



# Brief on the Ratification of the Operationalisation of the SADC Regional Development Fund

**Parliamentary Budget Office**

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## **1. Introduction**

This Brief has been prepared by the Parliamentary Budget Office (PBO) in response to a request from the Committee on National Economy, Trade and Labour Matters regarding the implications of ratifying the Agreement on the Operationalisation of the Southern African Development Community Regional Development Fund (SADC RDF).

The Agreement has been presented before the National Assembly in accordance with Section 5 of the Ratification of International Agreements Act, 2016, which mandates the Government, through the Vice-President, to submit a proposal to ratify an international agreement to the National Assembly for approval, in line with Article 63 of the Constitution. Specifically, Article 63(2)(e) of the Constitution (Amendment) Act No. 2 of 2016 empowers the National Assembly to approve international agreements and treaties prior to their accession or ratification.

The focus of this Brief is on the economic implications of the Agreement on the operationalisation of the SADC RDF.

## **2. Background**

The SADC RDF is a regional financing mechanism established under Article 26A of the SADC Treaty in 2001 to support the Region's economic development and sustainable growth. To achieve this, the Fund is designed to operate through four key financing windows: infrastructure development, industrial development, regional integration and economic adjustment, and social development.

In 2016, it was estimated that Member States contribute only 9.2 percent towards funding regional projects, with the remaining 90.8 percent covered by

International Cooperating Partners (ICPs)<sup>1</sup>. This heavy reliance on external funding undermines both the ownership and long-term sustainability of regional initiatives.

Similarly, Zambia continues to rely significantly on external funding for projects in key sectors such as energy, infrastructure, water development, sanitation, health, and education. For instance, in the 2025 Budget, K54.9 billion was allocated to the Ministries of Energy, Water Development and Sanitation, Health, and Education. Of this amount, K7.9 billion is expected to be sourced externally<sup>2</sup>.

Notably, of the K7.9 billion in external financing, K7.2 billion, representing 92 percent, will come from ICPs domiciled outside Africa, while only K633.9 million (8 percent) is expected from African-based financiers, namely the African Development Bank (AfDB) and the African Development Fund (ADF). The ADF is the concessional financing window of the AfDB Group, established to support low-income and fragile African countries, including those at high risk of debt distress.

In this regard, the ratification of the Agreement to operationalise the SADC RRDF is expected to improve access to financing from within the African region. Likewise, in 2024, the National Assembly approved the ratification of the international agreement establishing the Africa Finance Corporation and its constitutive instruments, also aimed at enhancing access to regional financing.

### **3. Key Features of the Fund**

The following are the key features of the SADC RDF, as outlined in the Agreement establishing the Fund, including their potential ramifications.

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<sup>1</sup> Southern Africa Research and Documentation Centre, 2021. *SADC needs to operate its own development fund*. [SADC needs to operate its own development fund | Knowledge for Development](#)

<sup>2</sup> Ministry of Finance and National Planning, 2024. *2025 National Budget*.

### **Article 3: Membership**

Membership of the Fund is open to SADC Member States, International Cooperating Partners, and Private Sector Entities that ratify, accede to, or are admitted under the provisions in the Agreement.

To date, nine SADC Member States - Angola, the Democratic Republic of Congo, Eswatini, Lesotho, Malawi, Mozambique, the United Republic of Tanzania, Zambia, and Zimbabwe - have signed the Agreement to operationalise the SADC RDF. Zambia signed the Agreement on 18th August 2018. However, despite the amendment to the SADC Treaty to establish the RDF being made in 2001, only Angola has deposited its instruments of ratification with the SADC Secretariat, having done so on 21<sup>st</sup> October, 2021.

Given the Agreement establishing the Fund will only enter into force one month after ratification by at least two-thirds of the 16 SADC Member States, this delay is particularly concerning given the evident infrastructure and industrial development gaps across the region, which the RDF is meant to help address.

