UK International Development
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Promoting Export-led Economic Transformation under the Southern African Customs Union and Mozambique-UK Economic Partnership Agreement (SACUM-UK EPA)

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ABBREVIATIONS

AfCFTA	African Continental Free Trade Area
AGOA	African Growth and Opportunity Act
B2B	Business-to-Business
BEDP	BITC Exporter Development Programme
BELMN	Botswana, Eswatini, Lesotho, Mozambique, and Namibia
BII	British International Investment
BITC	Botswana Investment and Trade Centres
BMC	Botswana Meat Commission
BOBS	Botswana Bureau of Standards
BPC	Botswana Power Corporation
BSI	British Standards Institution
CASA	Commercial Agriculture for Smallholders and Agribusiness
CBAM	Carbon Border Adjustment Mechanism
CMT	Cut, Make, Trim
DRC	Democratic Republic of the Congo
EBA	Everything But Arms
ENOC	Export Network Operational Committee
EPA	Economic Partnership Agreement
ESA	Eastern and Southern Africa
EU	European Union
EUDR	European Union Deforestation Regulation
FAO	Food and Agriculture Organization
FCDO	Foreign, Commonwealth & Development Office
FMD	Foot-and-Mouth Disease
GDP	Gross Domestic Product
GHP	Good Hygiene Practice
GMP	Good Manufacturing Practice
HACCP	Hazard Analysis and Critical Control Points
ICT	Information and Communication Technology
IPP	Independent Power Producers
ITC	International Trade Centre
LDC	Least Developed Country
LNG	Liquefied Natural Gas
LNWMGA	Lesotho National Wool Growers Association
M&E	Monitoring and Evaluation
mn	Million
MSMEs	Micro, Small, and Medium Enterprises
MVA	Manufacturing Value-Added
NCTF	National Committee on Trade Facilitation
NDC	Nationally Determined Contribution
NIDBP	Namibia Industrial Development and Business Promotion

NSI	Namibia Standards Institute
NQA	Namibia Qualifications Authority
ODI	Overseas Development Institute
PPP	Purchasing Power Parity
R&D	Research and Development
RE	Renewable Energy
ROI	Return on Investment
RoO	Rules of Origin
TRQs	Tariff Rate Quotas
SABS	South African Bureau of Standards
SACUM-UK	Southern African Customs Union and Mozambique - United Kingdom
SADC	Southern African Development Community
SAPP	Southern African Power Pool
SDGs	Sustainable Development Goals
SDPA	Sustainable Development Programme for Agriculture
SIPS	Support Programme for Industrialization and Productive Sectors
SMMEs	Small, Medium, and Micro Enterprises
SOEs	State-Owned Enterprises
SPS	Sanitary and Phytosanitary
TBT	Technical Barriers to Trade
TFSA	Trade Forward Southern Africa
TMA	TradeMark Africa
TVET	Technical and Vocational Education and Training
UAE	United Arab Emirates
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
UNFCC	United Nations Framework Convention on Climate Change
UNIDO	United Nations Industrial Development Organization
USA	United States of America
USAID	United States Agency for International Development
VAT	Value-Added Tax
WCO	World Customs Organization
WTO	World Trade Organization

EXECUTIVE SUMMARY

Objective of the Project

The primary mission of this study is to provide a quantitative and qualitative evidence base to inform the identification of

(i) key sectors and value chains with the potential to drive poverty reduction and promote inclusive and sustainable growth in **Botswana, Eswatini, Lesotho, Mozambique, and Namibia (collectively BELMN)** and

(ii) related trade-enabling support needs or intervention areas – especially regarding development cooperation proposals under, and structural improvements to, the existing Southern African Customs Union and Mozambique - United Kingdom (SACUM-UK) Economic Partnership Agreement (EPA).

Overview of the Report

Chapter 1 sets out the methodology used in the report. Chapter 2 provides a country-by-country assessment of how export expansion can foster sustainable development in Botswana, Eswatini, Lesotho, Mozambique, and Namibia (BELMN), identifying priority sectors. Chapter 3 examines challenges to operationalising the EPA, discusses EPA development cooperation requests, and proposes both near-term interventions and steps toward a regional fund for trade. Chapter 4 highlights opportunities for deeper trade and investment between the United Kingdom (UK) and the BELMN, emphasising priority sectors

for UK Development Finance and private investors and suggesting how UK High Commissions can support these partnerships. Chapter 5 sets out the conclusions.

Country Analyses

BOTSWANA

For Botswana, sustainable beef production, citrus, eco-tourism, and veld products can create rural jobs while preserving biodiversity. Investments in renewables can generate much need exports from sales to the regional power pool, supplement traditional energy sources and assist with green transition. A summary of the sector assessments and potential interventions is set out below:

Sustainable development considerations + opportunities	Potential interventions
BEEF	
• Significant income source for smallholders; • Value-added processing to boost exports and jobs. • Organic beef, wildlife-friendly farming	• Support adoption of climate-smart and wildlife friendly practices and Sanitary and Phyto Sanitary (SPS) compliance • Link producers to potential UK buyers to better understand UK quality requirements and consumer preferences
CITRUS	
• High women participation (75% of workforce); • Job creation in areas of high unemployment • Export diversification • Ensure sustainability in export expansion	• Support climate-smart agricultural practices and water-efficient irrigation methods. • Work with lead firms to expand outgrowers support programmes
ECOTOURISM	
• High growth sector with contribution to job creation and conservation • Handicrafts and performing arts linked to ecotourism offer income opportunities for rural women and artisans	• Work with current programmes (e.g. SIPS) to support skills development and marketing in handicrafts and performing arts
VELD PRODUCTS (cosmetics, niche food products)	
• Income stream for rural communities; • High women participation for harvesting • Rising global demand for organic products	• Work with existing exporters / export ready producers to address compliance issues and link to UK buyers • Training in sustainable harvesting

Sustainable development considerations + opportunities	Potential interventions
RENEWABLE ENERGY	
• RE is a policy priority with solar projects under development • Reducing fossil fuel reliance, rural electrification, and exports	• Facilitate UK investment in renewable energy. • Support regulatory reform in the power sector • Support review of Nationally Determined Contribution to the United Nations Framework for the Convention on Climate Change (UNFCCC)

Support to EPA implementation:

There is limited awareness of the UK EPA among the Government and the business community. Implementation challenges are further compounded by the absence of a formal implementation process for the EPA.

Border inefficiencies and the need for greater digitalisation should be considered essential to facilitating trade. Prioritising a risk-based approach to Sanitary and Phytosanitary (SPS) should also extend to Technical Barriers to Trade (TBT) and counterfeit products, recognising that "thick borders" often arise from regulatory controls not solely from infrastructure gaps.

Proposed measures for EPA support, such as competitive assessments of core agricultural exports, legislative support for plant and animal health regulations, and capacity-building for meat and non-food exports, closely align with the needs of key sectors like beef and citrus.

ESWATINI

In Eswatini, diversifying exports in textiles, sugar, horticulture and arts and crafts can address poverty and unemployment, especially among women. Renewable energy investments would enhance export competitiveness and advance the country's SDGs. A summary of the sector assessments and potential interventions is set out below:

Sustainable development considerations + opportunities	Potential interventions
TEXTILES AND APPAREL	
• High level of female employment, with potential for export growth and continued job creation • Ensure sustainability in export expansion.	• Skills development, course design and the roll-out of specialist vocational training • Adoption of circular economy practices and waste management to align with SDG 13

Sustainable development considerations + opportunities	Potential interventions
ARTS AND HANDICRAFTS	
• Policy priority for government with opportunities to promote cultural identity and support women artisans (a women-dominated sector) • Improved productivity can contribute to rural livelihoods	• Work with the existing programmes to support supplier development programmes targeting the UK • Support ongoing work on developing a tourism value chain and a 'cultural heritage/handicrafts' tourism package
SUGAR	
• Opportunity for diversification if investment can be crowded in • Diversification can support greater poverty reduction and improve livelihoods • Climate change mitigation strategies are being implemented	• Infrastructure financing to support sector diversification efforts (e.g. sugar-liquid-related products and biogas) • Work with the industry association to provide skills development and training on mitigating environmental risks
BEEF VALUE CHAIN	
• Major employer (60,000+ jobs) with premium market opportunities (e.g., free-range and organic beef exports to Norway and Taiwan) • Climate-smart investments (e.g., rangeland restoration, drought-resistant fodder)	• Develop export infrastructure and systems to address SPS constraints • Provide direct support to farmers
HORTICULTURE + specialized agro-processing	
• Rural employment opportunities for women from growth of niche exports • Ensures sustainability in export expansion	• Support the roll-out of climate-smart agriculture, standards, logistics and cold-storage facilities, including training for growers • Supplier development programs to link producers to the UK market
RENEWABLE ENERGY	
• Strong government backing for renewable energy and sourcing clean energy • Expanding renewable energy will improve energy security, create jobs, and advance	Technical assistance to strengthen generation, transmission and distribution (e.g. standardised power purchase agreements)

Support to EPA Implementation:

Eswatini's private sector remains far more familiar with the EU EPA than the UK EPA, indicating a need for workshops and targeted capacity building on UK export requirements.

There is a demand for enhanced export training, market access support, and B2B initiatives—which could build on past successes like the UK's Trade Forward Southern Africa (TFSA). Also important is continuing efforts at strengthening national quality infrastructure, particularly

standards accreditation, to reduce reliance on external institutions and improve overall export competitiveness.

While E Commerce is important to Eswatini's development strategy, it is already well supported.

LESOTHO

Lesotho's export growth can be driven by high-value horticulture and aquaculture, creating jobs in rural areas. The expansion of renewable energy, particularly through the Highlands Water Project, offers regional, clean energy exports, supporting climate goals. A summary of the sector assessments and potential interventions is set out below.

Sustainable development considerations + opportunities	Potential interventions
HORTICULTURE (fruit + vegetables)	
• Horticulture (including focus on niche crops) growth can boost rural employment, improve food security, and empower women through skills development • Ensure sustainability and resilience in export expansion	• Support Lesotho Standards Authority to develop testing, accreditation and inspection capabilities for export markets • Support sustainable farming practices, adoption of drought resistant crops • Implement market linkages and supplier development programmes to target the UK retail sector
AQUACULTURE	
• Job opportunities through tilapia farming, which is viable near rural dams • Production and employment in rural Lesotho enhancing food security, and livelihoods	• Support the development of the regional tilapia value chain, possibly in collaboration with Mozambique
RENEWABLE ENERGY + WATER	
• Nascent, but a priority for government with several projects underway • The country has significant renewable energy potential, including hydropower, wind, and solar energy Job creation from maintenance, production of parts required in RE construction	• Facilitate green financing from the UK to support the development of the RE sector in Lesotho • Support local skills transfer and development
TEXTILES AND APPAREL	
• Opportunities for skills development, enhanced value addition and improved livelihoods	Engage with other donors, to develop a coordinated and targeted intervention

Sustainable development considerations + opportunities	Potential interventions
• High level of female employment • National focus to move away from Cut Make Trim (CMT), improve competitiveness and integrate into higher-value chains	supporting different aspects of the textile and apparel value chain
LIVESTOCK (red meat, wool, mohair)	
• Livestock sector development can greatly improve rural livelihoods • Value-added processing can create jobs for youth and increase employment opportunities in rural areas	Develop a longer-term project, building on previous UK support, to improve the sector's competitiveness and its ability to meet international standards

Support to EPA Implementation:

Stakeholder emphasise the need for an internationally accredited SPS laboratory to address gaps in local testing. Business-to-Business (B2B) linkages, market intelligence, and structured supplier development programmes to help Micro, Small, and Medium Enterprises (MSMEs) understand UK consumer requirements, scale production, and secure export competitiveness.

The positive reception of the TFSA programme highlights the appetite for sustained partnerships, provided they allow enough time and resources for meaningful, long-term impact on export growth and inclusive economic development.

MOZAMBIQUE

For Mozambique, cashew value chains and aquaculture offer pathways for inclusive growth; fisheries and macadamia offers export growth and more formal jobs, while fruit exports can tap into niche UK and EU markets. Investments in quality infrastructure, outgrower schemes and trade facilitation will unlock the potential of these sectors. A summary of the sector assessments and potential interventions is set out below.

Sustainable development considerations + opportunities	Potential interventions
FISHERIES + AQUACULTURE (tilapia + shrimp)	
• Developing small scale fisheries can increase regional exports and promote improved livelihoods • There are high levels of women participation (57%)	• Targeted training to support small-scale producers. • Support to investment in in market infrastructure (i.e. cold-chain systems and processing facilities)

Sustainable development considerations + opportunities	Potential interventions
• Opportunities to improve value addition through expanding processing facilities • Support for sustainable farming practices and focus on reducing climate vulnerability • Potentially large sustainability benefits from seaweed farming	• Support a pilot seaweed project by funding targeted interventions such as disease management and quality control systems
CASHEWS + MACADAMIA NUTS	
• Opportunities for poverty reduction given high smallholder farmer participation in the sector and strong participation of women in production and processing • Opportunities in organic cashews and processed cashew products (juice and shell oil) • Plans to build Macadamia processing plant presents employment opportunities and increased income	• Support development and implementation of sustainable farming practices and sustainable technologies (e.g. biofuel) • Work with lead firms to support small scale farmers training in organic farming methods, facilitating certification, and connecting farmers to premium organic markets
FRUITS (bananas, avocados, litchis)	
• Dominated by smallholder farmers (75%) • Growth in commercial farming and export opportunities in high-end markets can contribute to job creation and economic growth • AgDevCo investment in export-orientated locally run commercial operations, with a strong emphasis on gender equality	• Support smallholder banana farmers with disease management, quality management, certification and access to fertilisers • Support smallholder litchi out-growers by providing irrigation infrastructure and market linkages to the UK
SOYBEANS	
• Smallholder farmers account for around 95% of production • A high level of women participation in the sector • Significant opportunities for further job creation through initiatives like the Nacala Agribusiness Corridor Project and global export expansion	Support smallholder farmers through training and by improving access to fertiliser, drought-resistant seed varieties, and irrigation infrastructure, especially in semi-arid regions

Support to EPA Implementation:

EPA implementation would benefit from a National Implementation Plan, modelled on the country's experience with the EU, to better coordinate donor efforts. Support for a number of institutions was identified as significant for realising the benefits of the EPA. A UK-Mozambique Business Forum could be piloted, potentially leading to a UK – Mozambique Business Chamber to elevate the UK's profile as a trade and investment partner. The National Committee on Trade Facilitation should be supported in monitoring and evaluation, in particular developing capacities around SPS compliance and certification. While the

government-led Export Network Operational Committee (ENOC) approach to compliance is under consideration, a private sector–based model could prove more sustainable for integrating smallholders into export value chains. Finally, for African Continental Free Trade Area (AfCFTA), capacity building for the National Implementation Committee is key.

NAMIBIA

In Namibia, the beef and grape sectors are poised to expand exports with targeted buyer engagement and regulatory reforms. The fishing industry has world-class processing facilities yet is limited by unclear rules of origin under diagonal cumulation—resolving these administrative hurdles could open new export avenues and illustrate the EPA's benefits. Renewable energy investments offer the opportunity for diversification and support green transition. A summary of the sector assessments and potential interventions is set out below.

Sustainable development considerations + opportunities	Potential interventions
BEEF	
• Major contributor to Namibia's agricultural GDP (50%) and manufacturing (5%) • Export orientated + upgrading infrastructure, promoting premium beef (e.g., wagyu), and supporting rural producers	• Facilitate direct engagements between Namibian producers and potential buyers in the UK to understand UK quality requirements and consumer preferences • Market the unique characteristics of Namibian beef in the UK
FISH	
• Third-largest economic sector, contributing 4.5% to GDP and 15% to export value • Reducing seafood loss and waste, investing in mariculture, and adopting renewable technologies	• Investigate and resolve administrative hurdles encountered in issuing rules of origin to open new export opportunities for Namibia and demonstrate the advantages of the EPA cumulation provisions more widely
GRAPES	
• High employment generation (10,000 jobs) and consistent export growth (up 56% from 2020–2022) • Expanding agricultural land, improving irrigation systems, and leveraging preferences • Infrastructure and logistics support (Walvis Bay) supporting access to export markets	Support implementation of regulatory reforms needed to attract new international investment into higher-value-added cultivars

Support to EPA Implementation:
Implementation of the EPA is hampered by weak SPS and TBT capacity, making targeted support to the National Standards Institute (NSI) vital for meeting UK requirements. A "twinning" partnership between the British Standards Institution (BSI) and the NSI could further enhance standardisation and testing, Stakeholders also highlight a lack of formal collaboration with UK government entities and limited awareness of the EPA, suggesting that developing a national implementation strategy, bolstered by trade expertise and support for export-readiness programs, would be instrumental in realising the opportunities OF the EPA. Areas for further engagement include tackling rules of origin challenges, and improving the utilisation of tariff rate quotas.

Enhancing EPA Implementation

Recommendations relating to immediate EPA implementation needs focus on strengthening the institutional framework for UK EPA implementation—learning from the SADC–EU EPA—by creating a dedicated SPS Committee, capacitating the SACU Secretariat (particularly for the coordination with Mozambique), and raising awareness of the EPA among businesses and civil society. Further proposals include involving Non-State Actors more deeply in dialogue, developing national SACUM UK EPA implementation strategies, reviewing and simplifying rules of origin (especially for fisheries and sugar), digitising border procedures, and conducting a mid-term review to address persisting challenges.

Under Article 12 of the EPA, which focuses on development cooperation between UK and SACUM partners, there is a call for a larger-scale, well-coordinated regional trade facilitation program, co-financed with other donors. The recommendation is that this programme be managed by an established agency such as TradeMark Africa.

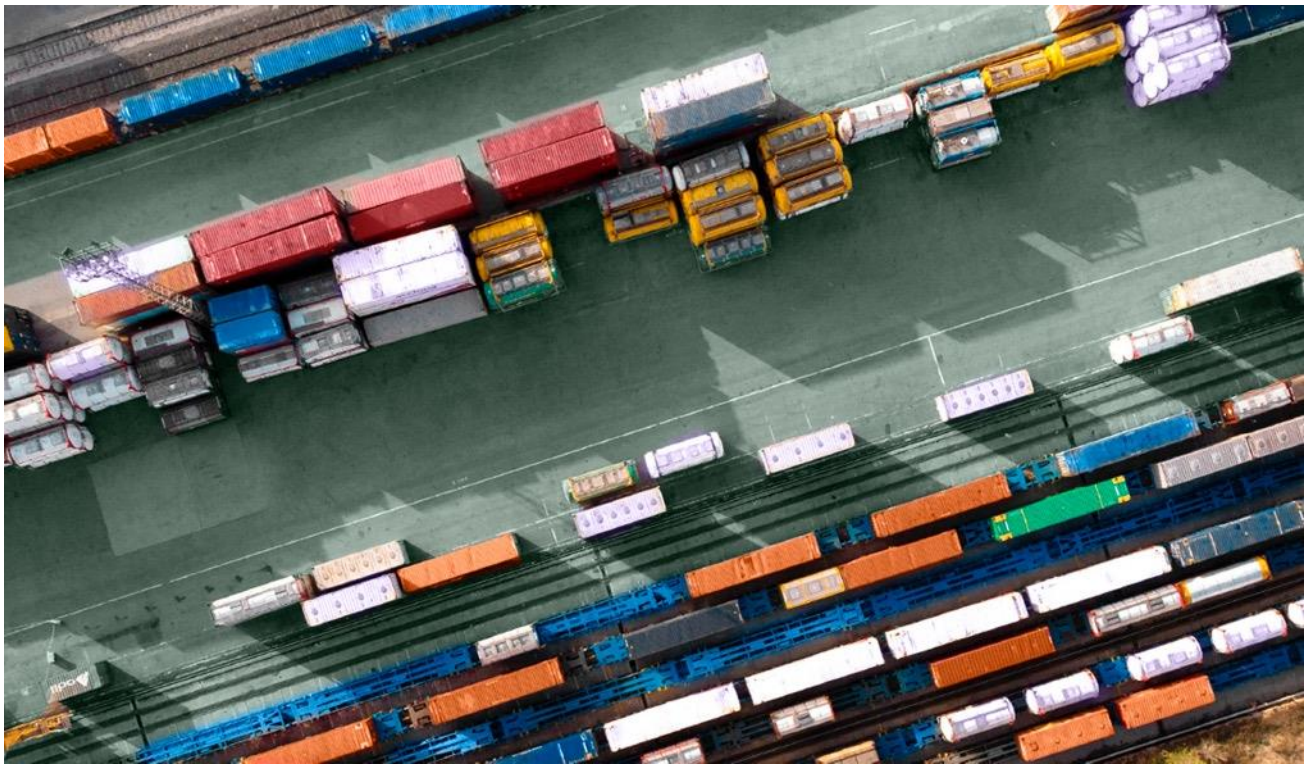
Moving forward, the suggested next steps include formal consultations with all relevant partners - SACUM governments, SACU, US and EU delegations, and TradeMark Africa—to explore a collaborative program design. Subsequent actions would involve securing funding and implementing a medium-term initiative to streamline trade facilitation, strengthen regulatory cooperation through bodies like the British Standards Institution, and provide targeted support for trade negotiations. This approach aims to foster more seamless regional trade, enhance export competitiveness, and ensure all stakeholders, including smaller and less-resourced partners, fully benefit from the EPA's opportunities.

Building Stronger UK Business, Trade and Investment Linkages

The proposed approach aims to revitalise and broaden the UK's trade, technology, and investment offer to BELMN countries, which existing promotion activities have largely overlooked. Key recommended actions include:

1. Systematically coordinating and communicating current initiatives—from the Growth Gateway to British International Investment (BII)
2. Working with the newly appointed UK Trade Envoys to raise awareness of bilateral opportunities.
3. Dedicated investor conferences and targeted missions to highlight market opportunities, culminating in a potential UK–Africa Investment Summit in 2026 where Namibia, Botswana, Lesotho, Eswatini, and Mozambique could engage investors.
4. Specific sector proposals are also put forward to deepen bilateral partnerships:
    a. A UK–BELMN Green Growth Compact would mirror the UK–Zambia model, emphasising renewable energy, critical minerals, and climate finance.
    b. Expanding the Manufacturing Africa programme to these countries could catalyse new industrial investments.
    c. Operationalising the Special Agriculture Partnership under Article 68 of the EPA would leverage existing UK development finance tools, such as FCDO's Commercial Agriculture for Smallholders and Agribusiness (CASA) programme, to boost agri-business competitiveness.

To implement these ideas, the text outlines a series of steps for 2025, focusing on reviewing existing pipelines, designing targeted programs, and ensuring synergy among UK government departments and partners.



1 METHODOLOGY

This chapter sets out the methodology used in selecting and analysing each priority sector.

The methodology involves three components:

A. Situational Analysis

Prior to the sector-specific analysis, the priority development challenges and opportunities in each country are assessed. This involves a review of: (a) recent studies from each country, related to trade and industrial development; (b) key government policy documents, outlining the country's priority trade and sustainable development goals; (c) the country's medium-term growth and trade performance; (d) the country's performance against the Sustainable Development Goals (SDGs), including poverty, inequality, gender and sustainability. This provides an understanding of the drivers of economic growth and development in each country, and the likely constraints to export growth and diversification, to be considered further during the sector-specific analysis and consultations. It also indicates critical factors for the SDGs that may impact on or be affected by trade-related interventions.

B. Initial Selection of Sectors with Export Potential

Focuses on identifying sectors or products with significant potential for export expansion aligned with BELMN national trade priorities. The approach involves a trade analysis and literature review.

The trade analysis focussed on existing exports with:

a. positive *growth trends*, both in supply from BELMN countries and in global demand; [1]
b. where the countries are competitively strong and have a *Revealed Comparative Advantage*; [2] and
c. where there is considerable *untapped export potential*.[3]

The trade analysis also allowed for export diversification using a *proximity analysis.* [4] This helps identify "*proximity products*" which represent feasible diversification opportunities aligned with the country's current capabilities. [5]

The available policy and strategy documents were reviewed to identify priority sectors from the governments' perspectives, ensuring sectors included in the long list have political buy-in. This review also considered the extensive analytical literature on export development and diversification, synthesising and building on the work already done. The assessment generated a comprehensive "long list" of export products with growth potential.

C. Sector Assessment and Prioritisation

The long list was then reviewed through consultations in each of the BELMN countries. Over 100 interviews with public and private sector representatives, exporting companies, and donors were carried out, and roundtable discussions were held in Botswana, Eswatini, Lesotho, and the UK. In addition, the field visits provided access to additional data and literature. Through these consultations and a further review of the available information, the main sector-specific impacts and constraints were considered in more detail.

