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

13-14 October 2021
Hybrid: Blantyre, Malawi and Virtual

Programme Performance (Report on the Work of ECA in Southern Africa)

Summary

This report serves as an instrument by which member States, through the Intergovernmental Committee of Senior Officials and Experts, assesses the relevance of the work and performance of the ECA's Sub-Regional Office for Southern SRO-SA, and provides guidance for the future work of ECA in the sub region. In this regard, the report provides highlights of major programmed activities undertaken by ECA in Southern Africa and results achieved since last ICSSOE Session, held in October 2020 to date. It also outlines challenges encountered and lessons learned in implementing the work programmes for the period under review. The report also summarizes the Work Programme for the remainder of 2021 and for the year 2022.

The Committee is invited to review and consider the report.

1. Introduction

1.1 Background and Legislative Authority

1. The Economic Commission for Africa (ECA), one of the five regional commissions of the United Nations, has a mandate to foster economic and social development of its member States, promote regional integration and foster international cooperation for Africa's development. In its dual role as the regional arm of the UN and as a key component of the African institutional landscape, ECA is the only UN agency that is mandated to operate at both the regional and sub regional levels to harness resources and bring them to bear on Africa's priorities. The Commission has five Sub Regional offices (SROs) that serve the five regions of the continent, namely North, West, Central, Eastern and Southern Africa.

2. The Sub Regional Office for Southern Africa (SRO-SA) covers eleven member States namely Angola, Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Zambia and Zimbabwe. As with the other Sub Regional Offices, SRO-SA derives its programmatic direction and guidance from, and reports to the Intergovernmental Committee of Senior Officials and Experts (ICSOE), constituted by the Commission Resolution 826 of 1977 and General Assembly Resolution 40/243, as a principal platform for strategic engagement with member States and other stakeholders on policy and programmatic issues of priority to the sub region. Recommendations and decisions of each ICSOE are then transmitted to the Conference of African Ministers of Finance, Planning and Economic Development (CoM), which in turn reports to the Economic and Social Council and on to the General Assembly of the United Nations.

3. In translating the mandate of ECA in the Southern region of the continent, SRO-SA seeks to strengthen the capacity of member States, regional economic communities (RECs) and intergovernmental organizations (IGOs) to formulate and implement evidence-based policy frameworks, strategies, programmes and plans in support of sustainable economic and social transformation and in responding to the needs and priorities of the sub region.

1.2 Mandate and Strategic Orientation

4. In line with the ECA strategic direction, SRO-SA has repositioned itself, as a centre of excellence for promoting inclusive industrialization aimed at fostering sustainable economic growth and reducing poverty and inequality in the Southern Africa sub region through:(i) enhancing the capacity of member States, RECs and IGOs to promote and develop inclusive industrialization policies, national and regional plans and institutional frameworks that are aligned with goals in Agenda 2063 and Agenda 2030 on SDGs; and (ii) strengthening the capacity of member States and RECs to design and implement sub regional development priorities and in initiatives aimed at fostering inclusive economic and social development.

5. To achieve the objective of the new strategic orientation, ECA and its SROs follow an annual programming cycle which is based on current and emerging development issues and anchored on international, regional and sub regional development agendas to prepare an annual Proposed Programme of Work. ECA then engages member States, RECs, IGOs and development partners through the ICSOE to adopt the annual Proposed Programme of Work, which is then submitted to and approved by the General Assembly together with the requisite resource allocation. Subsequently, SRO-SA uses the Approved Work Programme to undertake policy research; provide advisory services and technical support to member States, RECs, IGOs, civil society and the private sector around key thematic areas of focus, including industrialization, macroeconomic policy, private sector development, regional integration and trade, social development, natural resources development, innovation and technology, and governance. Using its convening power, SRO-SA also promotes policy dialogue and consensus building in addressing development challenges in Southern Africa.

1.3 Objectives of the Report

6. The report highlights key programme initiatives and activities undertaken by the SRO-SA to date, from the last ICSOE Session held virtually in October 2020, chaired by the Government of the Kingdom of Lesotho. It also includes highlights of results achieved, challenges encountered and lessons learned thus far in implementing these activities. The report also provides a summary of programme activities scheduled to be implemented the remaining part of 2021 and key initiatives programmed for implementation in 2022.

7. This report serves as a key instrument by which member States, through the ICSOE, evaluates the relevance of work and performance of SRO-SA, and provide guidance for the future work of ECA in Southern Africa.

2. Highlights of Key Initiatives Implemented

8. The focus of ECA's work is to strengthen the capacities of member States in deepening regional integration with emphasis on the specific priorities of the Southern Africa sub region, within the overall framework of continental and international development agendas such as Agenda 2063 and Agenda 2030 on SDGs. SRO-SA, in line with its mandate, continued to provide support to member States, RECs and IGOs to strengthen their capacities in policy design, harmonization and coordination; enhance their capacities to accelerate the implementation of sub regional initiatives by undertaking analytical studies; convening expert meetings and policy dialogues on priority issues in the sub region; and, upon request, provide advisory services and technical support to stakeholders.

