

**Southern African Development Community
(SADC)**

**Transactions Cleared on an Immediate
Basis (TCIB) Payment Scheme Project
(P176529)**

Final

**STAKEHOLDER ENGAGEMENT PLAN
(SEP)**

August 2021

Southern African Development Community (SADC) Transactions Cleared on an Immediate Basis (TCIB) Payment Scheme Project (P176529)**Stakeholder Engagement Plan (SEP)**

1. Introduction/Project Description

Regional integration of payment systems is a key enabler for regional economic integration. The Southern African Development Community (SADC) Payment Systems Project (PSP) was established in 1995 by the SADC Committee of Central Bank Governors (CCBG) in recognition of the importance of payment systems in supporting economic activity and development. The South African Reserve Bank (SARB) is the Chair of both the SADC Payment System Subcommittee (SADC PSS) and SADC Payment System Oversight Committee (SADC PSOC) which structures are responsible for the SADC payments integration and oversight.

The SADC PSP is the main channel for establishing a regional coordinated approach to both domestic and cross border payments. The PSP set out four strategic objectives: a) harmonizing the legal and regulatory framework; b) implementing an integrated regional cross border payment system infrastructure-the SADC Real Time Gross Settlement (RTGS) System; c) establishing a regional cooperative oversight arrangement based on the harmonized legal framework; and d) implementing an integrated regional cross border payment and post trade clearing infrastructure, for retail payments and securities. Considerable ground has been covered with the laying of foundational payments infrastructure in each member country. The retail payments component relating to the low value credit payments is being initiated and is set to be supported through this proposed small recipient-executed trust fund (REFT) project. The funding of the project by the World Bank will be facilitated by the South African Reserve Bank (SARB) acting on behalf of the SADC member countries and where it serves as the Chair of the SADC Payment Systems Oversight Committee (SADC PSOC) and the Payment Systems Subcommittee (SADC PSS).

The low value credit transfer payment scheme known as the Transactions Cleared on an Immediate Basis (TCIB) Payment Scheme is being developed as one of the SADC Payment System Subcommittee Integration initiatives. The objective of the TCIB Payment Scheme is to facilitate low-value credit transactions with the SADC region. Both banks and non-banks are eligible to participate in this low-value credit scheme. The implementation of this project may result in the migration of the remittances to the TCIB Payment Scheme. The project includes aspects such as (i) scheme governance, (ii) scheme

operating model, (iii) operating structure and blueprint for the payment system operator, (iv) contracting framework, as well as (iv) risk management and compliance framework. Once implemented, the payment scheme will be managed and operated by BankservAfrica and will be overseen by the SADC Payment System Oversight Committee (SADC PSOC).

It is expected that at least 40 new scheme participants (banks and non-banks) will be on-boarded during the first two years of the project. Furthermore, the development of plans for the scheme's marketing and business development, creation of support roles and stakeholder engagement will be undertaken. In addition, the project requires a one-year subscription for the Watch Banking Analytics Premium license with SWIFT that will give SADC Payment System Subcommittee members access to a tool for analyzing the value and volume of cross-border payments and trade finance flows within SADC. The subscription will include training on usage of the tool and reporting requirements.

The TCIB Payment Scheme project is a small recipient executed trust fund (RETF) project using the IPF lending instrument. The financing vehicle will be the Harnessing Innovation for Financial Inclusion Trust Fund funded by the United Kingdom of Great Britain and Northern Ireland, acting through the Foreign, Commonwealth and Development Office (FCDO), formerly the Department for International Development (DFID).

The proposed project development objective (PDO) is to support a payment system integration effort in SADC countries. The activities that will be funded under the RETF project includes (i) the design, deployment, and mobilization of low value credit scheme to be implemented by SADC member countries, and (ii) financing of a one-year SWIFT data subscription. The project will therefore have no physical footprint as it supports the development and integration of a digital payment system and implementation framework. The project will be implemented across all 15 active SADC Payment System Oversight Committee (PSOC) member countries namely Angola, Botswana, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia, and Zimbabwe.

2. Brief Summary of Previous Stakeholder Engagement Activities

SADC member countries have adopted and incorporated payments modernization into their domestic agenda for reform. These adoptions have been supported by appropriate policy measures and technical assistance obtained from various sources including development partners, and with the goal of extending payment services to unbanked and under-banked populations throughout the region.

Hence, activities under this proposed project will focus on enhancing SADC regional payments modernisation efforts that form an integral part of the envisaged harmonised SADC regional payment system.

