Protocol on Finance and Investment Baseline Study: South Africa Country Report

August 2011

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A report reflecting the state of progress of implementation of the Protocol on Finance and Investment in SADC

Imprint

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Table of Contents

LIST OF ABBREVIATIONS

AD	Authorised Dealers
AFD	Agence Française de Developpement
BIS	Bank of International Settlements
CCBG	Committee of Central Bank Governors
CISNA	Committee of Insurance, Securities, and Non-Banking Financial Institutions Authorities
CMA	Common Monetary Area
COSSE	Committee of SADC Stock Exchanges
DBSA	Development Bank of Southern Africa
DFI	Development Finance Institutions
DFRC	Development Finance Resource Centre
DTAA	Double Taxation Avoidance Agreements
dti	Department of Trade and Industry
ESAAMLG	East and Southern African Anti-Money Laundering Group
EU	European Union
FATF	Financial Action Task Force
FCA	Foreign Currency Accounts
FDI	Foreign Direct Investment
FIP	Finance and Investment Protocol
FSB	Financial Services Board
GDP	Gross Domestic Product
GNI	Gross National Income
IAIS	International Association of Insurance Supervisors
ICSID	International Centre for the Settlement of Investment Disputes
IDC	Industrial Development Corporation
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IOPS	International Organisation of Pension Supervisors
IOSCO	International Organisation of Securities Commissioners
IPA	Investment Promotion Agency
JSE	Johannesburg Stock Exchange
MIGA	Multilateral Investment Guarantee Agency
NPS	National Payments System

OECD	Organisation for Economic Cooperation and Development
PPFS	Project Preparation, Feasibility and Study
PPP	Public Private Partnership
RISDP	Regional Indicative Strategic Development Plan
RTAF	Regional Technical Assistance Facility
RTGS	Real Time Gross Settlements System
SADC	Southern African Development Community
SAMOS	South African Multiple Option Settlements system
SARB	South African Reserve Bank
SMSD	SADC Macroeconomic Statistical Database
TISA	Trade and Investment South Africa
UNOPS	United Nationals Office for Project Services
USD	US Dollar
VAT	Value-added Tax
ZAR	South African Rand
ZINARA	Zimbabwe National Roads Authority

1. CONTEXT

South Africa has by far the largest economy in SADC with a GNI of USD 283 billion, 64% of the entire SADC GNI. It is profiled as an emerging middle income market with an abundant supply of natural resources which include coal, gold, diamonds, platinum and other metals and minerals. The South African economy rests primarily on the services sector whose value add as a proportion of GDP is 63%. The industrial sector is the second biggest contributor to GDP, constituting 33.7% value-add to GDP. The remaining 3.3% of value add to GDP comes from the agriculture sector.[1]

The country boasts one of the most sophisticated financial systems in the world along with well developed legal, communication, energy and transport sectors. A modern infrastructure supports a relatively efficient distribution network for goods to major urban centres throughout SADC. In 2009 the Johannesburg Stock Exchange (JSE) was ranked the 20th largest stock exchange in the world with a total market capitalisation of USD916, 824 million as of March 2011.[2] Furthermore, South Africa has the second largest population in SADC which was estimated at 50.5 million in 2011, roughly 18.5% of the entire SADC population[3].

South Africa acceded to the SADC Treaty in August 1994 at the Heads of State Summit in Gaborone, Botswana. This accession was approved by the Senate and National Assembly on 13 and 14 September 1994 respectively. South Africa signed the Protocol on Finance and Investment (FIP) on the 18 August 2006 and deposited its instrument of ratification on 4 February 2008.

South Africa's economic performance since the mid-1990s and especially between 2004 and 2007 has been strong. This is primarily the result of prudent macroeconomic policies and the global commodities boom. Tax collections efficiency has also improved and has allowed the fiscal deficit to decline and fiscal policy to be managed in a relatively counter-cyclical fashion during the upswing. Not surprisingly this resulted in a significant decrease in public debt which was 28% of GDP in 2007, down from 48% in 1995. International reserves have also increased dramatically from USD 8 billion in 2003 to USD 42 billion in May 2010[4].

The latter part of 2007 saw South Africa faced with a severe electricity crisis. Eskom, the state power supplier, encountered problems with aged plants necessitating 'load-shedding' cuts to citizens and business throughout the country. The electricity crisis and subsequent global financial crisis' impact on prices for commodities and international demand led to an economic slowdown. Subsequently, GDP dropped almost 2% and unemployment - a massive problem

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[1] SADC and EU, 2011. Investment Regimes, Foreign Direct Investment Trends and Characteristics in SADC Member States

[2] http://www.jse.co.za/How-To-List/Main-Board.aspx

[3] http://www.southafrica.info/about/people/population.htm

[4] World Bank. 2011. World Bank Databank. (available online) http://databank.worldbank.org/

area for South Africa - increased. The International Monetary Fund (IMF) explains that the recession worsened the unemployment picture significantly, with close to 1 million jobs lost since the end of 2008 and unemployment standing at 25% as of March 2010. More than a quarter of South Africa's population receives social grants.

The South African government has long regarded the Southern African region as a priority for foreign relations. In fact, the first foreign policy document adopted by the new South African government after the transition was the "Framework for Co-operation in Southern Africa", approved by cabinet in August 1996. The framework sets out South Africa's vision for the region as one of the highest possible degree of economic cooperation, mutual assistance and joint planning of regional development initiatives, leading to integration of the region. South Africa has taken a leading role in the region to address issues of closer collaboration and economic integration. These include the establishment of a free trade area in the region, the development of basic infrastructure, the development of human resources and the creation of the necessary capacity to drive this complicated process forward.

2. STATUS OF FIP IMPLEMENTATION

2.1. STATUS OF FIP RATIFICATION

South Africa's date of accession to the SADC Treaty is 29 August 1994. South Africa signed the FIP on 18 August 2006, and deposited instruments of ratification with the SADC Secretariat on 4 February 2008.

2.2. FIP STRUCTURES

There are various divisions with the South African National Treasury charged with coordinating FIP activities. The Treasury has a SADC International Division, which is charged with overseeing SADC-related activities, as well as a Financial Sector Policy Unit which liaises with the Financial Services Board (FSB) and the Banking Supervision, Exchange Control and Payments Systems departments of the Reserve Bank. Coordinating structures are in place. However, coordination between subcommittees is strongest among the CCBG subcommittees due to the presence of the CCBG Secretariat at the South African Reserve Bank. Coordination could be enhanced between other subcommittees to ensure that synergies are shared and that resources are effectively allocated.

