



ANNUAL REPORT

2017 – 2018



TABLE OF CONTENTS

TABLE OF CONTENTS	II
LIST OF TABLES	IV
LIST OF FIGURES	V
LIST OF ACRONYMS	VI
EXECUTIVE SUMMARY	1
1. INTRODUCTION	7
2. REGIONAL POLITICAL AND ECONOMIC DEVELOPMENTS AND OUTLOOK	7
2.1 POLITICAL DEVELOPMENT IN SADC REGION 2017-18.....	7
2.2 2017-18 ECONOMIC DEVELOPMENT.....	9
2.3 REGIONAL ECONOMIC OUTLOOK FOR 2018-19.....	17
3. IMPLEMENTATION OF PROGRAMMES OF REGIONAL COOPERATION AND INTEGRATION	18
3.1 INDUSTRIAL DEVELOPMENT AND MARKET INTEGRATION	18
3.2 INFRASTRUCTURE SUPPORT FOR REGIONAL INTEGRATION	25
3.3 PEACE AND SECURITY COOPERATION.....	31
3.4 SPECIAL PROGRAMMES OF REGIONAL DIMENSION.....	37
4. IMPLEMENTATION OF CORPORATE ACTIVITIES	61
4.1 FINANCE	61
4.2 INFORMATION AND TELECOMMUNICATION TECHNOLOGY	61
4.3 COMMUNICATIONS AND PUBLIC RELATIONS	61
4.4 PROCUREMENT	61
5. CONTINENTAL COOPERATION AND INTEGRATION	62
5.1 AFRICAN UNION (AU).....	62
5.2 SADC – COMESA – EAC TRIPARTITE AGENDA	63
6. DEVELOPMENT COOPERATION AND RESOURCE MOBILISATION	63
6.1 SADC – EU COOPERATION	64
6.2 SADC - EU POLITICAL DIALOGUE	67
6.3 SADC/GERMANY COOPERATION	68
6.4 SADC – WORLD BANK COOPERATION	69
6.5 SADC – CHINA COOPERATION.....	69
6.6 JAPAN COOPERATION	70
6.7 SADC – AFRICAN DEVELOPMENT BANK COOPERATION	70
6.8 SADC – ICP DIALOGUE PLATFORM	71
7. GOOD GOVERNANCE	72
7.1 RISK MANAGEMENT.....	72
7.2 AUDIT	72

8. IMPLEMENTATION CHALLENGES.....	72
9. CONCLUSION AND RECOMMENDATIONS	73

LIST OF TABLES

TABLE 1: MAJOR MACROECONOMIC INDICATORS OF SELECTED ECONOMIES.....	10
TABLE 2: CEREAL PRODUCTION TRENDS ('000 MT); 2011/12 TO 2016/17.....	39
TABLE 3: COMPARISON OF ROOT AND TUBER CROP PRODUCTION FROM 2015/16 TO 2016/17 AGRICULTURAL SEASON ('000 MT)....	39
TABLE 4: PERFORMANCE AND VALUE OF FISHERIES AND AQUACULTURE IN THE SADC REGION	44
TABLE 5: STATUS OF PROGRAMMING OF THE SADC SUB-REGIONAL ENVELOPE.....	65
TABLE 6: OBJECTIVES AND ALLOCATION FOR INFRASTRUCTURE ENVELOPE	65
TABLE 7: PROGRESS IN THE FORMULATION OF 11 TH EDF SOFT INFRASTRUCTURE PROJECTS.....	66
TABLE 8: PROGRESS IN THE FORMULATION OF 11 TH EDF CROSS - REGIONAL PROJECTS	66
TABLE 9: ALLOCATION OF TCF FUNDING AND STATUS OF FORMULATION OF THE SADC TECHNICAL COOPERATION FACILITY (TCF)	67
TABLE 10: STATUS OF COMMITMENT IN 2017 DURING THE SADC – GERMAN BILATERAL CONSULTATIONS	68

LIST OF FIGURES

FIGURE 1: WORLD BANK COMMODITY PRICE INDICES (2010 = 100)	11
FIGURE 2: SADC – REAL GDP AND INFLATION (PER CENT)	12
FIGURE 3: NATIONAL SAVINGS AND TOTAL INVESTMENT (% OF GDP)	13
FIGURE 4: SADC – FISCAL DEFICIT AND PUBLIC DEBT AS A % OF GDP	14
FIGURE 5: SADC – CURRENT ACCOUNT BALANCE AND EXTERNAL RESERVES	15
FIGURE 6: SADC – RANK EASE OF DOING BUSINESS	16
FIGURE 7: RANKING – GLOBAL COMPETITIVE INDEX	16
FIGURE 10: HIV PREVALENCE AMONG SELECTED KEY POPULATION	53
FIGURE 11: PMTCT COVERAGE IN THE REGION	55
FIGURE 12: ART COVERAGE IN THE SADC REGION, 2016	56
FIGURE 13: PERCENTAGE OF NATIONAL BUDGET ALLOCATION TO HEALTH SECTOR, 2016	57
FIGURE 14: PERCENTAGE OF COMMUNITY MEMBERS, LDTD AND SWs LIVING WITH HIV	58

List of ACRONYMS

ACF	African Competition Forum
ADF	Development Fund
AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
APSA	Africa Peace and Security Architecture
ART	Antiretroviral Treatment
AU PIDA	AU Programme for Infrastructure Development in Africa
AU-IBAR	African Union Inter-African Bureau for Animal Resources
AU-NPCA	AU NEPAD Planning and Coordinating Agency
CESA	Continental Education Strategy for Africa
COMESA	Common Market for Eastern and Southern Africa
CRIDF	Climate Resilient Infrastructure Development Facility
CSC	Climate Services Centre
CSTL	Care and Support for Teaching and Learning
DBSA	Development Bank of Southern Africa
DFID	UK Department for International Development
DFRC-PPP	SADC Development Finance Resource Centre – Public Private Partnership Network
DTAA	Double Taxation Avoidance Agreement
DTT	Digital Terrestrial Technology
EAC	East African Community
EA-SA-IO	Eastern African, Southern African and Indian Ocean
ECF-SADC	Electoral Commissions Forum of SADC Countries
EDF	European Development Fund
EEP	Eastern and Southern Africa Energy Efficiency Partnership
EPA	Economic Partnership Agreement
EU	European Union
FANR	Food, Agriculture and Natural Resources
FAO	Food and Agriculture Organisation
FDI	Foreign Direct Inflows
FOCAC	Forum on China–Africa Cooperation
GCI	Global Competitiveness Index
GDP	Gross Domestic Product
GIZ	German Development Cooperation
HSRS	Harmonized Seed Regulatory System
I&S	Infrastructure and Services
ICA	Japanese International Cooperation Agency
ICAO	International Civil Aviation Organization
ICDP	Institutional Capacity Building Programme
ICP	International Cooperating Partner
ICT	Information and Communication Technology
IDA	World Bank International Development Association
IGAD	Inter-Governmental Authority on Development
IIPSA	Infrastructure Investment Project for South Africa
IMF	International Monetary Fund
IOC	Indian Ocean Commission
IPF	Investment Policy Framework
IPPF	Infrastructure Project Preparation Facility
IPR	Intellectual Property Rights

ITPGRFA	International Treaty on Plant Genetic Resources for Food and Agriculture
IUU	Illegal, Unreported and Unregulated
KfW	Development Bank of Germany
LEAP	Law Enforcement and Anti-Poaching
MERF	Monitoring, Evaluation and Reporting Framework
MPI	Multidimensional Poverty Index
NEPAD	New Partnership for Africa's Development
OPEC	Organisation of the Petroleum Exporting Countries
PAU	Southern African Power Pool - Project Acceleration Unit
PEPFAR	President's Emergency Response Plan on HIV/AIDS
PMTCT	Prevention of Mother-To-Child Transmission
PPDF	Project Preparation and Development Facility
PPIAF	World Bank Public – Private Infrastructure Advisory Facility
RAIP	Regional Agricultural Investment Plan
RAPI	Regional Action Programme on Investment
RDF	Regional Development Fund
RECs	Regional Economic Communities
REIS	Regional Economic Integration Support
RETOSA	Regional Tourism Organisation of Southern Africa
RIDMP	Regional Infrastructure Development Master Plan
RISDP	Regional Indicative Strategic Development Plan
RLAH	Roam Like At Home
RPC	Regional Political Cooperation
RPO	Regional Poverty Observatory
RPTC	Regional Peacekeeping Training Centre
SACREEE	SADC Centre for Renewable Energy and Energy efficiency
SADC	Southern African Development Community
SAPP	Southern African Power Pool
SARCOF	Southern Africa Regional Climate Forum
SARPCCO	Southern African Police Chiefs Cooperation Organisation
SDGs	Sustainable Development Goals
SEAC	SADC Electoral Advisory Council
SEOM	SADC Election Observation Mission
SHAR	SADC UNSCR Roaming
SIPO	Strategic Indicative Plan for the Organ
SIRESS	SADC Integrated Regional Electronic Settlement System
SNC	SADC National Committee
SPGRC	SADC Plant and Genetic Centre
SSA	Sub-Saharan Africa
TCF	Technical Cooperation Facility
TFCA	Trans-Frontier Conservation Area
TFTA	Tripartite Free Trade Area
TICAD	Tokyo International Conference on African Development
TIFI	Trade, Industry, Finance and Investment
TRF	Trade Related Facility
TSC	Technical Support Committee
TVET	Technical and Vocational Education and Training
UNECA	United Nations Economic Commission for Africa
UNSCR	UN Security Council Resolution
USAID	United States Agency for International Development
WEO	World Economic Outlook
WISETO	Women in Science, Engineering and Technology
WPS	Regional Strategy on Women, Peace and Security

EXECUTIVE SUMMARY

- (1). Economic growth and poverty reduction are entrenched within the Revised Indicative Strategic Development Plan (RISDP) priority areas: industrial and market integration, infrastructure, peace and security, and regional programmes and calls for concerted effort by the Secretariat and the Member States to collectively work towards implementation of the common goals, realization of greater impact and achievement of regional integration.
- (2). The year 2017 marked the third year of implementation of the SADC 2015-2020 Revised Regional Indicative Strategic Development Plan and Implementation Framework (Revised RISDP) following its adoption by the SADC Summit of Heads of State and Government in April 2015. Since the adoption, the Secretariat remains committed to the implementation of the Revised RISDP, which underpins the SADC Vision of sustainable economic growth and development in order to improve the quality of life of the SADC citizenry and ensure peace and security in the region.
- (3). This Report of the SADC Executive Secretary provides major achievements on milestones for 2017/18 towards the regional integration agenda in the SADC region in terms of political and economic developments; implementation of programmes; resource mobilization efforts; efforts towards good governance and the rule of law; challenges and mitigation measures.

A. Political Developments in the SADC Region for 2017/18

- (4). The political and security situation in the Region has remained generally calm and peaceful with the SADC collective efforts being focused on addressing political and security challenges in the Kingdom of Lesotho, the Democratic Republic of Congo, and the Republic of Madagascar.
- (5). Efforts of the SADC Facilitator, the Oversight Committee and the deployment of the SADC Preventive Mission to Lesotho (SAPMIL) were instrumental in stabilizing the political, and security situation in the Kingdom. Extended efforts to the Democratic Republic of Congo (DRC) significantly neutralized the negative forces operating mainly in the Eastern part of the country. Whilst the deployment of the Special Envoy, H.E. Joaquim Chissano, in collaboration with Envoys from the United Nations and African Union were instrumental in facilitating the resolution of the political crisis in Madagascar over the disputed provisions of the proposed electoral law.

B. Economic Developments in the SADC Region for 2017/18

- (6). In the past six (6) years, the Region has experienced dampened economic growth, the lowest being 1.4 per cent in 2016. Real GDP growth increased marginally by 1.9% in 2017. A majority of Member States have per capita GDP below US\$1,000. The weak economic climate has affected the financial sector as indicated by rising non-performing loans.
- (7). While inflation has slowed down in general, it has remained high with some Member States still in the double digit levels. Weak exchange rates and the aftermath impacts of weather-

related factors including drought of 2015-16 continued to influence price movements in some of the Member States.

- (8). In the fiscal sector, public revenues have remained low and in some instances declining in the face of increasing public expenditures. In some Member States, wage bills have been driving expenditures and accounting for a significant percentage of public expenditure. Some Member States have introduced (or contemplating to introduce) minimum wages as an income redistributive mechanism. These factors have partly contributed to deteriorating fiscal positions of most Member States.

C. Implementation of Programmes of Regional Cooperation and Integration

C1. Industrial Development and Market Integration

- (9). The SADC Industrialisation Strategy and Roadmap and its Costed Action plan was popularized and rolled out in eight (8) Member States, where all stakeholders including the private sector and civil society participated. The roll out also included support to seven (7) Member States to estimate national indicative public coordination costs for the implementation of the Strategy.
- (10). The Secretariat, in collaboration with the United Nations Economic Commission for Africa (UNECA) developed a draft Regional Mining Vision (RMV) and Action Plan whose objective is to maximize the developmental impact of mineral resources extraction within the overarching context of the African Mining Vision (AMV) and the SADC industrialisation Strategy.
- (11). The Secretariat has secured resources from GIZ and the European Commission to support the development of regional value chains in selected Agro processing and Pharmaceuticals sub sectors. Implementation is expected to commence in the next financial year.
- (12). The Africa Green Co project covering Zambia, Botswana, Mozambique and Namibia and the Renewable Energy Agency Guidelines and Standards for Mauritius were added to the SADC Project Preparation Development Facility (SADC - PPDF). This brings the total number of projects financed under this Facility to nine (9).
- (13). SADC continues to support the modernization and harmonization of payments and clearing systems as a means of financing priority sectors and driving economic development in the region. The SADC Integrated Regional Electronic Settlement System (SIRESS) made further progress and consolidation since July 2013, when the system went live. As at end of April 2018, cumulative total number of 1,063,306 transactions were settled, representing ZAR 4.46 trillion equivalent of USD 377.14 billion. All Member States are participating in SIRESS with exception of Madagascar.
- (14). In order to be an inclusive payment system, SIRESS can now also settle low value payments starting in the four Common Monetary Authorities countries of Lesotho, Namibia, Eswatini and South Africa. Work on the registration of SIRESS trademark in all Member

States is underway as a mitigating measure against hijacking of the SIRESS trademark to a third parties.

C.3 Improved and integrated regional infrastructure

- (15). The Renewable Energy and Energy Efficiency Strategy and Action Plan (REEESAP) was approved by Committee of Ministers responsible for Energy in July 2017 as a strategy for guiding development of regional renewable energy and energy efficiency programmes until 2030.
- (16). Mobile Network Operators (MNOs) from nine (9) SADC Member States are implementing the SADC Home and Away Roaming (SHAR) project using the Roam Like at Home (RLAH) principle. This is in line with the November 2014 decision of Ministers responsible for ICT, to adopt the Roam Like At Home regime by regulating both the wholesale and retail-roaming tariff using the glide paths for the next six (6) years.
- (17). Since the launch of the Tripartite Transport and Transit Facilitation Programme (TTTFP) by the Tripartite Ministers in October 2017 in Dar es Salaam, Tanzania, the achieved milestones to date include development and validation of a Vehicle Load Management Agreement; Multilateral Cross Border Road Transport Agreement; national and regional sensitization in 17 of the 21 Tripartite Member/Partner States to identify technical assistance requirements; and facilitation of the Cross Border Road Transport Regulators Forum.
- (18). The Kunene Transboundary Water Supply Project shared by Angola and Namibia progressed as planned with the construction of the Calueque Village Water Treatment Works and the repairs on the rising main pipeline and the canal being successfully completed and commissioned by end of March 2018. This constitute the completion of lot 1 of the Project. Lot 2 which entails construction and rehabilitation of water storage and distribution network at Santa Clara commenced in June 2018 as planned and a consultant is in place. Work will be completed in June 2019.
- (19). The SADC Groundwater Management Institute (GMI) was fully established and staffed with four (4) technical staff and the Executive Director, in the Institute of Groundwater Studies, University of Free State. The SADC GMI Financial Sustainability Plan and Strategy was developed, reviewed and endorsed by the relevant technical committees including the Sub-committee for Groundwater, and the Water Resources Technical Committee, and approved by the Committee of Ministers responsible for Water at their meeting in June 2018.

C.3 Peace and Security

- (20). An Electoral Technical Committee comprising of members of SADC Electoral Advisory Council (SEAC) and the Electoral Commissions Forum of SADC Countries (ECF-SADC) was commissioned by the 2017 SADC Summit to conduct a pre-election assessment Mission to the Democratic Republic of Congo (DRC). The Summit tasked the Committee to assess the electoral administration capacity and technical needs of the National

Independent Electoral Commission (CENI) ahead of the country's anticipated national elections.

- (21). The SADC Preventive Mission in Lesotho (SAPMIL) was deployed to Lesotho in November 2017 to address the fragile and unpredictable political and security situation associated with the assassination of the former Commander of the Lesotho Defence Force (LDF), Lieutenant General Khoantlhe Motšomotšo. The Mission's mandate was extended by the Double Troika Summit to November 2018 to continue to underpin the region's resolve to ensure stability.
- (22). The Mediation Support Unit (MSU) accelerated its capacity building interventions aimed at deepening regional capability to prevent and manage conflict, through training programmes that covered negotiation, conflict tracking and analysis; mediation skills and approaches and; gender mainstreaming within the context of conflict prevention and response.
- (23). The Secretariat continued to implement programmes to enhance Cross Border Security, migration and refugee management. This Security agenda is driven by drafting Policies and Strategies that address Corruption, Refugees, Migration, Poaching, Prisons and Border Management. In order to effectively discharge this responsibility, the Sector consults and deliberately engages with experts in Sub- Sub Sectors so as to inform Policy. In 2017/2018, with input from its Statutory Committees, the Secretariat achieved a number of milestones including development of i) draft Common Position on implementation of the African Union Protocol on Free Movement of Persons; ii) draft Protocol on Inter-State Transfer of Foreign Prisoners; iii) draft Regional Policy Framework on Management of Asylum Seekers and Refugees; and iv) draft SADC Anti –Corruption Strategic Action Plan 2018-2022.

C.4 Improved human capacities for socio-economic development

- (24). The Region developed the Agricultural Development Fund (ADF) as a financial mechanism intended to provide financial support to accelerate the implementation of the Regional Agricultural Investment Plan (RAIP) 2017-2022, which in turn implements the Regional Agricultural Policy (RAP). The ADF Operational Guidelines were developed and approved by Ministers Responsible for Agriculture and Food Security in May 2017, and by Council in August 2017. Work is in progress to operationalize the Fund.
- (25). The Regional Early Warning System and Vulnerability Assessment programme continued to collect, analyse and disseminate data and information on the food security situation in the region. The information is aimed at facilitating preparedness and early action in order to prevent or reduce the impact of food insecurity related disasters.
- (26). The SADC Secretariat in collaboration with Member states developed the Harmonised Seed Regulatory System (HSRS) to promote regional integration and enhance access and availability of improved crop variety to farmers. The System augments the fundamental role played by quality seed in the realisation of a food security. The framework is implemented through the MOU that is currently signed by eleven (11) Member States and came into operation after more than two-thirds of Member States had signed it. To-date

the HSRS has managed to release and register 25 crop varieties that can be traded throughout the region without undergoing tedious steps of variety release at national level.

- (27). A Regional Monitoring and Evaluation Framework for the SADC Transfrontier Conservation Areas (TFCAs) has been developed to assess progress made in the implementation of the SADC TFCA Programme to enable objective measurement of its contribution to the objectives of relevant Protocols as well as SADC development priorities as stipulated in the revised Regional Indicative Strategic Development Plan.
- (28). During the 2017/18 period, the Employment and Labour Sector deepened its implementation of the SADC Code on Social Security of 2007 and the SADC Cross Border Portability of Accrued Social Security Benefits Framework of 2016. The SADC Secretariat commissioned two (2) ongoing assessment studies on the state of social protection access and potential for portability of benefits for migrant workers in the agricultural and mining sectors in pilot SADC Member States.
- (29). The Implementation Plan for the SADC Strategy on Nutrition relating to Social & Human Development was developed and approved by the Joint meeting of SADC Ministers of Health and Ministers responsible for HIV and AIDS in November 2017.

C.5 Cross cutting issues

- (30). The SADC Regional Strategy for HIV and AIDS Prevention, Treatment and Care and Sexual and Reproductive Health and Rights among Key Populations was developed and approved to promote the adoption and institutionalisation of a standard, comprehensive package that addresses the unique challenges in providing equitable and effective HIV and Sexual Reproductive Health (SRH) rights and services to key populations in SADC.
- (31). Support was provided to Member States on issues regarding primary and subordinate legislation on trafficking in persons. In addition, awareness Raising Campaigns on trafficking in persons, as well as capacity building initiatives on trafficking in persons were also conducted.
- (32). The Draft Charter on Women in Science, Engineering and Technology was approved by Council in August 2017, Pretoria, South Africa. The aim of the Charter is to increase the participation of women and youth in the fields of Science, Technology, Engineering and Mathematics (STEM). Shortage of skills in STEM is one of the key barriers identified in the Industrialisation Strategy.
- (33). Selected Indicators comprising of macroeconomic and social statistics were used to produce an annual bulletin of the SADC region on economic performance, trade liberalization and demographic characteristics. The bulletin highlights SADC programme efforts in terms of increased intra-SADC trade, life expectancy and industrial output.

D. The major challenges in 2017/18

- (34). Capacity gaps in monitoring and evaluation at Directorates/Units level to facilitate timely corrective actions during the course of programmes' implementation.
- (35). Complex and lengthy approval and disbursement processes.
- (36). The existing recruitment systems, including the Quota Points System, which do not facilitate efficiency and quick turnaround times. This affected the timely filling of vacant positions resulting in slow implementation of programmes.

E. Mitigation measures in 2017/18

- (37). Annual training sessions were conducted on Results Based Management and Project Cycle Management. These were envisioned to contribute towards strengthening of the planning, monitoring and evaluation capacity of Directorates/Units.
- (38). Continued to train SADC Secretariat Staff on the use of all automated management systems aimed at enhancing compliance and efficiency.

1. INTRODUCTION

- (1). This Report presents a detailed review of progress made by the SADC Secretariat in collaboration with the Member States and other stakeholders in implementing the SADC regional cooperation and integration programmes during the 2017/18 fiscal year. The report focuses on the implementation of the Revised Regional Indicative Strategic Development Plan (RISDP), Strategic Indicative Plan for the Organ (SIPO), Regional Industrial Strategy and Roadmap and other strategies and protocols that have been approved and ratified by Member States. The report outlines the following:
 - i. Political and economic developments in the SADC region for 2016-2017 and outlook for 2017-2018;
 - ii. Implementation of programmes of regional cooperation and integration;
 - iii. Implementation of corporate activities;
 - iv. Continental cooperation and integration;
 - v. Development cooperation and resource mobilisation
 - vi. Good governance;
 - vii. Implementation of Financial Management Framework; and
 - viii. Summary of implementation challenges and recommendations.

