



**United Nations Economic Commission for Africa**  
**27<sup>th</sup> Meeting of the Intergovernmental Committee of Senior Officials**  
**and Experts of Southern Africa**

**On the Theme**

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

**Statement**

**By**

**The Minister of Finance- Hon. Thabo Sofonea (MP)**  
**Outgoing Chair of the ICISOE Bureau, Kingdom of Lesotho**

13 October 2021

Hybrid

**His Excellency, Minister of Finance of the Republic of Malawi, Honourable Felix Mlusu;**

**Minister of Finance of the Kingdom of Lesotho, Honourable Thabo Sofonea**

**Permanent Secretaries and Distinguished Government Officials;**

**The Executive Secretary of the United Nations Economic Commission for Africa (UNECA), Dr Vera Songwe;**

**The SADC Executive Secretary, Excellency Hon. Elias Magosi;**

**The COMESA Secretary General, Excellency, Mrs. Chileshe Kapwepwe;**

**The permanent Representative of the AU Southern African Regional Office, Ambassador David Claude Pierre;**

**The United Nations Resident Coordinator in Malawi, Ms Maria Torres;**

**The Director of ECA Southern Africa Office, Ms Eunice Kamwendo;**

**Representatives of the Private Sector, Civil Society Organizations, Academia and Research Institutions;**

**Members of the media;**

**Ladies and Gentlemen;**

On behalf of the bureau of the 26<sup>th</sup> Intergovernmental Committee of Senior Officials and Experts (ICSOE) of Southern Africa, and indeed on my own behalf, I would like to welcome you to this 27<sup>th</sup> session of the ICSOE. I extend to you the warm greetings of the Government and People of the Kingdom of Lesotho. We, as a country, have felt truly honoured to hold the chairmanship of the bureau over the past year. Together with fellow bureau members, Malawi (as the vice-chair) and South Africa (as the rapporteur), we would like to thank the Committee for the confidence that has been placed in us to work closely with the Secretariat – ECA Sub-regional Office for Southern Africa – in delivering the adopted programme of work for the year. I wish to take this opportunity to commend the Government of Malawi for graciously

hosting this 27<sup>th</sup> session, under the still difficult and challenging circumstances. The theme of this 27<sup>th</sup> Meeting of the ICSOE highlights our shared interest in strengthening our economic resilience following the COVID-19 crisis as we build back faster, stronger and more inclusively, leveraging our comparative advantages, natural resources and partnerships.

**Dear Delegates, Distinguished Ladies and Gentlemen;**

The year 2020 was a very difficult year for all of us. It was arguably one of the most challenging years in recent memory. Many lives have been lost due to the global COVID-19 pandemic. Our economies have been devastated as a result of significant disruptions in global supply chains and commodity markets as well as the containment measures put in place by Governments across the globe. Virtually all countries in Southern Africa went into recession in 2020. The Kingdom of Lesotho was one of the worst affected States. Our economy shrunk by 11.1 per cent in 2020, following a relatively small contraction of 0.4 per cent in 2019. The only notable exception in the region is our host – Malawi, which recorded a barely positive GDP growth, although its economy decelerated significantly as well. The first three quarters of 2021 had not been much better, notwithstanding the optimism that many had at the beginning of the year, especially with the vaccine rollout. As you are aware, most member States have had to battle through equally devastating second and third waves of the pandemic.

It is under these conditions that your bureau has had to fulfil its mandate over the past twelve months. Of course, during these challenging economic times, the work and interventions of the Secretariat become even more critical for a strong and sustainable socioeconomic recovery. I am very pleased to report that, with the guidance of the bureau and the collaboration and unstinting support of member

States, the Secretariat has been able to deliver on the planned activities, in line with the recommendations that were proffered by the Committee during the 2020 annual meeting hosted by the Kingdom of Lesotho.

As you will recall, one of the session's key recommendations concerned the need to invest in programmes to develop and sustain the entrepreneurial and business skills of MSMEs, including through frameworks such as innovation hubs, special economic zones and industrial parks. Accordingly, your Secretariat has initiated and carried out several activities aimed at strengthening the capacities of MSMEs in Southern Africa. Allow me to highlight just a few.

