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ECONOMIC COMMISSION FOR AFRICA  
SUB REGIONAL OFFICE FOR SOUTHERN AFRICA

The 26<sup>th</sup> Meeting of the Intergovernmental Committee of Senior Officials and  
Experts (ICSOE) of Southern Africa

28-29 October 2020

**Virtual**

**Theme:** Policies and strategies towards effective private sector led  
growth and job creation in Southern Africa

**Concept Note**

## 1. Background

The Intergovernmental Committee of Senior Officials and Experts (ICSOE)<sup>1</sup> is a United Nations (UN) General Assembly policy sub-organ of the Economic Commission for Africa (ECA) Conference of African Ministers of Finance, Planning and Economic Development. It was established to provide a forum for engaging member States' senior officials and experts on policy and programme-related matters in each of the five (5) sub regions of Africa – North, Central, West, East and South. The ICSOE is thus an integral part of ECA's governance machinery and meets annually to consider, provide guidance and endorse the formulation and implementation of the programmes of work in line with the priorities of each sub region and proffer recommendations with a view to ensuring that the development imperatives of each sub region are fully incorporated into the Commission's overall work programme. The ICSOE is under the leadership of a Bureau, consisting of a Chair, Vice Chair and a Rapporteur, elected at each Session and serving until the next meeting. As the executive arm of the Committee, the Bureau works closely with the Secretariat during the year in delivering on the programmed work and on the implementation of recommendations from the ICSOE.

The ECA Sub Regional Office for Southern Africa (SRO-SA) based in Lusaka, Zambia is one of the five sub regional offices and serves eleven (11) member States; Angola, Botswana, Eswatini, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Zambia and Zimbabwe. Its current ICSOE Bureau elected at the of the 25<sup>th</sup> session hosted by the Government of Eswatini in September 2019 at Ezulwini, comprises, the Principal Secretary of the Ministry of Finance of Eswatini as Chair, Principal Secretary of the Ministry of Finance of Lesotho as Vice Chair and the Permanent Secretary of the Ministry of Finance, Economic Planning and Development of Malawi as Rapporteur.

Each session of the ICSOE is organized under a theme selected by the Bureau in consultation with the Secretariat and member States. The theme is usually aligned to topical regional socio-economic development issues.

The 25<sup>th</sup> ICSOE of Southern Africa, hosted under the theme, “**The Role of Micro, Small and Medium Scale Enterprises (MSMEs) in the Industrialization Process in Southern Africa,**” reviewed the status of industrialization in the region and the specific role of micro, small and medium scale enterprises. It recommended strategies on deepening the role of MSMEs in industrialization through enhanced participation in the various commodity value chains. Cognizant of the sector's role in job creation and entrepreneurship, the Committee called on member States to create a supportive environment for these enterprises to anchor industrialization. The Session also reviewed the recommendations and findings of the study on, “**Harmonization of Industrialization Policies and Strategies in Southern Africa**” which re-emphasized the importance of policy harmonization and alignment across national borders as a pre-requisite for cross border investment and for the movement of goods, capital and people. The Session stressed on the importance of policy harmonization in deepening of economic integration. The delegates also underscored the importance of supporting the private sector as anchors of the regional industrialization process.

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<sup>1</sup>Previously Intergovernmental Committee of Experts (ICE)

The 26<sup>th</sup> ICSOE of Southern Africa, originally scheduled to be hosted in Maseru, Lesotho, will now be organized virtually on 28 to 29 October 2020 due to exigencies of the COVID-19 pandemic. The Session will be held under the theme: **“Policies and strategies towards effective private sector led growth and job creation in Southern Africa.”** The Government of the Kingdom of Lesotho will Chair the Session which will further deliberate on strategies and policies towards supporting the private sector as anchors of development, job creation and growth in the region. Building on the earlier analyses on MSMEs and industrialization, the discussions will focus on how the private sector can be supported and facilitated to anchor development through appropriate and targeted strategies and policies and especially reinforced in the post-COVID-19 period. Delegates will review and interrogate the various innovative fiscal instruments and incentives which member States can deploy to create an enabling environment for local and foreign private capital to exploit business opportunities and participate in economic diversification and in value chains. The recommendations of the ICSOE will inform the strategic direction, design and implementation of future national and regional private sector development initiatives to leverage the sector’s role in spurring economic growth and advancing development effectiveness and creating decent and sustainable jobs.