9. Below are the details of key programme interventions implemented, and intermediate results achieved since the last ICSOE session held in October 2020:

2.1 Servicing of Statutory Intergovernmental Meetings

(a) Session of the 26th Annual Meeting of the Intergovernmental Committee of Senior Officials and Experts for Southern Africa

10. The 26th ICSOE for Southern Africa was organized as a hybrid session, whereby some member States had physical meetings in their respective capitals, while other countries and stakeholder institutions joined-in, virtually. Chaired by the Government of Kingdom of Lesotho, the ICSOE session was held from 28 - 29 October 2020, under the theme “*Policies and strategies towards effective private sector led growth and job creation in Southern Africa*”. The Minister of Finance of the Kingdom of Lesotho, Honourable Thabo Sophonea, delivered the key note address to the meeting, while the Minister of Finance and Economic Development of the Government of Zimbabwe, Honourable Prof. Mthuli Ncube, delivered a presentation entitled “*Impact Of COVID-19 on National Socio-Economic Development Patterns and Implementing Strategies for Building Back Better: Experiences from Zimbabwe.*” Delegates from all the eleven member States participated in the 26th ICSOE: Angola, Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Zambia and Zimbabwe. Organizations represented at the meeting included: AU-SARO, COMESA, SADC, AfDB, the private sector, and civil society organizations. The UN Resident Coordinators in the member States also attended the meeting.

11. On policies and strategies for private sector-led growth and job creation, the Committee underscored the importance of a well-capacitated private sector in leading economic recovery and growth through the creation of sustainable and decent jobs; observed the technical, financial, market and other operational challenges faced by the private sector and how these undermine competitiveness; highlighted the various national and regional opportunities, which the private sector could exploit economically but bemoaned the limited opportunity of the regional private sector, including MSMEs to exploit these opportunities; observed the rising levels of informality in regional economies and the challenges of indecent work often associated with this sector; highlighted the immense opportunities in agriculture and mining value chains and in the growing services sector especially in light of the AfCFTA; noted the importance of skills upgrade in anchoring value addition and the development of value chains, and further emphasised the importance of a regional approach to skills development; and underscored that COVID-19 provided an opportunity for member States to consider investments in digital technologies for both production and service provision, but also in reforming the public services to embrace and increase the utilization of digital technology.

12. Furthermore, the Committee proffered actionable recommendations around strengthening and stabilizing the national and regional macroeconomic environment; creating a platform for the implementation of the AfCFTA in Southern Africa; enhancing the role of the private sector; and building back better post-COVID-19, for consideration by member States, RECs and other development partners.

(b) Consultative Meeting of the Bureau of the 26th ICSOE for Southern Africa

13. As part of its calendar of scheduled activities, ECA's SRO-SA organizes periodic meetings with the ICSOE Bureau members, during the year, to facilitate continuous engagement and for providing guidance on priorities and programmes. The Bureau serves as the link between the member States and ECA's SRO-SA, as Secretariat for the ICSOE during its year-long of tenure. The meeting provides a platform for the Bureau and ECA to discuss delivery of the annual work programme and to deliberate on any emerging and pertinent issues on the role of the Commission in Southern Africa. The Bureau Meeting facilitates programme alignment with the collective priorities of member States of the sub-region. In this regard, the Consultative Meeting of the 26th ICSOE Bureau was convened virtually, on 17 May 2021, owing to the prevailing COVID-19 pandemic. The consultative meeting was attended by the members of the Bureau namely Lesotho as Chair, through Ms. Rethabile Maluke, Deputy Principal Secretary, Ministry of Finance; and South Africa as Vice Chair, through Mr. Themba Khumalo, Director, Department of Trade and Industry. The Bureau meeting reviewed and discussed ECA's work programme for 2021 in support of member States, RECs and IGOs and took note of key initiatives undergoing implementation. The Bureau also re-affirmed its commitment to continue working closely with and accompanying the Secretariat in the implementation of the remaining initiatives of the work programme.

14. Furthermore, the Bureau endorsed the theme proposed by SRO-SA for the 27th ICSOE Session as "Building back better from COVID-19 in Southern Africa: Fostering commodity-based industrialization, manufacturing and regional value-chains." The theme was deemed to be well aligned to the thematic area of focus of SRO-SA while reflecting the priorities of SADC and COMESA member States to industrialize and diversify. The proposed theme of the Ad hoc Expert Group Meeting (AEGM) ICSOE, "Agriculture value chains, linkages and transformation in Southern Africa: Opportunities from the African Continental Free Trade Area" was, considered to be appropriately linked to that of the ICSOE, and would focus on a key sector in the context of the AfCFTA, namely agriculture and agro-processing. It was agreed that the meetings be held in mid-October 2021, and take place in a hybrid format due to the ongoing COVID-19 pandemic. The Bureau expressed its commitment to support the next host, Malawi, as it prepared for the 27th ICSOE session.

2.2 Analytical Studies and Ad hoc Expert Group Meetings

(a) Analytical Study and Expert Group Meeting on the AfCFTA and Trade in Services: Opportunities and Strategies for Southern Africa

15. Convened virtually on 20 October 2020, the ad hoc expert group meeting (AEGM) brought together regional integration and trade experts and stakeholders from governments, development partners, the private sector, academia and civil society. The experts reviewed the findings and recommendations of the study on *The African Continental Free Trade Area*

(AfCFTA) and Trade in Services: Opportunities and Strategies for Southern Africa. The review was complemented by presentations and interventions by discussants and other experts.

