
Call for Regional Value Chain Project Proposals/Project Concept Notes: Agro-processing, Minerals Beneficiation, Pharmaceuticals, Capital Goods, Consumer Goods and Services

1.0 Background

In considering progress on the implementation of the SADC Industrialization Strategy and Roadmap (SISR) Action Plan, the Ministerial Task Force on Regional Economic Integration, at its July 2018 Meeting among other decisions directed the SADC Secretariat to call for Regional Value Chain Projects that could then be packaged and promoted for investment and development. Following the directive, the SADC Secretariat issued an initial call for submission of Regional Value Chain Projects on 15 August 2018 and some 26 projects were submitted to SADC for consideration. These are currently being evaluated for further interventions on possible development.

The SADC Secretariat is now making the second call for regional value chain projects through regional public and private institutions, bodies and associations. The focus is on the upstream (backward) or downstream (forward) of **both existing and potential regional value chain investment projects in the** six priority value chain clusters as outlined in the Costed Action plan of the SADC Industrialization Strategy and Roadmap namely; Agro-processing, Minerals beneficiation, Pharmaceuticals, Capital Goods, Consumer Goods and Services. Services projects to support and strengthen the value-chains will be considered, including areas such as logistics (transport, handling, storage), laboratory/analytical/certification services.

2.0 Submission of projects

Project promoters wishing to submit their proposals should do it by filling a simplified application form, which is available through the SADC Secretariat Website, and submit it electronically to alikwelile@sadc.int and copy paulj1952@gmail.com and paul_schoen@yahoo.com.

3.0 Duration of Call for Projects

This Call for Projects is open from 13th March, 2019 until 30th of April, 2019. Successful project promoters will be contacted, and if selected further discussions of their submission will take place.

4.0 Process flow for submitted projects

As a first step following submission, a project screening process will be undertaken to determine if any further details are required. This will be followed by an evaluation exercise to determine whether projects qualify to be regional projects and/or the possibility for further upgrading into a regional project. A more detailed process is described below:

4.1 Project Evaluation

The submitted projects will be evaluated using a scoring matrix based on three main criteria: (1) Regional linkages in terms of **the upstream (backward) or downstream (forward) linkages** (i.e. inputs into or value added outputs). (2) Regional impact in terms of socioeconomic and industrial development and; (3) Upgrading potential. These are further outlined below:

4.1.1 Regional linkages

An investment project could be considered to have *regional linkages* if one or more of the following criteria are met:

1. Significant portion of Investment project inputs will be sourced from other SADC Member State/s;
2. A portion of products from projects targets the SADC market;
3. The investment project is significantly owned (equity) by businesses/entities from other SADC Member States;
4. The investment project constitutes a key “missing link” and/or fills a gap in a regional agricultural or mineral value chain;
5. The project forms part of a bi- or trilateral agreement between Member States;
6. The investment project will have substantial import substitution and/or export diversification impact in the region; and
7. A company in one Member State seeking to establish a subsidiary that will undertake part of its activities along the value chain in another Member State.

The potential for marketing of a commodity or product in the region will not be considered as adequate justification to qualify as a regional project, unless there is substantial value addition through marketing activities in the destination country (e.g. blending and/or re-packaging or as an input into further value added processes).

4.1.2 Regional impact

An investment project could be considered to have a regional impact if it demonstrates the following:

- A strong contribution to social and economic development to the region; and
- Strong contribution to regional and national industrial development objectives.

4.1.3 Upgrading potential

The value of the project will be a key determinant for possible upgrading, especially where projects scored below the acceptable threshold as per the evaluation matrix. To be considered for upgrading, the project should, whilst taking advantage of economies of scale and efficiency in terms of promotion, be valued at least or greater than USD 20 million. Projects that incorporate local SMMEs into the project supply chain are encouraged.

4.2 Preparation of project scoping and profiling

The evaluation process will determine which projects should be considered for the next steps based on their respective scores from the project evaluation matrix. These will be listed from highest to lowest in each of the sectors of interest as listed above. The scoping and profiling will be undertaken in the following key steps:

4.2.1 Country/project visits

The respective scores of projects will be a key determinant for country visits. The visits will among others be utilised to assess, confirm and obtain further details on the project such as project requirements for possible development e.g. market access, support infrastructure etc. Furthermore, the visits will assist in finalising key details such as the compilation of:

- Financial viability - including indicative returns on investment. Financial indicators to show initial estimated turnover and NPV will be expected to be calculated (If the project is at concept stage, best guesstimates on the financial indicators should be given); and
- A brief SWOT analysis incorporating risk associated with the project.

For projects that will not be visited, effort will be made to contact project promoters and/or sponsors to obtain further key details. Furthermore, non-confidential and corporate information obtained from other projects in the same country and similar projects will be used to enrich the analysis.

5.0 Support from the SADC Secretariat

The SADC Secretariat has no funds to finance selected projects but it will facilitate their promotion to potential investors and financiers, including a presentation of their ideas at industrialisation forums to raise interest for financing and/or further partnership building.

For projects that require support involving two or more Member States, the Secretariat will use its convening powers to seek collaboration between Member States. In this regard, the Secretariat will use its current established structures to present the priority matrix, beginning with the Industrial Development Forum.

The SADC Secretariat looks forward to the opportunity to support qualifying projects and welcomes inquiries.

In case of further clarification required please contact:

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