



REPORT OF THE SADC PARLIAMENTARY FORUM STANDING COMMITTEE ON TRADE, INDUSTRY, FINANCE AND INVESTMENT (TIFI) FOR THE 54TH PLENARY ASSEMBLY

THEME “AMPLIFYING CITIZENS’ VOICES IN REGIONAL INTEGRATION IN SOUTHERN AFRICA: BRIDGING THE ENGAGEMENT GAP BY BRINGING PARLIAMENT TO THE PEOPLE”

Mr President, I beg to move that this Plenary Assembly do adopt the Report of the SADC Parliamentary Forum Standing Committee on Trade, Industry, Finance and Investment laid on the table on 22nd November 2023.

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1.0 COMPOSITION OF THE COMMITTEE

At the time of the meeting, the Committee consisted of the following Members:

1.	Hon. Dr. Pinkie Manamolela, Chairperson	Lesotho
2.	Hon. Dithapelo Keorapetse Vice Chairperson	Botswana
3.	Hon. Ruth Mendes	Angola
4.	Hon Muber Thoniot Serge	DRC
5.	Hon. Ramarosoia Emiline Rakotobe	Madagascar
6.	Hon. Francis Lucky Phisso	Malawi
7.	Hon. Marie Joanne Sabrina Tour	Mauritius
8.	Hon. Vipuakuje Muharukua	Namibia
9.	Hon. Ntombovuyo Veronica Mente-Nkuna	South Africa
10.	Hon. Dr. Afred James Kimea	Tanzania
11.	Hon. Kalalwe Mukosa	Zambia
12.	Hon. Anele Ndebele	Zimbabwe
13.	Hon. Carlos Moreira Vasco	Mozambique

Eswatini and Zimbabwe were yet to designate Members to SADC PF at the time of meeting following the general elections in those countries, respectively.

2.0 TERMS OF REFERENCE

The mandate of the Standing Committee on Trade, Industry, Finance and Investment is stipulated in Rule 42(b) of the SADC PF Rules of Procedure.

3.0 NUMBER OF MEETINGS HELD AND MEETING DATES

The Standing Committee on TIFI conducted a virtual Public Hearing Session on Tuesday, 17th October, 2023 under the theme “*Amplifying Citizens’ Voices in Regional Integration in Southern Africa: Bridging the Engagement Gap by Bringing Parliament to the People.*”

4.0 BACKGROUND

The SADC Parliamentary Forum conducted the first Public Hearing Session in November 2022 as a means through which parliamentarians, as representatives of the SADC citizens would receive submissions on various issues affecting the region. In this regard, the Forum convened the second Public Hearing Session which were conducted from 11th to 18th October 2023 under the theme “*Amplifying citizens’ voices in Regional Integration in Southern Africa: Bridging the engagement gap by bringing Parliament to the People.*” The public hearing sought to enhance citizens’ participation in regional governance by creating a platform where the citizens could present their different socio-economic issues to the policy makers. This aspect was embedded in the theme, which highlighted the representative role of parliament.

In this regard, the Standing Committee on Trade, Industry, Finance and Investment, the Forum conducted the Public Hearing on 17th October 2023 during which the Committee received the submissions from the SADC citizens on topical issues in the commerce, trade and industry sectors whose summary is highlighted below.

5.0 SUMMARY OF THE KEY ISSUES RAISED IN THE SUBMISSIONS

The key issues highlighted from the presentations and the deliberations are set out below.

5.1 Sector update by the SADC Secretariat

Before receiving the submissions, the Committee received a sectoral update from the SADC Secretariat which covered the following areas:

