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ECONOMIC COMMISSION FOR AFRICA  
SUB REGIONAL OFFICE FOR SOUTHERN AFRICA

Twenty-seventh Meeting of the Intergovernmental Committee of  
Senior Officials and Experts of Southern Africa

**Hybrid**

13-14 October 2021

**Theme:** Building Back Better from COVID-19 in Southern Africa:  
Fostering Commodity-based Industrialization, Manufacturing and Regional Value-  
chains

**Concept Note**

## I. Background

1. The Intergovernmental Committee of Senior Officials and Experts (ICSOE)<sup>1</sup> is a United Nations General Assembly (UNGA) policy sub-organ of the Economic Commission for Africa (ECA) Conference of African Ministers of Finance, Planning and Economic Development. The Committee was established to provide a forum for engaging senior officials and experts of member States on policy and programme-related matters in each of the five subregions of Africa – Central, Eastern, North, Southern and West. The ICSOE is thus an integral part of ECA’s governance machinery and meets annually to consider, provide guidance and endorse the formulation and implementation of the programmes of work of the Commission’s Subregional Offices (SROs) in line with the priorities of each subregion. In this connection, the Committees proffer recommendations with a view to ensuring that the development imperatives of each subregion are fully incorporated into the Commission’s overall work programme.

2. The ICSOE is guided by a Bureau, comprising a chair, vice chair and a rapporteur, elected at each session, and serving until the next meeting. As the executive arm of the Committee, the Bureau works closely with the Secretariat (the SRO) in the course of the year in delivering on the programmed work, and the implementation of the ICSOE recommendations. The ECA Subregional Office for Southern Africa (SRO-SA) based in Lusaka, Zambia is one of the five ECA SROs, and serves eleven member States, namely, Angola, Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Zambia and Zimbabwe. Its current ICSOE Bureau elected at the 26<sup>th</sup> session hosted virtually by the Kingdom of Lesotho in October 2020 comprises the Kingdom of Lesotho as chair, Malawi as vice chair and South Africa as rapporteur. Each session of the ICSOE is organized under a theme selected by the Bureau in consultation with the Secretariat and member States. The theme is usually aligned to a topical development issue of significance to the subregion.

3. The 25<sup>th</sup> ICSOE of Southern Africa was hosted by the Kingdom of Eswatini in September 2019 under the theme, “*The Role of Micro, Small and Medium Scale Enterprises (MSMEs) in the Industrialization Process in Southern Africa*,”. The meeting reviewed the status of industrialization in the region and the specific role of MSMEs in driving industrialization in the region. It recommended strategies on deepening the role of MSMEs in industrialization through enhanced participation in the various commodity value chains.

4. The 26<sup>th</sup> ICSOE was hosted by the Kingdom of Lesotho in October 2020 under the complementary theme of “*Policies and strategies towards effective private sector led growth and job creation in Southern Africa*”. The meeting further deliberated on strategies and policies towards supporting the private sector as anchors of development, job creation and growth in the region. The discussions focused on how the private sector could be supported and facilitated to anchor economic and industrial development through appropriate and targeted strategies and policies and reinforced in the post-COVID-19 period.

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<sup>1</sup>Previously Intergovernmental Committee of Experts (ICE)

5. The recommendations of the 26<sup>th</sup> ICSOE included the following : (i) addressing factors responsible for the reduction of agricultural and manufacturing sectors' contribution to members States' economies; (ii) facilitating the development of value chains within the region to stimulate local demand and insulating economies from challenges emanating from the international economy; (iii) investing in programmes to develop and sustain the entrepreneurial and business skills of MSME's, including through frameworks such as innovation hubs, special economic zones and industrial parks; (iv) targeting specific high growth economic sectors where the private sector is very active in building back faster and better to facilitate speedy bounce back; and (iv) implementing and accelerating initiatives towards a regional approach to value chains development. The latter placed emphasis on identifying and supporting specific nodes for MSMEs participation through local content policies, thus allowing them to benefit from the African Continental Free Trade Area (AfCFTA) to promote the evolution of more regional led companies.

## II. Twenty-seventh Session of ICSOE

6. Southern Africa has been the worst affected by the Covid-19 pandemic on the continent. The 2021 African Economic Outlook (AEO) of the African Development Bank (AfDB) notes that Southern Africa was indeed the hardest hit by the Covid-19 crisis, with an economic contraction of 7.0 percent in 2020, compared to 2.1 per cent for the continent. Projecting ahead, growth in Southern Africa is forecasted to stand at 3.2 per cent in 2021 and 2.4 per cent in 2022, propelled by rebounds in commodity prices. The report also notes that Eastern Africa was the less severely hit by the Covid-19 crisis owing to its lower reliance on primary commodities and greater levels of diversification (AfDB, 2021)<sup>2</sup>.