South Africa Revenue Services chairs the Tax Agreements Working Group under the Tax Subcommittee. The CCBG Secretariat resides in South Africa. The Reserve Bank of South Africa chairs the Exchange Control Subcommittee and the Payments Systems subcommittee. The Banking Association of South Africa chairs the SADC Bankers' Association

Subcommittee.[5] The Johannesburg Stock Exchange (JSE) is the secretariat of the Committee for SADC Stock Exchanges (COSSE).

2.2.1. ANNEX 1: COOPERATION ON INVESTMENT

Unfortunately the consultants were not able to meet with delegates from the investment subcommittee in South Africa. The following information was compiled from desktop sources including the "Investment Regimes, Foreign Direct Investment Trends and Characteristics in SADC member states" booklet, a joint SADC and European Union (EU) publication.

South Africa attracted USD 5.35 billion in FDI (foreign direct investment) in 2009, which amounts to 2% of GDP. FDI inflows have decreased from 3% of GDP or USD 9.64 billion in 2008[6]. This is likely a result of the global economic crisis rather than being attributable to a country-specific phenomenon.

According to the World Bank's Doing Business report, South Africa ranks 10th out of 183 countries in terms of Investor Protection, scoring 8 out of 10.[7] This means South Africa has the top ranking in SADC.

Regarding South Africa's high ranking on the World Bank Strength Investor Protection Index it is no surprise that foreign investors enjoy stringent laws that protect their investments, allow for the repatriation of profits and also fair access to courts. The Constitution of South Africa provides for investment protection and dispute settlement. Investment transactions within and into South Africa are regulated by laws included in a number of acts: the Companies Act (No. 61, of 1973), the Currency and Exchanges Act (Act No. 9 of 1933), the Anti-Money Laundering Act of 2001 and the Financial Intelligence Centre Act of 2001.

Information on investment policies and laws is readily available on the Department of Trade and Industry's (dti) website. A good guide for investors about the dynamics and principles involved in the South African business environment is the Investor's Handbook Publication and can also be downloaded from the dti website (http://www.thedti.gov.za/trade_investment/how_todo_business_insa.jsp).

The dti website (www.dti.gov.za) provides access to a comprehensive range of documents, information and application forms relating to investment, trade and doing business in South Africa. In fact, a core objective of the dti is to promote direct investment and growth in the industrial and services economy with a particular focus on employment creation. While there are nine provincial Investment Promotion Agencies (IPAs) in South Africa, the core investment promotion agency is the Trade and Investment South Africa (TISA) agency, a division of the dti, which provides a one-stop shop for domestic and foreign investors as well as exporters at a national level. TISA is tasked with increasing and retaining the level of foreign and domestic

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[5] This grouping does not have a specific mandate under the FIP but has been involved in both the Payments Systems and Banking Supervision subcommittees

[6] World Bank. 2011. World Bank Databank. (available online) http://databank.worldbank.org/

[7] World Bank. 2011. Doing Business 2011. (available online) http://www.doingbusiness.org/reports/global-reports/doing-business-2011

direct investment in South Africa. TISA also coordinates provincial initiatives to match investors' requirements with opportunities in South Africa's nine provinces, and prioritises sectors that show the greatest growth potential and marketability.

Investment policies and laws in South Africa adhere to some international conventions and practices: South Africa has acceded to the Multilateral Investment Guarantee Agency[8] (MIGA) and the New York Convention on the Recognition and Enforcement of Foreign Arbitral awards[9], but is not a member of the International Centre for Settlement of Investment Disputes[10] (ICSID).

2.2.2. ANNEX 2: COOPERATION ON MACROECONOMIC CONVERGENCE

South Africa's inflation rate was at 7.125% in 2009, down from 11.54% in 2008. The overall budget deficit expanded from 0.5% of GDP in 2008 to 5.3% of GDP in 2009, as Treasury adopted a counter-cyclical fiscal policy in response to the economic slowdown. South Africa's external debt stock (for public and publicly guaranteed debt) is 5.28% of GDP[11].

According to the Macroeconomic Convergence subcommittee member interviewed, South Africa's adherence to the FIP and RISDP macroeconomic targets is coincidental. South African fiscal policy and monetary policy are primarily informed by domestic policy and developments in the domestic macroeconomic environment. For example, the decision to adopt a counter-cyclical policy was wholly informed by the prevailing macroeconomic conditions within the South African context. Moreover, monetary policy is somewhat stricter than the FIP and RISDP targets since South Africa follows an inflation targeting regime, with the mandate to keep inflation within the 3% to 6% band.

In terms of the compilation of SADC macroeconomic convergence statistics, the South African Reserve Bank's research department sends updates fairly regularly to the CCBG Secretariat, whose task it is to update the SADC Macroeconomic Statistical Database (SMSD).

2.2.3. ANNEX 3: COOPERATION ON TAX AND TAXATION RELATED MATTERS

Under Annex 3, member states are committed to publishing relevant and up-to-date information to enable information exchange and to increase transparency. South African representatives have been and are actively trying to submit data to the SADC tax database, but explained that the website is not always functional. SADC has sent usernames and passwords to access the SADC Tax Database to the South African tax subcommittee. At the time of interview South Africa was in the process of compiling data to upload onto the database. In view of the website's volatility, the database is not seen as a useful tool. However, tax information is made available at a national level and can be acquired through the South African Revenue Services (SARS).

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[8] http://www.miga.org/about/index_sv.cfm?stid=1695

[9] http://www.uncitral.org/uncitral/en/uncitral_texts/arbitration/NYConvention_status.html

[10] http://icsid.worldbank.org/ICSID/FrontServlet

[11] World Bank. World Bank Databank. [available online] http://databank.worldbank.org/

The representative of the Tax subcommittee stated that frequent capacity building workshops and courses have been conducted by SADC in conjunction with the OECD[12], all of which have been well attended. The workshop materials and trainers are sourced from the OECD and SARS. Workshops have focused on value-added tax (VAT), Transfer Pricing and interpretation of Double Taxation Avoidance Agreements (DTAAs). The interviewee explained the workshops to exhibit ample buy-in from member states and has noticed a significant improvement in the actual capacity of the tax officials from SADC member states over the past decade.

Capacity building is definitely a driving force in the subcommittee - there has been "an enormous amount done in this area".[13] SADC is responsible for arranging most of the meetings (logistics, venues, etc). When SADC has run short of funds the impetus shifts to member states to cover costs of sending their delegates to attend the workshops.

