation, data management and Regtech to help reduce illicit flows	AML Committee, CISNA, CCBG	Capacity building plan for Bank and non-bank sectors approved, and at least annual progress reviews in place	X	X	X	X		
1.2 Develop a regional innovation and fintech framework	1.2.1 Restructure and introduce cross reporting of existing fintech working group into the Financial Inclusion Subcommittee, or establish a new fintech and innovation Task team	Secretariat, CCBG, CISNA	Fintech working group ToR amended, or new Task team ToR under FI subcommittee approved	X	X				

	1.2.2 Scope fintech opportunities and risks in non-bank sector	CISNA	Fintech scoping report focusing on non-bank sector completed	X	X				
	1.2.3 Develop a regional innovation and fintech regulatory framework to take advantage of fintech opportunities	Fintech committee, CCBG, CISNA	Fintech regulatory framework adopted by at least 3 members		X				
	1.2.4 Support MS regulators to develop fintech regulations, regulatory sandboxes, and to update existing payments or other regulations to reflect fintech reality	Fintech committee	Capacity support needs identified, implementation plan approved		X	X	X		
1.3 Implement the regional consumer protection and market conduct framework	1.3.1 Support member states to adopt and implement the regional Market Conduct and Financial Consumer Protection Guidelines	SADC FI sub-committee	FCP and Market conduct guidelines adopted by at least 8 MS, who domesticate		X	X	X	X	
1.4 Support countries to domesticate recently developed non-bank sector model laws	1.4.1 Support member states to adopt each of the 7 model laws, and to draft or amend laws and regulations to align to the model laws	CISNA	All 7 model laws adopted by MS, and at least 5 domesticate	X	X	X			
1.5 Develop regional frameworks for informal sector pensions, and carbon Trading	1.5.1 Develop regional model law or framework for informal sector pensions	CISNA	Informal pension model developed, adopted, and at least 5 domesticate			X	X	X	
	1.5.2 Develop the business case to assess feasibility for a regional Carbon Exchange platform, and if appropriate develop a Regional Framework for Carbon Trading (Exchange)	CISNA	Feasibility study completed, and if approved, regional framework developed and approved		X	X			

STRATEGIC PRIORITY 2: Implementation of SADC regional platforms and projects to support FI and SME access to finance									
OBJECTIVE	**ACTIONS**	**RESP**	**Expected Output**	**TIMELINE**					
				2023	**2024**	**2025**	**2026**	**2027**	**2028**
2.1 Implementation of SADC regional infrastructure platforms and projects to support FI and SME access to finance									
(a) RTGS Renewal	2.1.1 Complete the ongoing RTGS Renewal project (on board more currencies , complete ISO 20022 migration of RTGS platform partners)	PSOC	At least 3 new currencies on boarded; All transactions ISO 20022 compliant	X	X	X			
	2.1.2 Enable more non-banks to join the TCIB Scheme by exploring easier on boarding mechanisms e.g. single points of in-country access via ACH	Bankserv	At least 30 non-bank institutions participate in TCIB	X	X	X			
	2.1.3 Complete harmonisation of Balance of payments codes	PSOC	Balance of payments codes adopted in 8 MS	X	X				
	2.1.4 Increase usage of SADC RTGS by the Secretariat for internal operations	Secretariat	Usage plan approved by management	X	X				
	2.1.5 Increase RTGS and TCIB awareness among financial service providers and the public	SADC Banking Association	Awareness campaigns; 75% of MS participate in TCIB		X	X	X	X	
(b) Regional Digital payments framework	2.1.6 Support MS to identify and implement regulatory best practices to enhance participation of non-bank actors in payments systems: • adoption of interoperable technical standards and protocols among non-banks such as ISO 20022, data sharing, and APIs • participation of non-banks in national and regional payment systems	CCBG Payments	At least 8 MS amend payment legislation to accommodate non-banks in TCIB and the RTGS participation criteria		X	X	X	X	
	2.1.7 Support member states to introduce tiered banking regulations or deposit taking licences to level playing field with banks e.g. ongoing Banking Act exemptions in South Africa	CCBG Supervision	Scoping completed; Capacity support plan developed and approved		X	X			

	2.1.8 Support member states to domesticate SADC mobile money guidelines		More MS domesticate mobile money guidelines		X	X	X		
(c) Regional financial identity framework	2.1.9 Support more FSPs in the region to link up bilaterally with ID Bureaus for cross border, foundational ID information querying	CCBG Supervision	More FSPs linked up with ID bureaus		X	X			
	2.1.10 Develop a regional framework that allows basic e-KYC across borders, based on the results from ongoing scoping and pilots	CCBG Supervision	Regional framework developed			X	X		
	2.1.11 Set up a SADC KYC registry mechanism	CCBG Supervision	Scoping for registry completed					X	X
2.2 Support the region's capital markets to deploy products for SMEs, and to be socially responsible									
(a) Capital market products for financing agriculture, SMEs, MFIs and SACCOs	2.2.1 Develop and implement a business plan for a regional Commodity Exchange and Warehouse Receipt system	CISNA, COSSE	Business plan developed and approved	X	X				
	2.2.2 Support MS to develop and expand capital market products to facilitate SME's access capital i.e. gender and other SME bonds, Invoice discount schemes, other	CISNA, COSSE	Capacity plan developed with regular review intervals		X	X	X		
	2.2.3 Develop a Capital Markets Development Masterplan, catering to among others increased liquidity, expansion of alternative exchanges, SME Credit risk databases (CRD) and crowd funding	CISNA, COSSE	Capital markets development masterplan approved by CISNA, COSSE		X	X			
(b) Connect SADC Stock Exchanges (Inter-connectivity Hub Project)	2.2.4 Operationalise the interconnectivity of stock exchanges through the hub and spoke platform	COSSE	Interconnectivity operationalised (5 MS)	X	X	X			
	2.2.5 Harmonise listing requirements, trading rules and settlement rules	COSSE	Requirements harmonised (8 MS)	X	X	X			
	2.2.6 Develop a framework for reporting on sustainability and inclusion on SADC Stock exchanges, including on gender and environment	COSSE	Framework for reporting on relevant SDGs in place		X				