- i. The Africa Continental Free Trade Area (AfCFTA) Agreement entered into force on 30th May 2019 and trading under the Agreement commenced on 1st January, 2021. It offered significant promise for economic transformation of Africa by promoting trade among African countries. As of October 2023 all African Union Member States had signed the Agreement except Eritrea. In the SADC region, all member states had deposited their instruments of ratification except Madagascar. Twelve of the SADC member states had submitted tariff offers to the AfCFTA Secretariat with regard to trade in-service, while fifteen had submitted their schedules for specific commitments.
- ii. The AfCFTA provided an opportunity for SADC member states to deepen their integration regionally and across the continent. The member states needed to leverage on the Agreement to advance commerce and trade in the region.
- iii. The SADC Secretariat undertook to support SADC member states by carrying out sensitisation workshops for the private sector on the AfCFTA. In addition, SADC was facilitating the establishment of a regional coordination forum on the AfCFTA as well as its implementation at member-state level through implementation committees.
- iv. The overarching vision for SADC was a peaceful, inclusive, middle to high income industrialised region, where all citizens and member states enjoyed sustainable economic wellbeing, justice and freedom. The vision had three main pillars, namely; industrial development and market integration, infrastructure development in support of industrialisation and regional integration and social and human capital development in support of industrialisation and regional integration.

- v. The SADC Protocol on Finance and Investment sought to foster harmonisation of the financial and investment policies of the member states in order to make them consistent with objectives of SADC and ensure that any changes to financial and investment policies in one state party did not necessitate undesirable adjustments in other state parties. The Protocol had thirteen annexes that dealt with different thematic areas within finance and investment, macroeconomic convergence, taxation, exchange control policy, legal frameworks, Central Banks banking regulations, money laundering and financial markets.
- vi. With regard to the operationalisation of the SADC Regional Development Fund (RDF), the process was being done in phases with assistance from the African Development Bank (AfDB). Under phase one a discussion paper had been developed, which outlined various options including recommendations of the appropriate structure that the RDF could take to achieve its objectives of developing and financing regional infrastructure projects. Phase two would focus on operationalisation of the fund by member states through acceptance and ratification of the fund structure, which only Angola had so far done. Phase three would involve resource mobilisation to capitalise the fund through member states' contributions, Direct Foreign Investments and from commercial banks and individuals.
- vii. The Sothern African region was the only region without an RDF. Therefore, SADC was planning to convene a senior treasury officials meeting to consider the discussion paper and submit recommendations thereon to ministers of finance for possible implementation.
- viii. The SADC had developed the Strategy on Financial Inclusion and SME Access to Finance (2023-2028). The strategy had three strategic priorities, namely; harmonisation of regulations and guidelines in support of financial inclusion and SME access to finance, implementation of the SADC regional infrastructure platforms and projects to support financial inclusion and SME access to finance and provision of targeted SADC level support to member states towards achievement of the Strategy. The strategy envisaged an inclusive, stable and innovative SADC financial system that empowered individuals and businesses to access and use quality financial services.
- ix. The SADC Secretariat was in the process of developing a model law on competition, aimed at supporting companies in the SADC Region so that they could compete freely without impediments. The Model law also aimed at promoting the harmonization of trade regulations so as to remove unhealthy competition practices in the region. The Model Law

would be used as a blue-print by member states to develop progressive competition laws or revise or reform existing laws.

6.0 SUMMARY OF SUBMISSIONS FROM SADC CITIZENS

The Committee received submissions from individual SADC citizens and organisations operating in the SADC Region. The gist of the submissions is set out hereunder.

- a. The SADC Region had high levels of indebtedness, which had impacted governments' ability to deliver on their development agendas, provision of social services and protection of human rights. The SADC Protocol on Finance and Investment advocated for a public debt to GDP ratio of less than 60 per cent. However, all but Tanzania, Eswatini, Botswana and Lesotho were above the 60 per cent threshold. This was exacerbated by the fact that debt financing remained one of the main avenues for financial resources available to member states. Therefore, SADC countries had little option but to enter into agreements for debt financing, with unfavourable conditions such as high repayment interest rates and inflexible terms and conditions.
- b. The region had a greater diversity of creditors. To this end, the debt service suspension, which came through the G 20, had been replaced with the Common Framework, which dealt with countries on a case-to-case basis. Under the Common Framework, member states' core issues were not being properly addressed and negotiations were taking inordinately long periods to be concluded.
- c. In view of the above, the SADC PF was recognised as being better placed to galvanize parliamentarians in SADC National Parliaments to insist upon transparency and accountability in debt contraction agreements in line with parliaments' oversight role. In this regard, the right to access information was important in facilitating citizens' participation in governance by having information about loans taken on their behalf.
- d. In terms of opportunities, the inclusion of Africa as a permanent member of the G 20 opened the door for SADC member states to lobby for changes to credit rating models, which were used to determine what interest rates countries were required to pay on loans. It also presented an opportunity to advocate for change to debt sustainability analyses. At present, debt sustainability was ironically done by the lenders - IMF and World Bank.
- e. It was recommended that to reduce debt distress, member states should amongst others, insist for stronger coordination between multilateral, bilateral and private creditors to offer debt relief to all countries in or at