### **Article 4: Capital**

The Authorised Capital is set at USD 13 billion representing the maximum amount of capital that the Fund may raise. The Subscription Capital, set at USD 1.2 billion, is the portion of the Authorised Capital that will be available for subscription through shares. The initial commitments, amounting to USD 120 million, reflect the initial portion of the Subscription Capital that Members have agreed to subscribe to and pay in order to operationalise the Fund.

### **Article 5: Subscription of Shares**

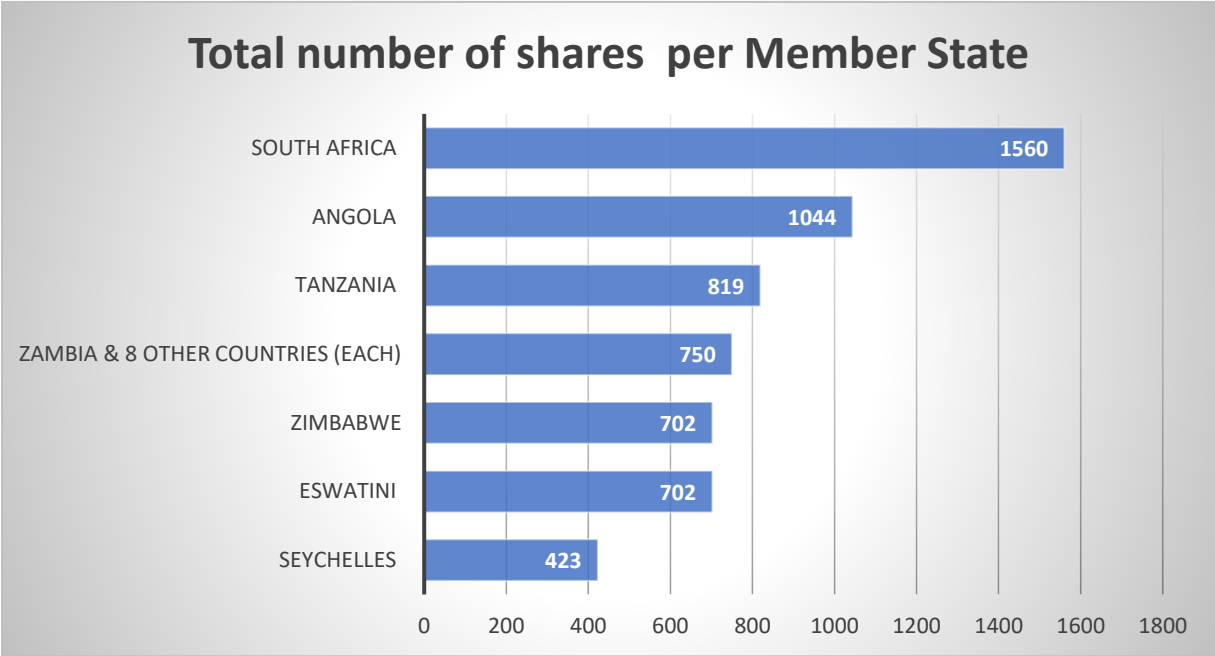
To maintain Member State control, SADC Member States must always hold at least 51 percent of the total Subscription Capital.

**Article 6: Payment of Subscriptions**

Subscriptions to shares are to be paid in three equal annual instalments. If any shares remain unsubscribed or unpaid, these may be reallocated pro-rata among other Members, provided that such reallocation does not reduce the collective shareholding of Member States below the 51 percent threshold.

According to the SADC allocation formula for shares, Zambia is expected to subscribe to 250 shares per year over three years, bringing the total to 750 shares. At a nominal value of US\$10,000 per share, Zambia's total contribution would amount to US\$7,500,000, payable in three equal annual instalments of US\$2,500,000 each. The distribution of initial shares, in the first three years, among Member States is set out at Annex 1 of the Agreement. Figure 1 below outlines the total number of initial shares to Members States in the first three years as per SADC Formula.

Figure 1: Distribution of initial shares among Member States



Source: PBO construction using data from the Agreement Establishing the RDF

South Africa is expected to accumulate the maximal number of initial shares in the first three years of 15,60 while Seychelles will accumulate the least shares. Zambia and eight other countries including Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, and Namibia are each expected to accumulate 750 shares in the same period.

