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Accelerating the implementation of the industrial policies of the Common Market for Eastern and Southern Africa and the Southern African Development Community through local adaptation

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Abbreviations

COMESA	Common Market for Eastern and Southern Africa
COVID-19	coronavirus disease
EAC	East African Community
ECA	Economic Commission for Africa
GDP	gross domestic product
ICT	information and communications technology
ITC	International Trade Centre
SADC	Southern African Development Community
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization

Executive summary

As a result of the pandemic, economic growth in the Southern African subregion declined from 2.4 per cent in 2019 to between −2.1 and −5.1 per cent in 2020. In the same year, the region lost between $37 billion and $79 billion in output as a consequence of economic decline but, in 2021, economic output grew by 3.5 per cent, mainly driven by a rebound in commodity prices, the easing of social restrictions and the resumption of economic activity. Marginal growth is expected to continue in 2022, although the emergence of the omicron variant of the COVID-19 virus late in 2021 reduced optimism about growth as lockdowns and other restrictions were reintroduced. These were accompanied by declines in manufacture of goods, trade volumes, investment, tourism and other revenue-generating activities across the region.

The implementation of regional industrialization and trade policies and strategies could be strengthened through the accelerated incorporation into national frameworks of industrial policies of COMESA and SADC, regional trade agreements and the African Continental Free Trade Area and this, in turn, could bolster the resilience of countries to shocks induced by the COVID-19 pandemic. To stimulate economic revival, member States need to initiate industrialization through the local adaptation and implementation of strategies and policies elaborated in the SADC Industrialization Strategy and Roadmap, 2015–2063, the COMESA Industrialization Policy and other related policies and strategies.

This study investigated the extent to which the national industrialization policies of member States have incorporated into their local frameworks the provisions of regional industrialization policies. The overarching objective of those initiatives is to create a modern, competitive and robust industrial sector that is not only fully integrated into the African and global economy, but able to effectively compete on the global market.

The methodology of the study was a desk review of various global, regional and national policy documents and related literature available in the public domain focusing on industrialization and transformation at the subregional and national levels. The extent to which SADC and COMESA industrialization policies and strategies have been locally adapted by member States was also reviewed, and in each case the specific areas requiring harmonization, the potential barriers to such adaptation and the barriers to implementation where adaptation has occurred were identified. Most of the documents were accessed using the Google Chrome and Avast Secure website search engines.

Four noticeable areas of alignment and complementarity between regional industrialization strategies and those of most member States were identified. First, they all seek to attract investment that promotes sustainable development. Second, they all reserve for the host countries flexible regulatory space to safeguard the public interest and regulate social development. Third, their definition of investment excludes foreign portfolio investment. Fourth, they include detailed provisions on investor obligations, imposing a direct obligation on foreign investors in the conduct of their business.

The main area of alignment was that the COMESA and SADC industrial policies, including the tripartite initiative involving COMESA, EAC and SADC, known as the COMESA-EAC-SADC Tripartite, were driving national development strategies, visions and plans that were also informed by the Action Plan for the Accelerated Industrial Development of Africa (African Union, 2008) and Agenda 2063: The Africa We Want, of the African Union. The priority sectors of both the COMESA and SADC industrial policies reflect the priorities of member States. In addition, both COMESA and SADC industrialization policies have similar priority interventions, mainly focusing on enhancing competitiveness, deepening regional integration and improving the policy and business environment for industrial development in the region.

The study identified the various elements of member State industrial policies and strategies that needed to be aligned with those of COMESA, SADC and the COMESA-EAC-SADC Tripartite. Generally, there is congruence and consistency between the industrial transformation of member States and regional commitments. The study established that member States face several challenges in incorporating regional industrial policies and strategies into local frameworks, however. Internal challenges include lack of political commitment, limited human and institutional capacity, poor infrastructure, such as electricity and roads, and science and technology infrastructure that allows the use of ICT, and the prevalence of small and mostly informal firms, leading to challenges in the formulation and implementation of industrial policies. An unstable sociopolitical environment undermines such adaptation in some cases.

These challenges suggest that COMESA and SADC member States should not rely on markets alone to deliver structural change to their economies and that the developmental State remains central. Member States should develop and implement targeted interventions to achieve the successful local adaptation of regional industrialization policies and strategies, supported by a strong institutional basis for transformation. In addition to governmental institutions, strong private sector associations, strong export promotion agencies, parastatals, development finance institutions and transformative skills are all key ingredients of successful transformation. Investment in infrastructure and trade logistics and the creation of an attractive investment climate are all key for foreign investment.

Successful local adaptation of regional industrial policies requires member States to focus on the following steps: strategic review of national and regional industrial policies and strategies to identify areas of alignment and misalignment; designing national industrial policies and strategies aligned with the COMESA and SADC industrial policies, taking into account national priorities as outlined in national development plans; building the human and technical capacity needed to implement and effectively monitor and evaluate industrial policies; a dedicated institution with sufficient powers to coordinate the implementation, monitoring and evaluation of regional commitments on industrial development and trade integration, including strengthening statistical systems in the region to promote greater use and adoption of evidence-based decision-making; providing sufficient information to all key stakeholders through the dissemination of regional industrial policies and strategies and other initiatives; and mobilizing sufficient financial resources and human capital for effective implementation of the commitments under COMESA, the COMESA-EAC-SADC Tripartite, SADC and African Continental Free Trade Area agreements.

To accelerate the local adaptation of regional industrialization policies by member States, the following recommendations are made.

At the regional level:

1. Regional economic communities should provide technical assistance to member States to roll out the implementation of

the adaptation template and framework to facilitate the alignment of national industrial policies and strategies with the SADC and COMESA frameworks by:

- Encouraging member States to accelerate implementation of the template for adaptation and incorporation within the set time frame

- Reporting and sharing progress on such adaptation at the regional level

2. Regional economic communities should use the Tripartite Forum to share industrial development information and networks by:

    - Creating an EAC-COMESA-SADC forum for knowledge-sharing on national industrial policy for better coordination of regional industrialization activities and programmes. The forum would provide an opportunity for regional economic communities and member States to network effectively and learn from one another's experience. It is clear from the analysis that member States have adopted somewhat different approaches and have different degrees of experience in developing and implementing national policies

    - Developing and sharing guidelines for implementing capacity-building programmes to enable national institutions to deal with deficiencies in regulatory frameworks and business environments, and developing the capacities of national institutions responsible for industrial policymaking and implementation

3. Regional economic communities should facilitate and spearhead the development of a regional monitoring and evaluation system through:

    - A harmonized monitoring and evaluation system that should incorporate all the relevant structures of COMESA and SADC. The SADC approach could be used as the starting point. Furthermore, there is a need to broaden the mandate of SADC national committees to enhance effective coordination and monitoring of the local adaptation and implementation of regional industrialization activities. Selected indicators from COMESA and SADC industrialization agendas, including the aspirations of the COMESA-EAC-SADC Tripartite, should support the harmonized monitoring system. In addition, joint regional economic community programmes should be developed and implemented to strengthen regional monitoring and evaluation

    - Harmonizing the functions and mandate of SADC and COMESA structures such as national coordinating committees (most under the ministry of foreign affairs) and COMESA focal persons (most under the ministry responsible for trade, industry and cooperatives)

    - drafting a road map for the local adaptation of regional industrial policies and strategies, including time frames and structures for periodic reporting

4. Regional economic communities should strengthen technical and institutional capacities for improved policy adaptation and implementation by:

    - Cooperating with development partners to provide flexible support and adapt to changing circumstances, based on realistic objectives

    - Building and strengthening regional and national institutional capacities to support the local adaptation and implementation of regional industrialization and trade integration commitments

    - Encouraging national Governments and cooperating partners to support operationalization, implementation and analysis at all levels. Regional economic communities should be cooperating partners in the mobilization of financial resources and technical support to enable member States to deal with emerging issues such as the African Continental Free Trade Area, green industrialization and COVID 19 as they affect local adaptation

- developing programmes to address organizational challenges and constraints to enhance efficiency of the secretariat
- strengthening skills development for specific subsectors to support the industrialization agenda

5. **Regional economic communities and member States should collect and provide timely and quality industrial data for informed decision-making by:**
    - Establishing a harmonized framework for the regional statistical system aligned with regional industrialization and trade integration aspirations
    - Increasing the coordination, management, implementation and procurement capacity of the COMESA and SADC secretariats to produce and disseminate harmonized and gender-responsive regional statistics
    - Improving the capacity of member States to produce up-to-date socioeconomic statistics in line with international best practice and norms, using relevant state-of-the-art technology
6. **Regional economic communities should pool resources for implementation of industrialization and transformation programmes by:**
    - Mobilizing resources for regional infrastructure and other joint activities, such as joint special economic zones between member States, and operationalizing and implementing value chains at the regional and national levels
    - Mobilizing resources for implementation of strategic capacity-building programmes for member States in industrial policy formulation and implementation, and development of effective monitoring and evaluation systems
7. **Regional economic communities should establish mechanisms for implementation of regional industrialization commitments through:**
    - Mechanisms at the regional level to encourage member States to incorporate regional industrialization and integration policies into their local frameworks
    - Helping member States to establish locally led monitoring of the implementation of industrial plans to enable learning, local adaptation and adjustment

At the national level:

1. **Member States should adopt and implement the convergence template to align national industrial policies and strategies with SADC and COMESA frameworks by:**
    - Engaging all stakeholders and implementing the policy adaptation template within the set time frame
    - Reporting and sharing progress on local adaptation
2. **Member States should ensure and facilitate the involvement of all stakeholders, especially private and civil society organizations, in the local adaptation of regional industrial policies through:**
    - Better coordination between the ministries and institutions responsible for national planning, and ministries of finance, trade and industry, and foreign affairs to effectively adapt the region-

al industrialization and transformation agenda at the member State level

3. Member States should pool resources for the implementation of industrialization and transformation through:

- Development of a regional financial system with a capillary network of financial institutions accessible to the private sector in both rural and urban areas, granting ease of access to credit to businesses and individuals, and especially financial resources directed at the development of value chains, in particular agricultural value chains

- Creation of strong economic institutions to support specific private sector supply chains

- Establishment of well-resourced research, development and information institutions to lead the development and acquisition of new technologies.

I. Introduction

A. Background

Industrial development and trade creation are key factors in enhancing productive capacities, job creation, poverty eradication and setting COMESA and SADC economies on a more inclusive and sustainable growth path. Industrialization of the Southern African subregion will require the harnessing of the opportunities presented by the Agreement Establishing the African Continental Free Trade Area, the largest free trade area globally as measured by number of participating countries. It connects 1.3 billion people across 55 countries with a combined GDP of $3.4 trillion (World Bank, 2020a). It is expected to lift 30 million people out of extreme poverty, although achieving its full economic potential depends on significant industrialization reforms and trade facilitation measures across the continent. Despite the global economy being in turmoil due to the COVID-19 pandemic, the creation of the integrated continental market is an opportunity for COMESA and SADC countries to diversify and increase exports, accelerate growth and attract foreign direct investment The African Continental Free Trade Area is poised significantly to boost African trade, in particular intraregional trade in manufactured products (Apiko, Woolfrey and Byiers, 2020).

The World Bank (2020a) reports that economic growth in the Southern African subregion has continued to decline from 2.4 per cent in 2019 to between −2.1 per cent to −5.1 per cent in 2020. This is the first recession in the subregion in the past quarter century. The subregion lost between $37 billion and $79 billion in output in 2020. Successful implementation of regional industrialization and trade policies and strategies by regional economic communities could reverse this economic contraction.

The incorporation into local frameworks of COMESA and SADC industrial policies and regional trade agreements, and the African Continental Free Trade Area could help countries to strengthen their resilience to current and future economic shocks. The question to be asked is what regional member States can do to initiate a sustained process of harmonized industrialization through the local adaptation and implementation of the strategies and policies set out in the SADC Industrialization Strategy and Roadmap, the COMESA Industrialization Policy and other related policies and strategies. Moyo (2020) notes that trade creation and industrialization in both COMESA and SADC have continued to be low in comparison with other regional groupings in Africa. Many COMESA and SADC countries are locked in the primary value chain stage, producing raw materials for export, with limited further processing and economic benefit. Between 2010 and 2017, COMESA and SADC had the lowest manufacturing value added per capita, ranging from $141 in 2010 to $159 in 2017, compared with the global average of $1,486 and $1,729 for the same period. The relatively low manufacturing value added per capita in Southern Africa is a clear indication of low value addition to raw materials and low levels of industrialization and productivity.

The 1993 Treaty establishing COMESA calls upon member States of the subregion to cooperate in the field of industrial development. The Treaty also provides for the formulation of a regional industrialization strategy, among other cooperation agendas. Similarly, the 1999 East African Community Treaty emphasizes strengthening industrial relations among member States through the development of an East African industrial development strategy. The SADC Treaty calls upon member States to cooperate in the area of industrialization to complement the implementation of the SADC Free Trade Area. In 2003, SADC adopted the SADC Regional Indicative Strategic Development Plan and called on SADC member States to develop a regional industrial development policy and strategy framework. The revised SADC Regional Indicative Strategic Development Plan (2015 – 2063) was approved by the SADC Council of Ministers in 2015. The Council also approved the SADC Industrialization Strategy and Roadmap 2015–2063 in 2015. The Action Plan for the SADC Industrialization Strategy and Roadmap was approved in 2017 (Southern African Development Community, 2017). Similarly, the COMESA Council of Ministers adopted the COMESA Industrialization Policy (2015–2030) and, in 2017, the COMESA Regional Industrial Strategy 2017–2026.

This report presents the findings of a study that investigated how to accelerate harmonized industrialization in Southern Africa through the local adaptation and implementation of strategies and policies elaborated in the SADC and COMESA industrialization frameworks. The study also aimed to develop a minimum convergence template to guide COMESA and SADC member States in local adaptation, creation of the requisite institutional frameworks and implementation of the industrialization strategies.

B. Scope of the study

The study was assigned the following scope:

- To review regional industrialization strategies, policies and other relevant regional development documents on industrialization and trade of SADC, COMESA and the COMESA-EAC-SADC Tripartite, to identify specific areas of alignment or misalignment

- To review the strategies employed by the regional economic communities to accelerate local adaptation and uptake at the member State level, and highlight any impediments

- To review the extent of the incorporation into local frameworks of the SADC and COMESA industrialization policies by member States of the subregion, identifying in each case the specific areas requiring attention for harmonization purposes, the potential barriers to local adaptation and the barriers to implementation where such adaptation has occurred, and carrying out an analysis to identify strengths, weaknesses, opportunities and threats regarding the local adaptation of regional industrialization strategies and policies by member States and regional economic communities

- To review the alignment and complementarity of bilateral economic cooperation agreements with international cooperating partners on industrialization for increased regional trade and integration within both the subregion and member States

- To review the participation of key stakeholders based on their respective roles in and responsibilities for policy adaptation

- To propose sustainable strategies to support the local adaptation of regional industrial strategies and monitoring and evaluation frameworks

- To develop a minimum convergence template to guide member States in the local adaptation of regional frameworks
- To create the requisite institutional frameworks for implementation of industrialization strategies
- To recommend areas of intervention, at both the national and regional levels, to accelerate policy adaptation and implementation of industrialization strategies and policies.

C. Methodology

The study primarily took the form of a desk review of various global, regional and national policy documents, and related literature available in the public domain, focusing on industrialization and transformation. Documents were accessed using the Google Chrome and Avast Secure website search engines. An ad hoc expert group meeting was organized on 26 and 27 November 2021 in Livingstone, Zambia, to review the findings and recommendations of the study.

D. Limitations of the study

The main limitations of the study were its timing, notably the adverse impacts of the pandemic on consultations and the selected countries. The study was limited to five countries – Eswatini, Malawi, Mauritius, Zambia and Zimbabwe – and suffered from limited consultation and face-to-face discussion with stakeholders as a result of the pandemic. It built on work already accomplished in the five countries. Malawi, Zambia and Zimbabwe are beneficiary countries of the United Nations project on promotion and implementation of regional and national resource-based industrialization policies for inclusive and sustainable development in Southern Africa, funded by the United Nations Development Account, under which the study was conducted, and were thus natural choices. Eswatini and Mauritius were chosen to broaden the target countries beyond beneficiaries of the project.

E. Structure of the report

The report consists of seven chapters. Chapter I sets out the background, scope, methodology and limitations of the study. Chapter II provides an introductory overview of the industrialization process in the Southern African subregion and subregional industrial policies and strategies and outlines the challenges facing industrialization and trade policies. Chapter III reviews and outlines key features of the industrialization policies of Eswatini, Malawi, Mauritius, Zambia and Zimbabwe, and their areas of alignment and misalignment with regional policies and strategies. Chapter IV reviews the alignment and complementarity of bilateral investment treaties. Chapter V reviews the literature on the local adaptation of industrial policy and the conceptual framework of such adaptation, discusses the strategies employed at the regional and national levels to accelerate the local adaptation of the COMESA and SADC industrial policies and strategies and the barriers to local adaptation and implementation where such adaptation has occurred. Chapter VI provides an analysis of strengths, weaknesses, opportunities and threats, while chapter VII sets out the conclusion, recommendations and the minimum regional industrial policy adaptation template to guide member States.

F. Definition of key terms

Alignment: the extent to which the COMESA and SADC industrialization strategies and road maps are similar to each other and to the industrial strategies of member States. It refers to the coherence and similarity of the vision for industrial development and transformation in the region.

Local adaptation: the process through which regional policies and strategies are introduced, incorporated or mainstreamed into the national development plans, industrial policies, strategies and action plans of member States and implemented.

Harmonization: the process of making the industrial policies and strategies of member States and other regulations of different jurisdictions (whether national or regional) similar, or closer to each other in terms of principles.

Convergence: in the context of this study, the increasing similarity of the industrial policy of member States and regional industrial policy over time (reduction in divergence).

Convergence template: a framework providing basic elements to guide regional economic communities and member States in adopting a strategic approach to the alignment and incorporation of COMESA and SADC industrialization strategies and policies.

Convergence matrix: a suggested implementation, monitroing and evaluation framework for the minimum convergence template.

II. Supporting the industrialization process in Southern Africa: regional economic communities

A. Industrialization and structural transformation

Previous studies have shown that intensive export-led industrialization over the past five decades has created jobs and transformed economies in China, the Republic of Korea, Singapore and Taiwan Province of China (ILO, 2014; Perkins and Tang, 2017). Countries in the Southern African subregion need to step up their efforts to do the same. Industrialization is critical if the member States of COMESA and SADC are to achieve structural change, attain a high quality of growth and growth rates in important economic sectors, and create decent jobs. Structural transformation can only happen through the promotion of appropriate industrial policies and strategic government interventions in the productive sectors of the economies (Lopes and te Velde, 2021). This section examines the factors that drive industrial growth and diversification, the process of transformation, production linkages and value creation through industrialization, and the relationship between industrialization and regional integration in the context of COMESA and SADC.

The factors that drive industrial growth and diversification have been the subject of debate. There are still doubts as to whether African countries can industrialize and whether they have the capacity to do so, and questions as to what it will take to implement industrial policies that would transform their economies. In their article about structural transformation, economic development and industrialization in post-COVID-19 Africa, Lopes and te Velde (2021) recently argued that Africa has lost the chance to enter the stage of accelerated industrialization as a result of their marginal manufacturing capacities, poor human and institutional capacities, and technological deficits. The reason for such strong adverse views is linked to the widespread opinion that industrialized countries such as China, the Republic of Korea, Singapore and the Taiwan Province of China all used trade protectionism, went through a catch-up strategy for their economies to some extent (United Nations, ECA, 2014), had the technology and were productive. The question that remains is whether COMESA and SADC countries can do the same.

Although globalization, skewed intellectual property regimes and renewed protectionism have made the policy environment for the Southern African subregion more difficult than it was, COMESA and SADC countries could quickly industrialize their economies by leveraging innovation and advances in technology (United Nations, ECA, 2016a; African Union Development Agency, 2016). The lack of industrialization in Africa is the result of a lack of technology for value addition and increased productivity, including limited skills, lack of financing, infrastructure deficit, and lack of a vibrant private sector and conducive policy environment for the participation of the private sector. It is essential that COMESA and SADC industrialization and regional integration policies move away from theoretical arguments to address practical implementation challenges (United Nations, ECA, 2014).

The major factors that have negatively affected the industrialization process in the COMESA and SADC region frequently hinge on issues of political economy at three levels (United Nations, ECA, 2014): the nature of political leadership, the ability to impose visions for industrialization on government institutions, and different economic entities. ECA, the African Union Commission and the African Development Bank (2010) noted that well-intentioned regional policies are likely to fail if the government officials implementing industrial strategies lack the skills needed to design, implement, monitor and enforce industrial policies. These failures are among the major challenges facing industrialization in Africa: what has been lacking is the coming together of State and non-State entities to develop comprehensive visions and strategies for industrialization, and implementation capacity.

Countries in the Southern African subregion need to focus on engaging the private sector in the conversation about industrialization and to build the necessary capacity selectively (Hausmann, Rodrik and Sabel, 2008). East Asian and European countries, while not necessarily having high-quality institutions and the necessary human capital, engaged the private sector and allocated the resources needed to spur industrialization (Martorano, Sanfilippo and Haraguchi, 2017). The challenges facing the subregion include poor infrastructure, inadequate policies and regulatory capacities, and inability to mobilize adequate resources for industrialization. This is where the private sector could play a complementary role in addressing implementation challenges such as the lack of institutional capacities and smart approaches to industrialization. Industrialization in the subregion will be made possible through the promotion of a skilled workforce to enhance investment in more specialized production, adequate energy infrastructure to address the challenges of frequent power outages in many countries, increased manufacturing potential and output, and reducing risk factors for the development of value chains.

It is clear from this that, for industrialization and structural transformation to succeed in the Southern African subregion, a combination of factors is needed, including effective policies and the presence of skilled human resources. COMESA and SADC also require transformative and innovative leadership and the ability to adapt to current challenges. The path to accelerated industrialization in the subregion will most likely differ from experiences elsewhere. For example, beyond the immediate challenges and opportunities, Lopes and te Velde (2021) identify three major issues confronting industrialization in the subregion: green industrialization, digitization and regional integration. Successful design and implementation of industrial policies in the subregion would require paying particular attention to each of these issues, in addition to the negative impact of the COVID-19 pandemic that has adversely affected the volume of business and trade, and building resilience against future shocks.

The COVID-19 pandemic has brought several challenges affecting the macroeconomic fundamentals in the Southern African subregion. The transport sector, and resource-intensive and tourism-dependent member States have been the hardest hit (Anyanwu and Salami, 2021). Most countries in the subregion had negative growth rates in 2020. The overall inflation rate increased from 31.6 to 60.4 per cent over the period January – June 2020, some member States having double-digit month-to-month inflation (COMESA, 2020; SADC, 2020; Mthembu, 2020), driven by drastic changes in the consumption of housing, water, electricity, gas and other fuels (89 per cent), health (78.3 per cent) and communications (69.6 per cent). The subregion has seen steep declines in foreign direct investment, and delays in approved development projects linked to external financing mechanisms.

The COMESA-EAC-SADC Tripartite, together with cooperating partners, has adopted harmonized *Guidelines on Trade and Transport Facilitation: Guidelines for Safe, Efficient and Cost-Effective Movements of Goods and Services* during the COVID-19 pandemic. This has helped to minimize the effect of COVID-19, while facilitating trade and movement of goods and services across the regional economic communities during the pandemic.

Nonetheless, the COVID-19 crisis offers COMESA and SADC member States an opportunity to accelerate industrialization from the traditional carbon-intensive methods of industrial growth towards cleaner and more competitive technologies. Several countries in the subregion, including Mauritius and Zambia, have developed green economic strategies or plans of action (United Nations, ECA, 2016a).

Empirical evidence suggests that COMESA and SADC not only face a growing digital divide globally and domestically, but also benefit less from digitalization than other economies, once digital technologies have been installed (Lopes and te Velde, 2021). Governments in the subregion have a critical role to play in designing and implementing policy frameworks to digitize manufacturing and leverage the fourth industrial revolution. This requires putting in place country-specific conditions to bring about an improved investment climate, firm capabilities, national innovation systems and ICT infrastructure, direct financing opportunities and participation in global value chains.

The African Continental Free Trade Area provides an opportunity for the COMESA and SADC region to deepen subregional market integration, boost intraregional trade, promote subregional and continental value chains and foster subregional economic transformation through industrialization. The introduction of a simplified continental trade regime is expected to give small and medium-sized enterprises and informal traders greater protection and support their participation in the export opportunities created by the Africa Continental Free Trade Area. Boosted by The African Continental Free Trade Area, intraregional trade can play a key role in the economic transformation of the region.

B. Industrialization policies and institutions

Between the 1950s and the 1980s, industrialization policies shifted from import substitution to promoting heavy manufacturing and reduced commodity dependence (World Bank, 2008; Lopes and te Velde, 2021). By the 1990s, it had become clear that such policies had led to practical problems and contributed to the Latin American debt crisis. As a result, the structural adjustment programme, underpinned by the Washington Consensus, promoted reliance on a market-led economic environment with minimum emphasis on industrial policy, promoting investment climate reforms without theoretical underpinning. The World Bank (2008) emphasized the key role played by political leadership (and capable government) in promoting economic growth, along with democracy and accountability, macroeconomic stability, high rates of savings and investment, and the role of the free market in allocating resources.

In more recent decades, a range of new policy insights have emerged on industrialization, some general, others more specific (Lopes and te Velde, 2021). The common feature of this dynamism in industrial policies is that they all lie between the extremes of those that support a free market and those that support economic transformation and industrialization. McMillan and others (2017) summarize these policies and divide them into two categories: those that seek to cultivate an enabling environment and those that provide targeted support (see table 1). These policies are usually not enough by themselves, however, and need to be undertaken in conjunction with interventions such as infrastructure investment, support for the financial sector and complementarity between policies when implementing industrialization and reforms (Rodrik, 2005). COMESA and the SADC member States therefore need to

Table 1: Policies to promote industrialization and economic transformation

Government policy actions	General enabling support	Targeted support
Government actions to support structural change	Business environment/investment climate reforms Financial sector reforms Strengthening government business relations	Export push policies Exchange rate and tariff protection Selective industrial policies Spatial industrial policies National development banks
Policy actions to support in-sector-productivity growth	Building fundamentals (e.g. infrastructure, education) Investment in basic production knowledge: Managerial good practices as a public good Innovation and ICT Promoting effective competition	Managing training Attracting foreign direct investment Export diversification Developing value chains Increasing agricultural productivity

Source: Adapted from McMillan and others (2017).

implement complementary policies that improve both fundamentals such as education and infrastructure and policies that target growth in highly productive sectors.

