



## ANNUAL SADC INDUSTRIALIZATION WEEK

### DAR ES SALAAM DECLARATION

#### THE 4<sup>TH</sup> ANNUAL SADC INDUSTRIALISATION WEEK HELD FROM 5-9 AUGUST 2019 AT JULIUS NYERERE INTERNATIONAL CONVENTION CENTRE, DAR ES SALAAM, UNITED REPUBLIC OF TANZANIA

#### Preamble

1. The 4<sup>th</sup> Annual SADC Industrialisation Week, was held at Julius Nyerere International Convention Centre in Dar es Salaam, United Republic of Tanzania from 5<sup>th</sup> to 9<sup>th</sup> August 2019. The Conference was officially opened by His Excellency Dr. John Pombe Magufuli, President of the United Republic of Tanzania, and closed by His Excellency Dr. Ali Mohammed Shein, President of Zanzibar and Chairman of the Revolutionary Council. Also in attendance was Dr. Stergomona Tax, Executive Secretary of SADC Secretariat.
2. The Forum was jointly organized by the Ministry of Industry and Trade, United Republic of Tanzania, the SADC Secretariat, and the SADC Business Council under the theme '***A Conducive Environment for Inclusive and Sustainable Industrial Development, increased intra-regional trade, and job creation***'. The event was hosted in preparation for the 39<sup>th</sup> Session of SADC Heads of States and Government Summit. Key topics were infrastructure development in Africa and regional value chains. Discussions also focused on SME / Local Development, Gender and Youth; Finance for Infrastructure and Industrialisation; Barriers to Trade and Trade Facilitation; Research, Innovation and Technology development.
3. The Forum was attended by Senior Government officials from SADC Member States, business representatives in the region and beyond, other regional and International Cooperating Partners and other key stakeholders.

#### Key Observations

1. The forum made the following observations:
  - i. SADC is endowed with diverse natural resources, including all the key minerals needed to industrialise. However, the region has not been able to industrialise and achieve structural transformation from commodity-based



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economies and exporters of raw materials to economies anchored on manufacturing.

- ii. Compared to other regions in the world, intra-regional trade is low in SADC and in Africa. The value of intra-SADC trade has remained low, at only 22% of total SADC trade. SADC should therefore prioritize intra-regional trade.
- iii. Notable challenges of industrialisation include weak project preparation, absence of project preparation funds, dependence on short term financing, weak legal and regulatory frameworks, trade barriers and infrastructure shortcomings. The region must address infrastructure, shortcomings, mitigate trade barriers, promote regional innovation and research development to industrialise.
- iv. Public and private sector were urged to work together. In this regard, the SADC Business Council was launched as the overarching regional private sector platform to interact with the public sector on matters of regional economic development and industrialisation.
- v. The SADC Business Council should advocate and partner with Member States to improve the enabling and competitive business environment by engaging regional, national and local policy organs of SADC to the extent that it impacts on regional economic development.
- vi. Private sector to invest in industrialisation. In the same vein, member states were encouraged to play an active role in industrialisation beyond policy stability.
- vii. Investment in research, development and innovation remains low in the region with the majority of member states investing below 1% of Gross Domestic Product for R&D to advance competitiveness and industrial development.
- viii. There is a need to upgrade the education system including new technologies, investment in ICT infrastructures, Centres of Excellence, Innovation and Industrial Parks in order to leverage the opportunities of the Fourth Industrial Revolution.



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- ix. Funding instruments to be established in order to support innovation and technology development

### **Declaration**

The Forum **DECLARE** the following as key priority areas that require attention and action from Member States on this date 8<sup>th</sup> August 2019:

#### **1. Regional Value Chains**

- i. To develop regional value chains in priority sectors to drive industrialisation.
- ii. To develop a coordinated system as well as to engage the private sector in developing regional value chains.
- iii. To develop green industrialisation.
- iv. To revisit the issue of work permits as well as consider the value of trade in services for regional value chain development.
- v. Identify barriers in RVCs (Agro-processing, mineral beneficiation, and pharmaceuticals, as well as the related capital goods and services) through SADC Secretariat mechanisms including the Industrial Development Forum meetings.
- vi. Domesticate Regional Policies that promote development of Regional Value chains.
- vii. Engage private sector more for effective creation and implementation of the SADC Industrialisation policy and Strategy.

#### **a) Pharmaceuticals**

- i. To reduce roadblocks and other non-trade barriers within SADC countries to speed up delivery and reduce costs of pharmaceutical goods, particularly cold chain stock.
- ii. To harmonise medicine registration policies and to make use of the ZAZIBONA medicine registration to speed up registration and distribution of



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essential medicines, create a pathway for speedy registration of innovative medicines and create a platform for Private Sector engagement in the ZAZIBONA initiative

- iii. Member States urged to introduce duty free systems on import of raw and packaging materials, provide incentives for local manufacturing, establish pooled procurement on raw materials and medical equipment to promote local pharmaceutical manufacturing.
- iv. To make use of the coordination platforms that bring together pharmaceutical and health stakeholders from private sector, public sector, academics, policy analysts, civil society and the donor community in the health space.
- v. Member States to find sustainable funding mechanisms for medicines regulatory bodies and to support regional capacity building efforts to ensure efficient registration of medicines and the elimination of counterfeit medicines.