Potential impact

The analysis aimed to capture the potential impact of export growth on the socio-economic criteria established in the situational analysis – including employment, women participation, wages, and emissions - for the sectors or value chains identified in the long list. A value chain

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1 UN Comtrade Statistics were used throughout. The model for analysis can be found at https://www.trademap.org/Index.aspx

2 Where a given product's share of a country's total exports exceeds the same ratio for the world as a whole. The model used can be found at https://tradecompetitivenessmap.intracen.org

3 Products with substantial untapped export potential are identified through a gravity model, which predicts trade levels between countries based on factors such as GDP, geography, and shared languages. Discrepancies between actual and expected trade levels reveal opportunities for export expansion. The model used can be found at https://exportpotential.intracen.org/en/.

4 Products that are "close" to a country's existing export basket are identified based on diversification patterns seen in other countries with similar export profiles.

5 General equilibrium modelling offers a rigorous and systematic route for identifying those sectors where a reduction in trade costs could have the biggest impact on GDP, employment and CO2 emissions. However, our simulations, using the Global Trade Analysis Project (GTAP) model, estimated the impact of a 10% reduction in the costs of trade (iceberg). Still, they did not yield results we are confident using. For an appreciation of applying CGE to small economies with a relatively narrow basket of export goods, see Quantitative Trade Models: Developments and Challenges Timothy J. Kehoe, Pau S. Pujolas, and Jack Rossbach NBER Working Paper No. 22706 September 2016, Revised May 2017

lens was used to capture the indirect impact of a particular product. For example, increased levels of tourism have the potential to generate income for a diverse number of domestic suppliers of goods and services to the hospitality industry, as well as handicraft producers and the cultural industries. This assessment's detail and technical rigour vary widely, based on the availability of disaggregated data and access to key informants.

Constraints Analysis
The consultations and additional literature review of the BELMN also identify the key constraints affecting the identified products, sectors, or value chains. This highlighted where interventions might be needed to support export expansion and enhance the developmental impact of export growth in the short to medium term.

The sector assessment resulted in a "shortlist" of relatively high-impact, high-potential sectors, products and services, and identified the main trade-offs and possible constraints to export growth. Based on this assessment, possible UK sector specific interventions are outlined, and development cooperation actions relating to EPA implementation.

Review of the shortlist: a hybrid regional validation workshop was held on 12 February 2025, bringing together government, private sector and civil society. There was broad-based agreement with the sectors identified for prioritisation, with a few additional ones highlighted by the stakeholders. These sectors have been identified as areas for future work in this report.

Identifying Measures to Enhance EPA Implementation

This analysis was informed by a review of BELMN requests for support to EPA implementation, followed by consultations to directly address agreement implementation issue and elicit recommendations. Valuable insights are also included from the recently completed evaluation of the SADC EU EPA, given that the agreements largely replicate each other. The section also considers the extent to which the SACUM UK EPA supports regional integration by looking at the convergence in rules of origin of the EPA and the African Continental Free Trade Area (AfCFTA}.

The analysis of delivery modalities and related recommendations drew on the experiences of support to trade facilitation in Southern and Eastern Africa and a mapping of several relevant programmes – in operation and planned.

Identifying Potential Areas for Building Stronger UK Business, Trade and Investment Links

The approach was to engage with development finance and private investors on where they are targeting investment in Africa, and therefore what would be a credible basis for UK High Commissions to engage in commercial diplomacy with BELMN countries – identifying the sectors in which UK businesses are most likely to invest.

The assessment involved a desk top review of investment activities in Southern Africa and bilateral consultations with investors. A business roundtable was held by the ODI Global in London on 11 November 2024 to validate the analysis.

2 COUNTRY ANALYSES

The primary objective of this chapter is to identify, for each country, sectors where export expansion could drive sustainable development and possible areas for UK Government support. **Key documents and sources used in the country analyses are included as an annex to this report.**

Botswana

Situational Analysis

Botswana is an upper-middle-income country with a Gross Domestic Product (GDP) of USD 17.94 billion (2023). With 2.6 million people, it has the second smallest population in the BELMN region and—at USD 7249.93 in 2023—the highest GDP per capita. The country is landlocked and predominantly desert; the Kgalagadi Desert accounts for 70% of its territory.

Economic factors

Botswana's economy heavily depends on mining, especially diamonds – which accounted for over 87% of total exports in 2022. It is increasingly apparent that this lack of diversification is an imminent danger to the stability and strength of the economy because the diamond sector is in decline. Reserves are approaching depletion, and the advent of manufactured diamonds threatens global demand for natural diamonds.

Employment does not align with value-added production. The public sector contributes 14.5% of GDP and employs 48.4% of the formal workforce. In the formal sector, 17.9% of total employed Motswana work in the agricultural sector, compared to 15.7% in industry and manufacturing. The informal sector is estimated to employ 23% of total employment – consisting of 56% male and 44% female workers.

SDG considerations

Despite its well-earned reputation for stability and economic growth, key SDG markers - poverty, decent work, climate change - demonstrate that significant challenges remain. While economic growth has been an average of 5% per year, unemployment and poverty are persistent. Unemployment stood at 22.3% in 2020, with 17.4% of the employed youth population living below USD 1.90 (Purchasing Power Parity) per day. Across the female population, 21.2% are unemployed and 10.7% live below the poverty line. The public sector wage structure contributes to gender inequality with men in the Public Sector earning an average USD 650.55 per month, while women earn an average of USD 418.02. These factors contribute to a very high Gini coefficient of 0.53.

Poverty in the country is also influenced by regional and rural-urban factors. In 2015/16, the poverty rate in rural areas was 24.2%, with Kweneng West having the highest at 50.6%, followed by Ngwaketse West at 40.3% and Kgalagadi South at 39.5%. In urban villages, the poverty rate was 13.4%, while cities and towns had a lower rate of 9.4%.

Climate also has a significant effect on socio-economic conditions. For example, water scarcity forms a particularly significant threat to the agricultural sector, where livestock farming employs over 50% of the rural population and beef exports generate an annual revenue of USD100 million .

Trade and exports

While Botswana’s global export share decreased for several industries—most notably salt—there were increases in the worldwide export share for live animals, ores, slag, ash, and mineral fuels. Botswana's exports are concentrated in its top 10 markets, which account for over 90% of total exports on average. These markets primarily import diamonds, with Belgium (21%), the United Arab Emirates (UAE) (17%), and India (17%) being the largest. South Africa is also a significant importer (12%). The UAE became Botswana’s top export destination in 2023.

Business environment

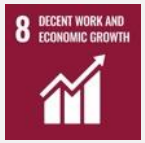
The business environment is characterised by a stable regulatory framework, a well-developed financial sector, and, in principle, investor-friendly policies. The government has streamlined processes with initiatives like the Botswana One Stop Service Centre but faces challenges, including inadequate infrastructure and a lack of skilled labour. Despite its strong banking system and competitive credit ratings, access to finance remains a big challenge, and regulatory inefficiencies hinder private sector growth.

Opportunities and Implications

Selected sectors provide opportunities to facilitate economic diversification, looking at value chains that can provide sustainable and inclusive rural jobs and reduce inequality – both gross and for women and youth. Care must be taken to ensure that where the growth of exports has potentially negative impacts on climate and desertification, UK interventions help mitigate these negative externalities.

Sector selection, assessment, and prioritisation

A "long list" of sectors with significant export opportunities was identified and then assessed according to the process outlined in the methodology. This resulted in a short list of priority sectors. A summary appears in the table below:

LIVESTOCK – BEEF		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production Beef is the top contributor to agricultural income, exports, and value addition. Smallholders own close to 80% of the country's cattle. However, most *exported* beef (approx. 95%) is produced by large-scale commercial farms. Production is divided into two zones for the purposes of cattle rearing and beef sourcing, relating to foot and mouth disease (FMD) status. The green zone is FMD-free, and the red is not. **Trade** Exports were USD 22,7 million in 2023, a significant decline from over USD 74 million at its peak in 2014. Exports are mainly sent to South Africa (the UK and EU were formerly key markets; however, exports have declined significantly, in part due to SPS regulations).	**SDG impact**  Most cattle are owned by smallholders, providing an important source of income and food security (**SDG 1 +**).   Recent plans to develop a new meat value addition and secondary processing plant are expected to increase beef production and job creation (**SDG 8 & 9 +**).  Extensive fencing is used to separate livestock from wildlife and prevent the transmission of FMD, though this has had a negative environmental impact on wildlife (**SDG 8 & 15 +**).	Declining cattle supply: The high prevalence of cattle diseases (e.g., Foot-and-Mouth Disease (FMD)) constrains production and limits commercial and/or export opportunities (especially for smallholder farmers in FMD "red zones"). Measures to prevent FMD have had a negative environmental impact. Current measures create a trade-off between expanding beef exports and expanding the ecotourism sector. Recurring import bans in key markets (UK and EU) disincentivise the sector's expansion due to the low predictability of Return on Investment (ROI). Inefficiencies in the BMC—the sole established exporter. A 2023 reform Act has yet to be

Red zone beef is exported to regional markets. Green zone beef is (generally) eligible for export to the EU/UK. The Botswana Meat Commission (BMC) is currently the sole entity licenced to export.	 However, there are opportunities for sustainable farming methods (e.g. wildlife, wildlife-friendly disease control measures) and possibly organic beef for smallholder farmers (**SDG 8 & 13 +**).	implemented[6], and the private sector is uncertain whether it will be implemented in the future.
FRUIT – CITRUS		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production In 2022, Botswana had 164 citrus growers, 94% of which were small-scale farmers, with the remainder being medium-to-large-scale farmers (serving local markets). The transition towards export has been driven by the Selebi-Phikwe Citrus project—set to become the largest citrus development in Southern Africa. Production is 11,000 metric tonnes, with exports at 8,000 metric tonnes. Plans are to expand production by 2026 to 70,000 metric tonnes, with 60,000 exported. **Trade** The commercial sector is new (exports are not yet reflected in formal trade data).	**SDG impact**  High women's participation — accounted for 75% of total employment in 2022 (**SDG 5 +**).  There are opportunities for sustainable irrigation practices through using EG shade netting and climate-smart agriculture (**SDG 13 +**).  There is a negative impact on water scarcity (**SDG 6 +**). **Other**	It requires extensive irrigation infrastructure for effective production due to the prevalence of drought/water scarcity (a barrier for smallholder farmers to capitalise on commercial opportunities). Insufficient crop insurance is a key issue—insurance values are low, premiums are high, and insurance from across the border is restricted. Transport is also a major constraint (the Durban port is problematic, Walvis Bay is expensive, and container services are currently not sufficient).

[6] In 2019, the Botswana Meat Commission (Transition) Act was enacted to transition the BMC into a public company limited by shares under the Companies Act. In 2023, the Botswana Meat Industry Regulatory Authority (BMIRA) Act was passed to support the BMC Act.

However, in March 2024, the Selebi-Phikwe Citrus project began exporting 2,400 kg of fresh lemons weekly to the Middle East and plans to export to the EU and USA.	The Selebi-Phikwe Citrus project has created formal jobs in an area hit by recent job losses due to the closure of the BCL copper mine. The projects planned expansion will generate more employment. Knowledge transfer from the Selebi-Phikwe Citrus project presents opportunities for local farmers (including small-scale citrus farmers) to upscale operations, increase commercialisation, and tap into lucrative export markets.	Botswana's import bans on citrus from South Africa have resulted in tit-for-tat retaliation .The citrus company had to throw away 900 metric of grapefruit and cannot export to juice factories in South Africa.
(ECO-)TOURISM & HANDICRAFTS		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Tourism In 2019, the travel and tourism sector contributed 8.9% of total employment—around 8.450 thousand jobs. Largely seasonal "high value, low volume" international markets drive wildlife tourism. Facilities and accommodation are primarily concentrated in the Chobe National Park and Savuti Nature Reserve. There is some tension between ecotourism and beef production as the fencing used to prevent cattle from being exposed to disease through contamination from wildlife with	**Tourism** **SDG impact**  Tourism is a significant source of employment (**SDG 1 +**).  Ecotourism facilitates active community involvement, ensuring locals benefit economically and socially (**SDG 1 & 8 +**).  Much of Botswana's tourism sector is wildlife-focused, essentially	**Tourism** Ecotourism's growth is limited by its environmental fragility, but investment in the sector is constrained by a lack of transparency and predictability in regulations and the management of tourism concessions. Developing the Meetings, Incentives, Conferences, and Exhibitions (MICE) segment of the market would help even out seasonality and expand employment opportunities. However, limited capacity and high infrastructural costs (a sufficient number of hotels need to be built, and amenities

phytosanitary fencing, to prevent the spread of foot and mouth disease.

Trade
In 2023, Botswana received around 1.2 million tourists, 26.4% of whom were holiday/leisure visitors. Most visitors (77.2%) reside in the SADC region. Top overseas importing countries include the United States of America (USA) (5.3%), Germany (3.5%), and the United Kingdom (2.1%).

Handicrafts (directly linked to ecotourism):

Production
There is a rich history in handicrafts, though the sector's full potential remains unquantified. Baskets are the most prominent product, internationally recognised, alongside beadwork, jewellery, leather items, wooden carvings, pottery, and emerging glass crafts. The artisan sector is primarily driven by women's cooperatives and small collectives.

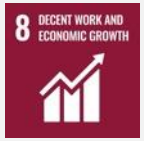
Trade
Accurate data on sector size/growth is unavailable due to the sector's unstructured nature.

conservationist in nature (**SDG 13 +**).

Handicrafts (directly linked to ecotourism)

SDG impact

Women-dominated sector, with opportunities for young fashion designers (**SDG 1, 5 & 8 +**).



Linking handicrafts with the tourism sector (luxury lodges and boutique shops catering to international tourists) can unlock new income streams for low-income local rural communities (particularly women), promoting the use of traditional knowledge, skills, and creativity. (**SDG 1, 8, 10 +**).

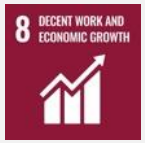
Other
Ecotourism is one of the fastest-growing segments of the tourism industry. However, employment is low-skilled and seasonal, with limited upward mobility.

developed, before conferencing is viable) disincentivise early-entry investment.

Handicrafts
Small-scale artisans struggle to reach wider markets due to lack of skills, resources, and buyer connections; Insufficient workshops, equipment, and transport facilities hinder production and distribution; Many artisans lack formal training, limiting innovation and product quality, increasing dependence on middlemen; Limited access to credit and financing restricts investment in materials, equipment, and expansion; Cheaper imports, especially from Zimbabwe, dominate markets and undercut local crafts; Income fluctuates due to reliance on short safari seasons (seasonal demand).

Demand for handicrafts is almost exclusively linked to tourism. There are few opportunities and little demand for direct exports.

VELD (SAVANNAH) PRODUCTS AND EXTRACTS		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production Botswana's rich biodiversity, particularly regions like Ghanzi, is the source of natural products. Total production and employment figures are not readily available. DLG Naturals BW is the country's largest producer of veld value-added products (mainly organic certified marula oil). Rural communities generally harvest these products. **Trade** The total value of exports is uncertain. In a good year Matebeleng Millings exports over 60MT of Devil's Claw (widely used in medicaments and herbal remedies) to the EU (Germany and France). Kalahari truffles are exported to South Africa for processing. The key export market for marula oil is the USA. There is growing consumer interest in sustainably and ethically sourced products—e.g., Google searches for Marula Oil have increased 900% in the last five years. Companies such as Matebeleng Millings are interested in expanding into the UK market.	**SDG impact**  It is an important income stream for poor rural communities, especially in areas with limited economic opportunities (easy access to veld products with no land ownership requirements). Payments for harvesters generally exceed monthly stipends from government work programs (**SDG 1 +**).  There is high women participation (women account for 87% of Matebeleng Millings employees) (**SDG 5 +**).  Veld products are sourced sustainably, and harvesters are trained in sustainable harvesting practices (**SDG 13 +**)	Challenges in obtaining and maintaining organic certification due to high costs and stringent traceability requirements. Dependence on a few major clients results in vulnerability to fluctuations in orders. Exporting involves significant financial risk, as a single 20-ton container represents a substantial investment for smaller companies; Challenges with cold-chain infrastructure for certain raw products (e.g. truffles) makes exporting difficult (and in some cases unfeasible); Potentially limited scalability as overharvesting can lead to resource depletion; Availability of some veld products (e.g. truffles) is influenced by environmental factors, particularly drought, which can lead to inconsistent supply.

RENEWABLE ENERGY - SOLAR ENERGY		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production Currently limited. In 2022, solar energy accounted for only 0.1% of Botswana's energy mix (mostly coal generation). However, solar electricity presents a strong investment opportunity, backed by favourable government policies (Botswana is targeting 50% renewable energy by 2036) and climate suitability. Various initiatives are in place (e.g. Integrated Resource Plan's numerous utility-scale solar projects; The Rooftop Solar Programme Renewable Energy Fund, with 7.9 million Pula in grants for off-grid solar technologies). Large-scale solar projects like the 100MW Mmadinare solar cluster are set to begin operations in 2024. Smaller solar plants in Bobonong and Shakawe, alongside the 29MW Rooftop Solar Programme, are also in progress. **Trade** Surplus electrical energy is sold on the Southern African Power Pool (SAPP) – in 2020, Botswana contributed 510 MW.	**SDG impact**   23.67% of women are employed at BMC, and women fill 25% of the BPC Executive Management roles. Land required for solar electricity generation may be chosen in rural areas, subject to investment in storage and transmission infrastructure (**SDG 5, 8 +**).  Increasing solar capacity could reduce reliance on fossil fuels (**SDG 13 +**). **Other** The growing demand for electricity in Southern Africa is projected to reach 412 TWh by 2030, is a significant opportunity for solar energy investments. Tariff reductions on UK products through the SACUM UK EPA, coupled with tariff incentives for solar components, presents opportunities for cost-effective procurement and export of solar technologies.	The Botswana Power Corporation (BPC) maintains a monopoly over transmission and distribution, limiting independent power producers (IPPs) from accessing the grid. Issues such as restrictive Power Purchase Agreements (PPAs), high capital costs, and logistical difficulties in grid connections further complicate efforts to meet domestic and international demand.

UK- interventions and support

a) Sector specific interventions

- **Beef:** With the EU becoming increasingly hesitant to support this sector, there is scope for support, particularly regarding climate-smart practices, water use, and innovative approaches to SPS that are sensitive to wildlife. The appetite for the sector to exploit the UK as a market could not be established in the field phase. However, if the UK were to be targeted, this would link programmes between producers and potential buyers in the UK to better understand UK quality requirements and consumer preferences.

- **Citrus:** Citrus producers noted the UK's deregulation as a positive development, but at time of interview the US was the more attractive market. Support would focus on sustainable water usage and grant support to leverage the lead firms for our growers' support programmes.

- **Ecotourism:** The opportunity is drive through the value chain to handicrafts and the performing arts. The UK would need to coordinate with EU Programmes, including Support Programme for Industrialization and Productive Sectors (SIPS).[7], in the delivery of assistance.

- **Veld products/ cosmetics and niche food products:** The support would build on the previous TFSA[8] programme, which did not have time to deliver results but did gain some initial traction. Activities would initially be focused on exporters or export-ready producers, working with them to address compliance issues and link to buyers in the UK. Support could potentially be delivered through the Botswana Investment and Trade Centres (BITC) Exporter Development Programme (BEDP).

- **Innovation in products and practices:** The USAID Africa Trade Initiative matching grant scheme illustrates how the private sector can be harnessed for sustainability solutions. Flotek was supported in expanding its range of products to include shade netting, and Selibe-Phikwe Citrus was supported in using it as part of climate-smart agricultural practices.

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[7] An €18 million 5-year project, the Support to Industrialisation and Productive Sectors programme is a joint initiative between GIZ and the SADC Secretariat – financed by the European Development Fund – to facilitate regional integration within the Southern African Development Community (SADC)through the operationalisation and implementation of industrial policy. The project scope relates specifically to the agroprocessing and pharmaceutical sectors.

[8] Trade Forward Southern Africa (TFSA) was a £4.7 million multi-year UK Government programme supporting growth in trade through the provision of targeted solutions that include technical assistance, capacity building, and improved access to essential market information that can alleviate poverty and promote inclusive economic growth, particularly for women, across the Southern African Customs Union and Mozambique

- **Renewable energy:** A further area for UK support would be to facilitate UK investment in renewable energy. The change in government has not changed the commitment to renewables. Support would facilitate the reform of the power sector, and a review of the National Determined Contribution and National Action Plan for the UN Framework Convention on Climate Change.

b) EPA Implementation and Development Cooperation Proposals

In the business community and government, there appears to be very little awareness of the UK EPA, what it might deliver, and the implementation requirements—the lack of a formal implementation compounds this.

Tackling the long tailback of trucks at the border and digitalisation should be a priority. While discussion on development cooperation did not directly address this it should be considered for inclusion.

The issue of control at the border is quite challenging and needs to be unpacked more fully. There is a significant difference of opinion between the private sector and Botswana Bureau of Standards (BOBS) on SPS, TBT and control of goods at the border. The private sector appears to be calling for a rethink of regulatory practices to better balance the control of trade with its facilitation. BOBS, on the other hand, highlights the need to control illicit and counterfeit products and notes that when it comes to standards conformity assessments, they follow best practice and operate in the least trade restrictive manner. There is clearly a need for support to a higher degree of public private dialogue. However, given the current delays and costs of importing, and the limited capacity for surveillance, there is a clear argument for support to the adoption of a more risk-based approach to controlling imports, in addition to the request for capacity building.

Other development cooperation areas raised relating to:

- Competitive assessment of key agricultural exports: meat, citrus (not grains and pulses)
- Legislative support for animal and plant health regulatory frameworks
- Training on GMP, GHP, and HACCP for the meat sector[9]
- Export certification process support for boneless beef products from "red zones"
- Certification processes for food and non-food exports
- Market entry strategies and capacity building for SMEs in food and non-food exports

These interventions, in support of EPA implementation, are very much in line with the needs identified in the assessment of the selected sectors of beef, citrus and veld products. In these

[9] GMP stands for "Good Manufacturing Practice," GHP stands for "Good Hygiene Practice," and HACCP stands for "Hazard Analysis and Critical Control Points"; all three are food safety management systems, with GMP focussing on overall production processes, GHP emphasising hygiene practices throughout the food chain, and HACCP identifying specific critical control points to monitor and manage potential food safety hazard.

sectors, the challenges with compliance to market standards and certification, and market linkages, are important constraints to address.

Additional inputs from the validation workshop

The validation workshop confirmed the importance of the prioritised sectors and the relevance of the proposed interventions. However, participants noted the absence of services, the digital economy in particular, which needs to be a greater focus for exports from a land locked country. While Botswana is relatively well placed for growth in the digital economy, previous initiatives to support the digital economy have failed to stimulate exports. Importantly, key stakeholders in the sector could not identify a clear path for future intervention.

The absence of the automotives value chain was a matter of debate. There is also scope for substantive export growth in plastics, electrical equipment, and inorganic chemicals. The reasons for exclusion from the sector selection were that these sectors are already well established, they are integrated within export development strategies, and their impact on sustainable development was not as great as the other sectors selected.

That said, the scope for cross cutting support to improving the business environment for manufacturing is a key area for consideration, and one that is important for unlocking the potential of the sector.

Eswatini

Situational Analysis

Eswatini is geographically the smallest of the SACUM countries, with a real GDP of USD 4,58 billion and GDP per capita of USD 3726.44 (2023), and is the second smallest exporter after Lesotho. Eswatini has largely recovered from the impacts of the COVID-19 pandemic, with GDP growth rebounding to 4.8% in 2023. Eswatini is heavily dependent on the SACU revenue-sharing pool and relies on the South African economy for both imports and exports (73% and 67%, respectively, in 2019). It has a population of only 1.2 million.

Economic factors

Eswatini's economy is centred on three key sectors: agriculture (11% of GDP), industry (37% of GDP), and services (52% of GDP). Value-added manufacturing as a share of GDP is also not very diversified and is located in lower-value-added processes: beverages (58%), manufacture of sugar (13%), manufacture of textiles (10%), manufacture of cocoa & chocolate (6%), and manufacture of wood and its products (4%) (2020 data).[10] For services, financial services contribute approximately 7% to Eswatini's GDP, information and communication services approximately 4% to GDP, and transport services approximately 2% to GDP.[11]

SDG considerations

Structurally, Eswatini has a de facto public sector-driven growth model that has locked the country in a pattern of low growth and high poverty. Eswatini faces significant developmental challenges; its income inequality ranking is the 10th highest in the world (Gini coefficient 51.5%), with over half of the population living in poverty (58.9% in 2018). Unemployment is 33%, and participation in the labour force is 52%. Eswatini has the highest female unemployment rate across Southern Africa and the continent, and gender-based violence affects 1 in every 3 women. Over 70% of the country's people – and 60% of women – rely on subsistence agriculture to meet their basic needs.