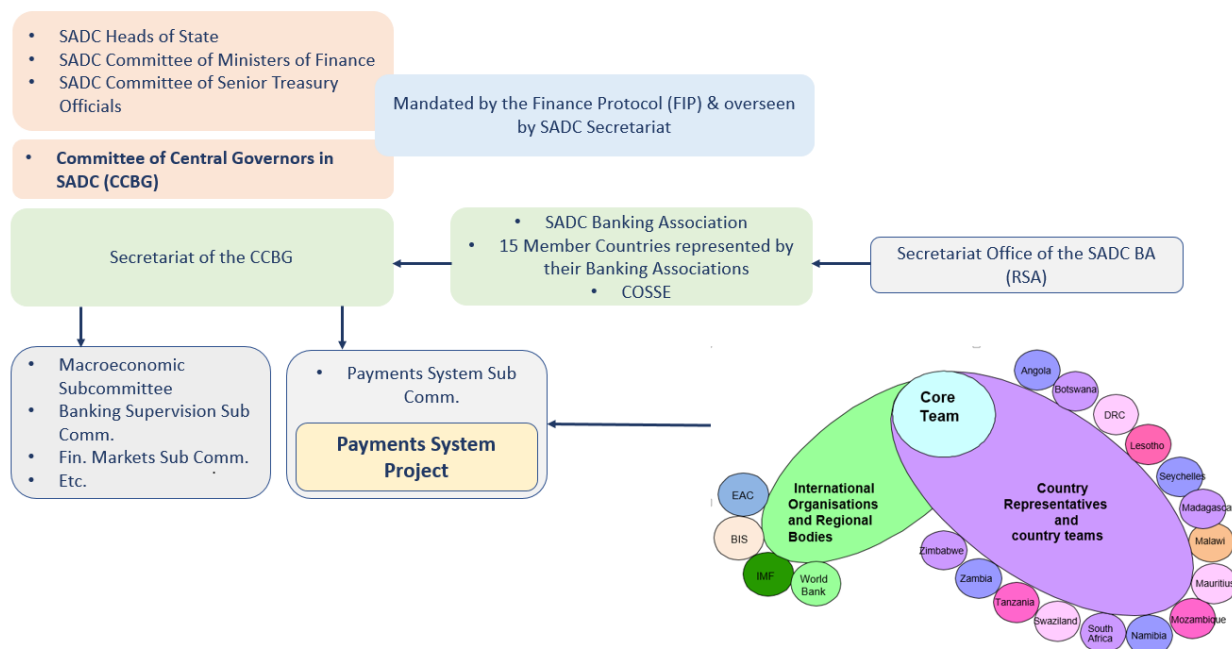
In line with its mandate under the SADC Finance and Investment Protocol, the South African Reserve Bank (SARB) chairs the SADC Payment System Subcommittee (PSS) which comprises of Heads of Payment System Departments from all member central banks. The members of the SADC PSS are responsible for spearheading the payment systems modernisation initiatives at national and regional level. The SADC Payment Systems Oversight Committee (PSOC) was set up to ensure the safety and efficiency of the regional payment system. The SADC PSOC serves as the regulatory body of the SADC-RTGS system and other cross border payment activities. This function is carried out based on the established memorandum of understanding which outlines cooperative oversight arrangement and responsibilities.

In recognition of the importance of the private sector in driving retail payments, the SADC Banking Association (SADC BA) has been charged with the task of coordinating all the essential prerequisites to facilitate regional payment initiatives. In this context, the SADC BA provide the secretariat function to the SADC Payment Scheme Management Body (PSMB). From a governance perspective, the TCIB Payment Scheme will be managed by BankservAfrica and will be accountable to SADC POSC. BankservAfrica shall work closely with the SADC BA to foster collaboration among public and private sector participants. To facilitate regional clearing and settlement through the SADC RTGS, the SADC PSOC appointed BankservAfrica as a SADC Regional Clearing and Settlement Operator (RCSO), a decision which received a no objection from the SADC PSOC members as the overall payments regulatory body.

SARB as chair of the SADC PSS follows a formal engagement process with its stakeholders across the region where at least two meetings are held annually with the stakeholders as indicated in Figure 1 below. The same stakeholders indicated in Figure 1 will be engaged during the proposed new project.

The stakeholder engagements since initiation of the PSP project included scoping sessions, sensitisation, and progress update meetings since 2018.

