

United Nations Economic Commission for Africa (UNECA)

On the Theme

***POLICIES AND STRATEGIES TOWARDS PRIVATE SECTOR LED GROWTH AND JOB
CREATION IN SOUTHERN AFRICA***

Draft Official Opening Statement

By

**Mr. Sizo Mhlanga
Director, SRO-SA**

20 October 2020

Virtual

I would like to recognise the presence of:

The Minister of Finance of the Kingdom of Lesotho...Honourable Thabo Sofonea

Honourable Ministers present here with us

The United Nations Resident Coordinator of Lesotho, Mr. Salvator Niyonzima.

UN RCs here present

The Representative of the Executive Secretary of SADC

The Representative of the Secretary General of COMESA – Mr Providence Mafubi, Director Industry and Agriculture

The Representative of the African Union Regional Delegate to Southern Africa – Ms Myranda Lutempo, Senior Policy Officer

Chair of the Bureau of the 25th Intergovernmental Committee of Senior Officials and Experts (ICSOE) of Southern Africa, Mr Mluleki Dhlamini,

Representatives of regional member States

Senior Government Officials;

Representatives from International and Non-Governmental Organizations;

Members of Civil Society, academia, private sector and the media;

Fellow UN colleagues;

Distinguished Ladies and Gentlemen;

All Protocols Observed;

On behalf of the Executive Secretary of the United Nations Economic Commission for Africa, Mrs. Vera Songwe, it gives me great pleasure to welcome you all at the 26th Session of the Intergovernmental Committee of Senior Officials and Experts (ICSOE) of Southern Africa. We wish to extend our deepest gratitude to our host, the Kingdom of Lesotho for initially agreeing to host and also the tremendous efforts during the whole process of planning and preparing this Session. Hon Minister, we are highly honored to have you grace our meeting today given your busy schedule.

I also thank all our member States, stakeholders and development partners, for having taken part in the series of consultative meetings held between these last months as part of the planning process. Integrating your inputs and feedback in the planning process was critically important to us and we thank you for your contributions.

I also wish to thank our colleagues at the UN Resident Coordinator Offices in our 11 member States for support in facilitating the logistics of this meeting. As you know, this is the first time we are convening virtually due to current COVID-19 restrictions and we reached out to our UN colleagues in the member States for on the ground logistics.

Honourable delegates, 2020 has been a challenging and unprecedented year for Southern Africa and for Africa and the rest of the World as we continue to address the debilitating impacts of the COVID-19 crisis on economies, people and livelihoods. As early as April 2020, our UNECA Report “*COVID-19: Protecting lives and economies*” stressed the necessity for the continent to be prepared to address the attended costs of the pandemic. Within the United Nations system, our common call is for countries to aim at “building back better” in a post-COVID environment that more than ever, needs us to embrace sustainable development as a goal and recognize the inextricable interdependencies between economic growth, environmental vulnerabilities and social cohesion.

In our Southern African region, the pandemic has affected the capacity of some countries to meet payment obligations on their debt servicing and accelerated the onset of debt unsustainability. UNECA early in March this year convened several sessions of African Ministers of Finance in as a platform for the articulation of concerns and needs to international development partners. The Ministers called for debt relief from bilateral, multilateral and commercial partners with the support of the multilateral and bilateral financial institutions such as the IMF, the WBG and EU, to ensure that countries were afforded the fiscal space required to deal with the exigencies of the COVID-19 crisis. They also called for a special purpose vehicle to be created to deal with all sovereign debt

obligations. Besides drawing attention to the real risk for debt distress in the continent, the Ministers also recognized the importance of the **private sector** for job creation and for post-COVID-19 recovery efforts and called on Development Finance Institutions (DFIs) to support the private sector during this difficult time.

Dear delegates, our current theme, **‘Policies and strategies towards private sector led growth and job creation’** was conceived last year after the 25th ICSOE meeting in Eswatini. The theme was endorsed by the ICSOE Bureau composed of Eswatini and Chair, Lesotho as vice Chair and Malawi as rapporteur. I take this opportunity to appreciate the Bureau’s sterling efforts during their tenure of office. Only last week the Chair led our AEGM on **“Ad-hoc Expert Group Meeting on “The African Continental Free Trade Area (AfCFTA) and Trade in Services: Opportunities and Strategies for Southern Africa”** - the outcome statement from this will be shared during this meeting.

Esteemed delegates, the fact that the private sector, including micro, small and medium-sized enterprises (MSMEs), should be in the driving seat of economic development, job creation and regional integration in Southern Africa is acknowledged in the region. The last two ICSOEs of Southern Africa, held in Eswatini last year and in Mauritius in 2018, have highlighted the critical importance for Southern African member States to support SMEs to become more effective actors of the industrialization

process while creating opportunities for them to integrate in value-chains, especially at a regional level as more so, as the operationalization of our much-coveted African Continental Free Trade Area (the AfCFTA) is before us.

Hon Minister and dear delegates, our region's private sector has been severely affected by the impact of COVID-19 this year with the onset of lockdown measures, and member States have had to beg and borrow resources, from our perennial funders to facilitate special support measures for the private sector. We have undertaken several surveys in the region to assess the impact of COVID-19 on businesses. The recently published results for the Southern African region have and revealed that some of the major challenges for businesses in the region were:

- A marked drop in demand for products/services;
- Lack of operational cash flow;
- Reduced opportunities to meet new customers;
- Supply shortages due to border closures; and
- Higher freight costs and shipment delays

The COVID-19 crisis has indeed thus highlighted the need for our member States to reduce their dependence on global value-chains and external markets and redouble efforts to progress in consolidating regional integration processes, whether through COMESA, SADC, the TFTA and

critically the AfCFTA; This would entail accelerating the building of productive capacities and the implementation of national and regional industrialization strategies and improving on the business environment in order to unleash opportunities for the Southern African private sector both in the subregion and the rest of the continent. Building back better post-COVID-19 will require a strengthening of the capacities of the private sector, with special attention to women-led and youth-led businesses, a prioritization in policies for accelerating inclusive and sustainable industrialization processes - at national and regional level – and a fast tracking of regional integration.

This august virtual gathering provides an opportunity for member States to reconsider the strategies they have in the current context so that they we better strengthen the private sector and make it more resilient against future unexpected shocks. The major objective of the meeting, distinguished delegates, is thus for member States, private sector and civil society to discuss collectively on the post- COVID-19 strategies that the region should put in place to recover from the pandemic and the strategies that are warranted to strengthen the role of the private sector in that recovery process, especially in relation to building their industrial capabilities, improving their competitiveness and their contributions to regional integration.

We are therefore counting on your valuable expertise, experiences and insights to enrich our understanding of the constraints that the private sector faces and on ways to address these constraints, in the post- COVID-19 context.

We at the UNECA remain committed to supporting member States in accelerating private sector growth, regional integration and inclusive industrialization in the region to avoid reversal of development gains and progress further in achieving the Sustainable Development Goals and Agenda 2063 in the region

Let me, distinguished delegates wish you successful deliberations.

I thank you for your kind attention.