



STATEMENT

OF

THE SADC EXECUTIVE SECRETARY

H.E. DR STERGOMENA TAX

**AT THE SOUTHERN AFRICA TRUST AND MAIL AND GUARDIAN
INVESTING IN FUTURE AND DRIVERS OF CHANGE AWARDS**

INANDA HOTEL, JOHANNESBURG, SOUTH AFRICA

28th OCTOBER 2014

**Distinguished Trustees of the Southern Africa Trust,
The Mail and Guardian Chief Operations Officer,
Distinguished Government Representatives,
Your Excellences, Members of the Diplomatic Corps,
Dr Prega Ramsamy, Former Executive Secretary of SADC
Development Partners,
Members of Civil Society,
Business Representatives,
Distinguished Guests,
Ladies and Gentlemen**

I am delighted to be here tonight and be part of this gathering on this important day and event on the calendar of the Southern Africa Trust and Mail and Guardian. I received an invitation in October 2013, soon after my appointment as the Executive Secretary of SADC, to speak at this event last year, unfortunately due to prior commitments, I could not make it. I am happy that I could make it this time. Celebrating achievements and honouring those who are at the coalface of eradicating poverty in our region is a noble deed. I wish, therefore, to take this opportunity to congratulate everyone involved in this initiative for pushing the boundaries of our thinking.

Honourable Chairperson,

SADC Secretariat and the Southern Africa Trust continues to collaborate in a number of areas, most notably on the Regional Poverty Observatory and around key programmatic areas such as the Food and Nutrition Security Strategy, which was adopted at the last Summit of SADC Heads of State and Government, held in Victoria Falls, Zimbabwe in August this year. The involvement of civil society in the SADC regional integration agenda is crucial, and is indeed provided for by the SADC Treaty.

I wish to take this opportunity to, once again, appreciate the prize sponsorship by the Southern Africa Trust towards the SADC Secondary Schools Essay Competition, not too long ago. That sponsorship contributed tremendously in raising awareness of SADC objectives, policies, programmes and activities to the student population in our region.

Distinguished Guests,

SADC has recorded tremendous achievements in a number of areas, including peace, security, political stability as well as in socio-economic development, and continues to do a lot, but this has not been adequately communicated and made visible to the people who are the real drivers of change.

The recently released results of the Mo Ibrahim Index on African Governance show that of the top ten ranked countries in Africa, six of them are from the SADC region. Southern Africa continued to score higher in three of the four categories that the index measures, namely: safety and rule of law; participation and human rights; as well as sustainable economic opportunity. Sadly, according to the Index, our region did not do well in human development. This is an area that our regional integration agenda should also address more vigorously.

To keep the momentum, the 34th Summit of Heads of State and Government directed, among other things, industrialization, infrastructure that will leverage industrialization and foster socio-economic integration should take centre stage in SADC's regional integration agenda. Indeed, no country or region can develop without an industrial base supported by the needed infrastructure. In this regard we are currently working with like-minded institutions to develop a strategy for industrialisation in the region. We look forward to getting support from all key stakeholders, in particular Drivers of Change, in this endeavor.

Distinguished Guests,

Allow me to take this opportunity to say a few words about the link between industrialisation and trade, and economic growth.

Statistics show that intra-regional trade in Africa rates among the lowest, with less than 20% of what is produced in Africa traded within Africa. Essentially what this means is that more than 80% of Africa's products are traded outside Africa, mainly to Europe, China and the US. By comparison, 60% of Europe's trade is within that region, while in North America, 40% of trade is within. In the SADC region, even though we launched the Free Trade Area in 2008 to benefit members a tariff free trade for all goods originating within the region, the volumes of intra-trade are still very low.

Our economies continue to be characterized by high dependence on agricultural, mineral and other natural resource-based commodity production and exports, with too little value addition and limited forward and backward linkages to other sectors of the economy. Despite some gains in manufacturing over the last decade, the continent is yet to reverse the de-industrialization that has defined its structural change in recent decades. In 1980–2010, its share of manufacturing in aggregate output declined from more than 12 per cent to around 11 per cent, contrary to the experience of East Asia where it remained at more than 31 per cent with labour intensive industries inducing high and sustained growth that helped lift hundreds of millions of citizens out of poverty.

