



Regional Investment and Business Environment and the Role of SIBE Programme

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SADC Focus

Industrial Development: engendering a major economic and technological transformation at the national and regional levels within the context of deeper regional integration. This is to accelerate the growth momentum and enhance the comparative and competitive advantage of the economies of the region

Binding Constraints

Inadequate and poor quality infrastructure => higher investment in infrastructure

Deficit of skills => provision of the high-technology skills necessary in modern industry

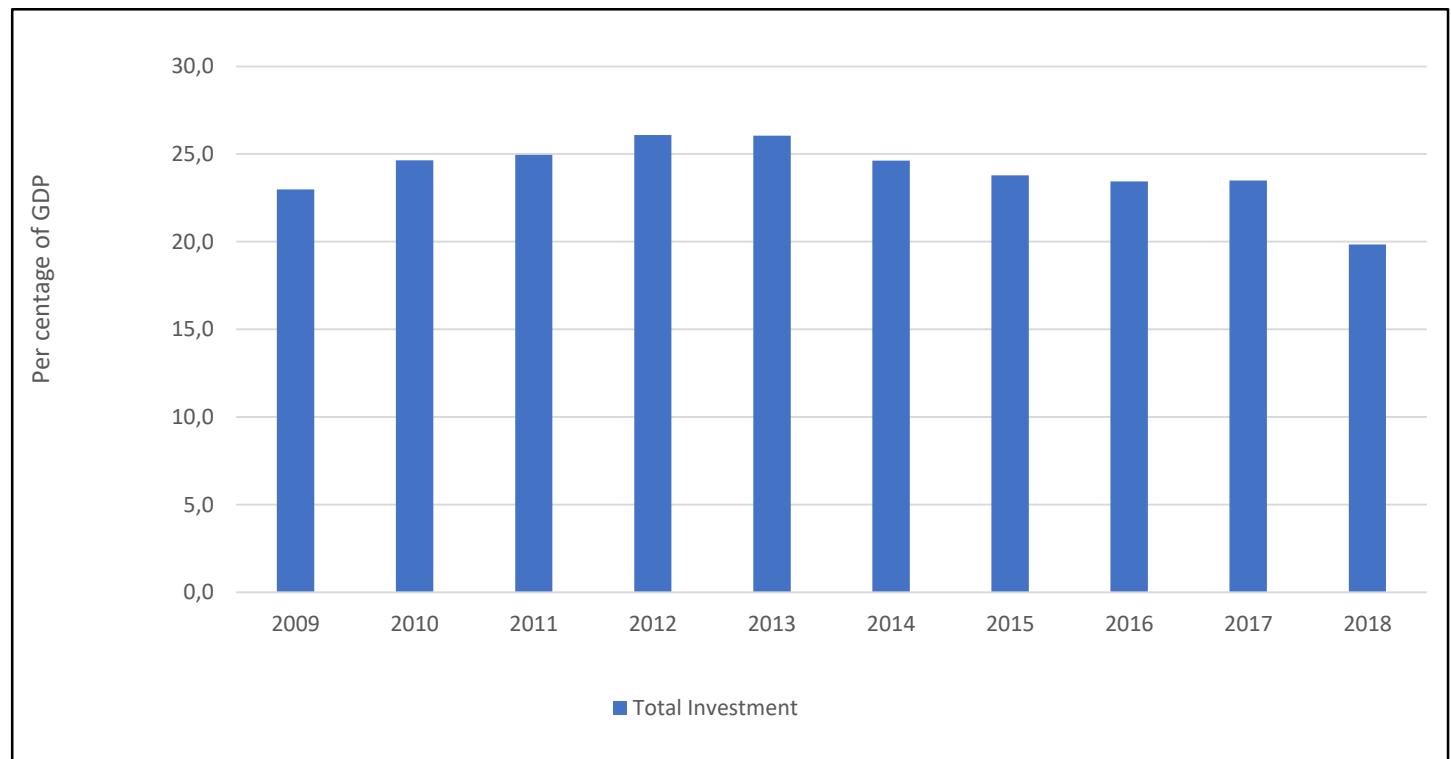
Insufficient finance => upgrading and diversifying the capital stock



STATUS OF INVESTMENT



- In last decade, total investment in the region has averaged between 20 per cent and 24 per cent of GDP : five Member States (Botswana, Lesotho, Seychelles, Tanzania and Zambia) performed above the regional target of 30 per cent of GDP for investment.