(c) Socially responsible capital markets	2.2.7 Provide capacity support to MS to develop and expand sustainable finance products i.e. green bonds (including via SADC green bond programme), blue bonds, gender bonds	CISNA, COSSE	Capacity building plan developed and approved	X	X	X			
	2.2.8 Support MS to enhance market diversity through collective investment schemes, and retail digital platforms	CISNA	Capacity building plan developed and approved		X	X	X		
2.3 Implement interventions to enable sustainable and flexible finance for small businesses									
a. DFI capacity to deal with climate change, digitisation and sustainability	2.3.1 Implement structured capacity support for DFIs in the region including in the areas of climate change (new products), digitisation (operations and product delivery), and sustainability (finance)	DFRC	Capacity building plan for DFIs approved and progress reviewed annually	X	X	X	X		
b. Wholesale Finance Facilities for MFIs, SACCOs and SMEs	2.3.2 Implement within the RDF framework a wholesale finance facility for MFIs and SACCOs, to augment National developmental Facilities, and to potentially lend directly (digitally) to SMEs	Secretariat	Microfinance/ SME facility implemented within RDF			X	X	X	X
c. SME Financial education and entrepreneurship training	2.3.3 Develop and implement educational and entrepreneurship training programmes for SMEs across member states	DFRC, FI Subcommittee	Capacity building plan developed and approved			X	X		
	2.3.4 Capacitate institutional bodies supporting SMEs e.g. DFIs, BDS organisations, financial literacy providers	DFRC, FI Subcommittee	Capacity building plan developed and approved			X	X	X	
d. SADC Credit information infrastructure	2.3.5 Scope potential for a SADC SME credit registry, integration of credit and collateral registries across borders and support to national level credit information sharing platforms to ensure participation of MFIs and Micro-lenders	CISNA	Scoping completed and next steps formalised				X	X	
e. Common MS definition of SMEs	2.3.6 Support development and rollout of a Region-wide standard definition of SME through partnership with SADC IDT	Secretariat (FIC, IDT)	SADC standard definition of SME approved and disseminated	X	X				

2.4 Catalyse development of insurance and pensions products to support regional objectives									
a. Insurance cross border products to aid regional integration	2.4.1 Identify and catalyse development of products for cross border risks that could be insured on a regional basis or via mutual recognition of policies – e.g. loss of goods transported, storage, accidents, medical aid and travel insurance	CISNA	Partnerships to catalyse new cross border products established	X	X	X			
	2.4.2 Develop and implement regional insurance and pension fund investment guidelines to enable and promote reinvestment within the region, and to help improve returns	CISNA	Insurance and pension fund investment guidelines approved	X	X				
b. Inclusive insurance and pensions	2.4.3 Support market development of micro insurance and micro pensions products in SADC member states	CISNA	Market development plan developed and under implementation			X	X	X	X
2.5 Develop and implement Selected SADC Youth focused interventions									
a. SADC Youth Innovation Challenge	2.5.1 Develop and launch a SADC Innovation challenge, focusing on youth, industrialisation and financial inclusion	Secretariat	Innovation challenge funded and implemented		X	X			
b. Partnership with CRASA to support capacity of ICT institutes in Digital technologies	2.5.2 Establish partnership with CRASA to develop a technical assistance programme for ICT institutes of learning in the region	Secretariat (FIC, ICT)	Joint work plan developed / approved		X	X	X		

STRATEGIC PRIORITY 3: Provision of targeted SADC level support to Member States towards achievement of the regional strategy									
OBJECTIVE	**ACTIONS**	**RESP**	**Expected Output**	**TIMELINE**					
				2023	**2024**	**2025**	**2026**	**2027**	**2028**
3.1 Support countries to develop and implement national financial inclusion strategies and plans									
a. Renewal of MS NFIS and peer review mechanism to encourage implementation	3.1.1 Assist SADC countries to maintain up to date NFIS, including linkage to regional interventions and issues	Secretariat	MS have up to date NFIS that consider regional priorities	X	X	X	X	X	X
	3.1.2 Provide peer review mechanisms for countries to support one another in NFIS development and implementation	Secretariat	Modality in place for peer review / feedback		X				
b. Development of SME for growth finance Policy Guide/ Strategy	3.1.3 Assist willing MS to implement SME surveys and to develop SME for growth finance policy guide / strategy, including prioritisation of regional procurement	Secretariat	MS implement SME FinScope or similar, and formalise any policy actions identified			X	X	X	X
c. Financial sector commitments under Protocol on Trade in Services	3.1.4 Raise awareness of the Protocol among FSPs and the public in SADC	Secretariat	Awareness campaigns		X	X			
d. Financing forums	3.1.5 Ensure participation of private sector financiers in FI forums to ensure private sector players contribute to scaling successful ideas and pilots in the region (e.g. via INFF)	Member states	MS financial inclusion forums include private sector representatives		X				
	3.1.6 Ensure FI representation on all MS financing forums, and align to broader financing strategies	Member states	Attendance at broader financing forums		X	X			
3.2 Promote equitable access for women-owned businesses and women entrepreneurs through the Financial Inclusion Gender Action Plan									
Domestication of SADC Financial Inclusion Gender Action Plan	3.2.1 Support member states to improve women's economic participation in the economy by identifying and domesticating relevant elements of the SADC Financial Inclusion Gender Action Plan	Secretariat (FIC, GU)	Trainings for MS on SADC FI Gender Action Plan		X	X	X		

	3.2.2 Conduct assessments and provide trainings on gender issues to MS regulators and policy makers	Secretariat (FIC, GU)	Assessments and trainings for MS on Gender issues (8 MS)		X	X	X	X	
3.3 Support countries to implement financial consumer protection and digital and financial literacy interventions									
Facility to help domesticate digital and financial literacy best practices, materials and programmes	3.3.1 Create SADC financial education support facility, to support MS in rolling out financial education programmes, covering school curriculum, TVET colleges, community based ToT, and SMEs	CISNA	Education facility scoped and implemented			X	X	X	
	3.3.2 Develop and share best practices and benchmarks on digital, financial literacy and consumer protection practices, including on financing, and on targeting priority segments	CISNA	Benchmark practices developed and shared		X	X	X		
3.4 Support country authorities to strengthen financial inclusion, targeting rural areas, women, and youth									
a. Strengthened MFI and SACCO network, especially through umbrella bodies, digitisation and partnerships	3.4.1 Support MS to strengthen capacity of MFIs and SACCO umbrella bodies	CISNA	MS Capacity building plan developed / approved		X	X	X		
	3.4.2 Develop in-depth information on microfinance sector to enable meaningful policy interventions in the SADC microfinance sector	CISNA	Sector research commissioned (at least 8 MS)		X	X			
b. Formalisation of SACCO sector	3.4.3 Support MS to formalise and structure SACCOs according to best practices	CISNA	MS Capacity building plan developed / approved			X	X	X	
c. Infrastructure and other gaps	3.4.4 Collaboration with CRASA to address infrastructure gaps within the region, cyber security issues so as not to exclude the poor	Secretariat (FIC, ICT)	Joint work plan developed / approved		X	X	X		