I wish to share with you a comparative analysis of Malaysia, a country that has frequently been compared to a number of African countries in terms of initial conditions. Malaysia's mainstay of the economy was the primary sector, that is, natural resources (rubber and tin) and agriculture. These are very similar to the reality of many of our countries. Yet, the Malaysian growth story can be viewed as a narrative of economic transformation of a predominant agricultural economy to a more industrialized economy, and then a further transformation in the latter part of the 1990s towards a knowledge-based economy. The Malaysia story demonstrates among other things, the vital role that strategic interventions can play in transforming a developing economy. The main lesson to be drawn from the Malaysian and other relevant development experiences is that successful economic transformation was achieved by deliberate strategic interventions aimed at transforming the structure of the economy, as a driver of change, by Drivers of Change.

Similar successes have been recorded in Asia and Latin America. The experiences of successful countries in Asia, Latin America, and elsewhere present two important aspects of effective economic transformation processes. The first is that there are common characteristics in the patterns of structural change and economic development processes in general, economic transformation through industrialization value addition, and diversification in particular. The second and overarching feature is the central role of strategic interventions in guiding and promoting successful socio-economic transformation. Indeed this was recorded through dedicated efforts and commitment by Drivers of Change.

Distinguished Guests,

This year's Drivers of Change Awards coincide with the theme of the 34th SADC Summit of Heads of State and Government, held in Victoria Falls, Zimbabwe in August, namely **“SADC Strategy for Economic Transformation: Leveraging the Region's Diverse Resources for Sustainable Economic and Social Development through Beneficiation and Value Addition”**. The theme presents an opportunity for unlocking our potentials to the fullest, and as such an opportunity to utilize our diverse resources in transforming our economics, for the prosperity of our region and our citizens.

Our industrialisation strategy, must therefore, in all essence, take into account regional and global value chains for there is no doubt that Africa's growing markets will for a long time be the driver of growth. The potential for value chains is huge given that today production processes have become very much scattered across the globe as companies look out for competitive contexts and locations for their various products.

Successful development of value chains requires a good balance between trade and industrialisation. In Africa, trade liberalisation undermined the continent's industrial capacity as cheap products from elsewhere crowd out Africa's manufacturing sector.

Industrial policies will have to be both inward and outward looking so that they can prioritise beneficiation through micro, small and medium scale industries which are aligned to our abundant natural resources. It is also important for the region's industrialisation strategy to be tied to investments in infrastructure development, both soft and hard, technical capacity development, skills development, as well as a huge investment in research, science, technology, engineering and mathematics as some of the nominees attest tonight.

In cognizance of what I have alluded to, SADC pays attention to the relationship between trade and industrialization, as well as linkages between trade and infrastructure development; peace and security, and enabling initiatives that address poverty and questions of inclusion. There is no doubt that improved infrastructure secures a good foothold in global value chains. Any deficit in infrastructure makes doing business very costly, chases investment and turns Africa into an uncompetitive market even for its own people, leading to licit and illicit capital outflows. Equally important is that if there is no peace and security, the very infrastructure necessary for industrialisation and market integration could be destroyed, leading to dismal performances of the private sector, the economy and public sector in general.

The basics of industrialisation in the region are in place, including the huge deposits of natural resources and political commitment to regional integration agenda. SADC has a number of protocols and programmes that are geared towards facilitating a smooth flow of goods, services and people. These continue to boost trade among member countries of the regional grouping. The Tripartite arrangement between EAC-COMESA-SADC, contributes meaningfully to the deepening of our regional integration aspirations. The Common Market for East and Southern Africa (COMESA), the East Africa Community (EAC) and SADC have since identified border posts refurbishment as an important initiative to improve infrastructure and increase intra-regional trade under the tripartite framework. The three regional groupings are spearheading one stop border post as a means of facilitating faster and smooth movement of goods and people and in turn boost trade.