A vibrant private sector, including MSMEs, existing alongside larger enterprises is key to the achievement of economic growth that lifts greater numbers of people out of poverty. There is consensus that the private sector plays a catalytic role in fostering growth, job creation, poverty reduction and contributes to sustainable regional development and integration.<sup>2</sup> According to the United Nations Development Programme Istanbul International Center for Private Sector in Development,<sup>3</sup> in an average developing country, the private sector contributes 60 percent of national Gross Domestic Product (GDP), generates 90 percent of jobs and facilitates 80 percent of capital flows. In Africa, at the dawn of the last decade, the sector accounted for more than 80 percent of total output, two-thirds of investments, 75 percent of domestic credit and 90 percent of jobs.<sup>4</sup> These data show that a vibrant private is key to the promotion of economic growth, the reduction of poverty, the generation of employment and the improvement of the quality of life of citizens. Hence, the pursuit of the attainment of development objectives enshrined in Sustainable Development Goals (SDGs) and Agenda 2063 requires the full participation of the private sector in all its diverse manifestations (formal or informal, micro, small, medium or large). The development of strategies and policies to support the private sector is imperative to entrench the sector to anchor growth and job creation. Overall, the supportive policies and strategies should endeavour to, among others, improve the investment and business climate through the creation of a competitive and business friendly environment; develop hard and soft infrastructure to facilitate increased access to reliable social and economic services; and develop and nurture the private enterprises themselves for growth.

The private sector in the region consists of MSMEs spread across many sectors including agriculture, manufacturing, mining, tourism, banking, insurance, hotel and catering. The regional diversity of the private sector in terms of composition, the origins of companies, sizes and areas of activity accounts for the similar variance in constraints and challenges faced. However,

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<sup>2</sup> UNECA (2019), *The private sector and regional integration in Southern Africa: Accelerating opportunities for investment and growth*

<sup>3</sup> <https://www.iicpsd.undp.org/content/istanbul/en/home.html/>

<sup>4</sup> AfDB (2011), *African Development Report 2011*

generally, the challenges revolve around; lack of finance, limited access to energy, political instability in operating environments, corruption, limited access to land and other factors of production, restrictive labour laws and the shortage of skills. Regional member States, generally through industrialization policies, have elaborated strategies, some focused on MSMEs and public private partnerships, to support the growth of the private sector as anchors for sustainable wealth and job creation. Some countries have introduced incentive regimes such as tax breaks and concessionary finance; special purpose vehicles; special economic zones and export development strategies to prop-up and support the sector. Overall, private sector policy and regulatory frameworks in the region have been recalibrated by regional member States to improve the business environment with impetus and direction from regional policies including the SADC Industrialization Strategy and Roadmap (2015-2063) and Action Plan, the SADC Protocol on Industry and the SADC Revised Regional Indicative Strategic Plan (2015-2020). It is imperative to continue interrogating these national and regional strategies and policies for their effectiveness in addressing the twin challenges of low growth and high unemployment in the sub region.

## 2. Objectives of the 26<sup>th</sup> ICSOE

The 26<sup>th</sup> ICSOE of Southern Africa will: - (i) review the social and economic conditions in Southern Africa focusing on the socio-economic impacts of the COVID-19 pandemic and the post-pandemic responses (ii) consider and endorse the implementation of the programme of work of SRO-SA, the planned programme of work and the budget for 2021; and (iii) review the implementation of regional and international agendas, including NEPAD and other special initiatives in the sub region focusing on progress in the implementation of the agreement on the African Continental Free Trade Area (AfCFTA). Overall, the delegates will proffer recommendations to refocus the work of the Secretariat towards regional priorities and align technical support to member States, COMESA and SADC, accordingly.

In addition, delegates to the 26<sup>th</sup> ICSOE will discuss the findings and recommendations of the study on, **“Policies and strategies towards effective private sector led growth and job creation in Southern Africa,”** the theme of the deliberations.

Focusing on the private sector in a region facing high levels of both unemployment and underemployment is important to exploit the ability of this sector to expand economic opportunities, enhance access to both public and private services, create decent jobs and reduce poverty. Overall, by fueling economic growth and development, the private sector directly helps reduce poverty through decent employment opportunities and rising incomes, provides essential consumer goods and services, creates economic linkages and invests in infrastructure and other enabling sectors. Thus, the discussions will focus on how member States, individually and collectively, can develop and implement policies and strategies that create a conducive environment for the growth and maturity of a private sector which then drives development, growth and job creation while enhancing product diversity for regional trade to better exploit the opportunities offered by the AfCFTA. The delegates and participants will discuss: -

- the role of the private sector, including MSMEs, in supporting economic growth and development and the creation of decent and sustainable jobs and hence contribution to poverty reduction;

- the constraints to private sector growth and development including, inadequate access to power, lack of access to finance, corruption, high tax rates, political instability, competition from the informal sector and inadequate worker and management skills and how member States are addressing these challenges;
- the private sector growth and development strategies including how member States are promoting the sector as a driver of development and nurturing these entities to compete for opportunities nationally and across national boundaries (regionalization);
- the strategies to facilitate the graduation of the private sector, including informal enterprises to larger entities able to access larger and more dynamic markets;
- the role of the private sector in the key economic sectors (agriculture, manufacturing, mining, services, etc.) in the region elaborating on how appropriate policies and strategies can deepen the sector's role including in developing value chains through beneficiation and value addition to create sizeable shares of value added and employment; and
- leveraging technology and innovation for increased productivity by the private sector.

