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SOUTHERN AFRICA
TRADE
+ INVESTMENT
HUB



USAID SOUTHERN AFRICA TRADE AND INVESTMENT HUB

The USAID Southern Africa Trade and Investment Hub (USAID TradeHub) engages with partners across the region to increase sustainable economic growth, global export competitiveness, and trade in targeted Southern African countries. It supports these objectives by increasing exports from Southern African countries to South Africa and the United States (under the African Growth and Opportunity Act [AGOA]), boosting capital and technology flows from South Africa to other Southern African countries, and providing targeted trade facilitation support to Zambia. The USAID TradeHub works with market actors to identify and resolve enterprise constraints and to implement sustainable solutions through market-based trade and investment facilitation services. The USAID TradeHub partners with the USAID Bilateral Missions through the Regional Mission in the successful delivery of its objectives.

FAST FACTS

FUNDING LEVEL: \$73.7 million
PRESIDENTIAL INITIATIVE: Feed the Future
DURATION: 2016-2021
PROJECT LOCATION: Pretoria, South Africa; Lusaka, Zambia
GEOGRAPHY: Botswana, Eswatini, Lesotho, Malawi, Mozambique, Namibia, South Africa and Zambia (eligible but not active countries: Angola, Democratic Republic of the Congo and Zimbabwe)
KEY PARTNERS: U.S. and Southern Africa private enterprises, U.S. government agencies, the Southern African Development Community (SADC), business membership organizations, and trade and investment promotion agencies
IMPLEMENTING PARTNER: DAI Global, LLC

ACCOMPLISHMENTS TO DATE

- Facilitated more than **\$59 million** in African intra-regional trade and exports to the United States, including through AGOA
- Facilitated **\$153.2 million** in private-sector investment (**\$94.2 million** in agriculture and **\$59 million** in non-agriculture sectors)
- Facilitated **\$16 million** in agriculture-related finance
- Formed **30** public-private partnerships
- Created **1,448** new jobs

THREE OBJECTIVES



Development Objective 1:

Increased sustainable economic growth in targeted areas



Intermediate Result 1.2:

Increased trade with an emphasis on agriculture

OBJECTIVE 1

Exports increased from targeted Southern African countries to South Africa

OBJECTIVE 2

Investment increased from South Africa to targeted Southern African countries

OBJECTIVE 3

Sustainable utilization of AGOA opportunities by targeted Southern African countries

DECEMBER 2019



FEED THE FUTURE
The U.S. Government's Global Hunger & Food Security Initiative

STRATEGY

In the fourth year, the USAID TradeHub introduced two shifts to better enhance the project's ability to achieve its objectives. The first shift is from an inter-regional model of trade and investment to a South Africa-centric approach that recognizes that country's role as the main driver of economic growth in the region. The second shift is from a direct firm-level assistance model to an enterprise-led focus where enterprises are supported by other market actors to ensure the impact of the USAID TradeHub is sustainable.

BUILDING ON WHAT WORKS

During its first three years of implementation, the USAID TradeHub increased global and intra-regional trade, taking advantage of AGOA, investment, and trade facilitation to deepen regional economic integration and drive commercial expansion. Going forward, in partnership with USAID, the USAID TradeHub will narrow its activities to achieve the following three objectives:

1. increased exports to South Africa from targeted Southern African countries,
2. increased investment of capital and technology out of South Africa to targeted Southern African countries, and
3. sustainable utilization of AGOA opportunities by targeted Southern African countries. In addition, the USAID TradeHub will improve Zambia's trade enabling environment as part of a buy-in from USAID/Zambia.

CENTERING SOUTH AFRICA

The USAID TradeHub will leverage South African demand to facilitate trade between exporters in the region and buyers in South Africa. The USAID TradeHub will also promote South African investment into the targeted sectors to enhance export-ready firms' competitiveness. The USAID TradeHub defines South Africa investment broadly to include capital (debt and equity) and technology (equipment, services, systems, processes) supplied through the country. Our approach recognizes that global investors use South Africa as their first stop for further investments into the region.

CREATING EXPORT OPPORTUNITIES

With a gross domestic product four times larger than that of the USAID TradeHub's seven other target countries combined, South Africa is a ripe destination for Southern African exports. First, however, these exports must meet South Africa's high import standards. Comparable to those of the United States and other markets, these standards will also help prepare exporters to South Africa to ultimately export to other high-value markets.

FACILITATING INVESTMENTS

Foreign direct investment (FDI) into South Africa more than doubled from 2017 (\$2 billion) to 2018 (\$5.3 billion), attributable largely to intra-company transfers by established investors. The inflows demonstrate that South Africa is a relatively favorable investment destination in the region. Leveraging these capital and technology flows to the targeted countries has the potential to increase intra-regional investment and boost private-sector activity in the USAID TradeHub's targeted countries. South Africa has a world-class finance industry, with global hedge and private equity funds, multinational companies, sophisticated industries, and supply chains into the region.

MARKET SYSTEMS APPROACH

The USAID TradeHub's strategy reflects an increased focus on its exit strategy and reorientation from a direct delivery model to a market systems approach. This involves strengthening the ability of market actors with which the USAID TradeHub has been working to date – trade promotion service providers, investment firms, and other financial service providers – to continue to promote trade and investment beyond the life of the USAID TradeHub.

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