16. The study provided an update of the status of trade in services negotiations in the AfCFTA and highlighted opportunities and strategies to develop a competitive and efficient services sector; stimulated discussions on contentious issues that may represent bottlenecks to the negotiations; and provided an overview of the opportunities that the AfCFTA brought to the countries in Southern Africa to promote their services sectors as competitive and efficient drivers of sustainable and equitable economic growth and decent job creation. Furthermore, the study identified barriers that should be tackled including, market development constraints due to weak brand recognition and challenges in creating a strong credibility with international suppliers; limited access to financing for export; limited prospects to serve foreign markets without an established presence; lack of access to a reliable and affordable infrastructure on key input services, notably, finance, information technology and telecommunications; and limited access to networks and institutional facilities necessary for trade. The report proffered policy recommendations for consideration by member States, RECs and other development partners to harness opportunities to develop a competitive and efficient services sector. Outcomes of the study and expert meeting provided input to the 26th Session of the Intergovernmental Committee of Senior Officials and Experts for Southern Africa.

(b) Analytical Studies and the Forum on the Promotion and Implementation of Regional and National Industrialization Policies for Inclusive and Sustainable Development in Southern Africa

17. SRO-SA convened a virtual Forum, from 27-28 May 2021, under an on-going UN Development Account 12th Tranche Project on Promotion and Implementation of Regional and National Industrialization Policies for Inclusive and Sustainable Development in Southern Africa. The project seeks to enhance the capacity of regional economic communities to elaborate regional industrialization strategies and promote increased engagement and awareness with member States and key stakeholders on its domestication. It also seeks to strengthen the capacity of member States to develop and implement industrialization policies and strategies consistent with the regional industrialization frameworks, including supporting private sector growth as both a driver and beneficiary of the agenda.

18. The support to member States under this project, SRO-SA undertook three analytical studies which explored various dimensions of industrialization and industrial development and proffer pertinent recommendations: (i) *COVID-19 and Regional Economic Development: Impacts, Coping Strategies and Post COVID-19 Development in Southern Africa*; (ii) *Alignment and Harmonization of Regional and National Frameworks on Industrialization and National Domestication of Regional Strategies and Policies to Support Industrial Development in Southern Africa* (focusing on Malawi, Zambia and Zimbabwe); and (iii) *Harnessing the Potential of Special Economic Zones for Private Sector Development and Inclusive Industrialization in Southern Africa*. So, the Forum brought together experts and stakeholders from across the sub-region, who reviewed and validated the findings and recommendations of the three analytical

studies, and laid the platform for the dissemination and implementation of the recommendations by member States.

19. The study on *COVID-19 and Regional Economic Development: Impacts, Coping Strategies and Post- Pandemic Development in Southern Africa*, presents the outcomes of an in-depth analysis of socio-economic impacts and of the strategies implemented by regional member States to ameliorate these impacts. It also interrogates the strategies that will be needed to address the long-term effects on regional economic development including how economies can build back faster. The lessons learned from this study have proved to be invaluable in building back better, more resilient and self-reliant economies, including for a successful and effective implementation of the AfCFTA agreement.

20. The study on *Alignment and Harmonization of Regional and National Frameworks on Industrialization and National Domestication of Regional Strategies and Policies to Support Industrial Development in Southern Africa (focusing on Malawi, Zambia and Zimbabwe)* was born out of the importance of regional policy harmonization in anchoring industrial development, linkages and value chains development. It examines the extent to which the national industrial policies of Malawi, Zambia and Zimbabwe align with and/or depart from the principles and tenets of the SADC and COMESA industrialization policies and strategies and provides recommendations to support national processes towards the formulation, harmonisation and alignment of these national industrialisation policies with the regional frameworks. Furthermore, the study proposes an implementation framework for the domestication of strategies and policies to anchor industrial development in the three countries. Informed by this study, the three countries are currently developing action plans to address identified gaps (Malawi has already developed the action plan)

21. Furthermore, the study on *Harnessing the Potential of Special Economic Zones (SEZs) for Private Sector Development and Inclusive Industrialization in Southern Africa* identifies measures, policies, partnerships and institutional frameworks that will enable regional member States to effectively harness the efficacy of the economic zones in driving private sector development, including the micro, small and medium enterprises and to achieve sustainable and inclusive industrialization. Overall, the study seeks to improve knowledge and understanding of the relevance and efficacy of SEZs as strategies for private sector development in the region.

(c) Analytical Study and Expert Group Meeting on Governance of State-Owned Enterprises in South Africa: Enhancing Performance, Efficiency and Service Delivery

22. ECA convened a virtual Ad hoc expert group meeting on 28 January 2021, which reviewed and validated a study on “*Governance of State-Owned Enterprises (SOEs) in South Africa: Enhancing Performance, Efficiency and Service Delivery*”, by identifying potential gaps, providing necessary information and proposing revisions that formed the basis for finalizing the report. The meeting brought together experts from public and private sectors, civil society organizations, labour movements, regional and international development organizations, academia, research institutions and private citizens from

Botswana, Lesotho, Mauritius and South Africa, and organizations including SADC Secretariat, COMESA Secretariat and the UN.