Although countries in the COMESA and SADC region face various challenges to moving up global value chains, especially in the manufacturing sector, the current dynamics of the world economic order work in their favour. The region is likely to benefit from: rising wages in China and a new policy shift in Asia, away from export-led and towards domestic and regional consumption-led growth; growing regional and continental markets in Africa and greater access to abundant natural resources in the region; and access to more productive technologies that improve firm productivity, ensuring that countries are able to move up global value chains. If they are to seize these opportunities, however, member States will need to formulate and implement coherent industrial development policies and strategies. Some of the key elements of industrialization policies in the region must include (Martorano, Sanfilippo and Haraguchi, 2017):

- Putting in place sound macroeconomic management policies
- A conducive investment climate supportive of private sector growth
- Investment in public regional infrastructure and human resources development to improve the quality of the labour force
- A push for export-led industrialization through regional trade and integration
- Agglomeration through building and running efficient special economic zones and industrial parks
- Support to enable local small and medium-sized enterprises to access technology and long-term finance to enhance their productivity and produce more or technologically sophisticated products
- Improved industrial policy coherence and implementation coordination by Governments
- Strengthened consultation between regional institutions, Governments and the private sector.

In addition to the key elements outlined above, lack of suitable institutions for policy implementation, monitoring and evaluation hamper the effectiveness of industrial policy. Te Velde (2013) argues that countries should emphasize a set of conditions that are most crucial for effective industrialization policy leading to economic transformation: a mechanism that enables transparency; increased credibility of the government among investors and establishing high levels of trust between the public and private sectors; and commitment to policy implementation.

Box 1: Joint Economic Council, Mauritius

In Mauritius, the Joint Economic Council is the primary institution for relations between the State and business. It meets regularly with the Prime Minister and participates in developing national budget proposals. It is funded entirely by its members, which include the Chamber of Commerce and Industry, the Chamber of Agriculture, the Employers' Federation, the Sugar Producers' Association, the Export Processing Zone Association, the Bankers' Association, the Insurers' Association, the Association of Hoteliers and Restaurateurs and the Association of Mauritian Manufacturers. The Joint Economic Council is managed by a council of 18 members, with a chair that rotates every two years and a full-time director. Its main aims are to ensure a stable macroeconomic environment, foster greater fiscal discipline, restore financial health and integrate all sectors of the economy to reduce distortions and improve the efficiency of investment. One of its key priorities is to align government budgets (allocation of spending and related economic measures) with development priorities. Evidence has been collected showing it to be effective in this, its proposals frequently being integrated into the country's budget.

According to Ansu and others (2016), the requirements that appear relevant to institutional settings for effective industrial policy transformation in the COMESA and SADC region include: constructing a consensus among key stakeholders that establishes economic transformation as a regional project, with shared commitments at the national level; giving at least one lead public agency sufficient autonomy, budgetary control and political authority to coordinate and engage in a practical way with credible private sector organizations; creating institutional arrangements to coordinate public-private engagement and ensure an appropriate level of technically-justified support to the private sector; and putting in place flexible approaches that work for transformation at the member State level.

Mauritius and Zambia to some extent provide examples of such policy settings from which other member States in the region can learn (Ansu and others, 2016) (box 1).

In Zambia, in particular during the period in office of the late President, Levy Mwanawasa, the Government and the private sector initiated a more consultative process in which key government institutions and the private sector discussed key policy issues. The President spearheaded the establishment of the Zambia Investment Business Council to consolidate engagement with the private sector through the Zambia Business Forum. The only challenge was that the institutional arrangement was not formalized and not backed by any legal framework, which weakened its effectiveness and undermined its continuity.

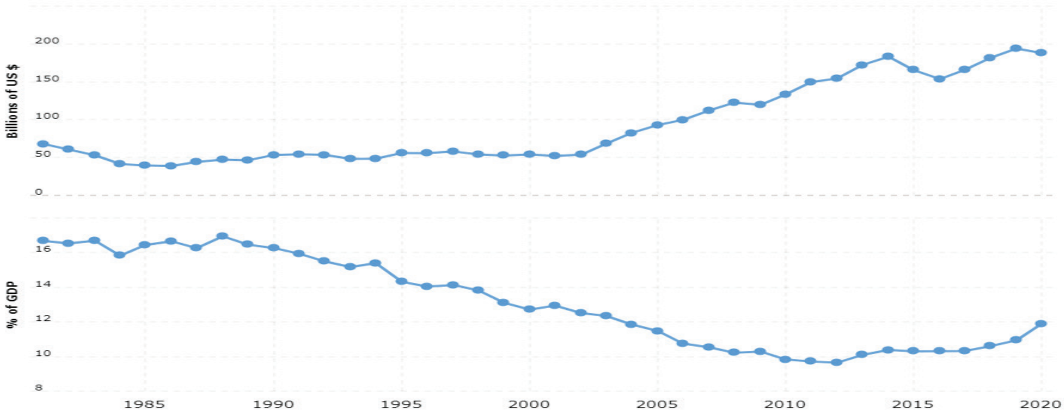
C. Manufacturing output in the Southern African subregion

The Southern African subregion has many opportunities for sustainable economic growth and a robust manufacturing sector is seen as a path towards growing its economy. That is why the Tripartite Free Trade Area and the African Continental Free Trade Area were established. Manufacturing holds potential for member States in the region to recover from the effects of the COVID-19 pandemic and survive future crises (World Bank, 2021).

The subregion registered an estimated average economic growth rate of 1.4 per cent in 2019 compared to 1.9 per cent in 2018. The average growth rate of the manufacturing sector was 1.5 per cent in 2019, as against 2 per cent in 2018. The average manufacturing value added as a percentage of GDP for the region was 10 per cent in 2020, while that of South-East Asia was 18 per cent. Figure I shows that, in 2020, manufacturing output in sub-Saharan Africa was $188.15 billion, a 3.03 per cent decline from $194.03 billion in 2019. It is estimated that the manufacturing sector in Africa could reach about $670 billion in 2030, as compared with about $450 billion in 2015 (World Bank, 2021).

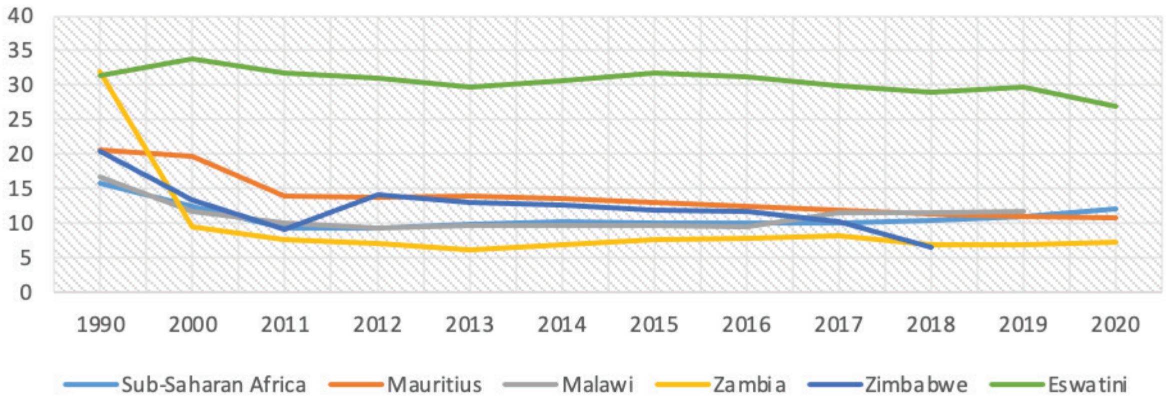
The growth in economic output of 3.5 per cent in sub-Saharan Africa in 2021 was mainly driven by a rebound in commodity prices and easing social restrictions (World Bank, 2021). The marginal growth is expected to continue in 2022. The emergence of new variants of the COVID-19 virus could, however, undermine buoyant growth as a result of lockdowns and restrictions. Firming commodity prices are expected to boost com-

Figure I: Manufacturing output in sub-Saharan Africa, 1981–2021



Source: Statistics from World Bank (2021).

Figure II: Share of manufacturing as a percentage of gross domestic product



Source: Statistics from World Bank (2021).

modity-dependant economies in the region, leading to accelerated recovery.

At the country level, World Bank (2021) statistics show that in the five selected member States the share of manufacturing in GDP has remained below 15 per cent, except in Eswatini, which, although not resource-rich, had the highest share (27 per cent) of manufacturing in GDP in 2020 (see figure II).[1] In Zambia, the share was 7 per cent and, in Zimbabwe, 6 per cent. Overall, Eswatini had the highest share of manufacturing in GDP, followed by Malawi (12 per cent) and Mauritius (11 per cent). Processing of primary goods from the agricultural sector dominates the manufacturing activities of COMESA and SADC countries (United Nations, ECA, 2015; World Bank, 2020b).

Structural change in terms of reallocation of productive resources from the lower end of value chains to increased manufacturing value added is therefore critical for achieving sustainable industrialization (Cadot and others, 2016). Manufacturing should be a pillar of industrial development in the member States of the region (World Bank, 2020a), but COMESA and SADC member States remain marginal players in global value chains and international markets for their manufactured goods, with a negligible share of manufactured output and export in world production and trade, even when compared with other developing countries.

Both the COMESA and SADC industrialization strategies emphasize the critical role of manufacturing in the development of industrial linkages,

1 Malawi had statistics only up to 2018, while Zimbabwe did not have statistics for 2019 and 2020.

value addition and diversification of the production base in the region through the development of value chains in priority sectors such as cotton and clothing, leather and leather products, metal and metal products, pharmaceuticals, agroprocessing and tourism. The development of these regional value chains and the capacity of micro, small and medium-sized enterprises to upscale and compete are key interventions in their industrialization strategies with a view to building for global competitiveness.

D. Impact of globalization on the industrialization agenda in regional economic communities

An extensive review of the literature indicates that globalization has affected industrialization in the COMESA and SADC subregions. Lundahl (2004) asserts that globalization has affected how business is conducted in the world. Kaya (2010) concludes that globalization has contributed to the expansion of manufacturing employment in developing countries, although it is not the most significant factor shaping the size of manufacturing employment in these countries. Asongu, Nnanna and Tchamyou (2020) argue that globalization affects financial allocation efficiency in southern African countries.

It is clear that, while globalization has brought certain opportunities, it has not advanced the desired industrialization in the countries of the region, which have continued to be primary commodity producers and perpetually dependent on manufactured goods from industrialized countries (Moyo, 2020, p.119). Globalization has promoted a model of industrialization that has integrated the COMESA and SADC region into global value chains and has also tended to exclude the majority of the populations of member States. Although global value chains present a great opportunity to industrialize, member States in the regional economic communities have continued to participate at the lower value end of the chains and, for that reason, will continue to derive less than optimal benefits from their natural resources.

COMESA and SADC States participate in various international and regional trade and development agreements – economic partnership agreements with the European Union, for example – which give them duty-free access to the European Union market and the opportunity to industrialize. At the level of the regional economic communities, progress has been made in terms of developing the policies and strategic frameworks needed to address the challenge of slow implementation, but many structural obstacles remain, such as weak negotiating capacity, weak infrastructure, high production costs, weak technological capacity, and shortage of skills, which prevent them from taking full advantage of these opportunities.

E. Scope of regional industrial policies and strategies

The SADC and COMESA industrialization policies and strategies were developed with input from member States. At the time these policies were being developed, several member States already had industrial policies in place, including some complementary policies. The SADC Industrialization Strategy and Roadmap is primarily driven by the SADC treaty, SADC protocols and specifically by the Regional Indicative Strategic Development Plan and the Industrial Upgrading and Modernization Programme. It is also informed by the African Union Accelerated Industrial Development of Africa and Agenda 2063.

Similarly, COMESA industrialization policies are driven by provisions in the Treaty Establishing the Common Market for Eastern and Southern Africa on cooperation in industrial development (chapter 12, arts. 99–102). The main objectives of cooperation in industrial development is to promote sustained and balanced growth, increase the availability of industrial goods and services for intra-Common Market trade, improve the competitiveness of the industrial sector, and develop industrialists who would acquire ownership and management of the industries. Articles 100–102 of the COMESA Treaty outline the strategy for implementing COMESA industrial policy, promoting and establishing multilateral industrial enterprises in compliance with the laws of COMESA member States and the region, industrial workforce development, training, management, consultancy services, industrial research and development, acquisition of modern technology and a mechanism for the promotion of industrial development. The COMESA policy is informed by policy developments in other regional economic communities, including SADC and EAC, and the COMESA-EAC-SADC Tripartite.

- ***Industrialization policy and strategies of the Southern African Development Community***

The SADC Vision 2050 sets out the main lines and direction of regional industrialization and takes note of: the strategic framework Accelerated Industrial Development for Africa; the Science, Technology, and Innovation Strategy for Africa; the Africa Mining Vision; the Boosting Intra-African Trade initiative; and the Comprehensive Africa Agriculture Development Programme. It is in line with the broader African Continental Free Trade Area. The industrial policy and strategies are built on key SADC institutions and policy frameworks, including the SADC Treaty, the Trade Protocol, the Industrial Policy Development Framework, the Regional Infrastructure Development Master Plan, the Industrial Upgrading and Modernization Programme and the Revised Regional Indicative Strategic Development Plan. The SADC Industrialization Strategy was approved by the SADC Heads of State and Government in 2015 and the Action Plan was approved in 2017.

Industrialization is identified as the pillar of economic and technological transformation; competitiveness as the pillar for moving from comparative advantage to competitive advantage; and regional integration as the pillar for industrial development and economic prosperity. In addition, the strategy specifies three mutually reinforcing and compatible growth paths: agriculture-led growth, including agricultural value chains; natural resource-led growth, including minerals beneficiation and processing, also linking up with regional and global value chains; and enhanced participation in domestic, regional and global value chains. Agroprocessing, mineral beneficiation and downstream processing, and value chain development are the three growth paths that anchor the SADC Industrialization Strategy and Roadmap (2015–2063), placing agriculture, industrial development, value addition and trade at the centre of the industrialization strategy.

Several measures outlined to achieve the overarching goal of the strategy include policies to stabilize the macroeconomic environment, mainstreaming regional integration considerations in national development programmes, and addressing infrastructure, skills and finance challenges. Furthermore, the Action Plan also acknowledges and emphasizes the central role of the private sector in investment and growth of the industrial sector. In this regard, policy measures to empower and strengthen the private sector, especially micro, small and medium-sized enterprises, feature prominently both in the Strategy and the Action Plan. The Action Plan outlines the numerous actions and policy interventions embodied in the goals and objectives of the Strategy and highlights specific products and sectors with high potential for value chain enhancement, while focusing on those with important linkages within the region.

- ***Industrialization policy and strategies of the Common Market for Eastern and Southern Africa***

The COMESA Industrial Policy is built on, among other initiatives, the Plan of Action for Accelerated Industrial Development for Africa (African Union, 2008) and the African Mining Vision and its Plan of Action. The COMESA Industrial Policy focuses on nine key priority areas: agroprocessing; energy; textile and garments; leather and leather products; mineral beneficiation; pharmaceuticals; chemicals and agro-chemicals; light engineering; and the blue economy. These priority areas have the greatest potential impact for sustainable and inclusive economic growth in and among COMESA member States.

In 2015, COMESA adopted an industrial strategy based on two models of industrialization: the natural resources-led, and the human resources-led models. The overarching goal of the COMESA Strategy is to transform the subregion by leveraging its rich human and natural resources into a powerful engine for economic transformation and sustainable poverty reduction. The Strategy identifies the key enablers of its successful implementation as: infrastructure development; the legal, regulatory and institutional business environment; access to finance; standardization, quality assurance and quality management systems; the establishment of industrial parks to attract foreign direct investment; science, technology and innovation; the use of diaspora resources; and the promotion of local content and sourcing.

Based on the comparative advantage of the subregion, the COMESA industrialization policy identifies the key priority sectors as: agroprocessing and agribusiness; livestock development; chemicals, fertilizer and agrochemicals; leather and leather products; textiles and garments; mineral beneficiation; pharmaceuticals; energy; trade in services for industrialization; and the blue economy. The private sector is recognized as the key driver of the implementation of the strategy and public-private partnerships are recognized as key driving forces of implementation.

The COMESA Industrialization Strategy also outlines six key elements to guide member States:

- Adopt a regional approach to industrialization and trade creation.

- Harmonize the COMESA Industrialization Strategy with COMESA-EAC-SADC industrial policy aspirations.

- Strengthen linkages between industrial sectors and other sectors such as agroprocessing, fisheries, leather and leather products, textiles, mineral beneficiation (upstream and downstream), pharmaceuticals, chemicals (including fertilizers), light engineering products; and the blue economy, including complementary service sectors that would support the industrial sectors (but which are not industrial sectors) such as telecommunications, energy, insurance, transport, logistics, and banking and finance.

- Balance industrial development and equitable distribution of the benefits emanating from industrialization processes.

- Build necessary skills development for industrial transformation.

- Create and strengthen the capacity for innovation and effective application of science and technology in industry. Member States need to invest in innovation and technology capabilities to enable them to upgrade and expand their manufacturing base.

- ***Industrialization policy and strategies of the East African Community***

In the case of EAC, industrialization policies and strategies are built around the EAC Common Market Protocol as a source of or stimulus for demand, while simultaneously capitalizing on opportunities created by the fast-growing global and emerging markets for manufactures. A fully functioning common market and the deepening of regional integration through a monetary union are crucial for providing the much-needed impetus for industrialization in the subregion.

The EAC subregion, like COMESA and SADC, is endowed with vast natural resources that can stimulate resource-based industrialization, but these resources remain untapped due to a combination of factors, including gaps in governance frameworks, a non-conducive business environment at both the national and regional levels, gaps in requisite skills and technological know-how, limited and fragmented national markets that limit the realization of economies of scale in production, information gaps, low-quality infrastructure, including a non-functioning railway network, and inadequate investment and capacity in the maintenance of existing road networks, which leads to high transaction costs and inadequate supply of energy. To address the challenges of industrial development, EAC has put in place an effective policy coordination framework geared towards eliminating constraints to growth and enterprise upgrading at the national and regional levels.

EAC industrialization policies and strategies focus on transforming the regional economy through the creation of a modern, competitive and dynamic industrial sector, fully integrated into the global economy. Articles 79 and 80 of the EAC

Treaty, common principles of the EAC Common Market Protocol, and the 2011–2016 EAC Development Plan clearly and unambiguously express a commitment to economic structural transformation through industrialization. EAC industrialization processes are underpinned by national industrialization policies and strategies and draw lessons from the best regional and international practices. The strategy and objectives of the EAC Industrialization Policy (2012–2032) include:

- Diversifying the manufacturing base and raising the local value-added content of resource-based exports to at least 40 per cent, from the currently estimated value of 8.62 per cent, by 2032.

- Strengthening institutional frameworks and capabilities for industrial policy design and implementation; strengthening research and development, technology and innovation capabilities to foster the structural transformation of the manufacturing sector and industrial upgrading.

- Expanding trade in manufactured goods by increasing: intraregional manufacturing exports relative to total manufactured imports into the region to at least 25 per cent by 2032, and increasing the share of manufactured exports relative to total merchandise exports to at least 60 per cent from an average of 20 per cent.

- Transforming micro, small and medium-sized enterprises into viable and sustainable business entities capable of contributing at least 50 per cent of manufacturing GDP, up from 20 per cent.

Like the SADC and COMESA industrial frameworks, the EAC Industrialization Policy was also informed by the Plan of Action for Accelerated Industrial Development of Africa.

The policy outlines 14 strategic measures that guide the subregion towards achieving the broad policy objectives: promoting the development of strategic subregional industries; strengthening national and subregional institutional frameworks and capabilities for industrial policy design, coordination and implementation; strengthening the capacity of industry support institutions; strengthening the business and regulatory framework; enhancing access to finance; facilitating the development of relevant technical skills; facilitating the development of micro, small and medium-sized enterprises; strengthening industrial information management and dissemination systems; equitable development; developing support infrastructure along identified development corridors; promoting research, development and innovation; promoting sustainable industrialization; increasing access to markets; and supporting gender equality in industry.

F. Alignment of the industrialization policies of the Common Market for Eastern and Southern Africa and the Southern African Development Community

Alignment refers to how far the industrialization strategies and policies of SADC, COMESA and the Tripartite Free Trade Area are consistent among themselves. It speaks of the coherence and similarity in vision for the industrial development and transformation in the region. Key alignment areas include; key definitions, policies, targets, priority areas, Consistency with continental integration and industrialization frameworks and the role of the private sector among other things.

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For the purposes of this study, alignment means the extent to which the COMESA and SADC industrialization strategies and roadmaps and the Tripartite Free Trade Area are similar to each other and to the industrial strategies of member States. It refers to the coherence and similarity of the vision for industrial development and transformation in the region. Key elements of alignment include; definitions, policies, targets, priority areas, consistency with continental integration and industrialization frameworks and the role of the private sector, among other issues. Alignment is a continuous process based on commitments by member States to implement regional industrial and trade integration strategies (Erkomaishvili, 2019; Guerrero and Martínez-Chávez, 2020). It may take the form of complementary policies, and supplementary strategies. National industrial policies and strategies can therefore also be aligned if they are completely and comprehensively consistent with regional commitments.

Two forms of policy alignment can be discerned: vertical and horizontal (Chaminade and Padilla-Pérez, 2017). Vertical alignment involves tailoring industrial policies to the specific needs and characteristics of the industrial sector, and the alignment of priority sectors, objectives, strategies and specific measures with the problems of the sector. Horizontal alignment involves the coordination of industrial policies among different ministries and other public agencies, as well as their coordination with the overall development agenda. Accordingly, policy alignment also means that there is relative congruence and consistency between the elements of national industrial policies and regional industrial strategies.

COMESA, SADC and the COMESA-EAC-SADC Tripartite share the broad goal of developing the regional manufacturing base and encouraging value addition and industrialization. The COMESA and SADC strategies are at different stages of implementation, however. The main area of alignment is that both they and the Tripartite initiative are based on broad consultations and input from member States, and primarily by the regional integration and industrial frameworks, to incorporate member State priorities. As noted earlier, they are also informed by continental aspirations.

Regional value chains and trade integration are other areas of congruence and consistency among COMESA, SADC and Tripartite industrial policy frameworks. All three underline the critical role of regional value chains, value addition, trade integration and private sector investment in industrial development and structural transformation (Pasquali, Godfrey and Navdi, 2020). Regional industrial policies are also congruent and consistent in the area of participation by member States in global value chains and in advocating the upgrading of regional value chains by strengthening the business environment, supporting investment in knowledge assets such as research and development and design, and fostering the development of important economic competencies, notably skills and management (OECD, 2013).

In addition, the industrialization policies of both COMESA and SADC have similar priority interventions, mainly focusing on enhancing competitiveness (through adopting and developing better and more productive technologies), deepening regional integration and improving the policy and business environment for industrial development in the subregion. ECA (2020, pp. 14–16) identifies the areas of similarity between the two frameworks and the Tripartite Free Trade Area (tables 2–7). In addition, the development of the industrial policies of both communities was underpinned by national industrialization policies and strategies and both draw lessons from best regional and international practices.

- ***Consistency in areas of focus***

Table 2 shows that there are a number of similarities in the strategic areas of focus between the COMESA and SADC industrialization strategies. For example, both strategies recognize the critical role of infrastructure in industrialization and transformation processes.

Table 2: Consistency in strategic areas of focus

Strategic area of focus	Common Market for Eastern and Southern Africa	Southern African Development Community
Micro, small and medium-sized enterprises [1]	Facilitate the development of small and medium-sized industries in basic capital and intermediate goods industries and food and agro-industries. Encourage member States to strengthen industrial linkages between large and micro, small and medium-sized enterprises nationally and regionally, and link up with global markets and value chains. The policy objectives are to create and maintain an enabling environment for sustainable growth of micro, small and medium-sized enterprises in the COMESA subregion through building competitive productive capacities to expand the supply of value-added goods and services to subregional and global markets. To this effect, COMESA has a draft policy for the development of micro, small and medium-size enterprises that aims to stimulate economic development, accelerate job creation, create wealth, and rapidly reduce poverty in the COMESA subregion.	Encourage member States to Improve support for small and medium-sized enterprises. Promote an integrated strategy for small and medium-sized enterprise development focusing on increasing the small business survival rate through training programmes, access to information, financing, a favourable fiscal policy environment and assistance in accessing modern technology, all of which are essential.
Foreign direct investment	Improve the investment climate for both national and foreign investors and encourage national savings and re-investment.	Attract local regional and foreign direct investment and promote exports.
Research and development	Promote industrial research and development, the transfer, adaptation and development of technology, training, management and consultancy services. Disseminate and exchange industrial and technological information.	Promote cooperation on innovation, technology transfer, and research and development activities.
Infrastructure	Rehabilitate, maintain and upgrade agro-industries and the metallurgical, engineering, chemical and building materials industries.	Improve standards, technical regulations and quality infrastructure. Integrate infrastructure and services into the regional industrialization strategy.
Finance and investment	Grant investment incentives to industries particularly those that use local materials and labour.	Develop mechanisms to improve access to finance for manufacturing and related sectors.
Regionalism	Promote joint exploitation and use of shared resources. Promote linkages between the industrial sector and other sectors of the regional economy.	Develop strategies to exploit opportunities emerging in the strategic cooperation of the subregion with global partners.

1 Although both the COMESA and SADC regional industrialization policies and strategies have a clear focus on micro, small and medium-sized enterprises, the definition of the terms differs among member States and between the two regional economic communities.

- Consistency in priority areas

There are a number of similarities in the priority pillars of the COMESA and SADC Industrialization strategies. Table 3 sets out the similarities regarding regional integration, industrialization, and competition and competitiveness.

Table 3: Consistency in priority pillars

Pillar	Common Market for Eastern and Southern Africa	Southern African Development Community
Regional integration	The COMESA industrial policy will take advantage of the COMESA Free Trade Area, the trade facilitation measures in place and the COMESA Adjustment Facility. Together, these instruments have the effect of reducing the costs of intra-COMESA trade and so enhance the comparative and competitive advantage of COMESA as a region.	Regional integration and geography as the context for industrial development and economic prosperity.
Industrialization	Successful industrialization will depend on creating and strengthening the capacity for innovation and effective application of science and technology in industry. Member States need to invest in innovation and technology capabilities to enable them to upgrade and expand their manufacturing base.	Industrialization as a champion of economic and technological transformation.
Competition and competitiveness	Supply chain networks The industrial policy and strategy builds on the comparative and competitive advantages of COMESA member States and of the subregion as a whole.	Competitiveness (at the firm/industry, country and regional levels) as an active process to move from comparative advantage to competitive advantage. In the hypercompetitive global economy of the twenty-first century, improved competitiveness at both the national and enterprise levels is central to revitalizing industrialization and rebuilding market share lost to foreign competitors, especially from Asia. Public-private cooperation and dialogue will be an essential input into elevating competitiveness to the top of the economic policy agenda.

- Consistency in priority sectors

The priority sectors of the COMESA and SADC industrialization strategies show many similarities. The common priority sectors include agroprocessing, agricultural values chains, manufacturing, mineral beneficiation and pharmaceuticals. Table 4 details the similarities in the priority sectors.

