



Harmonization of regional industrialization strategies and policies in Southern Africa



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Executive summary

The purpose of this study is to investigate the extent to which industrialization strategies and policies in Southern Africa, in particular the Common Market for Eastern and Southern Africa (COMESA) industrialization policy and the Southern African Development Community (SADC) industrialization strategy, are aligned with one another and with other regional, continental and international industrialization frameworks. The aim is to contribute to the achievement of a more coherent and common vision in industrial development and transformation in the region, while also harnessing the trade opportunities arising from the Tripartite Free Trade Area agreed upon between COMESA, the East African Community (EAC) and SADC and the African Continental Free Trade Area.

More specifically, the study analyses industrialization strategies and policies of SADC, COMESA and the Tripartite Free Trade Area to identify the extent to which they are aligned and consistent among themselves, and aligned with international and African continental frameworks and aspirations. The study has also identified the potential barriers to the incorporation and mainstreaming in national law and frameworks of regional industrialization policies and recommended actions to facilitate and expedite harmonization, incorporation and implementation of the regional industrialization policies in Southern Africa.

The analysis shows that COMESA and SADC industrial policies are aligned with the Tripartite Free Trade Area, the continental industrial and trade frameworks, including the Accelerated Industrial Development of Africa initiative and the African Continental Free Trade Area, and with international industrial development measures, including the aspirations inherent in the global Sustainable Development Goals. In their own aspirations, however, COMESA and SADC need to emphasize sustainability and inclusiveness. Areas of convergence between COMESA and SADC industrialization policies and strategies include the central role accorded in them to industrialization in economic growth and

transformation, their industrialization aspirations and their guiding principles. The policies also have common priority strategic focus areas and sectors. Where they diverge is primarily in the strategic areas of intervention.

The analysis has also shown that the aspirations and strategies of national industrial policies and the strategies in member States of COMESA and SADC are consistent with those of the COMESA and SADC industrialization policies. They are aligned with the aspirations of the Tripartite Free Trade Area and the African Continental Free Trade Area. A potential challenge which could limit the use made of the two free trade areas is posed by possible divergences in their rules of origin, the provisions on the treatment of goods produced in the special economic zones and divergences in the definition of micro, small and medium-sized enterprises.

Barriers to the incorporation and mainstreaming of regional industrialization policies in national law and frameworks in Southern Africa include such issues as national interests; lack of commitment to make the mainstreaming of specific policies a priority; limited consultations among member States and with the private sector during policy development; inadequate financial and human resources; poor coordination of activities at national level; the existence of multiple regional strategies which require mainstreaming; and the social, economic and political conditions of specific member States. Barriers to industrial policy implementation include such challenges as limitations in financial and human resources; limitations in access to investment finance; weak coordination; poor institutional governance structures; frequent institutional changes; limitations in the monitoring and evaluation of implementation of programmes and policies; and political shortcomings such as the lack of political action. These challenges could lead to certain policy instruments not being implemented or being overlooked, with the resulting strategies being much less effective.

Based on these findings, it may be concluded that the COMESA and SADC industrialization policies are extensively aligned with the Tripartite Free Trade Area, the African Continental Free Trade Area and international industrial development frameworks. The policies also have many areas of convergence, although they could diverge in terms of their rules of origin and the treatment of goods produced in their special economic zones. While national policies are consistent with the COMESA and SADC industrialization policies, a potential area of divergence may be seen in the different ways that the various States define small and medium-sized enterprises. At the national level, there are challenges that limit the incorporation and mainstreaming in national law and frameworks of regional industrialization policies and their implementation.

To enhance the harmonization of industrialization policies in Southern African countries, with a view to taking fuller advantage of the trade opportunities under the Tripartite Free Trade Area and the African Continental Free Trade Area, the following recommendations have been made:

- a) Areas of potential divergence between COMESA and SADC industrialization policies, including the definition of the categories of micro, small and medium-sized enterprises and small and medium-sized enterprises,
- b) The process of incorporating regional industrialization policies into national law and frameworks should be facilitated by ensuring that the formulation and design of regional policies are based upon firm data and that the process involves consultations with member States and the private sector;
- c) The implementation of industrialization policies should be enhanced by improving coordination arrangements, ensuring that each SADC member State has activated its SADC national committee with the involvement of all the relevant ministries, the creation of stakeholder platforms for exchange and consultation on advancing industrialization, enhanced monitoring and evaluation of the policies at the national level, the building of capacity for policy implementation, and the provision of fiscal support to micro, small and medium-sized enterprises at a scale commensurate with that provided to large companies, so as to enable an inclusive industrialization.

1. Introduction

1.1 Background and context

The importance of industrialization as a driving force of regional integration and economic transformation in Africa is well articulated in the continental action plan for the Accelerated Industrial Development of Africa (African Union, 2008) and Agenda 2063: the Africa We Want (African Union Commission, 2015). The development priorities of the the African Development Bank, known as the “High 5s”¹ and the 2030 Agenda for Sustainable Development similarly underscore the importance of industrial policy and industrialization to socioeconomic development. In particular, Goal 9 is aimed at building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation by 2030 through the development of quality, reliable, sustainable and resilient infrastructure.

The regional economic communities have also used industrial development to anchor the expansion of regional trade and acceleration of economic transformation across the continent. The recently launched African Continental Free Trade Area and the COMESA-EAC-SADC Tripartite Free Trade Area are leveraging the large trade potential opportunities for the continent's industrialization as industrial goods are projected to benefit the most from these free trade areas. For instance, a 2015 study by the Economic Commission for Africa (ECA) and the African Union Commission shows that industrial goods are likely to benefit the most from the African Continental Free Trade Area.

The objectives of the COMESA-EAC-SADC Tripartite Free Trade Area are to contribute to economic and social development, promote intra-regional trade in goods and services and enhance the regional and continental integration processes. The Tripartite Free Trade Area, with a population of over 632 million and a total

gross domestic product (GDP) of over \$1.3 trillion, presents a market much larger than COMESA or SADC, for the goods and services of the COMESA, EAC and SADC member States. Industrial development is one of the three pillars of the Tripartite Free Trade Area. It is expected to enhance competitiveness and address supply and productive capacity constraints (COMESA, EAC and SADC, 2015). Key provisions of the Tripartite Free Trade Area include the liberalization of trade in goods, the elimination of non-tariff barriers and quantitative restrictions, rules of origin, trade facilitation, manufacturing in special economic zones and the protection of infant industries.

The objectives of the African Continental Free Trade Area are to create a single market for goods and services; to liberalize markets for goods and services; to contribute to the movement of capital and natural persons and facilitate investments; to lay the foundation for the establishment of a continental customs union; to foster sustainable and inclusive socioeconomic development, gender equality and structural transformation; to enhance competitiveness; to promote industrial development; to resolve multiple and overlapping membership challenges; and to expedite regional and continental integration processes. The Agreement Establishing the African Continental Free Trade Area provides for the liberalization of goods and services; rules of origin, cooperation in customs, trade facilitation and transit; product standards; treatment of products from special economic arrangements and zones; and protection of infant industries, all which are critical for the development of the industrial sector and the trade in industrial goods.

