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Economic Commission for Africa
Southern Africa Office

Intergovernmental Committee of Senior Officials and Experts (ICSOE) of Southern Africa
Thirty First Meeting

Ezulwini, Eswatini, 29th-31st October 2025

Theme

Unlocking AfCFTA's Potential: Building Value Chains and Overcoming Barriers to Trade in Southern Africa

Concept Note
(Final)

I. INTRODUCTION

1. The Intergovernmental Committee of Senior Officials and Experts (ICSOE) is a United Nations (UN) General Assembly policy sub-organ of the United Nations Economic Commission of Africa (ECA) Conference of African Ministers of Finance, Planning and Economic Development established to provide a Forum for engaging member States' senior policy makers and experts on policy and programmatic matters in each of the five subregions of Africa. The five ICSOE, which are integral to ECA's governance machinery, provide strategic orientation and direction in ensuring that the priority development imperatives of the five subregions are fully reflected in the overall work programme of ECA. Reference is invited to the Information Note on the [ICSOE - E/ECA-SA/ICSOE.XXX/2025/...](#)

2. Sessions of the Committees are hosted annually by member States on a rotational basis. The thirtieth (30th) Session of the Committee was hosted by the Republic of Zambia in Livingstone during 20-21 November 2024 on the theme *Addressing the energy deficit in Southern Africa through investments in new and renewable energy technologies to reduce energy poverty and accelerate sustainable industrialization and structural transformation*. The Outcome Statement and Report of the thirtieth session are included in the documentation package for this Session. The thirty first (31st) Session, and associated AEGM, will be held in Ezulwini, Kingdom of Eswatini from 29th - 31st October 2025.

3. Following consultations with the Bureau of the 30th ICSOE at a virtual meeting organised by the Secretariat on 16 April 2025, the 31st ICSOE will be held under the theme, *"Unlocking AfCFTA's Potential: Building Value Chains and Overcoming Barriers to Trade in Southern Africa"*. Information Note [E/ECA-SA/ICSOE.XXX/2025/2...](#) provides a list of the ICSOE themes during the last decade showing the consistent strong focus towards supporting industrialization in Southern Africa. The 31st Session will interrogate ways to strategically develop value chains and accelerate the implementation of the African Continental Free Trade Area (AfCFTA) Agreement while building economic resilience.

II. JUSTIFICATION FOR THE THEME OF THE 31ST SESSION OF ICSOE

4. The theme of the 31st Session *"Unlocking AfCFTA's Potential: Building Value Chains and Overcoming Barriers to Trade in Southern Africa"* underscores the historic opportunity the AfCFTA presents to transform Africa's economic landscape. It also recognizes that its success hinges on moving beyond raw material exports to developing competitive regional and continental value chains underpinned by beneficiation and value addition. Southern Africa's current trade profile, in which 70 per cent of exports¹ are unprocessed commodities leaves the region vulnerable to global shocks while also missing on the opportunity to create jobs through

¹ See https://oec.world/en/profile/international_organization/sadc ; https://www.sadc.int/sites/default/files/2022-03/Trade_Statistics_bulletin_final_V1.pdf ; SADC RISDP at https://www.sadc.int/sites/default/files/2021-08/Regional_Indicative_Strategic_Development_Plan.pdf ; and Alberto Behar Lawrence Edward, 2011, "How Integrated Is SADC? Trends in Intra-Regional and Extra-Regional Trade Flows and Policy." Policy Research Working Paper 5625. The World Bank Development Research Group. April

industrialization and value-added production. This year's theme therefore is a clarion call to member States to explore ways to identify and strategically develop regional and global value chains (VCs) that will foster an accelerated AfCFTA implementation, while building economic resilience in Southern Africa.

II.1 African Continental Free Trade Agreement

5. The Agreement establishing the AfCFTA entered into force on 30 May 2019 when twenty-four State Parties deposited their instruments of ratification with the AfCFTA Secretariat. The Agreement aims to create a single market for goods and services, through a progressive elimination of tariff and non-tariff barriers to trade in goods and liberalising trade in services. AfCFTA is poised to deepen the integration of African economies, contribute to increased intra-African trade, promote industrialisation and sustainable development.

