



**REPORT OF THE SADC TRADE INDUSTRY FINANCE AND INVESTMENT TO
THE 56TH PLENARY ASSEMBLY
THEME: *“LEVERAGING THE ROLE OF THE SADC PARLIAMENTARY FORUM
IN FACILITATING CITIZEN PARTICIPATION IN SADC REGIONAL
INTEGRATION FOR ENHANCED ACCOUNTABILITY AND INCLUSIVE SOCIO-
ECONOMIC DEVELOPMENT AND COHESION”***

Mr. President, I beg to move that this Plenary Assembly do adopt the Report of the Trade Industry Finance and Investment Committee to the 56th Plenary Assembly of the SADC Parliamentary Forum, laid on the Table on 11th December 2024.

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1.0 COMPOSITION OF THE COMMITTEE

As at the date of the meeting, on 24th October 2024, the membership of the Trade, Industry, Finance and Investment (TIFI) Committee was as follows:

1. Hon. Ruth Mendes (Angola) (**Chairperson**)
2. Hon. Dr. Afred James Kimea (Tanzania) (**Vice Chairperson**)
3. Hon. Celestin Loleke Ekoto (DRC)
4. Hon. Michael Masilela (Eswatini)
5. Hon. Dr. Pinkie Manamolela (Lesotho)
6. Hon. Francis Lucky Phisso (Malawi)
7. Hon. Longinus N. Iipumbu (Namibia)
8. Hon. Egbert Aglae (Seychelles)
9. Hon. Kalalwe Mukosa (Zambia)
10. Hon. Mercy Mugomo (Zimbabwe)
11. Botswana (Parliament dissolved pending elections)
1. Madagascar (Not yet assigned members to Standing Committees)
2. Mauritius (Parliament dissolved pending elections)
3. Mozambique (Parliament dissolved for elections)
4. South Africa (Not yet assigned members to Standing Committees)

2.0 TERMS OF REFERENCE

The Terms of Reference of the TIFI are articulated in Rule 42 (b) of the SADC PF Rules of Procedure broadly “To deal with all matters related to economic cooperation, industry and trade, mining, finance and investment and regional integration”.

3.0 NUMBER OF MEETINGS HELD AND MEETING DATES

The TIFI convened virtually on 24th October 2024 for the Public Hearings which were conducted under the theme: “*Leveraging the Role of the SADC Parliamentary Forum in Facilitating Citizen Participation in SADC Regional Integration for Enhanced Accountability and Inclusive Socio-economic Development and Cohesion.*”

4.0 BACKGROUND

The public hearings have been instrumental to the SADC Parliamentary Forum to solicit the views of Citizens to enhance the role of Honorable Members in the execution of the Parliamentary roles. The inaugural public hearing session was held in November 2022 and a follow-up in October 2023, these demonstrated the pivotal role of citizen’s voices in regional matters. The TIFI Committee held the public hearing under the theme “*Leveraging the Role of the SADC Parliamentary Forum in Facilitating Citizen Participation in SADC Regional*

Integration for Enhanced Accountability and Inclusive Socio-economic Development and Cohesion.”

The TIFI Committee’s Public Hearing mainly focused on the following thematic areas:

- Intra-regional trade and the reduction of trade barriers;
- Industrialization and the development of regional value chains;
- Financial inclusion and access to capital for SMEs, particularly those owned by youths and women entrepreneurs;
- Digital transformation in the trade and finance sectors; and
- Sustainable investment and green finance initiatives.

5.0 SUMMARY OF SUBMISSIONS FROM CITIZEN REPRESENTATIVES AND PARTNERS

The TIFI Committee received submissions from citizen, representatives and partners whose list is at Appendix II of this Report. The presentations extrapolated on the five key thematic areas under the overarching theme of the Committee Session, *“Leveraging the Role of the SADC Parliamentary Forum for Enhanced Accountability and Inclusive Socio-economic Development and Cohesion”*.

The key issues raised under the thematic areas and ensuing deliberations are summarized below.

5.1 Intra-regional Trade and the Reduction of Trade Barriers

5.1.1 Introduction to AfCFTA

The African Continental Free Trade Area (AfCFTA) is a trade agreement between African Union member states to create a single market for goods and services, with free movement of people and investments. The key objectives of AfCFTA include reducing tariffs, removing non-tariff barriers, enhancing competitiveness, and promoting industrial development and economic diversification across Africa.