For both COMESA and SADC, industrialization has been at the heart of regional integration agendas. Each of these two regional economic communities has recently developed stand-alone industrial development strategies which

¹ The five priority areas are: to light up and power Africa; to feed Africa; to industrialize Africa; to integrate Africa; and to improve the quality of life for the people of Africa.

are to be incorporated into national frameworks and implemented by their respective member States. These regional strategies consist of clearly articulated visions and multifaceted objectives; they are complex, intertwined and employ multiple instruments in pursuit of the overall objectives of anchoring industrialization. Each of the strategies is also accompanied by a specific action plan with time frames and the identification of institutions responsible for implementation.

1.1.1 COMESA industrialization strategy (2017–2026)

The COMESA industrialization strategy was adopted in 2017 and is in line with the COMESA Treaty, which provides for the member States to cooperate in the field of industrial development and the formulation of a regional industrialization strategy that promotes linkages among industries and facilitates the development of small and medium-sized enterprises. The strategy is anchored on the COMESA industrialization policy for the period 2015–2030, which was adopted in 2015. The policy identifies nine priority sectors for regional cooperation: agroprocessing; energy; textile and garments; leather and leather products; mineral beneficiation; pharmaceuticals; chemicals and agro-chemicals; light engineering; and the blue economy. In addition, it aims to foster linkages between small and medium-sized enterprises and larger firms through the development of regional supply-chain networks. The industrialization strategy further lays out a detailed scheme for implementing the policy and is aligned with the COMESA medium-term strategic plan for the period 2016–2020, which prioritizes the implementation of the industrialization policy and identifies key intervention areas in this regard.

The COMESA strategy is broadly based on two models of industrialization – the natural resources-led and the human resource-led models – with the overarching goal of transforming the region by leveraging its rich human and natural resources into a powerful engine for economic transformation and sustainable poverty reduction. The vision of the strategy is expected to be realized through several

policy interventions which closely mirror the aforementioned models of industrialization. Key enablers for the successful implementation of the master plan include: infrastructure development; the legal, regulatory and institutional business environment; access to finance; standardization, quality assurance and quality management systems; the establishment of industrial parks to attract foreign direct investment; science, technology and innovation; the use of diaspora resources; and the promotion of local content and sourcing. Furthermore, the strategy, which is informed by the COMESA industrialization policy, identifies the following key priority sectors based on the region's comparative advantage: agroprocessing and agribusiness; livestock development; chemicals, fertilizer and agrochemicals; leather and leather products; textiles and garments; mineral beneficiation; pharmaceuticals; energy; trade in services for industrialization; and the blue economy. In the strategy, the private sector is recognized as the key driver of the master plan, including through partnerships with the public sector. The strategy recognizes public-private partnerships as key driving forces of implementation.

1.1.2 SADC industrialization strategy and road map (2015–2063)

The SADC industrialization strategy was approved by the SADC Heads of State and Government at their extraordinary summit in Harare, in April 2015. It is a long-term modernization and economic transformation proposal, built on key SADC institutional and policy frameworks, including the SADC Treaty, the Trade Protocol, the Industrial Policy Development Framework, the Regional Infrastructure Development Master Plan, the Industrial Upgrading and Modernization Programme, and the Revised Regional Indicative Strategic Development Plan.

The latter – which was also adopted in 2015 – is the blueprint for the community's integration agenda. The original plan was approved at the summit of SADC Heads of State and Government in 2003 with an implementation time frame of 2005–2020. When it was reviewed in 2012, industrialization was placed at the centre of the regional integration agenda. The strategy's long-

term vision is aligned with Agenda 2063 of the African Union – the strategic framework for the socioeconomic transformation of the continent over the period 2013–2063. The draft protocol on industry currently under consideration provides the overall regional industrialization agenda and framework anchored on deeper collaboration among member States.

The SADC strategy is underpinned by three interdependent pillars: industrialization as the champion of economic and technological transformation; competitiveness as an active process to move from comparative advantage to competitive advantage; and regional integration as the context for industrial development and economic prosperity. Three mutually compatible growth paths are identified as priority areas for accelerated industrialization: agroprocessing; natural resource-led growth including minerals beneficiation and processing; and enhanced participation in value chains at the national, regional and global levels.

A number of policy directions are recommended to achieve the overarching objectives of the strategy. These include policies to stabilize the macroeconomic environment; to mainstream regional integration considerations in national development programmes; and to address the key binding constraints on industrialization, namely infrastructure, skills and finance. The strategy and its associated action plan for implementation (2015–2030) also acknowledge and emphasize the central role to be played by the private sector – including small and medium-sized enterprises – as the main engine for investment and growth. Thus, policies to empower and strengthen the private sector feature prominently in these strategic documents. Furthermore, the action plan highlights specific products and sectors with high potential for value chain enhancement, while focusing on those with important linkages within the region.

1.1.3 Need for industrial policy harmonization in Southern Africa

The entry into force of the Tripartite Free Trade Area in 2015 (COMESA, EAC and SADC, 2015) and the African Continental Free Trade Area in 2019, both of which have created large markets for goods and services for the combined COMESA, EAC and SADC region and the continent respectively, is the strongest factor motivating the harmonization of industrialization policies for the Eastern and Southern African countries. There is need for countries in Eastern and Southern Africa not only to harmonize their trade policies among themselves but also to align them with the Tripartite Free Trade Area and the African Continental Free Trade Area, in order for them to harness the opportunities and benefits arising from these free trade areas.

In addition to harnessing the opportunities presented by the Tripartite Free Trade Area and the African Continental Free Trade Area, attention should be given to the issue of the multiple and overlapping membership by Eastern and Southern African countries of the regional economic communities. Member States of the Southern African region belong either to COMESA,² or SADC,³ or to both these regional economic communities. The Democratic Republic of the Congo, Eswatini, Madagascar, Malawi, Mauritius, Seychelles, Zambia and Zimbabwe are members of both COMESA and SADC, while the remaining member States belong to either SADC or COMESA only. In addition, the United Republic of Tanzania is also a member of EAC,⁴ while other EAC partner States, namely Burundi, Kenya, Rwanda and Uganda, are member States of COMESA. In this situation of multiple and overlapping memberships, efforts by member States to incorporate and implement development strategies could be impeded, in particular where there is no consistency between the different strategies of the regional economic communities to

2 COMESA member countries are: Burundi, Comoros, Democratic Republic of the Congo, Djibouti, Egypt, Eritrea, Ethiopia, Eswatini, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Swaziland, Tunisia, Uganda, Zambia and Zimbabwe.