2. REGIONAL POLITICAL AND ECONOMIC DEVELOPMENTS AND OUTLOOK

2.1 Political Development in SADC Region 2017-18

2.1.1 Conflict Prevention Management and Resolution

- (2). The political and security situation in the region remained peaceful and stable in 2017/18 reporting period despite a few challenges that continued to prevail in Lesotho, the Democratic Republic of Congo (DRC) and Madagascar.
- (3). Combined efforts of the SADC Facilitator, the Oversight Committee and the deployment of the SADC Preventive Mission to Lesotho (SAPMIL) were instrumental in stabilizing the political, and security situation; and facilitation of conduct of constitutional, judicial, parliamentary, public service and security sector reforms in the Kingdom of Lesotho. The SAPMIL was deployed by the Double Troika in Luanda in November 2017 for 13 months.
- (4). Extended efforts to the DRC significantly neutralized the negative forces operating mainly in the Eastern part the country. Continued SADC Support was extended during implementation of the December 31st 2016 Political Agreement in preparation for the December 2018 Presidential and Parliamentary Elections. The Regional efforts were complemented on the ground by the SADC Liaison Office based in Kinshasa since April 2018.
- (5). The Special Envoy, H.E. Joaquim Chissano, in collaboration with Envoys from the United Nations and African Union were instrumental in facilitating the resolution of the

political crisis in Madagascar over the disputed provisions of the proposed electoral law. Complementary efforts by the High Constitutional Court of Madagascar further led to the appointment of a consensus Prime Minister and a transitional Government in June 2018, that will facilitate the November 2018 elections.

- (6). In 2018-19, strategies and efforts will continue to be geared towards enhancing peace and security, consolidation of democracy and the rule of law, strengthening of good governance mechanisms and tools, and upholding of democratic principles in the region.

2.1.2 Regional Collective Defence and Security strengthening

- (7). In line with the African Standby Force (ASF) objective of promoting Peace, Security and Stability in Africa, the SADC Standby Force (SADC SF) will be on the ASF Roster from 1 January to 30 June 2019. Accordingly, for the purpose of force preparation, a SADCSF Command Post Exercise (CPX) will be conducted in Malawi in October 2018. The approval to conduct the CPX is subsequent to the attainment of Full Operational Capability (FOC) of the African Standby Force (ASF) of which the SADC SF is part. The Exercise will enable the SADCSF to prepare for the assumption of its responsibility to provide the African Union with capabilities to respond to conflicts through the deployment of multi-dimensional peacekeeping forces, and to undertake interventions pursuant to Article 4(h) and (j) of the AU Constitutive Act.
- (8). Other areas related to the strengthened role and operational readiness of the SADCSF include a review of the SADCSF Generic Status of Forces Agreement (SOFA) and the construction of the SADC Regional Logistics Depot (RLD) with the conclusion of the first phase comprising bush clearing and fencing of the 19 hectares of the plot, which will accommodate the infrastructure and facilities of the RLD. Development and approval of the Resource Mobilization Strategy by the Ministerial Committee of the Organ (MCO) in June 2018 marked a significant milestone. The Strategy calls for funding from Member States (seed capital) and International Cooperating Partners (ICP's) over a construction period of 5 years up to 2023.
- (9). The Secretariat prepared a Concept Note in line with the 2002 Protocol relating to the establishment of the Peace and Security Council of the African Union, which provides for the establishment of a Peace Fund to provide readily available and predictable funding for SADC Peace and Security initiatives in line with the Constitutive Act of the African Union; the African Peace and Security Architecture; the SADC Treaty; the SADC Protocol on Politics, Defence and Security Cooperation; the SADC Mutual Defence Pact, 2003; and the Memorandum of Understanding establishing the SADC SF. This important mechanism will be considered by Council at its seating in August 2018.
- (10). Regional efforts in support of the peace, security and stability of the Democratic Republic of Congo (DRC) continued, whereby engagements were done with the United Nations, specifically on the strengthening of the operational capability of the Force Intervention Brigade (FIB) deployed under the UN Mission in the DRC (MONUSCO). The follow-up engagement meeting between SADC Chiefs of Defence and UN Secretariat (Under-Secretaries-General for the Departments of

Peacekeeping Operations and for Field Support) in February 2018, led to the deployment of a **Joint** UN-SADC Task Force (JTF) to assess the operational capability of FIB in fighting the Negative Forces in the Eastern DRC, in May 2018. Among others it was agreed that a “Proposed Structure of the Enhanced FIB” will be submitted as the working model, subject to approval by the United Nations General Assembly of the envelope for the FIB as contained in MONUSCO’s 2018-19 proposed budget. This is an ongoing matter to be concluded by September 2018, to ensure deployment of the enhanced FIB in anticipation of the elections of December 2018.

2.1.3 Democratic Institutions Consolidation in the Region

- (11). The consolidation of democratic principles and standards in the Region continued in 2017. The SADC Electoral Observer Mission (SEOM) supported by the SADC Electoral Advisory Council (SEAC) conducted observation missions to the snap Elections in the Kingdom of Lesotho in June 2017; and the General Elections in the Republic of Angola in August 2017. This resulted in peaceful, credible and transparent elections in both countries.
- (12). The SEOM will extend its assistance to four Member States namely the DRC, Republics of Madagascar and Zimbabwe, and the Kingdom of Eswatini during elections in 2018. Lessons learned and areas for improvement were documented during the elections in Lesotho and Angola and will be used to enhance democratic processes during the upcoming election in 2018. SEOM will further provide support and oversight during elections in 2019 in six Member States namely the Republics of Botswana, Malawi, Mauritius, Mozambique, Namibia and South Africa.
- (13). To further enhance the strategic context for consolidation of democracy in the region, two policy documents governing democratic elections, namely, the SEAC Strategy for the Prevention of Electoral-related Conflicts and the SADC Reference Manual on Election Observation were endorsed by the Ministerial Committee of the Organ. In addition, the SADC Curriculum and Training Manual on Election Observation was finalised.

2.2 2017-18 Economic Development

2.2.1 Global Economic Background

2.2.1.1 Economic Activity

- (14). According to the IMF World Economic Outlook Report of April 2018, global output in 2017 increased by 3.8 per cent compared to a growth of 3.2 per cent in 2016. This was on the back of upswings in global investment and trade supported by favorable financial conditions. Two-thirds of countries, accounting for about three-quarters of global output, experienced faster growth in 2017 than in the previous year, the highest share of countries experiencing a year-over-year growth pickup since 2010. Advanced countries in Europe and Asia grew more than expected.

Table 1: Major Macroeconomic Indicators of Selected Economies

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
World	5.3	2.7	-0.4	5.2	3.9	3.2	3.4	3.4	3.1	3.2	3.8	3.9	3.9
Advanced Economies	2.7	0.1	-3.4	3.0	1.7	1.5	1.4	1.8	1.9	1.7	2.3	2.5	2.2
Euro Area	3.0	0.4	-4.4	2.0	1.5	-0.6	-0.5	0.9	1.6	1.8	2.3	2.4	2
USA	1.8	-0.3	-2.8	2.5	1.8	2.8	2.2	2.4	2.4	1.5	2.3	2.9	2.7
EM & DE	8.7	5.8	3.1	7.5	6.2	4.9	5.0	4.6	4.0	4.4	4.8	4.9	5.1
China	14.2	9.6	9.2	10.4	9.3	7.7	7.8	7.4	6.9	6.7	6.9	6.6	6.4
India	9.8	3.9	8.5	10.5	6.3	3.2	6.9	7.2	7.3	7.1	6.7	7.4	7.8
Brazil	6.1	5.2	-0.3	7.5	2.7	0.9	2.7	0.1	-3.8	-3.5	1	2.3	2.5
SSA	7.1	5.7	2.6	5.6	5.5	4.9	5.2	5.0	3.4	1.4	2.8	3.4	3.7

Note: EM & DE is Emerging Market and Developing Economies. SSA is Sub-Saharan Africa.

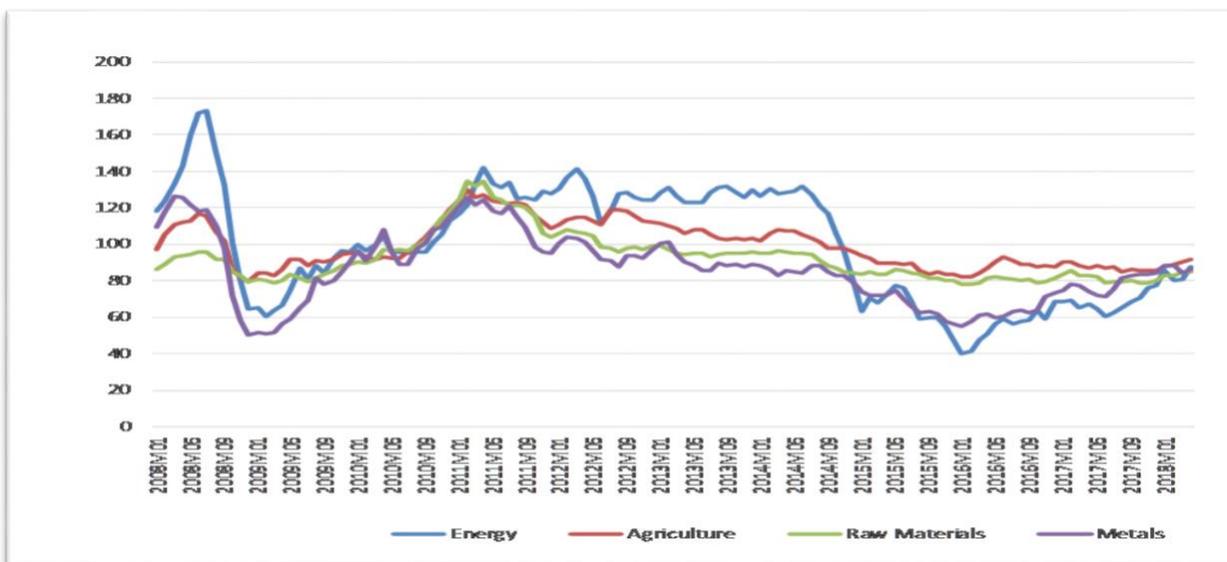
Source: IMF World Economic Outlook, April 2018.

- (15). Emerging and developing Asia, which accounts for over half of the world growth, grew by 6.5 per cent in 2017 on the back of increased manufacturing. Output in China increased by 6.9 per cent in 2017, a 0.7 percentage point increase from 6.7 per cent growth in 2016. Output growth in India moderated from 7.1 per cent in 2016 to 6.7 per cent in 2017.
- (16). Growth in Sub-Saharan Africa picked up from 1.4 per cent in 2016 to 2.8 per cent in 2017. However, economic outcomes are far from uniform in Sub-Saharan Africa. Oil exporters are still dealing with the legacy of the largest real oil price decline since 1970; debt levels are rising in some countries; and other countries are suffering from internal conflicts.

2.2.1.2 Developments in Commodity Prices

- (17). Commodity prices continued to strengthen in 2017. Broad-based price increases were supported by both demand and supply factors. Accelerating global growth lifted demand for commodities, while a number of commodities faced supply constraints. Oil and precious metals, concerns about mounting geopolitical risk influenced prices (see Fig 1). Continued OPEC and non-OPEC oil production restraint; measures by China to reduce polluting metals and energy production; and lower grain planting intentions in the United States, partly contributed to the current commodity price trends. Several newly enacted or prospective policy actions have contributed to sharp movements in metal prices (e.g. U.S. import tariffs on aluminum and steel; U.S. sanctions on Russian commodity producers, etc).

Figure 1: World Bank Commodity Price Indices (2010 = 100)



Source: World Bank Commodity Price Data (Pink Sheet), April 2018.

- (18). According to the World Bank Commodity Prices Index, the increase in commodity prices is largely driven by energy and metal categories. Energy prices increased by 23.6 per cent in 2017 compared to a decline of 15.2 per cent in 2016. Prices of metals increased by 24.2 per cent in 2017 compared to a decline of 5.9 per cent in 2016. However, despite the rise in prices, commodity prices remain below the 2008-09 financial crisis and 2011 peak levels.

2.2.2 Regional Economic Performance

- (19). Available data provided by Member States in April 2018 and from the IMF World Economic Outlook database indicate that for the past six years, economic growth has slowed down and remains low across the region. This has affected other sectors including the financial sector as indicated by rising non-performing loans.
- (20). While inflation has slowed down in general, it remains high with some Member States still in the double digit levels. Weak exchange rates and the aftermath impacts of weather-related factors including drought of 2015-26 continued to influence price movements in some of the Member States.
- (21). In the fiscal sector, public revenues have remained low and in some instances declining in the face of increasing public expenditures. In some Member States wage bills have been driving expenditures and accounting for a significant percentage of public expenditure. Some Member States have introduced (or contemplating to introduce) minimum wages as an income redistributive mechanism. These factors have partly contributed to deteriorating fiscal positions of Member States.

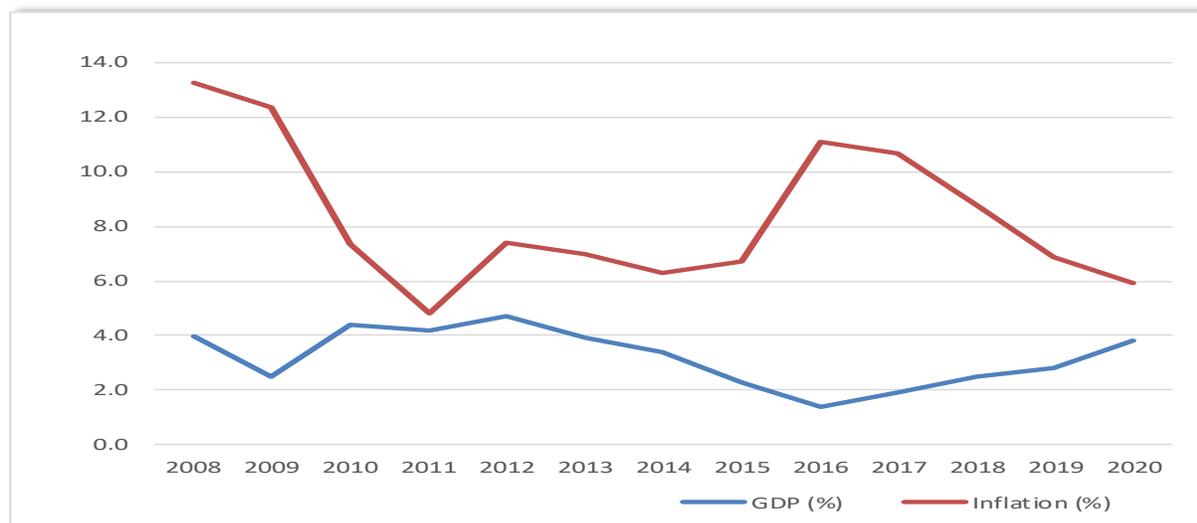
2.2.2.1 Real GDP

- (22). Growth in real GDP remained subdued at a rate of increase of 1.9 percent in 2017 compared to a growth increase of 1.4 percent in 2016. Only Tanzania recorded real GDP growth rates above the regional target of 7 per cent. The marginal increase in real GDP was supported by generally favourable weather conditions in most parts of the region including improvements in commodity prices and improved global economic recovery. However, weak investment and business confidence weighed on the downside.
- (23). Consequently, per capita GDP (nominal US Dollar) improved by 11.2 per cent in 2017 compared to a decline of 1.5 per cent recorded in 2016. All Member States except for DRC recorded positive growth in per capita GDP in 2017, an improvement from only five Member States (Botswana, DRC, Mauritius, Seychelles and Tanzania) recording positive growth in 2016.

2.2.2.2 Inflation

- (24). Inflation eased in 2017 although cost-push factors largely driven by weakening currencies and impact of weather-related factors of 2015-16 continued to influence prices. Provisional figures indicate that the region recorded an average inflation rate of 10.7 per cent in 2017 compared to an average of 11.1 per cent in 2016 (see Fig 2). In 2016 all Member States except for Angola, Malawi, Mozambique, Eswatini and Zambia met the regional inflation target range of 3-7 per cent. In 2017, all Member States except for Angola, DRC, Madagascar, Malawi and Mozambique met the regional inflation target range of 3-7 per cent.

Figure 2: SADC – Real GDP and Inflation (per cent)



Source: Member States, April 2018 and IMF WEO Outlook April 2018.

2.2.2.3 National Savings and Investments

- (25). The declining trend in both average total investments and gross national savings registered since 2014 was reversed in 2017. The region recorded total investments of 24.4 per cent of GDP in 2017, an improvement from an average of 21.4 per cent of GDP in 2016. A total of four Member States: Lesotho, Mozambique, Seychelles and Zambia, managed to achieve the regional target of 30 per cent of GDP for investment (see Fig 3). This compares to three Member States: Mozambique, Seychelles and Zambia that met the regional target in 2016.

Figure 3: National Savings and Total Investment (% of GDP)



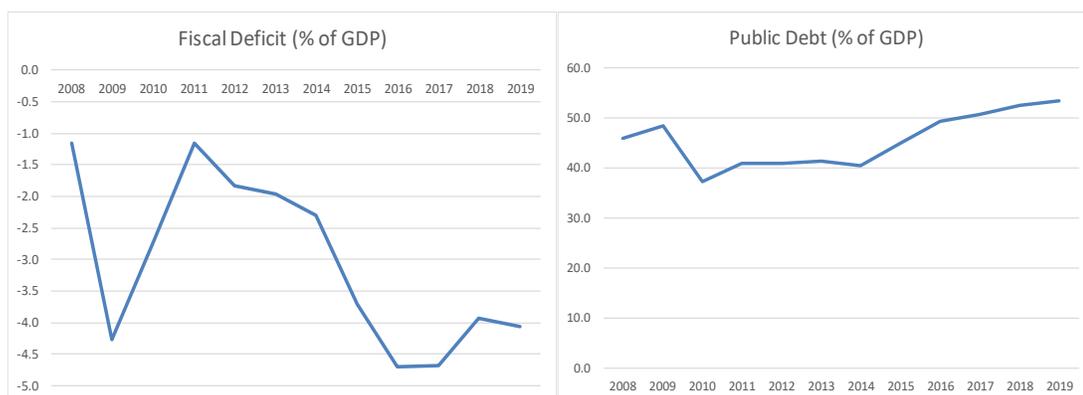
Source: Source: Member States, April 2018 and IMF WEO Outlook April 2018.

- (26). On the savings side, the region recorded an average gross national savings of 20.6 per cent of GDP in 2017. This was higher than the gross national savings of 14.4 per cent of GDP realised in 2016. Only Botswana and Zambia achieved the regional savings target of 30 per cent of GDP in 2017.

2.2.2.4 Fiscal Sector

- (27). Subdued economic performance continued to affect government revenue collections, in turn affecting fiscal balance positions in the face of increased expenditure needs (see Fig 4). The region is estimated to have recorded a fiscal deficit of 4.7 per cent of GDP in 2017, same level recorded in 2016. Only three Member States (DRC, Seychelles and Tanzania) met the regional fiscal deficit target of 3 per cent of GDP in 2017 compared to five Member States (Angola, Botswana, DRC, Madagascar and Seychelles) that met the target in 2016.

Figure 4: SADC – Fiscal Deficit and Public Debt as a % of GDP



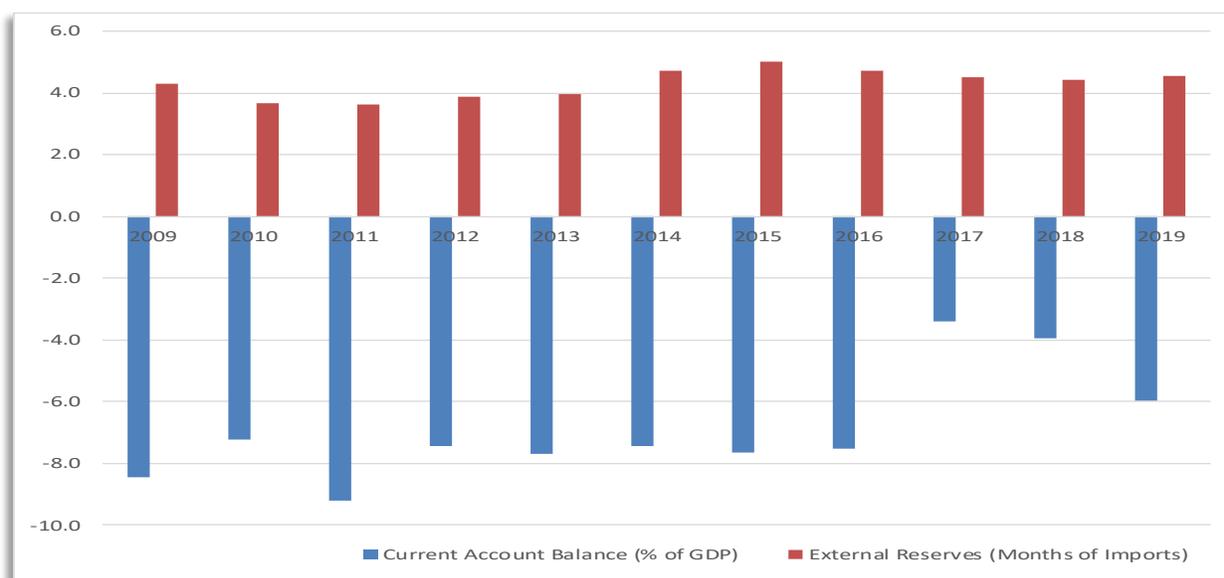
Source: Member States, April 2018 and IMF WEO April 2018

- (28). Public debt continues to rise almost across all Member States. The region is estimated to have recorded a public debt of 50.7 per cent of GDP in 2017 compared to an average of 49.5 per cent of GDP recorded in 2016. All Member States except Angola, Mauritius, Mozambique, Seychelles and Zimbabwe met the regional target of public debt of 60 per cent of GDP, while all Member States except Mauritius, Mozambique, Seychelles, Zambia and Zimbabwe met the regional fiscal target in 2016.

2.2.2.5 External Sector

- (29). Despite improvements in commodity prices on the international market, terms of trade for the region deteriorated by 0.9 per cent in 2017 compared to an improvement of 1.2 per cent in 2016. Export volumes improved marginally by 0.8 per cent in 2017 compared to an increase of 2.9 per cent recorded in 2016. For a third consecutive year since 2015, import volumes declined by 1.8 per cent in 2017.
- (30). The current account deficit for the region averaged 3.4 per cent of GDP in 2017, an improvement from an average deficit of 7.5 per cent of GDP in 2016. All Member States except for Botswana, Malawi, Mozambique, Seychelles and Eswatini recorded current account deficits within the regional target of 9 per cent of GDP in 2017. In 2016 all Member States except for Botswana, Malawi, Mozambique, Namibia and Seychelles recorded current account deficits within the regional target (see Fig 5).

Figure 5: SADC – Current Account Balance and External Reserves



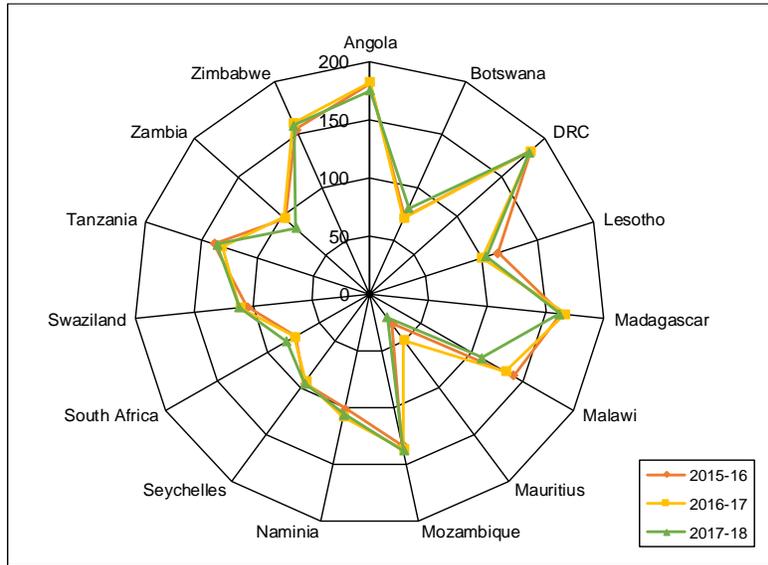
Source: Member States, April 2018 and IMF WEO April 2018.