Table 4: Consistency in priority sectors

Key priority sectors	Common Market for Eastern and Southern Africa	Southern African Development Community
Agroprocessing and agro-industry	The policy direction for this sector is to promote value addition and value chains in agriculture at both the national and regional levels as a means of economic transformation and employment creation. This will enhance integrated manufacturing and sectoral linkages, while at the same time diversifying the manufacturing base and product differentiation.	The policy seeks to advance agricultural research that increases resilience and adaptation to climate change, improve national infrastructure to support agriculture and facilitate marketing and the commercialization of agriculture, develop an agro-industrial cluster, facilitate access to finance, especially for small-scale female and young farmers and to support smallholder farming to create more quality employment.
Agricultural value chains	The goal of the policy to improve agricultural value chains is manifested in its support of the textile sector. The clothing and textiles value chain is composed of textiles and apparel subsectors. The challenges affecting the sector include: the high cost and limited availability of inputs such as electricity and water; marketing; the importation of second-hand clothes; lack of skilled personnel; and counterfeit textile products. Upgrading the existing cotton-to-clothing value-chain by enhancing productive capacities, entrepreneurship and production linkages is more than crucial. In this respect, member States should take advantage of the COMESA regional strategy for the cotton-to-clothing value chain in line with their comparative advantages, and restrict the export of cotton lint and the importation of used clothes.	In its bid to improve agricultural value chains, the policy seeks to improve market infrastructure, improve access to inputs and fertilizers, improve information flows, analyse value chain, provide infrastructure for post-harvest handling, develop data collection instruments, improve women's participation at all points along agricultural value chains and upscale women's role in agriculture from subsistence to commercial.
Manufacturing	The policy is very explicit in its support of clothing and textiles in the manufacturing sector. COMESA has a regional strategy for the cotton-to-clothing value chain that was developed in 2009 in collaboration with ITC and the African Cotton and Textiles Industries Federation. Member States should take advantage of the strategy in line with their comparative advantages. Leather and leather products COMESA has a regional strategy for the leather value chain (2012–2016) that was developed with the International Trade Centre. Member States should take advantage of the strategy by using the technical support of the COMESA Leather and Leather Products Institute.	The policy seeks to develop a regional framework to: promote manufacturing by small and medium-sized enterprises and linkages between them and large companies, and help them to acquire knowledge of manufacturing processes. The regional framework for small and medium-sized enterprises should include gender components and establish institutions and intermediaries that define modalities and provide support for women in the private sector.

Mineral beneficiation	COMESA member States are endowed with many mineral resources, which can be processed as inputs in the manufacturing sector or exported in refined form, thereby earning more revenue on the international market. All the mineral wealth of COMESA is currently exported as ores, concentrates, alloys or metals with little value addition. This has led to the export of labour to other regions. The COMESA policy statement advocates promoting partnerships between member State Governments and private investors in mineral exploration, mining and mineral beneficiation. This will bring with it forward and backward linkages within the mining sector itself and also with other sectors. The COMESA secretariat and member States should also use the technical support of institutions such as the African Mining Development Centre and ECA, among others, to build the required capacity for mineral beneficiation. The secretariat should assist member States to develop a policy that harmonizes the exploitation of minerals in the region. The mineral sector can help some member States to move onto a fabricated metal-driven industrialization path, shift production priorities towards more sophisticated products, and reduce the production intensity of less sophisticated products. To avoid the middle-income trap, countries need to improve productive capacity and diversify economic structures.	The policy seeks to profile the mineral sector, take stock of existing feasibility studies in the sector and undertake new studies or update existing studies, promote and support women and young small-scale miners, provide skills training and incubation, prioritize mineral beneficiation and value addition, develop industrial clusters, provide support for small and medium-sized enterprises involved in mining and improve access to finance. The policy will address environmental issues on mining and other extractives such as oil and gas, promote environmentally friendly technology acquisition and innovation, take stock of and optimize use of existing assets, prepare a regulatory framework for mineral beneficiation, strengthen the capacity of geological survey departments in member States to undertake intensive and extensive geological surveys on mineral availability and potential in the subregion, identify and profile value chains, promote targeted investment, create greater value addition and beneficiation in the sector and create employment
Pharmaceuticals	Pharmaceutical production in COMESA is not only imperative to guarantee affordable access to drugs and commodities for HIV/AIDS and other health challenges on the continent, but provides an opportunity for COMESA to industrialize and join global value chains. Local production of pharmaceuticals can advance industrial development, reduce external dependency, facilitate stronger regulatory oversight to curtail counterfeit products, improve the balance of payments through savings on foreign exchange and create jobs. Some member States have some form of pharmaceutical production, but companies vary in the quality of the products they produce and the ability of the regulatory authorities to enforce standards can be limited. Manufacturers largely rely on imports for most inputs. The challenges that prevent the industry from scaling up production include: high investment requirements; the need for expertise and skilled workers; stringent quality standards as a prerequisite to access donor-funded prequalified markets; cross-border regulatory harmonization for regional markets; an uneven playing field for locally produced drugs competing with finished product imports that are value added tax-exempt or duty exempt; and insufficient access to supportive industries. Member States should enhance the capacity for local production of essential medicines to supply safe, effective and affordable medicines. Strengthening local production requires governments to offer fiscal and non-fiscal incentives and coordinate policies so as to strengthen the industry, and to support regulatory authorities. The use of local raw materials for the manufacture of pharmaceutical products and the procurement of locally manufactured products should be promoted.	Prioritize the pharmaceutical subsector and undertake feasibility studies on the pharma industry (nationally and regionally). Develop regional value chains and put in place strong accreditation and quality control systems. Promote research and development (including use of local materials), promote production of medical equipment, exploit trade-related aspects of intellectual property rights flexibilities to produce essential generic drugs, promote female scientific education and improve their specialized pharmaceutical skills.

- Consistency in value chain development

Both the COMESA and SADC strategies identify value chain development as having the potential to extend production possibilities through the creation of strong regional linkages which will, in turn, promote regional economic transformation and employment creation. Table 5 details the similarities in policy direction in value chain development.

Table 5: Consistency in value chain development

Common Market for Eastern and Southern Africa	Southern African Development Community
The value chain approach seeks to understand the firms that operate within an industry, from input suppliers to market buyers; the support markets that provide technical, business and financial services to the industry; and the business environment in which the industry operates. The COMESA industrial policy will promote both regional and global value chains and, in doing so, will promote industrialization through strong regional linkages which will, in turn, promote regional economic transformation and employment creation.	Value chain participation is a crucial element of the industrialization strategy because it has the potential to extend production possibilities and enable cross-border use of the natural and human resources of the region. Most importantly, policymakers should seek to ensure that SADC firms and industries can progress up the technology ladder to avoid being locked indefinitely into low technology, low-wage "screwdriver" activities. Policies should be value-chain specific. In close collaboration with industrialists and entrepreneurs, policymakers should identify the stage or stages of the value chain where enterprises are most competitive. The value chain framework should help devise regional sectoral strategies for capital equipment development and intermediate input flows, and address regional matters such as environmental and health issues. Special attention should be paid to the development of pharmaceutical products.

- Consistency in the treatment of the blue economy

Both COMESA and SADC underscore the importance of developing the blue economy for accelerating industrialization. The blue economy has immense potential to develop transport and logistics, tourism, ocean knowledge clusters, research and development, and seabed exploration and minerals. Table 6 details the treatment of the blue economy in the COMESA and SADC strategies.

Table 6: Consistency in the treatment of the blue economy

Common Market for Eastern and Southern Africa	Southern African Development Community
The development of the blue economy holds immense promise for the relevant COMESA member States (those in the Indian Ocean region, or with large rivers and lakes and exclusive economic zones). Apart from providing routes for trade and commerce, these regions are also endowed with a wealth of, as yet largely untapped, natural resources. The development of the blue economy is expected to yield a number of benefits, including by: providing a boost to coastal and national economies; generating new employment and capacities; promoting entrepreneurship in new areas of economic activity; facilitating the interconnectedness of the regional economy; using the vast, untapped potential of regional areas; and contributing to sustainable development and climate change mitigation. The areas requiring strategic focus on in the blue economy are therefore fisheries and aquaculture, renewable ocean energy, transport and logistics, tourism, ocean knowledge clusters, research and development, seabed exploration and minerals. The blue economy approach will provide an inclusive and sustainable economic transformation in COMESA member States whose strengths are in the marine and coastal sectors, freshwater inland rivers, lakes and economic zones.	SADC should exploit the enormous potential offered by its ocean resources under the blue economy initiative in order to catalyse industrialization and economic transformation. The opportunities under the blue economy initiative include: fishing, shipping, recreation, marine security, renewable energy, oil and mineral exploration, among others. The blue economy Initiative should be mainstreamed to develop the infrastructure required to accelerate industrialization. In particular, investment in the development and upgrading of regional ports and maritime corridors is crucial for facilitating viable shipping networks as instrumental enablers of participation in regional and global value chains. Ocean resources should also be exploited in a sustainable manner in order to minimize the negative impact on the environment. The sustainable development and growth of ocean wealth should be supported by coherent planning, policies and regulatory frameworks.

- Consistency in strategies

The COMESA and SADC industrialization strategies are similar in a number of ways. Both have a clear focus on: strengthening standardization, quality assurance and quality management systems; developing infrastructure for industrialization; creating an enabling legal, regulatory and institutional business environment; access to adequate and affordable finance and technical expertise; and linking science, technology and innovation to industrial development. Table 7 outlines the similarities between the COMESA and SADC strategies.

Table 7: Consistency in strategies

Strategy	Common Market for Eastern and Southern Africa	Southern African Development Community
Standardization, quality assurance and quality management systems strengthened	Strengthen and upgrade measurement (metrology) infrastructure and systems in the COMESA region. Strengthen regional conformity assessment infrastructure systems. Deepen and implement harmonization of standards and other trade facilitation mechanisms. Establish regional multi-economy accreditation systems through twinning arrangements with other regional accreditation bodies.	Fast-track progress on standardization, quality assurance, accreditation and metrology work, with particular emphasis on the priority sectors. Assess regional and national standardization, quality assurance, accreditation and metrology infrastructure needs in selected value chains, with particular attention to the agrifood processing, mineral beneficiation and pharmaceutical sectors. Strengthen standardization, quality assurance, accreditation and metrology infrastructure to support quality development in selected priority value chains and build awareness of accredited conformity assessment services, particularly among small and medium-sized enterprises.
Critical infrastructure for industrialization developed	Boost public investment to attract private investors. Encourage and coordinate major investment activities in transport, logistics, water, energy and ICT among others Promote and strengthen public-private partnerships for infrastructure development.	Implement the SADC Regional Development Master Plan in a manner that maximizes impact in the short and medium to long term through regional procurement. The Master Plan emphasizes the development of regional infrastructure.

An enabling legal, regulatory and institutional business environment put in place	Reduce or eliminate regulations that impede investment flows into the region. Strengthen the capacities of the investment promotion agencies of COMESA member States. Promote public-private partnerships. _Harmonize company registration procedures throughout the region. Increase the transparency of the investment rules, regulations, policies and procedures COMESA member States and harmonize them. Maintain macroeconomic stability to attract and sustain private investment. Develop an all-encompassing legal framework to guide local content policy and strategy development based on the realities in each member State. Conduct periodic audits of local content development and implementation, starting with baseline audits. Expedite the promulgation or operationalization of national competition laws. Engage the private sector, the judiciary, professional bodies, public officials and other key stakeholders in competition matters. Provide technical assistance to member States in order to enhance their competition law enforcement by June 2018.	Facilitate capacity-building for industrial policy development, analysis and implementation for policymakers at the member State level.
Strategy	Common Market for Eastern and Southern Africa	Southern African Development Community
Access to adequate and affordable finance and technical expertise improved	Strengthen linkages between the industrial sector and regional and national financial support institutions. Establish or strengthen capital and financial markets, including innovative financial intermediaries. Develop regional financial and capital markets. Establish ways of tapping diaspora financial and technical resources to facilitate increased inflow of investment, technology and skills.	Facilitate the creation of a financing window within the SADC Regional Development Fund to support industrial development within the region, including the development of a criterion that prioritizes regional projects. Facilitate the review of mandates of development finance institutions by member States to include specific emphasis on support for value added activities and operations across the region. Advocate for a more strategic use of official development assistance resources in support of the development of regional productive capacity in recipient countries and at the regional level.
Linking science, technology and innovation to industrial development	Put in place an institutional framework for integrating science, technology and innovation into national and regional industrial plans.	Develop a mechanism to facilitate commercialization of technologies, including by fostering collaboration among relevant institutions within the region.

Source: COMESA and SADC Industrialization strategies and United Nations, ECA (2020).

G. Differences between the industrialization policies of the Common Market for Eastern and Southern Africa and the Southern African Development Community

The COMESA and SADC industrial policies and strategies have notable differences in development targets, strategic areas of intervention, definition of micro, small and medium-sized enterprises and primary sources of funding for industrialization in the region. The SADC strategy has more ambitious development targets than the COMESA strategy (see table 8). For example, while SADC aims to double the share of manufacturing value added in GDP to 30 per cent by 2030 and to 40 per cent by 2050, including the share of industry-related services, and to increase the share of medium- and high-technology production in total manufacturing value added from less than 15 per cent at present to 30 per cent by 2030 and 50 per cent by 2050, COMESA aims to increase value-added products and exports as a percentage of GDP from the current estimate of 9 per cent to 29 per cent by 2026, and to increase the share of manufacturing in GDP to at least 20 per cent by 2026. In the definition of micro, small and medium-sized enterprises, SADC uses both the number of employees and the turnover to categorize micro, small and medium-sized enterprises, while COMESA uses only the number of employees. This definition has important implications for how policies on such enterprises are conceptualized in member States, in particular when designing measures to improve their capacity, including the type of institutions and access credit facilities. Tables 8, 9, 10, 11, 12, and 13 detail this misalignment

The COMESA Industrialization Strategy does not have a comprehensive monitoring and evaluation framework to track progress on the targets set, while SADC has developed and uploaded a monitoring and evaluation system for member States, which is still a work in progress. It comes under ministries responsible for foreign affairs and not those responsible for trade and industry, however, and this may impact its effectiveness. This means that there are challenges to reporting progress on the implementation of the regional targets at the member State level. In the case of SADC, member States have challenges uploading information to the monitoring and evaluation system. Ministries responsible for trade and industry do not have direct access to it but have to submit information to the ministry of foreign affairs and depend on that ministry to upload the information.

Furthermore, implementation monitoring requires data to establish whether or not planned targets are met, but neither of the strategies provides a framework on how the necessary information on how performance indicators to measure the impact of policy and programmes on the quality of life of target populations will be collected. Statistical data is a necessary input for the efficient operation of economic and social agents in both the private and public sectors. Timely, complete, accurate and reliable statistics are an essential ingredient for the formulation, implementation, monitoring and evaluation of sound industrialization and trade policies.

Another area of misalignment is that measures to enhance trade facilitation have not been accompanied by measures to move towards convertibility of regional currencies. Member States still depend on other convertible currencies for trade, such as the dollar.

- ***Differences in development targets***

Table 8 outlines the differences in the targets of the COMESA and SADC industrialization strategies. The strategies also have different time frames: while the COMESA strategy sets targets for 2017–2026, the SADC targets are set for the period 2015–2063. The SADC industrial strategy has medium- and long-term development targets and its industrialization targets are more ambitious than the COMESA targets.

Table 8: Differences in development targets

Common Market for Eastern and Southern Africa	Southern African Development Community
Targets of the COMESA Industrialization Strategy (2017–2026): • Increase value-added products and exports as a percentage of GDP from the current estimate of 9 per cent to 29 per cent by 2026 • Increase the share of manufacturing in GDP to at least 20 per cent by 2026 • Increase intraregional manufactured exports relative to total manufactured imports to the region from the current 7 per cent to 20 per cent by 2026	Targets of the SADC Industrialization Strategy (2015–2063): • Lift the regional growth rate of real GDP from 4 per cent annually (since 2000) to a minimum of 7 per cent • Double the share of manufacturing value added in GDP to 30 per cent by 2030 and 40 per cent by 2050, including the share of industry-related services • Increase the share of medium- and high-technology production in total manufacturing value added from less than 15 per cent at present to 30 per cent by 2030, and 50 per cent by 2050 • Increase manufactured exports to at least 50 per cent of total exports by 2030, from less than 20 per cent at present • Build market share in the global market for the export of intermediate products to East Asian levels of around 60 per cent of total manufactured exports • Increase the share of industrial employment to 40 per cent of total employment by 2030

- ***Differences in strategic areas of intervention***

The strategic areas of intervention of the COMESA and SADC industrialization strategies differ in a number of ways. For example, while the COMESA strategy outlines various measures to harness the potential of the blue economy, it does not set out special measures or initiatives to promote the green economy (COMESA, 2017). Table 9 outlines the differences in strategic areas of intervention.

Table 9: Differences in strategic areas of intervention

Strategic intervention	Common Market for Eastern and Southern Africa	Southern African Development Community
Local skills	Promoting local skilled and labour-intensive industrialization. Local content policy guidelines to guide member States have been adopted to this end.	The policy is silent on the promotion of local skilled labour.
Blue and green economies	The policy speaks of the blue economy but not of the green economy.	A compact for industrialization between Governments and the private sector. Promote inclusive and sustainable industrialization by taking into account initiatives on the green and blue economies.
Illicit trade and counterfeiting	The COMESA strategy mentions the negative impact on industrialization of Illicit trade and counterfeiting, which results in job losses, increased poverty and depressed economic growth. This is in line with the COMESA-EAC-SADC Tripartite Agreement – art. 17, "Anti-dumping and countervailing measures" (2015).	The SADC strategy is silent on Illicit trade and counterfeiting.

- ***Differences in the definition of micro, small and medium-sized enterprises***

The definition of micro, small and medium-sized enterprises in COMESA does not take into account turnover. Table 10 sets out the difference in the definition of micro, small and medium-sized enterprises in the COMESA and SADC industrialization strategies.

Table 10: Differences in the definition of micro, small and medium-sized enterprises

<table>
<tr><th>Common Market for Eastern and Southern Africa</th><th>Southern African Development Community</th></tr>
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<td>
COMESA acknowledges that the definition of micro, small and medium-sized enterprises varies from country to country as it should reflect existing socioeconomic conditions and the appropriate parameters and priorities for promoting them in each country. They are often defined by the number of workers, turnover, capitalization and fixed assets.
Arguably, technology, sector characteristics, economic parameters such as purchasing power parity and others make turnover, fixed assets and capitalization fairly complicated bases for standardizing the definition of micro, small and medium-sized enterprises across countries in the region. The number of workers, though not without its own issues, offers a much simpler, more easily quantifiable, and to that extent perhaps more objective basis.
Using number of employees as the defining criterion, micro, small and medium-sized enterprises are categorized as follows for the purposes of the COMESA policy on micro, small and medium-sized enterprises:
<table>
<tr><th>Type of enterprise</th><th>No. of employees</th></tr>
<tr><td>Micro</td><td>2–9</td></tr>
<tr><td>Small</td><td>10–50</td></tr>
<tr><td>Medium</td><td>51–150</td></tr>
</table>
</td>
<td>
Small and medium-sized manufacturing enterprises constitute a substantial component of the industrial sector and are recognized as the backbone of SADC economies. Small and medium-sized enterprises play an increasingly important role in employment creation and income generation. They produce mainly for national markets and, to a limited extent, regional markets, as they continue to face significant constraints in expanding their supply-side base due to challenges related to capital and other business-related support, including quality infrastructure.
Using number of employees and turnover as the defining criteria, micro, small and medium-sized enterprises are categorized as follows;
<table>
<tr><th>Type of enterprise</th><th>No. of employees</th><th>Turnover</th></tr>
<tr><td>Micro</td><td>1–4</td><td>Up to 120,000</td></tr>
<tr><td>Small</td><td>5–20</td><td>120,000–4 million</td></tr>
<tr><td>Medium</td><td>21–100</td><td>4 million to 10 million</td></tr>
<tr><td>Large</td><td>Above 100</td><td>Above 10 million</td></tr>
</table>
</td>
</tr>
</table>

- ***Differences in priority sectors***

There are several differences in priority sectors. Some priority sectors in the COMESA strategy are not mentioned in the SADC strategy (table 11). For example, the COMESA strategy outlines specific measures to promote light engineering and production of materials, but the SADC strategy has no specific measures to promote these sectors.

Table 11: Differences in priority sectors

Sector	Common Market for Eastern and Southern Africa	Southern African Development Community
Light engineering	Light engineering, or light industry, is usually less polluting and uses less raw materials and resources than heavy engineering. Several COMESA countries are embarking on light engineering projects, such as the assembly of motor vehicles, refrigerators and computers, among others. The COMESA secretariat will encourage member States to promote light engineering.	The SADC policy does not mention light engineering projects such as the assembly of motor vehicles, refrigerators and computers.
Construction materials	Infrastructure is a major factor in regional development. Rehabilitation and construction of infrastructure requires construction material. The region needs to develop its construction material production capacity for sustainable development of the region and the appropriate implementation of the industrial policy proposed.	The policy is silent on the need for the region to develop its construction material production capacity.

- ***Differences in strategies for trade integration***

COMESA identifies the development of special economic zones or industrial parks as key industrialization enablers for successful industrialization. In 2021, a harmonized COMESA Framework of Managing Special Economic Zones and Industrial Parks was adopted. This is in line with the COMESA-EAC-SADC Tripartite Agreement article 23 “Special Economic Zones” (2015). The SADC Industrialization strategy is silent on the development of special economic zones.

- ***Differences in development strategies***

The COMESA strategy focuses on coordinated investments (combining public and private) to drive industrialization, while SADC places more emphasis on the role of government and does not mention local content. Table 12 outlines the differences in development strategies between COMESA and SADC.

Table 12: Differences in development strategies

Focus	Common Market for Eastern and Southern Africa	Southern African Development Community
Investment	An instrument increasingly used by African Governments is a “growth pole” approach to industrial development, notably to accelerate the development of production linkages, both forward (processing commodities) and backward (producing inputs), and so provide a path to industrialization. Growth poles are simultaneous, coordinated investments in many sectors to support self-sustaining industrialization in a country. They usually combine public and private investments and are specifically built around an already-existing resource at a specific location in an economy. In particular, they may focus on how infrastructure can be developed within an existing private investment in a manner that will encourage spillover effects into other sectors. Traditionally, a growth pole will have an existing resource that serves as an inherent revenue producer.	The focus here is on the public sector attracting and participating in raising investments.
Local content policies for industrial linkages and cluster development	COMESA places emphasis on the importance of local content policies for industrial linkages. Regional guidelines for local content policy have been developed to guide member States in the formulation of local content policies to maximize local benefits from industrialization.	The policy does not mention localization.

- ***Differences in sources of finance for industrial development***

The SADC strategy identifies the public sector as a primary funding source while COMESA identifies various sources of funding, including remittances from the diaspora. Table 13 sets out the details of the sources of financing for industrial development in the COMESA and SADC policies and strategies.

Table 13: Differences in sources of financing for industrial development

Common Market for Eastern and Southern Africa	Southern African Development Community
The strategy identifies as its funding sources: Regional and national financial institutions Capital and financial markets Diaspora resources, including remittances International development partners Public-private partnerships COMESA member State Investments	The strategy identifies the public sector as its primary funding source. The emphasis is on internal sources of funding. To overcome the severe constraints imposed by infrastructure and skills deficits, Governments will need to adapt their public expenditure programmes to give greater priority to public and private investment in physical infrastructure and human capital development. In part, this will depend on the willingness of Governments and electorates to embrace the paradigm of change in the form of a switch from consumption-led economic growth to investment-driven expansion.

H. Implications for the local adaptation of regional industrialization strategies

The misalignments in development targets, priority areas, and strategic areas of intervention between the COMESA and SADC industrialization strategies and action plans have implications for their local adaptation by member States. Effective implementation of these regional industrialization strategies requires that they respond to and complement the needs and priorities of member States. The incorporation into local frameworks of the COMESA and SADC industrialization strategies therefore depends on the extent to which they are aligned with national priorities in terms of financial resources, infrastructure, institutional arrangements and the demands of citizens. The differences between the two industrialization strategies is likely to affect the level of political support at the member State level.

The differences identified between COMESA and SADC in development targets, strategic areas of intervention, definitions, target groups, priority sectors and sources of finance for industrial development result in weak operationalization of regional strategies, lack of specific development targets, and lack of harmonized and quality data for monitoring and implementation. For example, the two strategies have different implementation time frames, which means that they do not support each other. This will have material consequences for the pursuit of industrialization and the growth of regional value chains, including the facilitation of regional linkages. Differences in priority sectors and definitions of micro, small and medium-sized enterprises affect the local adaptation of some elements of the regional industrialization strategies as they may not be in line with the aspirations of member States.

III. Industrialization policies and strategies of member States

A. Introduction

At the national level, regional member States have developed frameworks to deepen industrialization. The experience of Eswatini, Mauritius, Malawi, Zambia and Zimbabwe were reviewed to highlight key policies and strategies that have contributed to regional industrial development. The African Development Bank (2017, 2019a) observes that, although the share of manufacturing value-added is declining in all five countries, there are lessons to be learned from some of the policies and strategies implemented by various member States to promote industrialization.

All COMESA and SADC member States have an industrial policy in place. In many cases, the policies are aligned to the overarching SADC Industrialization Strategy, Roadmap and Action Plan and/or the COMESA Industrialization Strategy. In all cases, their development visions and plans recognize industrialization as one of the main priorities for economic transformation. Malawi, Zambia and Zimbabwe are beneficiaries of the United Nations Development Account-funded project on promotion and implementation of regional and national resource-based industrialization policies for inclusive and sustainable development in Southern Africa. The selection of Eswatini and Mauritius was based on extensive discussion and agreement with the ECA subregional office for Southern Africa and in order to capture diversity within the Southern African subregion (Hantrais, 1999).

B. Mapping industrialization policies in selected member States

The member States of the COMESA and SADC regions are implementing a combination of the two types of industrial policy: selective and functional (Warwick and Nolan, 2014; World Bank, 2020b). The industrial policies of some member States focus on selected sectors, technologies or tasks to alter the structure of their economy (selective industrial policies), while others have policies that attempt to improve the business environment (functional industrial policies).

A review of the experiences of Eswatini, Malawi, Mauritius, Zambia and Zimbabwe revealed that they are implementing a combination of selective and functional interventions aimed at propelling specific activities of sectors, improving the business environment and horizontal interventions promoting specific activities across sectors (UNCTAD and UNIDO, 2011; World Bank 2020b). The five countries are also implementing industrial policies using various tools, ranging from market-based policy instruments to increase the profitability of manufacturing activities to public goods/direct provision (Weiss, 2015), found in five policy domains: the product market, labour market, capital market, land market and technology. These are further categorized into market-based instruments (defined as instruments operating through pricing) and public goods (referring to goods and services that private firms cannot supply on their own). The next section provides an analysis of the industrial policy objectives, strategies for achieving the policy objectives and sector priority areas of the five countries.

