

10 REASONS WHY YOU SHOULD INVEST IN SADC

[Incentives]

- An African regional block composed of 16 countries working together towards a common future
- One of the most peaceful regions in Africa
- Trade and cooperation agreements with major global economic blocks
- A region committed to invest in regional infrastructure and facilitate trade
- Ports on the major global maritime routes
- A regional GDP representing nearly 30% of the continent
- A growing market with a population representing 27% of Africa and a growing middle class
- Abundant natural resources sustaining agriculture, tourism and the industrialisation of the region
- Skilled workers sustaining the rapid development of specific sectors such as financial services, renewable energy, and ICT
- One of the most conducive business environment in Africa: a region strongly committed to partner with the private sector to realize SADC Vision 2050



2.1 SADC: one of the richest and most peaceful regions in Africa

[Who we Are]

As a regional economic community, the SADC region is progressively growing in number and size. Initially composed of 10 Member States at its creation, the region was progressively joined by 6 additional States, to reach 16 Member States to date.

Geographically, the region covers the Southern part of Africa and extends to Central and Eastern Africa as well as to the Indian Ocean.

These 16 countries represented 27.78% of Africa's GDP (USD current) and jointly attracted 55.10% of total FDI inflows towards the African continent in 2021.

SADC Vision 2050 defines a common understanding of the objectives to be achieved by the 16 individual Member States composing SADC, and provides a framework to deploy joint efforts towards a common future.

2.2 The development of the region based on a firm foundation of peace, security and good governance.

[Who We Are]

Cognisant of the impact of political stability on socio-economic development, SADC Member States are committed to maintaining and improving good political, economic and corporate governance entrenched in a culture of democracy, full participation by civil society, transparency and respect for the rule of law. Botswana, Mauritius, Seychelles and Namibia rank among the top 5 African countries in terms of political stability and of the rule of law (World Bank indicators).

SADC Member States are fully aware of the impact of political stability on socio-economic development and therefore are cooperating, through the Organ on Politics, Defence, and Security Cooperation, to ensure the regional peace and security agenda. The adoption in 2004 and consistent implementation of the SADC Principles and Guidelines Governing Democratic Elections has enabled the region to strengthen and sustain democracy and good governance through harmonised electoral normative frameworks.

2.3 Trade liberalisation, market integration and cooperation agreements with major global economic blocks

[Access to Markets]

The regional integration process within SADC is also geared towards trade liberalisation and market integration. SADC Free Trade Area (FTA) was launched in August 2008. The implementation of SADC Trade Protocol started in 2000 with the gradual elimination of customs duties on 85% of tariff lines and with tariffs on the remaining sensitive products to be eliminated in a longer period of time. To date, 13 Member States are implementing the FTA. D.R. Congo and Comoros are yet to join SADC FTA while Angola has recently submitted an offer to accede. Within SADC, the Southern African Custom Union (SACU), the oldest customs union in the world, groups 5 Member States, namely Botswana, Eswatini, Lesotho, Namibia and South Africa.

SADC Protocol on Trade in Services, ratified by 11 Member States, went into force in January 2022. Aiming at encouraging increased intra-regional trade in services through the gradual removal of unnecessary or over burdensome regulations affecting the cross-border supply of services within the SADC Region, it provides preferences for services in the sectors of communication, construction, energy-related, finance, tourism, and transport.

As a region and through bilateral agreements of its Member States, SADC has also developed trade, economic and cooperation agreements with major global economic blocks and countries. In particular, the Tripartite Free Trade Area (TFTA) comprises members of three Regional Economic Communities in Africa: SADC, the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA). To date, six SADC Member States have ratified the TFTA: Botswana, Eswatini, Namibia, South Africa, Zambia, and Zimbabwe.

Most of SADC Member States are also part of the African Continental Free Trade Area (AfCFTA), an ambitious trade pact that aims at forming the world's largest free trade area by creating a single market for goods and services of almost 1.3 billion people across Africa, and by deepening the economic integration of the continent. The Agreement entered into force in May 2019 while trade was initiated in January 2021. All SADC Member States have signed the AfCFTA Agreement; Botswana, Comoros, Madagascar and Mozambique need to ratify it.

Beyond the African continent, SADC has also developed relations with key partners. SADC and the European Union have long standing cooperation agreements, with the EU supporting the regional integration process of the SADC region on a consistent basis. Economic Partnership Agreement (EPA) or interim EPA were signed with 11 of the 16 Member States¹ while Angola and the EU are engaged since 2021 in negotiations on a Sustainable Investment Facilitation Agreement. Malawi, Tanzania, Zambia, and the DR Congo benefit from duty-free, quota-free EU access under the EU Everything but Arms scheme. Further, all SADC Member States except Zimbabwe and Seychelles, benefit from the US African Growth and Opportunity Act (AGOA) that facilitates market access to the US for qualifying Sub-Saharan African countries. SADC also agreed on a SADC- China

framework of cooperation as part of China's cooperation with the African continent. Finally, in 2018, SADC and the Russian Federation signed a Memorandum of Understanding on the Basic Principles of Relations and Cooperation.

2.4 A region committed to invest in regional infrastructure and facilitate trade

[Infrastructure]

Constant efforts are undertaken to improve the free movement of goods, services, and skills. In particular, SADC Simplified Trade Regime Framework and SADC Regional Customs Transit Guarantee Regulations aim at facilitating intra and extra SADC trade, while SADC E-Certificate of Origin (eCoO) Framework, implemented as a pilot phase in 6 Member States, aims at facilitating the application of the Certificate of Origin electronically. In terms of Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary (SPS) Measures, SADC works to enhance the quality and competitiveness of goods and services produced by the region while ensuring that the goods and services imported meet the international standards.