- (31). In terms of foreign exchange reserves, SADC average import cover remained below the regional target of 6 months of imports at 4.5 months of imports in 2017. This is slightly below the 4.7 months of imports recorded in 2016. Botswana remained the only Member State in the region with largest levels of international reserves, followed by Mauritius and Angola. The rest of the Member States did not meet the criterion of 6 months of import cover, with some of them falling short of the IMF benchmark of 3 months of import cover.

2.2.2.6 Business Environment

- (32). Data from the World Bank Ease of Doing Business 2016-17 indicate that the SADC region is making progress in improving the business environment and its competitiveness in general although performance during the year under review was mixed. About half of the Member States slipped in ranking while some showed steady improvements in the ease of doing business ranking.
- (33). Performance with regard to ease of doing business indicate that Angola, DRC, Madagascar, Malawi, Mauritius, Namibia, Zambia and Zimbabwe improved in their ranking with Angola, Zambia, Malawi and Mauritius moving up by twenty-four, twenty-three, thirteen and seven positions, respectively. Five Member States (Botswana, Mauritius, Seychelles, South Africa and Zambia) of SADC are ranked within the first 100 bracket (see Fig 6).

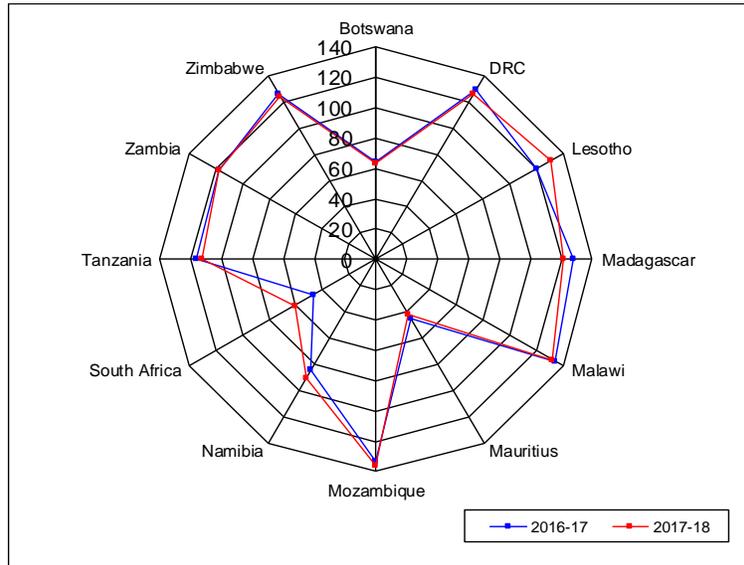
Figure 6: SADC – Rank Ease of Doing Business



Source: World Bank Ease of Doing Business, 2017-18.

- (34). The picture with regard to improving the business environment is the same if one considers the World Economic Forum Global Competitiveness Index (GCI). The GCI measures the competitiveness of an economy by considering all factors from basic factors that enable it to be competitive to factors that make it efficient and innovative (see Fig 7).

Figure 7: Ranking – Global Competitive Index



Source: WEF Global Competitiveness Index, 2017-18.

- (35). Seven Member States improved in the GCI ranking, namely: Botswana, DRC, Madagascar, Malawi, Mauritius, Tanzania and Zimbabwe. One Member States (Madagascar) demonstrated exceptional improvements by moving up seven positions from 128 in 2016 to 121 in 2017. However, Lesotho, Mozambique, Namibia and South Africa slipped in the ranking in 2017. Mauritius, South Africa and Botswana remain the most competitive and top ranked Member States in the region. However, three Member States (Botswana, Madagascar and Tanzania) have consistently improved their performance for the past four consecutive years.

2.3 Regional Economic Outlook for 2018-19

- (36). The moderate uptick of the global economy and the favourable external environment in terms of improved commodity prices are expected to support the region's medium term economic prospects. However, policy makers have to be decisive in effecting policy changes to take advantage of the improvements in global economic recovery and commodity prices. Policy makers should also be forthright in managing risks such as the rising debt levels and impending elections in some Member States, which normally are associated with reduced appetite for difficult reforms. While improvements in oil prices will benefit oil exporting countries, it will result in increased import bills for oil importing countries, thus weakening the external environment.
- (37). At regional level, erratic and poorly distributed rainfall in 2017-18 season will likely reduce the 2018 summer agricultural production in the region with negative consequences on food security and food prices. The expected low production may also affect supply of agro-related raw materials for agro-processing industry.
- (38). In view of the above, world output growth is projected at 3.9 per cent in 2018. Growth in advanced economies in 2018 is projected to improve marginally to 2.5 per cent and slowing down to 2.2 per cent in 2019. USA will continue to champion this growth, growing by 2.9 per cent in 2018 and 2.7 per cent in 2019. Growth in the euro area is expected to increase by 2.4 per cent in 2018 and slow down to 2.0 per cent in 2019.
- (39). Emerging markets and developing economies will continue to uplift global growth with their growth as a whole improving from 4.8 per cent in 2017 to 4.9 per cent in 2018, and 5.1 per cent in 2019. Growth in Brazil is projected to firm up from 1.0 per cent in 2017 to 2.3 per cent in 2018 and 2.5 per cent in 2019. Growth in the SSA is projected to improve by 0.6 percentage point from 2.8 per cent in 2017 to 3.4 per cent in 2018; and rising further to 3.7 per cent in 2019.
- (40). Economic growth in the SADC region is expected to increase by an average of 2.5 per cent in 2018, an improvement from 1.9 per cent in 2017. None of the Member States is projected to achieve the regional target of 7 per cent growth in real GDP in 2018. Per capita GDP for the region is expected to improve modestly from US\$4,004 in 2017 to US\$4,171 in 2018.
- (41). Savings are projected at an average of 22.2 per cent of GDP in 2018, an improvement from 21.4 per cent of GDP recorded in 2017. Only Botswana, Mozambique and Zambia are expected to record gross national savings above the regional target of 30

per cent of GDP. As for total investment, the region is expected to record a slight improvement from 24.4 per cent of GDP in 2017 to 25.8 per cent of GDP in 2018, with five Member States (Botswana, Lesotho, Mozambique, Seychelles, Tanzania and Zambia) expected to record total investments of above 30 per cent of GDP in 2018.

- (42). Regional inflation is projected to slow down to 8.8 per cent in 2018 from 10.7 per cent in 2017. All Member States except for Angola, DRC, Malawi and Zambia are expected to achieve the regional inflation target range of 3-7 per cent in 2018.
- (43). The regional fiscal deficit is expected to improve marginally from 4.7 per cent of GDP in 2017 to 3.9 per cent of GDP in 2018. A total of seven Member States (Angola, Botswana, DRC, Madagascar, Malawi, Seychelles and Zimbabwe) are expected to meet the regional target of fiscal deficit of less than 3 per cent of GDP. Average public debt for the region is projected to deteriorate further to 52.6 per cent of GDP in 2018 from 50.7 per cent of GDP in 2017. All Member States are expected to record public debts below 60 per cent of GDP except for Angola, Mozambique, Zambia and Zimbabwe.
- (44). In the external sector, the region's terms of trade are projected to improve by 1.7 per cent in 2018. Imports volumes of goods and services for the region are expected to increase by 7.0 per cent in 2018, which is an improvement compared to a decline of 1.8 per cent in 2017. In terms of exports volumes, the region is expected to record an increase of 5.7 per cent in 2018 compared to an increase of 0.8 per cent in 2017. The current account balance is projected at 3.9 per cent of GDP in 2018 compared to a deficit of 3.4 per cent of GDP in 2017. All Member States except for Lesotho, Mozambique and Seychelles are projected to record current account deficit below 9 per cent of GDP. The region is expected to record external reserves of 4.4 months of imports in 2018, same level as recorded in 2017. Three Member States (Angola, Botswana and Mauritius) are projected to record external reserves above the regional target of 6 months import cover.

3. Implementation of Programmes of Regional Cooperation and Integration

3.1 Industrial Development and Market Integration

3.1.1 Industrial Development

3.1.1.1 Popularisation of the SADC Industrialization Strategy and Roadmap (SISR)

- (1). Industrial development remains the core for the integration agenda of SADC and central to the diversification of the regional economic growth. In 2017/18, popularization of the Industrial Strategy and Roadmap (SISR) remained the central implementation area in line with August 2015 Council Decision which urged all Member States to popularize the Strategy. In this regard, the following achievements were noted:

- ix. The Secretariat received requests for determining national indicative public coordination costs for the Costed Action Plan from 13 Member States of which 8 (Angola, Botswana, Madagascar, South Africa, Eswatini, Lesotho, Namibia and Zimbabwe) were assisted on Action Plan costing. The DRC and Malawi undertook own costing exercise and shared their estimates.
- x. Awareness and corporate materials were distributed during Council and Summit meetings in August 2017, in South Africa. The approach extended outreach and awareness through 25 Journalists from Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Eswatini, Zambia and Zimbabwe.
- xi. Commemoration of the 2nd SADC Industrialization Week was held in July 2017 to build common understanding on the implementation modalities of the Costed Action Plan of the Industrialization Strategy. The key outcome of the week was the Sunninghill Declaration by the private sector in terms of key actions and reforms to support industrialization.

3.1.1.2 Development of the Regional Mining Vision

- (2). Development of a draft SADC Regional Mining Vision (RMV) and Action Plan in collaboration with the United Nations Economic Commission for Africa (UNECA) marked another milestone in 2017/18. The SADC RMV is aimed at i) maximising the developmental impact of mineral resources extraction within the overarching context of the African Mining Vision (AMV); and ii) providing the high level framework to guide increased minerals beneficiation as outlined in the Industrialization Strategy. A regional stakeholders meeting will be conducted in September 2018 to consider Member States' input to the Draft Report and Action Plan.

3.1.1.3 Resource mobilisation to implement key priorities of the SISR

- (3). Continuous efforts were undertaken towards resources mobilisation and bridging of funding gap for implementation of the key SISR priorities. In 2017/8, the Secretariat managed to secure resources from the German Development Cooperation (GIZ) and the European Commission to support the development of regional value chains and value addition for agricultural and non-agricultural products in selected Agro processing and Pharmaceuticals sub sectors. Implementation will commence next year.

3.1.1.4 Creation of the Industrial Development and Trade Directorate

- (4). The Industrial Development and Trade Directorate (IDT) was newly established within the SADC Secretariat structure in 2017/18 with a mandate to ensure that the SADC Region is self-sufficient in goods and services that can be traded within the region and across the world. The mandate encompasses the whole chain of activities beginning at product inception with Scientific Research and Development; to industrial value chain production and setting of the specification of the goods and services in standards and technical regulations; which ultimately leads to trade. During the year under review, IDT focused on the following:

- i. Implementation of the Industrialization Strategy to diversify the industrial structure of the SADC economies and promotion of beneficiation, value addition, and value chain strategies; and
- ii. Effective integration of goods and services markets and widening export opportunities through new regional, Tripartite and Continental trading arrangements and enhancement of the trading environment by continuous effort to remove restrictions or barriers to trade.

3.1.2 Market Integration

3.1.2.1 SADC Free Trade Agreement

- (5). The Secretariat continued to monitor the implementation of the SADC FTA by Member States. A key milestone in the consolidation of the SADC Free Trade Area during 2017/18 was the implementation of tariff phase down. All parties to the SADC Protocol on Trade, except for two Member States currently facing implementation challenges, have completed or are on track to complete tariff reductions. However, the persisting trend of Member States failing to adhere to the Protocol requirements on customs duty phase out needs to be addressed by the relevant bodies or escalated to Council as it risks undermining the foundation of market integration in SADC.
- (6). Progress was made in the review of Regional Cooperation Framework on Competition Laws and Policies, which is a significant step towards implementation of SADC FTA. In particular, the following key meetings were undertaken:
 - i. The African Competition Forum (ACF), which supports competition policy development and implementation in the African continent held in December 2017 and came up with decisions relating to competition laws and policies. Several competition agencies from Africa benefitted from the capacity building workshop as they learnt new investigative and analytical skills and shared competition law enforcement experiences;
 - ii. The SADC annual Technical Competition Committee meeting was held in May 2017 and it discussed and shared SADC best practices on competition policy implementation. The Committee established a fourth working group to spearhead work on consumer issues; and
 - iii. The second SADC Cartel Working Group Meeting in August 2017 in Zambia to discuss and share cartel enforcement practices and common challenges.

3.1.2.2 Trade in Services liberalisation

- (7). The SADC Protocol on Trade in Services, which was signed in August 2012, continued to provide a framework for Member States to negotiate the progressive liberalisation of trade in services in identified sectors. The first round of these negotiations, which commenced in 2012 and covered six priority sectors, has culminated in achievement of the following milestones:

- i. An agreement on four (4) sectors namely Financial, Tourism, Transport and Communication services which resulted in the finalisation of negotiations on fourteen (14) offers (in the form of lists of commitments) as well as six regulatory Annexes covering Financial Services, Telecommunication Services, Tourism Services, Substantial Business Operations, Movement of Natural Persons (Mode 4), and interim arrangements relating to Commitments on Subsidies; and
- ii. Negotiations on regulatory Annexes covering Postal and Courier Services, and Transport and Logistics Services are still continuing. Negotiations on offers in the other two sectors namely Construction and Energy-Related Services, will continue in the next round of the trade in services liberalisation schedule, which is expected to include new sectors in support of the industrialization strategy.

3.1.2.3 Proposals on the Trade Related Facility (TRF) submitted by Member States and approved and implemented

- (8). All project proposals on the TRF from beneficiary Member States were approved by May 2017 and all beneficiary Member States signed the Financing Agreements by 27 July 2017. This marked a significant achievement in that approved projects largely reflect SADC integration priorities, with most TRF interventions targeting industrial development and enhanced market integration.
- (9). A 30% payment advance was issued to all 12 Member states for project implementation in Botswana (Euro 780,000), Lesotho (Euro 780,000), Malawi (Euro 420,000), Madagascar (Euro 420,000), Mauritius (Euro 420,000), Mozambique (Euro 780,000) Namibia (Euro 780,000), Seychelles (Euro 420,000), Eswatini (Euro 780,000) Tanzania (Euro 420,000), Zambia (Euro 420,000) and Zimbabwe (Euro 420,000). Procurement and Financial management capacity building was provided to all Member States and Work and Procurement Plans were facilitated for all beneficiary countries.

3.1.2.4 Tripartite Free Trade Area

- (10). Tripartite Member/Partner States have continued with work to finalise negotiations on outstanding Phase 1 issues, mainly on tariff offers, specific rules of origin and trade remedies. To date, twenty-two (22) Tripartite Member/Partner States have signed the Agreement, with only three (3) ratifications received so far from Egypt, Kenya and Uganda. Progress in the TFTA has been hampered by lack of funding, and the rapid advance in the negotiations for the African Continental Free Trade Area, which has not faced the same financial challenges. In an effort to get more ratifications of the Agreement, the Tripartite Task Force (TTF) has received funding from the EU to undertake national awareness workshops in selected Tripartite Member/Partner States. A total of fourteen (14) ratifications are required for the Agreement to enter into force.

3.1.2.5 African Continental Free Trade Area

- (11). The Agreement Establishing the African Continental Free Trade Area (AfCFTA) and its Protocols on Trade in Goods; Trade in Services; and Rules and Procedures on the Settlement of Disputes were adopted by the Assembly of Heads of State and Government, at its 10th Extra-Ordinary Session held in Kigali, Rwanda on 21st March 2018. Forty-four (44) African countries, of which nine (9) are SADC Member States, signed the AfCFTA whilst twenty-seven (27) countries signed the Protocol on the Free Movement of Persons. Following the signing, 22 ratifications will be needed for the Agreement to come into force.
- (12). Kenya, Ghana and Rwanda became the first countries to present their instruments of ratification in May 2018 and more are expected as internal legal processes unfold in respective Member States in the course of this year. Work is continuing to facilitate the conclusion of the outstanding issues (Built-In Agenda) in Phase I in the next AU Assembly Meeting in January 2019.

3.1.2.6 Trade Facilitation and Customs instruments

- (13). In pursuing the implementation of the SADC Trade Facilitation Programme (TFP) approved by the Ministerial Task Force on Regional Economic Integration in July 2016, which was meant to support the implementation of the industrialization strategy and roadmap. During the 2017/18, major activities on customs and trade facilitation include:
- i. Development of a Simplified Trade Regime (STR) in the region aimed at reducing barriers to trade, which affect small traders, particularly the transaction costs, associated with formal trade; and
 - ii. Introduction of the E-certificate of origin aimed at determining whether a product originates in the region and therefore benefits from duty free access to SADC market. A set of rules for the E-certificate of Origin aimed to benefit Member States on SADC Trade preferences were agreed upon by Member States. Transition from the current manual certification mostly issued by Customs Administrators in most Member States to electronic platform in exporting or country of origin is deemed to be an effective and efficient trade facilitation instrument which could reduce cost and time while promoting transparency and e-filing; and
 - iii. A project proposal on trade facilitation needs for Kasumbalesa border post, which is part of the North-South Corridor border management improvement was approved by the German Government and presented to DRC stakeholders lead by the Ministry of Trade, and the Zambian Stakeholders lead by the Ministry of Trade and Commerce.

3.1.2.7 Financial Market Integration

- (14). SADC continues to support the modernization and harmonization of payments and clearing systems as a means of financing priority sectors and driving economic development in the region. SADC Integrated Regional Electronic Settlement System (SIRESS) made further progress and consolidation since July 2013 when the system went live. As at end of April 2018, SIRESS had achieved the following milestones:

- i. Settled a cumulative total number of 1,063,306 transactions representing ZAR 4.46 trillion, equivalent of USD 377.14 billion. All fourteen Member States were participating in SIRESS with exception of Madagascar; and
 - ii. Facilitated move from single currency settlement system (South African rand settlement) into a multicurrency settlement system with the United States Dollar as the additional currency of settlement. Settlement in US Dollar in the system is expected to go live in October 2018 while the whole multi-currency system is expected to be fully implemented by December 2019.
- (15). Furthermore, in order to be an inclusive payment system, SIRESS can now also settle low value payments starting in the four Common Monetary Authorities countries of Lesotho, Namibia, Eswatini and South Africa. In order to prevent a challenge or hijacking of the SIRESS trademark to a third party, work on the registration of SIRESS trademark in all Member States is underway. However, since there were some trademarks, which were already registered and which were phonetically and visually similar to the proposed SIRESS trademark, it has been agreed that the SADC payment system be registered as “SADC Real Time Gross Settlement System” (SADC-RTGS).

3.1.2.8 Development Finance

- (16). SADC Project Preparation Development Facility (SADC - PPDF) continues to support Member States to strengthen regional infrastructure connectivity by providing grants for project preparation and development for cross-border regional infrastructure projects. During 2017/18, two additional projects namely the Africa Green Co project (Zambia, Botswana, Mozambique and Namibia) and the Renewable Energy Agency Guidelines and Standards (Mauritius) were approved. The cumulative number of projects financed under this Facility was nine projects by June 2018.
- (17). The Secretariat has been able to mobilise additional resources under SADC-German/KfW Cooperation to fund additional project preparation activities. The German government has undertaken to provide additional resources through KfW to fund the PPDF activities depending on the evaluation of the Facility, which is currently underway.
- (18). Work on the operationalisation of the SADC Regional Development Fund is ongoing. The Secretariat has engaged with the AfDB to provide technical support in the operationalization of Infrastructure Development and Industrial Development windows; Development of a migration plan for the current PPDF into the SADC Regional Development Fund and development of the Fund’s operational and governance guidelines and policies.

3.1.2.9 Investment and Tax Related Matters

- (19). SADC solicited assistance from the OECD to develop a SADC Investment Policy Framework (based on OECD Policy on Investment Framework) in response to the challenges of attracting foreign direct investment into the region as well as domestic and regional investment.

- (20). The SADC Investment Policy Framework (IPF) was finalized in 2017/18. The IPF is aimed at providing a framework for the formulation and operationalization of sound investment policies that can promote broad based economic growth in the region. The formulation process, which took over two years to finish was driven by Member States and was designed as an action-oriented programme that provided a policy roadmap. The aim was to leverage a collective effort among Member States to advance reforms that can be supportive to attracting investment. National Action Plans on Investment (NAPI) are being developed to provide policy guidance on the implementation of the SADC IPF. Three Member States have developed their NAPIs with the assistance of the USAID Investment and Trade Hub in Botswana, Malawi and Zambia.
- (21). The Bilateral Investment Treaties (BITs) Template, which was first developed in 2012 was reviewed during the year to reflect the dynamic nature of international agreements in a changing environment. The Template provides advice to governments that they may consider in any negotiations they enter into relating to investment treaties. It also provides a learning resource for officials and may serve as the basis of training for SADC government officials, particularly those that are involved in the negotiation of investment treaties.
- (22). The SADC Model Double Taxation Avoidance Agreement (DTAA) has been revised to take into account issues of Base Erosion and Profit Shifting. The revised model was approved by the Ministers of Finance and Investment at their meeting in July 2018. The Ministers directed the Tax Subcommittee to assess the status of harmonisation of tax regimes in the region and report progress at the next meeting.

3.1.2.10 Macroeconomic Convergence Programme

- (23). The Macroeconomic Convergence peer review process was launched in May 2013 in Maputo, Mozambique. Since then, all Member States except Madagascar and Seychelles have been peer reviewed. In 2017/18, five Member States namely Botswana, Mauritius, Mozambique, South Africa and Zambia were peer reviewed and the findings were considered by the Peer Review Panel in July 2018. The Panel approved recommended policy proposals for these Member States as presented by the respective Review Teams and encouraged the reviewed Members States to implement the recommendations thereof and report progress on an annual basis.
- (24). With regard to performance of Member States against the set macroeconomic convergence targets, performance has been mixed in 2017-18. In 2017, all Member States except for Angola, DRC, Madagascar, Malawi and Mozambique met the regional inflation target range of 3-7 per cent. In 2016 all Member States except for Angola, Malawi, Mozambique, Eswatini and Zambia met the regional inflation target range of 3-7%. Only three Member States (DRC, Seychelles and Tanzania) met the regional fiscal deficit target of 3% of GDP in 2017 compared to five Member States (Angola, Botswana, DRC, Madagascar and Seychelles) that met the target in 2016. All Member States except for Angola, Mauritius, Mozambique, Seychelles and Zimbabwe met the regional target of public debt of 60 per cent of GDP.