- ***Eswatini***

Eswatini has put in place various policies and strategies to promote industrialization, including a small and medium-sized enterprise policy, export promotion policy, and environmental policy. The Eswatini industrial development policy covers the period 2015 to 2022, its main objective being to pave the way to industrial and trade development and in particular to achieve the Vision 2022 targets. The Strategic Roadmap covers the period 2019–2022. Sluggish economic development was among the push factors for developing it. In addition, Eswatini has put in place the Agriculture Sector Strategy (2018–2023) to drive agricultural development by developing various value chains, especially in the livestock subsector.

Policy objectives

Eswatini industrial policy encourages export-oriented manufacturing and aims to create an environment conducive to private sector development. Specifically, the main objective is to revitalize the industrial sector by setting out the principles to be followed in promoting economic growth in general and fostering structural transformation in particular. The industrial development policy concentrates on labour-intensive industries to meet the desperate need for job creation, with a significant emphasis on the development of capital-intensive industries based on available natural resources, such as brick and tile production. The foreign trade policies stress export promotion in general and specifically buttressing the growth of the manufacturing sector.

Strategies

The industrial strategies of Eswatini are designed to promote industrial investment capitalized on its access to export consumer markets, as the domestic market is quite small. The industrial development policy places much emphasis on the development of industries such as assembly operations using imported materials, such as textiles and television sets. The Government has also embarked on privatization of State enterprises and offers attractive incentives to investors and exporters.

Priority areas/focus

The priority areas are agro-industries, furniture, clothing and textiles and footwear. Other areas of emphasis include weaving, knitting and dyeing facilities to service the clothing and textile industry and the production of consumer products, including electronics and pharmaceuticals.

- ***Malawi***

Malawi adopted a national industrial policy in 2014, well before the development and adoption of the COMESA and SADC regional industrial policies and strategies in 2015 and 2017, respectively. The policy recognizes that industrialization and the structural transformation of the economy are essential in order to maintain the long-term economic growth needed to raise per capita income, create sufficient rural and urban jobs, and widen the tax base to finance and tackle an unsustainable trade deficit. The national industrial policy therefore provides policy direction on how Malawi can develop its productive economy and industrialize. Other complementary policies include the national agriculture policy (adopted in 2016), the priority actions of which focus on sustainable agricultural production and productivity, sustainable irrigation development, mechanization of agriculture, agricultural market development, agroprocessing and value addition. Other policies intertwined with the national industrial policy include the national trade, micro, small and medium-sized enterprise policy and the national environmental policy. Some of these complementary policies were adopted before the adoption of the COMESA and SADC industrialization strategies

Policy objectives

Malawi has prioritized industrialization as a means of accelerating the pace of economic growth and the structural transformation of the economy. It has therefore developed a comprehensive national integrated trade and industry policy. The main policy outcomes include increased productivity of the industrial sector, increased diversification of industrial products, improved value-addition of primary products, reducing the trade deficit by promoting exports and import substitution, and structural transformation. The policy advocates export market orientation and the participation of the private sector (including foreign direct investment).

Strategies

The policy strategies focus on trade, industry and human resource development to support and promote sustainable, competitive and export-led growth of the economy. The specific objective of the industrial strategy is to assist the sector to increase production and its contribution to employment creation, upgrade manufacturing processes and products, improve productivity and international competitiveness, encourage import substitution where efficient and promote the export of manufactured goods. One strategy is to strengthen links between micro, small and medium-sized enterprises and large industries. Incentives for investors and exporters have been improved, as have the foreign exchange control regime and tax system. The export processing zone was introduced in 1995 as a strategy to augment exports and, to date, 14 companies are exporting under this scheme.

Priority areas/focus

Agroprocessing and manufacturing and encouraging spatial development initiatives are central themes. Like Eswatini, Malawi has a very small domestic market and limited natural resources and has therefore adopted an export-oriented growth strategy based on large-scale agriculture and agriculture-based manufacturing. The industrial policy has also prioritized the agroprocessing and horticultural industries, fertilizer and pesticide manufacture, the clothing and textiles, leather and leather products industries, wood and wood products, pulp and paper, cement production, machinery, transport equipment and electrical engineering, agricultural machinery and equipment, and mining.

- ***Mauritius***

The Industrial Policy and Strategic Plan for Mauritius 2020–2025 contains a wide range of recommendations to support the continued growth and development of the industrial capacity and capabilities of the country (Sobhee, 2009; Moyo, 2016; Mauritius, Ministry of Industrial Development SMEs and Cooperative, 2020). Mauritius has identified manufacturing as key to value addition and employment creation and as the primary driver of industrialization and transformation. Like other member States of COMESA and SADC, the prime importance of manufacturing to industrialization (UNIDO, 2013: 6) is the major challenge facing Mauritius. The country has also put in place various strategies in the agricultural sector to support the industrialization and transformation process. The food crop, livestock and forestry sectors (2016–2020) strategic plan and agricultural development scheme also provide incentives for the consolidation of the agricultural base, and food manufacturers are eligible for the technology diffusion scheme to ensure food security and diversify production away from sugar. In 2020, Mauritius began the process of reviewing the 2007 national environmental policy and national environmental strategies (2008) to develop a new national environmental policy in line with the Paris Agreement commitment to reduce greenhouse gas emissions by 30 per cent by 2030.

Policy objectives

The vision of the Industrial Policy and Strategic Plan 2020–2025 is “A globally competitive and sustainable industrial sector that contributes to higher economic growth for Mauritius through continuous innovation, technology upgrading, productivity gains and high-skilled employment". The objectives are geared towards propelling the development of innovative, high-tech and skill-intensive industries capable of operating in a competitive trading environment. The Industrial Policy and Strategic Plan aims to increase manufacturing gross value added from $1.6 billion in 2018 to $3.6 billion, increase the contribution of manufacturing to 25 per cent of GDP, improve manufacturing productivity by 3.87 per cent annually to sustain the structural transformation of the economy to high-income status, and Increase manufacturing employment from 103,411 in 2018 to 146,122 in 2030.

Strategies

The principal thrust of the strategy is to develop a globally competitive, innovative and technologically strong micro, small and medium-sized enterprise base. It also aims strengthen the existing ongoing entrepreneurship and support measures to stimulate the growth of new enterprises and equip existing small and medium-sized enterprises with technical and innovative capabilities to raise productivity, efficiency and profitability. The Plan advocates an entrepreneurial and an innovation-led model of industrial development, taking into consideration the challenges facing the industrial sector. The strategic thrust relates to competitive policies, competitive institutions, competitive small and medium-sized enterprises and a competitive human resources base.

Priority areas/focus

The strategic framework of the plan emphasizes an entrepreneurial and innovative approach and institutional support to consolidate, modernize, expand and diversify the industrial and micro, small and medium-sized enterprises sectors. Key underpinnings of the strategic focus include entrepreneurship development, technology upgrade, knowledge and skills development for more design-led and creative products, improved response times, promotion of market and product diversification, environmentally and socially sustainable production, and an aggressive investment campaign targeting more high-tech companies.

- ***Zambia***

Zambia has over the years implemented policies to support the industrial sector. A 2021 report by its budget committee noted that the country had put in place various measures to enhance strategic investment and trade partnerships to promote industrialization. These policies were all based on Vision 2030, the aim of which is to transform Zambia into a prosperous middle-income country by 2030. Industrial policy is directly linked and aligned with other national and sector policies to ensure smooth and coordinated implementation of the agenda to transform the economy in line with the national vision. The industrial policy priority sectors and development targets as outlined in the next section are consistent with the sectors in the COMESA and SADC regional Industrial policies. Zambia has also prepared a national strategy on the African Continental Free Trade Area to guide implementation of regional integration strategies at the national level.

The Government of Zambia has other, complementary, policies to support the industrialization agenda, such as the national trade policy, diversification and industrialization strategy, national export trade policy, micro, small and medium-sized enterprise policy, and local content strategy. The Seventh National Development Plan 2017-2021 recognizes the importance of aligning the national industrialization agenda to global and regional development agendas in both SADC and COMESA and global and continental initiatives.

Policy objectives

The overall objective of the policy is to transform Zambia from a producer and exporter of primary products into a net exporter of value-added goods using local primary resources with increased citizen participation.

Strategies

Guidelines inform implementation of the industrial development agenda, with particular reference to the growth, diversification, upgrading and competitiveness of the manufacturing sector. The national industrial policy is expected to drive the transformation process, which will assist the country to deliver sustainable jobs, equitable growth and widespread poverty reduction.

Priority areas/focus

The implementation of the national industrial policy is expected to stimulate and encourage value addition activities on primary commodities as a means of increasing national export earnings and creating employment opportunities and ultimately transform the Zambian economy into a diversified and competitive industrialized economy that is integrated into the international trading system. This policy focuses on eight manufacturing subsectors as priority areas of industrialization: processed foods, textiles and garments, engineering products, wood and wood products, leather and leather products, mineral (metallic and non-metallic) processing and products (beneficiation), pharmaceuticals, and the blue economy. The policy further identifies construction, agriculture, tourism, education, energy, ICT and health as the key supportive sectors in the Industrialization process due to their potential to facilitate growth and strong linkages to the manufacturing sector.

- ***Zimbabwe***

In 2019, Zimbabwe adopted a National Industrial Development Policy 2019–2023 in line with the National Development Strategy and guided by the principles of value addition and beneficiation, export-led industrialization, promotion of sustainable economic development, gender mainstreaming, modernization, and upgrading industrial equipment and machinery. Other principles include promoting environmentally sustainable industrial development (green industry), rural industrialization in line with the decentralization and devolution agenda, strong research development and innovation, effective cooperation between the private sector and governmental institutions, encouraging corporate social responsibility, and promoting gender and youth mainstreaming in industrialization programmes.

Policy objectives

The policy objectives are: an annual manufacturing sector growth rate of at least 2 per cent; a 30 per cent contribution to national gross domestic savings; manufacturing value-added growth of 16 per cent per year; a merchandise export growth rate of 10 per cent per year; and to increase employment in the manufacturing sector to 20 per cent by 2023.

Strategies

Zimbabwean industrialization strategies advocate an industrial development path based on innovation, investment and export growth. This strategy is consistent with the COMESA and SADC industrialization strategies, which focus on moving gradually from being natural resources factor-driven to investment-driven, then to efficiency-driven, and ultimately to the high growth trajectory driven by knowledge, innovation and sophisticated business.

Priority areas/focus

The policy focuses on: financing for industrial development; local content; innovation and technology; green industrialization; cluster initiatives; micro, small and medium-sized enterprises; rural industry development; competitiveness; fiscal incentives for manufacturers; a conducive investment climate; industrial skills and training; trade policies; infrastructure and utilities; energy; mainstreaming of gender and youth; health; and development of the services sector.

C. Most commonly shared regional policy areas

The promotion of regional value chains and value addition, and micro, small and medium-sized enterprise development strategies and actions are the most common policy areas. Both COMESA and SADC prioritize regional value chains and value addition as tools for driving structural change and industrialization. An analysis of the most recent industrial policy framework documents of the five selected member States shows that COMESA and SADC regional industrialization policy priorities are included in their national industrial policies and strategies.

All of the member States surveyed have prioritized agroprocessing, leather and leather prod-

Table 14: Participation in regional value chains by the selected member States

Regional value chain	Country participation
Agroprocessing	Angola, Botswana, Democratic Republic of the Congo, Eswatini, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, United Republic of Tanzania, Zambia, Zimbabwe
Leather and leather products	Botswana, Eswatini, Lesotho, Madagascar, Malawi, Mozambique, Namibia, South Africa, United Republic of Tanzania, Zambia, Zimbabwe
Textiles and clothing	Botswana, Democratic Republic of the Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, United Republic of Tanzania, Zimbabwe
Mineral beneficiation	Angola, Botswana, Democratic Republic of the Congo, Eswatini, Madagascar, Malawi, Mozambique, Namibia, South Africa, United Republic of Tanzania, Zambia, Zimbabwe
Pharmaceuticals	Botswana, Democratic Republic of the Congo, Namibia, Malawi, South Africa, United Republic of Tanzania, Zambia, Zimbabwe
ICT	All member States
Construction materials	Zimbabwe
Chemicals and agro-chemicals	Zimbabwe
Energy	Zambia, Zimbabwe
Blue economy	Madagascar, Mauritius

Source: COMESA Industrialization Strategy and Action Plan for SADC Industrialization Strategy and Roadmap.

ucts, clothing and textiles, mineral beneficiation and pharmaceuticals as key value chains. Furthermore, the development and capacity-building of small and medium-sized enterprises and their integration into formal value chains is a common objective of national industrial development strategies. The focus on small and medium-sized enterprises underscores the importance of the sector to regional economic activities and the multitude of constraints the sector faces (Verhaeghe and Woolfrey, 2017).

Mauritius is not strongly integrated into any regional food-processing value chain other than sugar and sources many of its processed food products from European and Asian markets. It could be integrated into regional value chains by replacing current food imports (frozen fish, dairy products and cereals) with imports from the region. Given the region's focus on deeper integration, Mauritius could also establish a processed fish value chain within the COMESA-SADC region.

D. Aligning national industrial policies with regional strategies

The review highlighted the fact that the industrial policies and strategies implemented in the five member States all revolve around region priority sectors, which have built-in targets that are aligned to milestones and objectives under the COMESA and SADC industrial development strategies and regional integration strategies (see annex II). There are, however, signs that serious challenges stand in the way of alignment of national industrial policies with regional industrialization and integration processes (COMESA, 2020; Mangeni, 2011). These include unwillingness to reach alignment, mismatch of development priorities, limited financial resources, limited technical and institutional capacities, weak coordination structures, and lack of monitoring and evaluation frameworks. Alignment of regional and national strategies is critical for efficient use of resources, skills and capabilities, and to ensure that there is no duplication of effort or waste of limited resources.

The unwillingness to reach alignment is reflected in the human and financial resources committed to the implementation of regional industrialization programmes. Generally, member States commit minimal financial resources to regional industrial programmes and coordinating institutions, manifesting inadequate political will to support proactively the implementation of key regional programmes. For example, under the African Union 2003 Maputo Declaration on Agriculture and Food Security, member States agreed to allocate at least 10 per cent of national budgetary resources to the agriculture sector and to approach the sector within the overall framework provided by the Comprehensive Africa Agriculture Development Programme, but not all member States have honoured this commitment (Mangeni, 2011).

Member States should be encouraged to adopt and implement, as a priority, regional industrialization and integration in their national development policy frameworks and long-term human resources planning. This would ensure that regional priorities were incorporated in development plans and budgets, institutional arrangements and lead ministries on industrial policy development and implementation, and national priorities.

The huge dependence on donors for most industrialization programmes is unsustainable, especially in terms of programmes that end without successors. Member States need to adopt a sustainable approach to resource mobilization for industrialization programmes.

The other challenge is the lack of adequate capacity to design, implement and monitor regional industrial development programmes effectively. This is manifested in various ways at both the national and regional levels (Mangeni, 2011). At the national level, there is generally weak capacity for the development and implementation of national industrial and regional integration policies. At the regional level, human resources and technical capacities to ensure effective coordination of local adaptation are limited. The lack of human resources specializing in regional integration matters means that government officials involved in policymaking and implementation often have inadequate understanding of regional industrialization policies and implementation issues (COMESA, 2020).

The key strategy here must be sustainable capacity in industrial policy development and regional integration at both the national and regional levels. This would help member States to have a comprehensive regional approach to regional industrialization, rather than a national approach, and promote a collective regional approach to addressing key industrialization and trade integration challenges. COMESA and SADC also need collectively to initiate an institutional capacity-building programme that promotes an inclusive industrialization and integration agenda and facilitates knowledge development for the region. This should be done by mainstreaming industrial policy training in regional integration in member States. The training should involve, not only current and future negotiators and government officials dealing with regional integration, but also those implementing policies in government, the private sector and civil society organizations.

To address the challenges of mismatch of priorities, UNIDO (2019) recommends that COMESA and SADC should consider providing support for structural transformation and industrialization in member States in accordance with their capabilities and development priorities.

IV. Impact of bilateral economic cooperation agreements on regional industrialization programme

A. Introduction

In most member States of COMESA and SADC, trade has been liberalized, and import and export licences are required for very few products that have a bearing on security, health, food self-sufficiency, and the protection of infant industries. Over the past decades, the member States of both communities have signed economic cooperation agreements with other countries at the bilateral, regional and multilateral levels to enhance foreign direct investment and provide increased market access for their exports. Economic cooperation agreements take the form of international investment agreements, mainly bilateral investment treaties. These agreements also take the form of investment provisions in free trade agreements, such as the economic partnership agreements between the European Union and the African Caribbean and Pacific countries and SADC. Chen, Liu and Liu (2020) note that, whereas the traditional model of investment treaties emphasizes the protection of investments, there is a shift to the facilitation of investments. There is also a deliberate and conscious effort to restrict the scope of coverage of the standards of protection typically offered under such treaties.

These developments in the international investment regime are evident in the regional investment instruments concluded by EAC, COMESA and SADC. Bilateral investment agreements have over the decades played a significant role as an element of both developed and developing country investment policies (Mohamadieh, 2019). The primary objective of most bilateral investment agreements is to protect the investment and property rights of foreign investors. They offer foreign investors several types of protection by establishing standards of treatment that have been worded broadly and are interpreted expansively by arbitration tribunals. They also provide foreign investors with the legal power to seek redress for adverse acts or omissions by a sovereign State, such as direct or indirect expropriation or other impairments or breaches, including non-discrimination, the “fair and equitable treatment” standard, and protection from illegal or uncompensated expropriation.

Member States of COMESA and SADC are signatories and beneficiaries of a number of bilateral and multilateral trade and investment agreements (COMESA, 2019a). For example, Malawi is a signatory and beneficiary of the Cotonou Agreement between the European Union and African Caribbean and Pacific countries, and the United

States-African Growth Opportunity Act initiative for concessional exports to the US market. It has also signed the Agreement Establishing the African Continental Free Trade Area but is yet to ratify it. Malawi also has bilateral investment agreements with South Africa, Zimbabwe, Malaysia, Mozambique, India and China, and a customs agreement with Botswana. Further agreements are currently under consideration with Zambia and the United Republic of Tanzania. These, alongside other initiatives, such as the Zambia-Malawi-Mozambique Growth Triangle and the spatial development Initiative, offer considerable opportunities for increasing trade and investment in the region and stimulating growth.

B. Regional economic cooperation agreements and initiatives

The absence of a regional multilateral investment cooperation agreement in Southern Africa has led to member States being signatories and beneficiaries of several economic cooperation agreements and instruments. Both COMESA and SADC have drafted regional regulations on investment to support political and economic integration: the Investment Agreement for the COMESA Common Investment Area, and the SADC Protocol on Finance and Investment. EAC and SADC have developed model laws on investment. The COMESA Common Investment Area was the first investment agreement designed to reflect African interests (Laryea and Fabusuyi, 2021, p.46) and the first attempt to balance the interests of foreign investors and African countries (United Nations, ECA, 2016b).

The COMESA Common Investment Area agreement, adopted in 2017, aims to attract higher levels of investment from within and outside the region, but has not yet been enforced. It is an investment framework agreement designed to form the basis of investment laws and policies in the region. The benefits that COMESA investors and foreign investors are guaranteed under the agreement include national and most favoured nation treatment. It gives access to international arbitration, and investments are guaranteed against expropriation and nationalization.

In the SADC region, the Protocol on Finance and Investment came into force in 2010 (United Nations, ECA, 2016b) and covers all areas covered by bilateral investment treaties and protects investments in signatory States against uncompensated expropriation. Although Investors are not guaranteed national treatment, they are guaranteed most-favoured-nation treatment. The Protocol grants investors the right to employ key personnel from any country and to call on States parties to “encourage the free movement of capital”. The SADC “model bilateral investment treaty” to a large extent reflects a balanced approach between the development objectives of member States and investor interests. Thus, while it contains substantive provisions to protect investors, it also imposes obligations on investors regarding corruption, environmental and social impacts, transparency, and human rights and labour standards, among other areas of interest to host nations.

C. Bilateral investment treaties and initiatives

Since the 1990s, the world has seen a flurry of investment and taxation treaties. Over 3,000 bilateral investment treaties (Mohamadieh, 2019) and 2,894 double taxation treaties are known to exist globally (United Nations, ECA, 2016a). Africa accounts for more than 854 bilateral investment treaties (157 intra-African and 696 with the rest of the world) and more than 400 double taxation treaties. To illustrate the alignment and complementarity of bilateral economic cooperation agreements with international cooperating partners within the region and member States on industrialization for increased trade and integration, only bilateral investment treaties were analysed. Analysis of bilateral economic cooperation agreements was beyond the scope of this assignment.

The five member States under review have signed international investment treaties with most of the member States of COMESA and SADC and with other African countries. Of the five, Mauritius has signed the highest number of bilateral investment treaties (49), with 30 treaties already in force and one treaty, with India, terminated. Eswatini has signed six investment treaties, of which three are already in force. Malawi has signed 11 Investment

Table 15: Bilateral investment treaties signed by the selected member States

Country	Total	In force	Terminated	With other African countries	With non-African countries
Eswatini	6	3	0	2	4
Malawi	11	3	0	4	7
Mauritius	49	30	1	19	21
Zambia	15	7	0	2	13
Zimbabwe	36	10	1	14	22
Grand total	117	53	2	41	67

Source: UNCTAD (2020).

Table 16: Intraregional bilateral investment treaties

Regional economic community	Bilateral investment treaties between member States	Bilateral investment treaties with countries outside the community
COMESA	27	20
SADC	18	15
EAC	1	5
COMESA-SADC-EAC	45	26

Source: Adapted from United Nations, ECA (2016a).

treaties, of which three are already in force. Table 15 shows the status of the bilateral investment treaties signed by the five countries. In the COMESA–EAC–SADC Tripartite Agreement, there is a high degree of connectivity in investment matters (United Nations, ECA, 2016b). Forty-five bilateral investment treaties and 32 double taxation treaties exist between member countries of a single regional economic community, although it is very difficult to make comparisons because of differences in the memberships in the communities. Any explanation of absolute regional numbers may be skewed in favour of the larger regional economic communities.

Bilateral investment treaties are supposed to attract more investment from within and outside the continent into individual member States, but levels of commitment are very different as defined by the limitations imposed by individual countries on market access and national treatment (United Nations, ECA, 2016b). Table 16 show that, in the five member States reviewed, the majority of such treaties are with countries outside the continent. ECA (2016b) argues that there are also indications that this trend may be reversed soon since African countries are increasingly signing investment treaties with each other. There are also new opportunities for attracting investment from other emerging economies and "South-South" partners, such as China and India, which seek to invest in the region and would prefer to invest other than under the terms of bilateral investment treaties.

Bilateral investment treaties can have an adverse policy impact on some policy areas that are generally important for developing countries in terms of achieving the industrialization agenda (Mohamadieh, 2019). The areas of implementation of industrialization strategies in developing countries that may be affected by bilateral investment treaties include tax reform, managing a debt crisis, use of capital controls, intellectual property rights, public-private partnerships, and climate change action in relation to investment in clean technologies. For example, member State interventions to promote investment in clean technologies could be restricted by such treaties. If clean technologies and non-clean technologies investments are considered to be in "like circumstances" this may pose challenges to special incentives given by a host State to investors only in the renewable energy field. Such treaties require parties to accord investment and investors from the other party in "like" circumstances, treatment that is no less favourable than that accorded to investment by its own nationals.

D. Alignment and complementarity

There are four clear alignments and complementarities between the COMESA and SADC international investment instruments (Laryea and Fabusuyi, 2021). First, they both seek to attract investment that promotes sustainable development. Second, they both reserve for the host countries flexible regulatory space to safeguard their public interest and regulate for social development. Third, their definition of investment excludes foreign portfolio investments and, fourth, they include detailed provisions imposing obligations on investors in the conduct of their business.

In addition, the COMESA and SADC instruments are both building blocks for the implementation of the African Continental Free Trade Area. Although the African Continental Free Trade Area focuses on trade in goods and services, it seeks to consolidate and strengthen the African Common Market through industrialization and economic transformation, not only the free movement of persons and goods, but also of capital and services. It gives COMESA and SADC member States the flexibility to achieve legitimate policy objectives in the areas of public health and safety, the environment, and promotion and protection of public morals and cultural diversity.

The COMESA-EAC-SADC Tripartite Free Trade Area was approved at the Tripartite Summit of Heads of State and Government in Kampala, Uganda, in October 2008. The agreement provides that member States intend to “market the Tripartite member States as a single investment area” and “develop policies and strategies which promote cross-border investment, reduce the cost of doing business in the region, and create a conducive environment for private sector development” (article 24). Although the Tripartite Free Trade Area is not an investment agreement, it provides space for harmonizing industrialization and transformation policy.

So far, eight member States[2] have ratified and deposited the Tripartite Free Trade Area instruments. A total of fourteen ratifications by member States are required for the agreement to enter into force. On 15 January 2021, Zambia became the latest country to deposit its instruments of ratification. In addition to accounting for almost half of the membership of the African Union and 6 per cent of the GDP of Africa, the Tripartite Free Trade Area brings together twenty-eight countries with a population of over 700 million and a combined GDP of $1.4 trillion.

The Tripartite Free Trade Area will enable the free movement of goods, services and businesspersons, which will stimulate economic activity in the region and thereby improve the lives of ordinary people. It will facilitate cross-border infrastructure. It goes a long way towards addressing the issue of overlapping membership by bringing together three regional economic communities (Byiers and others, 2019) and provides a path to the harmonization and effective implementation of trade and trade-related instruments of the African Continental Free Trade Area.

As at 15 January 2021, the countries that had ratified and deposited instruments of ratification of the Tripartite Free Trade Area with the COMESA secretariat included Botswana, Burundi, Egypt, Kenya, Namibia, Rwanda, South Africa and Uganda, (Chibomba, 2021). The Kingdom of Eswatini has also ratified the agreement but is yet to deposit the instrument. In addition, five countries are currently in advanced stages of the ratification process: the Comoros, Malawi, the Sudan, the United Republic of Tanzania and Zimbabwe.

E. Challenges of investment treaties for industrialization and regional integration

The COMESA Common Investment Area, the SADC “model treaty” and the bilateral investment treaties concluded by member States show the interest of the countries of the region in international investment agreements to promote sustainable development. In addition to linking the objectives of investment promotion and protection, these instruments include provisions on investor obligations and give member States wide regulatory scope (including the ability to take

2 Botswana, Burundi, Egypt, Kenya, Namibia, Rwanda, South Africa and Uganda.

emergency measures without incurring liability to investors). The literature identifies four challenges or divergences, however.