3 Member States of SADC are: Angola, Botswana, Comoros, Democratic Republic of the Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, United Republic of Tanzania, Zambia and Zimbabwe.

4 Partner States of EAC are: Burundi, Kenya, Rwanda, South Sudan, Uganda and United Republic of Tanzania.

which the member States in question belong. The pursuit of development anchored on the aspirations defined in the regional economic communities to which member States belong therefore requires a harmonized approach, in which common elements are identified and prioritized for implementation.

Policy harmonization is a progressive process by stakeholders, involving the identification and prioritization of common concerns and agreement on ways and means of resolving them and the necessary stages in such resolution. It is therefore not necessarily the pursuit of homogenization or uniformity in industrial policy, but rather a comparative approach aimed at identifying divergent aspects and targeting those areas that will enable progressive adjustment to industrial development tools and instruments. In this context, harmonization encompasses alignment, standardization, mutual recognition, equivalency and reference standards, and is guided by an alignment of industrialization programmes and policies to facilitate a coherent and coordinated implementation process in member States. By identifying areas of convergence in this way, it will be possible to develop a monitoring and evaluation programme for the management of industrialization activities.

In addition to policy harmonization efforts within the member States of regional economic communities, policy rationalization and harmonization efforts in Eastern and Southern Africa have also been pursued through the COMESA-EAC-SADC Tripartite Free Trade Area. The further harmonization of industrialization strategies and policies should build on such previous efforts, taking into account existing achievements both at national and regional levels.

This study contributes to the harmonization of industrialization strategies in Southern Africa, in particular in SADC and COMESA. The study constituted the background documentation for

the ad hoc expert group meeting held on 11 and 12 September 2019 in Eswatini.

1.2 Objective of the study

The overall objective of the study is to investigate the extent to which industrialization strategies and policies in Southern Africa – in particular the SADC industrialization strategy and the COMESA industrialization policy – are aligned with one another and with other regional, continental and international industrialization frameworks. The aim is to contribute to the achievement of a more coherent and common vision in industrial development and transformation in the region, while also harnessing the trade opportunities arising from the Tripartite Free Trade Area and African Continental Free Trade Area. Under this overarching objective, the study's specific objectives are the following:

- a) To review and analyse the industrialization strategies and policies of SADC, COMESA and the Tripartite Free Trade Area and to identify the extent to which they are – or are not – aligned with international and African continent-wide aspirations and strategies;
- b) To prepare and review a template showing areas of convergence and differences between the SADC industrialization strategy and road map and the COMESA industrialization policy;
- c) To scrutinize the consistency of existing national industrialization strategies in the Southern Africa region⁵ with regional (SADC, COMESA and the Tripartite Free Trade Area) and continent-wide integration and industrialization frameworks;
- d) To identify potential barriers to policy implementation, in particular those that may result from misalignments between regional industrialization plans of action and national commitments to other bilateral, regional, continental, or international agreements;

⁵ For the purpose of this study, the designation "Southern African countries" refers broadly to member States of the SADC region, namely: Angola, Botswana, Comoros, Democratic Republic of the Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, United Republic of Tanzania, Zambia and Zimbabwe.

- e) To discuss issues and challenges confronting COMESA and SADC member States in their efforts to incorporate regional industrialization strategies and to mainstream industrialization in their national development plans and policies;
- f) To identify areas of intervention and to recommend key actions to facilitate and expedite the harmonization, incorporation and implementation of the regional industrialization strategies.

1.3 Scope of the study

This study covers the Southern African region, comprising members of SADC and

COMESA, and undertakes a detailed review of the industrialization strategies of these two regional economic communities, identifying the areas of convergence and divergence. It compares the aspirations of these communities to other international and continental industrial development framework aspirations and policies, with a view to identifying areas of alignment or misalignment. The study also discusses the industrial policies of member States of COMESA and SADC, with a view to identifying their alignment – or lack of alignment – with the specific industrialization policies and strategies of the respective regional economic communities.

2. Methodology

This is a desk-research study based on the use of secondary data, comprising publicly available material at the national, regional and continental levels. The methodologies used are described below.

2.1 Review and analysis of relevant policies

This methodology involves the review and analysis – or comparison – of the following industrialization policies, strategies and actions plans:

- a) Regional industrialization policies of COMESA and SADC;
- b) National industrialization strategies in the Southern Africa region, in particular those of SADC member States which also belong to COMESA, such as Eswatini, Zambia and Zimbabwe;
- c) International industrialization development aspirations, including the Lima Declaration: “Towards inclusive and sustainable industrial development”, adopted by the General Conference of the United Nations Industrial Development Organization in 2013, the

2030 Agenda – in particular, its Goal 9 – and the Addis Ababa Action Agenda;

- d) African continental industrialization action plan – namely, the African Union plan of action for the Accelerated Industrial Development of Africa – and Agenda 2063;
- e) Agreement Establishing a Tripartite Free Trade Area among the Common Market for Eastern and Southern Africa, the East African Community and the Southern African Development Community (COMESA, EAC and SADC, 2015);
- f) Agreement Establishing the African Continental Free Trade Area (African Union, 2018).

2.2 Review by the Intergovernmental Committee of Senior Officials and Experts

The draft study report was presented to the Intergovernmental Committee of Senior Officials and Experts of Southern Africa at its twenty-fifth session, held from 10 to 13 September 2019 in Eswatini. The study received comments and recommendations which informed preparation of the study’s final version.

3. Overview of the industrialization strategies of SADC, COMESA and the Tripartite Free Trade Area

This section reviews and analyses the regional industrialization strategies and policies of SADC, COMESA and the Tripartite Free Trade Area and their alignment with international and continental development aspirations. In particular, it identifies key elements of the industrialization strategies and their areas of alignment and convergence, and also of non-alignment, including with other instruments.

3.1 International development aspirations and industrialization policies of COMESA and SADC

Current international industrial development aspirations include the Lima Declaration, the 2030 Agenda – in particular, its Goal 9 – and the Addis Ababa Action Agenda. The Lima Declaration of 2013 placed emphasis on inclusive and sustainable industrial development and this has been further elaborated in Goal 9

and in the Addis Ababa Action Agenda. These policy frameworks regard industrialization as the driving force of economic growth, through the creation of job opportunities, thereby helping to reduce poverty, while also addressing other development goals, such as providing opportunities for social inclusion, including by promoting gender equality, empowering women and girls and creating decent employment for young people.

In both COMESA and SADC, the aspirations of the industrialization policy are to achieve economic growth and transformation and both policies consider industrialization as essential for economic development. A detailed comparison of these aspirations with reference to the role of industrialization, trade, investment, infrastructure, technology enhancement, skills development and financing may be seen in table 1 below.