Eswatini is subject to climate change-induced shocks—two El-Nino-induced droughts since 2015 contributed to widespread agricultural collapse. It is impacted by frequent droughts, erratic rainfall, variability in temperature, and water scarcity. Climate-resilience public investments have been conceived; however, implementation has been lacking.

Trade and exports

The economy is largely undiversified both in terms of products and destined export markets:

- Over 89% of its manufactured exports are centralised in only three product groups: chemicals, food products, and apparel.
- Eswatini exports most of its products to African markets, with South Africa (67% of all exports), Kenya, Nigeria, Mozambique, and Tanzania being the country's top 5 global export destinations.

For services, in 2021, imports of services amounted to USD 238 million, whereas exports stood at USD 72 million.

Eswatini's exports have weakened since 2010, falling from an average of USD 2.17 billion between 2000 and 2010 to USD 1.99 billion between 2011 and 2019. This partly results from

[10] Industrial Policy 2023-2033

[11] WTO Trade Policy Review Eswatini 2023 WT/TPR/S/447https://www.wto.org/english/tratop_e/tpr_e/s447-03_e.pdf

a loss of competitiveness across the main economic sectors – notably textile materials, chemicals and agricultural crops. Regaining this competitiveness and implementing the necessary accompanying infrastructure and competencies – such as upskilling of workers, improved manufacturing capacities, greater value-addition activities and so on – will be a challenge for the country, as well as reducing the outsized number of SOEs (30 commercial State-Owned Enterprises (SOEs)), which is also detrimental to improving the country's competitiveness.

Business environment

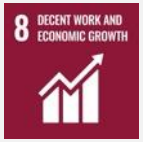
Recent improvements to Eswatini's trade facilitation landscape to support ease of doing business include (i) improving access to information online regarding fees and procedures, (ii) upgrading electronic procedures for business registration, (iii) enhancing the property registration system, (iv) establishing a one-stop shop for business registrations, (v) streamlining trade license approvals, (vi) implementing a Single Window system for trade. However, important challenges remain – weaknesses in Eswatini's customs and border control agencies, poor road and rail infrastructure, and insufficient coordination and non-tariff measures hinder the private sector – increasing the time and costs of transporting goods.

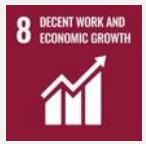
Opportunities and implications

Selected sectors provide opportunities to create jobs and increase livelihoods in rural areas and amongst women. Upskilling is required to enable higher wages. And sectors such as textiles and clothing and sugar need to be supported to adapt to external regulatory and environmental challenges. Eswatini has made good progress in unlocking and diversifying the markets for electrification and renewable energy, which presents interesting investment opportunities with potential for improving export competitiveness and job creation.

Sector selection, assessment, and prioritisation

A "long list" of sectors with significant export opportunities was identified and then assessed according to the process outlined in the methodology. This resulted in a short list of priority sectors. A summary appears in the table below:

TEXTILES & APPARELS		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production Eswatini focuses largely on the 'cut, make, trim' (CMT) model (i.e. fast fashion, low labour costs, rapid production to market times). Loss of AGOA forced remaining companies to diversify, with South Africa becoming the next big market. **Trade** Eswatini's exports to South Africa increased from USD 95 million in 2011 to USD 200.8 million in 2019 and accounts for 33% of all intraregional exports. Textile exports from Eswatini are predominantly centred in South Africa, which receives more than 60% of the country's exports. Diversification of markets is a huge priority.	**SDG impacts**  **Job creation** Currently, the sector provides low-paying jobs with poor working conditions, particularly affecting the 95% of women employed (**SDG 5 +**).  Wages are 60% lower than in South Africa and 10% lower than in Lesotho, highlighting the need for skills development and sector restructuring to create better livelihoods (**SDG 8 +**).  Higher value-added production, investment in R&D, and improved infrastructure can enhance the sector's competitiveness (**SDG 9 +**) and improve the sector's ability to improve job opportunities.	Eswatini's textile sector faces significant challenges. Key constraints include limited access to finance, low technical expertise, inadequate skills, poor quality standards, insufficient infrastructure, and weak backward linkages. Most new hires require training, and the sector relies heavily on expatriates for skilled roles. The development of South Africa's Textiles Masterplan, emphasising domestic localisation, threatens Eswatini's CMT model, as major South African retailers have pledged to prioritise local manufacturing by buying an additional 85 million units of South-African made apparel and textiles and footwear over the next ten years.

	 **Climate change** Environmental challenges persist, with 65% of textile firms violating environmental regulations and significant issues in wastewater and clothing waste management. Inclusion of circular economy practises can assist **(SDG 13+)**	Waste management and sustainability issues remain unresolved, further challenging compliance with environmental standards.
ARTS & HANDICRAFTS		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production The sector is largely small-scale orientated and dominated by women. Many women work as individuals unless organised into cooperatives Production is located in rural areas. **Trade** Currently accounts for ZAR 30 million.	**SDG impact**  Skills development, comprehensive support for the sector through supplier development programmes, skills development and export market support is critical for supporting better livelihoods (**SDG 8 & 10 +**).   At least 47.6% of handicraft artisans (predominantly female) cannot survive based on revenues generated from their handicraft businesses; (**SDG5 +**).  Adherence to recognised health and environmental sustainability standards is critical if the industry is to become more commercialised (**SDG13 +**). Growth opportunities offer a chance for improved	Challenges include: (i) Lack of access to markets, market entry and the logistics costs to move goods out of Eswatini; (ii) educational facilities for fashion design or fine art institutions do not exist; (iii); low digitalisation, declining demand, and access to finance; (iv) women producers need assistance forming clusters to supply market needs and production centres for large-scale production; (iv) absence of compliance with product standards, labelling and tracing, and environmental sustainability standards.

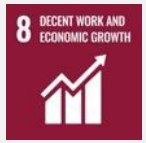
	livelihoods and to promote Eswatini's brand image.	
SUGAR VALUE CHAIN		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production Eswatini is the 4th largest African sugar producer and sugar accounts for 13% of manufacturing value-added (MVA). It is one of the world's most productive and cost-efficient sugar industries, with sugar miller-owned estates contributing 49% of output, followed by smallholders (31%) and large-scale growers (18%). Raw sugarcane refining constitutes 20% of the total MVA and biomass from sugarcane is used for alternative energy production. **Trade** Sugar contributes 5% to GDP and is a huge job creator. Approximately 60% is destined for SACU followed by the EU, and only 8% is	**SDG impacts**  Rising irrigation and electricity costs strain smallholders' livelihoods. Adherence to strict environmental requirements from export markets such as EUDR without appropriate phase-in periods can have negative ramifications on the lowest skilled (and often uneducated) workers in the sector (**SDG 8 +**).  Investments in infrastructure and diversification can support job creation and sector resilience (**SDG 9 +**).  The industry has initiated climate change mitigation strategies to improve water efficiency and irrigation practices. Opportunities for biogas and ethanol production could enhance environmental sustainability while reducing waste, further aligning the sector with SDG goals (**SDG 13 +**).	**Market access and export market guarantees** There is uncertainty in the South African market as a secure export market for Eswatini sugar as South Africa is downsizing its sugar market due to the Health Promotion levy on sugary drinks. Domestic refiners in the UK market accept only unprocessed sugar, which limits the opportunity to increase bilateral trade with the UK. **Infrastructure** Logistics and transportation are a huge constraint for Eswatini, especially as delayed shipments from Richards Bay in South Africa have negatively affected the industry's ability to get products out of the country. The sector's diversification efforts require supporting infrastructure to be developed (transportation, logistics, new processing facilities, etc). Private

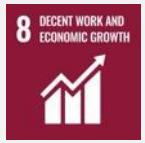
absorbed by the domestic market.[12] The erosion of preferential access has prompted a push for market diversification. While the UK can be unattractive owing to its demand for raw sugar, it has easier compliance standards than the EU; the latter which requires EU Deforestation Regulation adherence as well.	**Other** Diversification into value-added products, such as blended ethanol and biofuels, is being explored in collaboration with South Africa. Investment options include a Biogas plant with 4MW capacity and a total investment of 10 million euros.	sector investment is not forthcoming as there are higher returns on raw sugar.
HORTICULTURE AND AGRO-PROCESSING		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production Over 70% of the rural population (60% of whom are women), rely on subsistence farming. While niche crops like avocados, macadamia nuts, and blueberries have seen export success, scaling production remains limited by small plot sizes, lack of credit access, and insufficient infrastructure. Citrus farming is a key part of the economy, and the country has several citrus farms, including smaller farms and growers, and small-scale growers supported through the government's fruit tree initiative. Successful initiatives like Black Mamba and NAM Board's packhouses highlight agro-processing potential, but more	**SDG impacts**   Expanding production and improving infrastructure can drive rural economic growth, create jobs, and alleviate poverty (**SDG 1 & 8 +**).  Addressing gender disparities by empowering women with access to resources and markets is vital for inclusive development (**SDG 5 +**).	**Infrastructure constraints,** high production costs, and limited access to finance constrain growth. The lack of domestic processing facilities for fruits forces reliance on South Africa for certification and processing, driving up costs. Tenure issues on Swazi National Land limit productivity and credit access, while customs inefficiencies hinder competitiveness. Eswatini's limited adoption of climate-smart agricultural practices has implications for environmental sustainability and export market access.

[12] Eswatini Country Private Sector Diagnostic, World Bank report 2022

facilities are needed to support broader production and export goals**.** **Trade** Exports of agricultural products to the EU have declined significantly, from €14.5 million in 2010 to €2 million. Despite this, juice and jam production has grown as demand for canned citrus products has fallen. Favourable climate and fertile soils position Eswatini as a potential supplier of high-value fruits like citrus, mangoes, and pineapples. Acknowledging its inability to compete on scale with other BELMN members, Eswatini is pivoting toward competitive and profitable products in smaller quantities.	   Investments in infrastructure and climate-smart practices can enhance innovation and resilience. Improvements in infrastructure and climate-smart agricultural production methods can help with innovation and infrastructure development and support Eswatini's food security needs. (**SDG 9 & 13 +**). Lastly, a robust import substitution strategy will bolster food security (**SDG 2 +**). **Other** Efforts to boost Eswatini's agriculture include EU-supported GlobalGAP training for farmers and the FAO-led SADP program (2013–2018) to promote sustainable agricultural products. Taiwan has also supported tropical fruit production. A major FAO project is the USD 28.42 million food processing facility at King Mswati III International Airport.[13] There is an opportunity for the UK to participate in supplier market systems support to the sector and stimulate B2B linkages between UK retailers and Eswatini producers.	**Market access + trade facilitation** Consultations confirmed that accessing the UK market is challenging as very little is known about consumer preferences, taste requirements etc. There is no centralised platform in the country to access market-related information. Reports also suggest customs-related challenges, including repetition of checks and inspections at the border crossing with South Africa.

[13] It will process dairy, vegetables, and meat for local and export markets, with investments in cold chain infrastructure, packaging, and logistics, enhancing value addition and export readiness

BEEF VALUE CHAIN		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production The beef value chain is regarded as one of the fastest-growing sectors in Eswatini, contributing 2.9% to GDP before COVID-19. Eswatini has a limited domestic beef supply; however, the domestic market gap is primarily met by lower-grade beef imports and a large informal market for beef sales. The volume and value of formal beef production are estimated at 43%, while the informal market is estimated at 57%. Eswatini Meat Industries Limited (EMI) is the only licensed exporter and handles only 20% of total beef sales. **Trade** Norway is the main destination for free-range beef exports, importing 57% of the country's livestock products as of 2023. Exports to Taiwan began in July 2024 under the FTA with Taiwan. SADC countries like South Africa, Seychelles, and Mozambique are also markets. **Export market access**	**SDG impacts**  The beef sector employs over 60,000 people and is targeted for 15,000 additional jobs under the FAO-supported Sustainable Development Programme for Agriculture (SDPA) programme. (**SDG1 & SDG8 +**).  Enhancing productivity on Swazi National Land (where most free-range beef originates) can uplift small-scale farmers.  The sector's increased formalisation and value addition can reduce inequalities by integrating smallholder farmers into commercial supply chains (**SDG1 & SDG10 +**). Climate-smart investments, such as drought-resistant fodder crops and rangeland restoration, can mitigate the sector's vulnerability to climate-induced risks.  Reducing greenhouse gas emissions through better pasture management and livestock feeding practices aligns with global climate goals (**SDG 13 +**)	The sector faces several challenges. Low productivity due to poor breeding, grazing management, informal practices, lack of irrigation for fodder crops, limited extension support, and reliance on outdated animal health systems are among the main issues. Climate risks, such as droughts, have significantly reduced cattle populations (e.g., 80,000 cows were lost during the 2015/2016 drought). Export volumes remain below quota due to inconsistent supply and low-quality beef; Eswatini lacks a formal grading system, which limits incentives to produce superior grades of meat, and the informal sector dominates (80% of domestic sales), limiting traceability and export readiness. Vulnerability to Foot-and-Mouth Disease (FMD) in South Africa jeopardises trade continuity. These challenges are compounded by EMI paying low prices, and as a result, smallholders develop informal marketing approaches to selling meat.

Eswatini beef enjoys preferential, tariff-free EU market access via the SADC-EU EPA and an exporting contract with Norway. However, Eswatini is currently exporting below the quota to both markets.		Overgrazing and greenhouse gas emissions from livestock require urgent attention. Insufficient irrigation and poor pasture management exacerbate land degradation and drought risks.
Investment opportunity: RENEWABLE ENERGY		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Electricity production + generation Almost 100% of the electricity generated in Eswatini is from hydropower and sugarcane-based co-generation. Biomass is used mainly for household cooking and heating and for co-generation in the sugar industry. Eswatini is reforming its electricity sector to attract private investment and boost renewable energy—key legislation from 2007 supports unbundling and governance improvements. Montigny Investment plans a 33 MW biomass project, while a recent tender encourages renewable biomass power supply. Currently, 70% of electricity is imported, with local generation reliant on hydropower and sugarcane co-generation. Urban electrification stands at 84%, rural at 74%.	**SDG impacts**  To meet future demand, Eswatini must add 1000 MW by 2050, 80% from renewables, requiring USD1.1–1.5 billion in investment. Expanding renewable energy will improve energy security, create jobs, and advance the country's industrialisation efforts (**SDGs 8 & 9 +**).  Road and transmission infrastructure needs are still underdeveloped to support widespread RE adoption and utilisation, and these represent other avenues for investment opportunities. The country has made great efforts to improve electricity access across the country, with urban electrification at 84% and a core focus on improving electrification in rural areas. 74% of rural households now have access to electricity.	While generation capacity is improving, the same cannot be said for the accompanying transmission infrastructure. Investments in generation capacity must be matched by investments in transmission and distribution infrastructure, including improvements to enable the grid network to integrate higher shares of renewable energy supplies.

UK interventions and support

a) Sector-specific interventions

- **Textiles and apparel:** The UK government could look at skills development and supporting the roll-out of TVET training for the sector as part of helping to support job creation and improve export competitiveness for the sector. Eswatini does not yet have any TVET college in place for the apparel sector, and the FCDO could consider supporting course design and roll-out of a skills programme to help improve the sector. Upskilling is critical if the sector is to grow not only in competitiveness but also in terms of the quality of jobs on offer, supporting improved livelihoods for the women employed in the sector and helping to support more significant job creation – with appropriate climate change mitigations for the sector.

- **Arts and handicrafts:** as a sector largely women-orientated and rurally based, transformation of the industry from cottage to commercial can provide immense improvement for job creation, livelihoods, poverty alleviation as well as gaining access to export markets and helping Eswatini to sell its brand and uniqueness as a country. Current interventions, led by the ITC, involve: (i) supporting linkages between buyers and local producers to develop products for targeted markets; (ii) developing shared spaces / production centres / commercial facilities to scale up production and enable emerging brands to produce and store their products within a factory space that has certification; (iii) assist women with forming clusters and cooperatives to work together to be able to meet supply chain needs; training on standards, and business skills focusing on quality and consistency; (iv) a market linkage programme to expand local purchases by retailers. For the UK government, consideration should be given to the continuation of efforts that began under the TFSA targeting this sector; there is also the opportunity to work with the ITC to co-develop and implement supplier development programmes, in particular relating to the UK as a market, as well as to support ITC's work on developing a tourism value chain in the country, with the inclusion of a 'cultural heritage/handicrafts' tourism package.

- **Sugar sector and diversification opportunities:** Support for the sector can take the form of infrastructure financing needed to support diversification efforts, which remains lacking and hinders the sector's ability to implement new projects. For example, Eswatini's productivity strengths can be utilised to support better greater diversification, such as producing sugar-liquid-related products to meet the needs of bakeries, manufacturers, and other actors. There is also a need to identify financing options for deploying a biogas plant with 4MW capacity, which was identified in an industry-commissioned assessment study and would cost 10 million euros. Secondly, the UK government could, in the short-term, consider supporting efforts to promote the purchase of refined sugar from Eswatini – this would help to support value-added sugar being exported from the country. . Worth paying heed to is the tensions that have arisen through unilateral imposition of requirements related to EU sustainability requirements (CBAM, EUDR and others) on

producers, without sufficient awareness of the labour, industry and economic implications and possible negative ramifications that such requirements can have. Learning from such criticisms the UK government could work with the industry association to provide skills development and training, where possible, for workers in the sector to avoid further marginalisation of the poorest workers in the sector, thereby negatively impacting SDGs related to livelihoods and poverty alleviation, to advance SDG 13 and associated environmental concerns.

- **Beef value chain:** Despite being in small quantities, Eswatini can export beef to the EU, reflecting high quality and potential for growth of exports. As a largely rural confined sector, there is also the opportunity to support increased livelihoods through access to other export markets (if not the UK, which has a very competitive domestic market) throughout the region, the Middle East, and under the AfCFTA. UK support for the sector could include capacitating a national laboratory for SPS testing, training national veterinarians and extension officers, implementing a livestock traceability system, and assisting farmers in building capacity on export market access requirements and production capacity. The UK government can also consider working with the ITC to support further growth in the sector, for which programming is already underway.

- **Horticulture and specialised agro-processing (sauces, herbs, etc.):** Any support for this sector should focus on high-end, niche products – possibly even organic – and not on trying to compete with South Africa. There are numerous interventions possible, including supporting the roll-out of climate-smart agriculture, standards accreditation for growers, improvements in logistics and cold-storage facilities, supplier development programs linking Eswatini producers to the UK market to have sustained export promotion and off-takers for the sector, as well as training and capacity building for growers and related industry associations vis a vis food safety, SPS issues and market access constraints which, if appropriately designed and targeted on select farmers through a handholding process, could provide an opportunity for growth and holistic socio-economic development.

- **Renewable energy:** A quickly growing sector with large donor and private sector interest, the UK should seriously consider support via investment for numerous projects that may need support in terms of generation transmission and distribution. For example, the UK government could consider assisting Eswatini with technical assistance based on developing standardised Power Purchase Agreements, contribution to the approximately USD 1.5 billion financing needed to support generation transmission and distribution across the country and support rural electrification projects, for which there is still a shortfall at USD 8.6 million – the latter would directly contribute towards improved livelihoods as well as SDG goals supporting electrification of rural communities.

b) ***EPA Implementation and Development Cooperation Proposals***

Evidence gathered through the stakeholder consultations and in-country visits regarding development cooperation indicated that:

- The EU EPA is better known and more familiar to the Eswatini private sector. Sensitisation workshops can be provided to business associations, chambers of commerce, industry bodies, and their members to help them understand UK export requirements, similarities and differences in the UK market compared to exporting requirements they may be familiar with, and where to find relevant information on market access requirements.

- Better utilisation of the Agreement can be supported through export training support, market access support, and B2B linkages with UK suppliers, which is critical to assist MSMEs in improving their export competitiveness. Efforts relating to direct market linkages support, training, and capacity building can build on already successful initiatives like the TFSA programme - like the USAID African Trade and Investment Programme – which was highly regarded and appreciated in Eswatini.

- Regarding digital trade and digitalisation, stakeholders identified the need for an e-commerce strategy, which the UK could consider providing through technical assistance.

- Strengthening national quality infrastructure – such as standards accreditation for Ingelo – has repeatedly been highlighted as a critical stumbling block for the country and an area consistently highlighted in stakeholder interviews as an issue requiring urgent attention. Improving standards accreditation in the country – including accreditation for testing laboratories and obtaining international recognition for Ingelo- will help reduce Eswatini's dependency on external bodies.

These interventions, in support of EPA implementation, are very much in line with the sectoral assessment. In particular with regards to strengthening quality infrastructure for the beef and horticultural sectors, and enhancing compliance with standards and market linkages in agro-processing.

Additional inputs from the validation workshop`

For Eswatini, government representatives noted that the E-commerce sector has active support from International Cooperation Partners and a new strategy document is being developed. Therefore, support to e-commerce was not currently required. Stakeholders, instead, highlighted the inclusion of honey as a niche, emerging commodity. While Eswatini's honey is organic and there are / have been some donor-funded projects implemented to support the industry, it is important to highlight that production is very small (only 35 tons produced last year) and the sector has no ability to test domestically, nor is there a residue plan implemented. However, should these challenges be overcome, its organic status and indigenous tree-derived cultivars would position it well in high paying European and UK markets looking for niche products.

Lesotho

Situational Analysis

Lesotho is a landlocked UN Least Developed Country (LDC) with a real GDP of USD 2.25 billion and GDP per capita of USD 974,38, and is the smallest economy within BELMN. Being geographically bordered by South Africa has heavily impacted Lesotho's economic structure, as well as opportunities and constraints for development. Its currency is pegged to the South African Rand (exposing Lesotho to South African currency instability); it relies heavily on SACU transfers (35% of GDP) to service its spending requirement and imports 85% of its goods and services from South Africa.

Economic factors

As a small LDC, economic activity is constrained, and sectors for investment and growth are also limited; for example, the National Strategic Development Plan only identifies four key value chains for prioritisation: manufacturing, agriculture/horticulture, mining and tourism. These are also the sectors in which the majority of livelihoods are found. On a positive note, stakeholder interviews identified a strong focus on developing a competitive renewable energy sector, focused on promoting RE exports to the region.

Established industries—agriculture and textiles—are on a downward productivity and growth trend and need diversification, development, and climate mitigation support to remain competitive and able to support socio-economic development.

SDG considerations

As an LDC, Lesotho is ill-equipped to meet its SDG targets – especially SDG 8 (Decent Work and Economic Growth). Lesotho has a relatively high unemployment rate of 24%, while youth unemployment is 29%. More than 50% of its population lives below the poverty line, and 25% face extreme poverty levels. In 2023, Lesotho was on track to meet just two SDG goals (12 and 13), ranking 143 from 166 countries on the SDG Index. Traditional gender norms are detrimental to the country’s efforts to close the gender gap. For example, women only account for 33% of the country's non-agricultural-orientated jobs and earn half as much as men do. Gender-based violence is also widespread: up to 86% of women and girls report having experienced such violence.

Lesotho faces significant climate change challenges (it is the 14th most vulnerable country), and little has been done to support serious climate mitigation strategies in the country.

Trade and exports

Trade remains undiversified mainly, and the productivity of key sectors (agriculture and textiles) has declined in recent years. Exports are concentrated on a few relatively low-value-added products and services across a few small industries – textiles and apparel (60% of total exports), diamonds (20% of exports), water and agricultural products. Exports are also concentrated in three key markets: South Africa (41%), the United States (33%), and Belgium (22%). Despite the constrained structure of the economy, Lesotho's trade as a percentage of GDP has increased by 126% since 2014, with exports growing at an average rate of 10.4% per year.

Business environment

Lesotho offers an open economy, though the lack of both government and sector readiness for investors (there are very few policies or vehicles for foreign investment), coupled with weak property laws and rights, constrain the potential for investments beyond remittances. Foreign direct investment (FDI) inflows have followed a declining trend.

Opportunities and implications

Selected sectors provide opportunities to create jobs and increase livelihoods from the agricultural, fisheries and livestock sectors in particular, impacting rural areas. Upskilling and upgrading in important across all the sectors, but in textiles and clothing this is important for women's jobs and livelihoods, including helping to cushion the sector from regional and global export market dynamics.

Critical infrastructure exists that can help manage and support appropriate natural resource utilisation. This sector could be leveraged toward improving regional climate and energy resilience while supporting domestic growth, employment, and attractive investment, especially since Lesotho is becoming a key exporter of water throughout the region.