- ***Inconsistencies and lack of coordination in the formulation of bilateral investment treaties***

Every member State in the COMESA and SADC subregions is party to at least one bilateral investment treaty. They have not reviewed these treaties, many of which contradict some provisions of regional instruments (Laryea and Fabusuyi, 2021). ECA (2016b) notes that there are inconsistencies in the investment treaties in force in member States at the regional level and the bilateral level, particularly those with non-African countries. In order to understand the impact of bilateral investment treaties on accelerated industrialization and transformation, COMESA and SADC member States must review all existing investment treaties with a view to renegotiating and realigning them in order to enable an approach that supports rather than hinders their industrialization efforts. The investment treaty signed between Mozambique and the United Republic of Tanzania is a case in point. Both countries are members of SADC. The SADC model bilateral investment treaty 2020 does not provide for most favoured nation status, but the bilateral investment treaty concluded by Japan and Mozambique in 2013 (UNCTAD, 2013) and the treaty concluded by Canada and the United Republic of Tanzania in the same year do provide for such status (UNCTAD, 2017). There are also indications that member States in the region do not fully understand the implications of the treaties they have signed, most of which are in force. The treaties concluded by member States do not appear to be grounded in strong legal or economic analysis (United Nations, ECA, 2016b). COMESA and SADC member States therefore need to review investment policy instruments to suit their special needs and circumstances.

- ***Gaps in investment legislation and lack of enforcement***

The literature review revealed limited enforcement of investment laws. Laryea and Fabusuyi (2021) note that, despite the COMESA Common Investment Area founded in 2007, there has been no discernible improvement in the conduct of investors in COMESA countries. COMESA and SADC investment reforms to support accelerated industrialization therefore need to be complemented by local adaptation and appropriate enforcement mechanisms. There are at least three reasons for the wide gap between investment legislation on paper (de jure) and in practice (de facto) in African economies in general: corruption among public officials, incompetence and lack of capacity on the part of decision makers and enforcers, and lack of resources for enforcement (United Nations, ECA, 2016b). It is costly to follow through all the process to resolve disputes between large-scale investors and host Governments.

- ***Infrastructure challenges***

The COMESA and SADC subregions suffer from a huge infrastructure deficit for energy, and road, rail and air travel, which are critical for the attraction of foreign investment (Chen, Liu and Liu, 2020). The benefits of the African Continental Free Trade Area and regional integration will not be forthcoming without massive investment in energy and transport infrastructure to bring about accelerated industrialization and transformation. The regional economic communities need to invest in transportation to enhance member State participation in cross-border market linkages with the continent and global value chains. The African Development Bank (2019b) estimates that Africa needs between $130 billion and $170 billion to finance infrastructure projects.

- ***Investment arbitration challenges***

According to the latest UNCTAD data, sub-Saharan Africa accounts for more than 15 per cent of the parties involved in investment disputes, but only about 2 per cent of arbitrators and ad hoc committee members are from sub-Saharan African. It is therefore unlikely that the case law being developed will reflect the African perspective and African interests, let alone those of the COMESA and SADC subregions. There is a lack of commitment on the part of some sub-Saharan African countries to arbitration by member States of the subregion (United Nations, ECA, 2016b).

Intra-COMESA and intra-SADC disputes based on regional instruments and arbitrated by regional arbitrators would be a good way of building COMESA-SADC case law.

F. Conclusion

There are several challenges to the conclusion of bilateral economic cooperation agreements with international cooperating partners on industrialization for increased regional trade and integration. COMESA and SADC member States need to be consistent with the content of their international investment treaties. Regional member States need to ensure that the laws at the regional level are locally adapted and implemented at the member State level. The review of the literature shows that there are inconsistencies in the content of the COMESA and SADC investment instruments, and differences in the content of investment treaties signed by member States of the regional economic communities with countries within and outside those communities. Moreover, the effectiveness of investment treaties is undermined by governance gaps and a lack of enforcement of treaty provisions, while the absence of critical infrastructure contributes to the low effectiveness of investment treaties.

IV. Strategies employed at the regional and national levels to accelerate local adaptation

A. Conceptual framework of local adaptation

Silverstone (1994) and Dobbin, Simmons and Garrett (2007) describe local adaptation as incorporating information and technologies into the local environment. Alasuutari and Qadir (2013) define the local adaptation of policies, or "policy domestication" as they term it, as the creation of a global trend within the local context. This entails bringing a regional policy model into the local environment, taking into account the local context. The Local adaptation of regional industrial policies and strategies therefore means recognizing opportunities, taking targeted actions, making the most of the enabling environment and engaging with key stakeholders to deliver sustainable and inclusive growth at the national level (Balchin, Booth and te Velde, 2019). Local adaptation also involves the industrial policy and aspirations of member States being consistent with regional industrial aspirations, including their implementation and monitoring and evaluation mechanisms. For the purposes of this report, local adaptation is defined as the strategic approach taken by COMESA and SADC member States to modify their national industrialization strategies, priorities and activities as a consequence of the adoption of regional industrialization priorities in the context of COMESA and SADC industrialization strategies with a view to promoting industrialization and transformation at the level of member States and the Southern African subregion industrialization agenda.

Member States are expected to align national industrial (and related) policies to regional policies and to create conditions that facilitate and support industrialization. How member States go about promoting industrialization at the national level has implications for the transformation of the regional economy.

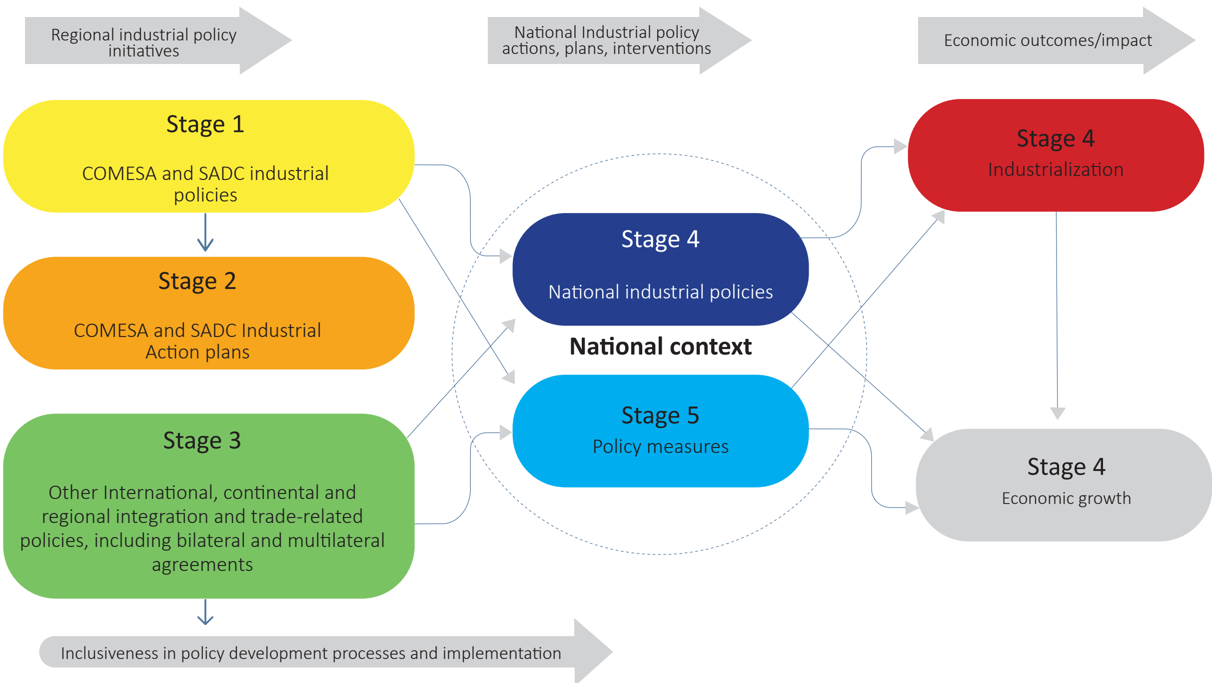
The regional approach raises the question of how to accelerate the implementation of regional industrial policies and strategies in Southern Africa through local adaptation. This section discusses the local adaptation of regional industrial policies using the policy adaptation framework (Alasuutari, 2009; Alasuutari and Qadir, 2013).

The local adaptation of COMESA and SADC regional industrial and trade creation policies requires a high degree of public management at the member State level. The Southern African subregion derives its strength from member States, so the industrialization agenda in the region is as strong or weak as the commitment of the member States of which it is composed. Lack of implementation of regional industrial policies at the member State level can severely hamper the industrialization process at the regional level. Member States are therefore expected to have the capacity and resources to adapt regional industrial policies and strategies and to incorporate them into their national policies, development plans and action plans. Hasić, Džananović and Mesihović (2020) note, however, that although member States repeatedly attempt to mainstream regional policies into national policies to promote regional industrialization and transformation, national policies are not always complementary and that, in some countries, the local adaptation of policies remains nationally contextualized and guided by specific dynamics in the member State.

The conceptual framework for the the local adaptation of COMESA and SADC industrial policies is based on the proposition that local adaptation is a process through which a regional policy idea becomes part of national policy and practice (Alasuutari and Qadir, 2013; Devlin and Moguillansky, 2011). The local adaptation of COMESA and SADC industrial policies therefore refers to the process through which these policies and strategies are introduced, incorporated or mainstreamed into the national development plans, industrial policies, strategies and action plans of member States and implemented without law enforcement. Figure III presents the local adaptation framework to explain how COMESA and SADC industrial policies are incorporated in national industrial policies and impact the economic outcomes and hence the economic growth of the country.

The local adaptation process of regional industrial policies in the context of COMESA and SADC member States is based on the COMESA Industrialization Policy (2015–2030) and the SADC Industrialization Strategy and Roadmap (2015–2063), which provide regional industrialization best practices for member States (as indicated in boxes 1 and 2 of figure III). Stage 3 denotes the influence of bilateral and multilateral integration and trade agreements on the development of industrial policies at the regional and national levels. In the formulation of development policies, members States are also guided by international agreements and treaties concluded with other nations and international organizations. The first level of local adaptation is therefore the alignment of national industrial policy aspirations with international and regional aspirations. The second level is the actual implementation of the policy strategies and actions at the national level.

Figure III: Local adaptation framework



Source: Author's elaboration.

Local adaptation is therefore a process whereby member State governments, using rational arguments, introduce (in whole or in part) global or regional industrial policy visions, strategies and interventions into national development plans, industrial policies and action plans (stage 4). It is also a process whereby member States align their industrial policies with regional policies to reflect the relevant aspirations of the global and regional industrial agenda. Stage 4 of the local adaptation framework is the internal policy development process of a member State, in which its government considers the regional policy and strategies and brings them into national development plans, policies, strategies and action plans. Adoption and full implementation are the final phase of the local adaptation process. The local adaptation framework emphasizes the role of domestic entities in the introduction of regional policy ideas into national contexts.

The active participation of various actors in the entire process, including parliament, the private sector, civil society, research institutions and the media, is also vital for the successful local adaptation and implementation of regional industrial policies and strategies (Dzinesa, Paterson and Daniel, 2020). National institutions are responsible for policy implementation, while regional economic community secretariats have most responsibility for policy development, harmonization, and monitoring, and project management and coordination.

B. Key operational principles of industrial policy adaptation

The local adaptation framework does not provide a set of rules as to how countries should design, coordinate and implement an industrial policy. There is no one simple formula for the successful

Table 17: Key operational principles of industrial policy adaptation

	Issues	Key principles
1.	Identification of lead sector ministries and of areas in the regional framework that are aligned to national priorities – a gap analysis	Ensure that technical leadership of an industrial policy is in the hands of key ministries (e.g. industry or trade and industry) and executing agencies
2.	Promotion of medium- and long-term strategic thinking on policy	Allow ministries and executing agencies sufficient time to design and implement an industrial policy
3.	Identification of at least one dedicated implementing agency for each priority sector	Establish dedicated specialized units to manage and oversee the implementation of an industrial policy. Each main function required in industrial policy implementation must be assigned to a responsible agency
4.	Need for more high-level structured coordination	Establish a clear government mandate and hierarchy of functions for each agency involved
5.	Development of selective medium- and long-term strategies, by highly professional, career-oriented and non-politicized personnel	Create a more competent and meritocratic civil service through competitive recruitment, above-average salary and/or working conditions, extensive lifelong training, promotion on merit and insulation from politicization
6.	The application of incentives must be assessed for both how they are individually managed and how they are coordinated to have a systemic effect	Establish effective coordination of incentives across agencies to guarantee policy coherence and maximize the long-term impact of industrial policies
7.	Develop effective programmes and instruments intimately linked to how the industrial policy-making process is managed	Bring all relevant external parties and the private sector on board and provide sufficient funding of programmes and knowledge of how to implement policies effectively
8.	Establish an objective assessment of the implementation and impact of the industrial strategies set out	Create capacity to independently evaluate the policies for high-level transparency in the implementation of public policy
9.	Use structured public-private alliances representing a diversity of interests, with well-established rules for transparency and evaluation, and supported by a professional bureaucracy	Ensure that the issue of special interest capture of government is addressed by having independent evaluations and clear, prioritized objectives.

Source: Devlin and Moguillansky (2011).

local adaptation of regional policy; each country, guided by national development aspirations, has to experiment and learn by doing when establishing its industrial policy and strategies. However, Devlin and Moguillansky (2011) outline a set of strategic and operational principles that should serve as the guide for effective industrial policy adaptation. First, government initiatives must be proactive, selective and focused on the long term, rather than simply tied to the electoral cycle or the need to gain popularity. Governments may carefully "pick winners", proactively seek solutions to cope with problems faced by industries and improve government support for businesses to upgrade towards more productive and value-adding activities. Second, governments should focus on the interconnectedness of the industrial development and structural transformation process, and the need to forge a common vision for collective action. Table 17 lists operational principles that member States might follow when designing and pursuing accelerated local adaptation and implementation of regional industrial policies and strategies.

Various researchers have referred to some of the key issues and principles outlined in table 18. For example, UNCTAD (2009) discusses the importance of establishing a pilot agency for development initiatives and cites the Ministry of International Trade and Industry in Japan, the economic planning boards in the Republic of Korea and Singapore, and the Council on Economic Planning and Development in the Taiwan Province of China as successful examples of technical leadership for policy adaptation. Rodrik (2004) suggests that governments identify the most competent agencies and empower them with resources, a mandate and authority. Devlin and Moguillansky (2011) argue that this might even be better than creating new agencies of uncertain competence. The argument of Rodrik (2004) implies that the location of competence should be prioritized over the choice of policy instruments. For example, if a development bank is more competent than a revenue office, subsidized credits should be preferred over tax incentives.

To deal with the politicization of industrial policy, Evans (1998) and Roll (2014) advise that governments should proactively partner with the private sector and non-governmental bodies, and at the same time resist being captured by political interests. Schneider (2013, 2015) and UNCTAD (1994) advise governments to strengthen coordination by facilitating information exchange and social learning between the private sector and government bodies.

C. Major stakeholders in regional industrialization and transformation

The local adaptation of COMESA and SADC industrialization policies, strategies and action plans depends on the effectiveness and smooth interface of regional governance institutions. The linkages between national structures, the secretariat, the private sector and the knowledge support institutions will promote local adaptation of regional industrialization policies and strategies. The literature review shows that the regional economic communities have established or at least proposed industrialization governance bodies that recognize the critical role of each component and define their respective responsibilities and interface culture.

The industrialization governance structure of regional economic communities consists of three interdependent tiers. At the national level, the structure consists of, but is not limited to, line ministries, the private sector, academia, civil society institutions and legislative organs. These institutions are expected to operate in synergy within a long-term strategic transformational context. Overall coordination and oversight are expected to link closely to a wider framework for guiding and monitoring the implementation of the strategy, cascading from summits and meetings of Heads of State and Government down to the secretariat, which is the third level. Both strategies recognize the importance of the role of a strong secretariat to underpin the industrialization process in the region.

- ***Participation of key stakeholders in policy adaptation***

Regional economic community secretariats

The industrialization policies of both COMESA and SADC set out the broad responsibilities of different stakeholders for implementation. In COMESA, the highest decision-making authority is the Heads of State and Government (the Authority), whose decisions are made by consensus and are binding. A Council of Ministers (the Council) comprised of ministers assigned by the member States reports directly to the Authority. The Council is responsible for policymaking, monitoring and reviewing the functioning of the Community. It has the power to pass binding regulations, directives and decisions by consensus (or in some cases by a two-thirds majority). The secretariat advances policy and programme implementation with input from five technical divisions: trade and customs, information and networking, infrastructure and logistics, agriculture and industry, and gender and social affairs.

- The role of the COMESA secretariat is to develop more specific implementation and local adaptation of industrialization and trade integration strategies, in conjunction with the private sector and other relevant stakeholders. This involves:

- Continuous coordination with COMESA member States through the various focal points each member State has appointed

- Keeping COMESA policy organs (sectoral committees, the Inter-Governmental Committee, the Committee of Ministers and Summit) and COMESA Institutions informed and engaged at all stages

- Coordinating with the African Union Commission and other regional organizations

- Coordinating with relevant international organizations, including the United Nations (in particular ECA, UNCTAD and UNIDO) and ITC

COMESA institutions such as the COMESA Business Council, the Trade and Development Bank and the Leather and Leather Products Institute have roles to play in driving the implementation of the industrial policy. Member States are expected to align national industrial and complementary policies to the regional agenda and create conditions that facilitate and support industrialization.

Article 9 (Establishment of institutions) of the SADC Treaty as amended, established the following institutions: the Summit of Heads of State and Government; the Organ on Politics, Defence and Security Cooperation; the Council of Ministers; the Integrated Committee of Ministers; the Standing Committee of Officials; the SADC secretariat; the Tribunal; and SADC national committees. Other institutions have since been formed, including subsidiary regional organizations and various other organizations to support implementation of the SADC Regional Integration Agenda. To implement the Industrialization Strategy and Roadmap, SADC has established an Industrial Development and Trade Directorate, with the following units: industrialization and competitiveness; value chains; industrial project preparation; trade; standardization; quality assurance; accreditation and metrology; and science, technology and innovation.

Similarly, the role of the SADC secretariat is to coordinate implementation, mobilize resources for regional projects, facilitate buy-in and policy coherence, and provide a platform to exchange information on projects, identify obstacles and work out how to remove them. National committees have also been established under the SADC Treaty to provide inputs at the national level in the formulation of regional policies and strategies, as well as to coordinate and oversee the implementation of programmes at the national level. The committees are also responsible for the initiation of SADC projects and producing papers as input into the preparation of regional policies and strategies. The committees comprise key stakeholders from government, the private sector and civil society in each member State.

Regional economic communities champion the integration agenda of the African Continental Free Trade Area in its role as a building block of the continental agenda, and fostering the implementation of its programmes and activities at the member State level. They continue to play a significant role in the development and negotiation of various African Continental Free Trade Area instruments. Instruments developed under the COMESA, EAC and SADC tripartite initiative were used to fast-track the development and negotiation of similar instruments under the Area.

Cooperating partners

External factors such as cooperating partners also play an important role. For example, UNIDO and ITC continue to provide technical support to the COMESA secretariat and institutions in the development and implementation of industrialization-related policies, strategies and programmes. Other development partners include the World Bank and the European Union, which continue to provide much of the financing for various programmes implemented by the regional economic communities, one example being the European Union's eleventh European Development Fund for the promotion of regional agroprocessing value chains in Eastern and Southern Africa.

National Governments

The principal role of national Governments is to provide much-needed resources and leadership in the local adaption and implementation of the best practices of regional industrial policies, but neither the COMESA nor the SADC policy document specifies the roles of national Governments, the private sector and civil society in their implementation.

Private sector, academia and civil society

The private sector provides the necessary resources for industrialization and economic transformation through investments in various projects such as agroprocessing and other value chains, which in turn create much-needed employment for citizens. Academia provides input in the form of knowledge sharing and the development of prototype projects for transforming raw materials into greater business ventures. Civil society and non-governmental organizations provide the checks and balances in ensuring the development of sustainable industrialization and transformation processes.

- ***Strategies employed by regional economic communities to accelerate local adaptation***

There is evidence that both COMESA and SADC have used various strategies and interventions to incorporate industrialization strategies and programmes into their lcoal frameworks. The main areas that have been incorporated include capacity-building programmes, the promotion of value chains and value addition, development of small and medium-sized enterprises, and priority sectors. Zambian industrial policy recognizes various policy interventions outlined in the two regional policy documents (Verhaeghe and Woolfrey, 2017). In addition, during the design of COMESA and SADC strategies, member States were fully involved and participated in the identification of national priority sectors.

Through the Industry and Agriculture Division, the COMESA secretariat provides financial and technical support to member States for the local adaptation of regional industrialization, small and medium-sized industry and local content policy frameworks. It also supports member States in improving the ease-of-doing-business environment, building on regional best practices and peer-to-peer experience sharing.

All five countries under review have benefited from the COMESA Regional Integration Support Mechanism, which has facilitated support to develop leather value chain strategies and other industrialization-related activities in member States. Certain industrial sectors and subsectors have been earmarked as priorities. In 2019, COMESA ministers directed the secretariat to develop and implement a strategy on the COMESA local content policy framework to ensure that a high proportion of inputs in COMESA projects are sourced from host countries without compromising the economies of the project or the sector being leveraged. A harmonized COMESA framework for managing special economic zones and industrial parks was adopted in 2021. The framework is intended to optimize the economic value to be derived from the development of natural resources through domestic linkages, taking into account the development goals of the country, the vision for a given sector, trade competitiveness and the financial viability of the natural resource being leveraged.

COMESA has identified special economic zones or industrial parks as one of the key industrialization enablers for successful local adaptation of its industrialization policies. This is primarily motivated by the need to attract foreign direct investment and is based on the experience of some countries that demonstrates that, with proper management and incentives, these zones and parks can be an important tool for industrialization.

The SADC secretariat has supported member States in establishing and consolidating national structures to achieve the regional agenda. These include SADC national committees, which bring together relevant government authorities and non-State actors to work towards implementing SADC protocols and policies at the national level. These structures play an important role in synchronizing national plans and regional priorities as they facilitate the local adaptation and implementation of the regional agenda into national plans and budgets. The programme also supports a monitoring system, and the information gained from this is used to communicate the economic and political benefits of regional integration, which are often overlooked. The secretariat has continued to build the capacities of member States to mobilize financial and other resources required for the implementation of national industrialization policies and strategies. Member States are encouraged, at technical and council meetings, to align national with regional plans and implementation structures and to mobilize resources for implementation from their national treasury authorities and international cooperating partners.

SADC does not have a strategy but has embarked on the process of local adaptation through the roll-out of capacity-building aimed at aligning the industrialization strategies of member States with the SADC Industrialization Strategy 2015–2063, using the Enhancing the Quality of Industrial Policies methodology, in line with a decision taken

Table 18: Examples of support by regional economic communities

Areas of support	Common Market for Eastern and Southern Africa	Southern African Development Community
Technical and human resources capacity-building	Support in the development of value addition/ chains in some priority sectors: agroprocessing, leather and leather products, clothing and textiles, mineral beneficiation and pharmaceuticals. Development of Regional Local Content Policy Guidelines to assist member States to maximize local benefits from industrialization. Development of the leather and leather product strategy, capacity-building in value chains and development of special economic zones.	Implementing enhanced quality industrialization policy – capacity-building programme implemented with the support of UNIDO and the German Agency for International Cooperation. Strengthening the National-Regional Linkages in SADC Programme, funded by Germany and co-financed by the European Union, to mobilize knowledge, skills and tools to facilitate, manage, monitor and report on the implementation of key SADC instruments on agriculture, industrialization and infrastructure.
Financial mobilization support	For example, the European Union and COMESA signed an €8.8 million agreement to increase private sector participation in sustainable regional and global value chains through improved investment and business climate and enhanced competitiveness in the region.	African Development Bank support to sustainable financing of regional infrastructure and industrial projects in SADC (2019–2021). Eleventh European Development Fund funds SADC Regional Indicative Programme aimed at addressing key concerns of the private sector that are hindering industrialization in the SADC region.
Promotion of joint regional programmes	Zambia-Zimbabwe joint industrialization project on special economic zones.	

Source: COMESA and SADC management reports.

by the Council at a meeting held in Dar es Salaam, United Republic of Tanzania, on 13 and 14 August 2019, which directed the secretariat to ensure that member States that had not participated in the first workshop on the methodology (Angola, Democratic Republic of the Congo, Comoros, Madagascar, Mauritius, Seychelles, South Africa and Zimbabwe) were given the opportunity to take part in another.

The Enhancing the Quality of Industrial Policies methodology, which is being implemented with the help of the German Agency for International Cooperation, the German overseas development agency, aims to empower countries to design goal-oriented, evidence-based and context-appropriate industrial policies. In addition to strengthening member State capacities, the training also focuses on building networks between and among member States. With the help of this methodology, Eswatini and Lesotho have reviewed their national industrial policies to align them with regional industrial policies. As a key follow-up to the training, the Democratic Republic of the Congo, Mauritius, Zanzibar and Zimbabwe requested the secretariat to provide national capacity-building programmes to expand and increase the number of industrial policy development experts in the region.

SADC has also developed and set up a monitoring and evaluation system (covering both process monitoring and output monitoring) to assess and evaluate progress in all member States. However, this system has been placed in coordinating ministries – the ministry of foreign affairs in most countries – and not the ministries responsible for industrial development. Moreover, the indicators used by the monitoring and evaluation system have not been updated in line with the current changes in the global economy, and the set targets in the industrialization strategy have not been uploaded into the system.

D. Local adaptation of the industrialization policies and strategies of the Common Market for Eastern and Southern Africa and the Southern African Development Community

There are consistencies between the five selected member States and the COMESA and SADC industrialization strategies, but implementation is still a challenge. ECA (2020) indicates that member State industrial policies and strategies are, to a large extent, consistent or aligned with regional industrial policies. In several cases, countries have also developed other complementary policies in areas such as investment, international trade, local content strategies, ICT policies, economic diversification, and energy policies to support industrialization and take advantage of the opportunities that have come with the establishment of the African Continental Free Trade Area.

Mauritius presents some lessons in accelerated industrialization and diversification of its economy (Moyo, 2016; AfDB, 2019; Moyo, 2020) as it has leveraged international and regional industrial and trade policies to industrialize and diversify its economy. Despite its challenging starting-point, since the 1970s, Mauritius has built a consensus partnership between Government and the private sector around a strategic direction for the economy based on structural transformation away from sugar and towards clothing, tourism, financial services and an integrated services platform based on international and regional best practices (Balchin, Booth and te Velde, 2019). It has also implemented selective interventions aimed at addressing global competition in traditional sectors, using export promotion and investment in technology, including renewable energy.

In addition to the above factors, there is evidence that Mauritius has used intelligent planning, made use of global value chains, created strong networks within the country and created a shared vision to achieve national economic goals (Moyo, 2020). The country has also developed democratic systems of political governance over time, based on the principles of accountability and responsiveness to the electorate.