23. The study underscores the critical role that SOEs play, as they are a big part of a push to implement the country's and the sub region's development agenda, including promoting industrialization, by providing funding, and social and economic infrastructure. In this regard, the report identifies challenges that affects the performance and efficiency of SOEs, among them: outdated mandates, inadequate and unsuitable legislative frameworks, poor corporate governance, inappropriate political interference in SOE management and operational matters, corruption, and global technical and economic changes which have caught many of these enterprises unprepared and thus adversely impacted on them. Additionally, the report notes that political interference as an affront to the performance of SOEs because it unduly leads to the deployment of unqualified members of the board and the executive management into SOEs, as well as interfere with the SOE procurement processes.

24. Key recommendations that the experts made included the need for the Government to revisit and address the mandates of SOEs which had remained static for quite some time; clearly define and align the roles and reporting lines and functions of SOEs as the clarification of these issues could not be expected to be carried out by the SOEs themselves; appoint independent, ethical, competent SOE Boards with skills and understanding of their roles, and the enterprises' best interests should be the priority of the members of such Boards of Directors; ensure to develop performance-based reward systems for SOE boards and executive management with mechanisms for sanctioning poor performance.

(d) Analytical Studies and the Ad hoc Expert Group Meeting on the Global Initiative Towards Post-Covid-19 MSME Sector

25. An ad hoc expert group meeting was convened, virtually, on 13 July 2021 under the Development Account Project "Global Initiative Towards Post-Covid-19 MSME Sector", whose objective is to strengthen capacities of MSMEs in Southern Africa to address and mitigate the economic and social impacts of COVID-19. The meeting reviewed and validated two analytical studies: *Opportunities for MSMEs within the Green and Blue Economy in the SADC region*; and *The Role of Digitalization in Strengthening Capacities of MSMEs in Southern Africa*.

26. The study on *Opportunities for MSMEs within the Green and Blue Economy: Case of the Southern African Development Community*; identifies challenges and opportunities faced by SMEs in the SADC region, and with an illustration based on case examples in specific sectors and countries; examines how Covid-19 has compounded challenges for SMEs in SADC, and with an illustration based on case examples in specific sectors and countries; explores new opportunities that can be unleashed for SMEs in Africa and the SADC region by the emergence and growth of the blue and green economy and the role of science, technology and innovation in this process; makes an analysis and explanation of the blue economy and green economy concepts and its applicability to Africa and the SADC region; examines how the AfCFTA can be leveraged by the SADC countries and region to unleash growth opportunities for their MSMEs in the green and blue economic sectors, with case examples and with specific analysis on the potential for MSMEs to integrate into regional and global value-chains; analyses how exploiting opportunities from the green and blue economies can be a viable component of Post-

COVID recovery strategies for MSMEs in SADC; assesses how science, technology and innovation, including digitalization can contribute to this process (that is in the development of the blue and green economy in the SADC region and the creation of opportunities for SMEs); and proffers a 10-point agenda consisting of policy recommendations and actions for consideration by governments and private sector.

27. The analytical study on the *Role of Digitalization in Strengthening Capacities of MSMEs in Southern Africa*, examines how digitalization can strengthen the capacities and competitiveness of MSMEs or have strengthened such capacities and competitiveness, including in regions other than Africa and the lessons that can be drawn for the African continent; identifies opportunities that can be unleashed for MSMEs in Africa and the SADC region by the operationalization of the AfCFTA with an emphasis on industrialization and the development of regional value-chains; explores how the AfCFTA can help to unleash these opportunities with specific examples and references to the SADC region; and analyses the challenges faced by MSMEs in Africa and the SADC region at harnessing digitalization. The report also provides a set of policy recommendations for governments and the private sector to promote access of MSMEs to digitalization as a tool to strengthen their capacities and competitiveness.

28. As part of the same project, two studies assessing the impacts of Covid-19 on MSMEs in Mozambique and Namibia are being finalized.

2.4 Technical Cooperation Activities and Advisory Services

(a) Technical support to promoting industrialization in the COMESA region

29. During the period under review, SRO-SA continued to work in close partnership with the COMESA Secretariat, under a multi-year collaborative initiative on “Advancing Industrialization Agenda in the COMESA Region”, which was conceptualised following receipt of a letter of request (dated 9 April 2020) from the COMESA Secretary General, for technical support and collaboration. The conceptualized collaborative programme has 7 initiatives that are programmatically coherent with both the COMESA Industrial Policy (2015-2030) and the SADC Industrialization Strategy and Roadmap (2015-2063), covering priority areas including development of agricultural value chains, investment in green technologies, mining and mineral beneficiation, capacity building on SDGs (including the voluntary national review and voluntary local review processes), MSME development and the establishment of centres of excellence and innovation. This collaborative initiative seeks to contribute to the domestication of regional industrialization policy frameworks in Southern Africa. The first component, whose implementation has already started, is that of establishing and managing the “Zambia-Zimbabwe Common Agro-Industrial Park (CAIP)”.

