
Protocol on Finance and Investment

Background and Process

FIP Peer Learning Platform

16-17 April 2012

Introduction: Treaty & RISDP

- One of the objectives of SADC as laid out in the Treaty is to promote sustainable and equitable economic growth and socio-economic development that will ensure poverty alleviation with the ultimate objective of its eradication, enhance the standard and quality of life of the people of Southern Africa and support the socially disadvantaged through regional integration.
- RISDP – A framework providing guidance to Member States and the Secretariat in implementing the objectives of SADC.
- One of the priority intervention areas identified in the RISDP is Trade, Economic Liberalisation and Development.
 - It notes the necessity for deeper economic integration, reflecting that small and protected economies have been rendered non-viable in an era of rapid globalisation.

VISION AND MISSION OF RISDP

- Vision statement:

- *'A future in a regional community that will ensure economic well-being, improvement of standards of living and quality of life, freedom and social justice and peace and security for the people of Southern Africa'.*

- Mission statement:

- *'To promote sustainable and equitable economic growth and social-economic development through efficient productive systems, deeper cooperation and integration, good governance, and durable peace and security, so that the region emerges as a competitive and effective player in international relations and the world economy'.*

RISDP ULTIMATE OBJECTIVE

TO DEEPEN THE SADC INTEGRATION
AGENDA IN ORDER TO:

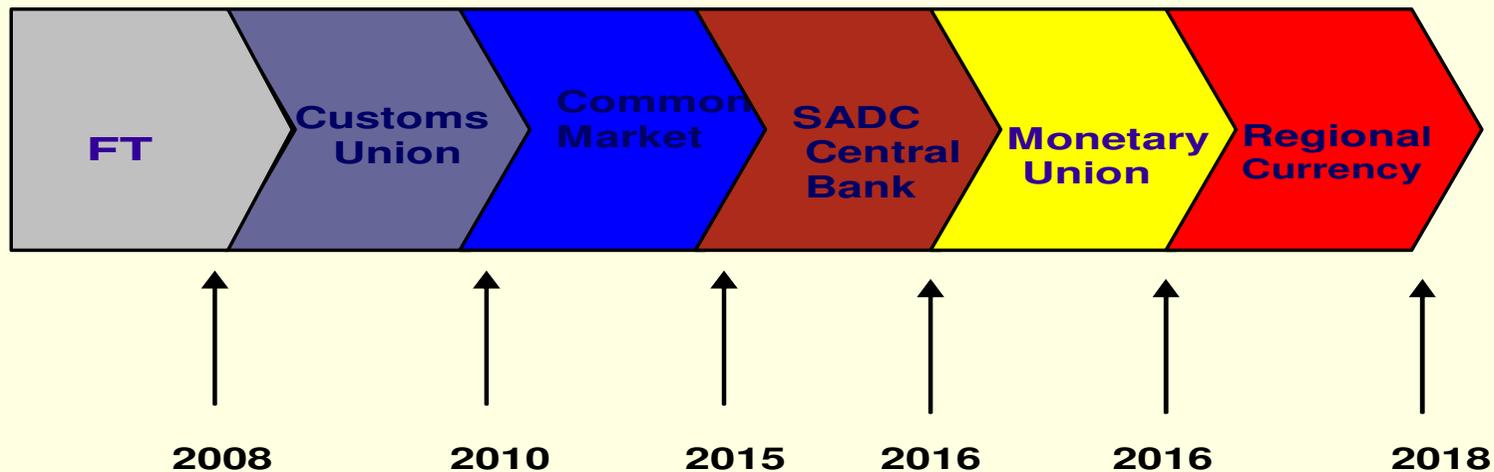
 ACCELERATE POVERTY ERADICATION

AND

 ATTAIN REGIONAL INTEGRATION AND
DEVELOPMENT GOALS

Cont'd

- The RISDP sets out specific targets for achieving these objectives, which include a range of economic integration targets