### **Article 7: Sources of Capital**

To ensure a sustainable capital base for regional development, the Fund's ordinary capital resources will consist of:

- i. subscribed capital from Members;
- ii. borrowed funds based on the Fund's borrowing capacity;
- iii. proceeds from repayments or liquidation of investments; and
- iv. other income and grants.

### **Article 9: Powers of the Fund**

The Fund will be empowered to borrow funds from any source, subject to sound financial principles and approval by the Board of Governors. While priority will be given to concessional funds when available on acceptable terms, non-concessional financing may also be accessed when necessary.

In addition, the Fund will be able to mobilise special funds for specific projects and invest surplus resources in line with prudent investment and credit principles to ensure liquidity for its operations.

### **Article 10: Use of Resources**

The Fund's resources will be dedicated exclusively to financing projects of high developmental priority, focusing on regional or sub-regional significance. Financing may be extended on either concessional or non-concessional terms, depending on project requirements.

## **Article 12: Forms and Terms of Financing**

The Fund will offer a range of financial instruments, including loans, mezzanine finance, and equity financing, with terms and conditions determined by the Board of Directors and guided by the Fund's Operating Policies and Procedures.

## **Article 33: Allocation of Net Income**

The Board of Governors will decide annually how to allocate the Fund's net income, including income from Special Funds, between reserves and distributions to Members. Any distributions will be made in proportion to Members' shareholding and in a manner and currency to be determined by the Board.

### **4. Implications of the SADC Regional Development Fund on Zambia and the Region**

This section analyses the economic impact of the RDF's operationalisation in Zambia specifically, and the region.

#### **i. Industrial Development**

One of the broader goals of the SADC RDF is industrial development as a catalyst for economic transformation. Southern Africa remains resource dependent, with a focus on mining and agriculture. Industrial output in Sub-Saharan Africa accounts for only about 10 percent of global industrial output, far lower than in other developing regions like Asia or Latin America. According to the World Bank, the industrial sector in Sub-Saharan Africa contributes less than 20 percent of Gross Domestic Product (GDP), whereas in Asia, it contributes closer to 30-40 percent<sup>3</sup>.

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<sup>3</sup> United Nations Economic Commission for Africa, 2024

The situation in individual Member States is even worse than at the regional level. For example, Zambia's manufacturing sector - identified as a key driver of industrialisation in the SADC region over the coming decades - remains underdeveloped. Between 2019 and 2023, the sector's contribution to GDP averaged just 8 percent, well below the SADC average of 12.1 percent over the same period<sup>4</sup>.

Regarding employment, the 2022 Living Conditions Monitoring Survey revealed that the manufacturing sector accounted for 5.8 percent of total employment in 2022. In contrast, the agriculture, forestry, and fishing sector employed the highest proportion at 37.2 percent, followed by the trade, wholesale, and retail distribution sector at 28.9 percent.

To increase the sector's contribution to GDP, and enhance job and wealth creation, Zambia's National Industrial Policy of 2018<sup>5</sup> identified several major constraints to growth in the sector. These include limited access to key domestic markets such as mines, chain stores, and Government procurement, as well as challenges related to limited beneficiation, insufficient diversification, low investment levels, restricted access to affordable long-term finance, and outdated technology.

To complement Zambia's efforts, industrial diversification is needed to steer the region towards manufacturing, value-added processing, and services. The RDF can support Zambia's industrialisation by financing projects that promote the growth of manufacturing, processing industries, and other value-added sectors. This focus is essential for reducing dependence on raw material exports and fostering a more diversified economy within the region. It will also encourage the

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<sup>4</sup> SADC, 2024. *Macroeconomic Statistics Bulletin Year 2023*.

<sup>5</sup> Ministry of Commerce, Trade, and Industry, 2018. *National Industrial Policy*.

growth of SMEs and strengthen regional value chains, thereby enhancing the region's industrial capacity and creating employment opportunities.