6. The AfCFTA is one of the flagship projects under the African Union (AU)'s Agenda 2063, titled "The Africa We Want," which is Africa's framework for structural transformation, aspiring for a continental market with the free movement of people, capital, goods and services. The Agreement is set to create a single African market of over 1.4 billion consumers and around US\$3.4 trillion in combined Gross Domestic Product (GDP)². When fully implemented, the AfCFTA will be the largest Free Trade Area (FTA) in the world, bringing together 55 countries of the AU and its eight regional economic communities (RECs). The AfCFTA recognises that trade liberalisation (reduction and removal of trade barriers such as import quotas and tariffs), can create larger markets for goods and services, providing economic opportunities through exploitation of scale production, continental market access and better reallocation of resources in the member States.

7. On 7 October 2022, the AfCFTA Secretariat launched the *AfCFTA Guided Trade Initiative* (GTI) to allow for commercially meaningful trade for some countries that have met the minimum requirements, piloting the operational, institutional, legal and trade policy environment under the AfCFTA. Initial shipments of select products took place among Rwanda, Cameroon, Egypt, Ghana, Kenya, Mauritius and Tanzania. The initiative gradually expanded to include more countries, among which are some of the major African markets such as South Africa, Nigeria and Tunisia. GTI on services is also planned for rollout soon.

II.2 Strengthening Value Chains to Drive the Implementation of AfCFTA

8. Several analytical studies and opinion pieces³ have demonstrated that the AfCFTA is a potential game-changer for Africa, presenting an opportunity to transform Africa's economic landscape. However, the realization of the full benefits of AfCFTA will depend on member States moving away from exporting predominantly raw materials to developing competitive regional and continental value chains. The 2025 ICSOE aims to explore how these value chains

² Agreement Establishing the African Continental Free Trade Area https://au.int/sites/default/files/treaties/36437-treaty-consolidated_text_on_cfta_-_en.pdf accessed 8 November 2024 (AfCFTA Agreement); and AfCFTA, 'Creating One Common Market' <<https://au-afcfta.org/>> accessed 8 May 2025.

³ For example: ECA, 2025, *Economic Report on Africa 2025: Advancing the Implementation of the Agreement Establishing the African Continental Free Trade Area: Proposing Transformative Strategic Actions*. Addis Ababa; The Brookings Institution Africa Growth Initiative Foresight Africa Podcast "The African Continental Free Trade Area is a game changer for both African and global economies" Wednesday, March 19, 2025; and Caroline Kende-Robb, 2021, "6 reasons why Africa's new free trade area is a global game changer." *World Economic Forum*, Feb 9.

should be developed in a way that will accelerate AfCFTA implementation and serve as a bulwark against external economic shocks through economic resilience.

II.2.1 The Commodity Trap and Its Consequences

9. Southern Africa remains stuck in a colonial-era economic model that exports largely raw materials and imports finished goods. The region accounts for 60 per cent of Africa's copper exports but processes less than 5 per cent locally⁴. Similarly, while producing 25 per cent of the world's platinum, South Africa exports most of its platinum as refined metal rather than higher-value catalytic converters or fuel cells. This commodity dependence creates multiple vulnerabilities: price volatility (copper prices swung 30 per cent in 2023), lost employment opportunities (noting processing creates 4 times more jobs than mining), and persistent trade deficits. The agreed AfCFTA's rules of origin⁵ requirements call for 40-60 per cent local content for preferential trade, and provide the perfect and potent policy lever to break this cycle.

II.2.2 Global Disruptions Demand Regional Solutions

10. Recent crises have exposed the fragility of global supply chains that Southern Africa depends on. For example, the Red Sea crisis from October 2023 to March 2024 significantly disrupted global trade by causing delays and increasing shipping costs and many shipping companies had to reroute their vessels around the Cape of Good Hope, a much longer and costlier route. The crisis increased shipping costs by 30 per cent and caused delays by two weeks for Asian imports⁶. Furthermore, the EU's Carbon Border Adjustment Mechanism (CBAM) is threatening US\$1.2 billion in regional exports of aluminum, steel and ferroalloys⁷.

