

**27th Session of the Inter-Governmental Committee of Senior
Officials and Experts of Southern Africa**

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

Statement

by

Ambassador David Claude Pierre
African Union Southern Africa Regional Office

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Your Excellencies, Honorable Ministers, present;

Representatives of COMESA and SADC Secretariats;

**Director of the ECA Sub-Regional Office for Southern Africa,
Eunice Kamwendo;**

**Resident Coordinator of the United Nations System in Malawi, Ms.
Maria Jose Torres Macho;**

**Representatives of local and international organizations, civil
society, the private sector and academia;**

Members of the public and private media;

Distinguished delegates;

Ladies and Gentlemen.

It gives me great pleasure to represent the AU-SARO at this **27th session of the Intergovernmental Committee of Senior Officials and Experts of Southern Africa**, being held under the theme *“Building Back Better from COVID-19 in Southern Africa: Fostering Commodity-based Industrialization, Manufacturing and Regional Value Chains”*.

Let me on behalf of the African Union’s Southern Africa Regional Office (AU-SARO), and indeed on my own behalf, express profound gratitude and appreciation to ECA, for inviting us to this important meeting, and for the opportunity to speak to the theme.

**Excellencies,
Distinguished delegates,
Ladies and gentlemen.**

The theme of the meeting is very timely and relevant for our region, especially in view of the need to relaunch our economies ravaged by the COVID-19 pandemic. As of 20th September, 8,166,634 cases were reported among African citizens, resulting in 206,704 deaths. The socio-economic impacts have been severe. The fluctuations on global commodity prices have exposed many countries to economic hardship. The lockdowns and limitation in travel harmed trade prospects and negatively impacted the tourism industry. Flows of remittances to Africa have decreased because of the pandemic. The situation has also had an adverse impact on the informal economy, constituting a large proportion of activity in the region-up to 90% in some countries. The World Bank estimated an increase in global poverty in 2020 for the first time since 1998, with more than 26 million people thrown into extreme poverty in sub-Saharan Africa alone.

In the third quarter of 2021, the economic prospects were still rather bleak – the IMF’s World Economic Outlook published in July 2021 maintains the forecasts of GDP growth in Sub-Saharan Africa at 3.4% in 2021 and 4.2% in 2022, following the economic contraction in 2020 at around 2% across the continent. This means further challenges for a region already confronted with a set of development priorities ranging from poverty, hunger, lack of decent housing to low levels of industrialization, undiversified economies, high

levels of inequality, including gender, and youth unemployment. The Covid-19 pandemic exacerbates these challenges and undermines progress towards the realization of the AU Agenda 2063 goals and the sustainable development goals.

Against this backdrop, the African Union-led Africa Vaccine Acquisition Trust (AVAT) initiative, with the Africa-CDC, ECA and Afrixembank as key partners, is a step in the right direction in terms of bridging the vaccine divide through pooled procurement and promoting vaccine production in Africa. Through the initiative, up to 400 million doses of single-dose Johnson& Johnson vaccines are to be delivered. Southern African member States have begun receiving the consigned vaccines.

During the month of August, Angola, Botswana and Lesotho received their first AVAT vaccines consignments. Zambia was the fourth member State in Southern Africa to receive vaccines shipment of 129, 600 doses supplied through the AVAT facility on the 6th of September. Additional consignments were expected to be delivered to Mozambique and Namibia also in September. Thus, the initiative is critical in boosting the Southern Africa region's vaccination drive.

As vaccination rates rise in the region, and containment measures are relaxed, it becomes imperative to find new pathways of economic recovery. With this in mind, we welcome the focus on “*Fostering Commodity-based Industrialization, Manufacturing and Regional Value Chains*”, which constitutes key aspects of a revival strategy, at the core of AU's Agenda 2063, with a particular emphasis on accelerating industrial development.

Distinguished delegates,

Ladies and gentlemen,

The importance of industrialization, manufacturing and development of tightly-knit regional value chains cannot be overemphasized. In order to promote economic integration and private sector development the African Union is implementing several flagship projects of Agenda 2063. The Union is currently promoting the ratification and implementation of the African Continental Free Trade Area (AfCFTA) and the Free Movement Protocol as key drivers for regional economic integration and private sector development. The AfCFTA is a huge opportunity to boost regional trade, for industrial dynamism to strengthen regional value chains, to accelerate the development of infrastructure, and promote local talents and skills. As you will know, trading under the AfCFTA commenced on 1 January 2021 and as of September 2021, 40 member States had ratified the agreement. It is therefore crucial that the growth-enhancing potential of the agreement is harnessed, especially in the light of the COVID-19-induced economic challenges.

AfCFTA provides a platform and an opportunity for Southern Africa to upgrade its economic standing – but this will not happen automatically. Preferential trade rules in the region should serve especially to increase trade in intermediate goods across value chains, and exchange in final products, increasing self-reliance of the continent. Structural transformation and deepening of industrialization are the only ways to ensure that more complex products are developed, generating stronger value addition.

Excellencies,

Distinguished delegates,

Commodity-based industrialization is a widely recognized path to economic recovery. However, commodity reliance is prevalent across the continent, not only in Southern Africa. The African Union recognizes the need for increased value addition within the commodity value chain, to reap additional economic benefits from the continent's resource endowments. Thus, the significance of another flagship project of Agenda 2063 - formulation of an African Commodities Strategy. Within this work strand, last month we organized a meeting of the *Specialized Technical Committee on Trade, Industry and Minerals* under the theme "Deepening economic integration through interconnected and competitive product value chains based on local commodities." Therefore, we keenly look forward to further engaging with ECA-SRO-SA on the findings of the study on the theme, to be presented at this meeting.

Excellencies,

Distinguished delegates,

The African Union has pursued the goal of industrialization in Africa for decades, including within the framework of the Action Plan for the Accelerated Industrial Development for Africa (AIDA) endorsed in January 2008. Worthy of note is that the Summit at which the Plan was adopted directed the Commission of the African Union to speedily operationalize it in collaboration with the United Nations Industrial Development

Organization (UNIDO), ECA and other development partners. The partners subsequently prepared a strategy for the implementation of the Plan of Action, with seven programme clusters relevant to the theme of this meeting.

The importance of ensuring the speedy implementation of these continental initiatives cannot be overstated, especially given that the share of manufacturing value added to Africa's GDP fell from 12.8 percent in 2000 to 10.5 percent in 2016. One of the Priority Areas under Agenda 2063 is "Science Technology and Innovation (STI)-driven Manufacturing / Industrialization and Value Addition". Manufacturing, especially based on inputs from STI, has a strong potential for propelling our economies forward.

Currently, manufacturing contributes only to a small fraction of the region's GDP, less than 15% on average in each country in Southern Africa. Development of a proper manufacturing base in Africa would require the region to be more firmly connected to the global value chains. Private sector participation, including micro, small and medium scale enterprises (MSMEs) in industrialization and manufacturing of complex goods is critical in building viable regional value chains with strong linkages to global value chains. Furthermore, efforts at ensuring a high level of education and skills of the region's workforce must intensify to bring Africa to new heights of development.

Excellencies,

Distinguished delegates,

Ladies and Gentlemen,

Once again, on behalf of the African Union Southern Africa Office, it is indeed an honor to be part of the *27th Session of the Intergovernmental Committee of Senior Officials*. We look forward to a strengthened collaboration with ECA SRO-SA in advancing the region's industrialization agenda as part of a coherent post-Covid-19 recovery strategy guided by the principles and aspirations of Agenda 2063.

I wish you fruitful discussions.