5.1.2 Benefits AFCTA

The implementation of AfCFTA is expected to boost intra-African trade, create job opportunities, and strengthen Africa's economic integration and collective bargaining power in the global economy.

5.1.3 Implemented in Phases

The AfCFTA is being implemented in phases, with the first phase focusing on trade in goods and services, and the second phase addressing investment, competition policy, and intellectual property rights

5.1.4 Challenges for Southern African Entrepreneurs

Entrepreneurs face challenges such as access to finance, hostile regulatory environments, infrastructure limitations, skill gaps, market challenges, cultural and Social Norms

5.1.5 Trade facilitation: Infrastructure Development Experience

Ports and Harbors are being developed to facilitate exports: Key ports such as Dar es Salaam in Tanzania, Durban in South Africa, and the newly enhanced port of Lobito in Angola are vital for exports.

Railway and Road Networks: Extensive railway networks connect landlocked countries like Zambia and the DRC to coastal ports. Projects such as the North-South Corridor and the Lobito Corridor are critical in facilitating regional trade. Ports like Nacala and Maputo are essential for exporting minerals. The Nacala Corridor, including the rail link to Malawi, is crucial for enhancing export efficiency.

Logistics Hubs: Airport modernization and the development of logistics hubs improve cargo handling and streamline supply chains for high-value and time-sensitive goods.

5.2 Industrialization and the Development of Regional Value Chains

5.2.1 The Public Private Partnerships

“A long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance.” *World Bank, 2024*

5.2.2 Types of Public Private Partnership

- **Service Service PPPs:** delivery of a public service by a private party
- **Asset PPPs:** construction and operation of a public asset by a private party

5.2.3 What are some of the examples of PPPs?

The transport sector expansion is a road to industrialization while road, railway, ports, and airports create are envoys to the development of value chains. Investing in energy such as solar plants, transmissions and in ICT such as broadband networks guarantee creation of value chains as these facilitate trade especially digital trade. Water and Sanitation through building of dams catapults industrialization while creating lasting value chains.

5.2.4 What are the benefits of PPPs to the SADC Region?

Benefits include regional integration, regional trade, infrastructure development, job creation, boosting investment, energy transition and digital transformation.

5.2.5 What are some of the gaps in the current legal framework?

There is an absence of comprehensive PPP-Specific legislation. There is also fragmented and inconsistent regulatory frameworks across Member States. There is limited institutional capacity for managing complex PPP Projects with unclear risk allocation. Gaps in legal provisions for Long-Term PPP Contracts hinder industrialization while improper public procurement and transparency deficiencies coupled with weak legislative oversight and accountability result in inadequate legal protections for Private Investors to expand industrialization in the SADC region.

5.2.6 Why the model law on Public Private Partnerships?

The model law will provide legal harmonization, address risk allocation while improving investor-friendly legal environments. The model law will also improve institutional capacities across the region to foster industrialization and regional integration through enhanced legal oversight and accountability.

5.2.7 Value Addition: The Case of Zambia; Zambia Critical Minerals Strategy

On 29 August 2024, Zambia launched the National Critical Mining Strategy. Strategy to benefit from critical minerals. Makes it the first country to launch such a policy in Africa. the strategy will facilitate the installation of battery manufacturing plants for electric vehicles (EVVs) in both DRC and Zambia.

5.2.8 Renewable Energy Value Chains Obstacles in SADC

- Financial constraints: The financial support required to get the value chain off the ground is probably not available.

- **Inadequate Regulatory Frameworks:** An appropriate legal framework needs to be put, support by SADC level protocols to promote regional value chains.
- **Regional Cooperation a bit slow than the transition needs:** But the collaborating between the DRC and Zambia seems to be a shining example, so far.
- **Underdeveloped Value Chains and lack of industrial capacity.**

5.3 Financial Inclusion and Access to Capital for SMEs, Particularly those owned by Youths and Women Entrepreneurs

5.3.1 Role of Legislators in Strategies for Youth Entrepreneurship

Leveraging AfCFTA's Opportunities; Advocate for training for youth entrepreneurs on the benefits and mechanisms of the African Continental Free Trade Area (AfCFTA) to help them access new markets and expand their customer base.

Capacity Building Programs and comprehensive training programs that equip young entrepreneurs with the necessary skills in areas such as business planning, financial management, digital marketing, and export procedures are a necessity in harnessing digital transformations.