ENABLERS: Availability of FI data, cross learning between SADC member States, and capacity of coordination mechanisms									
OBJECTIVE	**ACTIONS**	**RESP**	**Expected Output**	**TIMELINE**					
				2023	**2024**	**2025**	**2026**	**2027**	**2028**
4.1 Strengthen SADC Secretariat coordination, capacity support to member states, and interface to substructures and countries									
a. Secretariat coordination and research capacity, and interface to substructures and countries	4.1.1 Prepare annual work plans and implement annual tracking of progress against plans	Secretariat	Work plans and progress reports prepared annually		X	X	X	X	X
	4.1.2 Develop a SADC level communication strategy to facilitate dissemination of accurate FI information to all stakeholders, including through a regular SADC FI publication to raise FI awareness, and to track progress	Secretariat	Communication strategy developed and approved	X					
	4.1.3 Allocate regular funding and resources to the SADC FI forum, and enhance inclusion of donors and private sector	Secretariat	Regular funding available for FI Forum		X	X			
	4.1.4 Provide platform to progress key issues in the region e.g. climate change, vulnerable segments, others	Secretariat	FI forum leveraged to discuss key regional issues		X	X	X	X	X
b. Capacity support to member states	4.1.5 Provide policy level research and capacity support to member states on financial inclusion issues, including on domestication of regional Strategy and data	Secretariat	Awareness / training sessions held (16 MS)	X	X				
	4.1.6 Provide capacity support to substructures, and formalise interface to support member states, especially in regard to data collection and progress tracking	Secretariat	Capacity building plan agreed with substructures	X	X				
	4.1.7 Capacity support for MS to collect, analyse and use MRE indicators	Secretariat	MRE engagement / training sessions held (16 MS)	X	X	X			
c. Resource mobilisation	4.1.8 Mobilise resources and work with SADC FSDs and donors to finance key activities and collaborating institutions	Secretariat	Funding mobilised for period to 2028	X	X	X			
4.2 Ensure wide availability and accessibility of financial inclusion supply side and demand side data									
a. FI demand side data	4.2.1 Negotiate financing and ensure demand side surveys (e.g. FinScope) are held in each SADC country	Secretariat	Funding for demand side surveys mobilised	X	X				

	regularly (every 4 years) to prioritise interventions and measure progress								
	4.2.2 Synchronise surveys across MS to be a maximum of 2 years apart, or alternatively implement a once-off region wide financial inclusion survey	Secretariat, Member states	Demand side surveys are maximum two years apart between MS			X	X		
b. Timely availability of FI supply side data across MS & sectors – bank, non-bank	4.2.3 Work with substructures (CCBG, CISNA, DFRC) to provide templates and technical capacity to MS to ensure timely availability of financial inclusion data	Secretariat, sub-structures	MS annually submit supply side data as per MRE template		X	X	X		
	4.2.4 Establish capacity for data analytics capacity at SADC to support country access to data for decision making and other requirements	Secretariat	Data analytics capacity established at Secretariat		X	X			
c. Leverage SADC FI Data portal project	4.2.5 Implement the SADC FI Data portal and integrate with substructure and other partner data e.g. CCBG M&E data	Secretariat	SADC FI data portal operationalised	X	X				
4.3 Enhance collaboration between substructures									
Enhanced collaboration between FIP substructures	4.3.1 Identify and implement mechanisms for CISNA and CCBG and other two substructures to strengthen collaboration in-between annual meetings, e.g. regular formal updates to one another	CCBG, CISNA	New collaboration mechanism operationalised	X					

Annexure 2: Results framework[49]

		Indicator	Data Source	Responsible Authority/ Organisation	Base line	Target	Evaluation Frequency
indicators Strategic	1	% of adults[50] formally and informally included disaggregated by gender, age and urban/rural in SADC	FinScope surveys[51]	Member states and D-FIC	73%	85%	Every 3 years
		Proxies:					
		Number of active bank accounts per 100,000 adults	CCBG	Member states and CCBG	64,582.3 per 100,000	15% increase	Annual
		Number of active mobile money accounts per 100,000 adults	CCBG	Member states and CCBG	99,634.8 per 100,000	30% increase	Annual
		Number of insurance policies per 100,000 adults	CISNA	Member states and CISNA			Annual
		Number of microfinance institution loans per 100,000 adults	CISNA	Member states and CISNA			Annual
		Number of SACCO members per 100,000 adults	CISNA	Members states and CISNA			Annual
	2	% of SMEs formally included disaggregated by gender, age and urban/rural in SADC	FinScope surveys	Member states and D-FIC			Every 3 years
		Proxies:					
		Volume of loans to SMEs	CISNA and CCBG	Member states – CISNA and CCBG	60 800[52]	5% increase	Annual
	3	Number of regional guidelines and frameworks adopted by member states	Published guidelines and frameworks	Member states, CISNA, COSSE, and CCBG	One member state	All member states	Bi-annual

[49] Estimated number of adults in SADC as of March 2023 is 219.1 million

[50] Definition of Adult for financial matters varies by member state. Where not otherwise stated, definition of adults is >18years old

[51] Based on the latest available FinScope surveys at May 2023 for all 16 member states

[52] From CCBG Supervision

	3.1	Total number of frameworks and guidelines operationalized in SADC	CISNA, COSSE, CCBG, and member states	CISNA, COSSE, CCBG, and member states			Annually
	3.2	Number of member states that operationalized guidelines and frameworks in SADC	CISNA, COSSE, CCBG, and member states	CISNA, COSSE, CCBG, and member states			Annually
Sub-indicators	1	Number of member states that have domesticated FATF guidelines on risk-based approach to AML/CFT	Published guidelines and reports	Member states and CCBG	Three member states	15 Member states	Bi-annual
	2	% adults that trust formal financial services (also by gender, youth and rural)	FinScope surveys	Member states and D-FIC	50%	60%	Every 3 years
	3	%adults (also by gender, youth and rural) with access to, and usage of formal financial services	FinScope surveys	Member states and D-FIC	64%	75%	Every 3 years
		Proxies:					
		Number of active bank accounts per 100,000 adults	CCBG	Member states and CCBG	64 582 per 100,000	15% increase	Annual
		Number of active mobile money accounts per 100,000 adults	CCBG	Member states and CCBG	99,634.8 per 100,000	30% increase	Annual
	4	% of adults (also by gender, youth and rural) using digital financial services	FinScope surveys	Member states and D-FIC	30%	40%	Every 3 years
		% SMEs (also by gender) using digital financial services	FinScope surveys	Member states and D-FIC	20%`	35%	Every 3 years
		Proxies:					
		Volume of POS transactions	CCBG	Member states and CCBG	349.8 million	10% increase	Annual
		Mobile money transactions including P2P,P2B, B2P, G2P, P2G and B2B	CCBG	Member states and CCBG			Annual