Figure 1: SADC communication structure



3. Stakeholder identification and analysis

3.1. Affected parties

The program has a SADC-wide regional footprint, but it is designed to contribute to payment systems integration efforts in the region at the national and regional levels. The Project has multiple stakeholders from SADC member countries such as central banks, the private sector and donor organizations involved in the Payment System Project initiative in SADC relevant to the project. The stakeholder risk is moderate and is focused on the need to coordinate with multiple stakeholders throughout the Project period.

The Project affected parties include:

- 1) Committee of Central Bank Governors (CCBG), Secretariat of the CCBG, SADC Payment System Subcommittee (SADC PSS),
- 2) SADC BA and SADC PSMB, 15 member countries represented by their Banking Associations.
- 3) Core team to implement the PSP – including country representatives and country teams.
- 4) SADC-RTGS Operator
- 5) International organisations and regional bodies (Eastern African Community (EAC), Common

Market for Eastern and Southern Africa (COMESA), Association of African Central Banks (AACB), Central Bank of West African States (BCEAO), African Development Bank Group, Bank of International Settlements (BIS), International Monetary Fund (IMF) and World Bank

- 6) Banks and non-banks to be onboarded onto the TCIB payment scheme and in-country Clearing houses
- 7) BankservAfrica acting as the SADC Regional Clearing and Settlement Operator (RCSO), Scheme Manager and Implementation Partner

3.2. Other interested parties

- 1) Bill and Melinda Gates Foundation
- 2) FinMark Trust

3.3. Disadvantaged / vulnerable individuals or groups

The project team is not going to be engaging directly with individuals, the stakeholder groups will be organisations. However, the stakeholder identification and plan for those stakeholders that will participate in the payment scheme will be drafted by BankservAfrica, as the implementation partner on this project. One of the deliverables of the project is a development of a stakeholder engagement plan (communication strategy) which will be prepared by BankservAfrica.

3.4. Summary of project stakeholder needs

| Stakeholder group | | Key characteristics | Language needs (Francophone countries) | Preferred notification means (e-mail, formal letters, annual meetings) | Specific needs |
|-------------------|---|--|--|--|-----------------------------------|
| SADC | SADC Committee of Central Bank Governors (CCBG) | Governors for SADC Central Banks member states (15) – Executive Sponsors of the project | Official language | Bi-annual reports | Communication during office hours |
| | SADC Payment System Oversight Committee (SADC PSOC) | Head of Payment System Departments for SADC Central Bank member states – Oversight function | Official language | Bi-annual reports, e-mail, formal letters, annual meetings | Communication during office hours |
| | SADC Payment System Subcommittee (SADC PSS) | Head of Payment System Departments for SADC Central Bank member states – Project delivery function | Official language | Bi-annual reports, e-mail, formal letters, annual meetings | Communication during office hours |

| | | | | | |
|---|---|---|---|--|-----------------------------------|
| | SADC Banking Association (SADC BA) and SADC Payment System Management Body (SADC PSMB) | 15 member countries represented by their Banking Associations | Official language | e-mail, formal letters, annual meetings | Communication during office hours |
| South African Reserve Bank | Core team to implement the PSP – SARB Staff | REFT recipient - Project delivery, Procurement, Legal, Finance, Quality Assurance (SMEs) | Official language | e-mail | Communication during office hours |
| SADC Payment System Infrastructure | SADC-RTGS Operator | Regional automated interbank settlement system between SADC countries that are participating on the | Official language | e-mail, formal letters, annual meetings, project meeting | Communication during office hours |
| | BankservAfrica | BankservAfrica acting as SADC Regional Clearing and Settlement Operator (RCSO) and Scheme Manager | Official language | Quarterly meetings, e-mail, formal letters | Communication during office hours |
| International organizations and regional bodies | COMESA, EAC, AACB, BIS, IMF, World Bank | Interested international organisations and regional bodies | Official language | By invitation or at request | By invitation or at request |
| Participants | <ul style="list-style-type: none"> Banks and non-banks In country Clearing houses | Banks and non-banks to be on boarded to the TCIB payment scheme. In country Clearing houses | Official language (accommodate Francophone countries) | Stakeholder Framework to be developed by implementation partner (BankservAfrica) | Communication during office hours |

4. Stakeholder Engagement Program

4.1. Purpose and timing of stakeholder engagement program

Please note that direct communication with Scheme participants will be done by the Scheme Manager (BankservAfrica). The below table outlines communication by the SADC Payment System Subcommittee as per delivery stage undertaken by SADC PSOC’s implementation partner (BankservAfrica).

