
**Economic Commission for Africa
Subregional Office for Southern Africa**

Intergovernmental Committee of Senior Officials and Experts
Twenty-fifth session
Ezulwini, Eswatini, 10–13 September 2019

**Report of the Intergovernmental Committee of Senior Officials
and Experts on the work of its twenty-fifth session**



I. Introduction

1. The twenty-fifth session of the Intergovernmental Committee of Senior Officials and Experts of Southern Africa was hosted by the Government of Eswatini in Ezulwini from 10 to 13 September 2019, on the theme of strategies and policies for the integration of micro, small and medium-sized enterprises in the industrialization process in Southern Africa.

2. The Prime Minister of Eswatini, Ambrose Mandvulo Dlamini, officially opened the meeting, following opening remarks by the Director of the Economic Commission for Africa (ECA) Subregional Office for Southern Africa, Said Adejumobi; United Nations Resident Coordinator for Eswatini, Nathalie Ndongo-Seh; the Permanent Secretary of the Ministry of Industry, Commerce and Consumer Protection of Mauritius, Bibi Fatwma Abdool Raman Ahmed, representing the Chair of the Bureau of the twenty-fourth session of the Intergovernmental Committee of Senior Officials and Experts of Southern Africa; the Executive Secretary of the Southern African Development Community (SADC), Stergomena Lawrence Tax; and the Minister of Commerce, Industry and Trade of Eswatini, Manqoba Khumalo.

3. The twenty-fifth session was attended by representatives of the following member States: Angola, Botswana, Comoros, Eswatini, Ethiopia, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Zambia and Zimbabwe. The following regional economic communities were represented: SADC and the Common Market for Eastern and Southern Africa (COMESA). Representatives of the following organizations of the United Nations system attended: Food and Agriculture Organization of the United Nations (FAO), United Nations Development Programme (UNDP), United Nations Industrial Development Organization (UNIDO) and ECA.

4. The following private and civil society organizations were represented: Botswana Small Scale Enterprises and Exporters; British Chamber of Business in South Africa; FINNACO Consulting; Food, Agriculture and Natural Resources Policy Analysis Network; Industrial Development Corporation of South Africa; Informal Cross-Border Traders of Malawi; Kaizen Institute; L'Express; Namibia Chamber of Commerce and Industry; Nation Newspaper; National Federation of Women in Business of Mozambique; Oxfam International; Private Sector Foundation of Lesotho; Small and Medium Scale Enterprises Association of Zimbabwe; South African Chamber of Commerce and Industry; Southern African Business and Technology Incubation Association; Southern Africa Trust; Zambia Development Agency; Zambia Union of Farmers; Zambia Young Emerging Farmers.

5. Details of the participants may be found in the list of participants circulated under symbol ECA/SA/ICSOE.XXV/2019/INF/1.

II. Programme of work

6. The Committee elected Eswatini as Chair of the Bureau of the twenty-fifth session of the Intergovernmental Committee; Lesotho as Vice-Chair; and Malawi as Rapporteur.

7. The Committee adopted the agenda below without amendments:

1. Opening of the session.

2. Introductions; election of the bureau; review and adoption of the agenda/programme of work.
3. Consideration of statutory reports:
 - (a) Report on the Economic and Social Conditions in Southern Africa in 2018;
 - (b) Report on programme performance of ECA in Southern Africa;
 - (c) Report on the implementation of regional and international agendas and other special initiatives in the subregion: progress and status of the implementation of the Continental Free Trade Area.
4. Presentation on the African Forum for Regional Sustainable Development.
5. Presentation and discussions of the thematic report on strategies and policies for the integration of micro, small and medium-sized enterprises in the industrialization process in Southern Africa.
6. Panel discussions on:
 - (a) Growing micro, small and medium-sized enterprises in Southern Africa – transformation, opportunities and challenges;
 - (b) Integration of micro, small and medium-sized enterprises into agroprocessing value chains;
 - (c) Role of regional institutions in promoting and supporting micro, small and medium-sized enterprises.
7. High-level round table on a financing model for micro, small and medium-sized enterprises.
8. Ad hoc expert group meeting on harmonization of regional industrialization strategies and policies in Southern Africa.
9. Presentation and launch of ECA knowledge products.
10. Presentation, review and adoption of the Report of the Intergovernmental Committee of Senior Officials and Experts of Southern Africa on the work of its twenty-fifth session.
11. Host and venue of the twenty-sixth session of the Intergovernmental Committee of Senior Officials and Experts of Southern Africa in 2020.
12. Closing of the session.

III. Account of proceedings

8. The Committee considered three statutory reports submitted by the secretariat: the report on the economic and social conditions in Southern Africa in 2018; the report on programme performance of ECA in Southern Africa; and the report on the implementation of regional and international agendas and other special initiatives in the subregion: progress and

status of the implementation of the Continental Free Trade Area. The secretariat also made a presentation on the Africa Regional Forum on Sustainable Development, which included the road map for the 2020 session of the Forum. The Committee considered the report on strategies and policies for the integration of micro, small and medium-sized enterprises in the industrialization process in Southern Africa and the report presented to the ad hoc expert group meeting on harmonization of regional industrialization strategies and policies in Southern Africa.