		Mobile money Cash in and Cash out ratio	CCBG	Member states and CCBG	1.4	1.6	Annual
	5	% SMEs (also by gender, youth) with formal credit financing across bank and non-bank providers (Source: Demand side survey)	FinScope surveys	Member states and D-FIC	10%	25%	Every 3 years
		Proxy:					
		Volume of loans to SMEs	CISNA and CCBG	Member states – CISNA and CCBG	60 800,00[53]	5% increase	Annual
	6	Average regional cost of cross border remittances relative	Source: Supply side data, mystery shopping)	Member states and D-FIC	10%	7%	Every 2 years
		Volumes of formal remittances in SADC	CCBG	Member states and CCBG	USD1 billion per year	USD 1.5 billion per year	Annual
		Proxy:					
		% adults (including women and youth) using formal cross border remittances	FinScope surveys	Member states and D-FIC	30%	45%	Every 3 years
	7	% adults (women, youth and rural) with access to micro pensions services	FinScope surveys	Member states and D-FIC	0%	5%	Every 3 years
		Proxies:					
		Number of micro pension policies issued per 100,000 adults	CISNA	Member states and CISNA	None		Annual
	8	Number of member states with demand side surveys less than three years old	Data on SADC FI portal	Member states and - D-FIC	Three member states	10 member states	Annual
	9	Number of non-banks on TCIB per member state	BankservAfrica	BankservAfrica - CCBG	One	10 non-banks	Annual

[53] From CCBG Supervision

	10	Number of member states that have domesticated the SADC financial inclusion gender action plan	Published guidelines and frameworks	Member states and - D-FIC	None	All member states by 2028	Annual
	11	Total number of POS per 10,000 adults at national level (Source: Member state)	CCBG	Member states and CCBG	766	5% increase per annum	Annual
		Total number of ATMs per 10,000 adults at national level	CCBG	Member states and CCBG	19	1% increase per annum	Annual
		Total number of agents per 10,000 adults at national level	CCBG	Member states and CCBG	430	5% increase per annum	Annual
	12	Number of registered Fintechs (non-bank market entrants offering digital financial services) in SADC	CCBG and CISNA	CCBG and CISNA	351 (9 MS)	10% increase	Annual
	13.1	Number of capital market products targeted at SMEs	CISNA and COSSE	Member states, CISNA, and COSSE	None	5 products	Annual
	13.2	Number of ESG products (green bonds, gender bonds, others) for SMEs	CISNA and COSSE	Member states, CISNA, and COSSE	None	5 products	Annual
	14	% adults (women, youth) with access to micro insurance services	FinScope surveys	Member states and D-FIC		5	Bi-annual
		Proxies:					Every 3 years
		Number of life policies per 100,000 adults	CISNA	Member states and CISNA			Annual
		Number of non-life policies per 100,000 adults	CISNA	Member states and CISNA			Annual
	15	% of financially healthy adults (plan for the future, manage risk and manage day to day liquidity)	FinScope surveys	Member states and D-FIC			Annual

Annexure 3: Theory of change for the 2023 – 2028 regional strategy

Impact	Enhance industrialisation of the SADC region though resource mobilisation, SME (agriculture and non-agriculture) sector development, ICT, and improve livelihoods of adults especially women and the youth		
Overarching pillars	Harmonisation of Regulations and Guidelines in support of FI /SME finance	Scale up regional infrastructure platforms and projects	Provide targeted SADC level support to country regulators and FSPs
Long term outcome at target group level	• Increased %adults (women, youth) with access and usage of formal financial services • Increased %adults (women, youth) with access and usage of digital financial services • Increased trust in the financial services system • Increased innovation in financial system	• Increased volumes of P2P and B2B transactions on regional payment systems • Increased % adults (women, youth) with access to micro pensions and micro insurance services • Increased %SMEs with access to financing from banks and non-banks especially capital markets • Reduction in cost of cross border remittances	• Increased %adults (women, youth) with access and usage of formal financial services • Increased %adults (women, youth) with access and usage of digital financial services • Increased %SMEs with access for financing by banks and non-banks
Systemic changes in Financial Services/ Policy/ Regulation	• Implement regional AML/ CFT/ PF framework to reduce access barriers, and greater stability in the sector through improved risk management and oversight • Enable new types of FSPs (e.g., fintechs, non-banks) to meet target market needs • Provide reference guidelines for market conduct oversight and activate financial capability	• Enable participation of banks and non-banks on regional payment systems • Enable access to multiple regional payments delivery channels • Reduction in cost of cross border remittances • Enable new types of services such as micro pensions and micro insurance to meet target market needs	• Member countries have/renew NFIS • Support development of national SME for growth finance policy guide / strategy and surveys • Support target programmes to support the development of women, youth and rural populations • More regional guidelines and frameworks adopted by member states

	• Provide regional guidelines for improved, risk-appropriate supervision at a national level • Improved development environment for MSMEs	• Enable youth participation in economic activities • Wider financing sources for SMEs • Correctly priced products through use of better information and use of the financial infrastructure	• Increased capacity and depth of microfinance institutions targeting rural areas • Increased capability of consumers in rural areas
Strategic actions/ interventions	• Ensure AML/ CFT/ PF obligations are responsibly met • Develop innovation and fintech framework • Implement consumer protection & market conduct guidelines • Support domestication of developed non-bank model laws • Develop regional frameworks for informal sector pensions and carbon trading	• Scale regional payment integration platforms • Support capital markets to include SMEs, and to be socially responsible • Promote sustainable and flexible finance for SMEs • Support development of insurance and pensions products to support regional objectives • Implement selected SADC youth focused interventions	• Support MS to develop and implement national financial inclusion strategies and plans • Support MS to domesticate the financial inclusion gender action plan • Strengthen rural, women and youth inclusion through microfinance sector • Support MS to rollout consumer protection and financial education interventions

Annexure 4: SADC Financial Inclusion Gender Action Plan Matrix to be considered for domestication