Protocol on Finance and Investment

- FIP is one of the Protocols set to implement economic integration targets as set out in the RISDP.
- Although the FIP was only finalised and signed by Member States in 2007, the work of developing it had taken place over several years.
 - This process was based on the formulation of a number of Memoranda of Understandings (MoU), which provided the basis for the agreement of common objectives in the various areas of the FIP and of practical mechanisms and institutions for achieving these objectives.
 - Implementation of these MoU has been ongoing even before the signing of the FIP.
- FIP was developed as a tool for achieving the harmonisation of financial and investment policies in Member States, through facilitation of regional integration, co-operation and co-ordination within finance and investment sectors.
 - Although its title focuses on finance and investment, the FIP also deals extensively with macroeconomic policies more generally, recognising that macroeconomic stability is a pre-requisite for investment and growth.

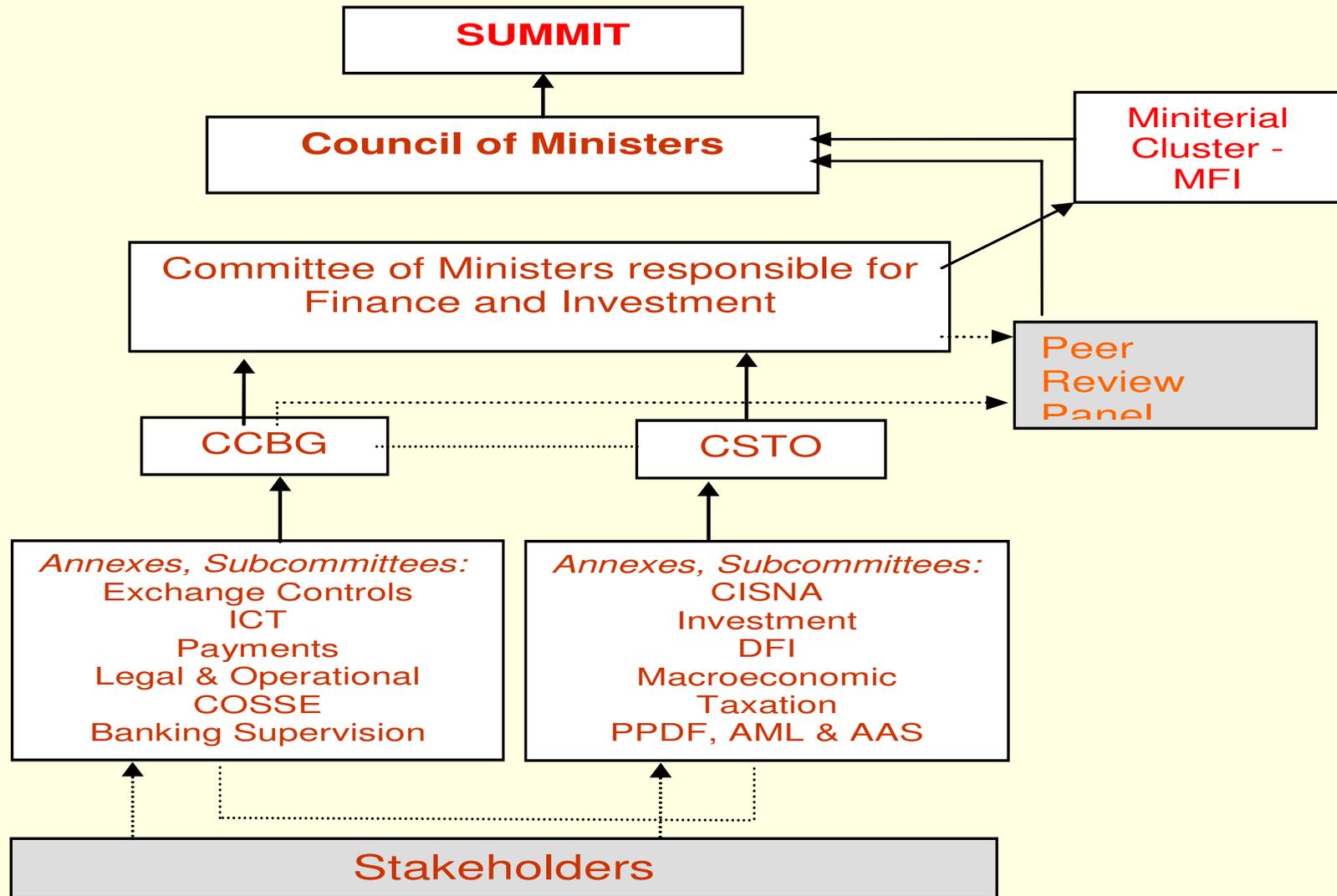
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- Specific objectives of the FIP include:
 - The formulation and implementation of stability-orientated macroeconomic policies, and the attainment of macroeconomic convergence;
 - The development, strengthening and deeper integration of financial and capital markets;
 - The attainment of deeper monetary co-operation;
 - The promotion of SADC as an attractive investment destination, and increasing levels of domestic and foreign investment within SADC;
 - The harmonisation of policies and the legal and regulatory frameworks relating to the financial and investment environment.