7. The most affected countries were (i) tourism dependent nations, with Mauritius in Southern Africa leading the pack with a negative growth rate of 15 per cent (ii) oil and gas intensive economies, with Angola among the five worst afflicted economies and (iii) resource-intensive economies that suffered from falls in mineral and metal prices including Botswana, South Africa, and Zambia which were particularly hard hit, with growth slumping in the three countries by 8.9 per cent, 8.2 per cent and 4.9 per cent respectively. A lack of economic diversification and pronounced reliance on primary commodities in exports were vulnerability factors during this crisis, akin to previous crises. These vulnerability factors are noticeably present in many Southern African countries. The AfDB recommends African countries to build resilience in the future by accelerating structural transformation through digitalization, industrialization and diversification, accompanied by policies that facilitate quick changes and economic flexibility.

8. Back in 2013, the United Nations Economic Commission for Africa (ECA) in its *Economic Report on Africa* (ERA) 2013 titled "*Making the most of Africa's commodities: industrializing for growth, jobs and economic transformation*" highlighted that most African economies still depend heavily on commodity production and exports, with too little value addition and few forward and backward linkages with other sectors of the economy. The report advocated for African countries to develop and implement effective industrial policies and commodity-based industrialization, strengthening industrial linkages to the commodity sector. Additionally, it argued that, on top of

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<sup>2</sup> AfDB (2021). African Economic Outlook: From Debt Resolution to Growth: The Road Ahead for Africa. African Development Bank Group. Abidjan, 2021.

offering short- to medium-term comparative advantages, commodity-based industrialization can, with the right industrial policies, serve as a launching pad for long-term diversification and competitiveness in new and non-commodity sectors in Africa's commodity-rich countries. Pro-active and deliberate strategic policies and incentives are also needed to facilitate the integration and participation of African MSMEs in the regional and global value-chains that commodity-based industrialization supports, given that lead foreign firms may have no incentives to promote the development of linkages with the local private sector.

9. Furthermore, as UNECA pointed out in the report, commodity-based industrialization in Africa should not—and cannot—be the only way for African countries to industrialize. Not all African countries are rich in natural resources and, in the long-term, even resource-rich countries have to venture into innovative non-resource-based activities to sustain their industries when resources are exhausted and exploit the full diversification and trade possibilities that non resource-based manufacturing can provide. The development of labour-intensive and skills/technology intensive manufacturing in small non-resource rich countries for example have to be given full attention.

10. Subsequent editions of the ECA report have also highlighted the strategic advantages to promote green industrialization in African countries, as latecomers in the industrialization game, enabling African countries to harness opportunities to build early competitiveness in emerging niche green sectors while avoiding a depletion of Africa's natural resource base (ERA 2016). Furthermore, ERA 2015 points out that industrializing through regional trade is a promising avenue for African countries. Intra-African trade is known to be more intensive in manufactures than trade with the rest of the world, the latter still dominated by commodity trade. Regional integration and trade through the regional economic communities and arrangements (Southern African Development Community (SADC), Common Market for Southern and Eastern Africa (COMESA), Tripartite Free Trade Area (TFTA)) and AfCFTA) can serve as stepping stones to expand the range of Africa's inclusive and sustainable industrialization. By catering to regional markets, that are less demanding than global markets, the African private sector can engage in learning by doing and learning by exporting processes, reap economies of scale, innovate using "Made in Africa" labels and engage in regional value-chains that can in turn allow them to incrementally build their competitiveness and their production capabilities to later penetrate more competitive global markets.

11. While many Southern African countries have signaled a commitment towards diversifying their economies through industrialization and trade by signing on to the SADC Industrialization Strategy Roadmap, the COMESA Industrialization policy and action plan, the AfCFTA, as well as by adopting national industrial policies and programmes, the reality is that significant inroads into economic diversification and industrialization remain to be achieved and bottlenecks remain to be effectively addressed. The case for a renewed reflection on the strategic design and implementation of regional and national industrial policies and their interface with trade, environment, entrepreneurship, and science, technology and innovation is warranted. The building of production, entrepreneurial and innovative capabilities in multiple sectors, including emerging sectors such as the blue, green and digital economies, constitute critical intermediate goals to be achieved. The transitioning of informal MSMEs to the formal sector requires to be accelerated.