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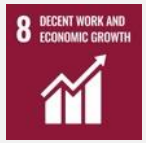
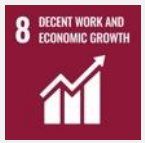
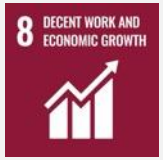
Sector selection, assessment, and prioritisation

A "long list" of sectors with significant export opportunities was identified and then assessed according to the process outlined in the methodology. This resulted in a short list of priority sectors. A summary of the results obtained from this analysis appears in the table below:

HORTICULTURE (FRUIT & VEGETABLES)		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production Horticulture holds significant potential supported by initiatives like the Maluti Fresh Produce Market Centre, which has improved market access and production standards. However, low productivity and limited value addition hinder full commercialisation. The sector is characterised by smallholders and subsistence and is largely rain-fed, with little irrigation farming in place. **Trade** Targeting niche, organic crops for export—such as rosehip to Germany and high-value spices and herbs—offers opportunities for market diversification. Only two commercial exporters currently operate, underscoring the need for expanded trade capacity. Lesotho's high altitude allows early harvesting of deciduous fruits, creating pricing advantages and opportunities to	**SDG impacts**    Horticulture growth can boost rural employment, improve food security, and empower women through skills development (**SDGs 5, 8, 10 +**). Collaboration with international partners, such as the World Bank, on irrigation projects can further unlock the sector's potential for commercial farming and regional trade. Climate change has exacerbated soil erosion and land degradation, resulting in lower yields in a country already characterised by weak agricultural productivity. Climate-induced shocks have also led to crop losses, and reliance on rain-fed agriculture has become more erratic.	**Infrastructure** Challenges in Lesotho's agriculture that offer investment potential include extensive irrigation, enhanced precooling and cold storage facilities, and the establishment of a functional Lesotho Standards Authority with international accreditation for labs. Additionally, there's a need for better awareness of the Lesotho Trade Information Portal, implementation of E-Phyto systems, training for plant protection officers, and addressing climate change impacts such as soil erosion and erratic rain-fed agriculture.

leverage South Africa's export infrastructure for regional and global market access.	 Serious climate change mitigation strategies and agricultural practices will need to be implemented if Lesotho is to grow this sector to become commercially viable (**SDG 13 +**).	
AQUACULTURE: TILAPIA & TROUT FARMING		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production: Trout farming in Lesotho is emerging, with few enterprises operational. One company exports trout for processing in South Africa, while another adds value locally and exports to Japan and Norway. Most production is centred around the Katze Dam. **Trade:** Lesotho mainly exports trout. In 2023, fresh trout exports were valued at USD 5.1 million, and frozen trout exports at USD 3 million.	**SDG impact**  Job opportunities in Lesotho could grow through seasonal tilapia farming, which has lower costs and is viable near rural dams. Similarly, expanding trout farming could boost employment in rural areas where jobs are currently limited (**SDG 8 +**).  Production and employment in rural Lesotho enhance job creation, food security, and livelihood improvements. (**SDG 10 +**).	The trout industry in Lesotho is deemed a success but has thrived mainly without government support, particularly in dam usage, maintenance, and upkeep. The sector is costly, with essential imports like feed and ongoing maintenance such as algae removal. While it offers the potential for exporting high-value products globally, its role in job creation and poverty alleviation is limited unless focused on creating well-paid jobs financed through exports. Additionally, exporting trout to the UK under the EPA is seen as unviable due to competition from the UK's domestic trout industry.

RENEWABLE ENERGY & WATER EXPORTS		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production Developing the Renewable Energy (RE) sector, led by the King, is a priority to reduce dependence on energy imports and shift towards cleaner sources, with the ultimate goal of exporting RE throughout the region. Current projects include an 80 MW solar facility partially funded by China, planned solar and wind projects by OnePower, Rexivista, and a Belgian company, with further exploration of regional water resource sharing (with South Africa and Botswana), particularly at the Mohale dam. Lesotho's National Energy Policy includes power purchase agreements to enable private sector participation in renewable energy generation.	**SDG impacts**  Job creation in terms of OEM maintenance, local skills transfer and development, and long-term opportunities for production of parts required in RE construction (**SDG 8 +**).  Women could benefit from job creation in the RE sector; however, no gender mainstreaming has been undertaken as yet to further women's participation in the sector (**SDG 5 +**).  Developing the RE sector can have a positive effect on improved innovation and infrastructure in the country, helping Lesotho reach the last mile that still needs water and energy access (**SDG 9 +**).	While RE development in Lesotho faces no inherent constraints or risks, broader business environment issues hinder the sector's growth through foreign direct investment. These include unclear property rights, lack of a comprehensive investment framework, difficulties obtaining permits and certifications, and an unfriendly business climate..
TEXTILES & APPAREL		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production Lesotho's textile sector is constrained by its focus on basic, low-value apparel	**SDG impacts**	Lesotho's textile sector faces labour and sustainability compliance challenges, limiting global competitiveness. The

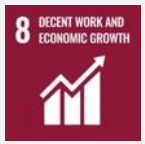
manufacturing using the CMT model. The industry relies heavily on imported fabrics and lacks rapid production capabilities, leading to longer turnaround times than competitors. Dominated by foreign entities Lesotho has not managed to integrate into other value chains, and remains in the segment of low-skill, low-linkage manufacturing. **Trade** Lesotho mainly exports trousers (men's and women's), women's jackets of textile material and cotton, and women's skirts of textile material and cotton (> USD 100 million), as well as knitted/crocheted women's and girls' clothing, T-shirts and vests, Men's and boys' shirts and trousers, and jerseys/pullovers (> USD 250 million).	 With targeted support for upgrading, skills diversification, and enhanced value addition, there's potential for further economic growth and increased job creation in the textile sector (**SDG 8 +**).  Further skills-based employment opportunities in the apparel sector could greatly benefit women employed in the industry, provided they have a chance (**SDG 5 +**).  If Lesotho can enhance value addition in its textiles sector through R&D efforts, there will be significant impact on industry overall (**SDG 9 +**). **Other** Lesotho's textile industry, primarily employing women, is the largest private sector employer. Despite its growth, the sector remains reliant on low-skill jobs and minimal integration into higher-value chains exposes the economy to external fluctuations.	absence of a training institute hinders skills development, leaving high demand for skilled workers like managers and mechanics unmet and perpetuating a gender wage and skills gap in the predominantly female workforce.
LIVESTOCK - BEEF, MOHAIR, & WOOL		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production	**SDG impacts**	**Regional dominance**

Lesotho contributes 18% of global mohair production, with approximately 700 MT in 2019 compared to South Africa's 2080 MT. The Lesotho National Wool Growers Association (LNWMGA) represents around 40,000 growers and operates 256 sheds, serving 37,511 farmers.

Trade

Lesotho's mohair and wool sector (nearly 60% of agricultural exports) is predominantly rural and focused on raw product exports to South Africa. Efforts to develop local greasing and processing face challenges due to limited infrastructure, lack of a functional value chain, and reliance on South Africa's semi-processing facilities. Proximity to South Africa has also exposed Lesotho to the risks of disease outbreaks, which have previously led to export bans, such as China's wool ban on both countries.

Lesotho exports a small volume of live goats and sheep to South Africa, suggesting it has some capability to meet South Africa's SPS requirements – which is the first hurdle to clear to access export markets in the Middle East.



Developing a livestock sector and enhancing wool and mohair production management could boost profits and improve livelihoods. Introducing value-added processing within the value chain can create jobs for youth and increase employment opportunities in rural areas (SDG 8)**.**

Most production and employment are located in rural areas of Lesotho, helping to promote job creation, food security and improvements in livelihoods (**SDG 1 & 10 +**)**.**

Soil erosion, better grazing and land management (a challenge owing to lack of tenure), improvement of degraded rangelands, and animal welfare are challenges that can negatively affect the sector and detract from efforts to grow this value chain (**SDG 13 +**).

South Africa may be unwilling to assist if Lesotho aims to localise its wool and mohair market.

Infrastructure

The livestock sector in Lesotho faces several constraints, including limited pastures, reliance on imported fodder, and the need for improved breeding stock to enhance herd quality. Establishing traceability systems, quality assurance infrastructure, and compliance with SPS regulations and Hazard Analysis and Critical Control Points (HACCP) guidelines is crucial for meeting export standards. Lesotho's lack of testing facilities and an operational Standards Authority limits the opportunity for value addition or localisation within the sector.

UK- interventions and support

a) Sector specific interventions

- **Horticulture (fruit and vegetables):** Developing this sector can further SDG achievements and promote economic growth and export competitiveness. Lesotho can potentially become a high-end, high-value exporter of horticultural products. This will support job creation in rural areas, help ensure the country's food security and offer the opportunity to feed into regional value chains once production levels increase. Assistance in helping the Lesotho Standards Authority to become operational, to have the country's national laboratory internationally accredited for testing, to assist the country with becoming SPS compliant for export markets, and to support the capacitation of plant inspectors, laboratory staff, etc, is a critical and much-needed intervention. It is essential to support growers to meet economies of scale and export market needs. Implementing market linkages and supplier development programmes will help gear the sector towards greater export market competitiveness and promote linkages into the UK retail sector. UK interventions in this regard should be coordinated with the European Union (EU), World Bank and United States Agency for International Development (USAID) – all of whom already have ongoing horticulture investment and development projects in place in Lesotho.

- **Aquaculture (tilapia and trout):** Although trout farming is a success story for the country, it is an expensive fish to farm, and, in the interests of promoting job creation, livelihoods and new sector development in a rural area, more efforts could be put towards developing a tilapia sector instead, which is easier to farm and with lower overheads and inputs. There is also an opportunity to invest in the potential for regional value chain creation with Mozambique, which is also farming tilapia, as a way to contribute towards sectoral development across the region, and which can assist Basotho producers with feeding into established supply chains that participate in export markets. However, investment into this sector must be supported by well-paying jobs that will finance the operations of exports to high-valued northern global markets, for which market linkages and value chain growth and integration opportunities will need to be examined.

- **Renewable energy and water:** Lesotho is already an exporter of water through the Highlands Water Project, for which Phase II is in development. Developing the RE sector serves multiple purposes in supporting clean energy generation, reducing poverty through supporting energy access to rural communities in Lesotho, and improving livelihoods by supporting job creation and skills development. Green financing to support the development of the RE sector in Lesotho is a strong area of consideration for UK investment, especially as this is a strength of the UK's investment offering. Financing and TA support for the RE sector development can include support for local Basotho youth to train as maintenance staff, OEM support and local service providers to service this industry as it grows (and possibly expand these business offerings into other BELMN

countries), especially with the government's ambition to support RE exports throughout the region.

- **Textiles and apparel:** While there is potential to grow the sector, significant levels of investment are needed across the entire value chain. These include:
    i. Appropriate infrastructure in the form of factory shells, etc, and implementing climate mitigation offset measures for textile pollutants and water management

    ii. Skills development to support greater value addition, Research and Development (R&D) and diversification of outputs

    iii. Manufacturing-orientated services to support the sector's growth (this can also help with backward linkages)

    iv. Support for business development, market access and business linkages for enterprises present and emerging in the sector.

  A multi-stakeholder / donor approach could best assist the sector. To this end, it is advisable that the FCDO further investigate the best ways to collaborate with other entities, such as the World Bank and USAID's African Trade and Investment Activity, to create a targeted intervention supporting different aspects of the textiles and apparel value chain.

- **Livestock value chain (red meat, wool and mohair):** The wool and mohair sector needs a comprehensive restructuring, and it is beyond the scope of this study to assess whether processing opportunities for wool and mohair would be possible and feasible. Instead, it is recommended that the UK implement a longer-term follow-up on the TFSA project's objectives targeting the wool and mohair sector, which was generally well-regarded and well-received in the country, i.e. continued standards adoption for farmers, assistance with auditing processes to become RWS compliant, upgrading of shearing sheds and construction of related infrastructure. In the long term, doing so will help improve the sector's competitiveness and ability to meet international standards, promote better livelihoods, and help farmers better understand international market needs.

b) ***EPA Implementation and Development Cooperation Proposals***

Stakeholder consultations and in-country visits offer insight in development cooperation proposals:

- SPS laboratory support and MRLs analysis are critical for supporting the growth of agricultural exports from Lesotho and the country's agricultural sector. Stakeholders also highlighted that these skills are not readily available domestically, and consequently, there is a reliance on South Africa's quality infrastructure for testing and accreditation for Basotho exports.

- The request for B2B linkages, market access and market intelligence research and support is needed for Lesotho exporters to understand better entrance requirements for their products and UK consumer preferences. As most Basotho businesses are MSMEs, MSMEs' inclusion in export readiness development, B2B linkages and supplier development programmes targeting the UK market is critical for facilitating their greater participation in domestic, regional and international value chains.
- For the EPA to be better implemented, it is important to consider how donor programming can be undertaken within the EPA. Working over the longer term, in partnership with growers, exporters and buyers was identified by stakeholders as critical. However, this longer-term partnership approach was often missing in TA-funded programmes.
- With regard to UK-funded programmes specifically, the TFSA programme was well received. However, many stakeholders commented on the short implementation period and expressed a desire for such programmes to have longer intervention periods.

These interventions, in support of EPA implementation, are very much in line with the sectoral assessment. In particular with regards to strengthening quality infrastructure for the livestock, including small stock, horticultural and aquaculture sectors and enhancing compliance with standards and market linkages in agro-processing targeting the UK market.

Additional inputs from the validation workshop

Basotho stakeholders highlighted the need to include cannabis as an additional commodity for priority export investment. While some export of cannabis does take place, there is only one company exporting medical grade, EU-GMP accredited cannabis currently and challenges with obtaining permits are widespread. While the sector is attractive as it remains largely rural and is a source of income for such communities, preliminary analysis reveals systemic challenges that would need to be addressed prior to growing the sector.

For textiles, stakeholders acknowledged the need to move away from CMT (highlighted in the report) and move up in the value chain. However, although the textile sector remains an important export industry it was not really identified as a priority sector amongst participants present in the workshop.

Stakeholders also highlighted that tourism is not a priority sector for the country, beyond agritourism.

Mozambique

Situational Analysis

Mozambique is a geographically large LDC with a estimated population 33 million in 2023. GDP was USD 20.52 billion, and GDP per capita was USD 610.17 in 2023. The country is strategically located, acting as a gateway for export for four of its six landlocked neighbours.

Economic factors

In 2023, Mozambique's economy grew by 5%, driven primarily by LNG (liquefied natural gas) production and strong growth in agriculture and transport services. These sectors help offset the lower rates of manufacturing and construction activity. Agriculture, mining, and energy form the foundation of Mozambique's economy, but productivity is low in these sectors. Development is constrained by low productivity and low investment outside of natural resources and by very high levels of informality.

SDG considerations

While unemployment, based on ILO methodology, was only 3.5% in 2023, 80% of the population is employed in informal labour (mostly agriculture and informal self-employment) where there is significant underemployment. Almost half of those employed work less that 40 hours a week.

The poverty rate was at 48% of the population during the period 2009 to 2015, but increased significantly due to instability and COVID-19. Some estimates put the poverty rate at over 60% at the height of the pandemic. Poverty is disproportionately concentrated in the North and in rural areas, and women in the agricultural sector.

Mozambique is very vulnerable to climate change but is not well prepared to address the challenges.[14] Rising sea levels and intensified cyclones devastate crops and coastal infrastructure, disproportionately affecting the rural poor who live in low-lying agricultural

[14] It ranks 60th in vulnerability to climate change but is 176th in readiness to address these challenge in the Notre Dame Global Adaption Initiative Country Index https://gain.nd.edu/our-work/country-index/rankings/

areas and coastal regions. Beyond the threat to human health, these events also affect physical capital and infrastructure.

Trade and exports

Over the past decade, Mozambique's trade-to-GDP ratio has increased substantially, rising by nearly 20% from 2014 to 2022. However, there have been notable fluctuations over this period, particularly in response to the COVID-19 pandemic, which saw trade drop by 24% between 2018 and 2020. The composition of Mozambique's exports is heavily reliant on the mining and energy sectors – coal exports alone contributed 49.4% of total exports in 2022. The destination markets of exports are highly concentrated: almost half of the country's total export value flows to India and South Africa.

Business environment

Mozambique's business environment is characterised by a complex regulatory framework, particularly for foreign investors and capital operations. Local firms face high capital and liquidity constraints, with few specialised credit vehicles to support export and production in the private sector. The formal economy is limited; constrained by an expensive business environment with onerous regulations.

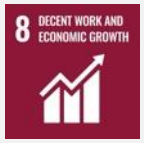
Opportunities and implications

Mozambique has notable opportunities for economic diversification and growth. There is potential for developing value chains in agriculture and aquaculture, which could stimulate growth and provide jobs in rural sectors and beyond Maputo. Furthermore, a significant productivity gap constrains Mozambican development but the capacity to deliver skills upgrading is limited. This points us to sectors where there are larger lead or aggregator firms that can be leveraged to drive skills development through the supply chain via outgrower schemes. Mozambique's experience of cyclones, among other adverse climatic events, reinforces the care required – across intervention strategies – to build environmental resilience.

Sector selection, assessment, and prioritisation

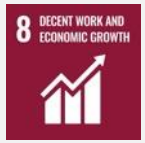
A "long list" of sectors with significant export opportunities was identified and then assessed according to the process outlined in the methodology. This resulted in a short list of priority sectors. A summary of the results appears in the table below:

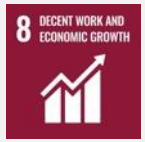
CAPTURE FISHERIES		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production Large-scale commercial operations dominate high-value exports. Small-scale fisheries mainly serve local and some regional markets. **Trade** Exports are significant: mainly crustaceans (>USD 60 million). Molluscs exports have shown major growth over the past decade. Opportunities for increased regional trade for small-scale fisheries	**SDG impact**  High women participation - 57% of the workforce (**SDG 5 +**).  A significant source of employment - over half a million employed; 250 thousand small-scale fisheries (**SDG 1 & 10 +**)  **Other** Opportunities to improve value addition through expanding processing facilities.	Limited commercial opportunities for small-scale fisheries are due to a lack of infrastructure (particularly cold-chain systems and limited processing facilities). Women are mostly confined to low-income informal roles with limited decision-making power.
AQUACULTURE		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**

Production Mainly subsistence-based, small-scale fish farmers. **Trade** Exports are currently limited; however, there is potential for increased exports (particularly tilapia) in regional and international markets. **Seaweed subsector** A recent pilot project was launched to revive the sector. There is growing global demand,	**SDG impact**  It is important for food security, mainly small-scale farming. Several initiatives drive growing production (which doubled in 2024). Growth offers opportunities for increased employment and incomes (**SDG 1 & 8 +**).  High participation of women and youth is estimated at over 50% (**SDG 5 +**).  Support for sustainable farming practices and focus on reducing climate vulnerability, e.g. use of earthen ponds/crop integration; renewable energy used in cold-chain management (**SDG 13 +**)  **Seaweed subsector** Has positive impact on climate through carbon sequestration (**SDG 13 +**), and high women's participation—previously 80% (**SDG 5 +**).	The sector is underdeveloped and mostly subsistence, with limited access to inputs (e.g., fish feed). **The seaweed** subsector collapsed in the late 2000s due to disease and production challenges, such as inconsistent quality and unreliable supply, The pilot project is currently attempting to revive the sector and address these challenges.

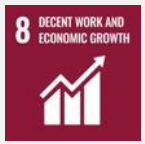
CASHEW NUTS		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production The key agricultural sector has around 1 million trees, with nearly 200,000 producers nationwide (mainly smallholders in northern and central provinces).	**SDG impact**	Production is vulnerable to cyclones and conflicts in the North. Low productivity and nut quality are also major production constraints that impact the processing industry (inadequate volumes of quality raw

Trade Among the main crop contributors to Mozambique's trade balance. Exports have increased significantly over the past decade (increasing from around USD 20 million to reach close to USD 60 million in 2023). Opportunities in organic cashews and processed cashew products (juice and shell oil).	   This is important for poverty reduction and livelihoods (high smallholder farmer participation), particularly in conflict areas (Northern region) (**SDG 1 +**). High participation of women in production and processing (**SDG 5 +**). Several initiatives support inclusive climate-smart cashew nut production and opportunities to use biochar (fuel made from cashew shells) in the cashew value chain, with surplus used to generate carbon credits (**SDG 13 +**).	cashew nuts make it difficult for processors to compete with countries like India and Vietnam). Worker absenteeism is high (50-60%), partly due to low salaries, poor workplace conditions and the prevalence of part-time employment with lack of formal contractual obligations.

MACADAMIA NUTS		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production The sector was only recently established, with mostly large-scale commercial operations. **Trade** This emerging sector offers potential for export growth, currently around USD 6 million. A new duty-free trade agreement with China, effective September 2024, is expected to boost exports. Macadamia nuts have also been designated a target product under the National AGOA Utilization Strategy.	**SDG impact**  Growing global demand and export opportunities in high-end markets (**SDG 8 +**).  Potential in processing/value addition: Plans to build Mozambique's first processing plant could present employment opportunities and increased income (**SDG 8 & 9 +**). **Other** Major challenges include drought vulnerability, irrigation limitations, and complex bureaucratic processes for land access. Prolonged dry seasons	There are currently no domestic processing facilities, and nuts are either exported in-shell to South Africa for processing or directly shipped to China. Limited smallholder participation (currently unsuitable due to high input requirements/knowledge).

	and cyclones exacerbate risks, particularly in Niassa and Zambezia, where irrigation systems are critical to sustaining yields.	
FRESH FRUITS - BANANAS		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production The key agricultural sector ranks sixth in terms of contribution. It is mainly produced by smallholder farmers nationwide. Over 70% of its output is exported. **Trade** Top fruit export valued at over USD 30 million in 2023.	**SDG impact**  Dominated by smallholder farmers (75% in 2017); Supports the livelihoods of close to 1 million families (**SDG 1 + 8 +**).  AgDevCo investments in export-orientated locally run commercial operations, with a strong emphasis on gender equality (**SDG 5 & 8 +**).  **Other** Significant government and donor support is provided to commercial and smallholder farms, particularly in disease management.	The high prevalence of diseases (Panama Disease and Banana Bunchy Top Virus) results in major production losses. Smallholder farmers' productivity is low compared to commercial operations primarily due to financial limitations and inadequate access to fertilisers, irrigation, and disease management resources. Certification and ensuring consistent quality are barriers for smallholders seeking to enter competitive international markets.
FRESH FRUITS - AVOCADOS		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production The commercial sector is new but growing rapidly. It is export-oriented and mainly involves large-scale commercial operations. Investments in processing infrastructure have	**SDG impact**	Infrastructure gaps, such as inadequate secondary road networks and unreliable power supplies, continue to hinder growth. Most inputs (fertilisers, agrochemicals, cartons,

enhanced post-harvest handling, reduced losses, and improved quality to meet international standards. **Trade** Exports were negligible in 2017 but grew to USD 5,2 million by 2023. Harvesting Avocados earlier than competitors can result in premium prices in high-end export markets (exports to Europe off-season).	 Growth in commercial farming and export opportunities in high-end markets can contribute to job creation and economic growth (**SDG 1 & 8 +**). Higher wages for rural workers—40% above minimum wage (**SDG 1, 8 & 10 +**). Sustainability efforts include the adoption of water-saving technologies (**SDG 13 +**).	etc.) must be imported, and irrigation is required during dry seasons. Smallholder farmers are excluded from commercial opportunities (there is currently no out-grower scheme/currently seen as viable).
FRESH FRUITS - LITCHIS		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production Mainly produced in the provinces of Manica (63%) and Sofala (11%). 120,000 litchi trees are tended by 1600 households and most production is by smallholder farmers. Growing conditions are ideal. **Trade** Exports have declined, but consultations confirmed high export potential. Harvesting litchis earlier than competitors can result in premium prices in high-end export markets (exports to Europe off-season).	**SDG impact**  There is high smallholder farmer participation, accounting for 96% (**SDG1 & 8 +**). The Westfalia initiative (partnership with AgDevCo), which uses smallholder farmers as outgrowers, has demonstrated the success of smallholder integration into commercial farming and export-oriented value chains (**SDG 1 & 8 +**).	Exports have declined substantially in recent years. Challenges for farmers include delayed returns (some only see profits after 5 years) and post-harvest rejections, with as much as 20% of the export crop failing to meet stringent market standards. The need for irrigation infrastructure to support production during dry seasons further burdens producers.

SOYBEANS		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production Production increased by 59.6% between 2016 and 2020. Mostly produced by smallholder farmers in Zambezia, Teta, Manica, and Niassa provinces for supplying stock feed locally and, recently, for raw soybean exports. Increased government and foreign investment is targeting high-demand regional markets. **Trade** Exports have grown from USD 270 thousand in 2014 to USD 47 million in 2023.	**SDG impact**    Smallholder farmers mainly drive production, accounting for around 95% (**SDG1 +**). There is high women's participation, accounting for around 65% of the workforce (**SDG 5 +**). There are significant opportunities for further job creation through initiatives like the Nacala Agribusiness Corridor Project, which plans to expand production and exports to regional markets (**SDG 1 & 8 +**).	Improved soil health and irrigation infrastructure are needed in Mozambique's semi-arid regions, particularly for smallholder farmers. Despite being a challenge, this creates investment opportunities in Mozambique's value chain, particularly in areas like fertiliser production, irrigation technology, and drought-resistant seed varieties.