Overall, the deliberations will provide recommendations on how to: -

- i. embed strategies for local private sector development both formal and informal into broader national and regional development and poverty reduction programmes;
- ii. support private sector associations and enterprises to be able to provide information on markets and standards, advice on strategies and access to technology and innovation coupled with appropriate financing packages;
- iii. facilitate cross border participation of the private sector in product and commodity value chains;
- iv. strengthen the capacities of the private sector to develop and enhance their competitiveness and that of their products in domestic, regional (including through the AfCFTA) and global markets;
- v. promote and sustain private sector policy coherence and harmonization at regional, national and international level to facilitate access to markets and technologies; and
- vi. effectively ensure that the private sector exploits technology and innovation and facilitates technology and skills transfer so as to maximize the spillover benefits into the domestic and regional economy.

The dialogue will enable delegates to share experiences on how best to exploit the full potential of the private sector for growth, development and job creation.

### **3. Format**

The virtual 26<sup>th</sup> ICSOE of Southern Africa will comprise of presentations and discussions of parliamentary reports prepared by the Secretariat on: (i) Social and economic conditions in Southern Africa (ii) Implementation of the programme of work of SRO-SA and planned work for 2021 and (iii) Implementation of regional and international agendas, including NEPAD and other special initiatives in the sub region focusing on progress, challenges and opportunities under the AfCFTA Agreement.

The findings and recommendations of the study on, “**Policies and strategies towards effective private sector led growth and job creation in Southern Africa**” will be presented for the consideration and consolidation by the delegates and participants. The recommendations of the expert group meeting on, “**The AfCFTA and trade in services: opportunities and strategies for Southern Africa**” to be organized prior to the ICSOE, will be presented for the consideration and endorsement of the delegates.

The deliberations during the meeting will be further enriched through roundtable discussions on the policies and strategies for private sector growth and on progress on the AfCFTA in the sub region. A High Level Ministerial Session will interrogate the national and regional strategies for post-COVID-19 recovery and development in Southern Africa.

A meeting venue will be organized in each of the 11 member States for a maximum of 15 delegates and participants. The venue, which will be configured to respect the national health guidelines on social distancing, will have full Internet access for delegates to connect and participate in the deliberations.

#### **4. Expected Outcomes**

The expected outcomes of the 26<sup>th</sup> ICSOE will include: -

- appreciation of the Economic and Social conditions in Southern Africa and the prospects for 2021 in the face of the COVID-19 pandemic;
- appreciation of the need for stronger regional cooperation and collective action in developing post-COVID-19 recovery strategies;
- understanding of progress, challenges and opportunities in the implementation of the AfCFTA in Southern Africa and the interface with other ongoing integration initiatives;
- understanding of the role and work of ECA in Southern Africa through SRO-SA and how member States and RECs can access the available technical support;
- improvement of the alignment of the ECA work programme with the priorities of RECs and the needs of member States;
- understanding of the key role of the private sector in supporting growth, development and job creation;
- understanding of the impediments to greater private sector activity in regional member States and how policy and strategy harmonization across the region can nurture the sector’s development; and
- appreciation of the opportunities and challenges to be encountered by member States in the services sector as they seek to exploit the opportunities from the AfCFTA.

#### **5. Expected Output**

The outcomes of the 26<sup>th</sup> ICSOE will comprise of the following: -

- An Outcome Statement reflecting the main observations on issues discussed and recommendations on national and regional strategies and policies towards strengthening

the role of the private sector as anchors of growth, development and job creation and on strategies for accelerating post-COVID-19 socio-economic recovery;

- The approved and adopted work programme for SRO-SA for 2021; and
- Recommendations towards strengthening the thematic and parliamentary reports considered by the meeting.

## **6. Participants**

The 26<sup>th</sup> ICSOE delegates and participants will comprise of Senior Government Officials in industrialization, regional integration, trade in services and private sector development from regional member States and the representatives of SADC, COMESA and EAC Secretariats. Representatives from the African Union Commission, the African Development Bank, the Development Bank of Southern Africa, academic and research institutions, civil society, professional associations, the United Nations family and other ECA Divisions will be invited to participate in the meeting. SRO-SA will work closely with the United Nations Resident Coordinators Offices in the member States for local support with logistics.

## **7. Dates and Venue**

The 26<sup>th</sup> ICSOE of Southern Africa will be organized virtually on 28 and 29 October 2020. The Secretariat will liaise with the Ministries responsible for Finance in the member States to organize local logistics (including the meeting venue) and invitations for delegates and participants for the virtual meeting.

## **8. Contacts**

Further information on the meeting and any other related matters should be addressed to:

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