The Chirundu one stop border post for example has since inception in 2009 more than halved the waiting period for transport operators and facilitated the general movement of people and goods. Other stop border posts under negotiations and construction include those between Malawi and the Republic of Tanzania at the Tunduma-Nakonde, as well as between Namibia and Angola at the Oshikango-Santa Clara entry points. The three RECs are also finalizing negotiations to establish an EAC-COMESA-SADC Free Trade Area to be launched in 2015, and are already implementing a Tripartite Infrastructure Development Programme, enhancing connectivity among the three RECs. These are important initiatives that need commitment and support by all stakeholders, public, private and the civil society, and are indeed drivers of socio-economic transformation.

The important contribution of informal cross border trade to alleviating poverty in the region cannot be over-emphasised. In order to address the vulnerability of marginalised groups such as women in economic activities, SADC adopted an Informal Cross Border Trade Advocacy Strategy. The Strategy seeks to support women to have full access to productive resources for a better quality of life and also to create a mechanism for informal traders to engage with key stakeholders such as government at national level. I am happy that the Trust and its partners have a long history working in this area. I encourage the Trust to continue and increase efforts in this area so as to record visible and tangible results and impacts.

It gives me great pleasure to learn that most of you gathered here tonight are involved in various efforts geared towards eradicating poverty through innovation, risk taking, leadership, new thinking and hard work. I am equally pleased with the regional representation of the award nominees, for this goes to the heart of creating a regional identity.

Sadly though, we are meeting here tonight amid a ravaging scourge of Ebola which threatens not only the human lives, but has taken a toll on affected countries' economies and put a huge strain on the already weak health and disaster management systems. Perhaps the most lethal dimension of this scourge is its potential to undo the achievements made so far in Africa.

So divisive is Ebola that most countries have adopted protectionist policies that undermine Africa's collective power and the whole aspiration of free movement of people, goods and services. Indeed this needs to be re-looked at, with a view of addressing and combating Ebola in unity of purpose and collective efforts.

Distinguished Guests

I am delighted to learn that one of the long standing issues confronting migrant workers relating to social protection has been given serious attention by all relevant stakeholders.

I am reliably informed that since February this year more than 22 million Rands has been disbursed by the social security funds to ex-miners in South Africa as a result of collaborative work among all the affected parties under the Trust's coordinated Task Force. SADC has made provision in the Charter of Fundamental Social Rights and the Code on Social Security in SADC for Member states to adopt an effective instrument or mechanism for the coordination, convergence and harmonisation of social security system in the region. The Code on Social Security has also implored members states to make every effort to involve civil society or other non-state entities in the formulation, implementation and monitoring of social security policies.

Without this chain of relationships between governments, the private sector, civil society and citizens at large, it is inconceivable how we can progress and be a continent at peace with itself, prosperous and safe as envisioned by the African Union's Agenda 2063.

Distinguished Guests,

I wish to underscore the fact that SADC Member States and citizens are bound together by a common history and shared values. Throughout the thirty four years of its existence, SADC leaders have demonstrated commitment to shaping a common destiny. Indeed, through their wisdom we have made tremendous achievements and more progress can be recorded to benefit the people of the region.

At this very important occasion, I wish to remember the statement by Former President Joaquim Alberto Chissano, on the occasion of Africa Day on 25 May 2012, which is very relevant to this event. I quote:

“We have defined this century as “The African Century”. Today, we have the advantage of being better-equipped and more united to realise our aspirations. If we won yesterday, despite major obstacles and adversities, nothing will prevent us from succeeding in the future”. Indeed, we ought to be Drivers of Change, let us commit to this noble course. The question is not, can we? But, will we? The answer lies with you.

In conclusion and in the pan African spirit of ‘ubuntu’, you are because I am, let me join everyone here tonight in congratulating all the nominees and winners of the various categories.

I thank you.