Cont'd

- The main areas of the FIP are:
 - Co-operation on investment
 - Macroeconomic convergence
 - Co-operation in taxation and related matters
 - Co-operation among central banks
 - Network of Development Finance Institutions (DFIs)
 - Co-operation in regional capital and financial markets
 - Anti-money laundering (AML)
 - Project Preparation and Development Fund (PPDF)
 - Accounting and Auditing Standards (AAS)
- Annexes still being developed:
 - AML: Finalise and signed in August 2011
 - PPDF: pending, awaiting study of SADC Development Fund
 - AAS: pending – awaiting completion of study on existing standards.

Structure



Cont'd - Secretariats

- SADC Secretariat – TIFI
- CCBG Secretariat (SA Reserve Bank)
- CoSSE Secretariat (JSE)
- CISNA Secretariat (Financial Services Board- SA)
- DFRC (SADC Subsidiary - Botswana)

Recent Developments in FIP

- Came into force on 16 April 2010.
 - STOs Workshop in Livingstone (July 2010) directed the Secretariat to develop a Matrix of Commitments in the FIP
 - FIP Baseline Study in 2011 & MFI endorsement of recommendations with focus on national level implementation
 - Establishing/strengthening National FIP Coordination Committees
 - Prioritization of FIP indicators according to urgency and priority of implementation
 - Develop national roadmaps for implementing FIP
- Review of the Structures implementing FIP
 - Define and broaden the mandate of STOs
 - Review the TORs of Sub-structures

Cont'd

- Review of FIP - Because of the changes in some of the areas of FIP and other developments, FIP will need to be reviewed:
 - Macroeconomic Convergence Indicators
 - AML Annex (AAS Annex?).
 - Annex on Cooperation on Financial Markets being proposed.
 - Mandate of STOs

Recent Developments in the RISDP

- Missed timelines – SADC Customs Union (2010)
 - High Level Expert Group constituted by the MTF in 2010.
 - MTF directed Secretariat to develop timelines for activities towards the establishment of the Customs Union.
- Proposed timelines for activities
 - Secretariat has produced a document “Proposed Timelines for Activities Towards the SADC Customs Union”
 - MTF will consider the document in June 2012.
- ***Note: Emphasis is on consolidation of the SADC FTA first!***

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- Mid-term Review of the RISDP
- A Desk Assessment of the RISDP was conducted
 - The objective was to inform the TORs of the Mid-term Review of the RISDP
 - Achievements – Most of the achievements relate to putting in place frameworks for harmonisation and regulation.
 - Implementation or translation of such frameworks into MS policies/implementation is yet to happen.
 - Challenges identified include inadequate resources/capacities both at Secretariat and MS level; lengthy negotiation processes; and uneven pace of adoption and implementation of policy frameworks in MS.

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- Recommendations – They are similar to the ones made under the FIP Baseline Study, notably:
 - Focus implementation at MS level.
 - Strengthen Monitoring and Evaluation of the Implementation of RISDP
 - Prioritise intervention areas and set realistic targets
- Next Steps
 - Inviting Bids
 - Selection of best Bidder by June 2012
 - Council to consider Inception Report by August 2012