Mauritius has also used its global ties to benefit from bilateral economic agreements, which have been instrumental in the growth of its exports and other productive sectors. For example, the American Growth Opportunity Act with the United States provided free access to US markets for Mauritian textiles and clothing. It is also important to note that Mauritius has demonstrated the capacity to adapt to changing circumstances through innovative approaches and realigning national development by creating the foundation of a knowledge economy.

Regarding mineral beneficiation interventions, Botswana has implemented several activities to accelerate the local adaptation of regional mineral policies and strategies. Although there was no coherent and effective approach to beneficiation at the SADC regional level until 2019 (Tutalife and Jourdan, 2019), Botswana was already a member State in which the local adaptation of regional best policy practices regarding a beneficiation economy had led to economic growth (Gokhale, 2010; Isheloke and von Blottnitz, 2020). Statistics show that more than 3,000 workers are currently employed in diamond polishing (compared to fewer than 500 in 2006) and several thousand more through ancillary businesses serving the diamond sector. In Botswana, the Government has retained a large share of the sector, a move that is profitable to the country (Isheloke and von Blottnitz, 2020).

E. Barriers to the local adaptation of the industrialization policies and strategies of the Common Market for Eastern and Southern Africa and the Southern African Development Community

Although the evidence above shows that Mauritius has made efforts to design and implement industrialization policies, it is worth noting that there are various areas requiring alignment with regional policies to enhance the local adaptation of regional industrial policies. The potential barriers to the local adaptation and implementation of industrial policies and strategies where local adaptation has occurred (Verhaeghe and Woolfrey, 2017; United Nations, ECA, 2020) include national interest, the prevailing local social environment of member States, the existence of multiple international and regional strategies, and divergence in the types of industrial policies being implemented in member States.

- ***National interest and prevailing socioeconomic environment***

In addition to the mismatch between regional and national industrial policies and strategies, member States tend to consider industrial development a national matter. Commonly stated national interests (Byiers, Vanheukelom and Woolfrey, 2018; United Nations, ECA, 2020) include protection of infant industries, consideration of inclusiveness and sustainable development issues, national security, and protection and preservation of national sovereignty and integrity. Although member States support the idea of a regional industrialization agenda, their domestic policy objectives protect national industries, while the regional agenda protects common interests. For example, Byiers, Vanheukelom and Woolfrey (2018) note that the Mozambique sugar rehabilitation programme relied on a surcharge on imported sugar, while subscribing to the trade protocol and the industrialization strategy. Many COMESA and SADC member States regularly impose non-tariff barriers on agricultural products, in particular, hindering intraregional agricultural trade as recognized in industrialization action plans. What the example means is that, while member States talk regional at regional meetings, they act national at the national level.

ECA (2020) notes that regional policies are usually designed using limited data and with external assistance, which hampers the development of appropriate strategies by member States. The prevailing local economic conditions determine the regional strategies favourable for the member State. When deciding which regional policies and strategies should be locally adapted, member States often favour those most likely to address their own industrial trajectory given the local socioeconomic and sometimes political environment.

- ***Existence of multiple regional strategies requiring local adaptation***

Countries join regional economic communities to serve various domestic objectives and agendas, including simply to have a voice at different regional tables, resulting in overlapping memberships. This stretches already limited capacity across several regional processes. The COMESA-EAC-SADC Tripartite Free Trade Area Agreement is an attempt to harmonize some of the industrialization and trade-related issues. While there are various initiatives to harmonize regional industrialization policies and strategies, member States nonetheless choose which issues to pursue through which regional organizations. The process of finding aligned interests among the member States or sectors of regional economic communities is likely to be very complex. There is therefore a need for flexibility beyond existing regional industrialization policies and strategies to allow for and perhaps encourage member States to adopt a stepwise approach, consider similar requirements first and deal with low-hanging fruit.

- ***Unimplemented decisions***

Alignment is the first layer of local adaptation; implementation the second. National priorities have always prevailed over the implementation of regional policies. There are indications that most member States tend to signal their support for regional policies and programmes, even when implementation is not a domestic priority. There are numerous incentives and reasons for member States to signal their support for regional industrialization agendas without necessarily acting on them. A good example is the current state of the energy sector in the regional economic communities and the potential of some member States to become significant electricity exporters, making power-pooling an area clearly requiring regional cooperation. Few member States are currently in a position to be significant electricity suppliers to regional markets, however. Even those with long-term export potential may view the development of their domestic capacity as a greater priority in the short term than supporting efforts to establish a genuine regional market. The fact that medium- to long-term benefits could be gained from the establishment of regional power pools provides an incentive for them to signal their support for the development of integrated regional power markets.

Perceived access to donor money is another strong incentive for member States to signal their support for the programmes and policies of regional organizations that donors are keen to support. The financial incentive to signal a willingness to support regional programmes goes some way towards explaining the lack of local adaptation and implementation of regional industrial policies. In the case of the Comprehensive Africa Agriculture Development Programme, for example, important donors made their aid for agriculture conditional upon the support of African countries for the Programme (Afun-Ogidan, van Seters and Rampa, 2012; Vanheukelom and others, 2016). This resulted in many countries supporting the Programme and developing agricultural development plans that were not reflected in domestic political commitments to agricultural transformation in line with the principles set out in the Programme.

It is clear from this that, in addition to the challenges of overlapping memberships such as conflicting goals, member States are not politically committed to the local adaptation and implementation of regional industrialization and trade integration policies and strategies. For example, although the SADC Protocol on Industry was approved by the 39th SADC Summit in August 2019 to ensure that the economies of member States were driven by industrial development, as of July 2021, the Protocol had been signed by 13 Heads of State and Government and ratified only by Seychelles. The Democratic Republic of the Congo, South Africa and Zambia had yet to sign the Protocol.

- ***Institutional form and function of regional economic communities***

There seems to be a gap between form and function in regional industrial and trade policies. The implementation of African Continental Free Trade Area market integration is now a core part of the agenda of both COMESA and SADC. Nevertheless, the use by member States of a variety of non-tariff barriers, internal taxes and lists of "sensitive" goods excluded from trade liberalization means that the established formal trade integration institutions do not function as they should (Vanheukelom and others, 2016). Furthermore, the prevailing reluctance to use formal dispute settlement procedures against other member States means that the institutions that have been established to ensure compliance by member States with regional agreements, such as the COMESA Court of Justice, the SADC Tribunal and the East African Court of Justice, are underused and do not effectively fulfil their functions.

To a significant degree, lack of local adaptation of the industrial policies is a result of the weaknesses of regional and national institutions and the weaknesses of linkages between them. For example, the COMESA and SADC secretariats both lack sufficient authority and capacity to exercise their mandates effectively. Although it is expected to put into effect the decisions of the SADC Summit, the SADC secretariat does not have the authority to enforce compliance with regional processes, policies and plans. The secretariats also lack adequate operational capacities and resources to support the local adaptation of regional processes through national structures such as SADC national committees and COMESA focal point officers.

- ***Limited private sector and civil society participation***

The diversity of power and interests of private sector and civil society actors affects how business and civil society institutions participate in the national and regional policy development and implementation processes. Both COMESA and SADC (and EAC) are characterized by high levels of informal trade by traders who, by design or default, operate outside the formal rule-based systems of these economic communities. Although both COMESA and SADC have formal structures and mechanisms for consulting private sector apex bodies, there is little evidence of the engagement of private sector actors or their associations in industrialization policy processes through regional organizations, or of their influence on agenda-setting or policy implementation beyond business elite linkages with governments in some countries. Lack of participation of the private sector in regional economic communities has been singled out as one of the major weaknesses of the local adaptation of industrial policies. Although it is believed that the private sector is key to the industrialization and transformation process, in several COMESA and SADC member States the established mechanisms are not sufficient to fully engage the private sector in industrialization and regional trade integration processes. Therefore, there is still a strong State-centric vision of regional policy development processes. Furthermore, the private sector has not been empowered to take an active role in national trade policymaking or regional integration.

F. Barriers to implementation where local adaptation has taken place

The local adaptation of regional industrial policies requires implementation at the member State level. Without a commitment to implementation at the national level, there can be very little progress at the regional level. Lack of implementation of regional industrialization policies and strategies will negatively affect the regional integration process. Implementation of the COMESA and SADC regional industrial policies and action plans depends on strong commitment to integration by member States. Lack of this may lead to certain regional policy instruments being overlooked and not being implemented at the national level. Implementation of regional initiatives takes place when key "national interests" are defined by the sociopolitical environment at the member State level. Lack of political will and commitment hinders the implementation of regional industrial policies and actions at the national level. Some common barriers to the local adaptation of regional industrial policies and strategies (United Nations, ECA, 2014, 2020) are discussed below.

- ***Technical and financial capacities***

Limitations in human and financial capacities are often constraints. Member States generally have insufficient funds to fully implement the proposed programmes and actions, including the monitoring and evaluation of implementation processes (United Nations, ECA, 2014). In terms of technical capacity, institutions responsible for implementing industrial policies at the national level have limited capacity to successfully implement programmes and plans. Implementation of industrialization strategies requires highly qualified human resources with the necessary technology and skills (Lopes and te Velde, 2021). Capacity and skills limitations are further compounded by the limitations of education systems, which are more oriented towards social sciences and administrative programmes and offer limited options for programmes in science, technology, mathematics and engineering. There is also evidence that the industrial pillar is the least funded at both the regional economic community and the national levels. It was clear from the interviews conducted for this report that, at the national level, trade facilitation was better funded than the industrialization pillar.

It was also noted that there have been frequent changes of staff, especially at the member State level, which leads to loss of institutional knowledge and creates a skills gap for sustained implementation of various industrialization processes. Regional secretariats have found themselves in a situation where they constantly have to deal with new officers or focal points when following up on regional activities and not the officers or focal points they dealt with initially. At the political level, frequent reshuffles affect policy adaptation and implementation.

- ***Mismatch between industrial and sectoral policies***

There is also a mismatch and poor linkage between sectoral policies (such as on agriculture and transport) and industrial policies. Most national sectoral policies were developed in the 1990s, do not address current economic challenges and are not aligned with national industrial policies. For example, the SADC and COMESA industrial policies were adopted in 2015 and 2016, respectively, while most of the sectoral policies were developed in the early 2000s and may not therefore share the aspirations of the regional industrial policies, especially the policy on imports from industrialized nations.

Increased imports from industrialized nations, especially China, is still a grey area of concern in regional economic communities. Although substandard products such as second-hand clothing and footwear and illegal imports provide cheap and affordable clothing for poor people in member States, such imports have a devastating impact on the development of the clothing and textile, and leather and leather products value chains in the region. In some countries – Malawi, Zambia and Zimbabwe, for example – these imports have led to deindustrialization in some sectors (Muradzikwa, 2001). These cheap imports exert pressure on intermediate goods and have crowding-out effects on local producers (He, 2020). Policies need to be put in place to introduce more mandatory standards to cover sectors prone to import competition from such products and to strengthen border controls. Strict controls at border posts need to be enforced and supported by increased human resource capacity to stamp out corruption and enhance efficiency.

- ***Limited access to finance by entrepreneurs***

Despite recognizing the prominent role that micro, small and medium-sized enterprises play in the industrialization and transformation process in the region, the financial systems in many member States do not sufficiently support the industrial sector. The micro, small and medium-sized enterprises that are the major players in the industrialization process, have limited access to formal sources of finance, while the informal sources are only able to provide limited lines of credit. These enterprises are also high-risk and the formal financial sector avoids extending long-term credit to them.

- ***Lack of an appropriate institutional framework***

The issue of the presence of appropriate institutional frameworks to manage regional integration is more apparent given that most COMESA and SADC member States are members of several regional integration groupings. The most critical question for member States is to ask which institution can best coordinate the affairs of the different groupings to which the country belongs. In many member States, there is no central political or technical authority on industrialization and this results in duplication of effort and loss of focus. There is also evidence that the implementing agencies work in silos and sometimes compete among themselves to access public funds (United Nations, ECA, 2020). This is not only a barrier to the implementation of regional industrial policies, but also results in the inefficiency and wasteful use of limited public resources.

In addition, there is a lack of information sharing on the country strategies developed by cooperating partners. For example, while ECA has a country strategy for each Southern African member State, it does not report on those strategies. Similarly, the European Union has a country strategy for several countries, but this information is not shared at the SADC level. This presents a challenge as far as monitoring is concerned as these strategies have a bearing on regional integration.

Furthermore, most institutions or lead ministries in charge of industrialization do not have sufficient powers to influence and leverage their agenda across all other implementing ministries or agencies. Industrialization strategies cut across a range of other sectors for which different ministries have jurisdiction. This in itself is a barrier to the implementation of industrial policies, as the responsible institution may not have control over the priorities of other ministries. For example, in most SADC member States, the ministry of foreign affairs is responsible for the coordination of SADC activities rather than the sector ministries, such as the Ministry of Commerce, Trade and Industry.

- ***Lack of effective monitoring and evaluation systems***

There is evidence of a lack of sufficient resources and institutions to support effective monitoring and evaluation of the implementation of industrialization policies and strategies at both the regional and member State levels. Furthermore, there are weak coordination structures in various Southern African countries, especially as industrial policies cut across a range of sectors, such as agriculture, energy, minerals and ICT, among others. In most cases, the implementing agencies compete among themselves for access to public funds, leading to inefficient and wasteful use of scarce resources. The regional economic communities do not have a harmonized monitoring and evaluation system to track the local adaptation and implementation of regional industrial policies and strategies. Although SADC has developed a monitoring and evaluation system, it is still a work in progress: the secretariat has yet to upload targets, and only Zambia has tried to upload data.

- ***Lack of capacity to deal with emerging challenges***

The emerging challenges in the implementation of industrialization in African member States include COVID-19 and the dissemination of advanced digital production technologies of the fourth industrial revolution.

A study published by UNCTAD reveals that the direct impact of COVID-19 through the health system, health expenditure and complete lockdowns remains negligible in most African countries (Gondwe, 2020; Osakwe, 2021). This assumption is mainly based on the number of infections, which have remained largely concentrated in six of the continent's 54 countries. The impact of COVID-19 on member States has mainly been through their production and trade linkages with the rest of the world.

Africa is experiencing an unprecedented economic crisis as a result of the COVID-19 pandemic, however. While most countries on the continent are not reintroducing the strict lockdown measures that were in place earlier in the pandemic, economic activity remains severely curtailed because of reliance on the global economy and external demand. Service industries, including tourism and hospitality, and natural resource extraction, are the most affected, though manufacturing is also particularly exposed through global trade linkages. Development outcomes are under threat and policy responses are constrained by limited resources, jeopardizing any long-term recovery.

One major challenge that has been replicated across all countries and that directly hurts a priority sector is the slump in world metal prices. The fall in global demand for exports and a slump in the prices of major commodities, including fuels, are the main concerns. Foreign direct investment, which is closely linked to the extractive sector and hence the commodity price cycle, has also fallen (UNCTAD, 2020).

Weak digital infrastructure and capabilities are the biggest challenge for COMESA and SADC industrialization in the digital era. The emergence and dissemination of the advanced digital production technologies of the fourth industrial revolution is radically altering manufacturing and increasingly blurring the boundaries between physical and digital production systems. Advances in robotics, artificial intelligence, additive manufacturing and data analytics generate significant opportunities to accelerate innovation and increase the value-added content of production in manufacturing industries. There seems to be a strong shift towards the fourth industrial revolution, from which the COMESA and SADC regions could, with adequate policies and readiness of the private sector, benefit greatly through industrial development, digitization and greater integration, which in turn would result in greater opportunities for growing youth populations.

In the right conditions, the adoption of advanced digital production technologies can promote inclusive and sustainable industrial development and the achievement of the Sustainable Development Goals. Regional member States seem to have lagged behind in this regard, however, so the need remains for more deliberate policy alignment and intervention to mainstream this agenda in the industrialization crusade.

G. Successful local adaptation of regional industrial policies and strategies

Despite the various challenges facing the local adaptation of regional industrial policies and strategies, successes have been recorded in the leather and leather product sector. To promote the leather and leather products value chain, the COMESA Leather and Leather Products Institute developed an overarching framework that provides direction and a governance framework, but leaves flexibility for member States and value chain operators to align or adapt (develop, and implement their strategies). COMESA member States have also used an evidence-based approach, receiving support to develop national leather sector development plans, adequate support policies and inclusive governance frameworks led by industry and facilitated by government, and to pilot the alliances-for-action approach at the national and cluster levels. National sector strategies have been developed through a participatory multi-stakeholder process and a national value chain council established to serve as a public-private platform to set priorities and raise issues. Local small and medium-sized enterprise clusters have also been developed to promote capacity-building efforts for such enterprises and linkages have been formed with more established value chain actors. In Eswatini, Zambia and Zimbabwe, this approach is now being replicated by the COMESA Institute and the lessons learned are being used to guide not only the further roll-out of the approach, but also the fine-tuning of the strategic role of the Leather and Leather Products Institute in supporting regional value chain development.

The cluster approach seems to be having some success and to be finding traction among COMESA member States (Verhaeghe and Woolfrey, 2017; Malabo Montpellier Trade Panel, 2020). COMESA and SADC could work together to provide a coordinated value chain in specific sectors of interest to member States.

VI. Analysis of strengths, weaknesses, opportunities and threats

A. Introduction

An analysis was carried out to identify the strengths, weaknesses, opportunities and threats in the local adaptation of regional industrialization policies and strategies by regional member States and regional economic communities. It was discussed with members of staff from the two communities and member State desk officers to integrate their specific experiences and interests.

B. Strengths

There is renewed commitment by member States to prioritize industrialization to drive economic transformation and human development. In addition to this, member States have abundant natural resources, and the private sector and civil society participate actively in, and are committed to sustainable development. Furthermore, regional industrialization policies and strategies (aspirations) are largely aligned and are based on national industrial policies.

Most member States also enjoy political stability, dynamic entrepreneurship, favourable trade agreements, strong public/private sector dialogue and positive economic and social indices. Regional leaders are determined to seize emerging opportunities to foster industrial development as an effective, socially responsible and sustainable means to economic transformation. There is a relatively high degree of awareness and participation by the private sector and development partners, such as the European Union, the German Agency for International Cooperation and UNIDO.

Table 19 lists the strengths and proposes strategic actions to use the competitive advantage

Table 19: Strategic actions to enhance the competitive advantage of the region

Strengths	Proposed strategic actions
Peace and political stability.	Consolidate political commitment and stability by promoting the participation of the citizenry and the private sector in the integration process.
The rich endowment of natural resources, which offers great opportunities for diversification.	Enhance value addition and diversification of national economies.
Growing intraregional and interregional trade.	Prioritize intervention programmes for shared benefits of regional integration, including efficient use of natural resources, to improve the well-being of member States.
Dynamic entrepreneurship, favourable trade agreements, and strong public/private sector dialogue.	Strengthen the mandates and capacities of regional institutions, organs and national coordination ministries to effectively manage the pace of regional integration.
A relatively educated and trained human resource base and more investment in education, skills development and job creation.	Better and appropriate interventions are needed to ensure full and efficient use of the human resource base in the integration process.
Business-friendly environment and growing interest from the private sector and citizenry in regional matters.	Develop a strategy to build economies that take advantage of the large regional markets.
Vast investment opportunities in various sectors, from agriculture to manufacturing, tourism, financial services, infrastructure, energy and ICT.	Strengthen joint action in pursuit of common foreign policy interests.
Growing middle class and demand for fairly sophisticated products.	Encourage investment in the production of sophisticated goods and services to meet the demand of the middle class.
Ample renewable energy sources (hydro, solar, geothermal, wind, etc.).	Prepare bankable regional and national proposals for investment in renewable production, supply and distribution in renewable energy.

Table 20: Strategic actions to address weaknesses

Weakness	Proposed strategic actions
Inadequate physical infrastructure, particularly along development corridors.	Invest in regional or joint infrastructure such as roads, energy and border management, especially along development corridors.
Lack of access to reliable data that is critical for analysis.	Develop and implement systems for the collection, storage and retrieval of socioeconomic accounting statistics.
Weaknesses in the business environment, the regulatory and institutional framework, and insufficient or inappropriate incentives.	Pursue further harmonization of national and regional policies, laws and regulations in support of regional economic communities and member States.
Observed gaps in technical support, vocational training, marketing and business information capacities to support manufacturing and exports.	Build and strengthen national and regional institutional capacities for speedy implementation of regional programmes.
Low diversification of product range, low productivity, lack of competitiveness, low value-added exports.	Leverage newer technologies to enhance production and productivity.
Regional economic communities lack sufficient authority and capacity to enforce the local adaptation of regional policies and strategies.	Enhance the capacity of regional economic communities to encourage member States to adopt, adapt to local conditions and implement their national industrial policies.
Lack of adequate operational capacities and resources to effectively adapt regional policies to local conditions.	Accelerate implementation of capacity-building programmes and pursue the various options for mobilizing diverse resources for effective implementation of regional programmes.
Weak institutional framework to support small and medium-sized enterprise development.	Improve and pursue equitable distribution of economic and social infrastructure, including provision of accessible credit for micro, small and medium-sized enterprises.
Poor political governance negatively affecting adoption, local adaptation and implementation of regional economic community industrial policies and strategies.	Deepen stakeholder involvement and participation, including grassroots representation, in all matters related to the integration process.
Low research and development and technology transfer leading to weak productive and trade capacity of micro, small and medium-sized enterprises.	Promote research and technology, and technical skills development.
Weak institutional framework to implement and monitor policy.	Enforce the regional monitoring and evaluation frameworks, and enhance strategic planning, coordination and accountability mechanisms.
Misaligned policies, regulations and laws.	Continue to pursue harmonization of policies, laws and regulations.
Low demand for locally manufactured products.	Encourage consumption of regional and local goods and services.

of the region and reduce the challenges that will prevent the adoption of, local adaptation and implementation of COMESA and SADC industrialization strategies.

C. Weaknesses

The weaknesses are very specific to the roles of key stakeholders in the local adaptation of regional industrial policies, and include: uncoordinated institutional support; inadequate economic infrastructure; a weak technology and innovation base and inadequate research and development; low productivity; product and market concentration; an inward-oriented manufacturing sector; and undeveloped value chains. The institutional structures of regional economic communities lack adequate funding and in most cases depend on foreign donors. This in itself is a serious weakness that raises the question of the sustainability of the programmes implemented by institutions. Regional and national institutions are still weak and the linkages between them are weak. Other weaknesses include the fact that the regional economic communities lack sufficient authority and capacity to enforce local adaptation of regional policies and strategies, and lack of adequate operational capacities and resources to effectively incorporate regional policies into local frameworks through a national structure such as the COMESA coordination mechanism and the SADC national committees.[3] Furthermore, national industrialization strategies are not fully aligned with the aspirations of the regional industrial frameworks and there is no supporting infrastructure for industrial development and transformation, collaboration with the private sector, skills development and retention, or development and acquisition of industrial technology. National laws and regulations are not harmonized.

The process of local adaptation and policy formulation goes through different stages at the member State level, such as parliament and cabinet, while the SADC Industrialization Strategy is coordinated by ministries responsible for foreign affairs, rather than ministries responsible for industrialization.

Table 20 sets out the various weaknesses and proposes strategic actions to eliminate challenges that prevent the adoption, local adaptation and implementation of industrial policies and strategies in the COMESA and SADC subregions.

D. Opportunities

Externally, COMESA and SADC member States should capitalize on the opportunities presented by regional and international trade agreements and advantages, and on potential knowledge through university, social capital and geographical location advantages as a gateway between Africa, Asia and Europe, and improve linkages between sectors. The establishment of the African Continental Free Trade Area provides a huge market for member States.

The emergence and diffusion of the advanced digital production technologies of the fourth industrial revolution presents opportunities to accelerate innovation and increase the value-added

Table 21: Strategic actions to leverage opportunities

Opportunities	Proposed strategic actions
Growing demand for value-added products.	Regional economic communities should make use of global initiatives to design appropriate interventions, mobilize resources and expand markets for African goods and services.
The region has a high potential for value addition because of its natural resource endowment.	Take advantage of the potential of the Tripartite Arrangement, which stabilizes the enlarged market, to enhance regional political stability and social harmony.
Integration of new members, including South Sudan, to enlarge the market.	Build and promote best relations with supportive multilateral and bilateral development partners to source financial resources and create a conducive environment for integrating regional economic communities into other regional and world trade arrangements.
Accelerated continental efforts to enhance research and development, technology transfer and innovation and value addition given the availability of more affordable technologies.	Leverage readily available new technology and innovation to expand information and communication technology capacity and develop new, sophisticated products to meet changing consumer demand.
Expansion of trade and market access for manufactured products, including the establishment of the African Continental Free Trade Area.	Promote cooperation with other regional blocs to spearhead beneficial changes in global matters that affect the continent.
Market access to the United States, European Union and some other developed countries.	Leverage readily available new technology to produce new, sophisticated products to meet changing consumer demand.
Supportive multilateral and bilateral development partners.	Enhance coordination of resource mobilization from cooperating partners to avoid duplication of effort.
Emergence of the fourth industrial revolution and artificial intelligence.	Design and implement policy measures incorporating innovation and the adoption of technologies such as artificial intelligence, robotics, block chain, drones, wearable technologies, 3D printing, big data, and software-enabled industrial platforms.

3 SADC national committees are composed of key stakeholders, including the government, the private sector, civil society, non-governmental organizations and workers' and employers' organizations.

content of production in manufacturing industries. There seems to be a strong shift towards the fourth industrial revolution, from which the COMESA and SADC regions, if they prepare through adequate policies and the readiness of the private sector, could benefit greatly through industrial development, digitization and greater integration, which in turn would result in greater opportunities for growing youth populations.

There is also an opportunity for the region to look for new emerging industries by facilitating cross-sector/industrial initiatives, which would also stimulate the identification and emergence of new industries. This includes exploring new value chains, improving the quality of industrial sector associations and enhancing selected types of value chains based on natural resource endowment. In addition, the region has an opportunity to enhance and strengthen results based on cooperation between the private sector and government institutions, especially research institutions, to participate effectively in global value chains and renewable energies. Regional economic communities and member States could learn from experience if they put in place an effective monitoring and evaluation system of the local adaptation of regional industrial policies, and develop a stronger policy mix at both the regional and national levels. Advances in information and communications and production technologies are an opportunity to facilitate easier trade integration of member State economies in global value chains. The secretariats of regional economic communities should provide substantial capacity-building activities for member States.

Table 21 identifies opportunities and proposes strategic actions to enhance the competitive advantages of the subregion and to tackle some of the challenges that prevent adoption of, local adaptation and implementation of COMESA and SADC industrialization strategies.

E. Threats

The major threat to the local adaptation of regional industrial policies and strategies stem from the negative impact of the COVID-19 pandemic, unstable energy supply and other input costs, low-cost competition, and weak competitive global positioning of the value chains in the region. Moreover, trade liberalization under the African Continental Free Trade Area faces some of the most significant obstacles, such as inadequate infrastructure, poor trade logistics, onerous regulatory requirements, volatile financial markets, regional conflict and complex and corrupt customs procedures. These may be more detrimental to trade expansion than tariff measure. Low technological capacities in member States make it difficult to move up value chains. There are development disparities among the partner States and continued divergent economic structures among member States. Lack of political ownership and buy-in and rising costs are making labour-intensive manufacturing uncompetitive.