risk of debt distress, including; reforming the Common Framework for debt treatment by making the process more efficient, transparent and inclusive. They should also ensure that the terms of bilateral, multilateral and private sovereign lending are transparent and available for and subject to public scrutiny.

- f. The tenets of sound public financial management were comprehensively outlined in the SADC Model Law on Public Financial Management. In this regard, the SADC PF should play the key role in ensuring that parliamentarians championed the domestication of the model law in member states to enhance PFM and forestall debt crises.
- g. SADC member states should subject their past and future Reserve Based Loans negotiation and issuance to transparency and accountability so that citizens were made aware of what the government was doing on their behalf, regarding the status of debt and its implications on present and future generations in relation to debt repayments.
- h. The COVID-19 pandemic and more recently, the Ukraine/Russia War had led to hyperinflation, loss of jobs, food insecurity, supply chain disruptions especially of food and crude oil. Africa, particularly the Southern African Region had not been spared due to its reliance on grain and crude oil supply from Ukraine and Russia.
- i. There was urgent need by the SADC Region to strengthen its internal capacity to withstand economic shocks triggered by events very far from the region. The SADC region was well endowed in diverse natural resources, which it required to showcase and exploit by building ability to anticipate economic disruptions rather than simply be reactive.
- j. The following strategies should be employed to build economic resilience:
 - i. industrialize the manufacturing sector and boost diversification and value addition to raw materials;
 - ii. Maintain peace and stability, which is a prerequisite for foreign direct investment and free movement of people, goods and services;
 - iii. Investment in infrastructure, e-commerce and good road, railway and air transport network;
 - iv. Encourage SADC member states to ratify the African Protocol on Free Movement of people;
 - v. Transform the school curriculum to meet modern day advances in technology and skills training; and
 - vi. Support youth and women led businesses and innovations with technical and financial incentives.

- k. For the African continent to get on a meaningful trajectory to development it should take full responsibility for financing its own development and in order to achieve this goal, it requires to eliminate Illicit Financial Flows (IFFs) and promote the involvement of civil society organizations to track and bring back any illicit capital outflows. According to the United Nations Conference on Trade and Development's (UNCTAD) Report, Africa had been losing nearly \$89 billion a year in illicit financial flows such as tax evasion and theft, amounting to more than it received in development aid. In the SADC Region; Botswana, Zimbabwe and South Africa had suffered some of the highest illicit financial flows between 2013 and 2016.
- l. In order to leverage on its resources as a sub-region on the African continent SADC must push for the enactment of laws and policies which curb IFFs and strengthen parliamentary oversight in sector budget analysis and budget tracking to follow how resources are allocated and utilised.
- m. The SADC Region was rich in natural resources and human capital, but still continued to face economic and social inequalities. In order to attain equitable economic growth the following strategies and principles should be implemented:
 - i. Investment in education and human capital development by making access to primary, secondary and tertiary education affordable or free for the poor, especially rural communities. This required to be accompanied by skills and technical training from the lowest to the highest level of education; and
 - ii. Inclusion of SMEs in the development agenda by supporting them with appropriate policies, access to cheap financing and easy movement of their goods and services in the region. Women and youth run SMEs should be given special incentives to promote growth and job creation;
- n. The poverty situation in the region had some gender dimensions, which required to be addressed, particularly through the intervention of parliamentarians. In order to help address the deepening poverty situation, Members of Parliament were called upon to champion the enforcement of laws and policies to alleviate education poverty by arresting the high rate of school girl drop-outs due to teenage pregnancies or early unintended pregnancies. This could be achieved by introducing school re-entry policies as was the case in Botswana, South Africa, Zambia and Zimbabwe.