South Africa has taken the firm stance that no harmful tax incentives should be allowed as they have a directly negative consequence on other member states.[14] The interviewee was not convinced of the benefits of this approach as some countries continue to implement tax incentives for investment purposes. South Africa does provide tax incentives on a limited scale - for example, though there is no offer of tax holidays, there are some tax incentives provided such as to promote the use of energy efficient equipment, establishment of small business (these would be primarily domestic investments, not international), and establishing new manufacturers. The interviewee indicated that at the very least, all tax incentives should be legislated and should not be discretionary.

The interviewee explained that the SADC model DTAA came to be a consensus document based on models used by member states in their negotiations. The drafting of the SADC DTAA has taken place over the past 6 – 7 years.[15] Countries unhappy with the model generally signal reservation, which prolongs the process. There has also been an effort to bring commentary to the SADC model DTAA to bring consensus to the interpretation of the model agreement. South Africa is committed to the commentary and the SADC model DTAA. It was explained that where international best standards and practices change, the working group meets to discuss changes and the need for respective incorporation into the SADC model. The model DTAA is not only for use amongst member states, but is also designed to be used by SADC member states when negotiating with other countries as it provides a formal standpoint from which to negotiate for SADC members' needs and rights. South Africa has signed DTAAs with all SADC countries except Angola and Madagascar. It is also worth mentioning that South Africa has signed 67 DTAAs with various countries, in addition to the four DTAAs existing before 1994[16].

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[12] According to interviewees, the OECD's presence and assistance in these tax workshops and courses has been highly beneficial.

[13] Interview with the South African representative on the Tax subcommittee.

[14] The concern was that it would result in countries 'ripping each other off'. For example, industries that do not rely on fixed capital will simply leave a country once incentives have expired or if another country offers better incentives.

[15] This process consisted of a series of workshops that were held where member states brought their own models to the table. Based on similarities and differences in these models a SADC model DTAA was drafted. The current draft is a combination of OECD and UN models, with a bit of SADC 'homegrown' to suit the specific structures of the member states.

[16] SARS, 2011

With regards to Indirect Taxes, there have been a number of well attended and beneficial workshops on the harmonisation and coordination of tax systems in SADC. These workshops were facilitated by the OECD, which has been seen as helpful as it is an external facilitator without domestic interests. The interviewee noted that the goals of harmonising and coordinating tax systems are very difficult and complex, and referred to the EU experience which took in excess of 25 years to achieve harmonisation. Thus South Africa is prioritising only what can be achieved in the short term. For example, instead of pursuing a flat VAT rate throughout the region, the committee has instead decided to identify a range (12% - 20%). This gives member states flexibility over the extent they can use VAT to supplement revenue. Again, South Africa uses the SADC model as a guideline to inform the tax systems. South Africa's 14% VAT falls within the proposed range.

2.2.4. ANNEX 4: COOPERATION OF EXCHANGE CONTROL POLICY

South Africa is currently engaged in a comprehensive programme of progressive exchange control liberalisation. South Africa's publicly stated eventual objective is the complete abolition of exchange controls. There has also been a progressive delegation of exchange control approvals from the South African Reserve Bank (SARB) to Authorised Dealers (ADs), which are mainly commercial banks[17].

Current account transactions are fully liberalised, however need to be verified and approved which introduces delays for foreign currency transactions and transfers. Capital account restrictions on residents have also been progressively eased. Restrictions on outward portfolio investment remain. For example, many institutions that are no longer restricted by exchange control regulations are now under prudential supervision regulations. These apply to pension funds, life insurance companies, and other key players in the capital market, although limits on outward investment by individuals and companies have been progressively raised in each statement of the national budget. Most remaining capital account regulations were changed from requiring pre-approval of transactions to a post-transaction reporting obligation. However, these continue to limit South African companies' ability to operate internationally[18].

Since exchange controls have been substantially liberalised, it has been necessary to implement a Cross-Border Reporting System, to ensure that data on exchange transactions is recorded. The continued operation of capital account controls also requires the maintenance and management of exchange control processes by both the SARB and the ADs[19].

Recently, limits on foreign travel allowances and gifts to non-residents (the single discretionary limit for individuals), allowances for emigrants, the export of domestic currency banknotes, and offshore investment by institutional investors were all raised. The limits on capital exports (acquisition of offshore assets) by individuals were removed, although such exports remain subject to certain conditions. South Africa exporters are required to repatriate export proceeds,

[17] Keith Jefferies. Forthcoming. 'Status of Exchange Controls in SADC'.

[18] Keith Jefferies. Forthcoming. 'Status of Exchange Controls in SADC'.

[19] Information provided by South African Exchange Control subcommittee members

although they may hold these funds in onshore Foreign Currency Accounts (FCAs), and it is not required to convert the proceeds into domestic currency[20].

Since there is synchronicity in exchange control liberalisation between the members of the CMA, these countries have signed Multilateral Monetary Agreements regarding the conversion and repatriation of bank notes[21]. The Rand serves as legal tender in the other CMA countries, alongside their own domestic currencies, since the currencies of these countries are fully convertible to the Rand at par.

The roadmap for exchange control liberalisation has been drafted at regional level. However, as of the December 2010 meeting of this subcommittee, a few member states had not yet submitted their comments and revisions on the proposed roadmap. Thus, the roadmap is yet to be approved.[22]

2.2.5. ANNEX 5: COOPERATION ON LEGAL AND OPERATIONAL FRAMEWORKS

The SADC Model Bank Law was drafted based on extensive consultation with international organisations, like the Bank for International Settlement (BIS) and the IMF, and based on reviewing Bank Acts governing central banks in various other countries. According to a subcommittee member for this Annex, the intention was to draft legislation that is persuasive of the merits of adoption. However, the Model Bank Law is "very forward looking"[23]. As such, the subcommittee has emphasised that it will not be prescriptive, allowing member states to either accept the entire Model Bank Law or to "cherry pick" aspects that are most conducive to their environment[24].

The SARB is currently independent and thus aligned to one of the core issues promoted by the SADC Model Law. Currently, SARB is undertaking a full review of the entire regulatory framework for all financial services.

Despite delays in the alignment of laws governing the Reserve Bank to SADC Model Bank Law, it should be noted that the current South African laws informed the substance, rationale and many clauses of the SADC Model Bank Law. The process of alignment is, therefore, not as complex as it may seem at first glance. The issue of oversight is central to the review process since an important area of divergence between the two bodies of law is the stipulation of the composition and role of the monetary policy committee. These issues notwithstanding, a South African member of the Legal and Operational Frameworks subcommittee voiced in an

[20] Keith Jefferies. Forthcoming. 'Status of Exchange Controls in SADC'.

