

**Strategy Implementation Challenges facing the Southern
African Development Community (SADC) Payment
System Project: case study**

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ABSTRACT

This study discusses the case of modernising the Southern African Development Community (SADC) regional payments system facilitated by the SADC Payment System Project. The long-term objective is to have harmonised cross-border and inter-bank settlement systems to facilitate the economic activity such as supporting the flow of trade within the SADC region.

The SADC Payment System Project purports to have adopted a strategic management process to achieve its mandate. The modernisation process is in line with the Regional Indicative Strategic Development Plan (RISDP). The aim of the RISDP is to provide strategic direction with respect to various SADC programmes and activities and to align the strategic objectives and priorities of SADC with the policies and strategies for achieving its long-term goals.

The concept of payment, clearing and settlement system is explained to provide the context within which the national payment system fits in the economic system and its role towards economic development.

The first objective of the study is to discuss the strategic management process. The objective of the discussion is to reflect how the strategic management theoretical constructs were translated into practice.

The second objective of the study is to explore the environmental and country internal factors that are likely to impact on and delay the fully harmonised regional cross-border and inter-bank settlement systems.

Although not exhaustive, the identified factors include;

- The structural arrangements of country- specific teams that support the modernisation initiatives,
- The availability of skills and capacity to harness the implemented systems within each member country in the SADC region.

- The influence of foreign fund donors, as a result of a possible duplication of efforts,
- The repair state of power supply and communication networks,
- The supporting legal and regulatory regimes,
- The forms of economic systems,
- The influence and the extent of trade flows with the SADC region, and
- The resilience banking networks in the facilitation of financial information flows within each member country and externally (internationally).

The target population of central bank officials who also take an active role in the modernisation of SADC regional payments systems were requested to provide feedback on the prepared questionnaire to address the above factors.

The responses provided are summarised in Chapter 5. It was clear from the responses that the identified factors appeared to pose little challenge for respective member countries. However, additional comments by respondents indicated that there is still a lot of groundwork to be covered. There was an evidence of the need for on-going training in payment systems and to improve communication networks and power supply within each member country, especially on the remote country areas/rural areas. Some members also hinted a warning on developing systems, which would have a potential to become white elephants if other sectors are not developed in parallel to the regional payment systems.

Keywords

National payment system, SADC region, macroeconomic convergence, modernisation process, strategy implementation process.

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LIST OF ANNEXURES

1. **Annexure 1:** Questionnaire
2. **Annexure 2:** Extracts from the document styled as “SADC Regional Indicative Strategic Development Plan (RISDP)
3. **Annexure 3:** Trade, Industry, Finance and Investment (TIFI); extract from Annual Operational Plan 2005/2006