3.2 Infrastructure Support for Regional Integration

3.2.1 Roll Out of the Regional Infrastructure Development Master Plan

(25). The SADC Regional Infrastructure Development Master Plan (RIDMP) is the blueprint for all the infrastructure projects for the period 2012 to 2027. It implements Priority B – Infrastructure Support for regional integration of the Revised RISDP. The RIDMP focuses on the realisation of SADC Infrastructure Vision 2027 and contributes towards the Industrialisation Strategy and Roadmap as well as other regional strategic frameworks. To this end, a number of project preparation facilities, are in place to ensure that the Region has in place a healthy pipeline of bankable projects. These include:

- i. The SADC Project Preparation and Development Facility (PPDF) hosted by the Development Bank of Southern Africa in Midrand, South Africa (USD25 million);
- ii. The Southern African Power Pool (SAPP) Project Advisory Unit (PAU) hosted by the Southern African Power Pool Coordination Centre in Harare, Zimbabwe funded by the World Bank (US\$ 30 Million);
- iii. The Infrastructure Investment Project for South Africa (IIPSA) hosted by the Development Bank of Southern Africa (DBSA) in Midrand, South Africa which also considers SADC regional projects– EU (Euro 100 Million);
- iv. The NEPAD Infrastructure Project Preparation Facility (NEPAD IPPF), hosted by the African Development Bank in Abidjan, Ivory Coast, for Programme for Infrastructure Development in Africa (PIDA) Projects;
- v. The SADC Water Fund hosted by the DBSA in Midrand South Africa supported by the German Government through KfW; (Euro 10 Million)
- vi. EDF 11 – EU (Euro 600 Million for the 5 DRMOs – Preparation and Blending);
- vii. Climate Resilient Infrastructure Development Facility based in Centurion South Africa and supported by DFID (GBP 80 Million); and

3.2.2 Communications and ICT

3.2.2.1 Implementation of SADC Roaming Project

(26). Mobile Network Operators (MNOs) from nine (9) SADC Member States are implementing the SADC Home and Away Roaming (SHAR) project using the Roam Like at Home (RLAH) principle. This is in line with the November 2014 decision of Ministers responsible for ICT, to adopt the Roam Like At Home regime by regulating both the wholesale and retail-roaming tariff using the glide paths for the next six (6) years. The Project is being implemented in three Phases: Phase I: Transparency to Roaming Tariff and Increase in Roaming Footprint; Phase II: Wholesale and Retail Price Cap Regulation, Three Route Approach; and Phase III: Cost-based Roaming Price Regulation.

- (27). The 9 Member States have implemented Phases 1 and 2, which has brought about transparency on Roaming Services through the reception of an SMS upon entry of a roamer into a foreign network and reduction in tariffs. The second Phase was implemented on a reciprocal basis through price cap regulation for both wholesale and retail roaming prices, following the SADC Roaming Glide Paths. The third and last phase requires the development of a SADC Roaming Cost Model in order to determine the true cost of roaming in SADC to be implemented by September 2018.

3.2.2.2 SADC Declaration on the Fourth Industrial Revolution

- (28). In September 2017 in South Africa, as a commitment by the Member States, the SADC ICT Ministers signed a Declaration on the Fourth Industrial Revolution (FIR) to guide the development of regional programmes and projects. The Declaration is a commitment in preparing SADC for the Fourth Industrial Revolution through the use of ICTs, and the need to accelerate the roll out of Broadband Infrastructure and treat Internet as an essential tool to be accessed by all SADC Citizens. The key priority areas:

- i. Infrastructure and Connectivity;
- ii. Affordability;
- iii. Skills and Awareness;
- iv. Entrepreneurial Development (Digital opportunities for SMME Development of Trade, especially export of Goods and Services); and
- v. Local Content.

- (29). The Declaration promises to drive collaboration and introduce concrete and practical measures to position SADC as a competitive and critical player in the development and evolution of the Fourth Industrial Revolution throughout its value chains in the following priority areas:

- i. Continuous introduction of enabling policy and regulatory frameworks;
- ii. Roll out of high quality affordable broadband;
- iii. Massification of skills;
- iv. Cybersecurity frameworks including protection of children, women and other vulnerable groups; and
- v. Pursue other critical enablers of the Fourth Industrial Revolution.

- (30). The SADC Secretariat has set up the SADC FIR Task Team to develop a framework to operationalize the SADC Declaration on the FIR.

3.2.3 Energy

- (31). In 2017/2018, the Region commissioned 3,580 MW in 2017 contributed by ten (10) mainland Member States: Angola 1,727 MW; Botswana 120 MW; DRC 150 MW; Malawi 6 MW; Mozambique 40 MW; Namibia 70 MW; South Africa 1,234 MW; Tanzania 28 MW; Zambia 55 MW and Zimbabwe 150 MW. The total installed capacity is 67,200MW. The power plant projects were commissioned by both Public Utilities and Independent Power Producers (IPPs). A Project Definition Readiness Assessment (PDRA) has been developed as a project management and monitoring tool for project tracking to ensure

accuracy of reporting progress. The tool was disseminated in all mainland SADC Member States to sensitize national power utilities under SAPP.

3.2.3.1 Electricity generation and transmission expansion plan implemented

- (32). The current peak demand and generation capacity reserve margins reveal an excess Regional capacity of 2,957 MW. Moreover, commissioned capacity of conventional and pumped hydropower storage in 2017/2018 occupied 43%, gas 24%, solar systems (Photovoltaics (PV) and Concentrated Solar Power (CSP)) 11%, wind 10% and coal occupied only 7%. The recent investments in the renewable energy technologies and commissioned gas-fired power plants increased a share of other primary energy sources in the generation mix. As a result, the share of coal dropped from 74% to 60% between 2013 and 2017 while hydropower remained constant at 21%.

3.2.3.2 Regional Petroleum and Gas sub-programme developed and Implemented

- (33). The SADC Secretariat convened a SADC Petroleum and Gas Subcommittee meeting on 15-16 February 2018 to, among others, establish a regional gas committee in response to the directive from the 36th Ministerial Meeting in Ezuluini Valley in Eswatini in July 2017 and the 37th Summit of Heads of States in 2017 which both put emphasis on the importance of the role of petroleum and gas in the regional energy mix and the need to develop gas economy. The Subcommittee prepared draft TORs for the regional Gas Committee. The Committee was inaugurated in the margins of the Energy Ministers meeting that took place in June 2018. The Regional Gas Committee will also oversee development of a Regional Gas Masterplan.

3.2.4 Transport

3.2.4.1 Tripartite Transport and Transit Facilitation Programme

- (34). The Tripartite Transport and Transit Facilitation Programme (TTTFP) was launched in October 2017 in Dar es Salaam, Tanzania to facilitate the development of a more competitive, integrated and liberalized regional road transport market that can effectively contribute to regional integration and economic development, through development and implementation of harmonized road transport policies, laws, regulations, standards for efficient cross-border road transport and transit networks, transport and logistics services, systems and procedures in the East Africa-Southern Africa (EA-SA) region. To date the Programme has achieved the following notable milestones:

- i. Development and validation of Vehicle Load Management Agreement; Multilateral Cross Border Road Transport Agreement; and five model laws to guide domestication of the agreements at Member States level;
- ii. National and regional sensitization was conducted in 17 of the 21 Tripartite Member/Partner States to identify technical assistance requirements from Member States and key stakeholders;
- iii. Over 100 Technical Assistance requests were received and are being addressed; and

- iv. Facilitation of the establishment of the Cross Border Road Transport Regulators Forum as a platform for coordinating and synchronising the policy and regulatory reforms that member states are required to undertake, in line with the agreed Tripartite laws, policies, regulations and standards.

3.2.4.2 North-South Corridor (NSC) Rail Project

- (35). In June 2016 grant funding was secured by the NEPAD Business Foundation from the SADC Project Preparation Development Facility (PPDF) managed by the Development Bank of Southern Africa (DBSA) for the NSC study, and the technical consultant was appointed in February 2017 to undertake the study. The NEPAD Business Foundation successfully facilitated development and agreement of key proposals between the NSC Railways for development of the NSC. On 25 January 2018, a NSC Steering Committee meeting consisting of Chief Executive Officers (CEOs) of all the NSC railways was convened and the findings of the NSC Study were approved.
- (36). Through the NSC study, the NSC railways have collectively agreed on key principles of the corridor development strategy across all key areas which include: operations, marketing, infrastructure and rolling stock. The NSC study produced proposals for the future vision of the corridor, and it also provided immediate action items which all the railways have agreed to execute. A series of projects were approved for further development by the CEOs of the NSC Railways.
- (37). In order to execute the above approved projects funding is being sourced for project preparation, particularly for the immediate term projects. Terms of Reference (TOR) for the projects have been developed and International Cooperating Parties (ICPs) are being approached for funding. Other projects are already being executed by the railways such as the injection of rolling stock into the corridor. Transnet has recently delivered rolling stock to Zambia and Zimbabwe in Q1 2018 to increase capacity on the railway line. Other applications will be submitted for the infrastructure, and rolling stock projects during the course of 2018.

3.2.5 Water

3.2.5.1 Kunene Transboundary Water Supply Project

- (38). The Kunene Transboundary Water Supply Project comprises three distinct segments – one regarding submission of Project Design (for Namacunde and Lot 2 in Santa Clara) and the other two relating to design and actual on-site execution – in Calueque and in Santa Clara. Following an official launch, the implementation of the Kunene Water Supply Project shared by Angola and Namibia progressed as planned. Construction of the Calueque Village Water Treatment Works and the repairs on the rising main pipeline and the canal were successfully completed and commissions by end of March 2018. This constitute the completion of lot 1 of the Project. Lot 2 which entails construction and rehabilitation of water storage and distribution network at Santa Clara commenced in June 2018 as planned and a consultant is in place. Work will be completed in June 2018.

3.2.5.2 Groundwater Management Programme

- (39). The SADC Groundwater Management Institute (GMI) was fully established and staffed with four (4) technical staff and the Executive Director, in the Institute of Groundwater Studies, University of Free State. The SADC GMI Financial Sustainability Plan and Strategy was developed, reviewed and endorsed by the relevant technical committees including the Sub-committee for Groundwater, and the Water Resources Technical Committee, and approved by the Committee of Ministers responsible for Water at their meeting in June 2018. Consultancies are underway to assess policy and legal frameworks for groundwater management in Member States and at the regional level, and the Groundwater Information Portal housing information on groundwater in the region including SADC groundwater map and atlas has been developed. The Portal is accessible on line by all Member States. Water experts from Member States have been trained on groundwater management through support from partners such as UNESCO, IWMI, Waternet, University of Free State, and University of Botswana etc.

3.2.5.3 Climate Resilient Infrastructure Development Facility (CRIDF) Projects

- (40). A number of projects were implemented with the support of CRIDF to promote community resilience in terms of water supply, food security through irrigation and other livelihoods initiatives. Successfully completed projects include:
- i. Mitema Boreholes Rehabilitation, Makonde Plateau Water Supply and Sanitation Authority in Tanzania: and rehabilitation of Mitema wellfield including installation of new pumps for a water treatment plant serving 350,000 beneficiaries. The USD 300,000 works were commissioned in November 2017;
 - ii. Kazungula Water Supply and Sanitation, Southern Water and Sewerage Company in Zambia: USD 580,000 refurbishment and capacity enhancement of water treatment plant ablution facilities for the benefit of both locals and the estimated 130,000 travellers crossing the border annually. The works were commissioned in May 2018. This work complements the one-stop border post under construction;
 - iii. Eastern Zambia Border Towns Water Supply and Sanitation, Eastern Water and Sewerage Company in Zambia and Central Region Water Board in Malawi: new borehole-fed water supply and sanitation facilities have been provided at the border towns of Chanida and Mwami (Zambia) and in Mchinji (Malawi). These USD 1.6M works were commissioned in December 2017 and serve an estimated 175,000 beneficiaries who live and travel through the border towns. The project was implemented through one contract jointly by Zambia and Malawi under a delegated implementation arrangement facilitated by CRIDF; and
 - iv. Bindangombe and Kufandada in Zimbabwe: these climate resilient schemes focused on water supply and livelihoods enhancement to transform crop production from rural subsistence to commercial market linkage and value chain creation. These USD 2.8M works, benefitting 420 households and a 40 bed, 15,000 outpatients per annum hospital, included a small dam in Kufandada, water storage and irrigation infrastructure, and livelihoods assistance to commercialise

the crop production to a sustainable market. The schemes were commissioned in June 2016 and transformed yields from 0.1t/year at \$40 per household annually to 4 t/year providing an annual average \$2,000 per household

3.2.6 Tourism

- (41). Ministers responsible for Environment and Natural Resources, Fisheries and Aquaculture, and Tourism held a meeting during the period 23-24 November 2017 in Pretoria. Key issues deliberated and decided on by Ministers include:
- i. Activation of the Tourism Coordinating Unit (TCU) at SADC Secretariat: Member States were urged to consider seconding officers to the Secretariat to occupy the position of Senior Programme officer Tourism and Programme Officer, Policy and Market Development as they are both categorized as flexi;
 - ii. Development of the SADC tourism programme by August 2018;
 - iii. Fast-tracking the review of the RETOSA Charter and the Memorandum of Understanding between the SADC Secretariat and the RETOSA Secretariat to incorporate changes emanating from the transformation process to facilitate the transformation and sustainability of RETOSA; and
 - iv. Secretariat to initiate a review of the Protocol on Tourism Development in the Southern African Development Community to reflect changes in the revised functions of RETOSA.

3.2.6 Meteorology

3.2.6.1 Generation & Dissemination of Early Warning System (EWS) products and services

- (42). The Southern African Regional Climate Outlook Forum (SARCOF) products were released on 26 August 2017 for the 2017/18 rainy season based on the La Niña trend, which is typically used to bring above average rainfall to Southern Africa. However, sea surface temperature patterns in the Indian Ocean and Atlantic Ocean had interfered and reduced the likelihood of widespread La Nina like-impact on the summer rainfall patterns over SADC region. The presence of a weak La Nina enhanced the expected normal weather patterns over the region. However, other regional systems such as the Mid-tropospheric Botswana High and Tropical Cyclones also influenced the prolonged dry spells and maximum temperature within the Region. SADC Climate Services Centre continually releases the updates on the SARCOF products on monthly basis.

3.2.6.2 Capacity of Member States experts to generate and disseminate climate outputs strengthened

- (43). In 2017, delegates from 14 Member States from the SADC National Meteorological/Hydrological Services were capacitated on how to produce national rainfall forecast and contribute to the SADC regional consensus rainfall forecasts for

October 2017-to-March 2018. Sixty end-users participated at SARCOF and received guidance on the use of the probability forecast. Three working groups (Agriculture, Water and Energy and Disaster Risk Reduction) were formed to review the forecast and agree on the way forward on the use of seasonal forecast.

3.2.6.3 Monitoring for Environment and Security in Africa

- (44). The Monitoring for Environment and Security in Africa (MESA) Project was successfully implemented and completed in September 2017. The project focused on promoting the use of Satellite Earth Observation (EO) to strengthen the capacity in government departments with an existing mandate to monitor and provide early warning information for agriculture, drought, wildfire and flood and to promote use of Earth Observation in planning, implementation of programme and policy-making process. More than 300 national officers in SADC Member States participated in the MESA national and regional training programmes. At the end of project in September 2017, 94% of the agriculture, drought and wildfire product lines were operational.

3.3 Peace and Security Cooperation

3.3.1 Politics and Diplomacy

- (45). An Electoral Technical Committee comprising of members of SADC Electoral Advisory Council (SEAC) and the Electoral Commissions Forum of SADC Countries (ECF-SADC) was commissioned by the 2017 SADC Summit to conduct a pre-election assessment Mission to the Democratic Republic of Congo (DRC). The Summit tasked the Committee to assess the electoral administration capacity and technical needs of the National Independent Electoral Commission (CENI) ahead of the country's anticipated national elections. The Mission achieved the following:
- i. Assessed the political and security environment in the DRC; and constitutional and legal framework governing the electoral process of the country;
 - ii. Conducted a needs assessment of the capacity and electoral technical needs of CENI upon which' the DRC request for electoral support from SADC Member States was based;
 - iii. Investigated challenges faced by CENI in preparing for the elections;
 - iv. Analysed the potential factors for election related violence and alternative dispute resolution mechanisms available; and
 - v. Identified the electoral assistance required by CENI to administer the country's electoral process.
- (46). SEAC engaged stakeholders on the various inter-related issues in Zimbabwe in March 2018 following the Military assisted transition of November, 2017. In this regard, SEAC also sought to establish the needs for the Member State in respect of Electoral assistance and mediation strategies before, during and post the 2018 election phases.

- (47). SEAC members from South Africa, Malawi, Eswatini, DRC, and Zambia were capacitated with skills to be informed advisors, facilitators and enablers of national and regional mediation efforts, that can accompany the long-term resolution of the underlying root causes of conflict in the varied contexts across the SADC Region. This included skills on tools for analyses of the causes and patterns of election-related conflicts, conflict tracking, and mainstreaming conflict prevention strategies throughout the electoral cycle.
- (48). Training modalities using the new curriculum for Short Term Observers (STOs) and Long Term Observers (LTOs) were finalised with the Electoral Institute for a Sustainable Democracy in Africa (EISA), including the acquisition of Tablets and Software. The use of the technology will for the first time, enable SEOMs to report on electoral processes in real time, thereby greatly improving the processing of information, as well as enhancing the quantitative and qualitative analysis of elections and their outcomes.
- (49). The Mediation Support Unit (MSU) accelerated its capacity building interventions aimed at deepening regional capability to prevent and manage conflict, through trainings that covered negotiation, conflict tracking and analysis; mediation skills and approaches and; gender mainstreaming within the context of conflict prevention and response:
- i. To date, 395 Member State and civil society experts, were trained in mediation skills and practice. The MSU has also trained rostered experts from the regional African Standby Capacity Roster, who are ready for deployment to support Peace Support Operations and other conflict resolution missions in various capacities. This strategic, focused and targeted training has contributed to the region's overall readiness to respond to conflict situations;
 - ii. Working through their established strategic partnerships, the Unit also facilitated the finalization and approval of the SADC Regional Strategy on Women, Peace and Security (WPS), a key policy tool to support the implementation of UN Security Council Resolution (UNSCR) 1325 in the region. In furtherance of this work, the MSU is working with the Office of the AU's Special Envoy on Women Peace and Security to continuously assess the implementation of UNSCR 1325 and the WPS Agenda through the roll out of the Continental Results Framework on WPS. In addition to collaborations at the regional and continental levels, the MSU has also been working with the UN's MSU at the global level to mutually enhance capacity through peer exchange, experience sharing and lessons-learnt initiatives. This is a continuation of the Unit's strategic relationship with UNDP and other relevant UN Agencies;
 - iii. The MSU provided technical and logistical support services to the SADC Oversight Committee on the Kingdom of Lesotho, which deployed to Lesotho ten (10 missions) between April-November 2017 for the purposes of following up on the implementation of SADC Decisions;
 - iv. The Unit assisted in the drafting of the Proposal for the Conduct of the Multi-stakeholder National Political Dialogue, which is currently at the preparatory stage in Lesotho; and

- v. In October-December 2017 the MSU also provided technical and administrative support to the thirty-eight (38) member Expanded Oversight Committee, which was deployed to provide more security related expertise to the regular Oversight Committee.

3.3.2 Defence and Security

- (50). The strengthening of the region's capacity for collective Defence and rapid response to security threats in the region through Peace Support Operations (PSOs), humanitarian assistance and support to civil authorities continued during the reporting period. Measures in this regard included, among others: the conduct of a joint International Conference on the Great Lakes Region (ICGLR) – SADC Double Troika plus Force Intervention Brigade (FIB) Troop Contributing Countries conduct of a re-assessment mission in the DRC, in order to re-evaluate the most current security situation and determine the type of support still required by the Government of the DRC.
- (51). Engagements were done between the SADC and the UN on the urgent need to address the operational challenges facing the FIB, deployed under the United Nations Organization Stabilization Mission in the DRC (MONUSCO). The outcome of these efforts enabled a mutual agreement between the UN and SADC on the strengthening of the FIB and enabling the Brigade to continue to fulfill its offensive operations mandate effectively.
- (52). The SADC Preventive Mission in Lesotho (SAPMIL) was deployed to Lesotho in November 2017 to address the fragile and unpredictable political and security associated with the assassination of the former Commander of the Lesotho Defence Force (LDF), Lieutenant General Khoantlho Motšomotšo. The Mission's mandate was extended by the Double Troika Summit to November 2018 to continue to underpin the region's resolve to ensure stability.
- (53). The deployment of personnel to the SADC Preventive Mission in Lesotho was undertaken between 20 and 28 November 2017 and the Official Launch Parade for the Mission was held on 2 December 2017. As of 1 March 2018, SAPMIL Troop Contributing Countries (TCCs) had deployed 261 personnel in Lesotho (Military Personnel – 215, Police Officers – 22, Intelligence Personnel -15 and 9 Civilian Personnel). This deployment was in line with the recommendations of the Technical Assessment Mission (TAM) to Lesotho commissioned by the Defence Sector at the extraordinary meeting in Luanda, Angola in May 2017.
- (54). A number of Defence Decisions on regional strategic defense and policy were reviewed and adopted during the period under review. These include: (i) Draft MoU between SADC and the Government of Russian Federation in the Area of Military and technical Cooperation which was endorsed during the DSC Meeting for submission to the MCO for adoption; (ii) Cybersecurity was considered in the DSC Meeting as being of regional dimension and urged for concerted regional action in this regard; (iii) Member States were urged to continue compilation of their national statistics on poaching, illegal migration and the proliferation of small arms and light weapons; (iv) and the DSC mandated the Secretariat to begin fencing of the RLD based on the approved Layout Plans, and to report progress at the next DSC in 2018.

- (55). Operationalisation of the SADC Regional Logistics Depot (RLD) remains on course, with Phase I of the construction of the RLD, related to site clearance and fencing, already in progress and expected to be concluded in August 2018. The Secretariat also completed the development of the Resource Mobilisation Strategy to fund the RLD Project, whereby the most suitable option was concluded to be a hybrid Member States and International Cooperating Partners (ICPs) funding approach. In order to operationalize this option, MS will be expected to contribute seed capital, while the Secretariat continues to mobilize remainder resources from ICPs; with the total cost of the construction estimated to be USD 45 million and the anticipated completion date for the construction tentatively set for 2021, depending on the availability of funds.

3.3.3 State Security

- (56). In respect of the implementation of the Regional Counter Terrorism Strategy adopted by the Summit in 2015, Member States are at various stages of establishing national counter terrorism structures to prevent and respond to terrorism; addressing social and economic marginalization; enhancing collaboration with other security institutions and local community; enhancing bilateral and multilateral cooperation to address the scourge of terrorism; ratifying regional and international conventions on prevention and combatting terrorism; enacting and reviewing legislation to enhance the prevention and combatting of terrorism; enhancing border security measures; establishing financial intelligence centres; enhancing measures to secure air space; initiating awareness activities on the dangers of terrorism, radicalization and recruitment; strengthening border security measures; enhancing measures aimed at protecting critical and key structures; implementing intervention measures against terrorism, radicalization and extremism; strengthening control of firearms; conducting capacity building training for border and security officials; and conducting regular joint security operations.
- (57). All the measures being undertaken by Member States are in compliance with the Plan of Action for the implementation of the Regional Counter Terrorism Strategy.

3.3.4 Public Security

- (58). The Secretariat continued to implement programmes to enhance Cross Border Security, migration and refugee management. This Security agenda is driven by drafting Policies and Strategies that address Corruption, Refugees, Migration, Poaching, Prisons and Border Management. In order to effectively discharge this responsibility, the Sector consults and deliberately engages with experts in Sub- Sub Sectors so as to inform Policy. In 2017/2018, with input from its Statutory Committees, the Secretariat drafted the following key guiding Policies and Frameworks:

3.3.4.1 Implementation of the African Union Protocol on Free Movement of Persons

- (59). The Policy is meant to inform on- going negotiations between the AU Commission and Regional Economic Communities (RECs) and their Member States on the development of the African Protocol to the Treaty Establishing the African Economic Community relating to the Free Movement of Persons, Right of Residence and Right of Establishment.