[21] Information provided by South African Exchange Control subcommittee members

[22] Information provided by South African Exchange Control subcommittee members.

[23] South African Legal and Operational Frameworks subcommittee member interviewed

[24] South African Legal and Operational Frameworks subcommittee member interviewed

interview that it is possible that the Model Bank Law will change repeatedly before and after implementation in individual member states.[25]

2.2.6. ANNEX 6: COOPERATION ON PAYMENTS, SETTLEMENT AND CLEARANCE SYSTEMS

The plan for the reform of South Africa's payment, clearing and settlement systems is documented in the high-level strategy document, entitled 'The South African National Payments System (NPS) Framework and Strategy Document [Vision 2010]'. The intention of this document is to take into account international developments regarding cross-border payment flows[26].

South Africa has fully implemented a Real Time Gross Settlements System, named the South African Multiple Option Settlement System (SAMOS). This settlements system is settles single high-value transactions, for instance between commercial banks or between corporate clients through their banks. SAMOS is also settles transactions of securities and bonds between exchanges and banks cleared and settled through a central securities depository known as STRATE in order to facilitate delivery versus payment (DVP). It should also be noted that most of the retail payments are cleared electronically on the day of payment by an operator called BankServ. The Rand is one of the settlement currencies that are settled on the foreign exchange system known as Continuous Linked Settlement (CLS) system operated by CLS Bank. To this end, the South African RTGS, SAMOS, is linked to the CLS system to facilitate payment versus payment (PVP) for settlement of foreign exchange transactions involving the Rand and other CLS eligible currencies. [27]

The SADC Payment System project team is working on a model payment system integration strategy starting with the CMA countries. This will also include detailed frameworks for oversight and risk mitigation. Once the concept for the CMA linked payments system is proven, the objective is that the system will be rolled out to the remaining SADC countries as and when they are ready to join. This CMA Payments System Strategy is soon to be piloted. Importantly, this phased approach will only be successful where blockages and challenges in other SADC states are addressed[28].

According to the South African subcommittee member interviewed, many SADC national payments systems are not compliant with SWIFT, SADC countries have infrastructure deficits and may struggle to back up operations, and domestic legislation enabling cross-border payments and the use of a linked real time gross settlements (RTGS) system is still to be signed and, in some countries, drafted.[29]

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[25] The SADC Model Bank Law derives its formulation of a monetary policy committee based on the Bank of England's legal framework, while the Reserve Bank's legal framework more closely resembles that of other inflation targeting countries regarding the establishment of a monetary policy committee

[26] http://www.sadcbankers.org/SADC/SADC.nsf/LADV/80AF7428D728FC8342257514004A2944/DFile/SouthAfrica.pdf

[27] Information provided by South African Payments and Settlements Systems subcommittee member.

[28] Opinion provided by South African Payments and Settlements Systems subcommittee member

[29] Information provided by South African Payments and Settlements Systems subcommittee member.

The Payments Systems subcommittee is working closely with members of the Legal and Operational Frameworks subcommittee to ensure that legal frameworks within each SADC country allow for linkage to a regional system. Since five SADC countries have used South African Payments Systems law as a basis for drafting their own legislation, it is envisaged that the process of harmonising legal frameworks will be completed with minimal challenges[30].

The National Payment System is in adherence to BIS Core Principles for Systematically Important Payments Systems, and therefore all structures to do with risk, operational and liquidity management principles have been implemented. Risk mitigation audits are completed regularly[31].

2.2.7. ANNEX 8: COOPERATION ON BANKING SUPERVISION

South Africa is compliant with Basel II, and is working on achieving Basel III status by 2012. The South African Reserve Bank conducts regular self-assessments to ensure that banking supervision and regulation is in compliance with the requirements of Basel II. Moreover, the Reserve Bank's internal accounting and auditing standards are in compliance with international best practise, as captured in International Financial Reporting Standards (IFRS), and as recommended by the Basel Committee.[32]

South Africa is a member of both the Financial Action Task Force (FATF) and the East and Southern African Money-Laundering Group (ESAAMLG). South Africa has made good progress in developing its system for combating money laundering and the financing of terrorism since its last FATF mutual evaluation in 2003[33]. A Mutual Evaluation Report was prepared by the FATF, with ESAAMLG Secretariat participating as an observer in 2008. The report was first approved and adopted by the FATF at its February 2009 Plenary, before its adoption by the ESAAMLG Council of Ministers in August 2009.

2.2.8. ANNEX 9: COOPERATION ON DEVELOPMENT FINANCE INSTITUTIONS (DFIS)

South Africa is a member of the DFI network, with the following development finance institutions represented: Development Bank of Southern Africa (DBSA), Industrial Development Corporation of South Africa (IDC), and the Land and Agriculture Bank South Africa.[34]

The DBSA is currently involved in a number of regional projects.[35] These projects are funded through the support of various regional funds[36]. The DBSA has current financial commitments

[30] Information provided by South African Payments and Settlements Systems subcommittee member.

[31] http://www.imf.org/external/pubs/ft/scr/2010/cr10353.pdf

[32] http://www.imf.org/external/pubs/ft/scr/2010/cr10353.pdf and http://www.ibase.org.br/userimages/FLGG%20-%20Penelope%20Hawkins.pdf

[33] http://www.fatf-gafi.org/infobycountry/0,3380,en_32250379_32236963_1_70915_1_1_1,00.html

[34] The consultant team was unable to secure interviews with the IDC and the Land and Agriculture Bank. As such, information reported in this section focuses on the progress made by the DBSA

[35] Defined as projects with benefits accruing to more than one SADC country

to the following regional infrastructure projects: the Kasumbalesa border post (between Zambia and the DRC), Zimbabwean National Road Authority (ZINARA) project (road construction linking Zimbabwe and the SADC region), the Zambia Road Infrastructure Rehabilitation Programme (between Zambia and the SADC region) and the Kariba North Bank Extension Hydro Power Plant (between Zambia and the SADC region).