Table 1 : Comparison of COMESA and SADC industrialization policies with continental and international industrial development aspirations

Policy, strategy or agreement	Lima Declaration, SDG 9, 2030 Agenda, Addis Ababa Action Agenda	Continental (AIDA, Agenda 2063)	COMESA industrialization policy and industrialization strategy 2017-2026	SADC industrialization strategy and road map 2015-2063
Industrialization	Industrialization drives economic growth, creates job opportunities and thereby reduces income poverty. It addresses other development goals including providing opportunities for social inclusion, including gender equality, empowering women and girls and creating decent employment for young people	Industrialization is a critical engine of economic growth and development	Industrialization is important for structural transformation, job creation, reduction of poverty and overdependence on commodity exports and reduced external shocks	Industrialization takes centre stage in the SADC regional integration agenda; it is central to diversification of their economies; development of productive capacity; and the creation of employment for poverty reduction and setting of economies on a more sustainable growth path
Aims and goals	To achieve inclusive and sustainable industrial development as the basis for sustainable economic growth	To address causes of the low industrial development of Africa and contribute to accelerated industrial development To achieve the harmonization of national industrial policies	To develop a vibrant and sustainable industrial sector that will ensure equitable benefits for all the people of COMESA member States	To set out areas of cooperation to build a diversified, innovative and globally competitive industrial base To provide a reference point To guide the coordination of complementary policies, activities and processes and to communicate the region's aspirations
Natural resources	Industrialization should promote the sustainable use, management and protection of natural resources and the ecosystem services that they provide	Need to provide a foundation for industrial acceleration through increased processing and value addition of local resources	To promote local content and local sourcing through: Development of policies that increase local content in natural resource based production and manufacturing Aligning local content policies with other economic development policies Promoting consumption of locally manufactured products Applying local content requirements	Natural resource-led growth including minerals beneficiation and processing, also linking into value chains, both regional and global

Policy, strategy or agreement	Lima Declaration, SDG 9, 2030 Agenda, Addis Ababa Action Agenda	Continental (AIDA, Agenda 2063)	COMESA industrialization policy and industrialization strategy 2017-2026	SADC industrialization strategy and road map 2015-2063
Trade	Trade and development must be advanced, in particular in the small and medium-sized enterprise sector, micro-industries and other new forms of community-based entities Industrialization drives value addition	Policy on product and export diversification Facilitation of joint cross-border industrial enterprises and intra-regional trade Building of capacity to improve, certify and assure the quality and standards of industrial products for improved market access Establishment and strengthening of regional centres and laboratory facilities for standard setting, quality control, assurance and certification	Strengthening standardization, quality assurance and quality management systems for, intra-COMESA trade facilitation and expanded market access opportunities Increasing the manufacturing base and product diversification Strengthening value addition and value chains at national and regional levels	Cooperation to be promoted with a view to: Increasing intra-regional trade and expansion of markets Diversifying the region's manufacturing base through efforts to stimulate and encourage value addition on local primary resources Promoting export diversification of goods and services
Investment	Foreign direct investment is one of the areas of international cooperation	Creation of mechanisms to provide incentives and support services to African industries Harmonization of investment codes	Need to improve the business climate in COMESA member States by reducing or eliminating regulations which impede investment flows and opening up investment regimes by eliminating investment barriers and promoting investments in green technologies	Investment flows to be stimulated into productive sectors in which the region has a comparative advantage, and as a strategy for acquiring modern technology to support value-addition, innovation and technology transfer Regional public and private investments to be encouraged in infrastructure and services
Infrastructure	Resilient infrastructure is important for sustainable industrial development.	Critical importance of energy, communications, transport, water and other sectors to the promotion and sustenance of industrial development and for more competitive industrial productions	Transport, energy, water and ICT are important industrialization enablers, for lowering the cost of doing business and increased industrial competitiveness	

Policy, strategy or agreement	Lima Declaration, SDG 9, 2030 Agenda, Addis Ababa Action Agenda	Continental (AIDA, Agenda 2063)	COMESA industrialization policy and industrialization strategy 2017-2026	SADC industrialization strategy and road map 2015-2063
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Technology enhancement	International cooperation for industrial development should be based on the transfer of knowledge and technology Industrialization is conducive to the application of science, technology and innovation	Need to enhance scientific, technological and innovative capacity, to develop and adapt technologies to ensure improved productivity and competitive production by linking together the university and tertiary sector and research and development institutions Review and upgrading of the existing regional centres of technology Promotion of exchange of industrial technology experiences Establishment of regional centres of excellence in science and technology to accelerate scientific discoveries, knowledge production, technology development and innovation in major areas Support for the creation of technology incubators, technology parks and prototyping activities in the region Development of technology information centres	Supportive science, technology and innovation (STI) policies to be formulated STI to be integrated into industrial development and national development plans Member States to increase their spending on STI to at least 3% of their national budgets Funding agencies to be established that are dedicated to funding both public and private research and development and innovation activities Linkages to be forged with global manufacturers of equipment and machinery for technological and skills transfer at concessional rates	
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Policy, strategy or agreement	Lima Declaration, SDG 9, 2030 Agenda, Addis Ababa Action Agenda	Continental (AIDA, Agenda 2063)	COMESA industrialization policy and industrialization strategy 2017-2026	SADC industrialization strategy and road map 2015-2063
Skills development	Industrialization encourages greater investment in skills and education	Entrepreneurial skills, management skills and institutes that provide quality training to be upgraded	Investment in science, engineering and entrepreneur skills training to be stepped up National and regional human and institutional capacities to be strengthened	Research and development, technology and innovation capabilities and skills to be strengthened Technical and vocational skills to be upgraded to bridge the gap in the science, technology, engineering and mathematics curriculum Regional centres of excellence to be identified and strengthened Member States to facilitate the movement of skills within the region

Financing	Primary sources include: Domestic public resources, supplemented by international assistance International cooperation to contribute to appropriate financial mechanisms	Primary sources include: Pension funds, Remittances from Africans in the diaspora Revenue from reform of the tax system Establishment of an industrial development fund for infrastructure and heavy industries	Primary sources include: International development partners COMESA member State investments Remittances from the diaspora Regional and national financial institutions PPPs	Primary sources include: Public expenditure
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Unlike international industrial development aspirations, which highlight inclusiveness and sustainability, the industrial policy aspirations of COMESA and SADC do not give particular prominence to these two issues. Among their policies, however, the two regional economic communities do have strategies that aim at enhancing sustainability and inclusiveness. Where natural resources are concerned, international policies observe that industrialization should promote the sustainable use, management and protection of natural resources and the ecosystem services that they provide, while the COMESA industrialization strategy is primarily focused on the harnessing of such resources, with less emphasis on the sustainability of their use. Where trade is concerned, international policies lay stress on inclusiveness, including in the advancement of trade and development, in particular in the small and medium-sized enterprise sector, micro-industries and other new forms of community-based entities. COMESA and SADC consider industrialization as crucial for product diversification and increased intra-regional trade and crucial for value addition and strengthening of value chains.