- (60). The Secretariat also carried out a Desktop Review on the implementation of the AU Migration Policy Framework. The review explored regional efforts on 'migration and security' and 'migration and development, within the framework of the AU. Although not comprehensive, it highlighted successes, challenges and proposed recommendations on implementation of the AU Migration Policy Framework most importantly the need to develop the SADC Migration Framework.

3.3.4.2 Draft Protocol on Inter-State Transfer of Foreign Prisoners

- (61). The Protocol is meant to foster cooperation between member States in handling and transferring Prisoners from one country to another and outlines modalities for amongst others how requests and replies, grounds for transfer, implications of transfer on Sentencing State, Transit and Costs will be handled.

3.3.4.3 Draft Regional Policy Framework on Management of Asylum Seekers and Refugees

- (62). The Policy Framework seeks to promote sound management of Asylum Seekers and Refugees in the Region without compromising Regional Security. Most importantly, it implores Member States to adopt adequate measures to harmonise their approaches towards Asylum Seekers and Refugees Management and not deny Asylum Seekers an opportunity in an arbitrary manner and without just course. In order to foster an effective regional asylum and refugees' management process, the framework outlines important clauses that include: handling of individual applications, handling of family applications, screening and referral systems, rights and responsibilities of asylum seekers and refugees and secondary movements, amongst others.

3.3.4.4 Draft SADC Anti –Corruption Strategic Action Plan 2018-2022

- (63). The Strategic Plan is a step in implementing the 2001 SADC Protocol against Corruption. The Plan seeks to promote, facilitate and regulate cooperation among Member States to prevent, detect, punish and eradicate corruption in the public and private sectors; foster the development and harmonization of policies and domestic legislation of Member States relating to the prevention, detection, punishment and eradication of corruption in the public and private sectors.
- (64). In order to deepen the technical expertise of the Public Security Sector, the following two sub Sub-Committees under the Anti – Corruption portfolio were endorsed:
- i. The Prevention, Policy, Good Governance and Capacity building Sub-sub Committee whose main role is to develop and advise on anti-corruption policy and strategy, set the priorities in the prevention of corruption, integrate Corruption Prevention Strategies, identify regional training needs for Corruption Officials and Facilitate Regional anti-corruption assessments;
 - ii. The Investigation, Prosecution and Civil litigation Sub-sub Committee that is charged with, amongst others, judicial cooperation and mutual legal assistance in criminal matters, in particular anti-corruption, among Member States; developing

a framework for judicial cooperation and mutual legal assistance in criminal matters, especially on corruption; facilitating cooperation with relevant international, continental and regional cooperating partners, as well as the private sector; reviewing and harmonising anti-corruption legislations and policies in the SADC region; and

- iii. The Public Security Sector is still committed to review the operating hours of identified Strategic Ports of Entries in order to cater for high traffic volumes and meet the requirements of trade. Immigration and Customs Officials from time to time collaborate to identify strategic Border Posts for Harmonisation.

3.3.5 Police

- (65). The Southern African Police Chiefs Cooperation Organisation (SARPCCO) Constitution and Cooperation Agreement between SADC and INTERPOL was reviewed as part of SARPCCO harmonisation into SADC structures, the Constitution and Cooperation Agreement were reviewed in line with amongst others: the SADC Treaty, the Protocol on Politics, Defence and Security Cooperation.
- (66). The Model law to combat Online Child Sexual Exploitation and Standard Operating Procedures were developed for Repatriation of Motor Vehicles and SARPCCO Vehicles Clearance Certificates.
- (67). SARPCCO Legal Sub-Committee, assisted by SADC Secretariat, developed the draft SADC Regional Guidelines for Crime and Violence Prevention in line with the emerging best practice in crime and violence prevention;
- (68). A criminal information function was established in the context of the SADC Regional Early Warning Centre, an officer from INTERPOL RB Harare was also nominated as the Contact Point to constantly liaise with SADC Regional Early Warning Centre on criminal information.
- (69). The SARPCCO Joint cross border Operations namely, FARU, USALAMA VI, TEMBO and BASADE VI was conducted, which produced tangible results related to the recovery of stolen properties and arrest of a numbers of the illegal migrants.
- (70). The SADC Secretariat supported INTERPOL RB Harare, to strengthen the cooperation with AFRIPOL and report progress annually at SADC Chiefs of Police Sub-Committee (CPSC) meetings and establishment of AFRIPOL liaison offices to deliver on the objectives of the 3 Year Work Plan 2017-2019.

3.3.6 Disaster Risk Reduction (DRR)

- (71). The Secretariat facilitated the consolidation of results from previous interventions and integrated them into the Regional Disaster Risk Reduction and Management Strategic Plan and Plan of Action (2016 – 2030) to ensure adequate alignment between DRR strategic direction for the region and the international, continental and regional frameworks.

- (72). A study on the integration of 'DRR and Climate Change' was carried out to identify long-term regional changes and trends that affect vulnerabilities and risks, particularly climate change. The study recognises the levels of vulnerability to disaster risks by different gender groups due to increased hazard contexts that will generally escalate disaster risks. The study results will guide the SADC Secretariat in mainstreaming Climate Change Adaptation in DRR programming.
- (73). The DRR Web-Portal, and the web-based database for DRR inventories were finalised during the period. The DRR Web-Portal and database are core to the regional disaster risk reduction information and knowledge management systems; which form critical ingredients for effective early warning systems and mechanisms.
- (74). A regional DRR Conference was organized with the overall aim to review progress achieved by the SADC Regional DRR Programme towards the goal of managing uncertainty, reducing vulnerability and building resilience for SADC Member States and communities in view of the global and regional frameworks that guide DRR, resilience and sustainable development. The conference provided a platform for key international and regional DRR stakeholders to share key DRR and resilience initiatives, projects and programmes as part of regional DRR sharing of lessons and experience towards shaping and informing new and upcoming Regional Resilience Programmes aligned to the Sendai Framework.
- (75). The Secretariat coordinated a peer review in the Republic of Seychelles, that was a collaborative effort of the Government of Seychelles with support from the Republic of South Africa. The review team included two peers each from Mozambique, South Africa, Madagascar, **Eswatini** and three DRR experts from SADC Secretariat. The Peer Review contributed to mainstreaming of Disaster Risk Reduction in development plans and strategies; through Peer learning among Member States.
- (76). Three (3) key DRR capacity building workshops on Transboundary Disaster Risk Management, Ecosystem Based DRR, Disaster Need Assessment and Civil Military Coordination in Disaster Response were conducted.

3.4 Special Programmes of Regional Dimension

3.4.1 Agriculture, Food Security and Natural Resources

3.4.1.1 Regional Agricultural Policy

- (77). The Region successfully developed the Agricultural Development Fund (ADF) as a financial mechanism intended to provide financial support to accelerate the implementation of the Regional Agricultural Investment Plan (RAIP) 2017-2022, which in turn implements the Regional Agricultural Policy (RAP). The SADC Council approved the establishment of the Agricultural Development Fund in Pretoria, South Africa, in August 2017, as a Special Facility under the SADC Regional Development Fund, in accordance with Article 8 of the Agreement on the Operationalisation of the SADC Regional Development Fund (ADF).

- (78). To date, four consultative workshops were held in Malawi, Madagascar, Tanzania and Zimbabwe towards operationalization of the ADF in line with Operational Guidelines that were approved at the Joint Extraordinary Meeting of SADC Ministers responsible for Agriculture and Food Security and Fisheries and Aquaculture held in Ezulwinini, Eswatini in May 2017. The ADF Operational Guidelines lay down the principles of financial support expected from the ADF to Member States and key stakeholders. More specifically, the ADF Operational Guidelines outline who will be eligible for funding under the ADF, how they would access that funding, and the terms and conditions for accessing and utilising ADF funding. The next self-financed national consultative workshop will be held in Botswana and efforts are underway to schedule the national consultative workshops of the remaining Member States.
- (79). The Secretariat successfully coordinated the development of the SADC Biennial Report on implementation of Malabo Declaration on African Agriculture and submitted the same to the African Union for consideration at the African Union General Assembly in January 2018. The Biennial Report was formally launched at the 14th Comprehensive African Agriculture Development Programme (CAADP) Partnership Platform (PP) held in Libreville, Gabon from 25-27th April 2018.
- (80). Measured against the calculated 2017 benchmark of 3.94 out of 10, eight SADC Member States were ON TRACK towards achieving the goals and targets of the Malabo Declaration and these are Botswana (4.4), Malawi (4.9), Mauritius (4.8), Mozambique (4.1), Namibia (4.1), Seychelles (4.0), South Africa (4.1) and Eswatini (4.0). Seven SADC countries were however NOT ON TRACK and these are Angola (2.1), DRC (1.4), Lesotho (3.7), Madagascar (3.1), Tanzania (3.1), Zambia (3.6) and Zimbabwe (3.2).
- (81). Furthermore, out of the first seven of the eight commitments of Malabo, the Southern Africa region is on track in four, namely, (a) Re-committing to CAADP process; (b) Halving poverty through agriculture by 2025; (c) Boosting intra-Africa trade in agriculture commodities; and (d) Enhancing Mutual accountability for actions and results. The region needs to pay attention to three commitment areas where it is not on track. These are (a) enhancing investment finance in agriculture; (b) ending hunger by 2025; and (c) enhancing resilience to climate variability.

3.4.1.2 Regional Food Security Situation

- (82). The Regional Early Warning System and Vulnerability Assessment programme continued to collect, analyse and disseminate data and information on food security situation in the region. The information is aimed at facilitating preparedness and early action in order to prevent or reduce the impact of food insecurity disasters.

3.4.1.2.1 Overview of 2017/18-rainfall season performance

- (83). The 2017/18 rainfall season was characterized by a prolonged dry spell in January 2018 for most of the southern half of the region, resulting in moisture stress and permanent wilting of some crops. During February and March 2018 the rainfall improved and was well above average in most parts of the region, allowing recovery of some of the crops affected in January 2018.

- (84). The high rainfall in February and March 2018 allowed for the recharge of hydrological reservoirs and regeneration of pastures for livestock. In Botswana, south western Madagascar, southern Malawi, southern and some central parts of Mozambique, Zambia and Zimbabwe, the rains have continued well into April 2018.

3.4.1.2.2 Agricultural Performance and Food security

- (85). Overall, the 2018/19 food security situation across the region is expected to be on average due to late rainfall received during the 2017/18 growing season.

3.4.1.2.3 Cereal production

- (86). Member States are currently conducting crop production and vulnerability assessments for the 2018/2019 marketing year. Preliminary analyses for 2018/19 food security season across the region suggests lower availability of food particularly cereals compared to last season's availability. In South Africa for instance, one of the main regional grain producers, 2017/18 maize production is projected to decrease by 26%. In Zambia, which is another major producer of grains in the region, maize production is projected to decline by 34%. However, the high carryover stocks from the 2016/2017 bumper agricultural season will mitigate the possible negative impacts of the reduced production. Table 3 provides a summary of all main cereal (maize, wheat, rice, and sorghum/millet) production trends for the past 5 years' production period to 2016/17.

Table 2: Cereal Production Trends ('000 MT); 2011/12 to 2016/17

Country	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Angola	506	1,672	1,820	2,017	2,374	2,820.6
Botswana	53	34	260	90	54.6	94.4
DRC	2,602	2,583	2,797	3,127	3,258	3,378.2
Lesotho	58	120	104	89	27	238.4
Madagascar	4,999	3,990	4,344	4,052	4,530	-
Malawi	3,624	3,640	3,978	4,052	2,532	3,487
Mozambique	3,715	2,371	2,510	2,845	2,389	2,754.7
Namibia	169	82	132	68	80	144
South Africa	14,765	14,503	16,940	12,206	9,323	18,157.6
Eswatini	76	82	119	94	34	107.4
Tanzania	7,436	7,807	9,829	8,919	10,139	9,388.8
Zambia	3,195	2,890	3,644	2,898	2,944	3,888.6
Zimbabwe	1,130	944	1,719	868	638	2,443.1
SADC*	42,328	40,718	48,196	40,275	38,274	46,898.65

Note: *excludes Mauritius and Seychelles

Source: SADC Member States

3.4.1.2.4 Root crop production

- (87). Roots and tubers (cassava, sweet potato and Irish potato) crop production has marginally increased between 2015/16 and 2016/17 agricultural seasons (see Table 4).

Table 3: Comparison of root and tuber crop production from 2015/16 to 2016/17 Agricultural Season ('000 MT)

Country	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17
Angola	7,788,480	7,995,480	21,661,980	1,973,643	638,194	638,734
DR Congo	36,648,235	37,548,294	502,261	514,610	102,032	103,172
Madagascar	2,968,566	-	1,113,176	-	249,229	-
Malawi	5,009,846	4,960,558	4,462,219	5,472,013	1,066,602	1,226,603
Mauritius	-	-	-	446,240	-	16,326
Mozambique	9,100,000	10,920,000	1,601,996	-	263,000	1,800,000
Seychelles	-	-	-	-	16,427	-
South Africa	-	-	-	74,120	-	245,050
Tanzania	2,205,000	1,341,755	522,000	1,813,608	969,000	194,364
Zambia	854,000	923,796	231,882	238,426	24,000	32,000
Zimbabwe	-	-	203,697	513,000	438,354	-
SADC	64,574,127	63,689,883	30,299,211	11,045,660	3,766,838	4,256,249

Source: Member States

3.4.1.3 Food and Nutrition Security Strategy

(88). A financial agreement was signed in August 2017 between SADC Secretariat and the European Union to an amount of 9 million Euro, to support the Operationalisation of the Regional Agricultural Policy (RAP) for the next three financial years commencing April 2018 to August 2020. The implementation has three components to:

- i. Enhance information on agricultural production, sustainability and competitiveness for evidence-based decision-making;
- ii. Improve access to markets through implementation of plant and animal pest and disease strategies at the regional level; and
- iii. Facilitate implementation of some components of the Regional Food and Nutrition Security Strategy (FNSS) in SADC Member States.

(89). The first and second components will be implemented through a Pillar Assessment Grant or Delegation Agreement (PAGODA) with the UN Food and Agriculture Organisation (FAO).

3.4.1.4 Agricultural Input Supply

(90). The SADC Secretariat in collaboration with Member states developed the Harmonised Seed Regulatory System (HSRS) to promote regional integration and enhance access and availability of improved crop variety to farmers in line with the Regional Agricultural Policy. The framework is implemented through the MOU that is currently signed by eleven (11) Member States. To-date the HSRS has released and registered 25 crop varieties that can be traded throughout the region without undergoing tedious steps of variety release at national level.

(91). The HSRS has taken quarantine and Phytosanitary Measures to outline the procedures to protect Member States against pests and diseases in the SADC region. A regional framework was put in place to promote access and availability of quality seeds in the region, to enhance food security and to safeguard against transboundary crop pests and

diseases. The framework is implemented through a regional pests list which indicates pests and diseases that need to be inspected in seed consignments. The Secretariat updated the pests list in December, 2017 to cover the newly introduced pests, the Lethal Maize necrosis that is seed borne.

- (92). The Plant Variety Protection (PVP) protocol was approved by the Summit in August, 2017, Pretoria, South Africa as a way of ensuring increased investment in the region and to build the confidence of the private sector and breeders.
- (93). In addition to improving access and availability of seeds to farmers in the region, the Secretariat also focused on the promotion of safer and low risk pesticides in the management of plant pests and diseases to enhance agricultural productivity. During pests and disease infestations, farmers often use highly hazardous pesticides resulting into serious risks associated with human and animal health as well as environmental contamination. In an effort to minimise these risks the Secretariat in collaboration with the Food and Agriculture Organisation (FAO) conducted training on the registration of low risk pesticides in February, 2018.

3.4.1.5 Surveillance and Control of Transboundary Plant and Animal Diseases and Pests

- (94). The increasing threats of transboundary pests and diseases on food security, livelihoods and national economies, have been a great concern due to their recurring frequency. These have been exacerbated by weak biosecurity systems in the region. Transboundary plant pests and diseases continue to pose a significant threat to the regional food security and trade. The pests and diseases that have been identified as eminent threats include Highly Pathogenic Avian Influenza (HPAI), Foot and Mouth Disease, Contagious Bovine Pleuro Pneumonia and Peste de Petits Ruminant.
- (95). HPAI strain H5N8 outbreaks have been reported in SADC Member States. As of August 2017, the Democratic Republic of Congo, South Africa and Zimbabwe, confirmed the outbreaks. The total production losses in the three affected Member States including loss of both table and hatching eggs was estimated at US\$810 million. In addition, there have been more than 3000 jobs lost and other socioeconomic losses as a result of movement restrictions.
- (96). The Secretariat and FAO are in the process of finalising a draft HPAI Emergency Preparedness Plan which was validated by the scientific committees of the Livestock Technical Committee (LTC) at the meeting held in March 2018.
- (97). A SADC Peste de Petit Ruminants (PPR) PPR Eradication Roadmap was approved by Sectoral Ministers at their meeting in Ezulwini, Eswatini, May 2017. Since then 3 Member States (Botswana, Madagascar, Namibia(zonal)) have acquired freedom from PPR given by the World Animal Health Organisation (OIE) making it a total of six Member States (includes, Mauritius, South Africa and **Eswatini**) that are free from PPR. PPR causes 85 to 100% mortality in small stock.
- (98). The Fall armyworm (FAW) was reported in 13 SADC Member States except in Lesotho and Mauritius in the early months (February and March) of 2017 with devastating impact

to the food security as it attacks maize, the crop that is used as a proxy to gauge regional food security. At continental level, forty-two (42) Member States have been affected by FAW. According to the case studies conducted in Zambia by FAO, and Mozambique by Centre for Agriculture and Biosciences International (CABI) in 2017, the percentage loss ranged from 5%-77% and 25-50% respectively. The Secretariat in collaboration with stakeholders undertook the following measures to minimise the negative impact associated with FAW:

- i. Capacity building activities that included training of 60 extension and research officers from all Member States and provision of surveillance traps and Pheromones lures to enhance timely detection of pests and diseases to prevent their spread;
 - ii. Developed training manuals and impact assessment that were distributed to all the Member States to be used by extension officers and researchers to promote knowledge and skill development of farmers at grass root level in the member states; and
 - iii. Facilitated development of national emergency plans to enhance preparedness to address pests and disease outbreaks anchored on early warning and monitoring, impact assessment, Integrated Pests management approach management options, and coordination with engagement of broad stakeholders.
- (99). Other emerging pests include tomato leaf miner (*Tuta absoluta*) reported in thirteen Member States; Lethal Maize Necrosis disease (LMND) currently restricted to Tanzania and Democratic Republic of Congo (DRC); and the Banana Bunchy Top Virus diseases found in Mozambique.

3.4.1.6 Disaster Preparedness for Food Security

- (100). National Early Warning Units (NEWUs) are established in most of the Member States (Angola, Botswana, DRC Congo, Lesotho, Malawi, Madagascar, Mozambique, Namibia, South Africa, Eswatini, Tanzania, Zambia and Zimbabwe), with the exception of Mauritius and Seychelles. The main aim is to provide timely and reliable information on the supply and demand for food, in particular cereals, to SADC Governments, donors and Cooperating Partners and Institutions. During the year under review, all the NEWUs managed to provide information for national and regional consumption.
- (101). The Secretariat in collaboration with Member States developed the Urban vulnerability assessment Guidelines through their National Vulnerability Assessment Committees (NVAC). Capacity building on the same has been done in all Member States except Mauritius as they do not yet have National Vulnerability Assessment Committee (NVAC).

3.4.1.7 Joint Management of Transboundary Natural Resources

- (102). The Secretariat continued to coordinate the implementation of activities with regards to sustainable management and conservation of wildlife and transboundary natural resources. The joint Committee of Ministers of Environment and Natural Resources and

of the Organ on Politics, Defence and Security Cooperation, as a structure put in place to oversee and monitor the implementation of the SADC Law Enforcement and Anti-Poaching (LEAP) Strategy directed the Secretariat to develop regional coordination costs for the SADC LEAP Strategy and submit for approval by Council at the August 2017 meeting. In August 2017, the Council approved the Regional Coordination Costs for the SADC LEAP Strategy and directed the Secretariat to mobilise resources to support the implementation of the SADC LEAP Strategy at the regional level. Consequently, SADC Secretariat is engaging potential partners to mobilize resources required to support the coordination of the LEAP. Meanwhile SADC Secretariat in collaboration with partners is in the process of developing a regional platform for exchange of information on illegal wildlife trade and other wildlife crimes between and among Member States.

3.4.1.7.1 Implementation of SADC Transfrontire Conservation Areas

- (103). SADC Secretariat is facilitating the implementation of the SADC Transfrontier Conservation Areas (TFCA) Programme which aims to promote cross-border cooperation in conservation and management of shared transboundary ecosystems and natural resources. However, lack of funding for development and implementation of activities is a perennial challenge for many TFCAs in the region. As a solution to this challenge, Component 2 of the SADC TFCA Programme, namely: “enhancement of financing mechanisms for TFCAs”, calls for the establishment of sustainable financing mechanisms for TFCAs. Pursuant to this, SADC is in the process of establishing a dedicated regional Financing Mechanism for SADC TFCAs (commonly referred to as TFCA Facility). The TFCA Facility would be a financial mechanism that will provide grants to support implementation of conservation and management actions in SADC TFCAs as stipulated in the existing TFCA Integrated Development Plans and the SADC TFCA programme. The SADC Council, at its meeting of March 2018 approved the establishment of the TFCA Facility to be supported by International Cooperating Partners. So far German Government under the framework of development cooperation between the Southern African Development Community and the Federal Republic of Germany has pledged EUR 20 million to support the establishment of the TFCA Facility and EUR 12 million is already committed. SADC Secretariat is coordinating the process of finalizing implementation modalities for operationalisation of the Facility.
- (104). A Regional Monitoring and Evaluation Framework for TFCAs was developed and approved by Ministers responsible for Environment and Natural Resources in November 2017. The objective of the framework is to assess progress made in the implementation of the SADC TFCA Programme as well as to enable objective measurement of its contribution to the objectives of relevant Protocols as well as SADC development priorities as stipulated in the revised Regional Indicative Strategic Development Plan. The SADC TFCAs Monitoring and Evaluation Framework is aligned with the overarching SADC Results-based Monitoring and Evaluation System.

3.4.1.7.2 SADC Project on Forest Conservation and Sustainable Management of Forest Resources

- (105). Following the establishment of the Thematic Expert Working Groups (EWG) for SADC Project on Forest Conservation and Sustainable Management of Forest Resources in

Southern Africa, the EWGs members have participated in capacity building programmes for respective project thematic areas as follows:

- i. Forest Information System EWG: GIS Training for forest information system and remote sensing;
- ii. Forest Fire Management EWG: Training of Trainers (ToT) Course in Forest Fire Management to equip participants with requisite skills to plan and execute controlled burning for a range of purposes; and GIS Training for Forest Fire Management; and
- iii. Participatory Forestry Management EWG: The EWG members have received training and exposure to successful PFM activities through a study tour and field visits.