11. Therefore, developing integrated regional value chains will offer a buffer against these shocks or at least reduce their cumulative impact. For example, regional battery production (combining DRC's cobalt, Zambia's copper, and South Africa's manufacturing capacity) could reduce transport distances by 8,000 km compared to current Asia-dependent supply chains. Similarly, localized food processing would improve food security during climate shocks like the 2024 drought that cut maize harvests by 40 per cent in Zimbabwe and Malawi⁸. Localized food processing would also reduce post-harvest losses.

12. The AfCFTA will serve as a catalyst for industrialization in Southern Africa, and the development of regional value chains will be central to this endeavour. For example, with AfCFTA's tariff incentives, processed goods will face 0-5 per cent tariffs versus 15-20 per cent for raw materials⁹. Moreover, and as mentioned earlier, the AfCFTA offers scale opportunities with the continental market of 1.4 billion people and a combined GDP of US\$3.4 trillion supporting industries that require large production runs. Finally, AfCFTA will attract investments through harmonized investment policies that will make Southern Africa more

⁴ See the 2023 International Trade Centre at <https://www.intracen.org/news-and-events/events/world-export-development-forum-2023>

⁵ There are still 2 RoO still to be agreed.

⁶ UNCTAD, 2024, *Review of Maritime Transport 2024* see <https://unctad.org/publication/review-maritime-transport-2024>

⁷ SAIIA, 2024, "The Impact of the CBAM on African Economies and the Role of the AfCFTA". See <https://saiia.org.za/research/the-impact-of-the-cbam-on-african-economies-and-the-role-of-the-afcfta/>

⁸ World Food Programme, 2024, "In Southern Africa, El Niño drought leaves a trail of scorched harvests and hunger". See <https://www.wfp.org/stories/southern-africa-el-nino-drought-leaves-trail-scorched-harvests-and-hunger>

⁹ African Union, 2023, *2023 African Union Handbook: Acceleration of AfCFTA implementation*, Addis Ababa.

competitive for nearshoring. A few examples illustrate this point: Zimbabwe's leather industry increased exports by 35 per cent after partnering with Botswana's textile firms to produce finished shoes (Afreximbank, 2024). Secondly, Namibia's beef value chain—where 60 per cent of cattle are now regionally processed—demonstrates how RVCs can capture more value while meeting EU and AfCFTA standards simultaneously.

III. OBJECTIVES OF THE 31ST SESSION OF THE ICSOE

13. The 31st Session under the theme “*Unlocking AfCFTA’s Potential: Building Value Chains and Overcoming Barriers to Trade in Southern Africa*”, will explore ways to identify and strategically develop regional value chains (RVCs) that will foster and accelerate AfCFTA implementation while building economic resilience in Southern Africa. The session will reflect on the challenges facing RVC development and the urgency of this endeavor given the ongoing global tensions and the use of tariffs to voice political grievances. Building on the recommendations of the 30th ICSOE Session organized in Livingstone, Zambia, in November 2024, deliberations during the 31st Session will demonstrate how the AfCFTA, if well implemented is poised to address Africa’s development challenges. The session will also demonstrate the need for member States to work in a concerted manner to address the impediments and bottlenecks hindering the implementation of the Agreement. Most importantly, the session will underscore the importance of developing RVCs to boost industrialization and accelerate the implementation of the AfCFTA.

14. Specifically, the Session will

- (a) deliberate on statutory matters through (i) consideration and endorsement of the implementation of the programme of work of SRO-SA for 2025, the planned programme of work for 2026 and the attendant resource envelope, (ii) review of the economic and social conditions in Southern Africa, and (iii) review and provide guidance on the implementation of regional and international agendas and other special initiatives in Southern Africa;
- (b) engage in high level discussions on the theme of the Session on: “*Unlocking AfCFTA’s Potential: Building Value Chains and Overcoming Barriers to trade in Southern Africa*” and proffer recommendations towards accelerating development of national, regional and continental value chains to maximize AfCFTA’s benefits that include regional and continental structural transformation; and
- (c) consider the observations and recommendations of the Ad Hoc Experts Group Meeting (AEGM) to be organized back-to-back prior to the meeting. The AEGM will focus on the theme of the Session “*Unlocking the AfCFTA’s Potential: Advancing intra-regional trade through addressing tariff and non-tariff barriers.*”