### **b) Mining**

- i. To create a conducive legal framework for upstream and downstream industries that will enhance local procurement.
- ii. To create a conducive environment for direct foreign investment into the mining industry.
- iii. To improve the license regime to encourage growth in the mining industry.
- iv. To improve infrastructure as a basis for successful value chain development in the region.
- v. To address free trade challenges within the region to ensure ease of movement of goods for in the minerals value chains purposes.
- vi. To resuscitate the Mining Ministers Round Table Meeting

### **c) Agro-Processing**



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- i. empower women and ensure they reap the benefit of land and finance to adopt smart and commercial agriculture to include small farmers.
- ii. increase the availability of financial services and resources both at national and regional level to support farmers to grow their business through soft loans and equity.
- iii. Assist Farmers to adopt block farming as one of the mechanisms of increasing production to serve the fast growing regional and international market demand of agricultural products.
- iv. mainstream small-scale business players into Industrialization Policy.

### **d) Energy Infrastructure and Gas**

- i. Member States to prioritise support for the development of a Regional Gas programme.
- ii. An assessment is required of individual country policies and the gas utilisation master plans to confirm the state of readiness for development of a Regional Gas Programme.
- iii. Member States to prioritise the required skills, technology and capacity development to deliver on local content aspirations of the Regional Gas Programme.

### **e) Services**

- i. Prioritize and accelerate negotiations on Business and trade services in the next SADC negotiation round on Services
- ii. Jointly reduce constraints that hinder the development process in the region.
- iii. Increase cooperation among Member States by sharing insights, tools, and resources to fostering regional development.

### **f) Industrial Transformation**

- i. The Secretariat to work with Member States to harmonise national and regional strategies and regulatory frameworks with continental and global instruments on industrialisation.



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- ii. Skills development, research and development, technology and innovation, and attractive incentive regime to be advanced and as way of supporting regional industrialisation
- iii. Regional and multilateral Development Finance Institutions and SADC Development Resources Centre should build requisite technical capacities that can be shared in the Region through institutional arrangements relating to specific projects.
- iv. Foreign Direct Investment into the region should be promoted to boost regional development and trade.
- v. Environment management and protection is key in sustainable industrialisation.

### **2. SME / Local Development, Gender and Youth**

- i. Prioritize and promote youth, woman and SMEs participation in regional value chains and industrialisation.
- ii. Improve coordination of SME efforts including improving communication and linkages to access markets.
- iii. Improve R&D that includes formal and informal entrepreneurs.
- iv. Train SMEs on simplification of procedures and requirements, such as licensing and registration.
- v. Build capacity of women to integrate them into regional value chains, facilitate their financial inclusion and create targeted incentives.
- vi. Incorporate entrepreneurship as part of the syllabus in the education systems.

### **3. Finance for Infrastructure and Industrialisation**

- i. Stimulate the Private sector in the SADC region to embrace financing of infrastructure development
- ii. Reduce risk in infrastructure development to attract the private sector to invest in this sector



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- iii. Establish and sustain a free and reliable arbitration body in the SADC which operates in an independent manner, without political interference;
- iv. Promote use of the SADC Integrated Regional Electronic Settlement System (SIRESS) payment facility to increase intra-regional trade.
- v. Embrace E-commerce and ICT to promote trade.
- vi. Allow cross border financing through the local DFIs particularly on industrial projects and value chain financing.

### **4. Barriers to Trade and Trade Facilitation**

- i. SADC structures should consult the private sector in a structured manner to identify and sustainably solve NTBs that pose an obstacle to industrial development
- ii. Continue harmonizing standards as well as conformity assessment procedures to conform to the WTO TBT agreement and therefore facilitate trade within the region.
- iii. Facilitate the National Standards Bodies to work very closely to SME's, as they are the major players in most production and value chains and align their quality principles with those at international Level.
- iv. Follow the quality and standards principles through working with the regional TBT Framework for a successful regional industrialization
- v. Member States should align national strategies and policies with continental trade frameworks to cater for market opportunities created by African Continent Free Trade Area.
- vi. Reduce procedural obstacles such as free movement of skilled persons and technical barriers to improve intra-Africa trade.
- vii. Better utilise business coalitions to build cross-national networks and make sure they impact legislation and business environment.

### **5. Research, Innovation and Technology development**



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- i. There is need to increase GDP investment in research, and development by both public and private sectors to advance competitiveness and industrial development.
- ii. Investment in skills development in areas of digital skills, data science, artificial intelligence, robotics, 3D printing in order to leverage the opportunities of the fourth industrial revolution for industrial development. Skills Competition and Innovation Awards programmes to be established at national and regional levels.
- iii. Investment in Research and Innovation Infrastructures, Centres of Excellence, Industrial and Innovation Parks to support development of regional value chain.
- iv. Member States to put in place financing instruments such as grants, seed funding, capital investment in support of innovation and technology development for commercialisation of products and services. Venture Capitalist environment to be boosted in order to support youth innovation and entrepreneurship.
- v. Effective use of Big Data by entrepreneurs in order to participate in the digital economy.
- vi. Increased awareness and advocacy on importance of uptake of Science, Technology, Engineering and Mathematics (STEM) by learners and the youth for industrial development and competitiveness.

### **Execution and Review**

1. ENCOURAGE all stakeholders, including private sector, member states, civil society organisations, academic and research institutions, and regional and international cooperating partners to facilitate and support implementation of this Declaration at national and regional levels
2. UNDERTAKE to review implementation of this Declaration on a regular basis and to report the progress at the next SADC Industrialisation Week 2020.

**END**