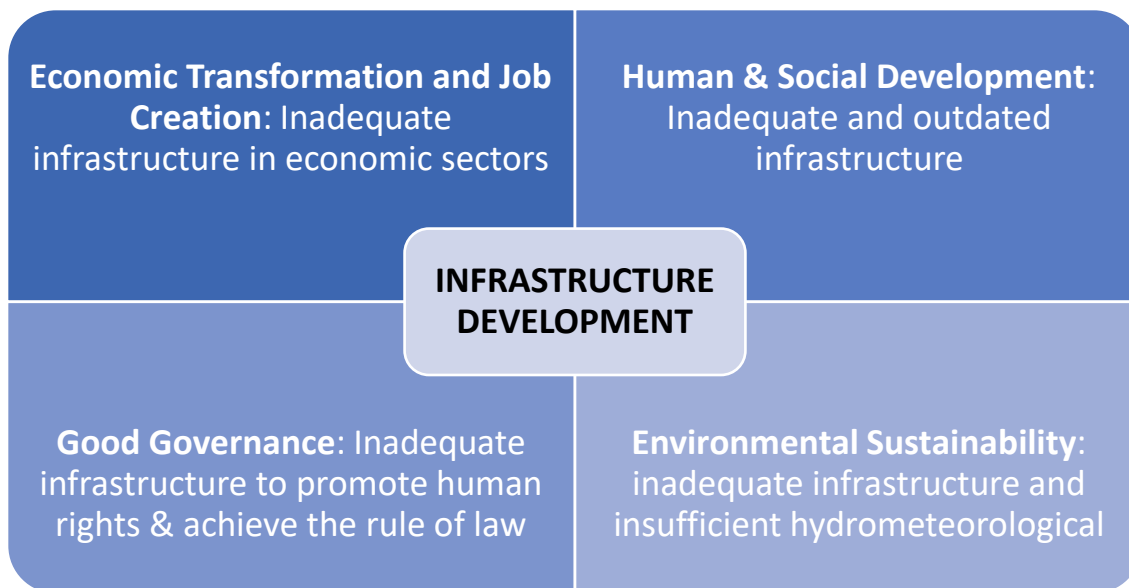
## **ii. Infrastructure Development**

Another key objective of the SADC RDF is infrastructure development. According to the SADC Regional Infrastructure Development Master Plan (RIDMP), the region faces significant infrastructure deficits, particularly in transportation, energy, and water. These gaps include inadequate road networks, limited rail connectivity, insufficient port capacity, and a fragmented energy grid. Africa Development Bank (AfDB) reports that Africa will need to close an annual financing gap of about US\$402 billion between now and 2030 to fast-track its structural transformation and catch up with high-performing developing countries from other regions in key areas such as education, energy, productivity enhancing technology and innovation, and productive transport infrastructure<sup>6</sup>.

Although Zambia has made notable progress in infrastructure development, particularly in the road and health sectors, gaps remain across the four Strategic Development Areas of the Eighth National Development Plan (8NDP), as outlined in Figure 2 below.

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<sup>6</sup> African Development Bank 2024. *African Economic Outlook, 2024*



Source: PBO construction using the 8NDP

Inadequate infrastructure is one of the major constraints in economic sectors such as transport, energy, agriculture, and ICT, especially in rural areas<sup>7</sup>.

According to the National Infrastructure Policy (2023)<sup>8</sup>, infrastructure development in Zambia remains both underfunded and underdeveloped, particularly in rural areas. Critical sectors such as roads, railways, water and sanitation, and housing continue to face major challenges arising from poor maintenance, low investment, and outdated infrastructure. A summary of the current state of infrastructure in Zambia is provided in Table 1 below.

<sup>7</sup> Government of the Republic of Zambia. *Eighth National Development Plan (2022-2026)*

<sup>8</sup> Ministry of Infrastructure, Housing and Urban Development 2023. *National Infrastructure Policy*.