15. The AEGM’s recommendations will constitute part of the outcomes of the 31st ICSOE of Southern Africa. The Public Lecture series and the Economic Report on Africa (ERA) 2025 whose theme (*Advancing the Implementation of the African Continental Free Trade Area: Proposing Transformative Strategic Actions*) are relevant to the ICSOE’s theme will serve as resource materials to the deliberations. This Public Lecture, to be co-hosted with the University

of Eswatini (UNESWA), is scheduled to take place on the margins of the 31st ICSOE Session. It will take place on 29th October 2025 at the University of Eswatini.

16. Delegates and participants at the 31st ICSOE will also discuss and proffer regional perspectives on the theme of the Economic Commission for Africa Conference of African Ministers of Finance, Planning and Economic Development (COM2026) to be organized in Rabat, Morocco in April 2026. The perspectives and recommendations of the pre-COM2026 dialogue will constitute part of the recommendations of the 31st ICSOE of Southern Africa.

17. Regarding the theme, the ICSOE will pay special attention to the translation of the various regional and national VC strategies into actionable outcomes. In this regard, the ICSOE discussions will focus on, *inter alia*, the following priority areas:

- i. The potential of intra-regional trade
 - a. Exports and imports: what products and in what quantities are exported/imported by each country? The aim is to conduct an export/import potential mapping - where the analysis identifies capacity to increase production and enter new (regional/local) markets
 - b. Mapping intra-regional trade: can the region match exports and imports whilst capitalizing on the AfCFTA?
- ii. Policy Harmonization & Regulatory Alignment
 - a. Rules of origin: How SADC countries can capitalize on local content thresholds for priority sectors?
 - b. Non-tariff barriers: What reforms are needed to streamline sanitary and phytosanitary (SPS) standards, customs procedures and other regulations for regional trade? How can AfCFTA's NTB mechanism resolve this?
 - c. Industrial policies: Should Southern Africa adopt coordinated incentives (e.g., tax breaks for regional suppliers)?
- iii. Infrastructure & Trade Facilitation
 - a. Transport corridors: how to fast-track the Lobito Corridor (Angola-DRC-Zambia) and improve ports operations (Walvis Bay, Durban, Beira, Maputo)? How can AfCFTA-driven investments expand capacity?
 - b. Digital systems: can blockchain-based e-certificates of origin cut border delays?
 - c. Energy security: What regional solutions exist for electricity shortages (e.g., Zambia-Zimbabwe power-sharing)?
- iv. Financing & Investment Mobilization
 - a. AfCFTA Adjustment Fund: how to prioritize LVC projects (e.g., DRC-Zambia battery plants)?
 - b. Private sector engagement: what incentives will attract manufacturers to nearshore production?
 - c. SME access to finance: how to bridge the US\$50 billion annual financing gap for African SMEs?
- v. Sector-Specific Value Chain Development

- a. Mining and minerals: how to move from raw cobalt/copper exports to battery manufacturing?
 - b. Agriculture: can regional soybean-to-poultry chains replace US\$2 billion in EU/Russian imports?
 - c. Automotives: what policies would boost electrical vehicle (EV) component production in Southern Africa?
- vi. Inclusivity & Skills Development
 - a. Gender equity: how to ensure participation of women-led firms in LVCs?
 - b. Youth employment: what vocational training programs are needed for agro-processing/manufacturing jobs?
 - c. Informal sector integration: how to bring cross-border traders into formal AfCFTA trade?
- vii. Monitoring & Regional Cooperation
 - a. Progress tracking: should SADC adopt a scorecard for LVC development?
 - b. Dispute resolution: can the SADC region revive its dispute settlement mechanism in alignment with AfCFTA?
 - c. Knowledge sharing: what can Southern Africa learn from East Africa's dairy value chains?