30. In its design, it is envisaged that the Common Industrial Park will be a geographic cluster where independent firms, that are grouped together, will exploit economies of scale and but also gain from positive externalities including sharing common infrastructure: roads, power, communication, storage, packaging and by-product utilization; sharing common services: effluent treatment, logistics and

transport, laboratory facilities etc.; and taking advantage of bulk purchasing and selling, access to training courses, and extension services. Once operational, it is anticipated that agro-industrial park will facilitate the development of MSMEs and ensure their integration in various regional value chains (including youth-led and women-led MSMEs).

31. A key milestone reached is that a feasibility study on the establishment of the Common Agro-Industrial Park has been undertaken and the report was validated at the expert meeting held on 31 May 2021. During which the two member States reaffirmed their commitment to the project, in line with the Cooperation Agreement signed on 18 March 2021. Furthermore, the member States called on development partners to support activities in realizing the initiative. Recommendations proffered included an outline of modalities of operation of the CAIP, its form and structure, and the value chains to be targeted. The private sector appreciated the commitment of the member States and called for more consultation as the project is being rolled out, and inclusion of the private sector in deliberations. The study has paved way for the next stage, whose process is underway, to develop a policy and regulatory framework for the CAIP. Additionally, efforts on conducting stakeholder sensitization, on the project, are currently underway. SRO-SA is an active member of the Joint Technical Working Group under whose auspices the Joint Industrialization Cooperation Programme between Zambia and Zimbabwe is being operationalized.

(b) Support to member States on the ratification and implementation process of the African Continental Free Trade Area Agreement

32. Since the last ICSOE Session, SRO-SA, in close collaboration with ECA's African Trade Policy Centre (ATPC) continues to provide technical support to member States in Southern Africa on ratification and implementation process of the African Continental Free Trade Area (AfCFTA) Agreement, particularly in developing national AfCFTA implementation strategies. As of September 2021, three member States, namely Malawi, Zambia and Zimbabwe have developed and validated their national AfCFTA implementation strategies.

33. Malawi's strategy was validated through 3 stakeholder workshops held in June 2021. The strategy is currently being finalized for publication and subsequent launch for implementation. The government has also requested ECA for further support towards the implementation phase, particularly in organizing and facilitating dissemination workshops, capacity building on implementation modalities, undertaking market studies and in developing an export guide to inform on AfCFTA export processes.

34. Zambia ratified the AfCFTA agreement in February 2021. The country has also developed its National AfCFTA Implementation Strategy, with technical support from ECA. The Strategy was validated, and was subsequently approved by the Government. It was launched on 27 July 2021 by the Government to mark the beginning of the implementation phase. Earlier, SRO-SA worked in close collaboration with ATPC in implementing a project to develop an AfCFTA Country Business Index for Zambia working closely with the private sector.

35. Furthermore, Zimbabwe is also one of the regional member States that have already ratified the AfCFTA agreement. The country has also developed its National AfCFTA Implementation Strategy

with technical support from ECA. Following the validation process that was done in late 2020, the Strategy has since been finalized and is currently being published for dissemination.

36. The following 5 member States are at different stages of developing their national AfCFTA strategies: Botswana, Eswatini, Mauritius, Mozambique and Namibia with ECA's technical assistance.

37. For instance, though Botswana and Mozambique are yet to ratify the AfCFTA Agreement, they have both initiated the process of developing National AfCFTA Implementation Strategies.

38. Furthermore, Eswatini was one of the first member States in Southern Africa to ratify the AfCFTA Agreement. With ECA's technical support, the country has also initiated the process of formulating its National AfCFTA Implementation Strategy. Thus far, terms of reference for the consultants to draft the strategy have been prepared and are being reviewed by the government.

39. Being one of the first countries in the subregion to have ratified the AfCFTA Agreement, Mauritius has made significant progress towards developing its National AfCFTA Implementation Strategy. The draft National Strategy has already been prepared and is currently being reviewed by the government. Dates for the validation of the Strategy are yet to be set. SRO-SA further strengthened its collaboration with the UNDP-Mauritius and the AfDB Group in Mauritius by working on a joint study on "Strategic Options for the Mauritius Textile and Apparel Industry", whose Discussion Paper was published in December 2020. The Office also collaborated with UNDP-Mauritius in co-producing another study titled "The African Continental Free Trade Area (AfCFTA) and Market Implications for the Mauritius Economy Post-COVID-19: A Case Study on Manufacturing", and will feed into the process of formulating the country's National AfCFTA Strategy.

40. Although Mozambique is yet to ratify the AfCFTA, Agreement, the country has made significant progress in developing its National AfCFTA Implementation Strategy, with technical support from ECA. For instance, a study on "Implications of the AfCFTA on the National Economy" is currently underway. The National AfCFTA Strategy is also being drafted, and is expected to be validated later in 2021.

41. Furthermore, Namibia has also ratified the AfCFTA agreement and with ECA's technical support, the country has also made significant progress in developing its National AfCFTA Implementation Strategy, which has since been drafted and is being reviewed by stakeholders. It is expected to be validated by stakeholders later this month.