UK- interventions and support

a) Sector-specific interventions

- **Fisheries and aquaculture (tilapia and shrimp):** In both capture fisheries and aquaculture, the UK could support small-scale producers by investing in infrastructure development, for example, through the establishment of cold-chain systems and processing facilities, to enhance value addition and unlock export opportunities in both regional and international markets. In aquaculture, key recommendations lie in increasing access to fish feed, either through introducing Value-Added Tax (VAT) exemptions on feed imports or offering grants to support local feed production. Priority should be given to empowering women and youth, who are a significant share in the workforce, by providing targeted training and resources to expand their participation in commercial activities. Additionally, the UK could support the pilot seaweed project by funding targeted interventions such as disease management and quality control systems to meet global market standards.
- **Cashew and macadamia nuts:** The UK could build on existing initiatives supporting sustainable farming practices and improved productivity among smallholder farmers. It could also explore opportunities for innovative sustainable technologies available in Mozambique, such as converting cashew shells into biofuel for power processing facilities. This has the potential to reduce costs and generate surplus carbon credits for sale in international markets. Support could also include scaling organic farming methods, facilitating certification, and connecting farmers to premium organic markets.
- **Fruits:** Recommendations are tailored for each selected fruit sector, as they present distinct opportunities and face unique challenges requiring targeted interventions:
    a. **Bananas:** The UK could support existing initiatives focusing on disease management programs, specifically targeting Panama Disease and Banana Bunchy Top Virus, which cause significant production losses, particularly for smallholder farmers (this may also include supporting access to disease-resistant seed varieties). Other key areas for interventions could be increasing access to fertilisers and providing support in quality management and certification to enable smallholders to meet international market standards and access export opportunities.
    b. **Litchis:** A key area of intervention for the UK could be expanding on initiatives like the Westfalia AgDevCo partnership, which has successfully integrated smallholders into export-oriented value chains using out-grower schemes. The UK could also support smallholder out-growers by providing irrigation infrastructure, often needed to maintain production during dry seasons. Furthermore, support could also enhance market linkages to the UK so that producers can benefit from their early harvest advantage.

c. **Avocadoes:** Opportunities mainly lie in facilitating exports to the UK market. Like litchis, Mozambique's favourable climatic conditions allow for early avocado production, making it an attractive supplier for the UK and European markets during the off-season.

- **Soybeans:** Given that soybean production is dominated by smallholder farmers with high participation from women, targeted support to this sector could significantly contribute towards inclusive economic development and poverty reduction. In particular, the UK could support initiatives targeting small-scale soybean farmers that focus on improving access to fertiliser, drought-resistant seed varieties, and irrigation infrastructure, especially in semi-arid regions. Priority should be given to empowering women, who represent most of the workforce, by providing targeted training and resources to enhance their commercial opportunities.

b) EPA implementation and development cooperation proposals

A key recommendation is to establish a National Implementation Plan for the UK EPA, drawing on the experience with the EU. This would allow for better donor coordination, which is currently a significant concern.

A UK-Mozambique Business Forum should be piloted to raise the UK's profile as a business partner and a market. Given the experience with the EuroCham, a few key stakeholders should put forward the establishment of a UK - Mozambique Business Chamber, contingent on the success of the Business Forum.

Support for the National Committee on Trade Facilitation (NCTF) would be a central pillar, given the proposed role of the NCTF in EPA implementation. Other activities relating to monitoring indicators, building capacity on Monitoring and Evaluation (M&E), etc., would facilitate the monitoring role.

Export readiness of MSMEs, particularly SPS, is a priority. However, the most effective ways of meeting standards need to be assessed. The heavy focus on Export Network Operational Committee (ENOC)and a government-led solution needs to be assessed against the approach of working with lead firms to integrate small producers through the use of grants and support to private sector-led certification.

Support should focus on the capacity of the National Implementation Committee regarding the AfCFTA implementation.

These interventions, in support of EPA implementation, are very much in line with the sectoral assessment. Of particular note is the strengthening of business linkages with the UK, which encourages the FDI to export pattern that has been so fundamental to the success stories of exports to the UK in fruit and nuts. Note that while quality infrastructure is important for the priority sectors, support should also consider the role that the private sector and lead firms can play in promoting compliance.

Additional inputs from the validation workshop

The validation workshop confirmed the importance of the prioritised sectors and the relevance of the proposed interventions, but participants noted the scope for support to coffee and rice. The coffee sector, after a long period of decline, is re-emerging, focusing on sustainability practices, community involvement and household production. Exports, currently to the UK, South Africa and Eswatini, are very modest, but set to grow over the coming decade. Rice is an important sector, in particular for food security. However, exports are very limited relative to imports.
In addition to the burden of SPS, the challenges of meeting labelling and packaging requirements for export markets was also highlighted.

Namibia

Situational Analysis

Namibia is classified as an *upper-middle-income* country. With a real GDP of USD 11,75 billion (2023) and a growth rate of 4.2%, the country is still recovering from an 8% contraction caused by the COVID-19 pandemic in (date). Namibia is an arid country with a sparse population concentrated in the northern regions. It is one of the driest countries in Sub-Saharan Africa. Ten per cent of the land area is desert, and the country is particularly vulnerable to environmental shocks.

Economic Factors

The extraction and processing of natural resources primarily drives national production. Value added in agriculture, forestry, and fishing accounts for 7.7% of GDP compared to industry, which contributes 30%. However, the value added by industry is concentrated in mining and mineral extraction. Within the industrial sector, manufacturing contributes just 11.2% of GDP. Climate change has significantly negatively impacted the country, constraining livestock production and accelerating the degradation of range land.

SDG considerations

With a real GDP per capita of USD 3965.36, significant challenges remain in combatting overall poverty and inequality—especially after the COVID-19 pandemic. The country suffers from long-term rising unemployment, particularly among its youth. With a GINI coefficient of 0.58, income inequality is extremely high. However, Namibia has made more progress than other BELMN countries toward the selected SDG Goals, particularly in addressing SDG 5 (gender equality).

Trade and exports

Namibia's economy benefits significantly from the inflow of FDI (18.58% of GDP in 2023). Though Namibia remains a net importer, exports have more than doubled since 2004 and made up 43.4% of GDP in 2023. Namibia's exports have been dominated by diamonds and mining products, though preliminary progress has been made in expanding its export basket. Export destinations are highly concentrated, with 50.4% of Namibian exports flowing to South Africa, Botswana, and China.

Business environment

Namibia requires investment in trade infrastructure to ease the existing constraints, such as inadequate rail infrastructure, port congestion, insufficient cold chain logistics, and lengthy customs procedures. Investment and partnership in critical infrastructure services, including energy, logistics, and ICT, can potentially raise Namibia's overall market competitiveness.

Opportunities and implications

Given Namibia's small economy and limited consumer base, the country needs to find new ways to raise the competitiveness of existing value chains and diversify its export markets and products to grow and develop. Products and value chains, in this case, need to be selected with a focus on facilitating this diversification for development.

There is also a need to recognise and address the climate challenge, where failure to adapt threatens employment prospects across the economy, with the costs disproportionately borne by rural communities and impoverished populations. Support for sustainable agricultural practices provides some way forward. Agricultural and aqua-cultural value chains contain (and have the potential to create) many employment opportunities – including types with low barriers to entry for people with low incomes. Exports from these sectors benefit from Namibia's relatively strong animal health system and standards, and the country can diversify further into niche and higher value-added agricultural production.

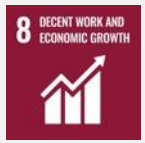
Furthermore, the emergence of a competitive renewable and green hydrogen economy presents significant investment and export opportunities. Sustainable development in Namibia will require active management and the establishment of long-term partnerships.

Sector selection, assessment, and prioritisation

A "long list" of sectors with significant export opportunities was identified and then assessed according to the process outlined in the methodology. This resulted in a short list of priority sectors. A summary of the results obtained from this analysis appears in the table below:

LIVESTOCK - BEEF		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production The sector supports substantial production activities with 1.2 million cattle. Approximately 8,588 tonnes of beef were processed in 2022/23 (<0.02% of global production). Livestock farming accounts for two-thirds of Namibia's agricultural output, with production concentrated south of the Veterinary Cordon Fence (SVCF). The entry of new private-sector producers is fostering growth. The sector also shows potential for high-value wagyu beef production. **Trade** Beef exports are significant, dominated by high-quality grass-fed and free-range products. The sector has established international export certification. Key markets include China, the USA, and Europe. Opportunities exist for further market diversification, particularly in the Middle East. Exports grew by 67% from 2021 to 2023.	**SDG impact**   Significant employment opportunities exist throughout the beef value chain. Beef contributes 50% to total agricultural production and 5% to total manufacturing output. Production and employment are predominantly located in rural Namibia, aiding rural development. (**SDG 8 & 10 +**). **Other** Namibia's status as free from major livestock diseases (such as foot-and-mouth disease) presents a comparative advantage. Significant opportunities exist to upgrade the ageing infrastructure and mobilise resources.	Limited commercial opportunities exist for small-scale beef producers due to ageing infrastructure, capacity constraints throughout the value chain, and rising production costs (water, electricity, feedstock, and equipment). Complex and costly international regulations and traceability requirements pose additional barriers. Financial and operational challenges further hinder competitiveness. Water scarcity and inadequate drought mitigation mechanisms exacerbate production risks, while periodic foot-and-mouth outbreaks in neighbouring countries threaten trade stability.

AQUACULTURE - FISH		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production The fisheries sector, including processing, is the third-largest economic sector, contributing 4.5% to GDP in 2022. The sector directly employs around 16,000 people, with additional indirect employment in supply and logistics. High-value marine species, such as hake, monk, and horse mackerel, dominate production, while small-scale fisheries serve local and regional markets. **Trade** The fisheries sector significantly contributes to the economy, accounting for approximately 15% of the total export value. Most fish production is exported as fresh, chilled, or frozen products, with limited value addition occurring locally. Opportunities exist to expand aquaculture activities for species like oysters, mussels, abalone, and seaweed.	**SDG impact**  Marine resources, including species like hake, monkfish, horse mackerel, and pilchard, show high potential for value addition (**SDG 9 +**). The sector supports rural employment and economic activity in coastal communities (**SDG 10 +**).   Efforts are being made to reduce seafood loss and waste, aligning with SDG target 12.3 (**SDG 12 +**).  Small-scale fisheries are integrated into climate action policies, although access to adaptation funding remains limited (**SDG 13 +**). **Other** Increased investment in onshore and onboard processing, would enable greater value addition. Sustainable mariculture, waste reduction, and replacing ageing	Limited technical skills and inadequate capacity-building reduce productivity and competitiveness. The sector faces significant challenges from legislative misalignment, poor inter-ministerial coordination, and complex export regulations. Environmental risks, such as illegal and unregulated fishing, seabed mining, and pollution, further threaten fish stock sustainability. Infrastructure challenges like limited cold-chain systems and the ongoing "Fishrot" scandal undermine investor confidence.

	vessels with cost-efficient equipment offer further growth avenues	
FRUIT - GRAPES		
Sectoral Overview	**Potential Development Impact**	**Sectoral Constraints**
Production Forty thousand two hundred tons of grapes were produced in 2021, with growth rates over the past two decades exceeding global averages. The sector employs around 10,000 workers. Production is capital-intensive, requiring investments in irrigation, fertilisers, and infrastructure. **Trade** The grape industry exports approximately 3,500 containers annually. Exports grew by 56% from 2020 to 2022 but declined by 48% in 2023, reflecting market and production challenges. The United Kingdom, the Netherlands, Germany, and Belgium are key markets.	**SDG impact**  The grape value chain provides employment opportunities for approximately 10,000 Namibians, contributing to economic inclusion (**SDG 8 +**). **Other** The availability of water for irrigation, coupled with government initiatives to expand agricultural land, presents a favourable investment climate. There is potential for further growth, leveraging international market opportunities and improved export logistics via Walvis Bay Port.	The high capital costs of establishing state-of-the-art storage and handling facilities, irrigation infrastructure, and inputs like fertilisers pose significant barriers to growth. The lack of preservation and proper storage infrastructure results in high post-harvest losses.

UK-specific interventions and EPA implementation

a) Sector-specific interventions

For the UK, the beef, fishing and grape industries present immediate opportunities for deeper collaboration:

- **Beef:** Namibia is looking to exploit niche or premium opportunities for beef exports, including in the UK. To take advantage of these opportunities, direct engagements between Namibian producers and potential buyers in the UK will likely be required to understand UK quality requirements and consumer preferences better and market the unique characteristics of Namibian beef in the UK.

- **Fish:** Namibia has developed a world-class fish processing centre but cannot leverage the full benefits of the EPAs with the EU and the UK due to ambiguities over implementing the diagonal cumulation provisions between SACU Member States. The industry is also interested in importing fish from the Falkland Islands for onward processing and export to the UK. Investigating and resolving the administrative hurdles encountered in issuing rules of origin in this sector would open new export opportunities for Namibia and demonstrate the advantages of the EPA cumulation provisions more widely.

- **Grapes:** Namibia is the fastest-growing grape producer in the world, but domestic legislation currently hampered further expansion into new and higher-value-added cultivars. As the largest market for Namibian grapes, the UK may be able to support Namibia in implementing the regulatory reforms needed to attract new international investment into this sector.

b) EPA implementation and development cooperation proposals

Most development cooperation proposals relate to strengthening the country's SPS and TBT policies, capacity, and infrastructure.

Given the importance of specific agricultural products in Namibia’s current and potential export bundle, targeted support to the National Standards Institute should be prioritised to meet UK regulatory and consumer requirements. The impact of new SPS laws, regulations, and procedures on regional trade in these products should also be evaluated.

Specifically, the FCDO could consider a twinning arrangement between the BSI and the NSI to provide technical assistance in implementing the country's new National Standardization Strategy and plan. It may also be of joint interest to support the NSI in conducting case studies on the use and effectiveness of global standards in facilitating international and regional trade.

Over and above these specific opportunities, both government and private sector representatives would welcome better access to trade expertise and support from the UK.

None of the organisations consulted are aware of any formal collaboration with UK government entities, there is little awareness of the UK EPA across business and government, and there are no formal implementation mechanisms at the national level.

Possible interventions could be considered in the areas of:

- Supporting the development of a national UK EPA implementation strategy and action plan, including awareness-raising activities.
- Partner with the Namibia Industrial Development and Business Promotion (NIDBP) to evaluate the effectiveness of the country's export-readiness and marketing programmes for Small, Medium, and Micro Enterprises (SMMEs) and women-owned businesses. The aim is to improve and/or scale up these initiatives for the UK market
- For Namibia, specific attention should be given to implementing Article 43, challenges with Rules of Origin (RoO) and cumulation, and the (poor) utilisation of Tariff Rate Quotas (TRQs).

Additional inputs from the validation workshop

The validation workshop confirmed the importance of the prioritised sectors and the relevance of the proposed interventions. But participants highlighted the need to diversify through the beneficiation of mining and minerals products; the development of higher-value agricultural products, such as blueberries and dates; and further investment into agro-processing production, such as pasta and leather.

Participants also pointed to new opportunities for investment in renewable energy and desalination. Namibia is currently exploring possibilities throughout the renewables value chain (i.e., solar panel manufacturing, wind turbine manufacturing, electrolyser manufacturing, green hot briquette production, synthetic fuel production, methanol production, e-kerosene production and green ammonia production) and UK companies may have strong interests and expertise in many of these areas.

Participants also provided several examples where Namibian companies are being constrained from accessing export markets because domestic regulators are not moving fast enough to support the export process. Trade advocacy would help ensure greater ownership among regulatory authorities and should hasten implementation.

Key documents and sources used in the country analyses are included as an annex to this report.

3 ENHANCING SACUM-UK EPA IMPLEMENTATION

Challenges for EPA Implementation

Institutional Support, Operationalisation and Awareness

Consultations pointed to government and private sector representatives welcoming better access to trade expertise and support from the UK in implementing the EPA. None of the organisations consulted were aware of any formal collaboration with UK government entities, with no formal implementation mechanisms in place at the national or regional level. It was noted that the SACU Secretariat was overstretched in its coordination, and Member States were not in a position to step in. A further challenge, if the experience with the SADC – EU EPA offers guidance, is likely to be engagement on sustainability aspects of trade under the EPA and the involvement of the private sector and civil society in the Chapter on Trade and Sustainable Development.

Based on the SACU EU EPA evaluation, other technical challenges include SACU's lack of a customs union-level customs management system for administering tariff rate quotas (TRQs), the control of illicit trade, and customs valuation (including challenges relating to the management of sensitive company data).

There is little awareness of the SACUM-UK EPA. Private sector and civil society stakeholders tend to be unaware of its benefits. Most countries have little connection to the British market and business.

Compliance

Exporters are often unclear on complying with UK Sanitary and Phytosanitary Standards (SPS) and Rules of Origin (RoO) requirements. Given the close similarities between the EU and the UK EPA, the challenges faced in compliance requirements for accessing EU markets strongly indicate challenges that will need to be addressed in the UK EPA.

a) Rules of Origin under the EU EPA

The EU-SADC EPA evaluation highlighted strict RoO compared to EBA/GSP: For traders to receive preferential treatment under the EPA, they need to comply with specific RoO requirements outlined in the agreement. A 2024 review of the EU-SADC EPA found that its rules of origin are more complex and stringent for many products compared to those under Everything But Arms (EBA)/ Generalized System of Preferences (GSP)[15], impacting utilisation. This has resulted in Mozambique and Lesotho, for instance, using EBA preferences (Mozambique uses EBA arrangements for nearly 95% of its preferential trade with the EU) due partly to simpler RoO requirements. The EU's EPA Evaluation provides a more detailed comparison of these arrangements[16].

Key goods and sectors where rules of origin are restrictive are:

a. Textiles and Apparel
b. Processed Agricultural Goods
c. Fisheries
d. Automotive Industry
e. Household and Furnishing Textiles
f. Packaging Materials

During the fieldwork for this report, the main issues identified with rules of origin, **cumulation[17]** in particular, under the SACUM-UK EPA, were for fisheries in Namibia. The country study addresses this issue.

Challenges with Proof of Origin:

- **Self-Declaration**: This method allows exporters to self-certify that their products meet the rules of origin criteria without third-party verification. However, it requires that exporters be registered and approved to qualify for this process. In countries like Eswatini, there are

[15] The Everything But Arms (EBA) is a trade initiative by the European Union that provides duty-free and quota-free access to all products, except arms and ammunition, from the world's least-developed countries (LDCs). It aims to promote economic growth and poverty reduction by allowing these countries to export to the EU with fewer barriers. The Generalized System of Preferences (GSP) is a trade framework that grants preferential tariff rates to developing countries, enabling them to export certain goods at reduced duties.

[16] See EU (2024). Ex-post evaluation of the EU-SADC Economic Partnership Agreement.

[17] Cumulation allows countries within a trade agreement to use materials or components from each other and still meet the rules of origin requirements, enabling products to qualify for preferential treatment when exported. This encourages regional trade and cooperation.

no approved exporters for self-certification, and in Mozambique, there are very few (seven), which limits its use. Recommendations have been made in the EU-SADC EPA Review to expand the use of approved exporters through e.g. granting approval to exporters recognized under other trade agreements, or through freight forwarders/shipping agents who could export on behalf of their clients.

- **EUR.1 Certificate**: most traders rely on EUR.1 certificate, the alternative to self-declaration. This formal document is issued by customs authorities to verify the origin of the goods. However, exporters often find it cumbersome, and it doesn't benefit from modern digital systems like REX (Registered Exporter System), which would simplify the certification process.

Issues with diagonal cumulation and calls for automatic cumulation: Implementation has been slow, with SACU activating it only in June 2023, while Mozambique is still pending. In addition, complex administrative procedures requiring cooperation among countries hinder effective cumulation. Moreover, the exclusion of South African products subject to tariff-rate quotas (TRQs) in the EU-SADC EPA limits cumulation. For instance, Eswatini cannot confer origin on preserved fruits when using South African inputs under TRQs, which hinders the ability to meet origin requirements. SADC EPA States have advocated for automatic cumulation for qualifying countries, which would streamline this process by allowing the SADC region to be treated as a single entity.

Challenges with EU SPS

Lack of a Dedicated Committee: No specific SPS Committee exists under the EPA to address issues of SPS. This is also the case in the SACUM UK EPA.

Increasingly Strict EU SPS Standards and Frequent Legislative Changes: The EU's stringent and progressively tougher SPS requirements drive up compliance costs, reducing the appeal of the EU market. Some SADC EPA exporters, particularly in sectors like citrus and beef, are shifting focus to alternative markets in the Middle East and Asia.

Notably, not all of the EU standards for citrus exports to the UK apply, and new EU rules will not automatically apply. However, it is too early to see whether this will make a difference.

Specific challenges were also identified:

- **Limited SPS Certification**: The 2024 review of the EU EPA highlighted that few companies in SADC EPA States hold SPS certification, with fewer than ten certified in Botswana, Eswatini, Lesotho, and Namibia, around 20 in Mozambique, and approximately 65 in South Africa. This lack of certification is a significant barrier to utilizing the EU-SADC EPA, especially for agricultural and food exports. Since around 60% of food products entering the EU are subject to one or more SPS standards, the absence of certification in these countries increases the risk of non-compliance, often resulting in rejections or bans on exports.

- **Non-compliance mainly in documentation (lack of knowledge)**: Most customs investigations into shipments relate to documentary non-conformities rather than harmful organisms. This suggests that the challenges in compliance relate to capacity constraints in administrative procedures.

Alignment of the African Continental Free Trade Agreement (AfCFTA) and SACUM UK EPA rules of origin

Article 3 of the EPA recognises that regional integration is “an integral element” of the partnership and a "powerful instrument to achieve the Agreement's objectives". Further, the integration processes of SACU, SADC, the AU, and, by extension, the AfCFTA are explicitly recognised, and the implementation of the EPA is to be carried out in a “mutually supportive manner”.

An important issue in this context is the extent to which the SACUM UK EPA rules of origin (RoO) converge with those of the AfCFTA. Different RoO may require firms to adjust their production processes to meet the rules for different markets, and can reduce the ability to source inputs regionally. In addition, navigating different RoO requirements is particularly challenging for Small and Medium Enterprises as they often struggle with the administrative burden of proving origin under different agreements.

A recent comparative study of the different RoO applicable in Southern and Eastern Africa [18] found significant differences between the AfCFTA and the SADC EU EPA. Given the strong similarities between the SADC EU and SACUM UK EPA, it is likely that these differences are also to be found in the RoO under the agreement with the UK.

While beyond the scope of the current study, undertaking a granular comparative review of the rules of origin across the SACUM UK EPA and the AfCFTA would be an important step in ensuring the EPA could better promote regional value chains”

Operationalising Development Cooperation under Article 12 of the EPA

Article 12 provides for Development Cooperation to support the agreement's implementation and “to achieve the objectives and maximise the expected benefits." While the Parties agreed on the usefulness of establishing a regional development financing mechanism for effectively channelling development resources and for implementing the accompanying EPA, modalities are not considered.

[18] World Customs Organisation (2024) Comprehensive Comparative Study on the Applicable Rules of Origin in the Eastern and Southern Africa Region.

a) *Unpacking Article 12 requests*

Under Article 12 of the EPA, in September 2024, EPA parties submitted a note of their technical assistance requests for trade-related capacity building to the UK. The note the parties submit covers both SACU-level requests and national-level requests from all six countries. The extensive areas of assistance requested range from trade facilitation (covering customs, transit, SPS/TBT, and national quality infrastructure) to trade policy, negotiations, and regulation to trade promotion support for SMEs in the UK market. This report focuses on cross cutting and BELMN's proposals.

Our consultations in Namibia, Botswana, Lesotho, Eswatini and Mozambique often generated findings which validated and confirmed the types of trade-related capacity-building needs addressed in the Article 12 submission. For example, it was clear from our consultations in Namibia that SPS/TBT and upgrading national quality infrastructure were high-priority areas for trade-related capacity building. These areas comprise around three-quarters of Namibia's requests in Article 12 submission.

Scope and scale: The Article 12 requests represent important areas of trade-related capacity development, largely related to trade facilitation (customs, SPS/TBT, national quality infrastructure, border management, transit) as well as trade policy, trade negotiations, implementation of the EPA, regulatory framework development, trade defence measures administration and export promotion. The requests are only presented in note form, with at most a short paragraph of text and no costings, so it is difficult to have a precise picture of what is required, although taken together, it would represent a substantial, medium-term Aid for Trade programme in the range of £30m to £50m over 5-10 years with the largest needs in Lesotho and Mozambique.