Table 1: Current Status of Infrastructure in Zambia (National Infrastructure Policy, 2023)

Type of Infrastructure	Current Status	Key Challenges	Needs
<b>Economic Infrastructure</b>			
<b>Agriculture &amp; Livestock</b>	Basic structures (offices, dams, markets, irrigation). Organized from national to camp level.	Inadequate, old or absent facilities (offices, housing, water, transport, energy, ICT).	Investment in modern infrastructure to support production & productivity.
<b>Road Transport</b>	67,671 km total; 40,554 km Core Road Network (CRN). Only 25% paved; 85% of paved roads in good condition.	Poor condition of unpaved (12%) and rural roads (10%), low investment, irregular maintenance.	Expand road network, improve connectivity (rural/urban/cross-border).
<b>Air Transport</b>	4 international, 7 domestic airports, 10 aerodromes, 43 airstrips. Some international airports upgraded.	Poor state of domestic airports, inadequate maintenance of airstrips (no all-weather runways).	Maintain & expand air transport facilities, upgrade domestic airports.
<b>Railway Transport</b>	2 main lines (ZR & TAZARA), covering ~2,900 km; 2 small lines (Livingstone-Mulobezi & Chipata-Mchinji).	Outdated, poorly maintained tracks and equipment. Low investment.	Modernize & expand railways to reduce road damage and support economic activity.
<b>Maritime (Inland Waterways)</b>	Ports (e.g., Mpulungu), 27 pontoons, various lakes & rivers.	Poorly developed, inadequate maintenance & investment.	Develop water transport infrastructure (piers, harbors, landing bays).
<b>Water &amp; Sanitation</b>	Improved access: Water 72% (2018), Sanitation 54% (2018). Rural areas lag (58% water vs. 92% urban).	Poor state of water plants, inadequate technologies, low rural coverage.	Upgrade water treatment & sanitation facilities, focus on rural areas.
<b>Waste Management</b>	Only 25% collection capacity; Lusaka has the only landfill.	No infrastructure in most towns, inadequate capacity, outdated facilities, low investment.	Invest in modern waste management facilities (landfills, recycling).
<b>Tourism</b>	1,172 establishments, 43,119 rooms, 20 parks, 34 game areas.	Outdated facilities, poor access roads to parks.	Modernize infrastructure, improve access roads to parks/reserves.
<b>ICT</b>	98% coverage (population).	Uneven rural/urban distribution, high costs, lack of inclusion in infrastructure planning.	Invest in equitable ICT infrastructure, lower costs, integrate ICT into national planning.
<b>Social Infrastructure</b>			
<b>Housing</b>	2.5 million units, annual production 73,000 vs. 222,000 needed. Deficit: 1.5 million units.	High population growth, urbanization, substandard stock (80% unplanned/rural).	Affordable housing solutions, urban renewal, service provision to unplanned settlements.
<b>Education</b>	Facilities across all levels (ECE, primary, secondary, tertiary).	Large deficit, especially secondary/tertiary; dilapidated buildings, lack of utilities (water, labs, electricity).	Build/rehabilitate facilities, improve supporting infrastructure.
<b>Health</b>	Three-tier system comprising of primary, secondary and tertiary level of health care.	46% of rural households live more than 5 km from a health facility, compared to 1% in urban areas; dilapidated facilities; many facilities lack mothers' shelters, water, electricity, laboratories, equipment, and staff houses.	Expand and upgrade health facilities, provide essential utilities and equipment.

Zambia stands to benefit from SADC RDF funding for infrastructure projects outlined in the Regional Infrastructure Development Master Plan (RIDMP), which aims to enhance regional connectivity and economic integration. Projects such as the North-South Corridor — a multi-country initiative designed to improve key trade routes between Southern Africa's landlocked countries and major ports — can be financed through the RDF. Such projects are essential for reducing transport costs and transit times, which is critical for boosting regional trade<sup>9</sup>.

### **iii. Regional Integration**

Beyond infrastructure, another key objective of the SADC RDF is to support regional integration and economic adjustment. According to the Africa Regional Integration Index (ARII) Report (2019), Zambia scored 0.328 out of 1, ranking eighth in the SADC region in terms of overall regional integration. The average score for the Region was 0.337.