| Phase | Deliverable by BankservAfrica | Timing | Stakeholder Group | Engagement by SADC Payment System Subcommittee |
|---|---|---|--|---|
| Scheme /Product Management | Define and manage the Programme Scope of Work within PMO Principles | <ul style="list-style-type: none"> December 2021 | <ul style="list-style-type: none"> South African Reserve Bank (as SADC PSS Chair) | Quarterly formal communication on progress submitted to SARB (as REFT recipient and fund administrator) |
| Phase 1 and Phase 2 - Please note that these phases have been completed and therefore out of scope for communication purposes | | | | |
| Phase 3: Scheme Design | Define and publish the Governance, Operating and Solution Models for the Scheme | <ul style="list-style-type: none"> May 2021 | <ul style="list-style-type: none"> SADC BA SADC PSS SADC-RTGS Operator SADC PSMB | Request for input on proposed frameworks |
| | Define and publish the Scheme Operating Structure and Blueprint | | | |
| | Define and publish the Operator Operating Structure and Blueprint | | <ul style="list-style-type: none"> SADC CCBG | Formal communication on progress |
| | Define and publish the Stakeholder Engagement | | | |

| | | | | |
|---|---|------------------|--|---|
| | Plan including a Grievance Mechanism | | | |
| | Define and publish the relevant Scheme Contracting Elements | | • SADC PSOC | Sign-off |
| | Define and publish the Scheme Governance Considerations | | | |
| | Define and publish the Scheme Compliance Considerations | | • International organisations and regional bodies | Feedback as requested |
| | Define and publish the Scheme Risk Considerations | | | |
| Phase 4: Scheme Build and Mobilisation | Facilitate the transitioning of new Scheme roles according to agreements and design. | • September 2022 | • South African Reserve Bank (as SADC PSS Chair) | Quarterly formal communication on progress submitted to SARB (as REFT recipient and fund administrator) |
| | Facilitate the Onboarding of new Scheme Participants and conclude all Scheme contracts. | | • SADC BA • SADC PSS • SADC-RTGS Operator • SADC PSMB | Request for input on proposed frameworks |
| | Provide Contractual Elements for Scheme Implementation and Operationalisation | | • SADC CCBG | Formal communication on progress |
| | Create and publish Scheme Marketing Plan | | • SADC PSOC | Sign-off |
| | Define and implement function specific processes in support of the Scheme. | | • International organisations and regional bodies | Feedback as requested |
| | | | | |
| Phase 5: Business Management and Operationalisation | Execute the Scheme Marketing Plan | December 2022 | • South African Reserve Bank (as SADC PSS Chair) | Quarterly formal communication on progress submitted to SARB (as REFT recipient and fund administrator) |
| | Execute the Scheme Business Development Plan | | • SADC BA • SADC PSS • SADC-RTGS Operator • SADC PSMB | Request for input on proposed frameworks |
| | Execute the Scheme Training | | • SADC CCBG | Formal communication on progress |
| | Execute the Education Programme | | • SADC PSOC | Sign-off |
| | Continuous execution of risk management | | • International organisations and regional bodies | Feedback as requested |
| | Continuous stakeholder engagement | | | |
| | | | | |

4.2. Proposed strategy for information disclosure

- 1) Information will be provided as per deliverables in section 3.4 and 4.1.
- 2) Please note that communication with participants will be done by the Scheme Manager (BankservAfrica) through a detailed communication plan.
- 3) The SADC Payment System Subcommittee Project Manager will support the SADC Payment System Subcommittee Chairperson with communication to stakeholders as required.

4.3. Proposed strategy for consultation

- 1) Information will be provided as per deliverables in section 3.4 and 4.1.
- 2) Please note that communication with participants will be done by the Scheme Manager (BankservAfrica) through a detailed communication plan.
- 3) The SADC Payment System Subcommittee Project Manager will support the SADC Payment

System Subcommittee Chairperson with communication to stakeholders as required.

4.4. Proposed strategy to incorporate the view of vulnerable groups

- 1) Information will be provided as per deliverables in section 3.4 and 4.1.
- 2) Please note that communication with participants will be done by the Scheme Manager (BankservAfrica) through a detailed communication plan.
- 3) The SADC Payment System Subcommittee Project Manager will support the SADC Payment System Subcommittee Chairperson with communication to stakeholders as required.

4.5. Timelines

- 1) Information will be provided as per deliverables in section 3.4 and 4.1.
- 2) Please note that communication with participants will be done by the Scheme Manager (BankservAfrica) through a detailed communication plan.
- 3) The SADC Payment System Subcommittee Project Manager will support the SADC Payment System Subcommittee Chairperson with communication to stakeholders as required.