To enhance the capacities and resilience of MSMEs in the face of COVID-19 induced economic shocks, the Secretariat supported the development of a novel online training course on technology and innovation for businesses. The training was successfully delivered for the first time, in July-August 2021 and contributed to sensitizing various stakeholders, including MSMEs and policymakers, on the critical role of technology and innovation in enhancing firm competitiveness and protecting businesses from the adverse effects of the pandemic and other shocks. In addition, a digital platform aimed at creating a community of practice among MSMEs and policymakers, was designed, and embedded in the SADC Business Council's portal.

- As you might be aware, the Secretariat has also been providing technical support to the Government of the Kingdom of Eswatini, in developing a financing model for MSMEs. The framework was successfully launched in September this year, and I am pleased to mention that, stakeholder consultations have started for its implementation.
- Moreover, considering the apparent ineffectiveness of Special Economic Zones (SEZ) programmes in the region, the Secretariat has conducted a comprehensive study on "Harnessing SEZs for private sector development

and inclusive industrialization in Southern Africa.” Earlier this year, the draft study report was reviewed by experts and member States, during a validation forum chaired by your Bureau. I can assure you it was a very fruitful workshop, which provided an inclusive platform for experience sharing and pertinent recommendations. The report will soon be published and of course widely disseminated. Importantly, your bureau has already been advised of concrete policy actions and capacity building activities emanating from the Secretariat’s analytical work. This is quite promising.

**Distinguished Delegates Ladies and Gentlemen;**

For us to be able to build back better and stronger, it is obvious that we need to empower the private sector, especially MSMEs, and strengthen the sector’s preparedness and resilience. As you know, the private sector is the key for a sustainable economic recovery. However, its ability to drive economic growth is limited by the many challenges it continues to face, which have become even more pronounced in the pandemic era. The Secretariat should therefore be commended for the initiatives taken to promote MSME growth and enable their full participation in economic recovery processes in the region.

Of course, this should be a shared responsibility. We all must do our part. Governments must take the lead. We must strengthen our institutional support to MSMEs at national levels to enable them to effectively integrate into regional markets and value chains. I believe this is a fundamental requirement for success. As you are aware, policy and regulatory choices have a significant impact on MSME competitiveness and play a crucial role in determining whether these firms are able to link to value chains or graduate to higher levels.

To build back better, we must obviously learn from the COVID-19 crisis and reduce our excessive reliance on primary commodities. The heavy dependence on exports of commodities has been the weakness of the growth process in several member States, exposing national economies to the vagaries of the global commodity markets. We all strongly believe that we need to industrialize, we need to transform our economies and we need to integrate as a region, as a continent. We have started the process, but we now need to accelerate the pace of implementation. The task is not easy, especially under the current circumstances. That is why we need to operate collectively, build partnerships and exploit comparative advantages. A coordinated and concerted approach is vital for building back better, stronger and faster.

**Distinguished Delegates Ladies and Gentlemen;**

Regional integration is key. Southern Africa's manufacturing sector is the weakest link in its current integration into the global economy. Developing and strengthening value chains in the region and indeed, across the continent, is an efficient and pragmatic stepping stone towards an effective and superior participation in global value chains. The African Continental Free Trade Area (AfCFTA) agreement offers immense opportunities for the development of the manufacturing sector in our countries. I am aware that a couple of countries in our region have yet to ratify the agreement. The AfCFTA is a moving train. I have no doubt that they will join very soon. As you know, the implementation of the agreement was officially launched at the beginning of this year. However, most countries are still not ready. I am pleased to note that your Secretariat has been providing technical support to several member States in developing their national implementation strategies.

Also, as we forge ahead with the agreement, we must remember that the private sector is key to a successful implementation. Therefore, it is important that we continue to improve our business environments and facilitate the development of a

stronger private sector voice in policy making processes. Likewise, we must create conditions for all, including youth and women entrepreneurs, to participate effectively in trading and our quest for industrial development.

**Dear Delegates, Distinguished Ladies and Gentlemen;**

To conclude, let me once again welcome you to this 27<sup>th</sup> meeting of the ICISOE. I would like to congratulate the incoming bureau and wish the members a very successful tenure. I would like to assure them of our full support and cooperation. Together, we can build back better and stronger. I wish us a successful meeting and look forward to practical recommendations for the recovery process.

**I thank you.**