These two industrialization frameworks need to emphasize the inclusiveness of small and medium-sized enterprises and micro-industries in their aspirations. COMESA and SADC investment strategies in the industrial sector are aligned with the international framework aspiration of industrialization through the enhanced use of technology, international cooperation and the advancement of science, technology and innovation. COMESA and SADC strategies are also aligned with the industrialization skills development aspirations of the international industrialization policy frameworks.

3.2 COMESA and SADC policies and continental aspirations

The industrial development aspirations of Africa are well articulated in Agenda 2063, the plan of action for the Accelerated Industrial Development of Africa and the Agreement Establishing the African Continental Free Trade Area, among other instruments. In fact, Agenda 2063 has the

Accelerated Industrial Development of Africa as one of its pillars. The aspirations of the continent by 2063 are: first, prosperity based on inclusive growth and sustainable development; second, integration, politically united and based on the ideals of pan-Africanism; third, good governance, democracy, respect for human rights, justice and the rule of law; fourth, peace and security; fifth, cultural identity, common heritage, values and ethics; sixth, people-driven development with the potential of women and youth realized; and, seventh, strong, united and influential global player and partner.

The Accelerated Industrial Development of Africa plan provides a continental framework for tackling the causes of the continent's low level of industrial development. The plan identifies six major priorities to address at national, regional, continental and international levels, for the coherent industrial development of Africa. These include a policy on product and export diversification, natural resources management and development; infrastructure development; human capital development and sustainability, science, technology and innovation; the development of standards and compliance; the development of legal, institutional and regulatory frameworks; and resource mobilization for industrial development.

The African Continental Free Trade Area is designed to achieve sustainable and inclusive development; increased trade and investments in goods and services; industrial development; and expedited regional and continental integration processes. Trade and other provisions of the Free Trade Area, such as the rules of origin, treatment of goods from special economic zones and infant industry protection, have a direct impact on the development of the industrial sector. COMESA and SADC industrial strategies are aligned with the continental aspirations discussed above.

3.3 Aspirations of the Tripartite Free Trade Area

The aims of the COMESA-EAC-SADC Tripartite Free Trade Area are to promote economic and social development, foster intra-regional trade,



enhance the regional and continental integration processes and harness the benefits of the Free Trade Area for the entire region. The aspirations of the Tripartite Free Trade Area are fully aligned with those of the African Continental Free Trade Area and with the COMESA and SADC industrialization strategies. There is still need, however, for a common definition of the categories of micro, small and medium-sized enterprises and of small and medium-sized

enterprises within COMESA, SADC, the Tripartite Free Trade Area and the African Continental Free Trade Area. Other potential areas of divergence in these policy frameworks include the following: rules of origin; the treatment of goods produced in the special economic zones; issues related to the protection of infant industries; and the role of government, in particular with relation to the procurement⁶ of goods and services.

⁶ Based on discussions at the ad hoc expert group meeting, held on 11 and 12 September 2019 in Eswatini.

4. COMESA and SADC industrialization policies

This section compares and contrasts SADC and COMESA industrialization policies. In particular, it provides a template showing the areas of convergence and alignment and areas where differences may exist.

4.1 Areas of convergence

The COMESA and SADC industrialization policies have many areas of convergence, including the central role of industrialization in economic transformation, the objectives of industrialization and guiding principles and strategies for interventions. The policies also have common priority strategic focus areas and sectors. Table 2 shows various areas of convergence in these policy frameworks. These areas of convergence indicate a coordinated and coherent movement towards the tripartite and the continental industrial development aspirations.

4.2 Areas of divergence

Areas of divergence are mainly to be found in the strategic areas of intervention and the priority

sectors of the industrialization focus. There are also areas of divergence in strategies for the development of infrastructure, including energy and ICT infrastructure, technology enhancement and skills development, investment, trade and standardization, quality assurance and quality management systems, natural resource utilization and industrialization policies. Table 3 describes the areas of divergence.

Potential areas of divergence between the frameworks which could impede the utilization of the Tripartite Free Trade Area and the African Continental Free Trade Area include differences between the rules of origin of the two regional economic communities, provisions on the treatment of products manufactured in special economic zones and definitions of the two categories of micro, small and medium-sized enterprises and small and medium-sized enterprises.

Table 2: Areas of convergence between SADC and COMESA industrialization policies

Area of policy or strategy	Key issue of convergence
Role of industrialization	Both frameworks recognize the central role of the industrialization policy and sector for the transformation, growth and diversification of economies, for job creation and for reduced poverty.
Objectives	Both frameworks aim to achieve sustainable growth with equitable benefits for the member States of the regional economic communities. Other common objectives are: a. Promoting linkages between the industrial sector and other sectors of the regional economy; b. Promoting productivity and competitiveness.
Guiding principles	The frameworks have some similar guiding principles, including: a. Building partnerships and cooperation, including between private and public sectors; b. Implementation through a regional approach, including coordination and interfacing of the industrial development efforts at both national and regional levels.
Role of the private sector	Both frameworks see participation of private sector as key to achievement of the objectives of the regions' industrialization policies and strategies.
Strategic areas	Both frameworks target enhanced competitiveness, such as the COMESA targets aimed at combating illicit trade and counterfeiting.
Priority sectors	Both frameworks have prioritized agroprocessing and minerals beneficiation and downstream processing. Development of these sectors can benefit from coherent development efforts arising from programmes of each of the two regional economic communities.
Trade	a. The frameworks recognize that the COMESA-EAC-SADC Tripartite Free Trade Area and the African Continental Free Trade Area present an opportunity for the regions' expanded market; and product diversification through value addition. b. The strategies for trade aim at the following: to expand trade and market access for manufactured products in the regions, such as by further matching trade regional liberalization with third parties for accelerated industrialization; and to promote local content and local sourcing, such as through rationalizing the rules of origin of existing member States to support industrialization.
Investments	Both frameworks aim at promoting increased investment through an improved business climate and the development of transportation and logistics infrastructure.
Technology enhancement	Both frameworks provide for the implementation by member States of supportive science, technology and innovation policies and research and development activities.
Skills development	Both frameworks identify as important the strengthening of research and development, technology and innovation capabilities and skills; training in science, technology, engineering and mathematics; and the strengthening of national and regional human and institutional capacities.
Utilization of natural resources	Both frameworks have particular provisions on the use of natural resources, including: a. Promotion of cross-border regional collaboration and linkages, between governments, firms, industries and sectors in mineral exploration, mining and beneficiation; b. Development by member States of policies to guide the exploitation of minerals; c. Collaboration or seeking support from third countries; d. Focusing on the blue economy particularly ocean resources including fisheries, renewable energy, oil and mineral exploration, transport and logistics, tourism and recreation and marine security among others.