Easy and regulated access to finance facilitate youth-led enterprises' access to funding through targeted loan schemes, venture capital, and crowdfunding platforms tailored to their specific needs.

Streamlining Regulatory Environment such as simplified business registration processes and reduced bureaucratic barriers encourage more young people to start and grow their businesses. Mentorship and Incubation assist to establish mentorship programs and business incubators that provide young entrepreneurs with access to experienced industry leaders, as well as practical guidance and resources.

5.4 Digital Transformation in the Trade and Finance Sectors

5.4.1 The role of digital trade finance

Digital trade finance holds immense potential to address the challenges faced in traditional trade. By leveraging innovative technologies such as blockchain, artificial intelligence, and cloud computing, digital trade finance solutions can streamline processes, enhance transparency, and improve access to financing for businesses of all sizes. These advancements can help bridge the trade finance gap, facilitate cross-border transactions, and drive greater efficiency and inclusivity in the global trade ecosystem

5.4.2 The path forward for Member States

It is imperative to understand the digital trade finance landscape and foster a supportive regulatory environment. Identifying key stakeholders and developing tailored digital trade finance solutions enhances digital literacy and capacity building. Member states should leverage emerging technologies in the digital space to facilitate cross-border collaboration and surge the finance sector. Access to finance is important to facilitate women and youth-led enterprises. Access to funding through targeted loan schemes, venture capital, and crowdfunding platforms tailored to their specific needs will enhance trade. Advocacy for simplified business registration processes and reduced bureaucratic barriers to encourage more young people to start and grow their businesses.

5.4.3 Bridging the Digital Divide for Women and Youth in Rural Areas and Its Impact on Trade in SADC”

TIFI learned of the definition of Digital Divide in SADC; The gap between those who have access to modern information and communication technology (ICT) and those who do not.

Rural Focus: Women and youth in rural areas remain most affected due to lack of infrastructure, affordability, and digital literacy. Around 90-94% of rural population does not have internet access in SADC. + or - 87% of women and youth lacking basic digital skills in the region

5.4.5 What is the importance of digital inclusion for trade

The importance of digital trade cannot be denied, it creates economic empowerment, access to digital platforms enables women and youth to participate in e-commerce and regional trade. Digital trade creates growth in the SMEs, digitalized tools and processes can help rural businesses access larger markets, reduce transaction costs, and improve productivity.

Digitalization facilitates job creation through digital skills development. The digital space can unlock opportunities in technology-based industries, promoting youth employment.

5.4.5 What is the impact of digitization on regional trade in SADC

Digitalization enhances Trade Flows through inclusion of rural women and youth to access regional markets, facilitating cross-border trade. There will also be diversification of Exports: E-commerce platforms can help rural entrepreneurs diversify their products and expand into new markets. Empowering rural women digitally can lead to the rise of women-led businesses contributing to regional trade growth.

Access to finance will mean creating incentives and funding mechanisms to help rural entrepreneurs acquire digital devices and internet access.

5.5 Sustainable Investment and Green Finance Initiatives

5.5.1 The extractive industry

SADC is a global hub of Energy Transition Minerals. Green minerals (also termed critical minerals, energy transition minerals, strategic minerals, or development minerals) are a vital feedstock for the manufacture of green technologies. The mining industry is a key area encompassing trade and investment therefore an essential factor for Africa's sustainable development. The global energy transition and associated demand for green minerals is an opportunity for the region to forge industrialization through beneficiation and thus create lasting value chains across the region.

Presently, regulations are lagging, and more opportunities are available to improve extractive industries governance – need for Parliaments to push for Critical Minerals Strategies and Lists. Need for harmonized mining and industrial protocols. Green mineral strategy gives rise equitable green-minerals resource-led industrialization – side –backward and forward linkages and regional Value Chains.

6.0 OBSERVATIONS AND RECOMMENDATIONS

Arising from the interactions with citizens, representatives and partners, and pursuant to its deliberations, the TIFI Committee is:

AWARE that trade is imperative in building sustainable development. Increasing trade is important in creating value chains in the region.

ENCOURAGED by the recognition that SADC needs to move in alignment with other regions and invest in digitalization where no Member state is left behind.

AWARE of the need for expansion of infrastructure investment through PPPs to build affordable, high-speed internet in rural areas or other areas of industrialization.