(c) Technical support to the Government of Eswatini on developing a Financing Model for MSMEs

42. SRO-SA continued to provide technical support to the Government of the Kingdom of Eswatini on developing a Financing Model for MSMEs. This followed a request to ECA, by the Government, through the Ministry of Commerce, Industry and Trade, for technical support in developing an inclusive financing model to serve the growth of MSMEs in the country. Since November 2019, when the first field mission was undertaken to Eswatini, the Financing Framework for MSMEs for Eswatini has been developed, through a broad-based stakeholder consultative process. This included a national

consultative meeting that was held virtually in August 2020, as part of the of continuous engagement of stakeholders, especially private sector actors, including women-led and rural-based enterprises. The draft report of the Financing Model for MSMEs was reviewed by experts and stakeholders at a validation workshop convened in November 2020. The Model is aimed at addressing financing constraints that MSMEs face, enhancing MSME growth and facilitating their integration in the industrialization process, in line with SADC Industrialization Strategy and Roadmap (2015-2063). The Financing Model for MSMEs for Eswatini was finalized and approved by the Government, and subsequently launched on 1 September 2021, for implementation by the presence of the Honourable Minister of Commerce, Trade and Industry. Key upcoming implementation activities under preparation include organising sensitisation workshops about the framework, in the four regions of the country, and undertaking capacity building seminars for MSMEs across the country.

(d) Enhancing the Capacity of the Performance Management System of the Government of Namibia

43. ECA continued to render advisory services to the Government of Namibia towards Enhancing the Capacity of the Public Service and Governance System by providing technical support in developing an Integrated Performance Management Framework. This is a follow-up on technical support that has been provided to Namibia, since 2015, in developing a Performance Management System (PMS) for Public Office Bearers (such as ministers, permanent secretaries etc). In 2017, the Government of Namibia, through the Office of the Prime Minister, further requested ECA for further support in integrating the PMS for Public Servants, which has been in existence some years, with the recently developed PMS for public office bearers (ministers, permanent secretaries etc.) into one Integrated Performance Management Framework. Based on the scoping mission that the Office undertook to Namibia, a Concept Note for the project as well as the related Terms of Reference for executing the project were developed and a consultant engaged. Thus far, the Integrated Performance Framework has been drafted and the first validation meeting was held in April 2021, which provided an opportunity to senior public service stakeholders from both central and regional government levels, performance management experts and other stakeholders to provide input to the report. Dates for the second validation session, to provide a platform for Public Office Bearers to review the PMS report, are being awaited from the Government/Office of the Prime Minister.

2.5 Capacity Development Activities

(a) The Global SME Surge Project: An Online Training Course and Webinar on Technology and Innovation for African Businesses in Addressing the Impact of COVID-19

44. SRO-SA, in collaboration with African Institute for Economic Development and Planning (IDEP) the training arm of the ECA, designed and delivered the “e-Learning Course on Technology and Innovation for African Businesses in Addressing the Impact of COVID-19”, under the “Development

Account Global MSME Surge Initiative”, a project whose objective is to strengthen capacities of MSMEs in Southern Africa to address and mitigate the economic and social impacts of COVID-19. The online course was informed by a two-round survey that ECA conducted in 2020 on the adverse impacts that the COVID-19 pandemic has had adversely on the African continent, and particularly on businesses and MSMEs. Conclusively, both surveys confirmed the role of technology and innovation as a strategy used by businesses to address the impact of the pandemic. For example, digital technologies allowed employees to remain in employment and allowed firms to maintain continuity in their business activities, therefore avoiding drastic reduction in capacity utilization by having their employees work remotely. So, technology and innovation can be critical drivers for enhancing workers' and factor productivity and firm's competitiveness at a micro-level while enhancing economic growth through total factor productivity growth at a macro-level.

45. The course was delivered over a period of 4 weeks, running from 12 July - 12 August 2021, and presentation of the course modules combined a knowledge-building component with experience-sharing among participants. Participants in the course included enterprise owners, business persons and employees of MSMEs as well as members of MSME and business associations; government policy officials and, practitioners directly connected with technology, innovation, entrepreneurship, MSMEs and private sector development issues; officials of national agencies and non-state actors with a professional interest in technology, innovation, entrepreneurship and MSME related issues. Course modules included “Introduction to Technology and Innovation and Concepts Relevance for MSMEs, including Entrepreneurship”; “COVID-19 and its Implications on MSMEs”; “The State of Technology and Innovation in the World”; “Technology and Innovation to Mitigate the Impacts of COVID-19 on MSMEs”; “Barriers to Access to Technology and Innovation in Africa and Policy Recommendations for Improving Access of African MSMEs to Technology and Innovation”

46. The training course raised awareness and built capacities of entrepreneurs, businesses and policy makers on the role that technology and innovation can play in assisting businesses address the impacts of economic shocks such as the COVID-19 pandemic and build resilience against future shocks. As part of the course, a “Webinar on Role of Technology and Innovation for MSMEs” was convened on 4 August 2021, in collaboration IDEP, which discussed new and emerging technologies that African enterprises can utilize to scale up and enhance their competitiveness. The Webinar provided a platform to share experiences and best practices on digital-based solutions and services for MSMEs, around fin-tech and agri-tech and youth entrepreneurship through technology innovation.