Cooperation between Member States also aims at ensuring macroeconomic convergence, increased financial integration, monetary cooperation, and investment, with a view to support increased domestic, intra-regional and foreign direct investment. Initiatives such as SADC Real Time Gross Settlement System (RTGS) has lowered transaction costs by removing the need for corresponding banks. As an electronic cross-border funds transfer system, SADC-RTGS facilitates settlement of funds within the SADC region, in real time.

To develop intra and extra-SADC exchanges, infrastructure in support of regional integration is a key aspect and forms the second pillar of Vision 2050. The Infrastructure Development Master plan (RIDMP) provides the framework for cooperation and covers regional transport, energy production and distribution, water and sanitation, meteorology and communication systems. As SADC RIDMP is in line with the African Union's Programme for Infrastructure Development in Africa (PIDA) that aims at connecting the whole continent, it paves the way for developing exchanges within the Tripartite SADC-EAC-COMESA Free Trade Area and the African Continental Free Trade Area (AfCFTA).

In particular, RIDMP plans the development of transport corridors connecting inland States and the productive areas within the Member States, to the 8 regional ports located in international trade routes, while Port Louis in Mauritius and Toamasina in Madagascar position as hubs in the Indian Ocean. The transport corridors aim at developing inter-connected transport modalities (road, rail, air, sea and inland waterways) throughout the region for efficient and sustainable transit of goods and people. One stop border posts are already implemented in a number of countries.

A regional approach is also applied to the production and distribution of energy. The RIDMP foresees and plans increased energy production, notably through the construction of hydroelectric power plants, and the interconnection of energy grids across the countries. The Southern African Power Pool (SAPP) groups the electric power utilities of 12 SADC Member States with a view to propose a fully integrated and competitive energy market and ensure the provision of sustainable energy solutions for the SADC region and beyond.

Regional cooperation also focuses on the development of quality, integrated and interconnected ICT infrastructure to enable seamless high speed internet connection throughout the region.

2.5 A growing market with a population representing 26% of Africa and a growing middle class

[Facts and Figure]]

SADC region comprises 380 million inhabitants that is 26% of Africa total population. Almost half of the population (46%) is being located in urban areas. The regional GDP per capita almost

doubled in 20 years (period 2000-2021, USD current), and increased at an average rate of 4.35% per annum. To date, one SADC Member State (Seychelles) is ranked by the World Bank Group as a High income country, 4 as upper Middle income countries and 7 as Lower middle income countries².

2.6 Abundant natural resources sustaining agriculture, tourism and the industrialisation of the region

[Value Chains]

The region is endowed with important natural resources, from oil, gas, and a variety of minerals (gold, diamond, copper, etc.) to fertile arable lands sustaining the agricultural production. Important inland waterways enable hydropower capacity while the variety of the landscape, unique flora and fauna and astonishing marine resources sustain the development of the tourism industry.

Vision 2050 envisages the economic development of the region through the sustainable use of natural resources and progressive industrialisation of the region anchored in the development of regional value chains identified in key sectors: Agro-processing cluster, Minerals and Beneficiation Cluster, Pharmaceutical products and preparations cluster, Manufacturing: Consumer Goods cluster, Capital Goods: Machinery and Equipment, Services Cluster i.e. Tourism, ICT and Financial services. SADC Industrialization Strategy and Roadmap (2016-2063) provides a framework for the region's interventions to accelerate the momentum and strengthen the comparative and competitive advantages of the economies of the region. It is anchored on three pillars: Industrialisation, Competitiveness, and Regional integration, and therefore defines practical measures to improve policy environment for industrial development, increase volume and efficiency of public and private sector investments in the SADC economy, create regional value chains and participation in related global processes, as well as increase value addition for agricultural and non-agricultural products and services.

2.7 Skilled workers sustaining the rapid development of specific sectors such as financial services, renewable energy, and ICT

[Facts and Figures]

51% of the population is below 20 years old while the bulk of the workforce (20-49 years old) represents 40% of the total population. Governments spending on education was estimated at around 5% of GDP in 2020 (14 Member States) as opposed to 3.44% on average in Sub-Saharan Africa. The median literacy among the 15-24 year age group is 86% (15 reporting countries). Half of the top 10 universities in Africa are based in SADC according to the Times Higher Education's World University Ranking 2023.

SADC Industrialisation Strategy and Roadmap identifies human capital development and in particular, skills development, as an important enabling factor for industrialisation and competitiveness. Investment in education and skills development as well as in science, technology and innovation is one of the core strategic objectives of the SADC regional integration and cooperation agenda. The SADC Secretariat has embarked in the process of identifying regional industrial Centres of Excellence and Centres of Specialisation that will be tasked with spearheading the development of skills and capacity to implement the SADC Industrialization Strategy and Roadmap.

2.8 One of the most conducive business environment in Africa: a region strongly committed to partner with the private sector to realise SADC Vision 2050

[Investment Climate]

SADC Vision 2050 sets a comprehensive agenda where all stakeholders have a role to play. In particular, the private sector is instrumental in both the development of infrastructure and the industrialisation process. Therefore, SADC Member States are firmly committed to improve the business environment and investment climate. The SADC Protocol on Finance and Investment provides a regional framework for regional cooperation in terms of macroeconomic convergence, taxation, finance and investment while the SADC Regional Investment Policy Framework, developed with the support of the OECD, provides a framework to improve the national investment policies and climate, in particular through improved coherence and transparency of the investment environment, better market access and competition, and reinforcement of the security and protection of investor's rights. They are complemented by the Regional Action Programme on Investment (RAPI) to develop and harmonise the policies and frameworks for attracting and promoting both domestic investment and FDI, and developing platforms for sharing information relevant to investors.