Currently, the DBSA's total financial commitment in the region (excluding its commitments in South Africa) amounts to USD 640,173,845. Before 2005, no funds were available for regional projects. However, since the formation of the Project Preparation and Feasibility Study (PPFS) fund by the AFD and the DBSA in 2005, approvals of regional projects have increased. For the year to date 31 March 2011, regional project approvals amount to ZAR 6.280 billion, with ZAR 4.353 billion in funding committed and ZAR 2.959 billion in funding disbursed.[37]

Table 1 below contains information on DBSA's credit ratings.[38]

Table 1: DBSA Credit Ratings

Credit Ratings	Fitch	Moody's	S&P
Long Term	AAA	A3	BBB+
Short Term	F1+	Not rated	A-2

The DBSA is the vice-chairperson of the DFI network and Development Finance Resource Centre (DFRC). In collaboration with the DFRC and UNOPS (United Nations Office for Project Services), the DBSA has established the SADC Regional Technical Assistance Facility (RTAF), to strengthen the capacity of the national DFIs in SADC on a selective and targeted basis. The DBSA has allocated USD3 million to this initiative. In the first phase, the six SADC DFIs have been targeted for assistance.

In terms of capacity building, the DBSA, in partnership with the African Development Bank (AfDB), have been working closely with members of the DFRC to identify capacity building and institutional strengthening needs. Internally, the DBSA invests heavily in capacity building activities, both for clients and for DBSA staff. In 2010, USD18 million was committed by both South Africa and SADC to the DBSA's support of 'soft' infrastructure (for example, assistance in the creation of enabling legislation and institutions, and project preparation) to accompany the production of physical infrastructure outputs.

The DBSA does not currently participate in any Regional Insurance Schemes, but is involved with a programme to minimise the impact of market fluctuations on the financing of development projects.

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[36] Regional funds include the PTA Bank [for financial services projects], the Africa Agriculture Fund, the African Health Fund, O3b Satellites Fund [for ICT infrastructure projects], the ECP III fund, the TTA DFID fund, the EIB PDSF Fund and the AFD PPFS Fund. the PTA Bank [for financial services projects], the Africa Agriculture Fund, the African Health Fund, O3b Satellites Fund [for ICT infrastructure projects], the ECP III fund, the TTA DFID fund, the EIB PDSF Fund and the AFD PPFS Fund.

[37] Information supplied by DBSA representative

[38] Information supplied by DBSA representative

The DBSA is involved with two on-going PPPs, the Lesotho Hospital project (with USD93 million in committed funding) and the ZINARA project (with USD206.6 million in committed funding). Within South African borders, the DBSA is engaged in the design phase of a PPP with the South African Department of Health. The DBSA’s role within this proposed PPP is to design, develop, implement and facilitate PPP opportunities with the healthcare sector. Proposed projects include the improvement of healthcare infrastructure at Chris Hani Baragwanath and Dr George Mukhari hospitals in the Gauteng Province of South Africa. A Memorandum of Understanding to this effect has been signed between the DBSA and the Department of Health.[39]

2.2.9. ANNEX 10: COOPERATION ON NON-BANKING FINANCIAL INSTITUTIONS

South Africa’s Financial Services Board (FSB) is a member of the International Organisation of Securities Commissions (IOSCO), the International Association of Insurance Supervisors (IAIS) and the International Organisation of Pension Supervisors (IOPS) and is thus fully compliant with the requirements of these institutions. FSB staff members serve numerous coordinating and advisory functions in these organisations, including chairing executive committees and subcommittees[40]. The FSB is the current Committee for Insurance, Securities and Non-Banking Financial Institutions (CISNA) Secretariat.

From interviews with South African members of CISNA, it is clear that South Africa is heavily involved in capacity building activities as per the commitment under Annex 10, both within the subcommittee and in the international organisations in which South Africa is a member. South Africa also reports regularly to CISNA concerning consumer awareness campaigns conducted at member state level, in adherence to the commitment to participate in information sharing at subcommittee level.

The FSB arranges an annual in-house familiarisation visit for all CISNA members for insurance regulators, capital markets regulators and regulators aiming to improve consumer education programmes. The insurance division of FSB arranges a one week familiarisation visit, as well as assisting IAIS with their training initiatives. The pensions division organises attachments ranging from one day to a full month for interested SADC regulators. To date, Namibia, Lesotho, Botswana and Swaziland have had attachments at the FSB. The FSB has also organised a workshop for trust fund administrators in South Africa, and have invited SADC regulators to attend.

The familiarisation programme for consumer education was organised in conjunction with the OECD, but is hosted by the FSB. The purpose of the consumer education familiarisation programme is to provide information, provide SADC regulators with exposure to other role-players in the financial sector and their consumer education programmes, train regulators on legislation and explore issues of consumer protection. The consumer education familiarisation visit aims to give participants the opportunity to draft a framework for their own consumer education programme, to be finalised and implemented in their respective countries. The

[39] Information provided by DBSA representatives interviewed. Despite numerous attempts to arrange meetings or teleconferences with the IDC and the Land and Agriculture Bank, no information has been obtained for the remaining two South African DFI network members

[40] Information provided by FSB representatives.

current consumer education programme being implemented by the Reserve Bank of Malawi is the result of a previous familiarisation visit to the FSB[41].

Before the inception of annual familiarisation visits, the FSB was struggling to manage the numerous requests for capacity building and training activities from the rest of SADC. However, the FSB attempts to meet SADC regulators' training needs above the annual familiarisation visit. For example, the FSB has received many requests for training on risk-based supervision and has organised with an international expert on this issue. The FSB also tries to ensure that venues for capacity building activities (besides the FSB familiarisation visit) are rotated among SADC member states, and that these training events are scheduled to coincide with CISNA subcommittee meetings. These decisions were made to ensure that CISNA capacity building remains a SADC initiative and not an FSB initiative, and to incentivise CISNA subcommittee members to attend meetings.[42]

The CISNA website[43] operates more as a tool for regulators to collaborate and exchange information, than to publish information for public knowledge. The members' portal contains confidential reports, information and statistics. The CISNA website is still in "early days"[44], with members having the flexibility to decide whether to contribute or not. At CISNA meetings, it is decided which documents to post and these are submitted to the FSB, which is responsible for updating the website. Even though the CISNA website is populated with data that is sometimes quite dated, the website also includes links to all SADC regulators' websites to ensure that updated and relevant information can be accessed. The CISNA website is the tool being used to give effect to the multilateral Memorandum of Understanding on information signed by all CISNA members (excluding the Seychelles).[45]