Area of policy or strategy	Key issue of convergence
Infrastructure	<p>Both frameworks identify good infrastructure as an important enabler or catalyst for industrial development. They both aim at developing coordinated and upgrading transboundary infrastructure networks to lower the cost of doing business while also increasing competitiveness of the industrial sector. The frameworks identify in particular the development of transportation, energy, information and communications technology and water supply infrastructure as critical.</p> <p>Specifically, for energy, the frameworks promote:</p> <ol style="list-style-type: none"> Coordinated investments in the energy sector for both domestic use and export to regional partners; Adoption of energy-efficient technologies to reduce the cost of production; Development of energy-efficient policy packages and management systems, such as drawing on lower cost regional supplies instead of focusing on national self-sufficiency. <p>For transportation, the frameworks encourage increased and coordinated investment in regional transport networks across all transportation modes.</p>
Inclusive and sustainable development	<p>Both frameworks support inclusive and sustainable development, including:</p> <ul style="list-style-type: none"> Promoting investment in green technologies for environment preservation, climate change adaptation and mitigation purposes; Exploiting the blue economy, in particular ocean resources, including fisheries, renewable ocean energy, transport and logistics, tourism and seabed exploration and minerals; Supporting micro, small and medium-sized enterprises and industries; Mainstreaming gender and youth in manufacturing.
Strategic areas of intervention	<p>Both frameworks have identified common areas of intervention, including:</p> <ol style="list-style-type: none"> Product diversification including through value addition; Promoting participation in regional value chains; Enhancing intra and inter-regional trade; Addressing skills and human development gaps; Strengthening capabilities in research and development and in science, technology and innovation; Mainstreaming gender and youth in manufacturing; Supporting micro, small and medium-sized enterprises and industries in efforts to increase their competitiveness.

Table 3: Areas of non-alignment (divergences) between COMESA and SADC industrialization policies

Area or policy	COMESA industrialization policy and industrialization strategy 2017–2026	SADC industrialization strategy and road map 2015–2063	Impact of the divergences on trade and industrialization in the region
Goal, objectives and guiding principles	One of the principles of the COMESA strategy is the harmonization approach, which includes harmonization of the COMESA policy with that of SADC.	<p>To provide a reference point, guide coordination of complementary policies, activities and processes and communicate the region's industrialization aspirations.</p> <p>One of the principles of the SADC strategy is that geography and natural resources are important in establishing economic clusters.</p>	<p>If members of regional economic communities do not use the regional policy or strategy as the point of reference for their industrialization aspirations, they are likely to develop policies, strategies and interventions which are not aligned with the region's policy. This will lead to inconsistency in aspirations and to interventions which may not be conducive to achievement of the regional industrialization and aspirations and to failure to achieve the desired intra-regional and inter-regional trade.</p> <p>The COMESA principle of policy harmonization, including harmonization of the COMESA industrialization policy and strategy with those of SADC, is important to coherent industrialization in the region and also to enhanced interregional trade in industrial goods. Divergence of policies leads to inconsistencies in industrial development, which could also impede the expansion of interregional trade in industrial goods. SADC applies the principle that economic clusters are developed on the basis of geography and natural resources, while COMESA makes no mention of economic clusters. Failure to adhere to the economic clusters based on geography and natural resources could delay realization of the region's anticipated industrialization.</p>
Strategic areas of intervention	Promoting locally skilled and labour-intensive industrialization	A compact for industrialization between the government and the private sector. Promote inclusive and sustainable industrialization by taking into account initiatives on the green and blue economy.	Failure to promote locally skilled and intensive labour may lead to reduced employment and hence to underachievement of the employment and poverty reduction goals of both the COMESA and the SADC industrialization strategies. Lack of partnerships between governments and the private sector may impede industrialization. Failure to take due account of the green and blue economies will lead to non-inclusive and non-sustainable industrial development.

Area or policy	COMESA industrialization policy and industrialization strategy 2017–2026	SADC industrialization strategy and road map 2015–2063	Impact of the divergences on trade and industrialization in the region
Trade		<p>Strategies for trade aim, among other goals, at the following:</p> <ul style="list-style-type: none"> To coordinate member States' industrial policies with a view to their convergence; To promote the uptake and internalization by member States of FTA rules in their trade and industrial policies. 	<p>Uncoordinated and divergent industrial policies may present barriers or constraints leading to the non-achievement of the expected industrialization.</p> <p>Failure to internalize FTA rules will constrain the achievement of increased intra- and interregional trade, and also of trade within the Tripartite and African Continental FTAs.</p> <p>This calls for harmonization of COMESA and SADC trade regimes, including the rules of origin, in particular with a view to harmonizing the Tripartite and African Continental FTA regimes for enhanced trade within and between regional economic communities and the two FTAs.</p>
Financing	<p>The strategy identifies the following as its funding sources:</p> <ul style="list-style-type: none"> Regional and national financial institutions; Capital and financial markets; Diaspora resources; International development partners; Public-private partnerships. 	<p>The strategy identifies the public sector as its primary funding source.</p>	<p>Given the critical role identified in the two strategies for the government as the provider of a conducive and stable business environment, and the role of the private sector as the driver of investments in the industrial sector, both the government and the private sector need to be identified in each strategy as a source of finance. Nevertheless, government budgetary support remains critical in the implementation of the policies.</p>

5. National, regional and continental integration and industrialization frameworks

This section reviews existing national industrialization strategies for certain selected countries in the Southern Africa region, and scrutinizes their consistency and alignment with regional and continental integration and industrialization frameworks. The policies of Eswatini, Zambia and Zimbabwe are used as case studies, as these were developed relatively recently (2015, 2018 and 2018, respectively), and also because these three countries are members of both COMESA and SADC.

5.1 Consistency of existing national industrialization strategies with regional strategies

At the national level, most member States of COMESA and SADC have developed national industrialization strategies based on both COMESA and SADC regional industrialization policies and strategies. Box 1 summarizes the aspirations and the strategic focus of the national industrialization policies of Eswatini, Zambia and Zimbabwe respectively.

Overall, the aspirations and strategies of the surveyed national industrial policies and strategies are consistent with those of COMESA and SADC and also, by and large, with one another. An important strategic focus of the Zimbabwe industrialization policy, which is not identified in the industrial policies of either Eswatini or Zambia, is the provision of fiscal incentives for manufacturers. This measure is to be expected as regional initiatives are driven by member States and consistency in this regard is an indication of consistent progress towards fulfilment of the industrial development aspirations of the regional economic communities.

In addition to the national industrial policies, countries also have other national policies, in such areas as transport, energy, investment, export, trade and local content strategies supporting industrialization. There is therefore need to align their industrial policies with these other sectoral and national policies to ensure an industrialization that is more comprehensive, inclusive and sustainable and that also takes advantage of trade opportunities presented by the Tripartite Free Trade Area and the African Continental Free Trade Area.