4.6. Review of Comments

- 1) The SADC Payment System Subcommittee Project Manager will support the SADC Payment System Subcommittee Chairperson with communication to stakeholders as required.

4.7. Future Phases of Project

- 1) Information will be provided as per deliverables in section 3.4 and 4.1.
- 2) Please note that communication with participants will be done by the Scheme Manager (BankservAfrica) through a detailed communication plan.
- 3) The SADC Payment System Subcommittee Project Manager will support the SADC Payment System Subcommittee Chairperson with communication to stakeholders as required.

5. Resources and Responsibilities for implementing stakeholder engagement activities

5.1. Resources

| Stakeholder group | | Name | Title | e-mail address |
|------------------------------------|---|-----------------------|-------------------------------------|-------------------------------------|
| SADC | SADC Payment System Oversight Committee (SADC PSOC) | Tina Matlabegoane | SADC PSOC Lead Overseer | NPS-SUPPORT@resbank.co.za |
| | SADC Payment System Subcommittee (SADC PSS) | Precious Tau | SADC PSS Project Manager | NPS-SUPPORT@resbank.co.za |
| | SADC Banking Association (SADC BA) and SADC Payment System Management Body, (SADC PSMB) | Maxine Hlaba | SADC BA – Executive Secretariat | secretariat@sadcbanking.org |
| | South African Reserve Bank Core team to implement the PSP – SARB Staff | Precious Tau | SADC PSS Project Manager | NPS-SUPPORT@resbank.co.za |
| SADC Payment System Infrastructure | SADC-RTGS Operator | Magedi-Titus Thokwane | Senior Manager - SADC-RTGS Operator | SADC-RTGS-ProjectTeam@resbank.co.za |
| | BankservAfrica | Tshepo Rakhibane | Head: Stakeholder Engagement Africa | info@bankservafrika.com |

5.2. Management functions and responsibilities

| Stakeholder group | | Name | Title | Responsibilities |
|-------------------------------------|---|-----------------------|-------------------------------------|--|
| SADC | SADC Payment System Oversight Committee (SADC PSOC) | Tina Mathabegoane | SADC PSOC Lead Overseer | Coordination of SADC PSOC activities |
| | SADC Payment System Subcommittee (SADC PSS) | Precious Tau | SADC PSS Project Manager | Coordination of SADC PSS activities |
| | SADC Banking Association (SADC BA) and SADC Payment System Management Body, (SADC PSMB) | Maxine Hlaba | SADC BA – Executive Secretariat | Coordination and engagement on behalf of Banks of SADC member states |
| | South African Reserve Bank Core team to implement the PSP – SARB Staff | Precious Tau | SADC PSS Project Manager | Coordination of the project core team internal to the SARB |
| SADC Payment System Infrastructures | SADC-RTGS Operator | Magedi-Titus Thokwane | Senior Manager - SADC-RTGS Operator | Responsible for the management and operations of the SADC RTGS system. |
| | BankservAfrica | Tshepo Rakhibane | Head: Stakeholder Engagement Africa | Stakeholder engagements on behalf of BankservAfrica |

6. Grievance Mechanism

The project resources as depicted in table 5.1 and 5.2 may be engaged as per specialist area to log a grievance. The resources will escalate as per structures they are responsible for. Any formal grievance should be logged and addressed to the SADC Payment System Oversight Committee (PSOC) Chairperson (sent via the SADC Payment System Subcommittee Project Manager on NPS-SUPPORT@resbank.co.za). Any issues and differences that cannot be resolved by the SADC PSOC can be referred by the Country Leaders to their respective Governors for further guidance, including potential action under their respective authorities.

BankservAfrica has been requested to define and publish a grievance process for participants as part of the Regional Engagement Plan (deliverable under the Design phase – section 4.1)

7. Monitoring and Reporting

The SADC Payment System Subcommittee Project Manager has been requested to setup quality assurance platforms as follows:

- Setup quarterly meetings with BankservAfrica and SARB core team to monitor progress on deliverables
- Setup quarterly internal meetings to monitor disbursement of funds. (SARB Finance, CCBG Secretariat, SADC Payment System Chairperson, SADC Payment System Subcommittee Project Manager)

- Bi-annual progress updates to SADC Payment Systems Subcommittee and submit bi-annual reporting to the CCBG Secretariat.

7.1. Involvement of stakeholders in monitoring activities

Please see section 4.1

7.2. Reporting back to stakeholder groups

Please see section 4.1