

**Forty Third Ordinary Summit of the Heads of State and
Government of SADC**

Theme: Human and Financial Capital: The Key Drivers for

Sustainable Industrialisation in the SADC Region

Remarks

By

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His Excellency, President João Manuel Gonçalves Lourenço of the Republic of Angola and host of the 43rd Ordinary SADC Summit

His Excellency, President Dr Mokgweetsi Eric Keabetswe Masisi of the Republic of Botswana

His Excellency, President Félix Antoine Tshisekedi Tshilombo of the Democratic Republic of Congo

His Majesty, King Mswati III of Eswatini

The Right Honourable Prime Minister, Mr. Ntsokoane Samuel Matekane of the Kingdom of Lesotho

His Excellency, President Dr. Lazarus McCarthy Chakwera of the Republic of Malawi

His Excellency, President Filipe Jacinto Nyusi of the Republic of Mozambique

His Excellency, President Dr. Hage Gottfried Geingob of the Republic of Namibia

His Excellency, President Matamela Cyril Ramaphosa of the Republic of South Africa

Her Excellency, President Samia Suluhu Hassan of the United Republic of Tanzania

His Excellency, President Hakainde Hichilema of the Republic of Zambia

His Excellency, President Dr. Emmerson Dambudzo Mnangagwa of the Republic of Zimbabwe (TBC)

His Excellency, the Vice President Mr. Ahmed Afif of the Republic of Seychelles

His Excellency, Moussa Faki Mahamat, the Chairperson of the African Union Commission

His Excellency, Dr. Akinwumi Adesina, President of the African Development Bank

Honourable Ministers,

His Excellency, Mr. Elias M. Magosi, Executive Secretary of the Southern Africa Development Community

Distinguished Guests

Ladies and Gentlemen

I feel greatly honoured to have been invited to this august Summit to share with you some insights on this well-timed theme on **human and financial capital as key drivers for sustainable industrialisation in the SADC region.**

This topic could not have come at a more opportune time. A time when we are halfway through the deadline for achieving the Sustainable Development Goals (SDGs). Yet, the SADC region, just like the rest of Africa, remains off track despite the region's wealth of endowments to rescue the SDGs.

On a near daily basis now, we are confronted with the impact of the global shocks of conflict, climate, food, and energy crises. This is compounded by heightened tensions that call for a strong African position within the global geopolitical economy. For countries in the

SADC region, the Russian/Ukraine conflict laid bare the fragility of the diversification strategies that do not address the structural issues compounding our growth model and the germane issues of poverty and inequality.

Commodity dependence leaves many of our economies at the mercy of global commodity price fluctuations, boom and bust cycles, leading to macro-economic instability, while the lack of diversification in trading partners increases the region's vulnerability to global market turbulence and geopolitics.

We must break this vicious cycle!

Rescuing the SDGs and achieving Agenda 2063 necessitates a fit-for-purpose industrialisation and economic diversification pathway for the SADC region as encapsulated in the SADC Industrialisation Strategy and Roadmap, and the Regional Strategic Development Plan, to mention but a few. So, you will agree with me then that it is not because of the lack of visions and strategies that we do not see progress in industrialisation, economic diversification, and structural transformation in the countries of the SADC region and across Africa.

Excellencies, ladies and gentlemen

Next year, the United Nations will organise the Summit of the Future. The question that begs an answer is what future will be Africa's?

In his book, "The Time-Travelling Economist", Charlie Roberts, discusses long-term measures that countries need to take to thrive in the 21st century and why education, electricity and fertility are key to escaping poverty. He notes that Africa's wealth is not under its soil. Here, I have a different opinion, for, otherwise, how would we, for example, explain the ongoing scramble for Africa's battery minerals?

Charlie argues that Africa prematurely de-industrialised in the 1980 and 1990's because human capital on the continent at that time was insufficient to industrialise except in three countries. He further says that Bangladesh exports more textiles in a month than 14 African countries can export in a year combined because they have a literate workforce with cheap reliable electricity. This less than flattering reference to human capital should not escape us.

For sure, business as usual will not deliver the SDGs and Agenda 2063 nor the future we want.

We need a paradigm shift in our approach to accelerate the pace of industrialisation, achieve an impactful structural transformation, and meet our goals. We must embrace systems thinking and connect the dots to identify what will take us from point A to Z.