12. The United Nations in its report "*Shared Responsibility: Global Solidarity: Responding to the socio-economic impacts of COVID-19*" stresses the need to strengthen the capacities of

MSMEs as countries aim to recover from Covid. MSMEs and the private sector, including large companies, are the ultimate drivers of inclusive and sustainable industrialization and trade in Southern Africa. Reforms of State-owned enterprises (SOEs) in the natural/extractive industries should also be high on the policy agenda as countries should aim at investing a share of their natural resource rents into the development of commodity-driven value-chains and related infrastructure.

13. Against this background, the 27<sup>th</sup> session of the ICSOE will be hosted by the Government of Malawi on 13 and 14 October 2021 under the theme “*Building back better from COVID-19 in Southern Africa: Fostering commodity-based industrialization, manufacturing and regional value-chains*”. ICSOE 2021 will build on the reflections and discussions of ICSOE 2019 and 2020, to further address the critical question of how to support the Southern Africa region to build back better, post Covid-19 through industrialization and trade. Thus, the 2021 theme will explore how the private sector could be supported to identify and exploit emerging opportunities in the AfCFTA, and member States assisted to accelerate structural transformation through inclusive industrialization, including agro-processing and commodity-based industry, manufacturing and regional value-chains development for the reduction of poverty and inequality in Southern Africa.

### III. Objectives of the 27<sup>th</sup> ICSOE

14. The main objectives of the 27<sup>th</sup> ICSOE are:

- i. To deliberate on statutory matters, including (i) review economic and social conditions in Southern Africa with a focus on the socio-economic impacts of the COVID-19 pandemic and the post-pandemic responses, (ii) consider and endorse the implementation of the programme of work of SRO-SA, the planned programme of work and the budget for 2022, and (iii) review and provide guidance on the implementation of regional and international agendas and other special initiatives in Southern Africa;
- ii. To provide a high-level platform to deliberate on its theme: “*Building back better from COVID-19 in Southern Africa: Fostering commodity-based industrialization, manufacturing and regional value-chains*” in order to accelerate and deepen inclusive industrialization;
- iii. To provide a high-level platform to reflect on the recommendations of the Adhoc Expert Group Meeting (AEGM) on “*Agriculture value chains, linkages and transformation in Southern Africa: Opportunities from the African Continental Free Trade Area*” for endorsement and to provide guidance on their implementation.

15. Specifically, the meeting will *inter alia*, deliberate on:

- i. The main reasons behind the persistent reliance on primary commodity exports, under-industrialization and lack of manufacturing development in the subregion, while recognizing heterogeneity across member states;
- ii. The lack of progress in addressing critical constraints to inclusive industrialization and regional value chains development, including those linked to entrepreneurship, survival and growth of micro, small and medium scale enterprises, competitiveness of local

- industry, application of science, technology and innovation by enterprises, and lack of upgrading in value-chains;
- iii. The implications of Covid-19 on inclusive industrialization, manufacturing and regional value chain development in Southern Africa and the need for new strategic options;
  - iv. The status of implementation of national and regional industrial policies and strategies, reasons for inadequate implementation and policy options to accelerate implementation in the context of the AfCFTA;
  - v. Success stories in industrialization, manufacturing and regional value chain development in the region and the rest of Africa and lessons that can be learnt;
  - vi. Regional industrial value-chains that can be developed in Southern Africa in the context of the AfCFTA;
  - vii. Emerging opportunities to be identified for industrial and private sector development in Southern Africa with attention to the potential to leverage green, blue and digital economies;
  - viii. The implications of the AfCFTA on regional and national industrialization strategies and cross-border cooperation in industrial and manufacturing development including how to position and market “Made in Africa” and foster regional intra-industry trade;
  - ix. Ways of leveraging the opportunities presented by the AfCFTA to boost agricultural value chains and economic transformation in Southern Africa.

#### **IV. Format**

16. The 27<sup>th</sup> ICSOE will be held in a hybrid format- virtual and physical, in capitals of member States of SRO-SA, and in Blantyre in the host nation, Malawi. In relation to the physical gatherings, a meeting venue will be organized in each of the 11 member States for a maximum of 35 delegates and participants. The venues will be configured to respect the national health guidelines on covid-19 containment, and will have full Internet access for delegates to connect and participate in the deliberations.