- o. countries which had been identified as having high rates of school drop-outs due to high poverty levels should be encouraged to adopt the SADC Protocol on Education and Training, which engendered free primary education and school feeding programmes to keep children in schools. Member states should also criminalise forced and or early marriages, which deprived young girls from attaining education and condemned them to remain in poverty. In this regard, member states were implored to domesticate the SADC Protocol on Ending Child Marriage, which enjoined states to protect young girls from forced or early marriages and promote their right to education.
- p. SADC had recorded some significant economic growth through improved economic and social welfare. However, despite the economic growth, there were concerns on the high levels of youth unemployment. The youth were a repository of hope and change because they were energetic, tech-savvy, entrepreneurial and well placed to drive economic growth. To this end, SADC countries needed to be youth-inclusive.
- q. The challenges that hindered youth participation were; barriers to cross border trade, labour market inequalities and low quality jobs, lack of access to education and training, lack of access to capital and exclusion in the labour market on account of lack of experience.
- r. The youth formed the biggest part of the population of the SADC Region and should therefore, be given the opportunity to lead the economic growth drive of the region. In this regard it was necessary for policy makers and business leader to recognise the potential of youth as an engine for economic growth and to develop programmes that continually equipped young people in trade or business with the necessary skills and knowledge to effectively engage in economic activities.
- s. Member states needed to invest in education and training and create opportunities for entrepreneurship and provide support for young people to enter the workforce and to implement supportive frameworks, policies and investments to ensure youth participation. In addition, member states should enhance access to trade information to promote transparency on the business and financing opportunities available.

7.0 COMMITTEE'S OBSERVATIONS AND RECOMMENDATIONS

In view of the foregoing deliberations, the Standing Committee on Trade, Industry, Finance and Investment:

- i. **Recognised** the significant role of the AfCFTA in enhancing regional commerce and trade and promoting regional economic integration and that the SADC Protocol on Finance and Investment sought to foster

harmonisation of the financial and investment policies of the member states in order to make them consistent with objectives of SADC and ensure that any changes to financial and investment policies in one state party did not necessitate undesirable adjustments in other state parties.

- ii. **Noted** that SADC Secretariat undertook to support member states by carrying out sensitisation workshops on the AfCFTA as well as facilitating the establishment of a regional coordination forum on the AfCFTA and its implementation at member-state level through implementation committees.
- iii. **Appreciated** the overarching vision for SADC of a peaceful, inclusive, middle to high income industrialised region, where all citizens and member states enjoyed sustainable economic wellbeing, justice and freedom.
- iv. **Realised** that the SADC Region was highly indebted with most member states having their public debt to GDP ratio of above 60 per cent contrary to the provisions of the SADC Protocol on Finance and Investment, which advocated for a ratio of less than 60 per cent.
- v. **Further realised** that the high debt situation had resulted in increased poverty levels, unemployment, and failure to meet debt obligations by some member states, deepening inequalities and regression in the provision of social services by governments.
- vi. **Noted** that the SADC was in the process of operationalisation of the Regional Development Fund and had developed the Strategy on Financial Inclusion and SME Access to Finance.

Given the foregoing, the Committee resolved to recommend that the 54th Plenary Assembly should:

- i. **Appeal** to SADC Member States to take advantage of the support from the SADC Secretariat to support SADC member states by carrying out sensitisation workshops for the private sector on the AfCFTA and to facilitate the establishment of a regional coordination forum on the AfCFTA as well as its implementation at member-state through implementation committees;
- ii. **Appeal** to SADC Member States to take on board the processes under the Regional Development Fund that would culminate into a fund which members states would access for their infrastructure development needs;