The report highlights Zambia's strong performance in productive integration, largely attributed to its significant share of intra-regional imports of intermediate (semi-finished) goods, ranking second in SADC, behind only South Africa.

However, Zambia's low score in macroeconomic integration was primarily due to the absence of investment treaties in force, the limited convertibility of the Kwacha, and the lack of a shared currency with any other SADC Member State, which limits currency exchange and financial integration. Additionally, Zambia's weak performance in infrastructure integration reflects substantial gaps in cross-border infrastructure, particularly in transport, electricity, ICT, and water and sanitation.

Therefore, to strengthen its integration within SADC, Zambia needs increased investment to deepen regional integration, focusing on developing industrial and

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<sup>9</sup> SADC, 2024. *Regional Infrastructure Development Master Plan*.

productive value chains, enhancing transport corridors, and closing cross-border infrastructure gaps.

The RDF aims to contribute to trade facilitation efforts by addressing tariffs, trade barriers, and border procedures, helping goods move more efficiently between SADC countries. This is crucial for boosting intra-regional trade, which is currently lower than in other African regions. The African Union's goal of a Continental Free Trade Area (AfCFTA) will complement these regional efforts by promoting a more unified African market. The RDF will also support economic adjustments, particularly in response to global economic shocks such as commodity price fluctuations and pandemics, benefiting Member States like Zambia.

Table 2: Zambia's Regional Integration Performance Within SADC

Dimension	Score	Rank in SADC	Performance
Trade integration	0.411	6	Average
Productive integration	0.404	2	High
Macroeconomic integration	0.226	14	Low
Infrastructural integration	0.219	6	Average
Free movement of people	0.39	10	Average
Overall Regional Integration	0.328	8	Average

Source: PBO Construction using the Africa Regional Integration Index (ARII) Report (2019)

#### iv. Social Development

Lastly, the SADC RDF aims to prioritise social development, focusing on improving the well-being of communities through targeted interventions in areas such as health, education, and agriculture.

In terms of social development, Zambia remains one of the poorest and most unequal countries globally. As of 2022, 64.3 percent of the population (approximately 12.6 million people) were living below the international poverty

line of US\$2.15 per day, making Zambia the sixth poorest country worldwide on this measure. In addition, the Gini index of 51.5 places Zambia among the most unequal countries in Sub-Saharan Africa (4<sup>th</sup> highest) and globally (6<sup>th</sup> highest), well above the high-inequality threshold of 40.<sup>10</sup>

Children are among the worst affected. According to the UNICEF and Zambia Statistics Agency (ZamStats) Child Poverty Report (2023)<sup>11</sup>, 70 percent of children suffer at least two deprivations, including lack of education, sanitation, and proper housing, while 35 percent of children under five are stunted due to chronic malnutrition.

Crucially, economic growth has not been sufficient to address poverty. The recent World Bank assessment reports that economic growth has not been inclusive, therefore, during previous periods of growth, poverty reduction was limited, and inequality worsened. Zambia's growth elasticity of poverty - a measure of how much poverty falls when the economy grows - was half the Sub-Saharan Africa average. Table 3 below summarises the status of social development in Zambia.<sup>12</sup>

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<sup>10</sup> World Bank 2024. *Zambia Poverty and Equity Assessment*. Washington, DC: World Bank.

<sup>11</sup> UNICEF and ZamStats 2023. *Child Poverty Report. The analysis measures seven dimensions: health, sanitation, education, nutrition, information, water, and housing*.

<sup>12</sup> Ibid.