9. The Committee endorsed the report on programme performance of ECA in Southern Africa (for the 2018–2019 biennium), which also included key deliverables for the 2020 programme plan.

IV. Observations

10. The Committee made the following observations on the main clusters of issues deliberated:

- (a) Report on economic and social conditions in Southern Africa in 2018:
 - (i) Climate change continued to have an impact on livelihoods through loss of life, damage to infrastructure and adverse impacts on economic growth, and therefore needed to be incorporated into national development strategies;
 - (ii) The intensifying trade wars, slowing global growth, heightened social and political tensions in the region and beyond, and the severe drought situation in Southern Africa, had adverse effects on the agriculture and energy sectors;
 - (iii) Rising public debt was negatively affecting macroeconomic stability, and undermining the capacity of member States to finance social economic development priorities and meet the Sustainable Development Goals;
 - (iv) The business confidence necessary to enhance investment and employment creation had suffered from political, economic and corporate governance deficits, including corruption, policy inconsistencies and uncertainties in various sectors of the economy;
 - (v) The potential contribution of the private sector, in particular micro, small and medium-sized enterprises, needed stronger government support to drive growth and create employment;
 - (vi) The entry into force in 2019 of the Agreement Establishing the African Continental Free Trade Area provided both opportunities and challenges for deeper intracontinental trade and faster implementation of the industrialization agenda;
 - (vii) Poor governance of State-owned enterprises throughout the region continued to undermine public service delivery, as a result of their drain on the fiscus;

(b) Report on programme performance of ECA in Southern Africa: The work programme for 2019 was consistent with the recommendations of its twenty-fourth session, and the 2020 programme plan for the work of ECA in Southern Africa was endorsed;

(c) Report on the implementation of regional and international agendas and other special initiatives in the subregion: progress and status of the African Continental Free Trade Area:

(i) Four countries in the SADC region – Eswatini, Namibia, South Africa and Zimbabwe – had ratified the Agreement Establishing the African Continental Free Trade Area, and it was considered important to mobilize the rest of the countries to ratify the Agreement and support its implementation;

(ii) There was need for strong outreach to the private sector, including micro, small and medium-sized enterprises, on the African Continental Free Trade Area;

(d) Report on the study on harmonization of industrial policies and strategies in Southern Africa:

(i) The Committee noted the importance and timeliness of the study, and urged ECA to finalize it, taking into consideration the gaps and issues identified and the recommendations proffered at the meeting;

(ii) It was noted that weak institutional structures at the national level undermined the incorporation in local legislation and frameworks and implementation of regional industrial policies and strategies;

(iii) Industrial policy formulation was considered important, and should be fully informed by and aligned with regional strategies, anchored to full consultation with all stakeholders, and supported by up-to-date disaggregated statistics;

(e) Report on strategies and policies for the integration of micro, small and medium-sized enterprises in the industrialization process in Southern Africa:

(i) The study was important and timely, and the Committee urged ECA to finalize it, taking into consideration the gaps and issues identified and the recommendations proffered at the meeting;

(ii) Micro, small and medium-sized enterprises were key to driving the industrialization process in the region; however, these economies faced diverse challenges, such as limited access to finance and markets, poor organizational and technical capacity, inadequate infrastructure, an unfavourable policy environment and obstacles to participating in value chains;

(iii) Business-to-business linkages and partnerships between micro, small and medium-sized enterprises and large firms were limited;

(iv) Government support for registration and capacity-building to micro, small and medium-sized enterprises was inadequate, and that emphasis should be placed on streamlining regulations, facilitating access to finance and inclusive procurement;

(v) The Committee noted the important role of women, young people and other marginalized groups in the micro, small and medium-sized enterprises sector and the importance of targeted interventions to tackle the specific challenges faced by these groups;

(f) Presentation on the Africa Regional Forum on Sustainable Development: The Regional Forum and voluntary national reviews were important mechanisms in helping countries to advance and implement the 2030 Agenda for Sustainable Development and the Agenda 2063 of the African Union, and therefore welcomed the convening of the forthcoming 2020 Regional Forum in Zimbabwe;

(g) Launch of the ECA flagship knowledge products: The Committee commended ECA and partners for conducting research and producing the following invaluable knowledge products for member States and other stakeholders to use as a basis for evidence-based decision-making and policy and strategy formulation at national and regional levels:

(i) Eswatini 2018 structural transformation, employment, production and society (STEPS) profile;

(ii) *Economic Report on Africa 2019: Fiscal Policy for Financing Sustainable Development in Africa*;¹

(iii) *Assessing Regional Integration in Africa: Next Steps for the African Continental Free Trade Area*;²

(iv) *2018 Africa Sustainable Development Report: Towards a Transformed and Resilient Continent*.³

V. Recommendations

11. The Committee presented the following recommendations under each of the main areas of deliberation.

Recommendation 1. Strategies and policies for the integration of micro, small and medium-sized enterprises in the industrialization process in Southern Africa

Member States should:

(a) Create conditions to enable micro, small and medium-sized enterprises to tap into and strengthen regional value chains, capitalizing on the regional industrialization strategy and the African Continental Free Trade Area;

(b) Strengthen platforms and networks to facilitate collaboration, peer learning, nurturing entrepreneurship and scaling up of private investment;

¹ United Nations publication, Sales No. E.19.II.K.2.