Fragmented approaches: Whilst there are some regional-level requests presented by the SACU Secretariat, regionally coordinated approaches to capacity development, upgrading and interconnecting of national trade infrastructure (e.g. streamlining customs systems on each side of a border in parallel) are not well evidenced in the document and there is a little reference to the SACU wide regional trade facilitation strategy.

Overlapping needs across agreements: Whilst some of the Article 12 requests for technical and financial assistance are specific to the EPA, most will benefit regional economic integration and trade development much wider. As the bulk of the Article 12 requests are for trade facilitation, these are common trade capacity-building needs for the BELMN countries under the SACUM UK, the SADC EU EPA, the AfCFTA and the WTO agreements because the trade facilitation-related provisions of all these agreements are largely very similar. Supporting Aid for Trade for trade facilitation in BELMN countries is, in effect, supporting the implementation of trade rules under all of these trade agreements, and supporting improved trading conditions (by lowering costs and risks of importing and exporting) for BELMN countries with the UK, EU, AfCFTA member states, as well as all World Trade Organization (WTO) members.

b) Coordinating SACUM and the UK with the EU and other trade & development partners

Trade facilitation is a large and complex area of trade-related cooperation, requiring comprehensive approaches and a medium-term horizon. The UK's experience in East Africa over the last 15 years offers valuable lessons, such as the emphasis on automating processes to increase efficiency and reduce corruption, the importance of working end-to-end along key transport corridors, and the need to work across multiple partner countries simultaneously.

Multiple active Donors and the risk of duplication: Several development partners have long-standing existing or recent engagements in the region, such as the World Bank, African Development Bank, United Nations Conference on Trade and Development (UNCTAD), United Nations Industrial Development Organization (UNIDO), TradeMark Africa (TMA), United States Agency for International Development (USAID), EU, World Customs Organization (WCO).

The lack of delivery modalities: While Article 12 calls for a possible "regional development financing mechanism," the parties have not yet defined how it would work in practice.

Effective coordination and oversight by the SACU Secretariat of the EPA and its implementation are necessary conditions for success: Delivery of assistance requires the SACU Secretariat to coordinate and convene Member States and provide the platform for dialogue with the UK. The entire process would need to be guided by the monitoring and evaluation of EPA implementation and its impact by the Secretariat and Member States. However, there are limited staff and resources to track, coordinate, and implement multiple initiatives at once at the Secretariat and Member Level.

Recommendations

Recommendations to address the challenges identified and how to respond to the Article 12 proposals are set out below.

Addressing the challenges of Institutional Support, Operationalisation and Awareness

1. A stronger institutional framework – drawing on the lessons of the SADC - EU EPA

Several stakeholders, most notably in several Ministries of Trade, emphasised the importance of an institutionalised framework for dialogue and monitoring progress. Within this framework, a Dedicated SPS Committee to address sanitary and phytosanitary (SPS) issues is needed.

2. Strengthening the SACU Secretariat

The Secretariat is under-resourced and overstretched, particularly regarding coordination with Mozambique. Several requests by the Secretariat under Article 12 should be approved, including financing a seconded staff member to support implementation and negotiations and

funding for physical meetings, translation, and interpretation. Support should also be provided for monitoring and evaluation, including the involvement of non-state actors and resources for evaluation and studies on implementation.

3. Awareness raising

The field visits clarified the lack of awareness of the UK EPA and its benefits. There is a clear need for (1) Awareness-raising initiatives and (2) business events to get the message out to business and civil society organisations. This feasured in several countries Article 12 requests.

There was strong messaging that awareness-raising should be driven by the presence of British Business, not presentations by consultants or academics. British companies (importers and or investors) need to demonstrate that they are interested in doing business with the smaller countries of SACU and Mozambique, not just South Africa.

4. Strengthening the participation of Non-State Actors in EPA dialogue

While direct, institutionalised involvement of private sector and civil society in EPA dialogue has proved difficult, there is scope to strengthen their capacity to enhance their participation in dialogue at the national level. This should include capacity building on carbon regulation, deforestation, etc., and the evolution and implications of private sector Environmental, Social, and Governance (ESG) reporting and investment.

5. Supporting the development of regional and national UK EPA implementation strategies and action plans.

This assistance could be extended to the SACU Secretariat. In the first instance, it may be useful to work with the Secretariat to define its role and assess what mechanisms and support are needed within Member States and the Secretariat.

Addressing the challenges of compliance

1. Compliance with rules of origin

The EU SADU EPA evaluation recommended expanding the use of approved exporters that can self-certify origin. Also, capacity building for RoO, specifically cumulation rules, is needed.

2. Review of the rules of origin

Given that the rules of origin of the SACUM — UK EPA are nearly identical to those of the SADC—EU EPA and that the DCTS is even less restrictive than the EU EBA, it is relatively safe to say that exporters facing challenges with meeting origination requirements when exporting to the EU will have the same issues when trying to access UK markets under the UK EPA.

The obvious candidates for reviewing the rules of origin are those already identified in the EU EPA SACU evaluation (see page 61). Fisheries, particularly for Namibia, should be added to

this list, particularly with operationalising cumulation with UK Overseas Countries and Territories (OCT), based on consultations for this study.

In addition, consideration should be given to the top exports for which the rules of origin differ between the AfCFTA and the SACUM—UK EPA. The main product of key relevance to the BELMN is cane sugar. Once these have been agreed upon in the AfCFTA, there should be a watching brief on the RoO including for motor vehicles and cars. Though this sector is of most interest to South Africa, several companies in the BELMN participate in the automotive value chain hubbed out of South Africa.

The EPA has a "built-in agenda" set out in Article 117, which provides for a review procedure for arrangements under the agreement. There is a specific provision, Article 117.4, that could eventually deliver changes in the cumulation rules as the article states: "Parties agree to undertake a review of the cumulation limitations among SACU Member States and with Mozambique". However, up until now, there are no known modifications suggested from the Trade and Development Committee sessions on November 10, 2021[19] and April 5, 2023.[20]

3. Reviewing border procedures, performance and existing reforms (single windows)

This would be carried out across BELMN countries and include South Africa and the SACU Secretariat. It would involve benchmarking against international best practices, with a view to strengthening capacity (especially regarding the management of brokers, agents, and bond operators) and digitalising / automating key clearance processes.

This would take into account a core area where the SACU Customs Modernisation is making progress. This includes:

a) IT connectivity: enable the electronic exchange of data between customs. This featured in several countries Article 12 requests
b) Authorised Economic Operators and progressing to mutual recognition of traders with support to establishing green lanes to facilitate border crossing;
c) Risk management and compliance enforcement is an important area, given the extent of counterfeit products. It would involve developing an operational framework to work together in implementing a risk-based approach for problem products; Risk based inspection techniques featured in several countries Article 12 requests.
d) Trade digitalisation, including the adoption and use of electronic certificates etc. is an issue in much need of attention. Several countries included e certification, including of phytosanitary certificates, in their Artcile 12 requests.

4. Review of SPS arrangements

[19] UK Government (2021). Joint Communiqué from the first meeting of the BELMN-UK EPA Trade and Development Committee.

[20] UK Government (2023). Joint Communiqué from the second meeting of the BELMN-UK EPA Trade and Development Committee.

Given the sensitivity and complexity of issues relating to SPS, this is a longer term issue, but with potentially significant impact, that should be an important part of the EPA Mid-Term Review. Until the review commences, discussion could be carried forward in the proposed SPS Committee.

Operationalising Development Cooperation under Article 12 of the EPA

1. Donor coordination:

Future UK support must be carefully planned and coordinated with other actors. A long-term strategic approach coordinated across all of SACUM, including South Africa, around key trade corridors will ensure the greatest impact and efficiency in aid delivery.[21]

It will be important for FCDO Southern Africa to reach out to these development partners together with the BELMN countries and SACU Secretariats and establish up-to-date information sharing and mapping, division of labour and avoiding duplication of trade capacity building efforts as a minimum. It would be most beneficial for FCDO and SACUM to set its sights beyond those minimum requirements, however, given the overlap between the EU and UK EPAs, and the fact that the EU, UK and US (amongst other donors) have for some years already been co-financing Aid for Trade in Africa at a very large scale via the TradeMark Africa platform.

2. Potential implementation modalities

Trademark Africa (primary modality)

In our view, UK support to the Article 12 requests on trade should be delivered through a dedicated facility with TradeMark Africa, co-financed with the EU, US and other European Union member states. A specific window of the facility, only to be financed by the UK and EU, could be earmarked for specific EPA implementation requirements. Otherwise, the facility funds would be invested to support trade facilitation and trade policy capacity building relevant to implementing the EPA, WTO agreements, and the AfCFTA.

Thematically, this would cover the following areas:

- Customs
- SPS/TBT and national quality infrastructure
- Border management
- Transit and trade corridor efficiency
- Trade policy and regulatory framework development
- Training and capacity building
- Women and Trade programmes
- Implementation of WTO and AfCFTA protocols and agreements

[21] An assessment of South Africa's Article 12 requests will be carried out in a separate study.

- Trade promotion within African

In our view, TradeMark Africa would be best suited as the primary implementing partner for the UK's response to the Article 12 requests, for the following reasons:

- TMA has strong capabilities across trade facilitation and trade policy
- Durable long-term vehicle, working at region-wide & national levels in parallel
- UK, US, EC and several EU Member States are already major investors
- TMA is already engaging in Mozambique and with SACU
- TMA partners with international organisations like UNCTAD, WCO & UNIDO
- Efficient, harmonised aid delivery which facilitates burden-sharing by the UK & EU

This approach would also mean that the UK, EC and 27 EU Member States could potentially have a single, common Aid for Trade delivery platform across Eastern-Southern Africa, supporting regional economic integration and implementation of all EPAs signed with Kenya/EAC, Eastern and Southern Africa (ESA) countries and SACU and Mozambique by the EU or the UK. The approach would also allow the SACUM UK EPA parties to implement their commitments under Article 12 on aid effectiveness and facilitation of investments by other donors wishing to support common objectives.

British Standards Institution (BSI)(secondary modality)

In addition to the main multi-donor investment programme channelled through TradeMark Africa, there would also be important benefits from a smaller, complimentary technical assistance programme on SPS/TBT channelled through BSI. This programme would support building regulatory cooperation on SPS and TBT between the UK and national standards authorities in the BELMN countries, focused on priority sectors for BELMN exports (and net exports) to the UK.

A key objective could be helping BELMN countries achieve Authorised Inspection Service (AIS) status, as South Africa has, so they can issue a certificate of conformity to show that their countries' fruit and vegetable product exports meet UK Special Marketing Standards.

Other modalities: trade negotiations support and trade & investment promotion with the UK

Technical assistance for BELMN countries and the SACU Secretariat for trade negotiations in Article 12 requests would be handled through specialised instruments like the proposed UK Trade Centre of Expertise, successor to Trade Advocacy Fund. These are niche requests for technical/financial assistance, and whilst not requiring large-scale funding, effective delivery requires specialised knowledge and implementation protocols (for example, protecting the confidentiality of advisory support).

4 BUILDING STRONGER UK BUSINESS, TRADE AND INVESTMENT LINKS

Priority Sectors and Prospects for Deepening UK Links

a) Renewable energy

Expanding renewable energy generation is the highest priority sector for expanding trade and sustainable economic transformation in Southern Africa, given the strains on existing generation capacity and expected strong continued growth in demand from domestic and productive sectors, particularly related to the digital economy and processing of critical minerals. There is also significant potential to expand renewable power storage and regional trade in electricity between the 12 countries in the Southern African Power Pool (SAPP).[22]

Solar and wind power generation also present excellent prospects for attracting increased participation from UK businesses and investors within the BELMN countries and through power-grid trading through the Southern African Power Pool (SAPP). Indeed, UK business, investors and development finance institutions are already increasing their participation in the renewables power sector in the BELMN countries such as Namibia and Mozambique, and this can grow much further. Within the SAPP specifically, UK-based power trading company Africa GreenCo Group (supported by PIDG InfraCo Africa) acts as a cross-border market

[22] SAPP member countries are Angola, Botswana, DRC, Eswatini, Lesotho, Malawi, Mozambique, Namibia, South Africa, Tanzania, Zambia and Zimbabwe.

intermediary, buying power from renewable energy producers and selling it to utilities and commercial users.

In October 2024, UK-based Solarcentury Africa signed agreements as an independent power producer for Namibia's new 20MWp solar PV plant. The USD 20 million plant, one of the largest UK investments in Namibia to date, will commence construction in Q3 2025 and will trade all of its renewable power in the SAPP, where the company has formal market participant status and plans a total portfolio of 500 MWp by 2030. In Mozambique, in November 2023, Globeleq, which is 70% owned by BII, announced the launch of commercial operations at the 19MWp Cuamba Solar PV generation and storage plant in Niassa province. The USD 36 million project is the first grid-scale combined solar generation and storage facility in sub-Saharan Africa and provides clean energy to a province with an electrification rate of just over 20%.

Green hydrogen is an emerging renewables sector that could reach approximately 25% of global energy sources by 2050. Several African countries, including Namibia in the BELMN region, have the potential to take a significant share. Green hydrogen has the potential to be an alternative energy source for heavy industrial plants and a dual fuel for merchant shipping. UK businesses are well placed to participate by providing capital to plants and advisory services, as in the case of Hyphen Energy and CMB Tech.

b) Critical minerals for the green economy

The mining sector is already a major source of exports for the BELMN countries. But mining and processing critical minerals for green industrial development, like lithium, copper, graphite, and manganese, which are used for manufacturing batteries, solar panels, and electric vehicles, has much wider positive benefits for achieving global decarbonisation and emission reduction targets and beneficiation in the BELMN countries.

Namibia and Botswana have significant lithium reserves within the region, and Mozambique is a major graphite producer. New reserves are also being explored in Eswatini, and the country is seen as a frontier market, now developing its own national critical minerals strategy. Most processing of essential minerals is done outside the BELMN region; however, whilst building domestic refining/processing and value addition capacity is an important objective for BELMN governments, this has been challenging to achieve in practice as it is energy-heavy and capital-intensive.

The UK has a competitive advantage in Africa's mining sector. London is the global centre for fundraising, listing, trading, dispute resolution, and industry bodies like the International Council on Metals and Minerals. The London Metals Exchange is the global trading and price-setting venue for industrial metals. Several UK-listed or headquartered mining and trading companies have a presence on the continent, including Anglo-American, Acacia Mining, Glencore, and Rio Tinto.

Galileo Resources PLC is active in Botswana's Kalahari copper belt. Aterian PLC has recently acquired additional licenses to explore lithium in an area stretching across Botswana and

Northern Namibia, one of the largest sources of potential lithium brine extraction outside South America. However, other UK mining companies have divested from the continent, and Anglo-American has signalled its plans to divest from its De Beers venture in Botswana and Namibia.

c) Commercial agriculture

Expanding agriculture is a key area for pro-poor export-led economic transformation under the SACUM - UK EPA. Opportunities exist for fruit, vegetables, and some meat and fish products. Still, there is a need for significant new private investment to improve productivity, reduce post-harvest losses, increase value-addition and adopt green/smart agriculture technologies (such as seeds, terracing, fertilisers, irrigation, cold-storage and digital tools). Whilst the UK is a very large and competitive potential market (around £10bn annually for fruit and vegetables, with £1.5bn from Africa) with its own structure and trends, there are also opportunities in domestic and regional markets and the Middle East.

In our view, increasing private investment into agriculture at a significant scale in the BELMN countries will continue to be challenging (with Mozambique having slightly better prospects), constraining the potential for inclusive export-led transformational economic growth. Therefore, there is a strong rationale for providing technical assistance and development finance to help catalyse and de-risk private investment flows into agriculture in the BELMN countries. UK development assistance and development finance is particularly valuable as it can catalyse international private investment into commercial agriculture in BELMN countries (for example, by providing investment finance to South African commercial farming businesses expanding into countries such as Mozambique).

The UK is very well placed to do this, and it would be an excellent focus for the Special Agriculture Partnership established by Article 68 of the SACUM UK EPA. However, this will require a commitment from the UK to deploy its agriculture development capabilities (both technical assistance and development finance) in BELMN countries. Whilst there have been some notable successes (such as BII's investment in the Silverlands table grapes plantation in Namibia or AgDevCo investments in export plantations for avocados, bananas and macadamia nuts in Mozambique), UK agriculture development programmes (such as the CASA programme[23]) and development finance programmes, such as BII and AgDevCo, have delivered very limited portfolios in BELMN countries, and their capabilities have largely not been well tapped or targeted in the region.

e) Financial services, green bonds and carbon trading

Financial services and deepening the financial sector are key to broad-based transformational economic development over the medium term in BELMN countries. This includes insurance, availability of SME credit, access to trade finance, and development of new financial services innovation through fintech business models as seen in African markets like Kenya and Nigeria. In terms of prospects, whilst the UK has world-class financial sector

[23] FCDO Commercial Agriculture for Smallholders & Agribusiness programme

capabilities, the small market sizes of the BELMN countries are likely to deter a significant increase in direct investments and commercial presence at the country level by UK institutions over the medium term. In recent years, there has been a significant downscaling of UK commercial presence in the banking sector, with the sale of the residual Barclays African banking business (re-branded as ABSA) in August 2022.

Instead, the opportunities in the financial services/fintech/digital payments sector will come through increasing UK-managed Africa investment funds and credit facilities, often supported by UK development finance institutions. One example of this modality is BII's trade finance lending facilities with international banks like ABSA (a new facility of USD 150 million for Africa was announced by BII in October 2024) and Standard Chartered (a new facility of USD 350 million covering Africa and South Asia was announced by BII in November 2024). A second example is BII's indirect investments into Africa-focused equity funds in the UK, like Helios Investment Partners24 and NinetyOne (formerly Investec), which then take equity or debt in regional financial services businesses as part of their investment portfolios. For example, with funding from BII, NinetyOne's Africa Credit Opportunities Fund invested in financial services firm Letshego, which started in Botswana but now has operations and branches in Namibia, Eswatini, Mozambique, and Lesotho.

Carbon credit trading and green bonds are other opportunities for expanding the UK-BELMN financial services trade. The cost per tonne of carbon credit generation in the UK is 24 times higher than the global average, so UK investors can use carbon credit trading to offset such projects (for example, forestry and fuel switching). Namibia has already entered the carbon credit trading market, and this could be extended to other BELMN countries with support for necessary regulatory framework development. Similarly, the UK leads the green bond market globally, and UK banks and advisories can support issuances of more green bonds in BELMN countries, following on from the proof of concept for public sector green bonds in South Africa and corporate sector green bonds in Namibia. FSD Africa, a UK-supported financial sector development trust in Nairobi, has recently launched a new Carbon Accelerator Programme (CAPE), which focuses on carbon credit projects in Africa, and the possibility for BELMN countries to participate in the program could be explored.

d) Manufacturing, technical services, agri-business

UK technology, finance, manufacturing and professional services firms have the potential to accelerate the development of a low-carbon, nature-positive manufacturing sector in the BELMN region. The UK government has also recently supported the design and development of the President of Kenya's new industrialisation initiative for Africa, the Africa Green

[24] Founded in 2004 and based in London, Helios is one of the largest Africa-focused investment fund managers, managing funds totalling USD billion, including a new USD 400 million CLEAR Fund backed by BII and PIDG. The new CLEAR Fund managed by Helios will invest in African businesses operating in green energy solutions, climate-smart agriculture & food, green mobility and logistics, recycling and resource efficiency, and digital and financial climate enablers

Industrialisation Initiative (AGII) launched at CoP28, which Namibia has now indicated it wishes to join.

As with commercial agriculture, increasing private investment into the manufacturing sector at a significant scale in the BELMN countries will continue to be challenging (with Namibia, Botswana and Mozambique having slightly better prospects), and this will constrain the potential for inclusive export-led transformational economic growth. Therefore, a strong rationale exists for providing technical assistance to catalyse private investment flows into manufacturing in the BELMN countries. Through its Manufacturing Africa programme, managed by McKinsey, FCDO has a bespoke technical assistance programme catalysing private investment and new technology into manufacturing sectors with a typical project size of USD 8 million. The programme has raised over USD 1billion across its African markets. Whilst the BELMN countries have not been a focus so far, it would be feasible to include 2-3 countries from 2025 at a relatively low additional cost.

Improving the UK Offer on Trade, Technology and Investment to BELMN

BELMN countries, except South Africa, have not been well targeted by UK trade & investment promotion activities and structures such as sub-region investor conferences, trade missions, British Investment Partnerships and the UK Growth Gateway programme (which can provide services to both UK ODA-eligible and non-eligible countries) have not focused on BELMN countries, except South Africa. Moreover, since the UK general election in mid-2024, high-profile structures such as the UK-Africa Investment Summit, and UK-Africa Investor Advisory Group have been paused, and their future is uncertain, undermining political buy-in.

a) Better targeting BELMN in UK trade and investment promotion services

There is an opportunity for the UK to revitalise its trade and investment promotion structures for Africa and better target BELMN countries. The approach could include the following elements, initiated by FCDO and working with other business sector partners and government departments:

1. Improving coordination and communication of the UK's trade and investment partnership offer to BELMN countries, with country briefs detailing consolidated, updated information on activity/investment pipelines, plans, and targets from the Growth Gateway, BII, PIDG (InfraCo), and DBT teams.
2. organising a round of initial briefing and country visits by the newly appointed UK Trade Envoy for Southern Africa.
3. Supporting InvestAfrica and Growth Gateway to organise a series of trade & investment missions to BELMN countries over Q2-3 2025.
4. Organise the first BELMN-UK investor conference in London in Q4 2025
5. Inviting Namibia, Botswana, Lesotho, Eswatini and Mozambique to participate in a UK-Africa Investment Summit in 2026 and to interact in special sessions with a re-instituted UK-Africa Investor Group.

b) Specific proposals for productive sectors

The chart below sets out three specific proposals for sectors with high potential and prospects for expanding two-way trade and investment linkages between BELMN countries and the UK. These proposals are put forward for consideration on the basis that they would be undertaken in addition to and parallel with the actions proposed above to target better the UK's trade and investment offer for BELMN countries.

Proposal	Approach/Opportunities
(ii) A UK-BELMN Green Growth Compact	The approach here could follow the UK-Zambia Green Growth Compact model signed by Ministers in 2021 under the overall direction and coordination of FCDO HQ and FCDO Lusaka. The objective of the UK-BELMN Green Growth Compact would be to increase investment and trade, particularly in areas of green economy development, focusing on renewable energy, critical minerals, and climate finance/investment (including carbon credits trading and green bonds). Digital, GreenTech and FinTech innovations and improving equality would all be themes that would integrate well into the compact workstreams. The UK-BELMN Green Growth Compact would be a public-private partnership, with actions led by governments but also participation from UK development finance institutions (BII, PIDG, FSD Africa), private firms and investors, and UK-based Africa equity funds (such as the new USD 400 million CLEAR Fund managed by Helios Investment Partners).
(ii) Increasing investment in manufacturing & agri-business	The approach here could focus on tapping on FCDO's existing successful *Manufacturing Africa* programme and including the BELMN countries within the implementation phase of the programme from 2026. Whilst there are synergies here with green growth (for example, green manufacturing projects for solar panels or electric vehicle components) and commercial agriculture development (e.g. agri-business processing and value addition) development, this approach could represent a quick-win and could offer rapid, targeted, high-quality advisory support for specific investment projects. Consultations during this study with the FCDO *Manufacturing Africa* programme implementation team indicated that, in principle, it would be feasible to extend the programme scope relatively easily to cover Namibia, Botswana, and Mozambique, with relatively good prospects of catalysing a small portfolio of 3-6 new investments in green manufacturing from USD S5-8 million upwards.
(iii) Expanding trade and investment under the UK-SACUM EPA Special Agriculture Partnership	The approach here could focus on tapping on FCDO's existing agriculture development and strong capabilities in development finance to define and operationalise the Special Agricultural Partnership established by Article 68 of the UK-SACUM EPA. Consultations during this study with the FCDO CASA programme team indicated that, in principle, they would be capable of undertaking scoping and design for operationalising the Special Agricultural Partnership during 2025, with a strong pro-poor approach covering food security, climate resilience as well as export expansion to regional and UK markets. The FCDO CASA programme team has also signalled its agreement and endorsement of a consortium approach to the UK-BELMN Special Agricultural Partnership. This partnership will bring together UK development finance institutions and impact investors like BII and AgDevCo, as well as agricultural services/technology providers and commercial investors.

5 CONCLUSIONS

The Development Challenge and Export Growth in BELMN

The challenges of sustainable development in the BELMN

The five Southern African countries share several fundamental development challenges. A common thread among them is the lack of economic diversification. Economies are heavily reliant on specific industries—such as diamonds in Botswana and Namibia, textiles in Lesotho and Eswatini, and minerals in Mozambique. This overdependence leaves them vulnerable to external shocks, declining demand, and resource depletion.