(106). In addition, the project is in the process of developing Regional Guidelines on Forest Information System, Participatory Forestry Management and Forest Fire Management including management of transboundary fires.

3.4.1.7.3 Fisheries and Aquaculture

(107). Fisheries and aquaculture remain important to the economies of SADC countries. In most SADC countries, fish is the only affordable source of dietary animal protein and therefore of critical importance for food and nutrition security. It is thus imperative for SADC to support sustainable management of fisheries resources and development of sustainable aquaculture in the region in order to increase production, productivity and competitiveness of the sector. Fisheries and aquaculture sectors employ a total of about 2.5 million people, equivalent of about 1 % of the SADC population, and accounts for an estimated 3.5% of the region's Gross Domestic Product (GDP) and 9% of the region's agriculture GDP. More than 95% of this production comes from a diversified capture fisheries sub-sector, which stagnated in last 10 years or so around 2.5 million tonnes, but has recently increased to 2,8 million tonnes. This bears testimony that SADC Member States have been improving management of fisheries resources.

(108). A small but growing percentage of fish comes from an emerging aquaculture sub-sector which has recently increased from 69,851 metric tons (2015) to 95,761 metric tons (2017) (FAO FishStat, 2016; SADC, 2017). To support future needs, capture fisheries will need to be sustained and if possible enhanced, and aquaculture developed rapidly, to increase by an annual average of more than 8.3% by 2026, in line with the SADC Regional Aquaculture Strategy and Action Plan (RASAP).

Table 4: Performance and Value of Fisheries and Aquaculture in the SADC Region

Country	Total fish production in 2016 (tonnes)	Aqua-culture production in 2016 (tonnes)	Total employed (fisheries)	Total employed (aqua-culture)	Fisheries & aqua-culture in Agric. GDP (%)	Fisheries GDP (%)	Per capita consumption (kg)
Angola	531,841	655	45,782	267	3	1.7	18.6
Botswana	234	-	581	-	0.16	0.002	3.0

DRC	238,970	2,869	376,275	2,035	6.31	5.53	5.3
Lesotho	390	1,300	244	708	0.15	0.021	0.8
Madagascar	112,875	26,029	171,300	15,250	28	6.7	4.6
Malawi	144,315	4,984	173,328	7,139	5.87	3.83	7.3
Mauritius	8,353	500	6,838	346	3.76	0.19	22.9
Mozambique	302,204	1,180	352,252	4,167	10.0	2.0	10.1
Namibia	414,359	740	386,973	1,132	52.42	6.5	11.4
Seychelles	87,408	-	6,249	-	20.68	17.73	58.7
South Africa	416,520	4 314	499,749	7,168	6.73	0.25	6.3
Eswatini	110	100	174	441	0.094	0.013	1.3
Tanzania	362,595	11,000	203,529	24,307	6.8	2.0	5.6
Zambia	112,000	32,000	142,204	6,490	8.0	1.6	6.2
Zimbabwe	18,102	10,090	26,101	4,685	2.73	0,56	2.8

Source: FAO FishStat 2016; SADC Member States, 2017; World Bank, 2016

- (109). Despite the slow growth, the region still faces challenges with fish diseases, high costs of feeds, and unavailability of seed continue to affect the growth of aquaculture in the region. In addition, fish stocks continue to dwindle due to challenges with Illegal, Unreported and Unregulated (IUU) fishing, degradation of aquatic environments, climate change and lack of capacity to effectively manage fish stocks. However, the region is working on mechanisms to address these challenges through promotion of sustainable aquaculture, implementation of the SADC Ministerial Statement of Commitment to combat IUU fishing, co-management of shared fisheries resources and protection of aquatic environments.
- (110). Council at its meeting held in Pretoria, South Africa in August 2017 approved the Charter establishing the SADC Fisheries Monitoring, Control and Surveillance (MCS) Coordination Centre, and so far, six Member States have signed the Charter (Lesotho, Mozambique, South Africa, Eswatini, Tanzania and Zambia). Ministers responsible for Fisheries and Aquaculture established the Interim Project Management Unit in Maputo, Mozambique to operationalise the Centre. The Government of Mozambique provided office space and furniture, as well as secondment of a Fisheries Monitoring Control and Surveillance (MCs) officer, and are currently recruiting a Regional MCS Coordinator with support from the World Bank South West Indian Ocean Fisheries Governance project (SWIOFish). In addition, efforts to improve information sharing amongst Member States are currently being done through FISH-i Africa project, which was recently linked to the Centre.
- (111). Following the approval of the SADC Regional Aquaculture Strategy and Action Plan (2016-2026) by the Ministers responsible for Agriculture, Food Security, Fisheries and Aquaculture in May 2017, the Secretariat developed training programmes for Member States on aqua-feeds (development and management) and on Transformation of Aquaculture, Fish Processing and Value Addition in the SADC Region (AquaTrans). The Secretariat also established a Regional Platform for Genetic Improvement and Biodiversity Management in Aquaculture to support Member States' efforts in developing National Fish Genetic Improvement Programmes.
- (112). Council at its meeting held in Pretoria, South Africa in March 2018 also approved that a regional aquaculture value chain also be developed. Secretariat has engaged a consultant to profile the regional aquaculture value chain. The study will describe the markets and marketing infrastructure for aquaculture products in the region in terms of

product volumes, product forms, price, quality and target consumers. A comprehensive mapping exercise is expected to be conducted to identify areas that should be prioritized for value chain development.

- (113). SADC Secretariat in collaboration with the African Union Inter-African Bureau for Animal Resources (AU-IBAR) facilitated the establishment of the Southern African Regional Non-State Actors (NSA) Platform in Fisheries and Aquaculture (SANSFAFA) whose goals are to coordinate implementation from the grassroots, the NSA voice and contribute to the national and regional fisheries and aquaculture development agenda. Its key goals are to ensure effective implementation of the SADC Protocol on Fisheries, the AU Policy Framework and Reform Strategy for Fisheries and Aquaculture in Africa (PFRS), and the FAO Small-Scale Fisheries (SSF) guidelines at grassroots level.

3.4.1.8 Environment and Sustainable Development

- (114). In March 2017, Council directed SADC Secretariat to seek accreditation to the Green Climate Fund as Regional Implementing Entity (RIE) in order to access climate resources to support the delivery of climate change adaptation and mitigation priorities in the region as outlined in the Regional Climate Change Strategy. Accreditation to the Green Climate Fund is a lengthy and comprehensive process that requires a dedicated team of experts and adequate resources to see it through. Concomitant with this, the SADC Secretariat has mobilized resources to commission a consultancy to assist in the accreditation process.
- (115). As a response to growing recognition of the potential that maritime industries and ocean ecosystem services can play in supporting economic growth and development, and human welfare, SADC Secretariat in collaboration with Member States is in the process of developing the Blue Economy Strategy, as one of the means to enhance sustainable development of the resources in the Region. In order to kick-start the process, the Secretariat is commissioning a study to review relevant regional, continental and international frameworks and literature, and mapping out of stakeholders in the SADC blue economy approach, as well as examine how the transition to blue economy might transform SADC countries.

3.4.1.9 Conservation of Plant Genetic Resources

- (116). Programmes to promote the conservation and utilization of plant genetic resources in the SADC region continued under the coordination of the SADC Plant Genetic Resources Centre (SPGRC), which is based in Lusaka, Republic of Zambia. Activities during 2017/18 focused mainly on capacity building on conservation of plant genetic resources and through collection missions to Member States, as well as recapitalization of the regional genebank at the SPGRC.
- (117). Through the network of National Plant Genetic Resource Centres (NPGRCs), which are functional in most of the SADC Member States, the SPGRC carried out the following programmes:
 - i. Conducted a training workshop on plant genetic resources conservation attended by NPGRCs from all the SADC Member States in Lusaka in August 2017 co-funded by the NEPAD SANBio;

- ii. Partnered with the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA) to train plant genetic resources conservation officers from SADC Member States on Global Information Systems for food and agriculture in Cape Town, South Africa in December 2017;
- iii. Multiplied 351 Rice samples in Malawi, where soil and weather conditions are suitable for long term storage for the SPGRC; and
- iv. Jointly with NPGRC partners conducted plant genetic resources collection missions and a total of 884 plant accessions were collected.

3.4.2 Social and Human Development

3.4.2.1 Education

- (118). In order to address societal and other barriers to the provision of quality, relevant and sustainable education and training, which continue to inhibit life-long learning opportunities of the largest population group of the region (children and youth), a number of outputs were realized, and are described below.

3.4.2.1.1 Implementation of the Protocol on Education

- (119). The Secretariat continued to facilitate the implementation of the SADC Protocol on Education and Training focusing on four outputs of the Revised RISDP namely (i) approval and establishment of a regional mechanism for coordinating the implementation of the SADC Qualification Framework; (ii) revision of the SADC Technical and Vocational Education and Training Strategic Framework; (iii) mainstreaming the impact of HIV and AIDS in the Education sector and (iv) domestication and monitoring the implementation of Continental and International Commitments on education in particular the Continental Education Strategy for Africa (CESA). Key achievements include:
- i. Inclusion of CESA Indicators to the Regional Education Indicators to facilitate monitoring of the implementation of the SADC Protocol on Education and Training and continental commitments including the Continental Education Strategy for Africa in the region. Education Management officials from five countries (Botswana, Namibia, South Africa, Seychelles and Zimbabwe) were trained on the online SADC Monitoring and Evaluation System to input data on education indicators in the system;
 - ii. Revision of the Technical Vocational Education and Training (TVET) Strategic Framework and development of the Implementation Plan 2018-2027;
 - iii. Implementation of Phase 2 of the SADC Care and Support for Teaching and Learning Programme by seven Member States (Democratic Republic of Congo, Malawi, Mozambique, South Africa, Eswatini, Zambia and Zimbabwe). These countries have domesticated the SADC Care and Support for Teaching and Learning by developing national models, which provide national objectives and

standards of practice for implementing Care and Support for Teaching and Learning (CSTL) as a national programme; and

- iv. Member States are integrating CSTL principles into policy development, programmes, planning and budget and scaling up into more schools demonstrating systematic mainstreaming of CSTL in the Education System. Furthermore, continuous capacity building of teachers through in-service teacher programme and key stakeholders on issues of sexual reproductive health and the new Life Skills Education curriculum as well as safety and protection is ongoing in Member States.

3.4.2.1.2 Employment and Labour

- (120). The features of Labour Migration in the region include among others predominance of the economic importance of migrant remittances; increasing feminization of labour mobility; inadequate protection for migrant workers and their families from exploitation and hostility; sluggish implementation of regional free movement schemes; weaknesses of pertinent labour market legislation, institutions and data; lack of attention to governance and regulation of labour and skills mobility; weak intra-regional compatibility and recognition of training institutions and qualifications. In order to address some of these issues the following have been undertaken:

3.4.2.1.3 Employment and Labour policy and the Future of Work

- (121). The Future of Work Initiative, which is led by the International Labour Organisation (ILO), seeks to address present and future workplace challenges related to “work and society”, “decent jobs for all”, “the organization of work and production” as well as “the governance of work.” There is concern that if not addressed well and urgently, the future of work will result in widening inequalities, within and between countries, as well as entrenched poverty for the majority, posing a risk to social cohesion and peace.
- (122). In line with the Initiative, SADC has adopted a regional common position on the Future of Work, as part of its contribution to the global discourse on the rapid transformations visible in the world of work. The SADC position is based on national reports from nine (9) Member States (Lesotho, Eswatini, Madagascar, Mauritius, Namibia, Seychelles, South Africa, Tanzania and Zimbabwe) that undertook national dialogues on the Future of Work.

3.4.2.1.4 SADC Decent Work Programme (2013-2019)

- (123). The Employment and Labour Sector held a High Level Ministerial Symposium in March 2018 on the role of Multi-National Enterprises (MNEs) in promoting decent work in the SADC region. The Symposium largely considered the key findings of a rapid assessment of the impact on investment, employment and labour issues of the operations of MNEs operating in Botswana, Malawi, Namibia, South Africa, Eswatini, Zambia and Zimbabwe. The assessment revealed that although Foreign Direct Inflows (FDI) into the SADC region were very low averaging around 2% of world flows, pointing to weak integration

in the global economy, MNEs in SADC had contributed positively to capital inflows, output and export growth, productivity growth (through skills development) and employment creation in the host countries. MNEs in mining, retail and food processing also generally provided higher wages and better working conditions than local companies did, sometimes by up to 100%, due to their advantages in higher productivity, efficiency, better technology and higher levels of capital intensity.

(124). However, the Employment and Labour Sector observed that weak linkages between MNEs and local firms limited the contribution of MNEs to local economic development. Additionally, the dominant form of FDI in most countries was found to be in the extractive sector that tends to foster fewer linkages with the local economy owing to its capital intensive nature. Apart from contributing to direct employment and a share of export earnings, economy-wide benefits of FDI were therefore few. In this regard, the Ministers and Social Partners observed the need to strengthen MNEs' linkages with the local economy through the following measures:

- i. Member States should create an enabling environment for fostering greater linkages between MNEs and local producers and to ensure that MNEs activities are aligned with national development priorities and legal frameworks;
- ii. Member States should ensure that MNEs respect workers' rights through effective labour inspection in line with international best practice, including through participation of the social partners in the design, implementation and monitoring of interventions;
- iii. Member States should expedite the ratification and domestication of all key ILO Conventions as a way of closing legislative gaps through harmonized labour law and practice in the region;
- iv. SADC should support a regional approach to Foreign Direct Investment (FDI) and development that would offer a more comprehensive approach involving key stakeholders to deal with the economic, social and environmental aspects of investments by MNEs; and
- v. The SADC Secretariat is actively supporting Member States to implement the above commitments. As a first step, a targeted capacity-building seminar for government officials and social partners was undertaken in the third quarter of 2018 to enhance capacities.

3.4.2.1.5 Cross border portability of social protection instruments

(125). During the 2017/18 period, the Employment and Labour Sector deepened its implementation of the SADC Code on Social Security of 2007 and the SADC Cross Border Portability of Accrued Social Security Benefits Framework of 2016. These frameworks provide that everyone in SADC has a right to social security and that Member States must establish mechanisms to facilitate the portability of social security benefits from one country to another. With the support of the European Union and International Labour Organisation, SADC is implementing an 18-month Project on "strengthening capacity and policy instruments on portability of social security benefits in the SADC

region". Under the project, the SADC Secretariat has currently commissioned two (2) ongoing assessment studies on the state of social protection access and potential for portability of benefits for migrant workers in the agricultural and mining sectors in pilot SADC Member States. As approved by the ELS Ministers and Social Partners in March 2018, the assessment in the agricultural sector includes the following pilot countries: Eswatini, Lesotho, South Africa, Malawi, Mozambique and Zimbabwe. The assessment in the mining sector includes the following pilot countries: Botswana, Eswatini, Lesotho, Mozambique, South Africa, Zambia and Zimbabwe.

- (126). A third study on the financial services sector to understand key intervention areas and enablers, including mechanisms for design and implementation of a model framework for portability of social security benefits is also underway.
- (127). An Ad Hoc Troika of Employment and Labour Sector Social Security Experts has been established to strengthen governance oversight on the project, through which the SADC Employment and Labour Sector has adopted a roadmap that envisages adoption of a mechanism of portability of social security benefits in the region by Ministers and Social Partners in April 2019. The SADC social security portability framework covers old-age benefit, invalidity benefit, occupational injury and disease benefit, unemployment benefit and survivors' benefit.

3.4.2.2 Health and Pharmaceuticals

- (128). Malaria continues to be a major challenge for the region as it poses resistance to treatment with the cheaper medicine, chloroquine, and this has necessitated the need for countries to change to more expensive treatment regimes. Some cross border malaria control initiatives have continued to lead to a decrease in the incidence of malaria particularly the use of Indoor Residual Spraying using DDT. Member States implementing the E8 initiative which was established by the Ministers of Health in 2013 have made strides **in undertaking measures**, which are geared towards malaria elimination. The countries, which include Botswana, Namibia, South Africa and Eswatini (frontline 4) are close to elimination. Angola, Mozambique, Zambia and Zimbabwe (Second line countries) are showing some improvements. To date, there is increased projection towards malaria elimination and there is active monitoring towards elimination using a score card.
- (129). A SADC medicines data base for information sharing on prices has been established, as well as a host of other laboratory innovations in the member states.
- (130). Implementation Plan for the SADC Strategy on Nutrition relating to Social & Human Development was developed and approved by Joint meeting of SADC Ministers of Health and Ministers responsible for HIV and AIDS in November 2017. The Implementation Plan identifies priority areas that need to be implemented in order to address the nutrition indicators that are performing poorly in several Member States within the Region. The priority areas which are also reflected in the SADC Regional Food and Nutrition Security Strategy include:

- i. Development of regional minimum standards for micronutrient fortification of food. This is expected to address high levels of anaemia in women of reproductive age and children while at the same time improving nutrition of the general population;
- ii. Development of a regional strategy for communication for behavior change for improved infant and young child feeding practices. This is expected to address multiple indicators on nutrition including, overweight and obesity, wasting, stunting, exclusive breastfeeding and micronutrient deficiency;
- iii. Development of regional guidelines on nutrition information systems that will strengthen Member States' capacity to monitor progress against the World Health Assembly targets; and
- iv. A monitoring tool was developed and approved in November 2017, to monitor the implementation of various actions of the Protocol on Health as directed by Ministers of responsible for Health at Ezulwini, Eswatini in November 2016. The actions being monitored by the tool include: (i) Capacity building efforts for health; (II) Investments, prioritization and implementation of International Health Regulation (IHR) activities; and (ii) Existence of implementation plan and Monitoring and Evaluation Frameworks to monitor protocol on health.

3.4.2.3 Orphans, Vulnerable Children and Youth Development and Employment

- (131). In order to improve the quality of evidence-based policies, programmes and reporting on vulnerable children and youth (OVC &Y), the Secretariat, in collaboration with Member States has developed a Framework for Monitoring, Evaluation and Reporting (MER) to facilitate research and data collection on specific issues of OVC&Y. This initiative is key to maintaining a regional information system and data bank that reflects the patterns, levels and trends in OVC&Y challenges. This in turn facilitates identification of emerging issues and advocacy for timely responses. The Framework, which has been finalized, provides regional indicators with definitions and the template for reporting by Member States in addition, the MER provides a schedule for strengthening capacity and operationalization plan of the MER at Member States. The database is being developed as part of the overall SADC M&E system.
- (132). There were some efforts towards the implementation of Minimum Package of Services (MPS), which are fundamental for the provision of services to orphans, vulnerable children and youths. MPS identifies those services which are considered critical for the development and wellbeing of children and young people of SADC, and is utilised by Member States as a policy guide for the delivery of comprehensive services for OVC&Y. Pursuant to the implementation of MPS, the Secretariat coordinated and facilitated the participation of SADC Member States in the Regional Psychosocial Support (PSS) Forum held in Arusha from 3 to 7 September 2017. The PSS forum provided an opportunity to review progress on the adoption and application of Minimum Package of Services (MPS) and Psychosocial Support (PSS) standards. It enabled participants to assess the gaps in addressing children and youth vulnerabilities and share good practices.

3.4.2.3.1 Regional MER for youth database/information portal established

- (133). In order to improve the quality of evidence-based policies, programmes and reporting on vulnerable children and youth (OVC &Y), the Secretariat, in collaboration with Member States has developed a Framework for Monitoring, Evaluation and Reporting (MER) to facilitate research and data collection on specific issues of OVC&Y. This initiative is key to maintaining a regional information system and data bank that reflects the patterns, levels and trends in OVC&Y challenges. This in turn facilitates identification of emerging issues and advocacy for timely responses. The Framework, which has been finalized, provides regional indicators with definitions and the template for reporting by Member States. In addition, the MER provides a schedule for strengthening capacity and operationalization plan of the MER at Member States. The database is being developed as part of the overall SADC M&E system.

3.4.2.3.2 Regional Research Agenda on OVC and Youth established

- (134). SADC signed a Memorandum of Understanding with Regional Psychosocial Support Initiative (REPSSI), and the partnership is to conduct a regional assessment on the adoption and application of the SADC Minimum Package of Services for OVC and Psychosocial Support (PSS) standards in Member States. This will go a long way to assessing the extent of psychosocial support for young people in the region and lead to high impact interventions to be adopted and implemented at Member State level.

3.4.3 Cross-Cutting Programmes

3.4.3.1 Poverty Reduction

- (135). The Secretariat continued to facilitate the harmonization of standards, methods of data collection and for the common poverty indicators. In this regard, a Concept Note and Project proposal were developed to undertake a study on Poverty Measurements and Profiles in the Member States with respect to how the poverty statistics are generated and the need to have a common position on reporting on poverty trends.
- (136). Studies on Poverty Trends and Sustainable Development Goals as well as study to Protocol Tracker with respect to the relationship between SADC Protocol implementation issues and poverty and development in SADC were commissioned through the support of the Southern Africa Trust. The draft reports for the two studies are under review.

3.4.3.2 Combating of the HIV and AIDS Pandemic

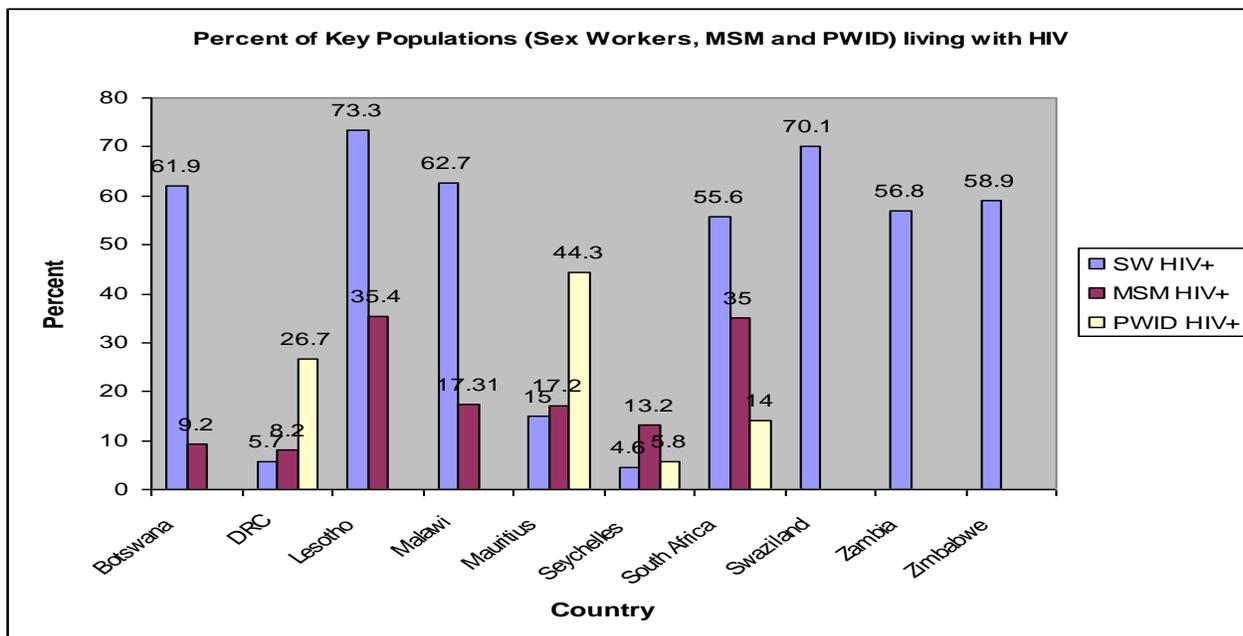
- (137). HIV remains an urgent threat to the region with significant new infections amongst adolescents and youth, predominantly females. In an effort to mitigate the threat the SADC Region has continued to implement HIV and AIDS interventions for all the thematic areas articulated in the Maseru Declaration on HIV and AIDS as follows:

3.4.3.2.1 Prevention and Social Mobilisation

- (138). Member States continued to implement a number of HIV prevention and social mobilization activities. The HIV and AIDS 2017 Epidemic Report indicates some

progress in controlling new HIV infections in the past 6 years (2010-2016). The SADC Region recorded a 26% decline in new HIV infections among adults aged 15-49 years. A number of HIV prevention indicators reveal that more effort is needed in the area of HIV prevention. HIV infections are still high in adolescent girls and young women, female sex workers, and men who have sex with men as well as in the LGBTI community. Data from the report shows that there has been greater progress in the area of treatment compared to prevention. Despite this, 3 SADC Member States have reported the ART coverage below 50% (see Figure 11). Data from SADC Member States shows that in seven of the ten Member States that provided data on HIV prevalence among sex workers, the HIV prevalence rates are greater than 55%.