Box 1: Case studies of national industrial policies

Eswatini national industrial development policy 2015–2023

The Eswatini industrial development policy (Kingdom of Eswatini, 2015) presents strategies for industrial and trade development for the country for the period 2015–2022. The policy aims to create a vibrant, sustainable, resilient and competitive economy through the promotion of viable industrial sectors, diversification and long-term intensification of the country's industrialization process, in which local natural and human resources are sufficiently captured in line with the country's dynamic comparative advantages.

The policy strategies focus on value addition and the beneficiation of primary products; human capacity and skills development; product standards, quality regulations and infrastructure; innovation, technology transfer and research and development; the liberalization of trade in services; industrial cluster development; industrial financing; industrial infrastructure development; investment promotion; micro, small and medium-

sized enterprise development and inclusive growth; inclusive industrial development; sustainable industrial development; competition policy and trade for industrialization.

Zambia national industrialization policy

The general objective of the policy (Republic of Zambia, 2018a) is to transform Zambia from a producer and exporter of primary products into a net exporter of value added goods, making use of local primary resources with the increased participation of citizens. It focuses on eight sectors, namely: processed foods; textiles and garments; engineering products; wood and wood products; leather and leather products; mineral processing and production; pharmaceuticals; and the blue economy. These eight sectors are supported by the service sectors of construction, agriculture, tourism, education, energy, ICT and health.

Strategic intervention areas include: growth of the manufacturing sector, growth of employment in manufacturing, upgrading and modernizing the country's industry, effective use of raw materials, growth of cooperatives and micro, small and medium-sized enterprises, producing high-quality goods, environmental sustainability, promoting domestic and foreign direct investment in priority sectors, and mainstreaming the issues of HIV/AIDS, gender, youth and disability in industrialization.

Although the Zambian industrialization policy does not have explicit strategies for the development of industrialization infrastructure, comparable to the COMESA and SADC industrialization strategies, the country has national policies on transport (Republic of Zambia, 2019); ICT (Republic of Zambia, 2006); and energy (Republic of Zambia, 2008). These policies provide strategies for improved access, cost and sustainability of the specific infrastructure. Strategies for job creation are elaborated in other national policies, such as the strategy paper on industrialization and job creation (Republic of Zambia, 2013). Strategies for enhanced regional, continental and international trade are covered under the country's national export strategy (Republic of Zambia (2018a) and national trade policy (Republic of Zambia (2018e). Investment strategies are covered under the national investment promotion strategy (Republic of Zambia (2018c), while the promotion of local content is covered under the national local content strategy (Republic of Zambia, 2018d). Inclusiveness is covered under several strategies, including the national investment promotion strategy and the strategy paper on industrialization and job creation and national financial inclusion strategy.

Zimbabwe national industrial development policy 2019–2023

This policy aims to facilitate and promote the development of sustainable, innovative, inclusive and globally competitive industrial and commercial enterprises for improved consumer welfare and economic growth. The strategic focus of the policy includes: financing for industrial development, local content, innovation and technology, green industrialization, cluster initiatives, micro, small and medium-sized enterprises, rural industry development, competitiveness, fiscal incentives for manufacturers, conducive investment climate, industrial skills and training, trade policies, infrastructure and utilities, energy, mainstreaming of gender and youth, health and development of the services sector (Republic of Zimbabwe, 2018).

5.2 Consistency with continental integration and industrialization frameworks

The above countries have industrialization policies which pursue the objectives of enhancing regional and continental integration, value addition, increased trade in industrial goods, increased competitiveness, trade liberalization, trade facilitation, and infrastructure and utility development, either explicitly identified in the policies or provided for in other national policies.

Overall, the aspirations of national industrialization policies are consistent with the continent's industrialization policies. Divergences in strategic interventions, such as the provision of fiscal incentives for manufacturers by some member States, could, however, present a potential competition challenge to the implementation of the Tripartite Free Trade Area and the African Continental Free Trade Area.

6. Barriers to industrialization policy mainstreaming and implementation in Southern Africa

6.1 Barriers and challenges to the incorporation and mainstreaming of regional policies in national frameworks

Southern African countries face challenges in the process of incorporating and mainstreaming regional industrialization strategies in their national development plans and policies. Some of these barriers and challenges⁷ are outlined below:

6.1.1 National interests

A member State's position vis-à-vis the regional policy is perhaps the most common reason for its failure to incorporate and mainstream regional strategies at the national level. Commonly stated national interests include the protection and preservation of national sovereignty and territorial integrity; the protection of infant industries; the reduction of poverty; unemployment, security, health and climate change; crises of national leadership; and internal cultural conflicts.

6.1.2 Fears that regional policies may be inappropriate to the national socio-economic environment

Regional policies are often designed with the use of limited data and with external assistance which may impede the appropriation of strategies by domestic stakeholders. When considering the incorporation of regional strategies, member States often favour those that are most attractive to them given the local socioeconomic environment.

6.1.3 Other domestic challenges

Other challenges to the incorporation and mainstreaming of regional industrial policies in national development plans include:

- a) Limited consultations with member States and the private sector during development of the regional policies;
- b) Inadequate financial and human resources;
- c) Poor coordination of activities at the national level;
- d) Lack of commitment, resulting in failure to prioritize the policies;
- e) Existence of multiple regional strategies which require mainstreaming;
- f) Specific social, economic and political conditions of certain member States.

6.2 Challenges to the implementation of regional industrialization strategies

Barriers to policy implementation are obstacles which prevent a given policy instrument from being implemented, or limit the way in which it can be implemented. Barriers may lead to certain policy instruments being overlooked, and the resulting strategies being much less effective. Some common barriers and challenges⁸ to the implementation of industrialization policies in Southern Africa are outlined below.

⁷ Based on discussions at the ad hoc expert group meeting, held on 11 and 12 September 2019 in Eswatini.

⁸ Based on discussions at the ad hoc expert group meeting, held on 11 and 12 September 2019 in Eswatini.

6.2.1 Limitations in financial resources

The budgetary support furnished by the governments of COMESA and SADC member States (as is the case with other African countries) for the implementation of national plans of industrial policies is often constrained. There are insufficient funds to fully implement the proposed programmes and intervention actions, including mainstreaming activities and monitoring and evaluation.

6.2.2 Limitations in human resource capacity

Limited capacity due to small staff complements hinders the implementation of programmes and plans and also limits efforts to ensure the necessary enforcement, in such areas as intellectual property rights, standards and quality, and competition, among others. Capacity and skills limitations are further compounded by the limitations of education systems that do not generate sufficient human resources in terms of both quality and quantity. The implementation of industrialization strategies requires highly qualified human resources with the necessary technology and skills, in particular in engineering and sciences. Universities in the subregion are more oriented to social sciences and administrative programmes and offer few postgraduate programmes in the science, technology, engineering and mathematics – or STEM – curriculum. Furthermore, the issue of industrial skills development is not helped by the limited use of such approaches as “learning by doing” or the informal training undertaken by the private sector at the industry level, as approaches of this kind are very limited in the Eastern and Southern Africa region.