OUTCOME 1: GENDER INCLUSIVE POLICIES/LAWS AND REGULATIONS

EXPECTED OUTCOME	ACTIONS/ INTERVENTIONS	INDICATORS
Developed and/or updated Gender-responsive FI Strategies by MS.	• Review current FIS for gender inclusion. • Develop and update SADC MS FIS to include gender provisions with the following: ♦ Gender and SME principles, outcomes, and indicators ♦ Defining roles and responsibilities ♦ Gender coordination mechanism- across all levels of government departments and inclusive of private sector bodies ♦ identification of focal points ♦ Collection of gender-disaggregated data ♦ Financial Literacy • Develop/update financial literacy strategies. • Develop regulatory reforms to create a gender-responsive business environment for women entrepreneurs.	• Number of SADC MS with gender-inclusive up-to-date FIS. • Gender disaggregated data across all government departments and their agencies.
Developed/reviewed other legislative/regulatory frameworks that promote and regulate women's economic rights.	• Review all legal frameworks that promote and secure women's economic rights. • Repeal discriminatory laws and practices that hinder women's FI and empowerment. • Develop supportive legal and regulatory frameworks that facilitate women's legal access to property. This will include: ♦ Removal of legal barriers to women's access and control over assets ♦ regulations that strengthen and facilitate women's access to appropriate collateral for business finance ♦ Regulatory reforms that reduce red tape, administrative burdens and barriers that women face when establishing and running their businesses ♦ Regulations and incentives that encourage and incentivise the formalisation of SMEs and informal businesses are in place ♦ SADC MS have reformed national taxation laws, including sector-specific taxes and fees that create financial barriers to women's involvement in the financial sector ♦ Secured transactions and collateral registry law/guide. • Develop policy that promotes increased ownership and access to land and other agricultural inputs for women in agriculture. • Review business and regulatory reforms to facilitate the establishment of women-owned businesses	• Number of legal frameworks that secure, promote and enforce women's economic rights. • Number of SADC MS with a supportive legal and regulatory framework that facilitates women's legal control over/access to the property. • SADC MS have repealed and reformed laws and practices that against women. • Number of women owned businesses

EXPECTED OUTCOME	ACTIONS/ INTERVENTIONS	INDICATORS
Gender-responsive Budgeting (GRB) is in place to provide resources for effective implementation across government and its agencies.	• Review and align public finance management systems, including procurement regulatory framework, with GRB principles. • Engender budget call circulars at the national, sectoral, local government and provincial levels.	• Number of capacity-building programmes conducted at national and regional levels. • Number of SADC MS with gender specific budget lines and programmes.
Legal framework in place that cross-references gender equality and public procurement.	• Review the procurement laws or regulations for gender inclusion and initiate reforms that include: ♦ targets and quotas of procurement contracts that should go to WSMEs ♦ Align procurement procedures with national gender equality objectives and constitutional commitments. ♦ Open contracting reform process with less red tape that allows smaller companies to take part in public procurement • Develop gender-responsive procurement procedures and systems and develop gender-sensitive contracts. Allocate funds through GRB to support the achievement of gender targets. • Tender officials are trained in gender mainstreaming and applying the principles across the tender process. • The results are fed into a national Monitoring & Evaluation (M&E) system.	• Number of SADC MS with policies/regulations to facilitate women in businesses and access to WSME government contracts in place and implemented. • Affirmative actions are in place to facilitate women's and SMEs' participation in public procurement. • Targets/thresholds for women's participation in public procurement in SADC MS. • A gender marker in the State Suppliers Registry. • All levels of government have access to the State Supplier Registry • % of contracts awarded to women

OUTCOME 2: GOVERNMENT AND FINANCIAL INSTITUTIONS ARE RESPONSIVE TO ADDRESS THE FINANCIAL NEEDS OF WOMEN ENTREPRENEURS.

EXPECTED OUTCOME	ACTIONS/INTERVENTIONS	INDICATORS
COORDINATION AND ACCOUNTABILITY FOR GENDER-RESPONSIVE FI IN PLACE.	• Develop regulations for institutional coordination and accountability. • Identify and understand institutional responsibilities and/or mandates on issues of gender and FI. • Carry out institutional audits to ascertain capacity/level of understanding on issues of gender and FI and produce a needs assessment report and capacity-building plan. • Develop gender-inclusive mainstreaming tools and guidelines for sectors and regulatory authorities that deal directly with women in business. **Gender Machinery and Financial Machinery for effective gender integration of FI**	• Number of SADC MS with regulations for coordination of activities across the gender machinery • Number of institutional gender audits across government departments • Number of SADC MS with gender mainstreaming tools

EXPECTED OUTCOME	ACTIONS/INTERVENTIONS	INDICATORS
	• Establish gender focal persons/dedicated units to provide technical backstopping to the Ministry of Finance, Ministry of trade and/or SMEs and other economic ministries such as Agriculture. • Regular training of the gender machinery (ministries/ commissions/ gender focal persons) and financial machinery to develop and integrate gender-specific and measurable targets, indicators and benchmarks across a range of macro-economic policies (fiscal, monetary and sectoral). • Integrate measurable gender-sensitive indicators linked to FI; monitoring and evaluation of policies, plans and programmes at national, sectoral, provincial and community levels. • Establish an authoritative inter-ministerial gender committee tasked with joint national planning and implementation of women empowerment interventions- (sitting ministerial gender focal points should hold decision-making positions in their relevant ministries). • Integrate FI principles in M&E frameworks for gender machinery, programmes and policies • **Parliament and oversight** • Undertake technical capacity training to scrutinise financial reports and monetary policies for the integration of gender-differentiated needs. • Scrutinise and ensure gender principles are considered in central banks regulations and processes. • Technical capacity training and support to the Women Parliamentary Committees to scrutinise financial and economic reports and plans to integrate gender-differentiated needs. • Conducting hearings on gender issues.	• Number of gender-focal persons in key ministries • Number of gender-focal persons trained on GRB in the Ministries. • Number of gender-sensitive public expenditure tracking surveys • Inclusion of gender in debates on FI • Number of gender debates and hearings on WEE by Parliament and in committees.
PARTNERSHIPS FOR ENHANCED GENDER FI PROCESSES IN PLACE.	• **Role of Central Banks (CBs) and MFIs** • Central banks review banking regulations to include: ♦ Collection of disaggregated data by MFIs ♦ Establishment of gender units/desks that address women and SME specific issues with urgency. • Conduct capacity-building for MFIs to collect, analyse and apply sex and gender-disaggregated data. • **Smart partnerships and technical cooperation** • Engage with non-state actors in implementing gender-related and FI training programmes and related technical support services. • Engage with non-state actors representing women's rights to participate in FI programmes. • Request FSPs to analyse their rules and regulations to determine if they introduce gender inequality into their banking and other financial services • **Academic Institutions**	• Number of initiatives with non-state actors and private sector • Number of SADC MS that has institutionalised women's desks in key financial institutions. • Number of financial institutions that have institutionalised gender focal persons/desks. • Incentives given to MFIs by the CB. • Number of educational tools in place at academic institutions SADC MS and regional levels. • Number of capacity-building programmes conducted at a national level. • Number of capacity-building programmes conducted at a regional level.