2.2.10. ANNEX 11: COOPERATION IN SADC STOCK EXCHANGES

The Johannesburg Stock Exchange (JSE) has market capitalisation of USD916, 824 million as of March 2011. This figure is up from USD749, 033 million in March 2010. On the basis of market capitalisation, the JSE is the 20th biggest stock exchange worldwide[46]. The number of companies listed on the JSE is provided in Table 1 below. The JSE has 22 firms dual-listed on fellow SADC countries' exchanges, including on the Namibia, Zimbabwe, Botswana and Malawi stock exchanges with primary listings on the JSE.[47]

JSE's listing principles are the most strenuous requirements in the region and are based on internationally accepted principles. Furthermore, South Africa is ranked first in the world, with a

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41 Information provided by FSB representative

42 Perspective of FSB representatives

43 http://www.cisnasadc.com/page.php?page_id=5

44 Perspective of FSB representative interviewed

45 Information provided by FSB representative

46 'http://www.jse.co.za/Libraries/JSE_-_Products_Services_-_Statistics_-_Equity_Market_Profiles/20110401-Market_Profile_pdf.sflb.ashx

47 http://www.jse.co.za/How-To-List-A-Company/Main-Board/Dual-listed-companies.aspx

score of 6.0 (1=inefficient, 7=efficient), in terms of the Regulation of Securities Exchange Index.[48]

Currently, the JSE hosts most of the capacity building activities organised for COSSE, primarily because most consultants and trainers are located in South Africa. The South African subcommittee members on COSSE have not retained attendance registers and itineraries of previously held capacity building events.[49]

As secretariat, the JSE endeavours to circulate relevant information with all other member state subcommittee members regarding developments in the international arena[50]. For example, at a recent COSSE meeting, the JSE commented on the current trend towards the globalisation of exchanges[51], the need for new products and services, the importance of lower costs for issuers and the introduction of technology developments to improve speed. The JSE appealed to COSSE not to "miss the boat".[52]

3. CONCLUSIONS AND RECOMMENDATIONS

3.1. CONCLUSIONS

Overall, and particularly in areas where South Africa has a direct and pressing national interest, the country has made notable progress in implementing the FIP. However, interviews have shown that the driving force in these movements has been domestic interests, and alignment to FIP has been more incidental. For example, pursuance of a stable macroeconomic environment, adopting RTGS for payment systems and clearing processes, liberalisation of exchange controls, banking supervision and promoting investment are all objectives South Africa would likely pursue irrespective of the FIP commitments.

South Africa is a leader in SADC, along with Mauritius, in FIP implementation. At a high level, progress under the different annexes of FIP is as follows:

- **Investment:** South Africa is a member of MIGA, New York Convention but not ICSID. It also has an active IPA (TISA) where investor information is made available online. South Africa also scores highest in SADC for the Strength of Investor Protection Index according to international ratings.
- **Macroeconomic Convergence:** An inflation targeting monetary regime ensures inflation stays within the target rates, with external debt also in line with FIP targets.

[48] Global Competitiveness Report, 2011.

[49] Interview. Pearl Moatshe and Geoff Rothschild. Johannesburg Stock Exchange [JSE]

[50] Interview. Pearl Moatshe. Johannesburg Stock Exchange [JSE]

[51] with the latest round being the London Stock Exchange and Toronto Stock Exchange, Deutscher Aktien-Index and the New York Stock Exchange and the Africa Board of the JSE

[52] Reported in minutes of February, 2011 COSSE meeting

Only fiscal deficit in 2009 exceeded targets but this is largely attributed to the global financial crisis.

- **Tax:** South Africa has signed DTAAs with all SADC countries excluding Angola and Madagascar. Tax information is made publicly available and information exchange agreements exist with Zambia and Mauritius. Capacity building and workshop initiatives are well attended, which includes buy-in for regional guidelines for administration of indirect tax.
- **Exchange Control:** Current account is fully liberalised and cross border reporting systems are in place. Multilateral Monetary Agreements are signed with other CMA countries for repatriation of bank notes. However, measures to liberalise the capital account are still in progress.
- **Legal and Operational Frameworks:** Process to align South African law with SADC model bank law is currently underway; however, the SARB is an autonomous institution.
- **Payments Systems:** South African has RTGS in place which includes payment & settlements and clearing processes. There is also a domestic payments system strategy and law in place. There is extensive oversight and risk mitigation where annual risk audits are conducted. South Africa is part of the regional CMA payment system pilot that is due to commence in the coming months.
- **Banking Supervision:** South Africa is fully compliant with Basel II, and aims to implement Basel III by 2012. Self assessments are also conducted regularly. Both accounting and auditing standards are in compliance with the IFRS. Banking systems have also been assessed under the FATF, where they are “making good progress”.
- **DFIs:** South African DFIs are currently involved in several regional projects, where the DBSA has extensive collaboration with the DFRC, especially in hosting and running capacity building activities**.**
- **CISNA:** As the secretariat of CISNA, South Africa’s FSB manages the website and is also preparing the draft for SADC regulatory and supervisory framework. South Africa has also played a substantial role in hosting workshops and other capacity building events. It is a member of IOSCO, IAIS and IOPS.
- **COSSE:** The JSE is rated the best stock exchange in the world in terms of Regulation and Securities Exchange Index, and has 22 dual-listed firms on other SADC stock exchanges. The JSE also regularly hosts capacity building exercises and engages in information sharing activities with other SADC stock exchanges.

3.2. RECOMMENDATIONS

South Africa has already made extensive progress in achieving FIP annex objectives. Significant achievement means there is limited role for interventions at the national level in South Africa. Further advancement of FIP objectives in South Africa will be driven at a political and national level, for instance the further liberalisation of the capital account will rely on structures outside of the FIP.

At a high level and from interviews, the focus of South African FIP subcommittees should continue to support regional initiatives. As the financial powerhouse and knowledge hub of the region, South Africa should focus on gearing up other SADC member states in preparation for FIP implementation. This would involve a number of activities:

- Continue hosting and facilitating capacity building workshops;
- Increased secondment and training programs where SADC members can send staff to South African institutions to learn ‘on the job’. Among other things, this would involve more secondments to South African DFIs or regulators like the DBSA, FSB for other NBFI regulators, and JSE for Stock Exchange staff;
- Continue providing work materials in collaboration with the EU FIP Project, SADC and OECD for workshops and other capacity building exercises; and,
- Champion progress in harmonisation and integration initiatives. For example, South Africa should spearhead the RTGS pilot currently in CMA to integrate with the RTGS of other countries, the framework for non-banking financial institutions, and the SADC Regional Investment Framework, amongst other initiatives.