STATUS OF INVESTMENT, *Cont'd*



- FDI increased steadily at an **annual rate of 14%**, making it one of the fastest growing regions in the world
- Few countries have succeeded in attracting significant amounts of investments: the Region improved **from US\$1 billion in 2017 to US\$4.5 billion in 2018**
 - *South Africa benefited from increased investments in mining, petroleum refining, food processing, information and communication technologies, and renewable energy*
 - *Botswana, growth accelerated due to improved diamond trade, services and investment, agriculture*
 - *Mauritius also continues its steady growth, driven mainly by strong consumption and higher export, including tourism*

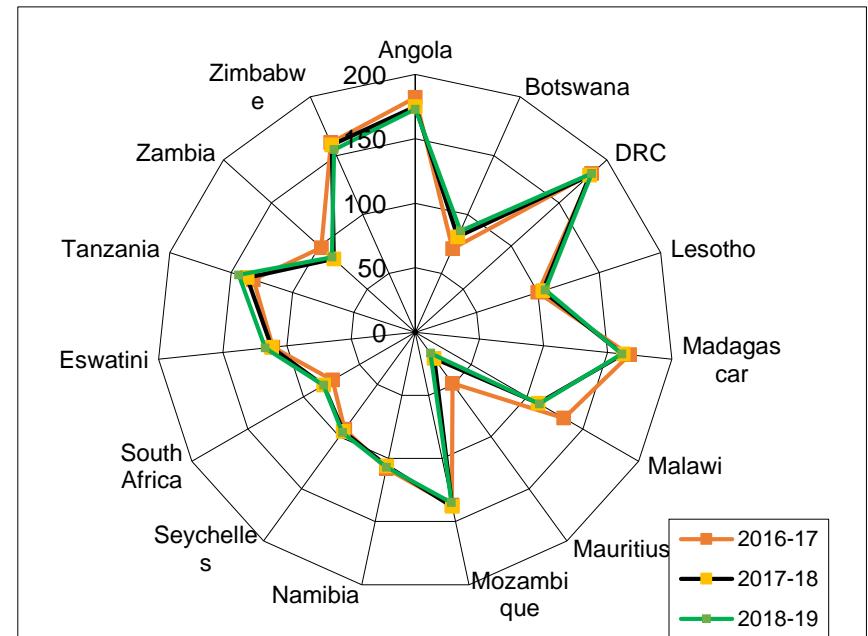


Business Environment in the SADC Region



- **World Bank Ease of Doing Business 2018-2019 :**
SADC region is **making progress** in improving the business environment and its competitiveness in general:

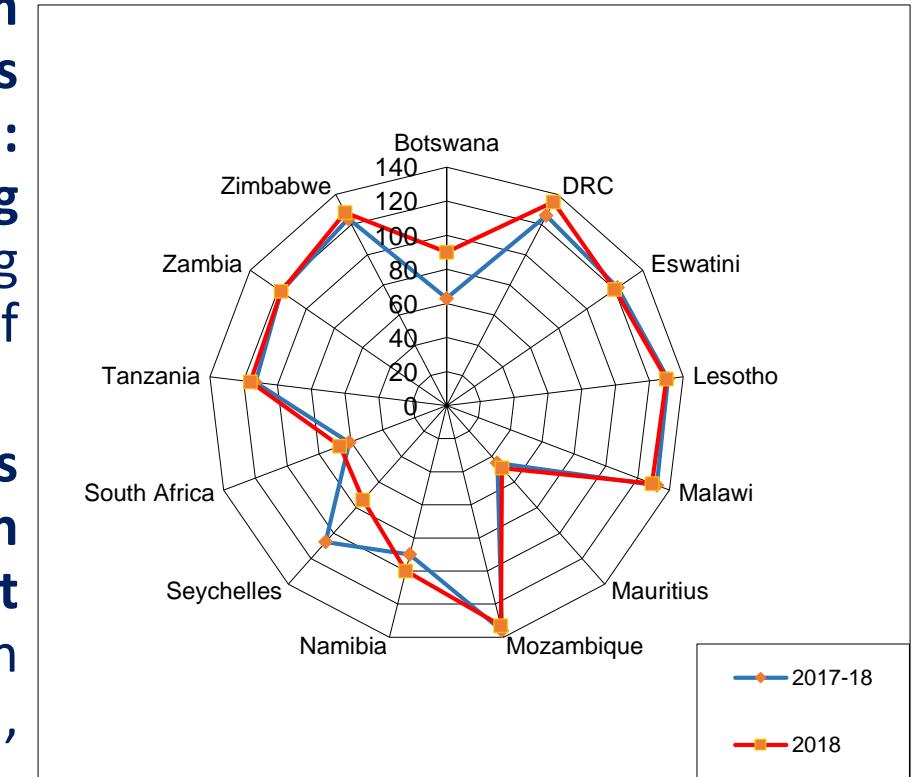
- 5 Member States are ranked within the first 100 bracket : Mauritius (20), South Africa (82), Botswana (86), Zambia (87) and Seychelles(96);
- 8 Member states improved in their ranking (Angola, DRC, Madagascar, Malawi, Mauritius, Namibia, Zambia and Zimbabwe)



Business Environment in the SADC Region, *cont'd*



- **World Economic Forum Global Competitiveness Index (CGI) 2017-2018 :** SADC region is **making progress** in improving the competitiveness of its economy:
 - **4 Member States are ranked within the first 100 bracket** : Mauritius, South Africa, Botswana, Namibia (90).



The Role of the Support to Improving the Investment and Business Environment (SIBE) in the SADC Region

Background :

- Increase in FDI has **not led to significant advances in poverty reduction and job creation** (low impact in local entrepreneurship and empowering women, on employment and poverty reduction);
- **Creating a favourable investment climate** is central to expanding and diversifying the economies, creating new labour skills, developing infrastructure and enhancing participation of Member States in regional and global value chains;
- **Financial system** is a condition sine-qua-non for industrialisation
- **Financial inclusion** is crucial that individuals and businesses have access to useful and affordable financial products and services that meet their needs

Overall objective: To achieve sustainable and inclusive growth and support job creation

Specific objective : To develop the region into a SADC investment zone, promoting intra-regional investment and FDI in the SADC region, in particular for SMEs.



The Role of Support to Improving the Investment and Business Environment (SIBE) in the SADC Region 2 (2)



Key Result Areas :

- 1. An enabling investment policy framework across SADC Member States is supported**
- 2. Enhanced integration of financial markets in the SADC region is promoted**
- 3. Enhanced financial inclusion is supported**

- Public private dialogue mechanism
- Harmonisation of SADC Member States' investment and business environment related laws and regulations
- Enhancement of the SADC Tax regime in support of a conducive investment and business environment
- A mutual recognition of supervisory agencies of Central Banks
- Harmonization of non-banking financial sector laws and regulations
- Peer-to-peer learning of Central Banks
- Harmonisation of the legal and regulatory frameworks to support the roll-out of the SADC Real Time and Gross Settlement
- Developing and implementing national strategies on Financial Inclusion
- Supporting development and strengthening of regulatory frameworks for financial inclusion
- Monitoring status and progress of financial inclusion in the region





THANK YOU