Table 3: Status of Social Development in Zambia

Key Area	Status
<b>Poverty Incidence</b>	64.3% of the population (12.6 million people) live below US\$2.15/day (international poverty line). Zambia is the 6th poorest country globally.
<b>Inequality</b>	Gini index of 51.5 – Zambia is among the most unequal countries globally and in Sub-Saharan Africa.
<b>Extreme Poverty</b>	77% of the poor are extremely poor, unable to meet basic food needs.
<b>Multidimensional Child Poverty</b>	70% of children suffer at least two deprivations (e.g., poor health, education, sanitation); 30% suffer four or more.
<b>Malnutrition (Stunting)</b>	35% of children under five are stunted — above Sub-Saharan Africa and Low Middle Income country averages.
<b>Access to Electricity (Urban vs Rural)</b>	53.6% access to electricity at national level. 80.3% urban households have electricity vs. only 34% rural households.
<b>Rural Poverty</b>	Over 80% of the poor live in rural areas; rural poverty above 75% for over 15 years.
<b>Urban Poverty Trend</b>	Urban poverty rose from 23.5% in 2015 to 32% in 2022; urban household consumption fell by 25%.
<b>Growth and Poverty Reduction Link</b>	Economic growth has had minimal effect on poverty reduction; Zambia’s growth elasticity of poverty is half the Sub-Saharan Africa average.
<b>Climate Shocks Impact</b>	2024 drought caused 30% food insecurity, 700 MW power deficit, and negative GDP growth. Each drought increases poverty by 0.5 percentage points.

*Sources: 2022 Living Conditions Monitoring Survey, Zambia Poverty and Equity Assessment Report (2025), 2023 National Energy Access Survey*

The SADC RDF can play a vital role in addressing these social development gaps in Zambia through targeted investments in critical sectors such as education, healthcare, and poverty reduction. For example, the RDF aims to fund vocational training centers, primary and secondary schools, and higher education institutions to ensure that the workforce is better skilled and able to meet the growing demands of an industrialised and diversified economy. The fund can also support education technology projects that facilitate access to remote learning in rural and underserved areas.

In terms of health, the RDF can invest in improving healthcare facilities and medical training programs across the region. By improving access to healthcare services, particularly in rural and underdeveloped areas, the RDF can help

address some of the most pressing health challenges in the region, such as HIV/AIDS, malaria, and maternal mortality. This is especially important, especially given the shift in the US foreign policy. Lastly, the RDF could support social protection programs designed to reduce poverty and inequality, such as cash transfer schemes, food assistance programs, and support for marginalized communities. These initiatives are essential to improving the quality of life for the most vulnerable populations and ensuring that no one is left behind as the region develops.

## **5. Anticipated Shortcomings of the SADC Regional Development Fund**

Despite the potential of the SADC RDF in addressing infrastructure and industrial development, among other objectives, shortcomings may arise. Set out below are the key challenges the Fund is likely to encounter.

### **i. Funding Constraints**

Limited financial resources may hinder the execution of large-scale projects. Member States will be required to contribute a subscription capital of US\$120 million, and some may struggle to meet their financial commitments. For example, according to the SADC allocation formula, Zambia is expected to subscribe to 250 shares annually over three years, amounting to 750 shares. With a nominal value of US\$10,000 per share, Zambia's total contribution would amount to US\$7,500,000, payable in three equal annual instalments of US\$2,500,000 each (approximately K75 million). Given Zambia's fiscal constraints, subscribing to the Fund may present a challenge.

At its meeting in August 2024, the Committee of Ministers of Finance and Investment of SADC recognised that fiscal pressures will be a major impediment for Member States in meeting their capitalisation contributions to the RDF. The SADC Secretariat that the Ministers should consider the African Development

Bank (AfDB) Discussion Paper on the Operationalisation of the Fund, which presents various mechanisms to expedite both membership and capitalisation of the Fund<sup>13</sup>.

One mechanism is for Member States to access concessional funding from the African Development Fund (ADF), a concessional window of the AfDB, allowing ADF countries or low-income countries to access resources on concessional terms, which may be used to invest in the RDF.

Success stories on ADF utilisation to close financial gaps are well documented in Africa, as some countries had utilised the ADF window to fund membership contributions to the African Trade and Investment Development Insurance Agency (ATIDI). For example, in 2015, the ADF provided Unit of Account (UA) 19.87 million to support Benin, Ethiopia, and Côte d'Ivoire in their equity contribution for ATIDI, thereby enhancing insurance coverage for private sector development across Africa. In 2018, Nigeria also received ADF support of UA 10.21 million to invest in ATIDI<sup>14</sup>.