There is still evidence of political instability in some member States, and sub-Saharan Africa faces multiple socioeconomic challenges that increase the risk of political instability, such as high youth unemployment, low levels of development, high inequalities, lack of democratic space and accountability, and poor economic performance (Bello-Schünemann and Moye, 2018; Siegle, 2021). The COVID-19 pandemic and its devastating effects on the economy and industrialization efforts of the subregion have increased the threat to accelerated industrialization in a competitive global environment. Regional economic community decision-making is affected by sovereign sensitivities, especially the implementation of industrialization policies and strategies not backed by any legal instrument and dependent on policy traction at the member State level. Regional institutions are underfunded and depend on donor and cooperating partner funding, bringing the question of the sustainability of regional programmes into play.

Table 22 identifies strategic action to mitigate threats from the external environment and address some of the challenges that prevent adoption, local adaptation and implementation of COMESA and SADC industrialization strategies.

Table 22: Strategic actions to mitigate threats from the external environment

Threats	Proposed strategic actions
Development disparities among partner States.	Prioritize country-specific flagship programmes to address differentials in the economies of partner States to remove fears and concerns about the benefits of the economic communities.
Unfavourable global macroeconomic conditions.	Sustain the spirit of joint pursuit of common foreign policies, including negotiating as a bloc to strengthen the position and voice of regional economic communities in the global competitive environment.
Rising labour costs making labour-intensive manufacturing uncompetitive.	Continue to support regional initiatives in pursuit of peace and stability.
Global warming and environmental degradation.	Design and implement strategies to minimize substantially the impacts of climate change and environmental degradation.
Political instability in member States.	Enhance peer mechanisms to become our brothers' keepers.
COVID-19 crisis and HIV/AIDS opportunities beyond the immediate challenges. Opportunities exist for member States to participate in the development of resilient and sustainable pharmaceutical systems and industries to ensure that citizens have access to the best available treatment.	Repurpose accelerated pharmaceutical production and joint procurement, increase attention to agroprocessing and enhance use of technological advances.
Impact of sovereign sensitivities on regional economic community decision-making.	Enhance consultation processes in the development of regional industrialization policies and strategies.
Weak competitive global positioning.	Leverage readily available new technology to produce new, sophisticated products from own natural resources to meet changing consumer demand.
Continued divergent economic structures and development disparities among partner States.	Develop regional physical infrastructure in the transport and energy sectors and encourage joint economic development projects among member States.
Low retention of highly skilled human resources.	Tap into the expertise of the diaspora through appropriate interventions to create more attractive economic, social and political incentives to allow for full participation by various professionals in building regional economies.

F. Implications of the analysis of strengths, weaknesses, opportunities and threats

The analysis of strengths, weaknesses, opportunities and threats reveals several factors that need to be considered if the local adaptation of regional industrialization strategies and programmes is to be accelerated. These factors indicate that COMESA and SADC member States should not rely on markets alone to deliver structural change for their economies; the State also has an important role to play (Moyo, 2016). Member States should develop and implement targeted interventions to achieve the successful local adaptation of regional industrialization policies and strategies, and establish a strong institutional base to support industrial development and transformation. These institutions include government ministries and agencies, private sector associations and networks, export promotion agencies, parastatal organizations, development finance institutions and skills development and training institutions. They also need to invest significantly in infrastructure, trade logistics, and human resource development through a variety of skills development programmes, accompanied by appropriate measures to create an environment that attracts foreign direct investment to bring in the much-needed capital, technology and technical skills.

The successful local adaptation of industrial policies in the national policies and strategies of member States may focus on the following steps

(United Nations, ECA, 2014, 2016a, 2020): strategic review of national and regional industrial policies and strategies policies to identify areas of alignment and misalignment; designing national industrial policies and strategies aligned with COMESA and SADC industrial policies, taking into account national priorities as outlined in national development plans; building the necessary human and technical capacity to implement and effectively monitor and evaluate industrial policies; assign a dedicated institution with sufficient powers to coordinate the implementation, monitoring and evaluation of regional commitments on industrial development and trade integration, including strengthening statistical systems in the region to promote greater use of evidence-based decision-making; provision of sufficient information to all key stakeholders through the dissemination of regional industrial policies and strategies and other initiatives; and mobilizing sufficient financial resources and human capital for effective implementation of commitments under COMESA, the COMESA-EAC-SADC Tripartite, SADC and African Continental Free Trade Area agreements.

- ***Strategic review of national and regional industrial policies and strategies***

The local adaptation of the regional industrialization policies at the national level requires national visions (policies and principles) to be aligned with regional industrial policy interventions and actions. Strategic review of the national and regional industrial policies and strategies must be based on up-to-date socioeconomic accounting data so that Governments are able to make informed decisions. Member States must adopt a strategic approach to management of the local adaptation process, especially since local adaptation of policies cannot be enforced by law. A strategic review would enable member States to design clear policies on industrialization and adopt appropriate strategies and interventions, in addition to putting in place a mechanism for effective monitoring and evaluation of implementation of the transformation agenda. An effective monitoring and evaluation system would, for example, enable clear identification of issues that could delay or threaten the local adaptation of regional industrialization and transformation process, most of which have been outlined in the analysis of strengths, weaknesses, opportunities and threats, and thus allow them to be tackled. A strategic approach would also enable member States to put in place a mechanism for identifying economic opportunities in priority sectors and their participation in regional value chains, including opportunities the African Continental Free Trade Area and the outbreak of a major pandemic such as COVID-19 may bring.

In this regard, the region might take advantage of the programme on enhancing the possibilities of industrial policies, implemented with the help of the German Agency for International Cooperation, to empower countries to design goal-oriented, evidence-based and context-appropriate industrial policies. This would help to strengthen the capacities of member States and build networks between and among them for strategic positioning.

- ***Designing industrialization strategies and policies aligned with regional policies***

Alignment of national industrial policies with regional industrialization strategies is the first step in the local adaptation process. The implementation of industrial policies is also affected by other sectoral policies such as agriculture, information and communications technology, environment, and trade policies, which, in most cases, were developed earlier than industrialization policies. The sectoral policies of member States therefore need to be updated to bring them into line with industrialization policies.

- ***Building the necessary human and technical capacities***

One of the main factors constraining the local adaptation of the regional industrialization and transformation agenda into national programmes and plans is lack of human and technical capacity. Having adequate technical capacity to manage regional industrialization policies is critical at both the regional and national levels. Although evaluation of the technical capacities of key ministries was beyond the scope of the current assignment, the literature shows that there are staff shortages at the COMESA, SADC and member State levels. Whereas all member States have designated officers as focal points for both COMESA and SADC affairs, they have several other duties and responsibilities and do not necessarily concentrate on COMESA and SADC issues.

- ***Development of an appropriate institutional framework***

The question of an appropriate institutional mechanism to manage the regional industrialization and transformation agenda is complicated by the fact that countries in the region belong to several regional groupings. This has resulted in a situation where different institutions coordinate the affairs of the different economic groupings to which the country belongs, leading to duplication of effort, waste of resources and loss of focus. The local adaptation of the COMESA and SADC industrial transformation agendas needs some form of central political authority at the national level, as well as at the regional level. Having different officers coordinating the decisions on the policies and programmes of different regional economic communities may also lead to unnecessary and costly competition within the member State.

- ***Dissemination of information to raise awareness of regional industrial policies***

Inadequate dissemination of information on the key interventions contained in the COMESA and SADC industrial policies is detrimental to the local adaptation of the regional industrialization and transformation agenda. Various stakeholders, especially academia and the private sector, need to be made aware of the opportunities it brings.

- ***Mobilization of adequate funding to implement industrialization strategies***

Adequate resources must be allocated to the implementation of the regional industrialization and transformation agenda at the national level. Effective coordination among different levels of government is fundamental for industrial policy coherence and to create the necessary financial stream for industrialization and transformation. Embedding national plans within regional industrial strategies should be supported by adequate financing to incentivize alignment efforts and ensure transition to the implementation stage. Assessment of the financial costs associated with implementing regional industrial policies and strategies aligned with national policies will be crucial at all levels of government. Better coordination would also help to raise and combine different investment sources, making public financing more productive, effective and inclusive.

G. Minimum local adaptation template to guide member States

This study proposes a minimum local adaptation template consisting of three steps. First, identification of success factors to accelerate the local adaptation of COMESA and SADC industrialization policies and strategies. Second, harmonization of the COMESA and SADC industrialization policies and strategies with those of member States. Third, development of a comprehensive approach that focuses on common local adaptation elements and the activities outlined in an accompanying monitoring and evaluation framework. The common elements that should guide member States when aligning and locally adapting the SADC and COMESA frameworks with national industrialization policies and strategies are outlined below.

- ***Success factors that accelerate the local adaptation process***

Examples of success factors that accelerate the local adaptation process are identified at the regional economic community, cooperating partner and national government levels.

At the regional economic community level

Technically sound and politically smart solutions: Transformation efforts at the sector level tend to fail if they do not include three elements (Balchin, Booth and te Velde 2019): technically sound identification of an economic opportunity by private investors, government or both; a conducive pattern of political and economic interest at the sector level; and the necessary government action to motivate the private sector or the investor. Although these elements refer to economy-wide issues, much of the thinking on transformation can be applied to the local adaptation of COMESA and SADC industrial policies and strategies. Local adaptation and transformation policies call for sound economic judgement, based on an up-to-date appreciation of the opportunities available under the current global conditions and with the available productive resources. Local adaptation of regional policies is unlikely to succeed when it is resisted by political or powerful private sector interests. Moreover, targeted government actions are required to motivate the necessary investment decisions. Technically sound and politically smart solutions are needed for the effective local adaptation of regional policies.

This could be facilitated by the creation of a regional forum for knowledge sharing on approaches to national industrial policy. Although all member States pursue industrial development objectives of one sort or another, they have adopted somewhat different approaches, and have different degrees of experience in developing and implementing national industrial policies. A forum in which COMESA and SADC member States learned from one another's experiences of using industrial policy is key, especially since there is evidence that many COMESA and SADC member States have deficiencies (from the point of view of promoting industrial development) in their regulatory frameworks and business environments and in the capacities of their national institutions to drive industrial policymaking and implementation.

Harmonization of regional economic community monitoring and evaluation systems: Under the Tripartite Arrangement, COMESA, EAC and SADC have set up a joint task force to harmonize their programmes and have so far embarked on the implementation of programmes on climate change mitigation, infrastructure development and trade, among others (COMESA, 2019b). These regional institutions do not have monitoring and evaluation frameworks, however. COMESA and SADC need to develop a harmonized monitoring system based on internationally accepted principles and using up-to-date data to enable member States to monitor industrialization processes. The monitoring system must, among other things, take into account existing or planned monitoring mechanisms, including the related Tripartite activities under the industrial development pillar and other monitoring instruments and mechanisms at the regional and national levels. The monitoring system should focus predominantly on local adaptation and implementation of industrialization policies and strategies, and should facilitate the sustainable generation of monitoring reports at the national and regional levels. The monitoring system should take into account the limited human and financial resources of regional economic communities and member States, and existing monitoring capacity at the national and regional levels must be considered and factored into the design realistically. To avoid duplication of effort and to allow for the most efficient decision-making, the monitoring system must be harmonized in terms of data collection, analysis and reporting processes.

Local adaptation at the economic community level could be achieved through implementation of joint activities, adoption of a common strategic implementation and action plan for regional value chains and cluster development, conducting joint stakeholder consultations, and cooperation between COMESA, SADC, and the Tripartite and with cooperating partners.

Cooperating partners

It is important to ensure timely provision of financial and technical assistance to COMESA, SADC, Tripartite and member State programmes.

At the national level

- ***Implementation of regional strategies***

Governments should use all available technical tools to assist with the identification of current and emerging opportunities for industrialization and economic transformation presented by the COMESA and SADC industrialization strategies, including analysis of comparative advantage, Hausmann product space analysis, productivity analysis, growth diagnosis, jobs and output multiplier analysis, and Lin and Monga's six-step growth facilitation and identification framework (McMillan and others, 2017). These tools would guide COMESA and SADC member States towards areas for investment that meet current and emerging demand and supply conditions in the global economy. They would also provide a sound basis for decisions that make use of the country's available or anticipated factors of production, by examining available policy options or strategies one by one in regional industrial policies.

- ***Managing political and economic interests at the sector level***

Implementation of transformation policies remains a huge challenge, even in countries with a reasonable level of political stability that have achieved sustained economic growth. Political interests across member States inhibit both the recognition of transformative opportunities and the provision of the necessary minimum enabling conditions. For example, investors and funders are often mainly interested in defending and extending their activities. Their interest in the current production structure leads them to oppose any regional trade liberalization policies or targeted measures to induce investment in new activities in the sector. Because governments rely on the support of those interests, they may not implement the necessary measures. Governments must manage political interests and balance economic interests, taking into consideration the fact that it is prudent macroeconomic management that delivers food security and not political acumen.

- ***Public action to motivate the private sector and academia***

There are generally four critical elements of government support to the private sector (United Nations, ECA, 2016b; Mohamadieh, 2019; Chen, Liu and Liu, 2020):

- Commitment and assurance to investors that their assets and profits will be secure and protected against unjustified expropriation
- An appropriate supply of relevant public goods, including social and physical infrastructure (such as energy and transport infrastructure)
- Government ability to anticipate and correct investment coordination failures
- Effective interventions to address information externalities and related costs for new investors.

- ***Private sector-government engagement and coordination***

Commitment: Although there is considerable diversity, several common themes characterize successful coordination: commitment, focus, experimentation and feedback between private sector and government to improve regional industrial policy implementation and local adaptation at the national level (Page and Tarp, 2017).

In countries where successful industrialization has taken place, such as Malaysia, China and Japan, senior policymakers and government elites were publicly committed to and held accountable for industrialization development outcomes. High-level commitment ensured the success of strategic coordination and coherence within government and implementation of decisions reached as a result of public-private sector problem-solving.

Agreeing on priority objectives and actions: One way in which the flow of information between the public and private sector can be encouraged and the risk of capture reduced is by focusing on specific challenges to industrial sector performance. The key elements of the process are an agreement between the private sector and government on specific objectives and a proposed course of action. In this case, the time frame for resolution of the problem is announced and progress in implementation is monitored and reported.

Recognizing the role of research and development: Successful local adaptation of industrialization policies requires government elites to be willing to experiment. Ideas set out in the COMESA and SADC industrial policies must be tested and the results published at the national level. The results must be measured against target-specific outcomes. When these chosen actions fail to accomplish the desired results, they are modified or abandoned. Policies that are deemed successful are replicated in other settings.

Feedback: Feedback is an essential element of the industrial policy process in the region and an important means of building accountability. Member States need to provide feedback by way of measuring observable outcomes. Feedback fosters institutional learning. For example, member States need to focus on individual value chains and, in consultation with the private sector, devise policies that target specific constraints to industrial development, and especially those challenges affecting member State participation in regional and global value chains. Ethiopia is cited as an example where government institutions responsible for the flowers sector developed mechanisms to monitor the performance of interventions and adapt them to changing circumstances (Gebreeyesus, 2017).

- ***Harmonization of the industrial policies and strategies of the Common Market for Eastern and Southern Africa, the Southern African Development Community and member States***

Convergence[4] towards a common local adaptation process would reduce the disparities in the implementation of the COMESA and SADC industrialization strategies. Since the local adaptation of those strategies and programmes is voluntary, similar institutional, organizational, procedural and macroeconomic conditions are needed. It is therefore vital to harmonize COMESA and SADC industrialization strategies with those of member States. Adopting the policy alignment framework of Guerrero and Martínez-Chávez (2020), the process of local adaptation is shown in figure IV. At the member State level, the local adaptation of regional policies should involve the development of strategic reflection processes to set priorities and map out their strategic focus – gap analysis. This process should also include an analysis of macroeconomic conditions, the contribution of the industrial sector, current and potential resources and the comparative advantage of the country. The strategic focus will enable member States to harness current strengths and opportunities, using them as a foundation for building new competitive advantages and continuing to grow and develop the industrial sector.

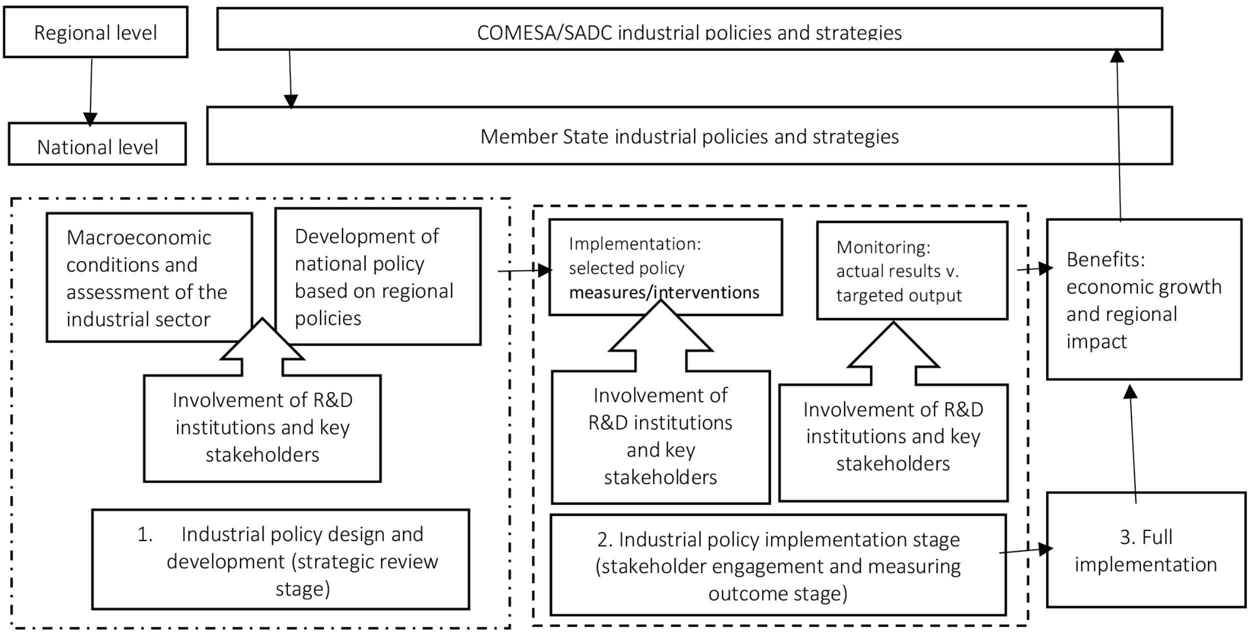
Local adaptation may be implemented in three stages (UNIDO, 2017; Guerrero and Martínez-Chávez, 2020), as indicated in figure IV: conducting a gap analysis to identify strengths and opportunities, and designing and developing (or reviewing in cases where the member State already has an industrial policy in place) national industrial policy (stage 1); industrial policy implementation with full involvement of key stakeholders (stage 2); and full implementation (stage 3).

In the first stage, influenced by the regional industrial policies and strategies, the member State explores opportunities in the industrial sector and develops a comprehensive industrial policy aligned to regional priorities and commitments. During this process four actions may be implemented (UNIDO, 2017; Alasuutari and Qadir, 2013; Devlin and Moguillansky, 2011): review and analyse the industrial sector related to product manufacture and identify challenges and opportunities in the sector; identify investment opportunities in the sector; identify the skills, resources and incentives required to attract new investment and available innovations; identify the policy measures and strategies required to grow the industrial sector.

In the second stage, the member State defines sector priorities, including policy measures and interventions aimed at sustainable growth of the industrial sector. This may include encouraging open innovation and technological advance and development of value chains and trade facilitation. Cooperating partners and private sector efforts may be directed towards achieving regional priorities. The convergence of regional and national industrial policies can be made possible by the active participation of all actors involved in the industrial sector.

4 Convergence is defined as the gradual process of the local adaptation and implementation of the regional industrialization strategies at the member State level (Pollitt, 2002).

Figure IV: Process of local adaptation of regional industrial policies and strategies



Source: Adapted from Alasuutari and Qadir (2013).

In the implementation stage, the member State needs to conduct an internal analysis of the process of implementing the regional industrialization strategies in line with its aspirations and development goals. This may involve the mobilization of resources and creation of new institutions with resources for coordinating the implementation of the national industrialization agenda. The local adaptation and implementation of regional industrial strategies must be characterized by innovative measures to address member State challenges and development aspirations, mobilization of financial resources for private sector participation and development of sustainable partnerships.

- ***Common elements of local adaptation***

In order to tackle the issues identified in the review of industrialization policies and strategies, the extent of local adaptation by member States, areas of harmonization and the potential barriers to implementation and local adaptation, the common elements that may be adopted by member States are outlined below.

- ***Encouraging a high degree of coordination among government institutions and organizations responsible for implementation of regional industrial development and integration commitments by:***
  - Engaging with regional economic communities and the private sector to identify constraints to the growth of existing high-productivity industrial sectors (such as regional value chains and industrial clusters), including areas of misalignment between COMESA and SADC industrial strategies. This should be done through a comprehensive framework that: harmonizes engagement with COMESA and SADC secretariats, including commitments under the COMESA-EAC-SADC Tripartite Agreement and the Agreement Establishing the African Continental Free Trade Area; engages all relevant sectors in an ongoing conversation on industrial development with the private sector; and has the capacity to respond selectively, using a range of policies, to economic opportunities and priorities.
  - Assigning or establishing a highly competent organization to coordinate COMESA and SADC efforts for industrial diversification and upgrading, efficiency and productivity improvement, development of

regional value chains and export promotion, which are critical to the successful implementation of regional industrial and integration strategies.

- Designing and providing targeted assistance to the private sector to enhance its participation in the aligned priority sector such as mines, leather and leather products, clothing and textiles, for effective value addition and participation in regional value chains. Constant feedback on which interventions work and which do not is vital.

- ***Aligning national industrial policies with regional industrial and trade integration commitments by:***
  - Conducting an in-depth analysis of national industrial policies and strategies to establish their alignment with commitments under the COMESA, SADC, COMESA-EAC-SADC Trapartite and African Continental Free Trade Area agreements, and International Investment agreements.
  - Encouraging a comprehensive approach that focuses on a broad range of industries, identifying policy actions and initiatives where the member State has comparative advantage, and enhances participation in regional and global value chains.
  - Aligning national industrial policies and strategies with regional industrialization initiatives such as regional value chains and cluster development in priority sectors (e.g., information technology, agro-processing, leather and leather products, sugar, cotton and textiles, light manufacturing, health care and pharmaceuticals).
  - Designing appropriate policy measures to enhance the national capacity to deal with emerging challenges such as the COVID-19 pandemic and other emergencies, and diffusion of the advanced digital production technologies of the fourth industrial revolution.

- ***Guided by member State priorities and development goals, design and implement national industrial policies that are aligned with regional industrial and trade integration commitments by:***
  - Encouraging member States to review, design and implement national industrial policies that espouse the aspirations of member States in international, continental and regional commitments on industrialization.
  - Developing and adopting national industrial and trade integration policies and strategies aligned with regional commitments.
  - Developing an implementation plan by translating national and regional economic community industrial policies and strategies into implementable actions and activities and allocating responsibilities to all key stakeholders.
  - Developing and implementing technical capacity-building programmes to enhance firm-level capabilities to meet quality standards and conform with formal requirements that prevent them from breaking into higher value-adding activities within regional global value chains. This will enable company participation in the higher regional value chains.
  - In the medium to long term, redirect the education system towards the development of highly qualified human resources with the necessary skills and capacity in science, technology, mathematics and engineering subjects.
  - Encourage governments to focus on the interconnectedness5 of the industrial development and structural transformation process and the need to forge a common vision for collective action to bring about effective participation in regional value chains.

5 Industrialization and trade integration call for the reassessment of a range of other complementary policies, such as trade policies, investment policies, innovation policies, and framework and structural policies that affect how and to what extent member States can benefit from participation in regional and global value chains.

- ***Building technical capacities for private sector (including micro, small and medium-sized enterprises) participation in the implementation of regional industrial and integration strategies by:***
    - Establishing an institutional mechanism to provide support to the private sector and business intermediary organizations, such as business associations and chambers of commerce, to generate relevant insights that reflect national aspirations as valuable input into the formulation of regional industrial and trade integration strategies. This could be done by organizing special conferences and targeted meetings on industrialization and trade facilitation that could feed into regional initiatives on Industrialization and trade integration negotiations and other bilateral government-to-government frameworks.
    - Using coordination with the private sector to identify promising new activities and build consensus on new strategic directions for the economy, and using the new strategic directions for the industrial sector to align national industrial strategies and economic development efforts across sectors and regional initiatives to strengthen their coherence, consistency and efficiency.
    - Building up private sector capacities to master manufacturing technologies (technical, managerial and institutional) that will allow the private sector to acquire and use complex equipment and new technologies efficiently to effectively participate in regional value chains.
    - Promoting private sector-led innovations by sustaining research and development infrastructure, emphasizing government funding for basic research seen as a public good.
    - Designing and implementing policies to promote private sector adoption of technologies and new innovations such as artificial intelligence, robotics, block chain, drones, wearable technologies, 3D printing, big data, and software-enabled industrial platforms.
    - Putting in place specific monetary and fiscal interventions to promote private sector investments, with possible assistance from multilateral institutions, to ease the impact of COVID-19 on local industries and boost growth in the industrial sector.
    - Designing and implementing flexible loan schemes to ensure that micro, small and medium-sized enterprises have access to financial resources to enhance their participation in value addition and regional value chains.

- ***Strengthening high-level political commitment at the national level by:***
    - Encouraging member States to identify and appoint high-level champions for national industrial transformation and the implementation of regional, continental and global commitments. The champions will ensure leadership and coherence within the public sector in following up and implementing the decisions reached as a result of public engagement with the private sector, and engagement at the regional, continental and global levels. Heads of State and Government should be in a good position to provide the necessary political leadership and commitment to push for change.
    - Providing the necessary political leadership and support in the strategic selection and harmonization of national development priorities in line with regional industrial policies and strategies.
    - Designating or establishing lead institutions with sufficient powers, technical and human capacities and financial resources to influence and leverage their agenda across all other implementing ministries or agencies.
    - Allocating sufficient resources to the industrial and manufacturing sector and implementing incentives to promote industrialization activites where there is evidence that social returns exceed market

values, with clear criteria for success and failure and an effective monitoring and benchmarking framework for periodic evaluation of implementation of industrial policies and strategies.

- Governments must carefully "pick winners", proactively seek solutions to cope with any problems faced by industries and increase support for businesses to upgrade towards effective promotion of value-adding activities and participation in regional value chains. Governments also need to focus on the interconnectedness of the industrial development and structural transformation process, and the need to forge a common vision for collective action.