² United Nations publication, Sales No. E.19.II.K.3.

³ United Nations publication, Sales No. E.19.II.K.1.

(c) Develop support mechanisms such as preferential public procurement, local content policies, venture financing and tax incentives to promote the growth and sustainability of micro, small and medium-sized enterprises;

(d) Support micro, small and medium-sized enterprises in harnessing innovative and creative approaches to improve productivity, quality of products and competitiveness, and enhancing market access;

(e) Deploy efforts and resources to support the development and implementation of transboundary projects to facilitate the growth and participation of micro, small and medium-sized enterprises in the regional value chains.

Recommendation 2. Harmonization of regional industrialization strategies and policies in Southern Africa

ECA should:

(a) Continue supporting COMESA and SADC in developing a regional framework to assist member States to integrate micro, small and medium-sized enterprises into the industrialization process;

(b) Continue supporting the harmonization of regional industrialization policies with country industrialization policies.

Member States should:

(a) Strengthen institutional arrangements – including interministerial collaboration, and private sector and other stakeholders’ engagement – to develop and implement industrialization strategies and policies;

(b) Strengthen coherence among different sector policies, while maintaining the consistency of such policies over time;

(c) Adopt and implement effective monitoring and evaluation arrangements for regional and national industrialization frameworks, in order to ensure that these frameworks are dynamic and responsive to emerging challenges and opportunities.

Recommendation 3. Implementation of the regional and international agendas and other special initiatives in the subregion

COMESA and SADC, with technical support from ECA, should develop a framework to support member States in incorporating the COMESA and SADC industrialization policy frameworks.

ECA – through its Subregional Office for Southern Africa and in collaboration with the African Union Commission, COMESA and SADC – should develop and implement an outreach programme to raise awareness about the Agreement Establishing the African Continental Free Trade Area, and mobilize the remaining member States to ratify the Agreement and develop implementation strategies.

ECA, in collaboration with organizing partners, should strengthen the sharing of good practices on the implementation of the 2030 Agenda for Sustainable Development at the 2020 Africa Regional Forum on Sustainable Development.

Member States that have not undertaken voluntary national reviews should conduct them in an inclusive manner, with a view to invigorating the implementation of the 2030 Agenda for Sustainable Development and Agenda 2063 to achieve the goals within the set time frame.

Member States and other stakeholders should actively participate in the 2020 Africa Regional Forum on Sustainable Development and contribute to the identification of specific policies and actions to accelerate the implementation of the 2030 Agenda for Sustainable Development and Agenda 2063.

Recommendation 4. Way forward

The Subregional Office for Southern Africa should:

- (a) Strengthen collaboration with regional economic communities in implementing an annual work programme;
- (b) Continue to support member States in developing evidence-based policies and strategies in a fully consultative manner;
- (c) Continue to work closely with member States and other stakeholders to facilitate the implementation of the recommendations of the twenty-fifth session of the Intergovernmental Committee of Senior Officials and Experts of Southern Africa;
- (d) In liaison with the Bureau of the twenty-fifth session of the Intergovernmental Committee of Senior Officials and Experts of Southern Africa, commence discussions with the Government of Lesotho on the theme and logistics of the twenty-sixth session of the Committee;
- (e) Continue to strengthen collaboration with other partners – including the Food and Agriculture Organization of the United Nations, the United Nations Industrial Development Organization and Oxfam – to deliver on common priorities, both at regional economic community and national levels.

VI. Closing of the session

12. In closing its twenty-fifth session the Intergovernmental Committee of Senior Officials and Experts of Southern Africa expressed appreciation to:

- (a) Oxfam, for sponsoring the panel on the integration of micro, small and medium-sized enterprises into agroprocessing value chains and for chairing the panel on growing micro, small and medium-sized enterprises in Southern Africa;
- (b) The Government of Lesotho, on its offer to host the twenty-sixth session of the Intergovernmental Committee of Senior Officials and Experts of Southern Africa;

(c) The Government and the people of Eswatini, for their excellent arrangements and facilities offered for the meeting, and for ably steering the proceedings, which had culminated in the resounding success of the twenty-fifth session of the Committee.

13. The Chair of the Bureau of the twenty-fifth session of the Intergovernmental Committee of Senior Officials and Experts of Southern Africa declared the session closed.