EXPECTED OUTCOME	ACTIONS/INTERVENTIONS	INDICATORS
	• Develop financial education tools, guidelines and content for educational institutions. • Practical, relevant and straightforward educational materials targeting women at various levels are available at academic institutions. • Educational tools have been developed for all women considering their diversity and intersecting challenges.	• Existence of detailed information from CBs' on the data relating to the access of banking services, disaggregated per accounts and loans • Results of studies in regulatory prohibitions that introduce gender inequality
Gender Responsive Budgeting institutionalised.	• Institutionalise and operationalise a gender-sensitive monitoring and evaluation framework in national development policies, plans and frameworks. • Undertake a gender audit of Ministries' budget proposals to ensure GRB principles are applied. • Publish a Gender Budget Statement (GBS) annually. • Decentralise gender budgeting and budget monitoring down to district levels. • Integrate the unpaid care economy into national development policies, plans and frameworks. • Undertake gender-sensitive Public Expenditure Tracking Surveys (PETS). • Undertake gender impact assessments (GIAs) (ex-ante and ex-post). • Train and sensitise line ministry officials on GRB and gender mainstreaming. • Train parliamentarians to understand GRB and to play their budget oversight role effectively. • Increase the number of women in budget decision-making processes. • Provide technical and budgetary support to the Gender machinery for effective GRB implementation. • Gender-disaggregated data collection is prioritised in budgetary processes.	• Number of gender-inclusive strategies, initiatives and targets, commitments, and quotas adopted. • Published GBS, PETS, and GIAs. • Number of women in budget decision-making processes. • Budget circulars that integrate principles of gender budgeting. • Number of gender-focal persons trained on GRB in the Ministries. • Number of gender-sensitive public expenditure tracking surveys.
Gender-Affirmative Public Procurement institutionalised and operationalised.	• Institutionalise and operationalise a gender-sensitive monitoring and evaluation framework. • Undertake gender audit on the gender initiatives and their impact. • Establish a gender marker in the State Suppliers Registry to measure and monitor the participation of WSMEs and monitor compliance with affirmative action. • Establish a technical task team to coordinate the implementation and monitoring of affirmative commitments	• Gender Inclusive Strategies with gender and diversity targets developed, updated and mainstreamed.

OUTCOME 3: WOMEN ENTREPRENEURS HAVE GREATER ACCESS TO FINANCIAL PRODUCTS THAT ASSIST THEM TO BUILD THEIR BUSINESSES AND REDUCE RISKS

EXPECTED OUTCOME	ACTIONS/INTERVENTIONS	INDICATORS
CENTRAL BANKS PLAY THEIR REGULATORY FUNCTION TO MFIS.	• Review current regulations and integrate gender. • Develop and implement capacity-building programmes for officials in financial institutions evaluating women-owned businesses, lending to women-owned SMEs and designing loans and credit schemes for SMEs.	• Number of FI regulations on supporting women entrepreneurs • Number of training programs developed at national and regional levels.

EXPECTED OUTCOME	ACTIONS/INTERVENTIONS	INDICATORS
	• Governments support the development of innovative products for banking and financing while protecting the vulnerable.	
MFIS, IN COLLABORATION WITH THE RELEVANT GOVERNMENT DEPARTMENTS, HAVE INSTITUTIONALISED ONE-STOP UNITS FOR WSMES.	• Create one-stop units for SMEs in FI institutions for providing integrated financial and business registration and advisory services to WMSEs. • Develop and implement customised financial products and services targeted at micro and small entrepreneurs. • Develop entrepreneurial education and programmes aligned to the specific needs of women entrepreneurs (such as business and financial planning, product marketing, customer service, financial management, Innovation, mentoring, etc.). • Facilitate WSMEs access to national, regional and international markets and regional and international financing mechanisms.	• Number of financial products and services targeted at micro and small entrepreneurs. • Number of SMEs utilising One-Stop Units. • Nature of services and products offered at One Stop Units. • Number of SADC MS with entrepreneurial education and training programmes aligned with the specific needs of women entrepreneurs. • Number of WSMEs with access to national, regional and international markets and regional and international financing mechanisms.
INCLUSION OF WOMEN'S VOICES AND AGENCY AND THEIR FULL AND EQUAL PARTICIPATION IN FI INITIATIVES.	• Establish and support women's networks and business associations and actively empower them to participate in FI policy dialogues. • Support the development and capacity building of community-based financial institutions. • Conduct national and regional sectoral dialogues on FI with a cross-sector approach to include women's and men's groups, including women's and men's businesses and associations within the informal economy.	• Number of women's networks and associations related to FI and WSMEs established in SADC MS. • Number of capacity-building initiatives targeting women's associations and networks • Number of community-based financial institutions within respective SADC MS. • Number of national and regional FI dialogues with women's and men's groups/associations.
FI OF FINANCIALLY EXCLUDED WOMEN (THE UNBANKED), ADDRESSING THEIR BARRIERS AND CONSTRAINTS.	• Put in place and implement mechanisms that ensure that national ID registration systems, which are a prerequisite for financial transactions, are accessible to all women and youths to allow women access to financial and governmental services (e.g., Digital and biometric ID systems). • Expand financial infrastructure to rural/remote areas: ♦ consider the diversity/heterogeneity of women and their specific needs, such as age, educational background, economic sector participation, income level and geographical location. ♦ address barriers of mobility constraints, distance and safety impediments to visiting bank branches in both rural and urban areas. • Implement mechanisms to reduce entry requirements for opening accounts and develop simplified arrangements that ease women's access to financial accounts. • Gender-friendly institutions such as cooperative banks and saving schemes are supported by governments to increase financial access for women entrepreneurs and improve regulation.	• Percentage coverage of financial infrastructures in SADC MS. • Number of account holders from marginalised/vulnerable women or other vulnerable groups. • Number of SADC MS that have implemented mechanisms to ensure that national ID systems reach all women. • Nature of mechanisms put in place. • Number of women in remote areas that acquired national identity documents per year • Number of MFI/MNOS in SADC MS that have implemented incentives mechanisms. Nature and type of incentive mechanisms introduced. • Collateral registry in place