Unemployment and poverty are persistent challenges across all five nations, with youth and women disproportionately affected. While Botswana and Namibia have achieved upper-middle-income status, this has not translated into significant reductions in unemplpyment or inequality. For instance, Botswana struggles with an unemployment rate of 22.3%, and Namibia's income inequality, as reflected in its Gini coefficient of 0.58, remains one of the highest in the world. In Mozambique, Eswatini and Lesotho, over half the population lives below the poverty line, underscoring the acute need for inclusive economic growth.

Climate change poses an existential threat to all these countries, albeit with varying impacts. Botswana and Namibia face severe water scarcity and desertification, while Mozambique is highly vulnerable to cyclones and rising sea levels. Lesotho, though rich in water resources,

suffers from erratic rainfall and soil erosion, and Eswatini has experienced agricultural collapse due to recurrent droughts. These environmental challenges exacerbate the socioeconomic vulnerabilities of rural communities.

Additionally, infrastructure deficits and inefficiencies in the business environment constrain growth across the region. Inadequate transport networks, energy shortages, and cumbersome regulatory processes hinder trade and limit private sector development. These shared challenges are compounded by country-specific issues, such as Botswana's reliance on diamonds, Eswatini's dependence on SACU revenues, Lesotho's economic exposure to South Africa, Mozambique's entrenched informality, and Namibia's limited manufacturing base.

How Exports Can Drive Sustainable Development

Exports are a crucial lever for driving sustainable development in each of these countries, though the pathways vary. For all five, developing value chains in agriculture and renewable energy hold significant potential for job creation and poverty reduction. By targeting high-value-added products and expanding into niche markets, these economies can achieve greater diversification and resilience.

Sectors that can Drive Sustainable Development

Across the five countries, targeted interventions in agriculture, renewable energy, and manufacturing can support sustainable development:

- For **Botswana**, sustainable beef production, citrus, eco-tourism, and veld products can create rural jobs while preserving biodiversity. Investments in renewables can generate much need exports from sales in the regional power pool, supplement traditional energy sources and assist with green transition. Further enhancing the business environment could also unlock greater manufacturing exports.

- In **Eswatini**, diversifying exports in textiles, sugar, and horticulture can address poverty and unemployment, especially among women. Renewable energy investments and e-commerce would enhance export competitiveness and advance the country's SDGs.

- **Lesotho**'s export growth can be driven by high-value horticulture and aquaculture, creating jobs in rural areas. The expansion of renewable energy, particularly through the Highlands Water Project, offers regional, clean energy exports, supporting climate goals.

- For **Mozambique**, cashew, macadamia, fisheries and aquaculture value chains offer pathways for inclusive growth, while fruit exports can tap into niche UK and EU markets. Investments in quality infrastructure, outgrower schemes and trade facilitation will unlock the potential of these sectors.

- In **Namibia**, the beef and grape sectors are poised to expand exports with targeted buyer engagement and regulatory reforms. The fishing industry has world-class processing facilities yet is limited by unclear rules of origin under diagonal cumulation—resolving these administrative hurdles could open new export avenues and illustrate the EPA's benefits. Renewable energy investments offer the opportunity for diversification and support green transition.

While many of the constraints facing export expansion and sustainable development in these sectors are deeply structural, the report has identified interventions that can realise value in the short term. These interventions are generally sector specific. However, the **lack of awareness and capacity** among governments and the private sector regarding the opportunities from trade agreements, including the UK Economic Partnership Agreement (EPA), has restricted their implementation and utilisation. Many businesses remain unaware of the export opportunities available under the agreements, underscoring the need for comprehensive workshops, market intelligence, and capacity-building programs to bridge this gap.

Enhancing EPA Implementation

To address immediate EPA implementation needs, strengthening the institutional framework for the UK EPA is critical. Drawing lessons from the SADC EU EPA, this effort should prioritise the creation of a dedicated SPS Committee to address sanitary and phytosanitary measures and build capacity within the SACU Secretariat. Particular attention should be paid to coordination between SACU and Mozambique. Raising awareness of the EPA among businesses and civil society is also important to maximise its impact and ensure broader participation.

Involving non-state actors in EPA dialogues and developing a regional and national SACUM UK EPA implementation strategies are also recommended to guide and coordinate support. Simplifying and reviewing rules of origin, particularly in sectors like fisheries and sugar, would enhance the agreement's practical utility. Additionally, digitizing border procedures can streamline trade and reduce bottlenecks. Conducting a mid-term review of EPA implementation is crucial to identifying and addressing lingering challenges.

Under Article 12 of the EPA, there is a pressing need for a robust and well-coordinated regional trade facilitation program. This initiative should be co-financed by multiple donors and managed by a trusted agency, such as TradeMark Africa, which has experience facilitating regional trade projects. Formal consultations with SACUM governments, SACU, US and EU delegations, and TradeMark Africa would be the first step in designing a collaborative program. Securing funding and rolling out a medium-term initiative would then focus on streamlining trade facilitation, strengthening regulatory cooperation (with input from bodies like the British Standards Institution), and supporting ongoing trade negotiations. This approach would help create seamless regional trade, boost export competitiveness, and ensure equitable benefits for all partners, particularly smaller and less-resourced participants.

Building Stronger UK Business, Trade and Investment Links

To revitalize and expand the UK's trade and investment presence in Botswana, Eswatini, Lesotho, Mozambique, and Namibia (BELMN), a more coordinated and visible approach is required. Current initiatives, such as the Growth Gateway and British International Investment (BII), should be systematically aligned and communicated to stakeholders. Appointing new UK Trade Envoys to these countries can further raise awareness of bilateral opportunities.

Organizing dedicated investor conferences and targeted trade missions would highlight market opportunities in the BELMN countries. These efforts could culminate in a UK–Africa Investment Summit in 2026, where these countries can showcase their potential to global investors.

To deepen bilateral partnerships, three specific sectoral proposals are advanced. First, a UK–BELMN Green Growth Compact could emulate the successful UK–Zambia model, focusing on renewable energy, critical minerals, and climate finance. Second, expanding the Manufacturing Africa program to include BELMN countries would foster industrial investments, support value addition, and create jobs. Third, operationalizing the Special Agriculture Partnership under Article 68 of the EPA would enhance agri-business competitiveness. Leveraging UK development finance tools such as the FCDO's Commercial Agriculture for Smallholders and Agribusiness (CASA) program would drive these initiatives.

This holistic approach aims to position the UK as a leading trade and investment partner for the BELMN countries while aligning with their sustainable development priorities.

ANNEXES

Documents Consulted – by Country and Sector

Botswana

Situational analysis

Macroeconomic profile	Cross-Border Road Transport Agency. (2018). *Botswana Country Profile* ILOSTAT (2024) IMF Country Reports Botswana 2022/247. United Nations Development Program (2020). *Human Development Report.* World Bank API (2024) World Bank Data Bank (2024).
Socioeconomics and SDG progress	ILOSTAT (2024) IMF Country Reports Botswana 2022/247 Republic of Botswana (2021). *The Botswana Climate Change Policy.* United Nations Development Program (2020). *Human Development Report.* UNDP (2021). *Inequality in Botswana: An analysis of the drivers and district-level mapping of select dimensions of inequality.* Sustainable Development Solutions Network (2024). *Sustainable Development Report 2024.* World Bank Data Bank (2024)
Trade policy	Botswana Exporter Development Programme, 2020-2024 Botswana Industrial Development Policy. Botswana Vision 2036. Economic Diversification Drive. Ministry of Trade and Industry: Botswana's Export Development Strategy National Planning Commission. (2023). *Second Transitional National Development Plan.* Statistics Botswana Vision 2036 (2016) United Nations in Botswana (2017). *National Development Plan II.*
Trade	International Trade Centre Trade Map (2023). UNCTAD (2024). *Botswana Profile.* World Bank Development Indicator Database (2024).
Business environment	Economic Complexity (Trade) Index (2022) World Bank Ease of Doing Business (2020). World Economic Forum (2019). *Global Competitiveness Index.*

Sector selection

Literature review: policy and research documents	Finmark Trust & Imani Development (2021). *Agricultural Finance Scoping in Botswana, eSwatini, Lesotho, and Malawi.* Republic of Botswana, Ministry of Trade and Industry. *Botswana's Export Development Strategy.* Republic of Botswana, Ministry of Trade and Industry (2011). *Economic Diversification Drive Medium to Long-Term Strategy 2011 – 2016.* Republic of Botswana. *Industrial Development Policy.* Trade Forward Southern Africa (2021). *Value Chain Selection Finalisation of the Long List.* United Nations in Botswana (2017). *National Development Plan II.* USAID Africa Trade and Investment Program Southern Africa Buy-in (2024). *Annual work plan fiscal year 2024.* World Bank (2025). *Botswana: Systematic Country Diagnostic.*
Trade analysis	International Trade Centre Trade Map (2023).

	International Trade Centre Export Potential Map (2023). International Trade Centre Trade Competitiveness Map (2023).

Sector Assessment

Livestock - Beef	
Production	BMC (2024). Botswana Meat Commission Breaks Ground on New Meat Value Addition Plant and Revitalised Tannery Botswana Investment and Trade Centre (2023). Leather and Leather Goods. Botswana Vaccine Institute (2018). Resilience in challenging times – annual report 2018 ReportLinker (2022). Botswana Beef Industry Outlook 2022 – 2026. Sirak, B. et al (2023). Productive efficiency of beef cattle production in Botswana: a latent class stochastic meta-frontier analysis TFSA (2021). *Value Chain Selection: Finalisation of the Long.*
Trade	ITC Trademap
Constraints/ risks	BMC (2024). Botswana Meat Commission Breaks Ground on New Meat Value Addition Plant and Revitalised Tannery Botswana Investment and Trade Centre (2023). Leather and Leather Goods. Healthcare Radius (2024). Botswana to boost veterinary vaccine manufacturing. Laws of Botswana (2023). Botswana Meat Industry Regulatory Authority Act TFSA (2021). *Value Chain Selection: Finalisation of the Long.*
SDG Impact & Other	BMC (2024). Botswana Meat Commission Breaks Ground on New Meat Value Addition Plant and Revitalised Tannery Botswana Investment and Trade Centre (2023). Leather and Leather Goods. Healthcare Radius (2024). Botswana to boost veterinary vaccine manufacturing. Laws of Botswana (2023). Botswana Meat Industry Regulatory Authority Act TFSA (2021). *Value Chain Selection: Finalisation of the Long.*
FRUIT - CITRUS	
Production	Farmers Weekly (2022). Botswanan citrus farmers join Citrus Growers' Association FruitNet (2022). Botswana citrus Interview with Selebi-Phikwe Citrus project Director Trade Forward Southern Africa (2022). Bright future for citrus farming in Botswana.
Trade	Business Day (2024). *Botswana's ban on SA imports harms relations, Agbiz warns.* Interview with Selebi-Phikwe Citrus project Director
Constraints/ risks	Interview with Selebi-Phikwe Citrus project Director
SDG Impact & Other	Farmers Weekly (2022). Botswanan citrus farmers join Citrus Growers' Association FruitNet (2022). Botswana citrus growers hail cooperation with South Africa. Interview with Selebi-Phikwe Citrus project Director Kashe, K et al (2023). Opportunities and challenges for conservation agriculture in Botswana. Trade Forward Southern Africa (2022). Bright future for citrus farming in Botswana. USAID ATI Annual Work Plan (2023).
(ECO-)TOURISM & HANDICRAFTS	
Production	Botswana Tourism Industry Report 2021. Botswana's National Ecotourism Strategy

	European Union Delegation (2020). Analysis of the ecotourism value chain in botswana and identification of its key development priorities JCIC (2024). Market Analysis Of The Botswana Handicraft Statistics Botswana (2023). Annual Tourism Report.
Trade	Statistics Botswana (2021). Annual Tourism Report. Statistics Botswana (2023). Annual Tourism Report.
Constraints/ risks	European Union Delegation (2020). Analysis of the ecotourism value chain in botswana and identification of its key development priorities JCIC (2024). Market Analysis Of The Botswana Handicraft
SDG Impact & Other	Botswana's Youth Development Fund project European Union Delegation (2020). Analysis of the ecotourism value chain in botswana and identification of its key development priorities Interview with JCIC project lead Mbaiwa, J (2018). Human-wildlife conflicts in the Okavango Delta, Botswana: What are Paya, K. (2021). Challenges experienced by women fashion entrepreneurs of sustainable management options?
***VELD* (SAVANNAH) PRODUCTS AND EXTRACTS**	
Production	Botswana Investment and Trade Centre. DLG Naturals BW (2024). Interview with director of Matebeleng Millings. Kalahari Truffles (2024). TFSA (2021) - TFSA Sector Selection: Finalisation of the Long List of Sectors TFSA (2022) - Sector Intervention Delivery Report: Milestone
Trade	Botswana Investment and Trade Centre. Interview with director of Matebeleng Millings. ITC Trademap
Constraints/ risks	Interview with director of Matebeleng Millings. TFSA (2021) - TFSA Sector Selection: Finalisation of the Long List of Sectors
SDG Impact & Other	Interview with director of Matebeleng Millings.
RENEWABLE ENERGY - SOLAR ENERGY	
Production	SAPP Statistics 2019/2020; International Energy Agency (IEA) *Botswana Country Profile* – Accessed November 2024; Statistics Botswana *Electricity Generation & Distribution Stats Brief, First Quarter 2024; SADC. 2018. SADC Energy Monitor 2018 – Enabling Industrialization and Regional Integration in SADC. SADC, SARDC. Gaborone, Harare;* Pappis, I., Howells, M., Sridharan, V., Usher, W., Shivakumar, A., Gardumi, F. and Ramos, E., *Energy projections for African countries,* Hidalgo Gonzalez, I., Medarac, H., Gonzalez Sanchez, M. and Kougias, I., editor(s), EUR 29904 EN, Publications Office of the European Union, Luxembourg, 2019, ISBN 978-92-76-12391-0, doi:10.2760/678700, JRC118432; le Roux, A., & Cilliers, J. 2024. *Energy on the Current Path forecast.* ISS African Futures.
Trade	Botswana Power Company *Integrated Report 2023;* Statistics Botswana *Electricity Generation & Distribution Stats Brief, First Quarter 2024; ITC Trademap* accessed November 2024
Constraints/ risks	Statistics Botswana *Electricity Generation & Distribution Stats Brief, First Quarter 2024;* Botswana Power Company *Integrated Report 2023;* Statistics Botswana *Electricity Generation & Distribution Stats Brief, First Quarter 2024; ITC Trademap* accessed November 2024; International Energy Agency (IEA)

	Botswana Country Profile – accessed November 2024; US International Trade Administration *Botswana Commercial Guide* (2024) – accessed November 2024.
SDG Impact & Other	Statistics Botswana *Electricity Generation & Distribution Stats Brief, First Quarter 2024;* Botswana Power Company *Integrated Report 2023;* Statistics Botswana *Electricity Generation & Distribution Stats Brief, First Quarter 2024; ITC Trademap* accessed November 2024; International Energy Agency (IEA) *Botswana Country Profile* – accessed November 2024; US International Trade Administration *Botswana Commercial Guide* (2024) – accessed November 2024. Statistics Botswana *Electricity Generation & Distribution Stats Brief, First Quarter 2024;* Botswana Power Company *Integrated Report 2023;* Statistics Botswana *Electricity Generation & Distribution Stats Brief, First Quarter 2024; ITC Trademap* accessed November 2024; International Energy Agency (IEA) *Botswana Country Profile* – accessed November 2024; US International Trade Administration *Botswana Commercial Guide* (2024) – accessed November 2024.

Eswatini

Situational analysis

Macroeconomic profile	African Development Bank (2024). *ESwatini Economic Outlook.* ILOSTAT (2024) United Nations Development Program (2020). *Human Development Report.* World Bank API (2024) World Bank Data Bank (2024) World Bank (2024). Es*watini Country Overview.*
Socioeconomics and SDG progress	ILOSTAT (2024) United Nations Development Program (2020). *Human Development Report.* Sustainable Development Solutions Network (2024). *Sustainable Development Report 2024.* World Bank Data Bank (2024)
Trade policy	Eswatini Government (2017). *Draft National Trade Policy 2017-2022.* Eswatini Government (2019). *Strategic Road Map, 2019-2023.* Eswatini Government (2023). *National Development Plan 2023-2028.* Eswatini Government, Industry Department (2023). *Industrial Policy 2023-2033.* UNECA (2024). *AfCFTA National Implementation Strategy: Kingdom of Eswatini 2024 – 2028.* World Trade Organization (2023). *Trade Policy Review: Southern African Customs Union.*
Trade	International Trade Centre Trade Map (2023). World Bank Development Indicator Database (2024).
Business environment	Africa RISE (2023). *Assessment of Eswatini's E-commerce Readiness.* World Bank (2022). *Country Private Sector Diagnostic Report: Creating Markets in Eswatini.* World Bank (2023). *Country Partnership Framework for the Kingdom of Eswatini FY24-FY28.* World Bank (2024) *Drivers of Inclusive Growth.*

Sector selection

Literature review: policy and research documents	AGOA (2021). *National African Growth and Opportunity Act (AGOA) Utilisation Strategy and Action Plan for the Kingdom of Eswatini.* Eswatini Government, Industry Department (2023). *Industrial Policy 2023-2033.*
Trade analysis	International Trade Centre Trade Map (2023). International Trade Centre Export Potential Map (2023). International Trade Centre Trade Competitiveness Map (2023).

Sector Assessment

TEXTILES & APPARELS	
Production	World Bank Country Private Sector Diagnostic Report: Creating Markets in Eswatini, 2022
Trade	Stakeholder interviews World Bank Country Private Sector Diagnostic Report: Creating Markets in Eswatini, 2022
Constraints/ risks	Industrial Development Policy 2023-2033 Stakeholder interviews World Bank Country Private Sector Diagnostic Report: Creating Markets in Eswatini, 2022
SDG Impact & Other	Stakeholder interviews World Bank Country Private Sector Diagnostic Report: Creating Markets in Eswatini, 2022
ARTS & HANDICRAFTS	
Production	National Handicraft Sector Policy 2023-2030 Stakeholder interviews
Trade	National Handicraft Sector Policy 2023-2030 Stakeholder interviews
Constraints/ risks	National Handicraft Sector Policy 2023-2030 Stakeholder interviews Policy 2023-2030
SDG Impact & Other	Stakeholder interviews National Handicraft Sector Policy 2023-2030
SUGAR VALUE CHAIN	
Production	Industrial Policy 2023-2033 SOFRECO, Diversifying Eswatini's sugar industry through the development of an Agribusiness park, 2021. World Bank Country Private Sector Diagnostic Report: Creating Markets in Eswatini, 2022
Trade	Industrial Policy 2023-2033 SOFRECO, Diversifying Eswatini's sugar industry through the development of an Agribusiness park, 2021. Stakeholder interviews World Bank Country Private Sector Diagnostic Report: Creating Markets in Eswatini, 2022
Constraints/ risks	Industrial Policy 2023-2033 SOFRECO, Diversifying Eswatini's sugar industry through the development of an Agribusiness park, 2021. World Bank Country Private Sector Diagnostic Report: Creating Markets in Eswatini, 2022
SDG Impact & Other	Industrial Policy 2023-2033 SOFRECO, Diversifying Eswatini's sugar industry through the development of an Agribusiness park, 2021. Stakeholder interviews World Bank Country Private Sector Diagnostic Report: Creating Markets in Eswatini, 2022
HORTICULTURE & AGRO-PROCESSING	
Production	FAO Eswatini Country Strategic Plan (2020-2024) WFP/EB.2/2019/7-A/2

	SOFRECO, Diversifying Eswatini's sugar industry through the development of an Agribusiness park 2021. World Bank Country Partnership Framework for the Kingdom of Eswatini FY24-FY28
Trade	ITC Trademap SOFRECO, Diversifying Eswatini's sugar industry through the development of an Agribusiness park 2021. World Bank Country Partnership Framework for the Kingdom of Eswatini FY24-FY28
Constraints/ risks	FAO Eswatini Country Strategic Plan (2020-2024) WFP/EB.2/2019/7-A/2 SOFRECO, Diversifying Eswatini's sugar industry through the development of an Agribusiness park 2021. Stakeholder interviews World Bank Country Partnership Framework for the Kingdom of Eswatini FY24-FY28
SDG Impact & Other	FAO Eswatini Country Strategic Plan (2020-2024) WFP/EB.2/2019/7-A/2 SOFRECO, Diversifying Eswatini's sugar industry through the development of an Agribusiness park 2021.SDPA PPT Situational Analysis of Livestock (Beef & Goats) Value Chains Sector Development Plan Agreement Stakeholder interviews World Bank Country Partnership Framework for the Kingdom of Eswatini FY24-FY28
INVESTMENT OPPORTUNITY: RENEWABLE ENERGY	
Production	Energy Masterplan 2034 GET.Transform PPT, Eswatini Country View 2024
Trade	GET.Transform PPT, Eswatini Country View 2024 ITC Trademap
Constraints/ risks	Energy Masterplan 2034 GET.Transform PPT, Eswatini Country View 2024 Stakeholder interviews
SDG Impact & Other	Energy Masterplan 2034 GET.Transform PPT, Eswatini Country View 2024 Stakeholder interviews
LIVESTOCK - BEEF	
Production	ITC Report on Eswatini Livestock Value Chain Development Program, November 2023 SDPA PPT Situational Analysis of Livestock (Beef & Goats) Value Chains Sector Development Plan Agreement SOFRECO, Diversifying Eswatini's sugar industry through the development of an Agribusiness park, 2021 World Bank Country Private Sector Diagnostic Report: Creating Markets in Eswatini, 2022
Trade	ITC Report on Eswatini Livestock Value Chain Development Program, November 2023 Stakeholder interviews ITC Trademap
Constraints/ risks	ITC Report on Eswatini Livestock Value Chain Development Program, November 2023 SDPA PPT Situational Analysis of Livestock (Beef & Goats) Value Chains Sector Development Plan Agreement Stakeholder interviews World Bank Country Private Sector Diagnostic Report: Creating Markets in Eswatini, 2022

SDG Impact & Other	ITC Report on Eswatini Livestock Value Chain Development Program, November 2023 SDPA PPT Situational Analysis of Livestock (Beef & Goats) Value Chains Sector Development Plan Agreement Stakeholder interviews World Bank Country Private Sector Diagnostic Report: Creating Markets in Eswatini, 2022

Lesotho

Situational analysis

Macroeconomic profile	ILOSTAT (2024) United Nations Development Program (2020). *Human Development Report.* World Bank API (2024) World Bank Data Bank (2024)
Socioeconomics and SDG progress	ILOSTAT (2024) Sustainable Development Solutions Network (2024). *Sustainable Development Report 2024.* United Nations Development Program (2020). *Human Development Report.* World Bank (2021). *Lesotho: Systematic Country Diagnostic Update.* World Bank Data Bank (2024)
Trade policy	Government of Lesotho (2018). *National Strategic Development Plan II (2018-2023)* Government of Lesotho (2020). *Lesotho National Export Strategy 2020-2024.* Lesotho Ministry of Trade and Industry (2021). *National Trade Policy Framework 2021- 2025.* Lesotho Ministry of Trade and Industry, Cooperatives and Marketing (2021). *National Trade Strategy 2021-2025.* World Bank (2018). *Unlocking of Lesotho's Private Sector: A focus on apparel, horticulture and ICT.*
Trade	Central Bank of Lesotho. (2024). *Lesotho Economic Outlook.* International Trade Centre Export Potential Map (2023). International Trade Centre Trade Map (2023). UK Department for Business and Trade (2024). *Trade and Investment Fact Sheets.* United Nations Conference on Trade and Development. (2015). *Lesotho Services Policy Review.* United Nations Development Programme (2024). *Lesotho Country Programme Strategy* World Bank (2023). *Lesotho Economic Update.* World Bank Development Indicator Database (2024). World Bank. (2022). *Lesotho Country Economic Memorandum: Reigniting Growth for All.* World Travel and Tourism Council (2024).
Business environment	African Development Bank (2024). Lesotho Economic Outlook. Central Bank of Lesotho (2023). Lesotho Economic Outlook 2023 – 2025: An Update. International Trade Administration (2024). Lesotho – Country Commercial Guide. World Bank (2020). Lesotho Policy Notes.

Sector selection

Literature review: policy and research documents	Lesotho Ministry of Trade and Industry (2021). *National Trade Policy Framework 2021- 2025.* Government of Lesotho (2018). *National Strategic Development Plan II (2018-2023)* Government of Lesotho (2020). *Lesotho National Export Strategy 2020-2024.* Trade Forward Southern Africa (2021). *Value Chain Selection Finalisation of the Long List.* United Nations (2023). *Draft Lesotho Common Analysis.* USAID Africa Trade and Investment Program Southern Africa Buy-in (2024). *Annual work plan fiscal year 2024.* World Bank (2023). *Lesotho: Systematic Country Diagnostic Update*

Trade analysis	International Trade Centre Trade Map (2023). International Trade Centre Export Potential Map (2023). International Trade Centre Trade Competitiveness Map (2023).