- iii. **Urge** national parliaments to advocate for the reform of PFM legislation through the domestication of the SADC Model Law on Public Financial Management, which had provisions on enhancement of parliamentary budget oversight and transparency and accountability in resource mobilisation, appropriation and utilisation;
- iv. **Urge** countries without competition laws to leverage on the Competition Model Law making-process by SADC Secretariat to develop progressive competition laws or revise or reform their existing laws so as to promote the harmonization of trade regulations and to remove unhealthy competition practices in the region that hindered free movement of goods and services;
- v. **Call upon** Member States to note that some countries in the region had multiple memberships to other Regional Economic Communities (RECs) which posed a general hindrance to regional integration, especially if some of the RECs involved were at the level of a customs union or common market. In this regard, the regional political leadership was called upon to negotiate and agree on the way forward because at a technical level it was impossible to have a common external tariff in SADC, in view of other member states' membership to other RECs;
- vi. **Urge** National Parliaments to galvanize parliamentarians to insist upon transparency, accountability and parliamentary approval in debt contraction agreements in line with parliaments' oversight and representative roles. Member States should enact access to information legislation, which was key in facilitating citizens' participation in governance by having information about loans taken on their behalf;
- vii. **Appeal** to SADC Member States to take advantage of the inclusion of Africa as a permanent member of the G 20 to lobby for changes to credit rating models, which were used to determine what interest rates countries were required to pay on loans and to advocate for change to debt sustainability analyses, which were at present the preserve of international lenders like the World Bank;
- viii. **Strongly urge** Member States to avert debt distress by:
 - pushing for stronger coordination between multilateral, bilateral and private creditors to offer debt relief to all countries in or at risk of debt distress, including; reforming the Common Framework for debt treatment by making the process more efficient, transparent and inclusive;

- ensure loan agreements provide for the suspension of payments in times of crises like extreme weather, climate events and other disasters; and
 - refrain from agreeing to stipulations in debt agreements that may undermine governments' ability to meet their economic, social and cultural rights obligations;
- ix. In view of the impacts of the COVID-19 pandemic and more recently, the Ukraine/Russia War, which had led to hyperinflation, loss of jobs, food insecurity, supply chain disruptions especially of food and crude oil, **urge** SADC countries to rise above dependence on other countries by developing laws and policies that would promote exploitation of the diverse natural resources within the region through manufacturing and value addition. This should be accompanied reforming the education system through investments in ICTs, skills and entrepreneurship development from primary to tertiary level;
- x. **Urge** Member States to introduce legislation and put in place measures to combat IFFs, which had seen the region lose billions of dollars through tax evasion and other illicit capital outflows;
- xi. **Recommend** to SADC Governments for the inclusion of SMEs in the development agenda by supporting them with appropriate policies, access to cheap financing and easy movement of their goods and services in the region. Women and youth run SMEs should be given special incentives to promote growth and job creation; and
- xii. In order to alleviate poverty and its impact on young women and girls, especially in rural communities, **strongly urge** member countries to strengthen their legal and policy framework to protect young women and girls from early and forced marriages as well early unwanted pregnancies. Member states must introduce school re-entry policies, school feeding programmes and make access to education affordable or progressively free, taking into consideration the minimum available resources at their disposal.

8.0 CONCLUSION

In conclusion, the Committee expressed gratitude to all participants for sparing their time and making submissions on various topical issues affecting the Region. The Committee also expressed its appreciation for the excellent support rendered to it by the Secretary General and staff of the Secretariat during the meeting, noting that without such support, the work of the Committee would not have been successfully executed.

9.0 APPENDICES

LIST OF OFFICIALS

- i. Ms Boemo Sekgoma – mnbbv Secretary General
- ii. Mr. Joseph Manzi – Director of Parliamentary Business & Programmes
- iii. Mr Sheuneni Kurasha – Programme Manager for Democratisation, Governance and Human Rights (DGHR)
- iv. Mr Geoffrey Zulu – Committee Secretary
- v. Ms Paulina Kanguatjivi – Assistant Procedural Officer and Coordinator
- vi. Mr Ronald Windwaai – ICT Officer
- vii. Ms Agnes Lilungwe – Executive Assistant to the Secretary General