18. The Session will proffer recommendations on how member States should identify and strategically develop value chains (VCs) to foster and accelerate AfCFTA implementation while building economic resilience against external shocks that threaten Southern Africa's development.

IV. Format

19. The 31st ICSOE Session, and the related AEGM, will be held from 29th to 31st October 2025, in a hybrid format- face to face and virtual. The Session will be convened in plenary, complimented by focused panel discussions. In addition to dealing with statutory matters, the Session will also consider, for adoption, the main issues and recommendations of the AEGM that will precede the 31st ICSOE session.

V. Expected Outcomes

20. Deliberations are expected to lead to:
- (a) Clear guidance and direction on the implementation of the 2025 programme of work of SRO-SA, and on priority areas for the planned programme of work 2026 and approval of the attendant budget,
 - (b) Enhanced understanding of the social and economic conditions in Southern Africa, and an appreciation of progress in the implementation of regional and international agendas,
 - (c) Increased appreciation of the work of ECA in Southern Africa in addressing requests from member States,

- (d) Well-articulated recommendations and guidance on unlocking barriers to the development of national and regional value chains so as to accelerate the AfCFTA implementation, and
- (e) Strengthened partnership, and commitment among stakeholders towards supporting the building of national, regional and continental value chains in support of AfCFTA's faster implementation in Southern Africa.

VI. Expected Outputs

- 21. The outputs of the Session will include the following:
 - (a) An Outcome Statement of the ICSOE reflecting the issues and recommendations of the Session.
 - (b) Approved work programme for SRO-SA for 2026 and the attendant budget.
 - (c) Report of the proceedings of the Session; and
 - (d) Press releases, policy briefs and web-based publications.

VII. Meeting Documentation

- 22. Parliamentary Reports:
 - (a) Implementation of the 2025 programme of work of SRO-SA and the planned programme of work and the budget for 2026;
 - (b) Economic and social conditions in Southern Africa; and
 - (c) Implementation of regional and international agendas and other special initiatives in Southern Africa.
- 23. Thematic study report:

“Unlocking AfCFTA’s Potential: Building Value Chains and Overcoming Barriers to Trade in Southern Africa.”

VIII. Participation

- 24. High-level officials and experts from all eleven member States of SRO-SA from relevant Government ministries, departments and agencies; African Union Southern Africa Regional Office; Southern African Development Community Secretariat; Common Market for Eastern and Southern Africa Secretariat; Southern African Customs Union Secretariat; African Union Development Agency-NEPAD; African Capacity Building Foundation; African Development Bank; Development Bank of Southern Africa; SADC Business Council; COMESA Business Council; National Chambers of Commerce and Industry; Private Sector operators; Civil Society Organizations; Women and Youth Groups; Professional Associations; Academic and Research Institutions, AFREXIMBANK, AFC, representatives of the media, United Nations Agencies; and other ECA Divisions and SROs.

IX. Working languages

25. The meeting will be conducted in English. Simultaneous interpretation will be provided in Portuguese.

X. Venue and dates

26. The 31st Session of the ICISOE of Southern will be hosted by the Government of the Kingdom of Eswatini from 30th to 31st October 2025. The Session will be preceded by an Ad hoc Experts Group Meeting on 29th October 2025 hosted by the Government of the Kingdom of Eswatini; as well as a Public Lecture titled “Advancing the Implementation of the African Continental Free Trade Area: Proposing Transformative Strategic Actions” on the 29th October 2025, hosted by the UN System-Eswatini and the University of Eswatini at the Kwaluseni Campus. The lecture whose theme is based on the theme of the *2025 Economic Report on Africa* (ERA 2025), will provide a platform for the Ministry of Commerce, Trade and Industry of Eswatini, student body, private sector and other relevant collaborative partners, to discuss the implications and applications of the report’s findings in Eswatini.

XI. Administrative arrangements

27. An Information Note with organisational logistics, travelling and immigration arrangements and formalities, visa and health requirements, hotel accommodation and other general information on the Kingdom of Eswatini will be emailed to confirmed delegates and participants and will also be posted on the ECA website.

XII. Contacts

28. Further information and queries on the meeting and other related matters should be addressed to: -

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