Sector assessment

HORTICULTURE (FRUIT & VEGETABLES)	
Production	World Bank Unlocking of Lesotho's Private Sector: A focus on apparel, horticulture and ICT, 2018 Unlocking of Lesotho's Private Sector: A focus on apparel, horticulture and ICT, 2018 Stakeholder interviews United Nations Draft Lesotho Common Analysis, January 2023 United Nations Draft Lesotho Common Analysis, January 2023
Trade	ITC Trade Map World Bank Development Indicatorrs
Constraints/ risks	Imani Development Trade Barriers and Enablers in Lesotho's Horticulture Value Chain, April 2024 Stakeholder interviews United Nations Draft Lesotho Common Analysis, January 2023
SDG Impact & Other	ITC Value Chain Mapping in Lesotho: Analysing the needs and viability of specified agro processing and light industry value chains, 2024) Stakeholder interviews World Bank Unlocking of Lesotho's Private Sector: A focus on apparel, horticulture and ICT, 2018 World Bank Unlocking of Lesotho's Private Sector: A focus on apparel, horticulture and ICT, 2018
AQUACULTURE: TILAPIA AND TROUT FARMING	
Production	ITC Trademap Stakeholder interviews World Bank Development Indicators
Trade	ITC Trademap Stakeholder interviews World Bank Development Indicators
Constraints/ risks	ITC Trademap Stakeholder interviews World Bank Development Indicators
SDG Impact & Other	ITC Trademap Stakeholder interviews World Bank Development Indicators
RENEWABLE ENERGY & WATER EXPORTS	
Production	Lesotho Energy Policy 2015-2025 United Nations Draft Lesotho Common Analysis, January 2023 Stakeholder interviews
Trade	ITC Trademap
Constraints/ risks	Stakeholder interviews United Nations Draft Lesotho Common Analysis, January 2023

SDG Impact & Other	Stakeholder interviews United Nations Draft Lesotho Common Analysis, January 2023 EuropeAid/138849/IH/SER/LS.
TEXTILES & APPAREL	
Production	Andreas Salidas New Markets Diagnostic or Lesotho's Textile and Apparel Sector. World Bank Group, 2023. Louise Grogan Manufacturing employment and women's agency: Evidence from Lesotho 2004–2014. Journal of Development Economics, Vol. 160. January 2023 World Bank Unlocking of Lesotho's Private Sector: A focus on apparel, horticulture and ICT, 2018
Trade	ITC Trademap
Constraints/ risks	Andreas Salidas New Markets Diagnostic or Lesotho's Textile and Apparel Sector. World Bank Group, 2023. Stakeholder interviews United Nations Draft Lesotho Common Analysis, January 2023
SDG Impact & Other	Andreas Salidas New Markets Diagnostic or Lesotho's Textile and Apparel Sector. World Bank Group, 2023 Stakeholder interviews United Nations Draft Lesotho Common Analysis, January 2023
LIVESTOCK – BEEF, MOHAIR, & WOOL	
Production	Greg Green & Nathan Emery Feasibility Study for the Setting Up of a Testing Laboratory for Wool and Mohair, November 2021 TFSA Responsible Mohair Standard Certification, October 2022
Trade	Greg Green & Nathan Emery Feasibility Study for the Setting Up of a Testing Laboratory for Wool and Mohair, November 2021 ITC Trademap Stakeholder interviews
Constraints/ risks	Greg Green & Nathan Emery Feasibility Study for the Setting Up of a Testing Laboratory for Wool and Mohair, November 2021 Henri Minnaar Red Meat Production Feasibility Study in Lesotho: Detailed feasibility Report and Project Implementation Plan. African Development Bank, February 2019 Stakeholder interviews
SDG Impact & Other	Henri Minnaar Red Meat Production Feasibility Study in Lesotho: Detailed feasibility Report and Project Implementation Plan. African Development Bank, February 2019 Stakeholder interviews TFSA Responsible Mohair Standard Certification, October 2022

Mozambique

Situational analysis

Macroeconomic profile	African Development Bank Group (2024). *Mozambique Economic Outlook.* ILOSTAT (2024) United Nations Development Program (2020). *Human Development Report.* World Bank API (2024) World Bank Data Bank (2024) World Bank. *Mozambique Country Overview.*

Socioeconomics and SDG progress	African Development Bank Group (2024). *Mozambique Economic Outlook.* Global Hunger Index (2024). ILOSTAT (2024). Notre Dame Global Adaption Initiative (2024). *Country Index.* Sustainable Development Solutions Network (2024). *Sustainable Development Report 2024.* United Nations (2020). *Voluntary National Review of Agenda 2030 for Sustainable Development.* United Nations Development Program (2020). *Human Development Report.* World Bank (2023). *Mozambique Gender Assessment: Leveraging Women and Girls' Potential.* World Bank Data Bank (2024) World Bank. *Mozambique Country Overview.* World Food Programme (2022). *Mozambique country strategic plan 2022-2026.*
Trade policy	Government of Mozambique (2003). *Mozambique Agenda 2025.* Government of Mozambique (2015). *National Development Strategy 2015-2035.* Government of Mozambique (2016). *National Strategy for Sustainable Development.* US Department of State (2024). *2024 Investment Climate Statements: Mozambique.*
Trade	360 Mozambique. (2023). *World Bank Board Approves USD 300 million to Improve Access to Finance in Mozambique* European Commission. (2021). *Monitoring Missions and Priorities in Mozambique*. International Trade Centre Trade Map (2023). Overseas Development Institute. (2017). *Economic Transformation and Job Creation in Mozambique*. UK Department for Business and Trade (2024). *Trade and Investment Fact Sheets.* United Nations Development Programme. (2024). *Mozambique Country Programme Strategy.* United States Agency for International Development. (2020). *Mozambique Economic Performance Assessment.* World Bank Development Indicator Database (2024). World Bank. (2022). *Mozambique Country Economic Memorandum: Reigniting Growth for All*. World Bank. (2023). *Mozambique Economic Update.*
Business environment	International Trade Administration (2024). Mozambique - Country Commercial Guide. Morais Leitão Legal Circle (2023). Guide to Doing Business in Mozambique. Privacy Shield Framework (2024). Mozambique - Market Challenges. Republic of Mozambique, Investment and Exports Promotion Agency (2017). Laws and Regulations Related to Foreign Direct Investment in Mozambique. Ulrich Lachler and Ian Walker (2018). Jobs Diagnostic Mozambique. World Bank Jobs Series Issue No. 13. World Bank Group (2021). Mozambique: Assessment of the Legal and Regulatory Framework for Foreign Direct Investment.

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Literature review: policy and research documents	Government of Mozambique (2015). *National Development Strategy 2015-2035.* Government of Mozambique (2016). *National Strategy for Sustainable Development.* Government of Mozambique (2020). *Five-Year Government Plan 2020-2024 (Plano Quinquenal do Governo).* Government of Mozambique (2023). *PEDA 2023: Plano Estratégico de Desenvolvimento Agrário.* International Monetary Fund (2024). *Republic of Mozambique: Poverty Reduction and Growth Strategy*. Trade Forward Southern Africa (2021). *Value Chain Selection Finalisation of the Long List.* United Nations (2020). *Voluntary National Review of Agenda 2030 for Sustainable Development.* USAID Africa Trade And Investment Program Southern Africa Buy-In (2023). *Annual Work Plan Fiscal Year 2024.* USAID Africa Trade and Investment Program Southern Africa Buy-in (2024). *Annual work plan fiscal year 2024.*

	World Bank Group (2021). *Mozambique 2021 Systematic Diagnostic Report.*
Trade analysis	International Trade Centre Trade Map (2023). International Trade Centre Export Potential Map (2023). International Trade Centre Trade Competitiveness Map (2023).

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CAPTURE FISHERIES & AQUACULTURE	
Production	FAD (2020). IFAD to provide USD 43 million to boost aquaculture in Mozambique FAO (2023). *Fisheries and Aquaculture Country Profiles – Mozambique* Msuya, F. et al (2022). *Seaweed farming in Africa: current status and future potential.*
Trade	ITC Trademap Observatory of Economic Complexity
Constraints/ risks	Stakeholder interviews World Bank (2024). *Constraints and Opportunities for Aquaculture Development in Southern Mozambique*
SDG Impact & Other	African Arguments (2024). *Mozambique: Seaweed brings local benefits but may not save the climate.* Chicoa Fish Farm (2024). FAO (2023). *Fisheries and Aquaculture Country Profiles – Mozambique* FAO (2023). *Fisheries and Aquaculture Country Profiles – Mozambique* Further Africa (2024). Aquaculture is growing in Mozambique Msuya, F. et al (2022). *Seaweed farming in Africa: current status and future potential.* Muhla, V. et al (2021). *Climate Change in Fisheries and Aquaculture* Ocean Risk Earth (2023). *Gender and Fisheries* Sean T. et al (2024). A rapid approach to assessing the vulnerability of Mozambican fisheries' species to climate change Stakeholder interviews
CASHEW & MACADAMIA NUTS	
Production	360 Mozambique (2022). *Mozambique on the Path to Become One of the Largest Macadamia Producers* Club of Mozambique (2023). Mozambique: Cashew nut production forecast to rise to 160,000 t in 2024 – government Foreign Carbon Partnership (2022). *Cashew* In Southern Africa's Macadamia *its Sustainable Development* Mozambique Investment and Export Promotion Agency (2023). *Mozambique: Challenges and Opportunities for* Nitidae (2022). *A new study of the macadamia nut sector in Mozambique, its market potential and recommendations for its development* Parshotam, A (2018). Cultivating Smallholder Inclusion SAIIA (2017). *Macadamia Case Study Mozambique.*
Trade	ITC Trademap Observatory of Economic Complexity World Bank Development Indicators
Constraints/ risks	Association of Cashew Industries (AICAJU) interview ETG interviews Foreign Carbon Partnership (2022).

	ILO (2018). A Market Systems Analysis of the Cashew Processing Industry in Mozambique Interview with CCM TechnoServe (2015). Competitiveness of the Mozambican Cashew Industry The Macadamia (2019). Macadamias in Mozambique
SDG Impact & Other	AFD (2023). ACAMOZ 2 - Support for cashew and macadamia value chains in Mozambique Common Fund for Commodities (2023). Understanding commodity value chains in Mozambique: the example of cashew. Foreign Carbon Partnership (2022). Global Investing (2023). AgDevCo Invests USD 10 million in Macadamia and Avocado Grower Dowson Limitada Gorongoza National Park (2020). Sustainable Development. ILO (2018). A Market Systems Analysis of the Cashew Processing Industry in Mozambique Imani Development; UNECA (2023). *MSME's, Value Chains and Trade Development in Southern Africa: Case Studies from Selected Countries.* Interview with CCM Mozambique Investment and Export Promotion Agency (2023). Nitidae (2022). *A new study of the macadamia nut sector in Mozambique, its market potential and recommendations for its development* Parshotam, A (2018). Cultivating Smallholder Inclusion SAIIA (2018). Cultivating smallholder inclusion in Southern Africa's macadamia nut value chains Straits Research (2024). Cashew Market Size TechnoServe (2024). *The Mozambican Cashew Industry.* USAID (2018). Mozambique Country World Bank Jobs (2019). The Cashew Value Chain
SOYA BEANS	
Production	African Development Bank (2024) *Mozambican Farmers Gear Up for Planting season with Timely USD 2 Million Fertilizer Financing Boost,* AUDA-NEPAD (2021) Sandramo 2024. *Improving the Soy Value Chain in Mozambique* Omondi et al. (2023) *Closing the Yield Gap of soyabean (Glycine max (L) Merril) in Southern Africa: A Case of Malawi, Zambia, and Mozambique* Sandramo 2024. *Production and Marketing Trends of Soybeans in Mozambique*
Trade	ITC Trademap Observatory of Economic Complexity World Bank Development Indicators
Constraints/ risks	Sandramo 2024. *Production and Marketing Trends of Soybeans in Mozambique* Sandramo 2024. *Improving the Soy Value Chain in Mozambique* *Stakeholder interviews*
SDG Impact & Other	ACDI/VOCA. (2016) *Leo Report 31: Mozambique Agricultural Value Chain Analysis* AGRA (2020). O*ptimizing Seed Systems in Mozambique Report*. Armand (2019). *Managing Agriculture Risk in Mozambique* IIED (Briefing (2017) S*mall-scale Soya Farming Can Outperform Large Scale Agricultural Investments* Maereka et al. (2023) *Women's visibility and bargaining power in the common bean value chain in Mozambique,* Sandramo 2024. *Production and Marketing Trends of Soybeans in Mozambique* International Institute of Tropical Agriculture (2020) *Feed the Future Mozambique Improved Seeds for Better Agriculture (SEMEAR) Final Project Report*; TechnoServe (2024) *Sustainable Agricultural Sector in Mozambique* Pereira (2013) T*he Soybean Value Chain in Mozambique* Solidaridad Network (2023) *Sustainable Soy Production in Mozambique*
HORTICULTURE - FRUITS	

Production	AgDevCo (2020). *Transforming Fruit Production In Manica Province, Mozambique* Club of Mozambique (2023). New processing facility in Chimoio for avocado production Club of Mozambique (2024). *Mozambique: Banana production and processing unit opens in Moamba.* Feed the Future (2017). *Feed the Future Mozambique Agricultural Innovations Activity (FTF).* Moonstone (2024). Fedgroup Grows Agri-Finance Beyond Borders To Offset South Africa's Economic Risks Mozambique Expert (2021). *Mozambique Banana Production.* TechnoServe (2019). *Leading the Fight to Control Banana Diseases in Mozambique and Beyond.*
Trade	ITC Trademap Observatory of Economic Complexity World Bank Development Indicators
Constraints/ risks	Feed the Future (2017). *Feed the Future Mozambique Agricultural Innovations Activity (FTF).* Interview with CCM, APIEX, UNIDO/Promove Commercio Mozambique Expert (2021). Mozambique Banana Production Silici L, et al. (2015). Sustainable agriculture for small-scale farmers in Mozambique - A scoping report. TechnoServe (2019). *Leading the Fight to Control Banana Diseases in Mozambique and Beyond.*
SDG Impact & Other	ACIAR (2022). Developing a biosecurity system for small banana growers resilient to Fusarium wilt TR4 in southern and eastern Africa AgDevCo (2017). AgDevCo invests in a rehabilitated Mozambican-owned banana plantation with USD 1.5 million. AgDevCo (2020). Feed the Future (2017). *Feed the Future Mozambique Agricultural Innovations Activity (FTF).* AgDevCo (2020). *Transforming Fruit Production In Manica Province, Mozambique* Club of Mozambique (2024). *Mozambique: Banana production and processing unit opens in Moamba.* FAO (2017). FAO supports strategy to contain the Fusarium wilt TR4 (Panama Disease) Feed the Future (2017). *Feed the Future Mozambique Agricultural Innovations Activity (FTF).* Food for Afrika (2023). New citrus terminal to open at expanding Maputo Port. Global Investing (2023). AgDevCo Invests USD 10 million in Macadamia and Avocado Grower Dowson Limitada Interviews with AgDevCo Market Research Future (2024). Global Lychee Market Overview/ Mordor Intelligence (2024). Banana Market - Size, Value & Demand PalTrack (2024). Southern Africa's Citrus Growers' Association (CGA) Has Welcomed Mozambique's Citrus Industry To The Fold SKYQUEST (2024). Avocado Market Size, Share, Growth Analysis, By Form(Fresh and Processed), By Distribution Channels(B2B and B2C), By Region - Industry Forecast 2024-2031 TechnoServe (2019). *Leading the Fight to Control Banana Diseases in Mozambique and Beyond.* TFSA (2021). Mozambican litchis cheer Westfalia. Verdant Produce (2024). Social Impact Westfalia (2021). Westfalia Fruit Mozambique sets the bar high with water-saving technology and early-season avocados

Namibia

Situational analysis

Macroeconomic profile	ILOSTAT (2024) National Planning Commission of Namibia (2024). *Namibia's 3rd Voluntary National Review Report: Progress on the Implementation of the Sustainable Development Goals towards Agenda 2030.* United Nations Development Program (2020). *Human Development Report.* World Bank API (2024) World Bank Data Bank (2024)

	World Trade Organisation (2023). Trade policy Review Namibia 2023, WT/TPR/S/447
Socioeconomics and SDG progress	ILOSTAT (2024) National Planning Commission of Namibia (2024). *Namibia's 3rd Voluntary National Review Report: Progress on the Implementation of the Sustainable Development Goals towards Agenda 2030.* United Nations Development Program (2020). *Human Development Report.* Republic of Namibia, Ministry of Gender Equality and Child Welfare (2010). *National Gender Plan of Action 2010-2020.* Sustainable Development Solutions Network (2024). *Sustainable Development Report 2024.* United Nations Women (2024). *Gender Pay Gap and Labour-Market Inequalities in Namibia* World Bank Data Bank (2024) World Food Programme (2024). *Draft Namibia country strategic plan (2025–2029).* World Trade Organisation (2023). Trade policy Review Namibia 2023, WT/TPR/S/447
Trade policy	Government Of The Republic Of Namibia (2024). *A blueprint for Namibia's green industrialisation.* Minister of Industrialisation and Trade (2022). EPA Implementation Plan. Ministry of Industrialisation and Trade (2019). *National AGOA Utilization Strategy and Action Plan for Namibia, 2019-2025.* Ministry of Industrialisation, Trade and SME Development (2017). *Strategic Plan 2017-2022.* Ministry of Trade and Industry, Namibia (2015). *Growth at Home: A strategy for industrial development*. National Planning Commission (2023). *Economic Development Report 2021 – Towards resilient inclusive growth.* National Planning Commission of Namibia (2017). *Fifth National Development Plan (NDP5) 2017/18 – 2021/2022.* Office of the President (2017). *What are the factors hampering the manufacturing sector performance in Namibia?* Office of the President. Namibia (2004). *Vision 2030.* Republic of Namibia (2022). *National AfCFTA implementation strategy.*
Trade	International Trade Centre Trade Map (2023). International Trade Centre Export Potential Map (2023). World Bank Development Indicator Database (2024).
Business environment	Economic Complexity (Trade) Index (2022) World Bank Ease of Doing Business (2020). World Bank Logistics Performance Index (2023). World Economic Forum (2019). *Global Competitiveness Index.*

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Literature review: policy and research documents	Andrés Fortunato and Sheyla Enciso (2023). *Food for Growth: A Diagnostics of Namibia's Agriculture Sector.* CID Faculty Working Paper No. 410 (2022). Ricardo Hausmann et. al (2022). *The Economic Complexity of Namibia: A Roadmap for Productive Diversification.* The Growth Lab at Harvard University CID Research Fellow and Graduate Student Working Paper No. 154 (2023). USAID, MIT, Prosper Africa (2024). *Namibia Market Assessment Study Report: Status on the utilization of the African Growth and Opportunity Act (AGOA) in Namibia.*
Trade analysis	International Trade Centre Trade Map (2023). International Trade Centre Export Potential Map (2023).

	International Trade Centre Trade Competitiveness Map (2023).

Sector assessment

LIVESTOCK - BEEF	
Production	Meatco Annual Report 2022/23
Trade	ITC Trademap
Constraints/ risks	Meatco Annual Report 2022/23 USAID/MIT/Prosper Africa Namibia Market Assessment Study Report
SDG Impact & Other	Meatco Annual Report 2022/23 National Accounts, 2022, Namibia Statistics Agency Stakeholder interviews USAID Africa Trade and Investment Program Southern Africa Buy-In USAID/MIT/Prosper Africa Namibia Market Assessment Study Report
CAPTURE FISHERIES & AQUACULTURE	
Production	Annual Ministerial Address to The Fishing Industry 2022 Haimbala, T. (2021). Namibian Marine Fisheries Sector - Current State and Future Opportunities for Investment. International Journal of Scientific and Research Publications, 11(10), 1-14 Ministry of Fisheries and Marine Resources. (2021). Annual Report 2020/2021. Windhoek, Namibia
Trade	ITC Trademap
Constraints/ risks	Haimbala, T. (2021). Namibian Marine Fisheries Sector - Current State and Future Opportunities for Investment. International Journal of Scientific and Research Publications, 11(10), 1-14 Institute for Public Policy Research, (2024). Human Rights Impacts of the Fishrot Scandal
SDG Impact & Other	FAO. 2024. Mainstreaming small-scale fisheries into climate action for sustainable development (Namibia) – Policy brief. Windhoek. Haimbala, T. (2021). Namibian Marine Fisheries Sector - Current State and Future Opportunities for Investment. International Journal of Scientific and Research Publications, 11(10), 1-14 Ministry of Fisheries and Marine Resources. (2021). Annual Report 2020/2021. Windhoek, Namibia Stakeholder interviews World Economic Forum, Namibian fishing sector launches Africa's first Ocean Cluster.
HORTICULTURE - GRAPES	
Production	FAO stat USAID/MIT/Prosper Africa Namibia Market Assessment Study Report
Trade	ITC Trademap
Constraints/ risks	Angula, M, Jona, C& Maombokere, R., (2024). The Brief. (2024). Namibia's grape production registers the highest growth globally. USAID/MIT/Prosper Africa Namibia Market Assessment Study Report
SDG Impact & Other	Angula, M, Jona, C& Maombokere, R., (2024). Stakeholder interviews USAID/MIT/Prosper Africa Namibia Market Assessment Study Report

The UK

RENEWABLES
Green Cooling Initiative - Botswana and Namibia get ready for the International Carbon Markets https://www.green-cooling-initiative.org/news-media/news/news-detail/2024/06/05/botswana-and-namibia-get-ready-for-the-international-carbon-markets
Energy Capital Power – Leading Carbon Trade Markets in Africa https://energycapitalpower.com/8-leading-carbon-trade-markets-in-africa/
ACMI – Africa Carbon Markets Initiative https://pmiclimate.org/sites/default/files/2023-04/Africa%20Carbon%20Markets%20Initiative%20%28ACMI%29%20Overview_Teleola%20Oyegoke_0.pdf
InfraCo Africa - Award of GreenCo Solar PV Pilot Project to Ilute Solar Consortium https://infracoafrica.com/award-of-greenco-solar-pv-pilot-project-to-ilute-solar-consortium/
P4G Pioneering Green Partnerships, Investing in Impact https://p4gpartnerships.org/case-studies/africa-greenco-0#:~:text=Since%202022%2C%20the%20energy%20sector,it%20to%20support%20additional%20projects.
Solar Century Africa - Solarcentury Africa and Sino Energy achieves Financial Close on the First Merchant Solar IPP in Southern Africa Trading Power on SAPP https://solarcenturyafrica.com/solarcentury-africa-and-sino-energy-achieves-financial-close-on-the-first-merchant-solar-ipp-in-southern-africa-trading-power-on-sapp/#:~:text=Solarcentury%20Africa%20is
CRITICAL MINERALS
The Africa Report - Who has the greatest potential in critical minerals? https://www.theafricareport.com/333508/drc-south-africa-botswana-who-has-the-greatest-potential-in-critical-minerals/
Argus - UK's Aterian to explore Botswana for lithium https://www.argusmedia.com/en/news-and-insights/latest-market-news/2555507-uk-s-aterian-to-explore-botswana-for-lithium
Mo Ibrahim Foundation - Africa's critical minerals https://mo.ibrahim.foundation/sites/default/files/2022-11/minerals-resource-governance.pdf
GIZ – Desk Study to Assess Environmentally Friendly, Climate-Smart and Gender-Sensitive Mining Practices for Critical Transition Minerals in the SADC Region https://www.giz.de/en/downloads/giz2023-en-SADC-critical-transition-minerals.pdf#page63
UK Engagement in Africa on Critical Minerals https://committees.parliament.uk/writtenevidence/118825/html/#:~:text=Several%20UK%20listed%20or%20headquartered,political%20risk%20and%20labour%20tensions
FINTECH AND TRADE FINANCE
Fintech in Africa https://www.bdo.co.za/getmedia/0a92fd54-18e6-4a18-8f21-c22b0ae82775/Fintech-in-Africa-Report-2024_June.pdf
Africa Finance - British International Investment (BII) and Absa Group Agree USD 150 million Trade Finance Deal https://www.africafinancereview.com/british-international-investment-bii-and-absa-group-agree-150m-trade-finance-deal/
ZAWYA - South Africa: Standard Chartered, BII renew USD 350 million for trade finance

https://www.zawya.com/en/economy/africa/south-africa-standard-chartered-bii-renew-350mln-for-trade-finance-ccfh3nn1
British International Investment - What's the impact of trade finance MRPAs? https://www.bii.co.uk/en/news-insight/insight/articles/whats-the-impact-of-trade-finance-mrpas-on-supply-chains-and-international-trade/amp/