Figure 8: HIV Prevalence among Selected Key Population



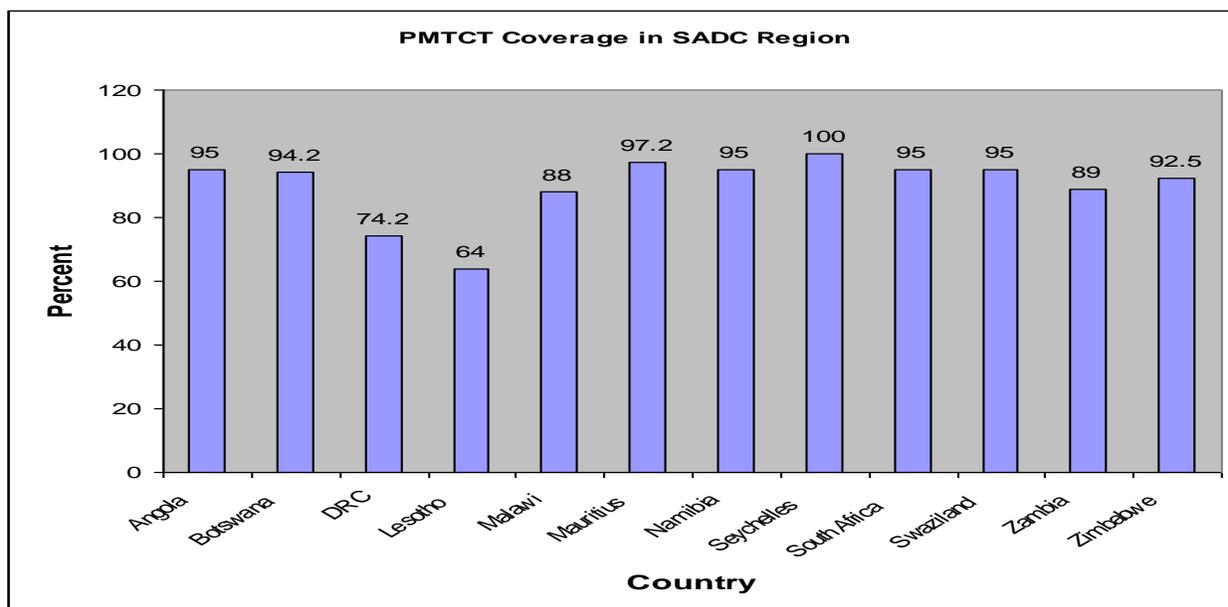
Source: SADC Member States HIV and AIDS Epidemic Reports, 2017

- (139). Member States, in collaboration with UN Agencies, have developed the “Framework for target setting for HIV Prevention in the SADC Region”. The framework is a guide for setting national targets for the 5 pillars of HIV prevention including: national condom programmes; health services for adolescent girls and young women (AGYW) and their male partners in high-prevalence locations, prevention programmes for key populations; voluntary medical male circumcision (VMMC); and pre-exposure prophylaxis (PrEP).
- (140). A SADC Regional Strategy for HIV and AIDS Prevention, Treatment and Care and Sexual and Reproductive Health and Rights among Key Populations” was developed and approved. The purpose of the Strategy is to promote the adoption and institutionalisation of a standard, comprehensive package that addresses the unique challenges in providing equitable and effective HIV and SRH rights and services to key populations in SADC. The regional strategy will serve as a guide to Member States in designing and implementing appropriate SRH and HIV prevention, treatment and care programmes for key populations focusing on policy, legal, institutional and facility levels issues.

3.4.3.2.2 Prevention of Mother-To-Child Transmission of HIV (PMTCT)

- (141). PMTCT is one of the most successful HIV prevention interventions in the region. The 2016 data from Member States shows that PMTCT coverage ranged from 64% to 100%. The majority of the Member States (9 out of the 12) that reported data on this indicator have PMTCT coverage of 88% and above as provided in Figure 12 below. These data clearly show that the region is on course to eliminating transmission of HIV from mothers to their unborn babies.

Figure 9: PMTCT Coverage in the Region

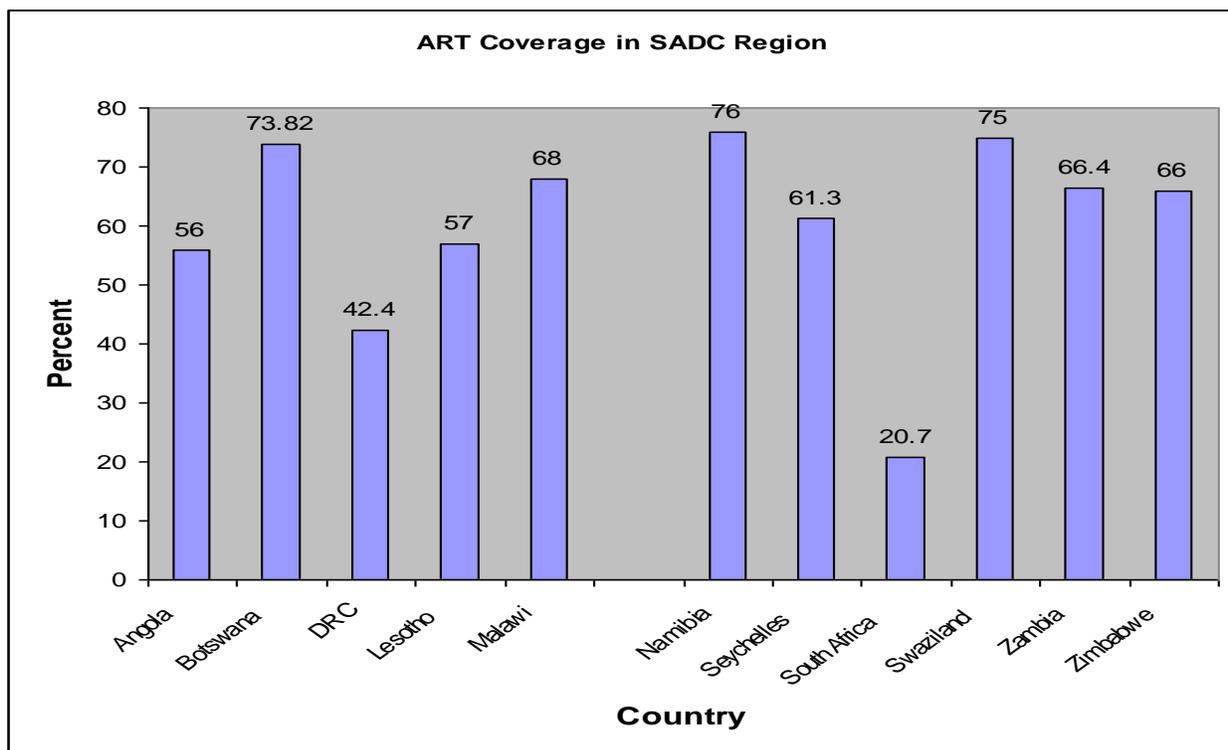


Source: SADC Member States HIV and AIDS Epidemic Reports, 2016

3.4.3.2.3 AIDS Treatment

(142). All SADC Member States have adopted the “Treat All” Strategy although they are at different stages in its operationalization. In line with the 2013 WHO Treatment Guidelines and the ‘Test and Treat’ Strategy, large numbers of people living with HIV are now eligible for treatment and this means that there are more people on treatment. This calls for financial commitment by governments to sustain treatment for all who are eligible. In 2016, adult ART coverage in SADC ranged from 20.7% to 76% as indicated in Figure 13 below. Treatment is an important focus in the 90-90-90 treatment cascade, which sets out that *by 2020, 90% of people who are HIV infected will be diagnosed, 90% of people who are diagnosed will be on antiretroviral treatment and 90% of those who receive antiretroviral will be virally suppressed*. Two (2) years remain before 2020, which calls for Member States to scale-up both HIV Testing, Counselling and treatment towards realization of the 2020 targets.

Figure 10: ART Coverage in the SADC Region, 2016

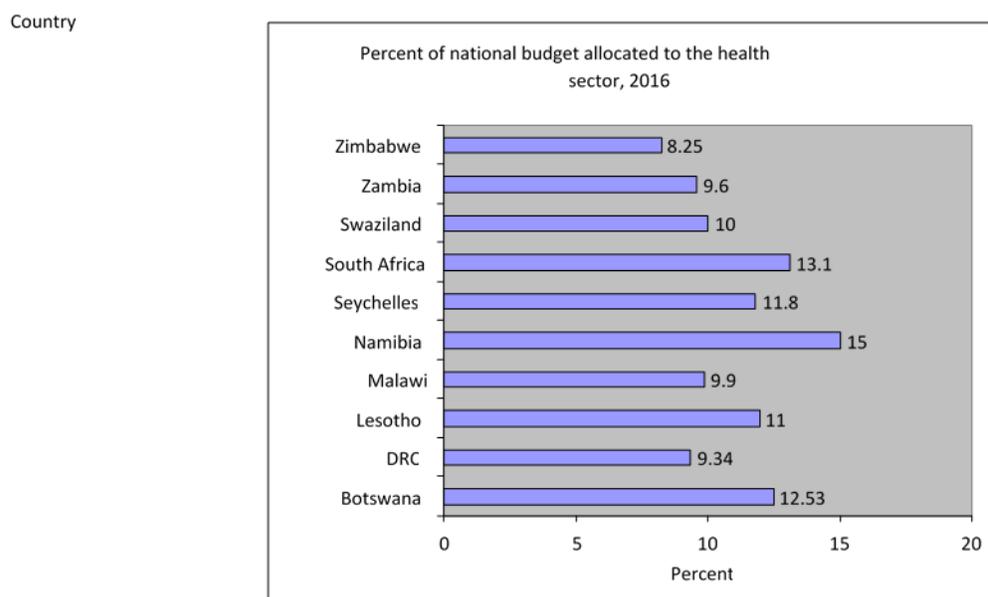


Source: SADC Member States HIV and AIDS Epidemic Reports, 2016

3.4.3.2.4 Intensifying Resources Mobilisation

(143). External funding for HIV and AIDS in SADC Member States has been declining. However, external funding from the US President’s Emergency Response Plan on HIV/AIDS (PEPFAR) has been instrumental to fund HIV prevention and treatment programmes in SADC Member states who are PEPFAR focus countries. This funding has started to decline due to changes in US funding policy on global health. Member States efforts to bridge the financing gap using domestic resources to the health sector have consistently fell below the Abuja Declaration target of allocating 15% of national budgets to the health sector. Data from SADC Member States indicate that only one out of the ten countries, which reported on this indicator managed to realise this target in 2016. National budgets allocated to the health sector in 2016 ranged between 8.25% to 15% as indicated in Figure 14 below.

Figure 11: Percentage of National Budget Allocation to Health Sector, 2016

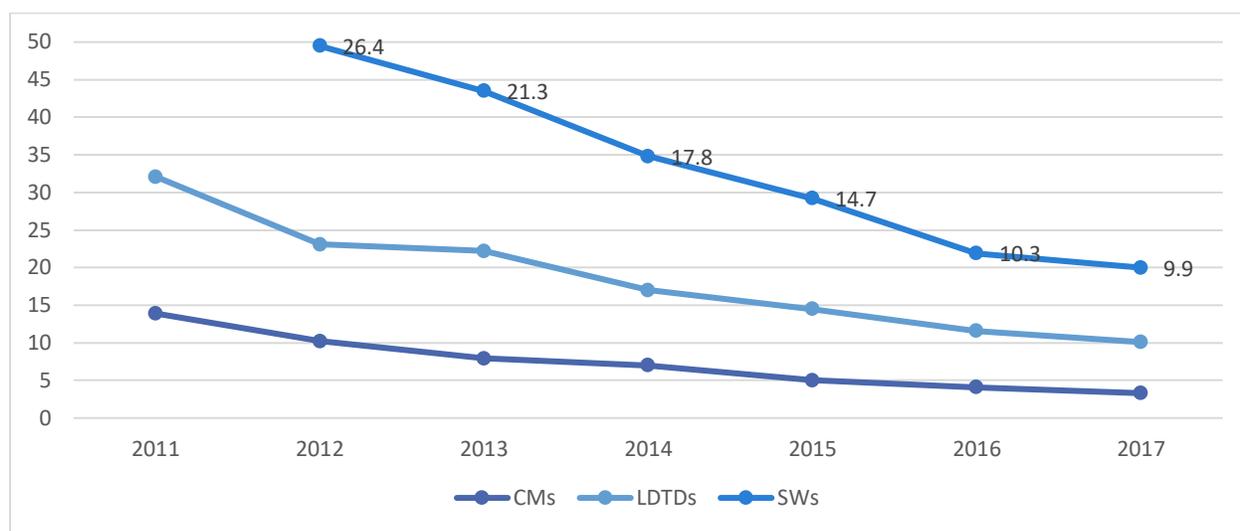


Source: SADC Member States HIV and AIDS Epidemic Reports, 2016

3.4.3.2.5 SADC HIV and AIDS Cross Border Initiative (CBI)

- (144). Global Fund supported HIV services in 32 Wellness Clinics located in 12 SADC mainland Member States to target population groups: sex workers (SWs); long distance trucks drivers (LDTD); and communities around the borders. Services provided include HIV testing services; condoms distribution; diagnostic and treatment of sexually transmitted infections; and primary health care services. In total, 84,461 people were tested for HIV at Cross Border Initiative (CBI) wellness sites between July 2011 and December, 2017 of which 60.9% were community members; 25.5% were long distance truck drivers (LDTDs); and 13.6% were sex workers.
- (145). One of the key focus areas of the CBI was to generate demand for HIV testing and counselling among sex workers, long distance truck drivers and community members. This was done through community mobilization activities using a standard HIV prevention package. This package was based on the SADC Regional Minimum Standards for Health and HIV and AIDS in the Road Transport sector.
- (146). Percentage of SWs, LDTDs and community members living with HIV experienced significant decline between 2011 and 2017 (see Figure 15). The percentage of SWs living with HIV (who were reached through project interventions) declined from 50% in 2011 to 13.2% in 2017, a decline of about 74 percentage points. The corresponding declines in the percentage living with HIV among LDTDs and community members were 75 and 60 percentage points respectively. Although there could be multiple factors responsible for this decline, there is no doubt that structured CBI community mobilization activities played a major role.

Figure 12: Percentage of Community Members, LDTD and SWs living with HIV



Source: CBI Service Statistics, 2011 to 2017

- (147). At the end of the Global Fund Grant, Secretariat facilitated the process of funding the Wellness Clinics under the SADC HIV and AIDS Fund to fill the funding gap and allow sufficient time for Member States to secure funds for their next fiscal period to ensure sustainability

3.4.3.3 Science, Technology Administration

3.4.3.3.1 Protocol on Science, Technology and Innovation (STI)

- (148). Joint Ministerial meeting on Education and Training and STI was convened in June 2017 in Eswatini where a number of policy decisions were taken. Protocol on STI has been ratified by two thirds of Member States and has now entered into force. Notification on entry into force has been issued to Member States.

3.4.3.3.2 SADC Charter on Women in Science, Engineering and Technology (WISETO)

- (149). The draft SADC Charter in Women in Science, Engineering and Technology (SADC WISETO) was approved by Council in August 2017 in South Africa. The Purpose of the Charter is to establish a regional platform that will implement regional programmes and projects to promote women in science, engineering and technology. It is therefore expected to enhance the application of science, technology & innovation by women to support the industrialization strategy. The Charter calls for the establishment of National Chapters which will constitute the membership of the regional SADC WISETO. The Regional consultative meeting on approved WISETO was convened in December 2017 in Eswatini, to sensitize stakeholders on the approved Charter and to agree on the hosting criteria.

3.4.3.3.3 Regional Framework and Guidelines on establishment and strengthening of Centres of Excellence and Centres of Specialisation

- (150). A draft Regional Framework and Guidelines on establishment and strengthening of Centres of Excellence and Centres of Specialisation was developed. The Framework and Guidelines will guide the establishment of regional industrial Centres of Excellence and Centres of Specialisation in the key priority value chains, to serve as platforms for capacity building, knowledge generation, innovation, technology development and commercialisation. The SADC Industrialization Strategy and Roadmap identifies Centres of Excellence and Centres of Specialisation as platforms to facilitate industrial development. The draft Framework and Guidelines will be considered by the various SADC policy structures for endorsement in June/July 2018 and approval by Council of Ministers in August 2018.

3.4.3.4 Statistics

- (151). During the past financial period, Statistics Unit made significant progress in capacity building initiatives to enhance statistical computation at national level. In particular, a roadmap for implementation of trade in service statistics was developed and real sector statistics have been enhanced with technical cooperation and support from IMF as a collaborative partner. In addition, capacity building was provided to Member States in the area of trade, national accounts and prices statistics in partnership with Pan-African Institutions.
- (152). Monthly release of harmonized consumer price indices to monitor inflation as a macroeconomic convergence target were produced and disseminated. Selected Indicators comprising of macroeconomic and social statistics were used to produce an annual bulletin of SADC region on economic performance, trade liberalization and demographic characteristics. The bulletin highlights SADC programme efforts in terms of increased intra-SADC trade, life expectancy and industrial output.
- (153). Visibility of statistics in regional forums were enhanced through data quality assessments of macroeconomic statistics in SADC Economic Reviews missions with both users and producers of statistics. Specific areas of interventions included assessment of quality control of price data collection, national practices in production of industrial indicators, compliance with international best practice in the area of national accounts and availability of statistical business register to conduct regular census and surveys.

3.4.4 Institutional Framework for Coordination and Monitoring and Evaluation

3.4.4.1 SADC Regional-National Linkages

- (154). The Secretariat continued to assist Member States to establish and strengthen the SADC National Committees (SNCs) following the decision of Council to have this exercise done in accordance with the provisions of Article 16A of the SADC Treaty. With support from GIZ, Scoping Studies were completed and presented to the national stakeholders in Malawi, Tanzania and Zambia, and SADC National Committees (SNCs) were established or revived. Preliminary meetings and national workshops were held in

Botswana, Lesotho and Eswatini for the Scoping Studies to be undertaken, which will lead to the establishment and strengthening of the SNCs.

- (155). The SADC National Structures were capacitated in line with (re-) establishment of the SADC National Committees (SNCS) to ensure effective implementation and alignment of national and regional development priorities. (re-) establishment of the SNCs is conducted in collaboration and alongside the roll-out of the Online Monitoring and Evaluation (M&E) System to Member States.
- (156). SADC Common positions on inter-regional and continental integration agenda were developed, presented and implemented. The Secretariat formulated SADC Positions, on the African Union Institutional Reforms as well as thematic areas on infrastructure development, trade, peace and security. The Secretariat also made SADC positions on United Nations developmental issues, and the Tripartite Free Trade Area as well as the Continental Free Trade Area (CFTA).

3.4.4.2 Strategy Development

- (157). The draft Concept Note for consultations with the stakeholders on SADC's Post-2020 Vision was developed and priorities were identified within the framework of the conclusions of the SADC Ministerial Retreat on "The SADC We Want". The Concept Note and the priorities will form the basis for the development of the Vision. Formulation of Vision and development of the Implementation Plan and Road-map for the Conclusions of the Ministerial Retreat will commence in 2018/19.

3.4.4.3 Planning and Programming

- (158). SADC continues to undertake Planning and Programming functions in line with the 2012 SADC Policy for Strategy Development, Planning, Monitoring and Evaluation (SPME Policy). The SPME Policy's purpose is "to strengthen SADC's decision-making process regarding priority setting, resource allocation and programme management to improve performance towards SADC's objectives". The Annual Corporate Plan (Operational Plan and Budget) for 2018/19 was prepared and adopted by Council in March 2018. Operationalization of the Annual Corporate Plan is interconnected to other key management processes such as strategy development, budgeting, resource mobilisation, monitoring and evaluation, procurement and management information.

3.4.4.4 Monitoring, Evaluation and Reporting

- (159). A total of 219 participants in five Member States were successfully trained on the use of online Monitoring and Evaluation (M&E) System and review of implementation of the Revised RISDP as follows: 36 in Lesotho; 40 in Mauritius; 40 in Eswatini; 65 in Zambia; and 38 in Zimbabwe. In addition, thirty (30) SADC Secretariat staff were also trained on use of the Online System to enable efficient monitoring and reporting on implementation of the Revised RISDP, and Summit and Council Decisions. Monitoring and Evaluation frameworks for Trade Related Facility Project; Transfrontier Conservation Areas; and Orphans, Vulnerable Children and Youths were developed. In addition, indicators for Education and Skills Development programmes; and Science, Technology and Innovation were developed.

4. IMPLEMENTATION OF CORPORATE ACTIVITIES

4.1 Finance

- (1). The content of the management accounts was improved to include more meaningful information (both financial and non-financial). Further, internal controls on financial management were strengthened by developing and introducing new templates for bank reconciliations and age-analyses of debtors and creditors. In addition, a number of checklists were developed to help improve on compliance with internal controls and Financial Regulations. Other achievements include holding a handover ceremony to allow for a smooth transition of the Board of Auditors and planning meeting for the audit of the 2017/18 financial year. The SADC Board of Auditors issued an unqualified opinion on the 2016/17 Annual Financial Statements.
- (2). The Secretariat successfully filled 18 positions (5 Directors, 1 Secretary to SADCAT and 12 Senior Officers) and the shortlisting of the 24 Officer positions was completed.
- (3). Comprehensive Operational and Strategic Risk Registers were developed to guide the management of risks that are aligned with implementation of the 2018/19 Corporate plan.

4.2 Information and Telecommunication Technology

- (4). In order to improve on the effectiveness and efficiency in service delivery, the Secretariat continued to operationalize ICT applications such as the SADC Integrated Management System (SIMS), Procurement Management System, Sun Systems, Human Resource information system and other regional applications. Projects such as the Electronic Records Management System(ERMS), Governance, Risk and Compliance(GRC) and revamping of the Intranet were also being implemented

4.3 Communications and Public Relations

- (5). The Secretariat commenced the registration and securing of the SADC trademarks namely; SADC logo; SADC acronym; and the name, Southern African Development Community. The SADC trademark applications are being registered for protection directly to countries that are not members of the African Regional Intellectual Property Organisation (ARIPO) and the World Intellectual Property Organisation (WIPO). By May 30, 2018, Registration of the Marks was successfully completed in Botswana.