EXPECTED OUTCOME	ACTIONS/INTERVENTIONS	INDICATORS
	• Specific credit lines are created for women entrepreneurs and credit guarantees and collateral-free loans are available to women entrepreneurs to reduce their risk in the financial markets. • Develop and use innovative, simplified, alternative collateral regimes favourable to women, such as creating collateral registries based on movable collateral that expand the types of assets used for collateral. • Implement mechanisms to reduce financial access and usage costs, such as transaction costs. • Institute incentive mechanisms and provide incentives to women — monetary and non-monetary — to encourage the use of financial services. • Strengthen government FI initiatives such as conditional cash transfer payments, pensions or other social transfers.	• Type/nature of innovative and alternative collateral regimes introduced. • Number of SADC SADC MS that have put in place mechanisms to minimise requirements for opening accounts. • Nature and type of mechanisms in place. • Number of SADC MS that have introduced credit records
SAFETY NET PRODUCTS FOR WOMEN ENTREPRENEURS TO MANAGE THEIR FINANCIAL RISK FACTORS IN PLACE.	• Develop regulations on insurance index to: ♦ allow women smallholder farmers to participate in agriculture. ♦ ensure crops and livestock are protected from disasters ((considering issues of loss and damage from climate change and pandemics such as COVID). ♦ Smallholder farmers' resilience to disasters built. • Developed and implemented innovative gender-inclusive insurance models for all sectors and products at competitive and affordable prices. • Widen the insurance penetration by considering the diversity/heterogeneity of women and their specific needs and concerns. • Provide affordable risk protection and promote the widespread use of insurance services and products by SMEs. • Develop and implement awareness programs targeting women and WSMEs regarding the importance of insurance and managing risk associated with economic loss to promote the widespread use of insurance services and products. • Support the expansion of micro-insurance underpinned by information and communication technologies. • Institute Credit Guarantee Schemes to guarantee loans for women and WSMEs as alternative risk management instruments.	• Number of SADC MS with regulations on insurance index. • Established insurance thresholds for SMEs in SADC MS. • Number of SADC MS conducting awareness programmes targeting women and WSMEs regarding the importance of insurance and managing risk associated with economic loss. • Number of SADC MS that have initiated Credit Guarantee Schemes to guarantee loans for women and WSMEs. • Number of SADC MS having Technology based micro-insurance.
WOMEN HAVE ACCESS TO LOCAL MARKETS AND TRADE OPPORTUNITIES.	• Governments will analyse local and regional value chains to provide opportunities for women to • Government Plans, including Masterplans, for the growth of specific sectors, are gender mainstreamed and aimed at providing at least 50% of the opportunities for women entrepreneurs.	• Number of WSMEs participating in regional value chains • Number of women capacitated

EXPECTED OUTCOME	ACTIONS/INTERVENTIONS	INDICATORS
	• Government forges public-private partnerships and establishes agencies where women can be capacitated to increase their trade locally, nationally, regionally and internationally.	
DIGITAL ACCESS TO FINANCIAL SERVICES	• Digital financial infrastructure and technologies expanded to remote areas. • Develop and implement regulation on public and private partnerships relating to network infrastructure sharing and mutualisation among operators to reduce costs and share the costs of some services. • Develop financial consumer protection frameworks, measures and tools. ♦ Data privacy and customer protection ensure quality and safe digital products for women. • Consumer protection and financial literacy training in collaboration with Civil Society Organisations (CSOs) and multilateral organisations has taken place. ♦ Conduct digital financial literacy programmes/awareness campaigns to encourage the adoption of digital financial services/products and mobile services for women entrepreneurs. • Use media platforms to promote digital financial education, targeting diverse women- the elderly and people with low literacy levels. • Put mechanisms to provide meaningful internet connectivity and training for women, thus reducing the digital gender gap. • Conduct regular reviews of the cost and charges of mobile banking services that threaten FI, primarily for women and WSMEs. • Establish affordable gender-affirmative institutions where WSMEs can access financial literacy and BDS support, and incubators for their businesses. • Establish innovative technologies for payment systems, such as electronic documentation, online registers and databases.	• Number of SADC MS expanding digital financial infrastructure. • Number of women using digital systems that have been trained in how to reduce vulnerability. • Number of women entrepreneurs (customers) using digital money systems safely. • Number of SADC MS with public and private partnerships relating to network infrastructure sharing and mutualisation. • Number of SADC MS and regional level consumer protection programmes. • Number of SADC MS implementing Fintech training programmes on digital financial products. • Number of digital financial literacy programmes/awareness campaigns conducted in SADC MS. • Number of media programmes on gender-inclusive financial education in SADC MS. • Internet connectivity and its availability to women in SADC MS. • Mobile banking tariffs in SADC MS. • Number of SADC MS implementing innovative technologies for payment systems such as electronic documentation, online registers and databases. • The number of SADC MS with mechanisms to guarantee data privacy and customer protection.
WOMEN ENTREPRENEURS BENEFIT FROM PUBLIC PROCUREMENT PROCESSES.	• WSMEs access to procurement bids. • Procurement offices to partner with MFIs to support WSME-friendly procurement capacity-building programmes. • Investment in support programs targeted at women-owned small businesses. • Training programmes to support WSMEs throughout the contracting phase, including addressing financing gaps/ access to loans to finance procurement projects.	• Number of WSMEs participating in public procurement. • Number of training activities undertaken in partnership with MFIs • Number of suppliers and contractors with gender-inclusive sub-contracting plans in SADC MS. • Measurement of success of corporate supplier development programmes (SDPs) based on both number and value of contracts.

EXPECTED OUTCOME	ACTIONS/INTERVENTIONS	INDICATORS
	• Simplification of the complex contracting process and long delays in receiving payment. • Targeted programmes that connect women entrepreneurs and suppliers with government institutions. • Encourage suppliers and contractors to develop subcontracting plans that promote full and equal participation by women-owned and controlled businesses.	
AWARENESS RAISED ON HARMFUL GENDER NORMS AND STEREOTYPES THAT AFFECT WOMEN'S FI AND PARTICIPATION.	• Conduct financial literacy programmes and campaigns targeting women in hard-to-reach communities on FI and financial services and products available. • Conduct awareness programmes and campaigns against harmful social norms that inhibit women's FI. • Promote innovative communication tools, including local and community-led communication mechanisms, communication platforms and formats accessible to diverse groups. ♦ Use local communication channels such as community radios to provide on FI services and products. • Develop and implement programmes and interventions regarding male engagement to build alliances and positively address barriers to women's FI.	• Number of empowerment programmes and campaigns conducted in SADC MS. • Number of SADC MS using innovative communication tools to disseminate information and knowledge on women's FI (e.g., community radios). • Number of SADC MS programmes and interventions on men's involvement that build alliances and positive attitudes and address barriers to women's FI.