4. REFERENCES

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5. APPENDICES

5.1. APPENDIX 1: INTERVIEW LIST

Annex Sub Committee	Institution	Name
Macroeconomic	South African Reserve Bank	Mr Vukani Mamba
Tax	South African Revenue Services	Mr Ron van de Merwe
Tax	South Africa Revenue Service	Mr Theo Ruiters
Tax	National Treasury	Mr Lutando John Mvovo
Tax	South Africa Revenue Service	Mr Rodney Govender
CISNA	Financial Services Board (FSB)	Ms Melonie van Zyl
CISNA	Financial Services Board (FSB)	Ms Wilma Mokupo
CISNA	Financial Services Board (FSB)	Mr Gerry Anderson
CISNA	Financial Services Board (FSB)	Mr Norman Muller
Exchange Control	South African Reserve Bank	Mr Charles Nevhutanda
Exchange Control	South African Reserve Bank	Mr Rudolf Mangena
Legal and Operational Framework	South African Reserve Bank	Ms Dorothy Hlajoane
Legal and Operational Framework	South African Reserve Bank	Mr Vukani Mamba
Training and Development	South African Reserve Bank	Mr Wim Brits
Banking Supervision	South African Reserve Bank	Ms Yvette Singh
Banking Supervision	South African Reserve Bank	Mr Madoda Petros
SADC BA	SADCBA	Mr Cas Coovadia
COSSE	Johannesburg Stock Exchange Ltd (JSE)	Mr Geoff Rothschild
COSSE	Johannesburg Stock Exchange Ltd (JSE)	Ms Pearl Moatshe
Payment Systems	South African Reserve Bank	Mr Dave Mitchell
Payment Systems	South African Reserve Bank	Mr Tim Masela
Payment Systems	South African Reserve Bank	Mr Gops Pillay

5.2. APPENDIX 2: MATRIX OF COMMITMENTS

Colour	Status
Achieved	
Partially achieved	
Not achieved	
Not assessed	
Not applicable	

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
None	None	FIP instrument ratified by all member states.		SADC Secretariat	
None	None	National FIP coordinating structures in place to facilitate better FIP implementation.	SADC International Division and Financial Sector Policy Unit (both MoF) – limited coordination	SADC Secretariat	
Annex 1: Cooperation in Investment	5,6,8,9, 27	Existence of domestic investment law that: Protects investors, allow repatriation of profits, allows access to courts		dti website	All three present = green

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
Annex 1: Cooperation in Investment	21	Signatory to international conventions: New York Convention		http://www.uncitral.org/uncitral/en/uncitral_texts/arbitration/NYConvention_status.html	Member = green
	21	Signatory to international conventions: ICSID		http://icsid.worldbank.org/ICSID/FrontServlet	Member = green
	21	Acceded to international conventions: MIGA		http://www.miga.org/about/index_sv.cfm?stid=1695	Member = green
	8	Investment policies, information etc. easily accessible to investors		dti website	
	23	MS has an active IPA		dti website	
	2	Member ranked above (or equal) to OECD average rating of the Strength of Investor Protection Index		http://www.doingbusiness.org/data/exploretopics/protecting-investors	Better than or equal to OECD average = green; worse = red
	19	MS's national policies and regulations comply with the Regional Investment Policy Framework and/or the minimum principles for investment regimes in the region.	Not Assessed (not measured in 2011)	dti	
	19	Regional Investment Policy Framework is drafted and agreed to by MS	No standard framework yet exists in the region.	Investment subcommittee	

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
Annex 1: Cooperation in Investment	23	Evidence of events and activities run by IPA Forum and attended by MS IPAs	The SADC IPA forum has been established, however the most recent event was poorly attended by CEOs of IPAs operating in MS	Investment subcommittee	
Annex 2: Macroeconomic Convergence	2,3,4	Inflation rate low and stable (< 9%)		SARB	Within range = green; out of range = red
	2,3,4	Public and publicly guarantee debt to GDP < 60%		SARB	Within range = green; out of range = red
	2,3,4	Budget deficit to GDP ratio at widely accepted prudent levels (< 5%)		SARB	Within range = green; out of range = red
	5,8	Cooperation/Information Sharing: submission of data to SMSD		Interview with subcommittee	
	7	Cooperation/Information Sharing: participation in peer review panel	N/A	SARB/Ministry of Finance	
	7	The Peer Review Mechanism is approved for establishment and operational	Discussions towards establishment of the mechanism are on-going. Framework and guidelines have not yet been adopted. Generally, MS are supportive of the Peer Review Mechanism, but have specific concerns which need to be addressed at subcommittee level.	Macroeconomic Convergence subcommittee	

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
Annex 3: Cooperation in Taxation Matters	5.3	Number of DTAs signed with other SADC member states		SARS	< = 6 red, 7 - 10 orange, 11 - 14 green
	2	Up to date and publicly available tax database (national)		SARS	
	2	Up to date information submitted to SADC Tax Database (when fully operational)	N/A	SARS	
	6..6	Signatory to the Mutual Agreement for Information Exchange with member states (AATM)	N/A	SARS	
	6	Harmonised to the regional guidelines for the administration of Indirect Taxes	N/A	SARS	
	4	Harmonised to the regional tax incentives guidelines	N/A	SARS	
	3	Tax officials participate in capacity building activities		Ministry of Finance/Revenue Authority	
	5	Existence of Model Double Taxation Avoidance Agreement	Model DTAA and Commentary approved and adopted by all member states.	Tax subcommittee	
	4	Guidelines for the appropriate treatment of tax incentives drafted and approved for adoption by MS.	Drafting of guideline documents still in progress.	Tax subcommittee	
	4	A Fiscal Model for cost benefit analysis developed and approved by Ministers of Finance. Fiscal Model must comply with items articulated in Art. 4 section 5.	Cost Benefit Analysis model not yet developed.	Tax subcommittee	