6.2.3 Limitations in access to finance by entrepreneurs

Financial systems in many countries in Southern Africa – and also in other African countries – do not adequately support the industrial sector, in particular micro, small and medium-sized enterprises, which are the major players in this sector. These enterprises have limited access to the formal financial sources, and informal

financial sources are only able to provide limited amounts of credit. The risk-averse financial sector avoids extending long-term credit to these more precarious entrepreneurs, who also face challenges in meeting the required financial guarantees for long-term credit.

6.2.4 Weak coordination structures

The implementation of industrial policies and strategies in various Southern African countries cuts across a range of ministries, including those responsible for industrialization, trade, minerals, agriculture, ICT and energy, among other portfolios. Sometimes, the implementing agencies work in silos and could even be competing among themselves for access to public funds. Ministries and other public agencies tend to elaborate their own strategies, which more often are not fully integrated and coordinated. This is not only a barrier to the implementation of industrial policies but also leads to the inefficient and wasteful use of scarce public resources.

6.2.5 Poor governance institutional structures

The lead ministries (ministries concerned with industrialization) do not have sufficient leverage to push their own agendas across all the implementing ministries and agencies. This situation is further exacerbated by the multiplicity of other policies and strategies, under the purview of other ministries, which affect the implementation of industrialization policies.

6.2.6 Frequent institutional changes

Institutional changes pose a challenge both to long-term planning and to the sustained mainstreaming and implementation of industrial policies. Often the place of industrial policies within a member State’s economic agenda depends on the priorities and strategies followed by each government; hence changes in government may then result in shifts in industrialization strategy priorities, even though this should not happen.



6.2.7 Limitations in monitoring and evaluating the implementation of programmes and policies

These are primarily due to the inadequacy of financial resources or the absence of an institutional culture that supports the conduct of such monitoring and evaluation.

6.2.8 Political barriers

Lack of political will and commitment also hinders the implementation of regional industrial policies at the national level.

7. Conclusion and recommendations

7.1 Conclusion

The analysis has shown that COMESA and SADC industrial policies and strategies are aligned with the industrial and trade aspirations of the Tripartite Free Trade Area and of the continent in general, and with those of international industrial development frameworks. The aspirations of COMESA and SADC need, however, to emphasize the goals of sustainability and inclusiveness.

Areas of convergence between the industrialization policies and strategies of COMESA and SADC include the central role accorded to industrialization in economic growth and transformation, the industrialization aspirations of the two communities and the principles guiding their interventions. The policies also have common priority strategic focus areas and sectors. Divergences are primarily to be found in the strategic areas of intervention.

It has also been shown that the aspirations and strategies of national industrial policies and the strategies followed by the surveyed member States of COMESA and SADC (Eswatini, Zambia and Zimbabwe) are consistent with those of COMESA and SADC. They are also consistent with the aspirations of the Tripartite Free Trade Area and the African Continental Free Trade Area. A potential area of divergence which could limit the extent to which advantage is taken of those Free Trade Areas may be found in their rules of origin, their provisions on the treatment of products manufactured in special economic zones and in their definitions of micro, small and medium-sized enterprises and of small and medium-sized enterprises.

Barriers to the incorporation and mainstreaming of regional industrialization policies in Southern Africa include: national interests; failure to prioritize such incorporation and mainstreaming; limited consultations among member States and with the private sector during development of the regional policies; inadequate financial and human resources; poor coordination of activities

at the national level; existence of multiple regional strategies which require mainstreaming; and the specific social, economic and political conditions of certain member States.

Barriers to industrial policy implementation include: limitations in financial and human resources; limited access to investment finance; weak coordination; poor governance institutions; frequent institutional changes; inadequate monitoring and evaluation of the implementation of programmes and policies; and political barriers such as lack of political will. These challenges could lead to non-implementation or to certain policy instruments being overlooked with the resulting strategies being much less effective.

It may therefore be concluded that the COMESA and SADC industrialization policies are aligned with the aspirations of the Tripartite Free Trade Area, the African Continental Free Trade Area and international industrial development frameworks. The policies also have many areas of convergence, although there are potential divergences in their rules of origin and their treatment of goods produced in special economic zones. National policies are consistent with the industrialization policies of the regional economic communities, although there are potential divergences between the definitions of small and medium-sized enterprises in different member States and in their provision of divergent incentives for manufacturers. At the national level, there are challenges that limit the incorporation, mainstreaming and implementation of regional industrialization policies.

7.2 Recommendations

To enhance the potential of Southern African countries to take full advantage of the trade opportunities opened up by the Tripartite Free Trade Area and the African Continental Free Trade Area, and also to enhance the incorporation, mainstreaming and implementation of

industrialization policies at the national level, the following recommendations⁹ are made.

Recommendation 1: Harmonization of potential areas of divergences between COMESA and SADC

To enable COMESA and SADC to take fuller advantage of the opportunities for trade in industrial goods arising from the Tripartite Free Trade Area and the African Continental Free Trade Area, there is need to harmonize:

- a) Rules of origin;
- b) Their definition of the categories of micro, small and medium-sized enterprises and of small and medium-sized enterprises;
- c) The role of the government, including in procurement;
- d) Incentives provided to the manufacturers;
- e) Treatment of goods produced in the special economic zones.

Recommendation 2: Improved incorporation of regional industrialization policies

COMESA and SADC need to improve their formulation and design of regional policies. The regional economic communities should prepare industrialization policies themselves and the process should include consultations with member States and with the private sector. The process should also be based on disaggregated data, so as to ensure that the strategies are relevant to the specific social and economic conditions of the region and its member countries.

Recommendation 3: Enhanced implementation of industrialization policies

Member States should:

- a) Improve the coordination of implementation. To this end, each SADC member State must activate its SADC national committee and ensure that it is well resourced. It is equally important to ensure that all the relevant ministries are involved in the industrialization policy process. These include the ministries of finance, agriculture, industry, infrastructure, ICT and energy, among others;
- b) Create platforms for exchange and consultations on advancing industrialization at both regional and national levels. The platforms should bring together the private sector, government, researchers and the development partners;
- c) Enhance monitoring and evaluation of the policies at the national level and ensure that they provide relevant information. In addition to providing both human and financial resources, this is key to ensuring that the process is data-driven;
- d) Build capacity for the implementation of policies. This includes ensuring the availability of both human and financial resources and of the necessary skills. The design of policies should be based on data. In addition, policies should fund research and encourage regional think tanks to undertake research work to inform the industrialization process in the region;
- e) Support micro, small and medium-sized enterprises, including those in the informal sector, with a view to enhancing inclusive industrialization. This includes extending fiscal incentives, including tax exemptions, tax holidays and other incentives comparable to those provided to large companies.

⁹ Based on discussions at the twenty-fifth session of the Intergovernmental Committee of Senior Officials and Experts of Southern Africa, held on 11 and 12 September 2019 in Eswatini.

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