OUTCOME 4: CAPACITY BUILDING

EXPECTED OUTCOME	ACTIONS/INTERVENTIONS	INDICATORS

TRAINING ON GENDER MAINSTREAMING DEVELOPED AND IMPLEMENTED.	• Develop gender mainstreaming manual and guidelines for FI in various sectors.
	• Conduct training with:
	  ♦ gender focal points/committee of government
	  ♦ Parliament
	  ♦ Financial institutions
	  ♦ Leaders of community organisations
		• Number of capacity programmes conducted at national and regional levels

FINANCIAL LITERACY TRAINING DEVELOPED AND IMPLEMENTED.	• Development of manuals.
	• Conduct training for various groups at various levels.
	  ♦ Government officials
	  ♦ Parliaments
	  ♦ Women Entrepreneurs.
	• Create partnerships with CSOs and private sector in FI programmes.
		• Number of manuals available

CAPACITY BUILDING PROGRAMMES ON GENDER-RESPONSIVE BUDGETING DEVELOPED AND DELIVERED.	• Conduct Gender Responsive Budgeting capacity-building programmes at national and regional levels, including implementing GRB to promote women's FI.	• Number of capacity-building programmes conducted at National and regional levels.

EXPECTED OUTCOME	ACTIONS/INTERVENTIONS	INDICATORS
		• Number of SADC MS with Gender specific budget lines and programmes.
CAPACITY BUILDING ON WOMEN ENTREPRENEURS IN PUBLIC PROCUREMENT DEVELOPED AND DELIVERED.	• Initiate programmes in contracting targeting sectors in which WSMEs are (over) represented. • Partner with WSME business support organisations and industry associations. • Partner with MFIs to co-design, develop and implement capacity-building initiatives, such as specific training, mentoring and coaching programmes for WSMEs and public procurement professionals, training on tendering online. • Partner with MFIs to develop skills on gender-responsive specifications and tender requirements, practical strategies in market research, among others. • Conduct training programmes to support WSMEs throughout the contracting phase, including addressing financing gaps/ access to loans to finance procurement projects.	• Percentage of bids and contracts awarded by gender. • The total amount of contracts awarded by gender. • Increased awareness of women entrepreneurs of public procurement opportunities. • Improved skills in applying for bids and their representation in public procurement markets.

OUTCOME 5: MONITORING, EVALUATION, REPORTING AND COMMUNICATION

EXPECTED OUTCOME	ACTIONS/INTERVENTIONS	INDICATORS
TEMPLATE FOR GENDER RESULTS WITH A STANDARDISED SET OF INDICATORS FOR WOMEN'S FI WITHIN SADC MS.	• Develop regulations for M&E reporting with robustly designed reporting templates for SADC MS. • Gender-specific, measurable, and comparable targets, indicators, and benchmarks across the range of NFIs priorities have been incorporated into the current Regional Monitoring and Evaluation frameworks. • SADC MS review/develop FI monitoring and evaluation frameworks with clear gender-specific, measurable, and comparable targets, indicators, and benchmarks across the range of NFIs priorities. • Develop gender impact assessment frameworks and apply them in monitoring and evaluating the effectiveness of FI policies and interventions for women. • Put in place institutions to ensure accountability (e.g. Gender Equality (GECs').	• Standardised template for women's FI indicators in place. • Number of SADC MS with monitoring and evaluation frameworks incorporating gender-specific, measurable, and comparable targets, indicators, and benchmarks across the range of NFIs priorities. • Number of regional gender impact assessment reports. • Number of SADC MS gender impact assessment reports. • Number of SADC MS with institutions such as GECs to ensure accountability.
COMMUNICATION PROCEDURES AND REPORTING GUIDELINES ON GENDER-RESPONSIVE FI DEVELOPED AND IMPLEMENTED.	• MS and regional levels develop communication procedures and reporting guidelines on women's FI. • Consistent and coherent exchange of information on women's FI in the SADC region. • Develop and operationalise interactive SADC and MS web portals that offer tools and simple gender-inclusive FI advisory services. • Document successful models and best practices for replication and expanding financial services to women entrepreneurs at national and regional levels.	• Regional-level communication procedures and reporting guidelines are in place. • Number of SADC MS with gender-financial inclusive communication procedures and reporting guidelines in place. Regional Web Portal in place. • Number of SADC MS with interactive web portals that offer tools and simple gender-inclusive FI advisory services. • Number of successful models and best practices documented at Regional and SADC MS levels.

EXPECTED OUTCOME	ACTIONS/INTERVENTIONS	INDICATORS
		• Number of successful models and best practices replicated in SADC MS. • SADC secretariat is empowered to coordinate, manage and report on the collection of data across SADC MS
REGIONAL AND NATIONAL ENGAGEMENT AND INTERACTIVE MEETINGS ON WOMEN'S FI CONDUCTED.	• Conduct regular national and regional meetings and workshops to: ♦ Share knowledge and experience on women's FI. ♦ Hold meetings to review progress regarding women's FI.	• Number of regional progress review meetings conducted. • Number of national meetings conducted. • Numbers of those participating in national and regional meetings.
COLLECTION AND USE OF GENDER-DISAGGREGATED DATA ACROSS ALL INSTITUTIONS (REGULATORY AND NON-REGULATORY) INSTITUTIONALISED.	• Develop regulations for the collection and use of gender-disaggregated data. • Institutionalised gender-disaggregated data collection on FI across the government and overseen by a focal point, using standardised definitions and methodologies. • Data is collected using internationally recognised systems. • Establish accountability measures for defaults on targets. • National statistical institutions conduct regular surveys and research and collect accurate and reliable gender-disaggregated data on FI. • Integrate FI thematic modules in national Socio-Economic Surveys. • Establish gender disaggregated SME databases including multifactorial information and data on women entrepreneurs.	• Number of SADC MS with national statistical systems that collect and produce gender-disaggregated financial reports. • Research and survey reports account for gender. • Gender issues and gaps in FI experienced by women identified and quantified
EVIDENCE-BASED RESEARCH ON PUBLIC PROCUREMENT CONDUCTED AND USED.	• Documentation of success stories and good experiences of women in public procurement. • Gender-disaggregated on bidders, suppliers and sectors. • Develop and disseminate information on procurement targeting SMEs. • Increase the availability of open data on tender opportunities. • Establishment of an effective feedback mechanism for unsuccessful bidders. • Establish a gender marker in the State Suppliers Registry to measure and monitor the participation of WSMEs and monitor compliance with affirmative action. • Establish a technical task team to coordinate the implementation and monitoring of affirmative commitments.	• Regular survey reports with the percentage of bids and contracts awarded by gender. • The total amount of contracts awarded by gender. • Public catalogue of women-owned and women-led business suppliers. • Women entrepreneur / WSMEs supplier database. • Number of women in the procurement committee bodies. • A gender audit report.