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
Annex 3: Cooperation in Taxation Matters	6	SADC Agreement for Assistance in Tax Matters (AATM) approved and signed by all member states (multi-lateral agreement).	Finalised in 2008, waiting for approval by Ministers of Justice/Attorneys General awaiting clearance and signature by Summit.	Tax subcommittee	
	6	Guideline for the administration of indirect tax in the region is approved for adoption by member states.	Still under review by the Indirect Taxation working group.	Tax subcommittee	
	7	Mechanism for the Settlement of Tax Disputes developed and approved by Ministers of Finance.	Has not been developed or approved for implementation	Tax subcommittee	
Annex 4: Cooperation on Exchange Control	2a	Liberalised Current Account		SARB	
	2a	Liberalised Capital (Financial) Account		SARB	
	2c,3.1.c	Full Currency Convertibility		SARB	
	2d, 3d	Collect and publicise data on foreign exchange transactions (e.g. automated cross border reporting system)		SARB	
	2a	Roadmap for exchange control liberalisation in current and capital (and financial) account transactions is drafted and approved	The roadmap has been drafted by the subcommittee. All countries except the DRC have signed and approved the roadmap, and so it has not been implemented as yet.	Exchange Control subcommittee	
Annex 5: Harmonisation of Legal and Operational Frameworks	3b	Autonomy/independence of Central Bank		SARB	

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
Annex 5: Harmonisation of Legal and Operational Frameworks	2	Compliant with SADC Central Bank Model Law (when/if made binding)	N/A	SARB	
	4.2	Adoption of price stability as mandate		SARB	
	3c	Ability of Central Bank to set own budget		SARB	
	2e	Extent to which central bank can lend to government	Yes - but holding of government bonds is restricted	SARB	
	3	Existence of Model Central Bank Law	The Model Central Bank Law has been drafted and approved by all SADC member states	Legal and Operational Frameworks subcommittee	
	2	Roadmap for the establishment of a Common Central Bank developed and approved.	Legal & Operational Committee has recently been tasked with the development of a roadmap for the establishment of a single Central Bank. No progress yet on this matter.	Legal and Operational Frameworks subcommittee	
Annex 6: Cooperation on Payments Systems	3a	Payments systems in place domestically		SARB	
	3c, 3e, 4.1.c	Risk mitigation strategy implemented		SARB	
	4.1.d	Existence of national payments system law		SARB	
	2	National payment system law aligned to regional model law	N/A	SARB	
	2, 3d	MS linked to SADC regional payments systems (when operational)	N/A	SARB	

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
Annex 6: Cooperation on Payments Systems	2	Model Payment System Law developed and approved	Law is being drafted and is to be approved at regional level	Payments System subcommittee	
	3	Model Payment System Strategy is developed.	This is not in place yet. However, the strategy is being developed for the CMA countries to be piloted in this sub-regional bloc. The intention that this will allow a 'tried and tested' strategy to be rolled out to the rest of the region	Payments System subcommittee	
Annex 7: Cooperation in the area of ICT	3, 4	Legal framework for data privacy in place	Not Assessed (not measured in 2011)	Each Central Bank & IT Forum	To enable cross border business based on ICT taking in account that all business are supported by ICT platform
	3	Standard regarding ICT systems interpretability in place	Not Assessed (not measured in 2011)	IT Forum	Promote cross border business specifically for Payment Systems
	3.5	IT Governance framework adopted for the region.	Not Assessed (not measured in 2011)	Each Central Bank & IT Forum	

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
Annex 7: Cooperation in the area of ICT	3	ICT communication Infrastructure to connect member states in place	Not Assessed (not measured in 2011)	IT Forum	
Annex 8: Cooperation in Banking and Regulatory Supervision	2	Compliant with the 25 BASEL core principles		SARB	Less than 20 = red; 21 to 25 orange; 25 green
	2	Self-assessment audit happening on annual basis		SARB	
	Annex 14	Membership of ESAAMLG & completion of a mutual evaluation		SARB	
	Annex 13	Compliant with international standards for auditing and accounting - IFRS		SARB	
	2, 4	Regional agreement on framework for central bank supervision.	Harmonisation of banking supervision and regulatory principles in progress.	Banking Regulation and Supervision subcommittee	
Annex 9: Cooperation on Development Finance Institutions	3, 9	Participate in regional development projects through cooperation in pooling of funds, project identification, project management.		DBSA	
	3f, 7	Attending capacity building activities organised by DFRC (secondment, work placement, training)		DBSA	

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
Annex 9: Cooperation on Development Finance Institutions	Annex 1	PPP: Establishment of PPP Policy Framework, Legal Framework, Institution Framework	Not Assessed (not measured in 2011)	Ministry of Trade and Industry or relevant ministry	
	2	The DFI network and DFRC are established and active.	Yes.	SADC Secretariat	
	11	Regional Insurance Guarantee system in place and approved.	The Regional Insurance Guarantee scheme has not been agreed upon or implemented.	DFI Network	
	3	Number of regional development projects in progress (where regional refers to projects with benefits to more than one country, or with more than one country collaborating on a project)	Only evidence of regional projects is DBSA projects, which are not necessarily attributable to the DFI network. No collaboration between DFIs on regional development projects.	DFI Network	
Annex 10: Cooperation on Non-Banking Financial Institutions and Services	7	Membership of IOSCO (harmonising to international standards)		http://www.iosco.org/lists/display_members.cfm?memID=1&orderBy=none	
	7	Membership of IOPS (harmonising to international standards)		http://www.iopsweb.org/document/14/0,3343,en_35030657_35030370_35152654_1_1_1_1,00.html	
	7	Membership of IAIS (harmonising to international standards)		http://www.iaisweb.org/IAIS-members-31	

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
Annex 10: Cooperation on Non-Banking Financial Institutions and Services	3, 4, 5	Committed to information sharing (Multi-lateral agreement signed by all CISNA members)		FSB	N.B. except Seychelles who has not yet participated in CISNA
	10	Participating in capacity building activities		FSB	
	9	Alignment to SADC regulatory framework for Non-Banking Financial Institutions (when drafted and approved)	N/A	FSB	
	9	SADC regulatory framework for non-banking financial institutions established and approved for the region	SADC Framework is not yet developed. But progress has been made in that member states' NBFI authorities have been tasked with drafting the various components of the framework.	CISNA	
Annex 11: Cooperation in SADC Stock Exchanges	2	Cooperation: Member of COSSE		JSE	
	2	Cooperation: Information Exchange		JSE	

Annex	Article	Indicator	Status 2011	Source/Institution	Criteria
Annex 11: Cooperation in SADC Stock Exchanges	2.3	Participate in capacity building activities (either attend or host)		JSE	
		MS harmonised to SADC common principles.	Not Assessed (not measured in 2011)	JSE	
	2.5	MS who are completing the minimum standards for surveillance and risk assessment.	Not Assessed (not measured in 2011)	JSE	
	2.7	Extent of diversification of the registered market participants on MS stock exchange (% individuals, % trusts, % corporates)	Not Assessed (not measured in 2011)	JSE	