- ***Strengthen the monitoring and evaluation system by:***

  - Developing, designing and implementing mechanisms to monitor implementation of activies aimed at aligning national industrialization aspirations with COMESA and SADC policies.
  - Populating and implementing the activities outlined in the implementation, monitoring and evalauation framework shown in table 23.

- ***Implementation, monitoring and evaluation framework***

Table 23 provides a suggested implementation, monitoring and evaluation framework for the minimum convergence template to guide regional economic communities and member States in developing a strategic approach to management of the alignment and local adaptation process of COMESA and SADC industrialization and integration policies. The framework can also be used for member State reporting and experience sharing on the local adaptation of regional industrial policies and strategies. The template makes provision for member States to engage various stakeholders and assign clear responsibilities for the implementation of the identified convergence elements.

Table 23: Monitoring framework for implementation of the minimum convergence template

Convergence element	Target output	Key performance indicators	Activities	Time frame	Responsibility			
					Regional economic communitysecretariat	Government	Private sector	Civil society
Encouraging a high degree of coordination among government institutions and organizations responsible for implementing regional industrial development and integration	Dedicated government institution(s) with sufficient mandate and resources coordnating implementation of regional commitments established	Structured and effective framework for stakeholder engament and implementation of regional, international and global commitments	Engage regional economic communities and the private sector to identify the constraints on the growth of existing high-productivity industrial sectors Assign or establish competent organizations to coordinate COMESA, COMESA-EAC-SADC Tripartite, African Continental Free Trade Area and other international commitments on industrialization Provide technical and financial support for coordinating efforts for industrial diversification and upgrading and promotion of value chains Provide targeted assistance to the private sector in line with available government resources and implementation capacity					

Convergence element	Target output	Key performance indicators	Activities	Time Frame	Responsibility			
					Regional economic community secretariat	Govern-ment	Private sector	Civil society
Aligning national industrial policies with regional in-dustrial and trade integration com-mitments	National industrial and trade policies aligned to COMESA, COMESA-EAC-SADC Tripartite and African Continental Free Trade Area and global com-mitments on industrial policies and strategies	Regional, interna-tional and global commitments incor-porated into national industrial policies and development plans Regional and nation-al industrial policy measures and strate-gies aligned	In-depth analysis of national industrial policies and strategies to establish their alignment with commit-ments under COMESA, SADC, COMESA-EAC-SADC Trapartite and African Continental Free Trade Area and international investment agreements Identify policy actions and initiatives where the mem-ber State has comparative advantage and enhance participation in regional and global value chains Align national industrial and trade policies with regional industrialization strategies, i.e. value chains and value addition in the priority sectors Design and implement policy measures to deal with emerging challenges such as COVID-19 and technolo-gies of the fourth industrial revolution					

Convergence element	Target output	Key performance indicators	Activities	Time Frame	Responsibility			
					Regional economic community secretariat	Govern-ment	Private sector	Civil society
Design and Implement national industrial policies that are aligned with regional industrial and trade integration commitments	Implementation efforts of national industrial and trade integration policies and strategies aligned to regional commitments	95 per cent of private sector and business intermediary organizations receive government support 95 per cent of private sector organizations have capacity to master manufacturing technologies Public and private sectors have access to innovations	Develop and adopt national industrial and trade integration policies and strategies that are aligned to regional commitments Translate national and regional economic community industrial policies and strategies into implementable actions and activities and allocate responsibilities to all key stakeholders Develop and implement technical capacity-building programmes to enhance firm-level capabilities to meet quality standards and conform to formal requirements that prevent them from breaking into higher value-adding activities within regional and global value chains In the medium to long term, redirect the education system towards the development of highly qualified human resources with the necessary skills and capacity in science, technology, mathematics and engineering subjects					

Convergence element	Target output	Key performance indicators	Activities	Time frame	Responsibility			
					Regional economic community secretariat	Govern-ment	Private sector	Civil society
Establishing high-level political commitment at the national level	Champions of national industriali-zation and regional integration agenda identified	Heads of State and Government com-mitted to regional, continental and intenational com-mitments Active participa-tion of private sector in value ad-dition and regional value chains	Establish high-level champions of the national industriali-zation and regional integration agenda Provide the necessary political leadership and support in the strategic selection and harmonization of national development priorities in line with regional industrial policies and strategies Designate or establish lead institution/s with sufficient powers, technical and human capacities and financial resources to influence and leverage their agenda across all other implementing ministries and agencies Allocate sufficient resources to the industrial and mana-facturing sector and implement incentives to promote industrialization activites					

Convergence element	Target output	Key performance indicators	Activities	Time frame	Responsibility			
					Regional economic community secretariat	Govern-ment	Private sector	Civil society
Building technical capacities for the private sector (including micro, small and medium-sized enterprises) to participate in implementation of regional industrial and integration strategies	Technical capacities for the private sector (including micro, small and medium-sized enterprises) to participate in value addition and regional value chains	Establish an institutional mechanism to provide support to the private sector Private sector (including micro, small and medium-sized enterprises) participates effectively in value addition and regional value chains	Establish an institutional mechanism to provide support to the private sector and business intermediary organizations Identify promising new activities and build consensus on new strategic directions for the economy Build up private sector capacities to master manufacturing technologies Promote private sector-led innovation by sustaining research and development infrastructure and adoption of new technologies Put in place specific monetary and fiscal interventions to promote private sector investments to ease the impact of COVID-19 on local industries and boost growth in the industrial sector Design and implement flexible loan schemes to ensure access by micro, small and medium-sized enterprises to financial resources to enhance their participation in value addition and regional value chains Carefully “pick winners” and proactively seek solutions to support industries and businesses to upgrade value-adding activities and participation in regional value chains					
Establishing a monitoring and evaluation system	Minimum convergence framework implemented	95 per cent of member States using the regional monitoring and evaluation framework to report on industrial and trade interation activities	Design and Implement effective mechanisms for planning, monitoring and evaluation of the implementation of activies aimed at aligning national industrialization aspirations with both COMESA and SADC Populate and implement the activities outlined in the minimum convergence framework					

VII. Conclusion and recommendations

A. Conclusion

COMESA and SADC have assigned broad responsibilities to different stakeholders for the local adaptation and implementation of industrialization and trade integration policies and strategies. The secretariats advance policy and programme implementation with input from internal technical units. For COMESA, the COMESA Business Council, the Eastern and Southern African Trade and Development Bank and the Leather and Leather Products Institute contribute to driving industrial policy implementation, despite the lack of a monitoring framework for implementation within the secretariat. SADC has subregional organizations supporting implementation of the SADC Regional industrialization and Integration Agenda. The Directorate of Industrial Development and Trade and its units support industrial activities with support from SADC national committees, which coordinate and oversee the implementation of programmes at the national level.

Overall, local adaptation is driven by the moral commitment of member States to act for the common good of the region and by the specific priorities of member States. Priorities such as value chain developmen, micro, small and medium-sized enterprise development, policy formulation, capacity-building and local content policy development motivate national programmes towards local adaptation. The SADC secretariat also supports member States in establishing and consolidating national structures that anchor the local adaptation of industrial policies. The participation of member States in regional value chains and cluster development is a key area of focus in local adaptation. The prioritized value chains include agroprocessing, leather and leather products, clothing and textiles, mineral beneficiation and pharmaceuticals. Development and capacity-building of small and medium-sized enterprises and their integration into formal value chains is a common objective of member State industrial development strategies. In addition, Zimbabwe and Malawi are currently reviewing their industrial and complementary policies to align them with the regional agenda and create conditions that facilitate and support industrialization. Eswatini, Mauritius and Zambia have also developed other complementary policies to support industrialization and take advantage of the opportunities presented by the establishment of the African Continental Free Trade Area. In the case of Mauritius, lessons can be learned from its accelerated industrialization and diversification through increased private sector participation, investment in technology and use of intelligent planning to benefit from global value chains. The experience of Botswana in the diamond sector is also instructive.

This study has identified the barriers to local adaptation and implementation of regional industrial policies, including: the priority given to pursuit of national interests; prevailing national socioeconomic conditions; the existence of multiple strategies and frameworks; divergence in the type of industrial policies implemented by member States; limited private sector participation; and the limited capability of regional and national institutions to monitor progress in local adaptation.

The barriers to policy implementation where local adaptation has occurred include: scarce technical and financial capacities of Member States; limited private sector participation in industrial policymaking and implementation; the mismatch between industrial and other sectoral policies; limited access to finance of entrepreneurs; lack of appropriate implementing institutions; and the lack of effective monitoring frameworks to support implementation and sharing of experiences.

B. Recommendations

The following recommendations are made to support local adaptation and implementation of regional industrial policies and strategies and accelerate harmonized industrialization in member States at the regional and national levels.

Regional economic communities should:

a) Support Member States in establishing and consolidating national industrialization and regional integration structures to adopt and implement the convergence template and the accompanying local adaptation framework. These structures include national committees that bring together relevant government authorities and non-State actors to work towards implementing regional industrialization policies at the national level.

b) Build the capacities of the member State institutions that drive industrial development to adopt and implement the convergence template by identifying economic opportunities and developing technically and politically smart solutions. In addition, guidelines for implementing capacity-building programmes for national institutions should be developed to address regulatory and institutional deficiencies.

c) Establish an SADC/COMESA task force to encourage member States to adopt and implement the convergence template and the accompanying local adaptation framework and aid harmonization of regional industrial policies to reduce the multiplicity of reporting and waste of resources, share knowledge on national industrial policy and use the Tripartite Forum as a platform for sharing industrial development information and networking. The task force and Forum will provide an opportunity for regional economic communities and member States to effectively network and learn from each other. In addition, guidelines for implementing capacity-building programmes for national institutions should be developed to address regulatory and institutional deficiencies.

d) Develop and implement a harmonized regional monitoring and evaluation system for industrial development and industrialization initiatives. The system should incorporate all the relevant structures of COMESA and SADC and include accountability and good governance as a basis, supported by indicators from both regional industrialization agendas. The mandate of SADC national committees could be expanded to enhance effective coordination and monitoring of the local adaptation and implementation of regional industrialization activities. In addition, harmonizing the functions and mandate of SADC and COMESA structures such as national coordinating committees and COMESA focal persons would provide support to regional industrialization programmes.

e) Strengthen technical and institutional capacities for improved policy incorporation and implementation, with support from development partners ensuring support to regional and institutional capacities, to provide a firm basis for industrialization and trade initiatives. In addition, the regional economic communities should engage national Governments and cooperating partners to provide financial and technical support for the operationalization, implementation and analysis of global value chains and to deal with emerging issues such as the impacts of the African Continental Free Trade Area, green industrialization and COVID-19 on local adaptation. The technical and financial support should also address organizational challenges within the secretariats and strengthen policy interventions and skills development in specific subsectors to match the industrialization agenda.

f) **Provide timely and quality industrial data for informed decision-making** through the development and judicious implementation of a standardized regional social and economic accounting system based on international best practice and a harmonized operating framework for regional economic community statistical systems aligned with the needs of the regional industrialization and trade integration aspirations and supported by a regional Institutional capacity-building programme to improve the coordination, management implementation and procurement capacity of communities to produce and disseminate harmonized and gender-responsive statistics for informed decision-making.

g) **Adopt and institute a regional approach to mobilizing financial resources** for implementation of industrialization programmes, including for regional infrastructure projects and joint activities such as special economic zones between member States, and operationalizing and implementing value chains at the regional and national levels. The resource mobilization should also be for capacity-building in industrial policy formulation, implementation, monitoring and evaluation, and in-depth analysis of national industrial policies and strategies to establish their alignment with the commitments under the COMESA, SADC, COMESA-EAC-SADC Trapartite and African Continental Free Trade Area, and other agreements, including international investment agreements.

h) **Establish mechanisms for the implementation of regional industrialization commitments through** the provision of technical and capacity-building programmes to member States to assist the adoption of regional industrial strategies. Specifically, targeted programmes for the local adaptation of regional industrial and trade integration policies and strategies are required. Existing COMESA and SADC institutions, such as the business councils, the Eastern and Southern African Trade and Development Bank and the Leather and Leather Products Institute, could drive the local adaptation and implementation of regional policies as part of the regional framework. This could be complemented by national structures to track local adaptation and report periodically to regional forums.

To support and accelerate local adaptation, member States should:

a) **Adopt and implement the convergence template and accompanying framework to align national industrial policies and strategies with both SADC and COMESA frameworks. This includes engaging** all stakeholders and impelementing the policy convergence template within the set time frame, reporting, and sharing progress on local adaptation.

b) **Create frameworks or structures that facilitate the systematic involvement of all stakeholders** (including the private sector, civil society organizations, youth and women's groups) in industrialization programmes, including the local adaptation of regional industrial policies and strategies, underpinned by better coordination between ministries responsible for finance, trade, industry and foreign affairs, to effectively support industrialization and transformation. This is vital for enhancing efficiency. The involvement of the private sector and relevant civil society organizations in the formulation, implementation and evaluation of regional and national industrial policies is key for inclusivity.

c) Mobilize adequate financial resources to support the implementation of industrial programmes through a well-designed regional financial system with a capillary network of financial institutions accessible to the private sector in both rural and urban areas that grants easy access to credit to businesses and individuals, especially financial resources directed towards the development of value chains, particularly agricultural value chains.

d) Create strong and well-resourced economic and research and development and innovation institutions to support the private sector in specific supply chains as a firm basis for industrialization. Such institutions can accelerate the development of new technologies on which industrial development is based.

e) Develop targeted programmes to align national industrial policies and strategies with both the SADC and COMESA frameworks, supported by political commitment to regional industrialization agendas, including coherent and overarching national industrialization strategies and dedicated national structures for coordination and implementation of regional industrialization strategies. These initiatives should be supported by financial resources with a flexible funding structure that permits participation in regional value chains.

f) Engage all stakeholders and populate the monitoring framework for implementation of the minimum convergence template and implement the activities within the set period.

g) Engage member States to prepare annual progress reports and share experiences at the established regional forum on progress made in implementing elements of the local adaptation convergence template in relation to the key outputs and performance indicators set out in the local adaptation framework.

To support local adaptation and regional industrial development, cooperating partners should:

a) Establish a harmonized financial and technical assistance programme for the implementation of COMESA, EAC and SADC industrialization strategies to enable countries to jointly tap into resources.

b) Ensure timely provision of financial and technical assistance by making available the funding rules to COMESA, SADC and the Tripartite and member State programmes.

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Annex I: List of respondents

Name of respondent	Institution	Position	Date of interview
Innocent Paradzayi Makwiramiti	COMESA	Senior Private Sector Development Officer	15 June 2021
Johansein Rutailhwa	SADC	Senior Programme Officer, Industrialization and Competitiveness	17 June 2021
Calicious Tutalife	SADC	Senior Programmes Officer, Value Chains	22 June 2021
Abdul S. Carrim	Mauritius	Agriculture Principal Analyst	22 June 2021
Mtetwa Bachazile	Eswatini	Senior Economist	23 June 2021
Silas Sindi	Malawi	Director of Industry	23 June 2021
Moses Ngosa	Zambia	Economist	21 June 2021
Lewis Chifwembe	Zambia Association of Manufacturers	Local Content Specialist	1 July 2021

Annex II: Alignment of national industrial policies with the policies and strategies of the Common Market for Eastern and Southern Africa and the Southern African Development Community

Consistency in priority sectors

COMESA	Its comparative advantages lie in its natural resources endowment and its potential, particularly in: agroprocessing; energy; clothing and textiles; leather and leather products; mineral beneficiation (upstream and downstream); pharmaceuticals; chemicals (including fertilizers); light engineering products; and the blue economy. The challenge for the COMESA Industrial Policy and Strategy is to transform these comparative advantages into sustainable competitive advantages.
SADC	Nine priority sectors have been identified: agrifood processing; fisheries; forestry (wood and wood products); clothing and textiles; leather and leather products; processing of mineral (metallic and non-metallic) products (beneficiation); pharmaceuticals and chemicals; machinery and equipment; and services. These sectors were selected following extensive consultations and analysis that confirmed both comparative and competitive advantage in promoting the development of regional value chains and their linkages with global supply chains.
Tripartite	The following priority sectors have been identified: agribusiness; agricultural value chains; pharmaceuticals; manufacturing and energy.
Zambia	The policy focuses on eight manufacturing subsectors as priority drivers of industrialization: processed foods; clothing and textiles; engineering products; wood and wood products; leather and leather products; mineral (metallic and non-metallic) processing and products (beneficiation); pharmaceuticals; and the blue economy.
Zimbabwe	The Government has identified the following priority sectors: agribusiness (food and beverages); clothing and textiles; leather and footwear; wood and furniture; the fertilizer and chemicals industry; pharmaceuticals; metals; and electricals. These sectors can be developed without a need for massive amounts of capital resources and can be partly recapitalized from the country's own resources, including the remainder of the special drawing rights (SDRs) and local lines of credit offered by local financial institutions.
Malawi	The Government has identified the following priority sectors: appropriate skills and technology; manufacturing; trade; land; access to credit facilities and capital investment; infrastructure, including transport infrastructure, electricity power supply; and export clusters.
Eswatini	The programme has identified the following priority sectors: ease of doing business; fiscal consolidation and arrears management; infrastructure; investment and innovation; culture of excellence; and social safety net.
Mauritius	The Government has identified the following priority sectors: industry foundations; upgrading of value chains; textiles; mineral processing; increased domestic market supply; regional and global export growth; advanced technology absorption.

Consistency in targets

COMESA	**Small and medium-sized enterprises** – Facilitate the development of small-and-medium sized industries basic capital and intermediate goods industries; and food and agro-industries. **Foreign direct investment** – Improve the investment climate for both national and foreign investors and encourage national savings and reinvestment. **Research and development** – Promote industrial research and development. **Infrastructure** – Rehabilitate, maintain and upgrade agro-industries and the metallurgical, engineering, chemical and building materials industries. **Finance and Investment** – Grant investment incentives to industries, particularly those that use local materials and labour. **Regionalism** – Joint exploitation and use of shared resources.
SADC	**Small and medium**-sized enterprises – Improve support for small and medium-sized enterprises. **Foreign direct investment** – Attract local, regional and foreign direct investment and promote exports. Put in place a regional framework to attract foreign direct investment. **Research and development** – Promote cooperation on innovation, technology transfer, and research and development activities. **Infrastructure** – Improve standards, technical regulations and quality infrastructure. **Finance and investment** – Develop mechanisms to improve access to finance for manufacturing and related sectors. **Regionalism** – Develop strategies to exploit opportunities emerging in strategic cooperation with global partners.
Tripartite	**Small and medium-sized enterprises** – Strengthen the institutional and regulatory framework to support the development of small and medium-sized enterprises. **Foreign direct investment** – Put in place a regional framework to attracting foreign direct investment. **Research and development** – Promote industrial research and development. **Infrastructure** – Support the development of support infrastructure to enhance industrialization. **Finance and investment** – Establish and develop a funding structure for a regional industrial project. **Regionalism** – Strengthen national and regional institutional frameworks.
Zambia	**Small and medium-sized enterprises** – Enact legislation to promote the growth of small and medium-sized enterprises, their access to finance and formalization of business enterprises. **Foreign direct investment** – No explicit target in the document. **Research and development** – The policy will also guide the development of an Industrial sector driven by strong partnerships that promote domestic innovation through research and development. **Infrastructure** – Facilitate effective use of domestic raw materials in industrialization. **Finance and investment** – The financial sector is critical for industrialization through the provision of affordable finance to enterprises. Both bank and non-bank financial institutions will be expected to play their role in financing industrial development (commercial banks, development banks, empowerment funds and institutional financiers). **Regionalism** – Cooperating partners will work in collaboration with the Government at the bilateral, regional and multilateral levels to ensure effective implementation of the national industrial policy by providing both technical and financial support.
Zimbabwe	**Small and medium-sized enterprises** – The Government will prioritize promotion of and support for micro, small and medium-sized enterprises, which are viewed as an important engine for employment creation and economic growth. **Foreign direct investment** – No explicit target in the document. **Research and development** – Critical to the attainment of these objectives, the document contains fundamental principles on enhanced value addition, access to affordable development finance, technology transfer and research and development, among others, based on priority sectors and adopting a cluster approach. **Infrastructure** – Development and upgrading of key supportive infrastructure. **Finance and investment** – The Government will identify additional medium- to long-term lines of credit and make them available to industry on a priority basis. The aim is to finance the procurement of raw materials, packaging materials, production consumables, laboratory chemicals, spare parts, repairs and maintenance of plant and equipment and other working capital costs. **Regionalism** – In addition to being based on fundamental principles, the policy is as far as possible also linked to regional integration efforts under SADC, COMESA and EAC.

Malawi	**Small and medium-sized enterprises** – Facilitate participation of micro, small and medium-sized enterprises in manufacturing and market linkages. **Foreign direct investment** – No explicit policy. **Research and development** – Build capacity for industrial technology research institutions. Develop a framework that incentivizes research and development, in part using the anchor firm model, and in coordination with private sector and micro, small and medium-sized enterprise support programmes. **Infrastructure** – Promote support Infrastructure. Finance and investment – Improved access to credit facilities and capital investment. **Regionalism** – Improve market access (tariff and non-tariff) using bilateral, regional and multilateral trade agreements, negotiations and implementation. Restrict use of export bans.
Eswatini	**Small and medium-sized enterprises** – Facilitate export-driven growth and Increase small and medium-sized enterprise participation in the economy. **Foreign direct investment** – Attract foreign direct investment and enhance private sector growth. **Research and development** – The policy is silent on research and development. **Infrastructure** – Increased investment in agriculture, housing and infrastructure. **Finance and Investment** – Fiscal consolidation and arrears management. **Regionalism** – The policy is silent on regionalism.
Mauritius	**Small and medium-sized enterprises** – Small and medium-sized enterprises have emerged as an important segment in the industrial sector, contributing significantly to employment, economic output, and the development of entrepreneurship. Explore the establishment of cost-effective warehousing in key developed economy markets to aid small and medium-sized enterprise supply into these markets. **Foreign direct investment** – Create a more enabling business environment for the development of the sector and promote foreign direct investment. **Research and development** – Develop appropriate skills and competencies and foster research and innovation. **Infrastructure** - Provide adequate infrastructure for the manufacturing sector, including small and medium-sized enterprises **Finance and investment** – Improve access to finance **Regionalism** - Target the development of regional value chains for selected manufacturing subsectors, including clothing and textiles, food processing, medical instruments and jewellery.

Consistency in strategies

COMESA	**Standardization, quality assurance and quality management systems strengthened –** Deepen and implement standards harmonization and other trade facilitation mechanisms. **An enabling legal, regulatory and institutional business environment put in place –** Reduce or eliminate regulations that impede investment flows into the region. **Linking science, technology and innovation to industrial development –** Put in place an institutional framework for integrating them into national and regional industrial plans.
SADC	**Standardization, quality assurance and quality management systems strengthened –** Fast-track progress on the work being done under quality assurance, placing particular emphasis on priority sectors. **An enabling legal, regulatory and institutional business environment put in place –** Facilitate capacity-building for industrial policy development, analysis and implementation for policymakers at the member State level. **Linking science, technology and innovation to industrial development –** Develop a mechanism to facilitate commercialization of technologies, including by fostering collaboration among relevant institutions in the region.
Tripartite	**Standardization, quality assurance and quality management systems strengthened –** Support strategic regional industries to meet international standards and technical regulatory requirements to improve their competitiveness and responses to the new challenges of liberalized markets. **An enabling legal, regulatory and institutional business environment put in place –** Intensify measures to enhance the business environment. **Linking science, technology and innovation to industrial development –** Create regional technical centres of excellence to offer technical support to priority subsectors.
Zambia	**Standardization, quality assurance and quality management systems strengthened –** Facilitate the production of high-quality Zambian goods and facilitate the establishment and accreditation of competent laboratories and certification bodies that will ensure the quality of local products. **An enabling legal, regulatory and institutional business environment put in place –** Through the Private Sector Development Reform Programme, the Government continues to implement targeted business environment reforms, including business licensing, labour and trade expansion. The aim is to improve competitiveness of the economy through investment, productivity, business expansion and employment. **Linking science, technology and innovation to industrial development –** Industrial research, development and innovation are important in nurturing and promoting entrepreneurship and product development. In this regard, the Government supports domestic technology development, industrial diversification and enhanced scientific research. It needs to continue supporting research and development and provide the necessary incentives that will promote private sector participation.
Zimbabwe	**Standardization, quality assurance and quality management systems strengthened –** Strengthen existing institutions such as the Scientific and Industrial Research and Development Centre to coordinate crucial modernization of industrial plant and equipment and to improve its systems and the quality of products in line with international best practice. **An enabling legal, regulatory and institutional business environment put in place –** The policy seeks the establishment of appropriate industry-related institutional and regulatory frameworks at the national level to support the financial mobilization of resources as a key element of the industrial development policy implementation framework. Such a policy framework is part of the conducive environment for domestic and foreign private sectors to play their part in the process of industrialization. **Linking science, technology and innovation to industrial development –** Create and strengthen national capacity for innovation, and effective application of science and technology in industry.
Malawi	**Standardization, quality assurance and quality management systems strengthened –** Improve micro, small and medium-sized enterprise knowledge of quality and standards requirements. Facilitate production of quality packaging in manufactured products such as tea. **An enabling legal, regulatory and institutional business environment put in place –** There is a need to strategically reduce domestic barriers to entry, to improve the regulatory frameworks governing services and further support the growth of the services sector. **Linking science, technology and innovation to industrial development –** Ensure that tax policy incentivizes investment in improved technology in all productive and enabling sectors and develop market structures that incentivize research and development.

Eswatini	**Standardization, quality assurance and quality management systems strengthened –** Conduct an audit to identify development needs and optimize business processes. **An enabling legal, regulatory and institutional business environment put in place –** Finalize review of regulations. **Linking science, technology and innovation to industrial development –** Enhance innovation through targeted policy change.
Mauritius	**Standardization, quality assurance and quality management systems strengthened –** Process upgrading that focuses on improving the organization of production, supply chains, and the provision of customer services. This includes: quality, environmental, and phytosanitary management and other certification systems; the use of more advanced process technologies, including new digital technologies; the development of technical and management skills to elevate productivity; and the shortening of lead times and manufacturing throughput times to improve operational flexibility. **An enabling legal, regulatory and institutional business environment put in place –** Develop an enabling legal and regulatory framework for the sector. The business environment is, therefore, a critical factor in the expansion of the sector as it plays a key role in manufacturers' investment decision-making process. Significant efforts should therefore be made to create a more enabling environment for the sector and to promote foreign and domestic investment. **Linking science, technology and innovation to industrial development –** An important strategy for achieving industrialization is to facilitate the access of enterprises to technology and innovation. The sector will have to be reengineered by adopting the latest technology from countries leading in the sector, ensuring the availability of highly skilled experts to sustain this technology and easing the displacement of workers from low technology to high technology processes.

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