(b) Strengthening the Capacity of Zambian Stakeholders to participate in the Multilateral Trading System

47. The Government of Zambia, through the Ministry of Commerce, Trade and Industry was recently supported by ECA’s IDEP, ATPC and SRO-SA in organizing a tailor-made capacity building training workshop for stakeholders on Trade Policy Formulation, Trade Negotiations and Trade Facilitation. The training was delivered in Zambia, from 6 – 24 September 2021. The overall objective of the capacity building activity is to improve Zambia’s participation in the Multilateral Trading System, Regional Trade Area and Trade Facilitation through training of officers in the State and non-state institutions on World Trade Organization, Regionalism, Trade Negotiations, Trade Policy and Trade

Facilitation. Specifically, the course sought to enhance understanding of the role and importance of the World Trade Organisation in the Multilateral Trading System; enhance knowledge of the main disciplines and rules contained in the WTO Agreements; strengthen understanding of the Africa Continental Free Trade Area and how countries can maximize benefits, enhance participants' knowledge in the WTO trade facilitation issues and improve participants knowledge on Market Access, Rules of origin and Trade Remedies.

3. Strategic Partnerships for Sustainable Development

48. ECA continued to work in close partnership with the following key strategic partners, in delivering its programme of work in the sub region:

- (a) *Regional economic communities and other intergovernmental organization:* SRO-SA continued to work in close collaboration with SADC, COMESA and AU- SARO, whose contribution and value addition included, for instance, shaping the UN Development Account Projects i.e. the 12th Tranche on “Promotion and implementation of regional and national industrialization policies for inclusive and sustainable development in Southern Africa”, whose implementation is already underway; and the 13th Tranche on “Innovative Approaches for MSME Competitiveness to Promote Trade and Inclusive Industrialization in Southern Africa in the Post-COVID Context” whose roll-out has just started. The valuable contribution of these partner institutions ensures that the initiatives developed and implemented are relevant and are in line with the sub regional priorities. They also help in mobilizing the participation of member States. Furthermore, ECA continued to collaborate with the COMESA Secretariat in rolling out the project on Establishing the Common Agro-Industrial Park between Zambia and Zimbabwe, which is under the multi-year collaborative programme on “Advancing Industrialization Agenda in the COMESA Region”, whose Pre-Feasibility Study has been undertaken and its validation meeting held in May 2021. COMESA continued to play a critical role in mobilizing and coordinating the participation of member States and regional stakeholders, and continues to provide overall project coordination. Furthermore, ECA collaborated closely with the SADC Business Council, under the Global MSME surge Project, in developing the “Digital Platform on Technology and Innovation for MSMEs in Southern Africa”. The platform, soon to be rolled out, is hosted by SADC Business Council under its website portal.
- (b) *Other UN Entities:* ECA continued to work collaboratively with UNIDO, UNCTAD and the UN Resident Coordinators Offices (UNRCOs) and UN Country Teams (UNCTs), for instance, as Cooperating Entities within the UN on the UN DA Projects (12th and 13th Tranche). These sister entities have been providing valuable technical input, based on their mandate and expertise in the development and rollout of the initiative and thereby ensuring that the work of the UN system is coherent, ensures minimal duplication and leverage impact of interventions. ECA also continued to collaborate with UNCTAD, UNDESA, ESCWA, ESCAP, ECLAC, ECE, UN-Habitat and UNEP as participating entities in the Development Account response initiative to COVID-19 under the project:

Global Initiative towards Post- COVID -19 Resurgence of the MSME Sector. In providing functional and technical support to the work of UNCTs, ECA substantively contributed to the development a Joint Project: “Green and Blue Economy in Mauritius and Seychelles (2022-2023)”, under the Joint SDG Fund, bringing together UNEP, UNECA (SRO-SA and SRO-EA), UNDP, UNFPA, ILO, IOM as Participating United Nations Organizations and UNRCO-Mauritius and Seychelles. Additionally, ECA, worked collaboratively with UNCTs in the sub region in undertaking Common Country Analyses (CCAs) and supported the preparation of the UN Sustainable Development Cooperation Frameworks (UNSDCF). In Zambia is SRO-SA is leading the *Results Group on Economic Diversification and Job Creation*, under the UNSDCF. In Mozambique, SRO-SA is co-leading with UNIDO the Results Group on Economic Diversification and Sustainable Livelihoods.

- (c) *Private Sector:* ECA continued to engage with the private sector in delivering its programme of work and in providing technical support to member States. For instance, the Office continued to engage business associations and chambers of commerce and industry, in mobilizing private sector participation in the ongoing work towards the Financing Model for MSMEs in Eswatini; in development of the Digital platform for MSMEs in Southern Africa; and in conducting the Online Training Course on the Role of Technology and Innovation, whose key beneficiaries were the private sector, especially the MSMEs. SRO-SA chaired a session at the SADC Business Forum, upon invitation by the Government of Mozambique (then Chair of SADC) and the SADC Business Council.
- (d) Furthermore, SRO-SA collaborated with *civil society organizations* such as Oxfam, CUTS International and Southern Africa Trust who participated in and contributed to meetings and forums, but also fostered stakeholder engagement, especially with non-state actors. Subject matter experts from *universities and research institutions* also provided substantive and expert inputs in the review and validation processes of analytical studies undertaken by the Office.