CONCERNED that women and youth's limited access to resources and decision-making power hinders their ability to have sustainable business and have trade opportunities. Government and NGO are encouraged to give digital literacy programs and initiatives to provide digital skills training, particularly for women and youth.

COGNISANT of the need to build the capacity of youths beyond formal education for inclusion in the digital trade space to create employment opportunities.

AWARE that regulatory reforms harmonize SADC trade policies to support e-commerce and digital trade across borders.

ALSO COGNISANT of the need for member States to adopt strategies to ensure gender-responsive legislation and actions to expand on SRHR financing and the adoption of Universal Health coverage.

ENCOURAGING SADC member States to recognize the need to domesticate the PFM model law especially in dealing with debt management.

THEREFORE the TIFI Committee resolved to recommend to the 56th Plenary Assembly to:

- i. **EMPHASISE** that Member states should create an environment that facilitates mineral beneficiation of critical minerals to create employment especially for the youths and create value chains.
- ii. **CALL UPON** SADC Member states to advocate for a model law in PPP to facilitate in-depth negotiation with the private sector before Government engages in PPP contracts. The PPP projects should be debated in Parliament before projects are considered and before signing of contracts.
- iii. **APPEAL** to Member States that there needs to be a robust role of Parliament in overseeing PPP. There needs to be a clear line of demarcation between PPP and debt incurred during government spending in projects.
- iv. **URGE** that Member States should organize capacity building programs for youths beyond formal education to ensure inclusion of youths in key sectors which drive youth agendas in national and regional platforms.
- v. **ECOURAGE** Member States to boost the agriculture sector to bolster trade and create economic sufficiency.
- vi. **APPEAL** that Member states should come up with strategies to recover job losses created by the covid 19 pandemic. These job losses were through industries closures, it is time to jump start and resuscitate industrialization to boost trade and employment.
- vii. **URGE** Member states to advocate for more health financing which will facilitate for the adoption of Universal Health Coverage thereby boosting investment in SRHR issues.

- viii. **ENCOURAGE** Member states to harmonise the PFM Model Law with existing legislation. This will create a platform for information sharing with the Executive especially in debt management.
- ix. **IMPLORE** Member States to remove barriers that hinder trade within the region. Member states should also come up with measures to resuscitate trade within the region, by especially through improved transportation and connectivity (train).

7.0 CONCLUSION

The SADC PF is a Parliamentary organisation with the aim of advancing the livelihoods of citizens in the region through the actions of Member States. The public hearing platform allows citizens to submit issues that affect them and recommend remedial actions to the Member states. The TIFI Committee therefore commends all submissions and expresses gratitude to the participants and partners. The Committee commends youth participation in this exercise. The Committee also recognises the tireless efforts by the Secretary General and the Secretariat in facilitating the public participation.

TIFI therefore beseeches the 56th Plenary Assembly to adopt the recommendations contained in its report without reservations.

Hon. Ruth MENDES
CHAIRPERSON

Ms. Masenate MOLAPO
COMMITTEE SECRETARY

8.0 APPENDICES

APPENDIX I – LIST OF OFFICIALS

- i. Ms. Boemo Sekgoma, Secretary General
- ii. Mr. Joseph Manzi, Director, Parliamentary Business and Programs
- iii. Ms. Masenate Molapo, Program Manager and Committee Secretary (TIFI)
- iv. Ms. Clare Musonda, Program Manager (RWPC and RPMLOC)
- v. Ms. Paulina Kanguatjivi, Assistant Procedural Officer and Coordinator
- vi. Mr. Ronald Windwaai, Webmaster

APPENDIX II – LIST OF CITIZEN REPRESENTATIVES AND PARTNERS

- I. Mr. Ron Chari; Executive Director for the Chandler Institute of Justice (CIJ).
- ii. Mr. Advocate Davie Malungisa; Senior Advisor at Southern Africa Resource Watch and a legal practitioner
- iii. Mr. Tshepo Magoma; Head of Business Innovation and Entrepreneurs, SAYoF
- iv. Ms. Lisa Mawuwa, Executive Secretary in the Office of the Regional Coordinator, SAYoF
- v. Mr. Chrispin Chomba; Regional representative and Head of Strategic Evidence and Programming, SAfAIDS
- vi. Mr. Teboho Moteuli; Chairperson, United Youth for Change.