#### **V. Expected outcomes**

17. The 27<sup>th</sup> ICSOE is expected to lead to:
- i. Enhanced understanding and appreciation of the economic and social conditions in Southern Africa in the face of the COVID-19 pandemic, and the prospects for 2022;
  - ii. Clear guidance and direction on the implementation of the programme of work of SRO-SA, and the planned programme of work and the budget for 2022;
  - iii. Improved understanding of progress, challenges and opportunities in the implementation of the AfCFTA in Southern Africa and its interface with other integration initiatives;
  - iv. Clear articulation of Southern Africa’s priorities, challenges and opportunities to build resilient and competitive economies through commodity-based industrialization, manufacturing and regional value-chains to build back better post covid 19 and the identification of new strategic options;

- v. Well-articulated recommendations on agriculture value chains, linkages and transformation in Southern Africa: Opportunities from the African Continental Free Trade Area and a clear implementation path;
- vi. Increased awareness on the work of SRO-SA on inclusive and sustainable industrialization and support to member States;
- vii. Enhanced commitment to accelerate and deepen Southern Africa's inclusive and sustainable industrialization agenda.

## VI. Expected outputs

- 18. Several outputs are expected to be delivered at the end of the meeting:
  - i. The 27<sup>th</sup> ICSOE Outcome Statement;
  - ii. The meeting report containing, *inter alia*, guidance and recommendations on:
    - Enhanced implementation of the 2021 work programme and priorities for the planned programme of work and the budget for 2022;
    - Finalization of the report on the theme of the meeting, "*Building back better from COVID-19 in Southern Africa: Fostering commodity-based industrialization, manufacturing and regional value-chains*";
  - iii. Well-informed set of policy recommendations with a clear implementation path on commodity-based industrialization, manufacturing and value chain development including agriculture value chains, linkages and transformation in Southern Africa;
  - iv. Articles, Op-eds, policy briefs, web-based publications and interviews.

## VII. Meeting Documentation

- 19. Parliamentary reports on:
  - i. Economic and social conditions in Southern Africa;
  - ii. Implementation of the 2021 programme of work of SRO-SA, the planned programme of work and the budget for 2022;
  - iii. Implementation of regional and international agendas and other special initiatives in the Southern Africa with a focus on progress, challenges and opportunities under the AfCFTA Agreement.
- 20. Study reports on:
  - i. Building back better from COVID-19 in Southern Africa: Fostering commodity-based industrialization, manufacturing and regional value-chains;
  - ii. Agriculture value chains, linkages and transformation in Southern Africa: Opportunities from the African Continental Free Trade Area;
- 21. The Final Report of the Twenty-sixth Session of the Inter-governmental Committee of Senior Officials and Experts of Southern Africa.

22. The Outcome Statement of the Twenty-sixth Session of the Inter-governmental Committee of Senior Officials and Experts of Southern Africa.

### **VIII. Participants**

23. The following are expected to attend:

- i. High-level officials and experts of all 11 member States of SRO-SA (finance, economic development, planning, industrialization, agriculture, trade and regional integration and private sector development);
- ii. Secretariat of the Southern African Development Community;
- iii. Secretariat of the Common Market for Eastern and Southern Africa;
- iv. SADC Business Council;
- v. National Chambers of Commerce and Industry;
- vi. Secretariat of the African Continental Free Trade Area;
- vii. African Union Commission;
- viii. African Union Development Agency-NEPAD;
- ix. African Development Bank;
- x. Development Bank of Southern Africa;
- xi. Civil Society
- xii. Women and Youth Groups;
- xiii. Professional Associations;
- xiv. Academic and Research Institutions;
- xv. United Nations Agencies;
- xvi. Development Partners.

### **IX. Working Language**

24. The meeting will be conducted in English. Simultaneous interpretation will be provided in Portuguese.

### **X. Dates and Venue**

25. The 27<sup>th</sup> ICSOE of Southern Africa will be hosted from Malawi and organized in a hybrid format (virtual and physical) on 13 and 14 October 2021.

26. The meeting will be preceded by an Adhoc Experts Group Meeting on Agriculture value chains, linkages and transformation in Southern Africa: Opportunities from the African Continental Free Trade Area to be held on 12 October 2021, also to be hosted from Malawi.



## **XI. Administrative Arrangements**

27. These are provided in a separate information note.

## **XII. Contacts**

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