## ii. **Coordination Issues**

Coordination between Member States and development partners can sometimes be slow, affecting the timely implementation of projects. For instance, the AfDB bemoaned coordination challenges among member states and their respective development partners in the implementation of the Programme for Infrastructure Development in Africa (PIDA), which aims to improve infrastructure connectivity across Africa<sup>15</sup>. Differences in national priorities and political dynamics across member countries often lead to disagreements on project

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<sup>13</sup> SADC Committee of Ministers of Finance and Investment meeting, 2024

<sup>14</sup> SADC Committee of Ministers of Finance and Investment meeting, 2024

<sup>15</sup> AfDB, 2023. *Africa's Infrastructure*.

timelines, priorities, and resource allocation. The SADC RDF needs to manage this well if The Fund is to succeed.

iii. **Political and Economic Instability**

Political instability and economic challenges in some member states can delay or derail projects, particularly in fragile economies. Several countries in Southern Africa, like many other African nations, face political unrest, which can be disruptive and potentially reverse the progress made in infrastructure or regional industrial development. An example is the ongoing unrest in the Democratic Republic of Congo. One of the affected cities is Goma, a vital trading and transport hub that is within reach of mining towns supplying metals and minerals in high demand<sup>16</sup>.

iv. **Domination of Representation on the Board of Directors**

Notwithstanding single national representation at any given time and the qualification for the Board of Directors prescribed in Article 23 (4) and (8), the absence of a provision for rotational representation by Member States on the Board could have implications. Certain Member States may dominate Board representation without a rotational system, potentially leading to perceptions of exclusion and unequal influence in decision-making processes.

v. **The Absence of a Development Finance Institution in Zambia and the Region**

The absence of a Development Finance Institution (DFI) in both Zambia and the SADC region is a key limitation to hosting the RDF, as Article 29(2) provides that the Fund may be temporarily housed in a DFI within the Region. Zambia's lack of

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<sup>16</sup> BBC News 2025. *What's the fighting in DR Congo all about?* [DR Congo conflict: What is the fighting in Goma about?](#)

a development bank, following the liquidation of the Development Bank of Zambia, further weakens its position to host the Fund.

Other regional blocs - Common Market for Eastern and Southern Africa (COMESA), Economic Community of West African States (ECOWAS), and the East African Community (EAC) - have similar provisions for development funds, with the COMESA Fund managed by the Trade and Development Bank, and the ECOWAS Fund by the ECOWAS Bank for Investment and Development. While the EAC Fund is not yet operational, it has been designated for management by the East African Development Bank.

Unlike these regions, SADC lacks a dedicated development bank. The Development Bank of Southern Africa (DBSA), a South African government-owned institution, has been playing a regional role, but a formal Regional Development Bank could be crucial for the RDF's success. Alternatively, the tenure for hosting by an existing DFI may need to be extended beyond the initial three years for effective planning.

## **6. Opportunities**

Zambia could strategically position itself to host the Fund as it meets the eligibility criteria outlined in Annex 2 of the Agreement. The host country is required to have a robust financial, legal, and regulatory framework, as well as advanced ICT networks and infrastructure, areas where Zambia has made considerable progress.

Additionally, once Zambia ratifies the Agreement, Zambians would have the opportunity to serve on the seven-member Board of Directors, provided they meet the competency requirements stipulated in Article 23 of the Agreement. This would not only enhance local expertise in regional finance and development but also strengthen Zambia's influence in shaping SADC's economic agenda.

## **7. Conclusion**

The operationalisation of the SADC RDF presents significant opportunities for economic growth and development in Zambia and the broader Southern African region. By supporting critical sectors such as industrial development, infrastructure, regional integration, and social development, the RDF has the potential to reduce Zambia's reliance on external funding, promote regional cooperation, and address key socio-economic challenges. However, challenges such as funding constraints, coordination issues, and political instability must be effectively managed to ensure the successful implementation of RDF-supported projects. If these challenges are addressed, the RDF can play a crucial role in fostering economic development and sustainable growth in SADC.