As a first step, we need to establish an ecosystem for transformational change and leadership that brings together the

government, the private sector, and other stakeholders in quality dialogues and co-creation of home-grown solutions, to secure deliberate, well-coordinated and targeted collective action, with scale and ambition.

There is no better way to emphasise the centrality of a multisectoral approach than the illustration from the economist Mariana Mazzucato's 'moonshot' programmes that led to the historic moon landing in 1969, in which she highlights the importance of creating structures that foster collaborative, mission-oriented thinking, and a shared sense of purpose and directionality.

Second, we need to concentrate our efforts on de-risking investments and clarify the location and size of investment opportunities in the sub-region. This would require modern country profiling, growth diagnostics, national productive capacity gap assessments; and GIS-enabled hotspot analysis, to name a few.

Third, the time we devote to creating an enabling environment for Foreign Direct Investment should equally be funnelled into creating an adequate environment for domestic investors, big and small, because the emergence of a strong and competitive small and medium-sized enterprise sector will create the jobs we need for the youth.

Fourth, digital transformation must be accelerated for it can stimulate innovation, foster economic growth and job creation, increase productivity and competitiveness of our production systems,

increase market access, and connect African markets better with the rest of the world.

Fifth, we must put industrial policy at the centre of development policy but acknowledge from the outset that industrial policy is not the business of the ministry of industry alone. Instead, it will require a *whole of government and multisectoral* approach to align all the factors of industrialisation with the strategic objectives of our countries, combining industrial and trade policy, education, financing, infrastructure development and climate action together as part of the same continuum.

The good news is that SADC was among the first regions to conceptualise and work on development corridors. We should build on this and promote development corridors 4.0, which are aligned with current times.

Excellencies, ladies and gentlemen

Turning back to the drivers of sustainable industrialisation, key essential factors to achieving this are indeed human and financial capital. To this end, our education systems need to be aligned with market and societal needs. This applies not only to tertiary but also to technical and vocational education and training (TVET). In this effort, governments can nurture and foster partnerships between industries and educational institutions to facilitate the transfer of knowledge and technology and ensure that curricula align better with the needs of the industrial sector.

Implementation of smart local content policies and national suppliers' development programmes with the private sector can complement the work of the government in generating the skill sets required to accelerate sustainable industrialisation and create jobs.

It is equally important to invest in science, technology, and innovation to enable us to move away from the resource extractivism model that characterises most of our mineral-rich countries, climb ladders in value chains, avoid the middle-income trap, and transform our comparative advantages into lasting competitive advantages.

Given the limited fiscal space in most of our countries and the imperative of moving beyond aid, to broaden finance t we must mobilise more domestic resources, with our pension funds representing a key opportunity.

For this, and to increase the appetite of our pension funds to invest in medium to long-term structural projects that can support industrialisation in the region, we need to create special purpose vehicles and increase the pipeline of bankable projects. But this must be accompanied by the requisite and predictable fiscal, legal, and regulatory frameworks. Predictability attracts investments from within and without Africa!

Greening industrialisation is possible in SADC. It would be a very smart course of action because soon it will be increasingly difficult for us to export our value-added goods to jurisdictions that are introducing carbon borders.

In this region, we have water, solar, wind, and green hydrogen resources that could facilitate the greening agenda. W African multilateral development banks should lead this campaign and crowd in required additional investments.

Carbon credit markets can equally support our industrialisation. To this end, we must monetise the ecological services of our natural capital to finance structural projects. At US\$120 a ton of CO₂ sequestrated, Africa can generate US\$ 82 billion/year, much more than what it receives from Overseas Development Assistance.

Overall, SADC carbon credit profile would make the region a globally competitive investment destination for a green “Made in Africa” agenda! A sustainable afroshoring programme would be tangible.

We are also looking at the promising efforts to develop a battery and electric value chain for which the SADC region is very well placed to not only produce batteries locally and accelerate the deployment of solar and wind energy across Africa, but to also promote the electrification of transport systems by producing electric vehicles.

Excellencies, ladies and gentlemen

Today as we listen to each other, we should ask ourselves what we are going to do differently to leverage the many opportunities presented by disruptions in the global supply chains, the energy

transition and decarbonisation discourse, and the regional and continental free trade area agreements, to turn the SADC region's comparative advantage to global competitive advantage?

As I end my remarks, let me reassure you of ECA's renewed commitment to work with the SADC member States, the private sector, the African Union Commission and other key partners to accelerate sustainable industrialisation in the region and rescue the SDGs.

Thank you!