49. These partnerships continued to enhance knowledge and experience sharing, develop synergies, build on comparative advantages, leveraging the limited resources, reduce the risk of duplication of efforts and maximise impacts.

4. Challenges and Lessons

50. Programme implementation continued to be constrained by the ongoing COVID-19 pandemic conditions inhibiting timely implementation of planned initiatives especially those related to convening of meetings and delivery of field level advisory services and technical support. In mitigation, ECA continued to leverage virtual platforms to convene meetings, although these are not free of technical disruptions and glitches in the conduct of virtual meetings. Furthermore, limited availability of official statistical data remains a major challenge that affects effective and timely execution of analytical and research work, especially on topical issues of priority to the sub region. Additionally, there has been a challenge in ensuring high level representation and participation especially in statutory meetings (particularly the ICSOE), of officials who are able to make necessary decisions and ensure that

recommendations made at such meetings are taken to the national level for follow-up action and implementation.

51. Lessons learned during the time under review included the following: leveraging of ICTs is key alternative to ensuring program delivery, particularly in convening meetings amid the COVID-19 pandemic; there is need for continuous engagement with RECs as key strategic partners at sub regional level ensures relevance of interventions undertaken and support provided; and working with other UN entities at the regional and country levels is important in facilitating effective collaboration and partnerships, building synergies and leveraging resources and expertise for maximum impacts.

5. Highlights of the Work Programme for the Remainder of 2021 and for 2022

52. As ECA's designated Centre of Excellence for Inclusive Industrialization, whose objective is "strengthen subregional and national programmes and capacities to achieve inclusive industrialization for reducing poverty and inequality in Southern Africa". In this regard, ECA's Proposed Programme of Work for Southern Africa, particularly in 2022, will mainly focus on strengthening capacities of member States, RECs and IGOs to formulate and implement policies, strategies and programmes aimed at accelerating and deepening inclusive industrialization and foster subregional integration and cooperation and support to initiatives on private sector/MSME development for poverty and inequality reduction. This will be done through analytical policy studies, convening policy dialogues, providing advisory services and technical support to member States, RECs and IGOs.

53. In line with the stated objective, Table 1 shows key initiatives and deliverables programmed for delivery for the remainder of the 2021 and later, for the year 2022:

Table 1: Summary of deliverables for the remainder of 2021 and for the Year 2022

OBJECTIVE: Achieve inclusive industrialization for reducing poverty and inequality in Southern Africa	
Category	Key programmed initiatives/deliverables
(a) Servicing of statutory intergovernmental meetings	<p><i>1. Sessions of the ICSOE for Southern Africa (2020 and 2021)</i></p> <ul style="list-style-type: none"> - Report on key economic and social developments and prospects for regional integration in Southern Africa - Report on the work of ECA in Southern Africa - Progress report on regional and international agendas and other special initiatives in Southern Africa
(b) Analytical policy studies and ad hoc expert group meetings	<p><i>2. Policy studies and ad hoc expert groups meetings</i></p> <ul style="list-style-type: none"> - Industrialization in Southern Africa - Regional integration in Southern Africa - Publication on a diagnostic assessment of the state of innovation by industrial-based MSMEs

OBJECTIVE: Achieve inclusive industrialization for reducing poverty and inequality in Southern Africa	
Category	Key programmed initiatives/deliverables
(c) Seminars and workshops	<p>3. <i>Workshops and forums</i></p> <ul style="list-style-type: none"> - Forum on regional integration in Southern Africa - Training in inclusive industrialization and regional integration
(d) Technical support and advisory services	<p>4. <i>Advisory services to member States and RECs and Technical Cooperation</i></p> <ul style="list-style-type: none"> - Developing AfCFTA national strategies (several countries) - COMESA: collaborative initiative on advancing industrialization agenda in the COMESA region (including the Zambia-Zimbabwe Agro-industrial Park Initiative) - Financing model for MSMEs for Eswatini (implementation) - An integrated data management system on external trade statistics in the context of the AfCFTA. - Integrated performance management system (Namibia) - Others, upon request (member States, RECs and IGOs)
(e) Policy dialogue and support to consensus building initiatives	<p>5. <i>Policy dialogue and consensus building</i></p> <ul style="list-style-type: none"> - Policy brief on industrialization and economic transformation in Southern Africa - Policy dialogue on economic development in Southern Africa
(f) UN Development Account Projects	<p>6. <i>DA 12th Tranche Project (2020-2023)</i>: Promotion and implementation of regional and national industrialization policies for inclusive and sustainable development in Southern Africa</p> <p>7. <i>DA Global MSME Surge Project (2020-2022)</i>: Increase access to technology and innovation</p> <p>8. <i>DA 13th Tranche Project (2020-2023)</i>: Innovative Approaches for MSME Competitiveness to Promote Trade and Inclusive Industrialization in Southern Africa in the Post-COVID Context</p> <p>9. <i>DA Project INFF</i>: Towards Integrated National Financing Frameworks (Zambia)</p>