4.4 Procurement

- (6). The Secretariat continued to strengthen compliance with procurement procedures in the procurement processes. In this regard, the Secretariat continued to convene SADC Internal Tender Committee (SITC) meetings for all procurements above the USD 10,000, which is the approval threshold. Of all the submissions submitted for adjudication, over 90% were approved by the Committee. The SADC External Tender Committee also met in February 2018 and adjudicated over the pre-qualification documents for Stationery, Travel and Events Management, for Bush clearing and fencing of the Rasesa Regional

Logistics Depot and the Translation and publication of the Hashim Mbita Publications. The Committee was fully constituted by Member States comprising of South Africa (Chairperson), Namibia (Deputy) and Eswatini.

- (7). Procurement and Grants Policy, Regulations and all standard templates have been published on the Website and are accessible by the general public as part of dissemination and user awareness creation.

5. CONTINENTAL COOPERATION AND INTEGRATION

5.1 African Union (AU)

- (1). The Secretariat engaged actively in the institutional reform agenda of the African Union which started in 2007. SADC developed a Position Paper raising the concerns from the region, and proposed recommendations, on how the reform agenda can be taken forward while being considerate to the views from the Member States. The SADC position paper was submitted to the AU Chairperson in November 2017. Subsequent to that President Kagame, in his capacity as the leader of the Institutional Reform agenda, updated the Assembly on the implementation of Assembly decision (Assembly/AU/DEC.635 (XXVIII)) on AU Institutional Reform. The SADC position was also presented to AU Assembly, during the 30th AU Assembly, by the SADC Chairperson. Importantly the statement by the Chairperson of SADC emphasized the need to consider the concerns raised by SADC before the proposed reforms are implemented. In consideration with SADC position, Decision Assembly/AU/DEC.24 (XXX) opened a door for further consultations on the reforms.
- (2). The Secretariat also collaborated with the AUC on issues of Peace and Security and on the implementation of the broader agenda of Silencing the Guns in Africa by 2020 through, among others, the Africa Peace and Security Architecture (APSA) Programme. Due to institutional start-up challenges at the AUC-EU level, the SADC APSA III programme encountered a slow start. A Grant Contract was signed in May 2017, which is one and a half years later than the originally anticipated start time. In addition, SADC received its first tranche of funding in November 2017, which is six months following the signing of the Grant Contract. In this regard, limited progress was made. This includes the SADC contribution to capacity building for Early Warning for Member State stakeholders in the form of training and support to the establishment of National Early Warning Centres in two Member States. The Secretariat supported the establishment and functioning of National Early Warning Centres (NEWC) in the DRC and Tanzania. Capacity was also strengthened to support Member States' efforts on counter-terrorism and peace support operations. Support was further provided towards Conflict Management through strengthening of the human resource capacity of the SADC Standby Force Planning Element, development of manuals, as well as scenario development planning.

5.2 SADC – COMESA – EAC Tripartite Agenda

- (3). The Tripartite Transport and Transit Facilitation Programme (TTTFP) continued to be implemented to facilitate the development of a more competitive, integrated and liberalized regional road transport market that can effectively contribute to regional integration and economic development. This will be achieved through the development and implementation of harmonized road transport policies, laws, regulations, standards for efficient cross-border road transport and transit networks, transport and logistics services, systems and procedures in the East Africa-Sothorn Africa (EA-SA) region.
- (4). SADC Secretariat is the lead REC managing the TTTFP. The Tripartite Ministers responsible for Infrastructure launched the programme in October 2017 in Dar es Salaam, Tanzania. To date the programme has developed and subjected for validation the Vehicle Load Management Agreement and the Multilateral Cross Border Road Transport Agreement and five model laws, which will guide Member States in the domestication of the agreements.

6. Development Cooperation and Resource Mobilisation

- (5). In line with the August 2015 Council decision directing the Secretariat to constitute a Technical Working Group (TWG) comprising experts from Member States to coordinate work on the development of a draft “SADC Regional Resource Mobilization Framework”, the Secretariat continued to implementation the outstanding activities including the benchmarking missions to the African Union Commission (AUC), the Economic Community of West African States (ECOWAS), the Economic Community of Central African States (ECCAS) and the Republic of Rwanda that were successfully concluded between October 2017 and January 2018, to complement the research that has been conducted on various options for alternative sources of income, namely, Financial Transaction Tax; Lottery; Philanthropy; Regional Events; Tourism Levy; Export and Import Tax Levy; Transport Levy and Curbing Illicit Financial Flows.
- (6). During its fourth meeting in February 2018, the TWG also, among others, received papers submitted by Member States on country positions with regard to the possible impact of the proposed options of alternative sources of funding to their respective economies. A progress report was submitted to Council in March 2018, and the Secretariat finalized the SADC Regional Resource Mobilisation Framework for consideration by the Committee of Ministers of Finance and Investment in July 2018. Ministers noted the submission and urged Member States to further interrogate how they could each raise funds under the proposed options. The Secretariat will as directed convene a joint meeting of Senior Treasury Officials and Central Bank Officials to further interrogate this work.
- (7). In view of the above, the Secretariat has mobilized resources through GIZ to enable the implementation of outstanding works including the in-depth economic impact assessment studies to Member States, and to facilitate the finalization of the draft SADC Regional Resource Mobilisation Framework that shall also take into account the instruments proposed by the AfDB, accordingly to the August 2017 Council Decision.

- (8). Alongside domestic resource mobilisation, the Secretariat also continued to engage International Cooperating Partners (ICPs) in order to facilitate mobilisation of resources for the implementation of the priority regional programmes and projects that are aligned with the SADC priorities, in line with the Windhoek Declaration adopted in 2006 to guide cooperation between SADC and ICPs.
- (9). International Cooperating Partners (ICPs) continued to extend their support both technically and financially, notably, among others, the European Union through the European Development Fund (EDF) and individual countries such as Germany that provided substantial resources. Significant support was also received from Organizations such as AfDB, World Bank, Commonwealth, World Health Organization, Food and Agriculture Organization, USAID, United Nations (UN) Agencies, the Global Fund, and Regional institutions such as the Southern African Trust. Further, several agreements and other legal instruments were concluded.

6.1 SADC – EU Cooperation

- (10). Under the EDF cycle, the SADC-EU Programme of support identifies and implements programmes under focal and non-focal areas, as well as through Technical Cooperation Facilities) (TCFs). The facility makes funding available for technical assistance to Project/Programme preparation and implementation, including pre-feasibility studies, feasibility studies, identification missions and other assistance on specific matters related to project preparation, monitoring and evaluation.
- (11). The 11th EDF Regional Indicative Programme (RIP) was signed in June 2015 and covers the period 2014 – 2020, earmarking €1.332 billion for three focal areas, namely: (i) Peace, Security and Regional Stability, (ii) Regional Economic Integration; and (iii) Regional Natural Resource Management, benefitting the Eastern African, Southern African and Indian Ocean (EA-SA-IO) Region.
- (12). From the Sub-regional envelope, SADC was allocated 90 million Euros, with the balance distributed among other RECs, namely: COMESA, EAC, IGAD and IOC. The Secretariat, in collaboration with the EU, is in the process of programming its €90 million allocation of the Sub-regional envelope through formulation of the following projects with the respective status of programming.

Table 5: Status of Programming of the SADC Sub-Regional Envelope

Project	Budget	Status of Programming
Regional Natural Resources Management	€9 m	Project formulation complete. Undergoing operationalisation
Peace, Security and Regional Stability	€15 m	Project formulation complete. Undergoing operationalisation
Regional Economic Integration (Industrialization, Trade Facilitation and Investment)	€47 m	Project formulation in progress.
Capacity Building for SADC Secretariat and National Stakeholders	€14 m	Project formulation complete. Undergoing operationalisation.
Technical Cooperation Facility	€5 m	Project formulation in progress.
TOTAL	€90 m	

- (13). From the Infrastructure Envelope, the RECs will benefit through joint identification and implementation of hard and soft infrastructure projects as shown in the Table 8.

Table 6: Objectives and Allocation for Infrastructure Envelope

Priority Area	Specific Objectives	Allocation
Regional Economic Integration	Hard Infrastructure projects that improve connectivity and efficiency and resilience of regional infrastructure networks	€525 m
	Soft infrastructure projects to improved enabling environment e.g. strategic and regulatory framework to sustain and maximize utilization of physical infrastructure in the area of transport, energy, ICT and water	€40 m
	Capacity development for infrastructure	€35 m
TOTAL		€600 m

- (14). For hard infrastructure, an indicative pipeline of 30 regional priority projects was submitted to the EU for consideration for funding. So far €200 million has been committed as seed funding to leverage finance for specific projects identified in the hard infrastructure priority list. However, no funds have yet been contracted for actual infrastructure projects. It is anticipated that contracting for individual projects will take place during 2017 through to 2020.
- (15). For soft infrastructure, the RECs who are jointly implementing the RIP are in the process of preparing soft infrastructure projects in the areas of Energy, Transport, ICT, Aviation, Maritime Transport and Railways. Energy and Transport projects have recently been approved by the EU and are ready for implementation. The Energy component is a €7 million programme aiming to ensure a harmonised, efficient and gender-sensitive regulatory environment and stronger regulatory associations and power pools allowing for increased regional power trade. The Transport component is an €20 million transport and transit facilitation programme, aimed at a more competitive, integrated and liberalised regional road transport market in the tripartite region. Together they absorb over 30% of the foreseen budget for this envelope. Below is the listing of soft infrastructure projects under the 11th EDF Soft Infrastructure Envelope.

Table 7: Progress in the Formulation of 11th EDF Soft Infrastructure Projects

Objective and resources	Budget	Led by	Roadmap and progress
Transport and Transit Facilitation	€20 m	SADC	Project operational
Sustainable Energy Market in Eastern and Southern Africa	€7 m	COMESA	Project operational
Consolidation of ICT market in the Eastern Africa, Southern Africa and Indian Ocean region	€10.8 m	COMESA	Formulation completed. Awaiting EU feedback on acceptance of action document
Trade Facilitation and Maritime Transport Project in the EA-SA-IO region	€10 m	IOC	Formulation completed. Awaiting EU feedback on acceptance of action document
Support to the air transport sector development in the Eastern Africa, Southern Africa and Indian Ocean region	€13.5 m	COMESA	Formulation completed. Awaiting EU feedback on acceptance of action document

- (16). From the Cross-Regional Envelope of €205 million, the EU and the RECs agreed to allocate funding for activities of a cross-regional nature for joint identification and implementation. These are projects that transcend the geographical borders of one REC. Progress in the formulation of cross-regional projects under the 11th EDF is provided in Table 10. This envelope is led by the EU, with the exception of specific projects led by SADC as illustrated below.

Table 8: Progress in the formulation of 11th EDF Cross - Regional Projects

Objective and Resources	Budget	Led by	Roadmap and Progress
Peace and Security in the Great Lakes Region	€30 m	EU	Project formulation completed. Awaiting financing decision
Migration	€25 m	SADC	Project formulation completed. Awaiting EU feedback
Maritime Situation, Security and Safety	€30 m	IOC	Project formulation completed. Awaiting EU feedback
Implementation of the EU-East and Southern Africa Interim Economic Partnership Agreement	€40 m	EU	Project formulation completed. Awaiting financing decision
Trans-boundary Water Management	€20 m	SADC	Project formulation is complete. Awaiting EU feedback
The Contribution of Sustainable Fisheries to the Blue Economy	€30 m	IOC	Project formulation is in progress
Wildlife Conservation	€30 m	EU	Project formulation is complete. The Project is awaiting financing decision.
TOTAL	€205 m		

- (17). The RIP earmarked €15 million for a TCF to fund the identification and formulation of projects, as well as costs related to the participation in and hosting of High Level Group meetings. €10 million was committed under the Annual Action Plan (AAP) 2015 and split among the five Regional Organisations. The remaining €5 million will be committed at a

later date. The €10 million was divided into a 30% allocation for Cross-Regional actions and a 70% allocation for sub-regional actions as depicted in Table 11.

Table 9: Allocation of TCF Funding and Status of Formulation of the SADC Technical Cooperation Facility (TCF)

DMRO	Budget	% of total TCF	Progress
COMESA	€1.5 m	15.3	
EAC	€1.5 m	15.3	
IGAD	€1.4 m	14.4	
IOC	€0.9 m	9.0	
SADC	€1.625 m	16.2	SADC prepared a Programme Estimate for its allocation of 1.625 million. Implementation is underway
Total Sub-Regional	€7.0 m	70.0	
Total Cross-Regional	€3.0 m	30.0	
TOTAL	€10 m	100	

6.2 SADC - EU Political Dialogue

- (18). Political Dialogue is one of the main pillars of the Cotonou Partnership Agreement signed by the European Union (EU) and the African, Caribbean and Pacific (ACP) Group of States in 2000. The SADC-EU Political Dialogue was launched at the SADC-EU Ministerial Conference in Berlin, Germany, in September 2004. The practice is for the two sides to hold Senior Officials' Political Dialogue once annually and the Ministerial Political Dialogue once every two years, alternating between the EU and SADC Regions.
- (19). The Dialogue seeks to create a platform for the EU and the ACP Group of States to deliberate on global, continental and regional challenges, as well as major political factors affecting development, cooperation and programming. It is also intended to reinforce the relations between SADC and the EU, and to establish a platform for high level dialogue with a view to support democracy at all levels, promote cooperation in trade and encourage policies aimed at sustainable economic growth and economic reforms in the Southern African Region.
- (20). A Senior Officials' Dialogue was held in Gaborone, Botswana in June 2017 and the last SADC-EU Ministerial Political Dialogue was held in Pretoria, South Africa in March, 2018 to re-affirm common areas of interest between the two sides, as well as commitment to address emerging and evolving issues including global governance, trade, migration, and climate change. The last Ministerial Political Dialogue also reaffirmed commitment to achieve consolidated, sustainable and inclusive growth to create jobs, and endorsed the focus by SADC on industrialization, the development of value chains and infrastructure development, with a clearly defined role for the private sector, as key pillars to sustainable growth and development.

6.3 SADC/Germany Cooperation

- (21). Germany remains a major partner for SADC, and SADC-Germany cooperation has produced notable results in the priority areas of cooperation. The total volume of bilateral Technical and Financial Cooperation (respectively through GIZ and KfW) provided by the Federal Ministry for Economic Cooperation and Development (BMZ) since the cooperation began in 1995 exceeds €341 million. Germany provides further support to the SADC Regional Integration Agenda through its contributions to the EDF by virtue of its membership to the European Union, and has continued to cooperate with individual SADC Member States under bilateral cooperation as well as other sub-regional and national SADC institutions.
- (22). Areas of cooperation are agreed through SADC-Germany Bilateral Consultations on Cooperation held once every two years. The last Bilateral Negotiations between the SADC Secretariat and the Government of the Federal Republic of Germany was held in June 2017, during which, the two parties agreed to jointly support the following projects, which are further broken down in Table 12.
- i. Regional Economic Integration (covering also Peace, Security and Good Governance);
 - ii. Transboundary Water Management;
 - iii. Transboundary Natural Resource Management and Resilience to Climate Change; and
 - iv. Strengthening National-Regional Linkages.

Table 10: Status of Commitment in 2017 during the SADC – German Bilateral Consultations

Project/programme	Financial (FC) / Technical Cooperation (TC)	Amount (Euro)	End Date	Progress
Cooperation for the Enhancement of SADC Regional Economic Integration (CESARE)/	TC	8 million	2021	Started
Project Preparation and Development Facility	FC	13.5 million	2021	Started
Cross-Border use and protection of natural resources in the SADC region/	TC	4.5 million	2020	Started
Adaption of Agriculture to Climate Change/	TC	1.5 million	2019	Project formulation in progress
TFCA Financing Facility	FC	4 million	2020	Concept notes in progress
Strengthening national-regional linkages in SADC	TC	5.5 million	2021	Started
Peace, Security and Good Governance/	TC	1.5 million	2019	Started
Studies and Expert Fund	TC	1 million		Started
Grand total		39,5 million		

6.4 SADC – World Bank Cooperation

- (23). SADC and the World Bank are working together in a number of mutual areas of interest including infrastructure, disaster risk management, trade and industrialization, at both national, regional and tripartite (SADC/COMESA/EAC) levels. The objective of SADC is to explore the opportunities to further enhance cooperation with the World Bank, and to negotiate and lay the basis for a programme to support SADC priorities.
- (24). A SADC – World Bank Group Dialogue was held in December 2017 to discuss Next Steps on the Industrialization Strategy & Roadmap and possibility of cooperation in the Value Chain development in the SADC region. The World Bank committed to support SADC in these areas.
- (25). In addition, SADC regularly participates in the Annual and Spring Meetings of the World Bank/IMF in Washington DC. The last Spring Meeting was held in April 2018, during which SADC advocated for more engaged cooperation with the World Bank in the area of Industrialisation, Infrastructure, Agriculture, Water, HIV&AIDS, amongst others. along with the tripartite initiatives aiming at bringing together the three RECs (SADC/COMESA/EAC) and the World Bank to review the status of the Tripartite programmes and World Bank support to regional integration in the sub-region, and explore ways to accelerate their implementation through better coordination between the RECs on one side and enhanced support of the World Bank and other Development Partners on the other.
- (26). Currently, the World Bank IDA active portfolio of regional projects to support regional integration in SADC amounts to US\$1.8 billion for 10 projects in transport, energy, ICT, and agriculture.

6.5 SADC – China Cooperation

- (27). SADC and China cooperation is guided by the Forum on China–Africa Cooperation (FOCAC) Action Plan outlining cooperation in political, economic, social development, cultural and security areas, as well as the SADC priorities outlined in the Revised RISDP 2015-2020.
- (28). Under the economic cooperation of FOCAC framework, industry partnering and industrial development capacity, infrastructure development, energy and natural resources, investment and economic cooperation, trade, agriculture and food security, ocean economy and tourism are aligned with SADC strategic frameworks, namely the SADC Industrialisation Strategy and Roadmap (2015-2063), the Regional Infrastructure Development Master Plan (RIDMP) and the Regional Agriculture Policy (RAP).
- (29). The Secretariat attends regularly the Ministerial meeting and Summit of the Forum on China–Africa Cooperation (FOCAC). During the Johannesburg Summit in November 2016, the Chinese government announced some US\$60 billion of funding support to Africa over the next three years. The next Summit is scheduled in Beijing in September 2018.

- (30). In a bid to enhance SADC-China Cooperation, the Secretariat is in consultation with the Chinese government and negotiating a Framework Agreement on Economy, Trade, Investment and Technical Cooperation between SADC and the Government of the People's Republic. The SADC Secretariat has submitted the draft MOU with inputs from Member States to the Government of the People's Republic of China in 2017, and the MOU is awaiting finalization subject to confirmation from the Chinese side.
- (31). Negotiations are also ongoing to concretize cooperation in the area of Peace and Security.

6.6 Japan Cooperation

- (32). As a follow-up to the policy level dialogue between the SADC Secretariat and the Government of Japan in November 2015, the Secretariat is in the process of engaging with Japan International Cooperation Agency (JICA) to concretize the proposal for the appointment of a Japanese Technical Advisor to be posted within the Directorate of Infrastructure and Services, to facilitate access to TICAD Resources on infrastructure development. The proposal is to support SADC in the priority areas outlined in the Revised RISDP (2015-2020) and the Regional Infrastructure Development Master Plan (RIDMP), in line with the Fifth Tokyo International Conference on African Development (TICAD V) which emphasizes the importance of regional infrastructure development for accelerating economic growth in Africa, and as outlined in the Yokohama Action Plan 2013-2017 (YAP 2013-2017).
- (33). The Application Form for a JICA Expert was submitted to the Embassy of Japan in July 2017. JICA has informed that the Expert has been identified, and the official dispatch is pending approval.
- (34). It is worth noting that Japan is also already supporting a regional project on Forest Conservation and Sustainable Management of Forest Resources in Southern Africa through a grant of \$6.4 million, mainly for technical assistance, which includes expertise in Forestry.

6.7 SADC – African Development Bank Cooperation

- (35). Since 2016, SADC has engaged the African Development Bank (AfDB) to help accelerate its Regional Integration Agenda through financing of the implementation of the SADC regional infrastructure and economic corridors, (i.e. combination of regional infrastructure and value chains).
- (36). The AfDB also continues to provide support for the implementation of programmes in the SADC region through bi-lateral cooperation with individual SADC Member States and cooperation with the Secretariat for regional programmes. In this regard, the Secretariat engaged the AfDB at both technical level and policy level to explore cooperation in the context of the Bank's High Five Initiatives in line with the SADC regional priorities, as outlined in the Revised RISDP (2015-2020) and the Regional Infrastructure Development Master Plan (RIDMP).

- (37). A number of Council and Summit Decisions, especially since the holding of the SADC Strategic Ministerial Retreat: “The SADC We Want”, which was held in the margins of the Extraordinary Summit on 12-14 March 2017 in Ezulwini, Eswatini, call for support from the AfDB to SADC in order to fast-track the implementation of SADC programmes and projects. Key decisions include, among others, directing the Secretariat to work with AfDB to develop the necessary instruments and frameworks for use in Member States, in complementarity with the development of the SADC Regional Resources Mobilisation Framework including in:
- i. Infrastructure Bonds;
 - ii. Partial Risk Guarantees;
 - iii. Insurance Guarantees;
 - iv. Partial Credit Guarantees; and
 - v. Syndicated Instruments.
- (38). At the sidelines of the Africa-European Union Summit, held in Abidjan, Cote D’Ivoire in November 2017, key meetings were also held between the Executive Secretary of the SADC and the Bank’s senior management. These meetings resulted in the re-affirmation of the areas of support as well as the need for the Bank to send a technical mission to SADC, which took place in January 2018.
- (39). As an outcome of the Mission, an Aide Memoire highlighting the agreed areas of support was finalized and signed by the Executive Secretary and AfDB represented by the Acting Director General, Southern Africa Regional Development and Business Delivery Office in March 2018, and a Work Plan has been developed for the implementation of the agreed areas.

6.8 SADC – ICP Dialogue Platform

- (40). The last SADC-ICP Dialogue Platform Meeting was held in October 2017. The objective of the meeting was to provide updates on the achievements made in the SADC-ICP Thematic Working Groups to assess whether set goals and targets were met as well as to share best practices with the Dialogue Platform in order to seek support at strategic level for resolution of challenges.
- (41). The meeting exchanged notes on the state of implementation of key strategic frameworks in the context of the outcomes of the March 2017 Ministerial Retreat “the SADC We Want”, and the 37th SADC Summit of Heads of State and Governments of August 2017; as well as on the operationalization of the SADC Non-State Actors Engagement Mechanism and the SADC Private Sector Engagement Mechanism.
- (42). As outlined in the adopted SADC-ICP Partnership Statement and Generic Terms of Reference for the Platform and Thematic Groups, engagement with ICPs has also continued through Thematic Group Coordination meetings where the Secretariat meets with interested ICPs working in specific sectors to facilitate information sharing and to ensure effective utilisation of resources and minimise duplication of support programmes and complementarity of support.

7. GOOD GOVERNANCE

7.1 Risk Management

- (1). Risk Management continues to be an important pillar of governance for the Secretariat, and Management has continued to promote and support effective enterprise-wide risk management through capacity building and training of staff. In this regard, sixty employees in Head Office, and all employees at SPGRC and RPTC (except Secretaries) were trained on risk management. Further, a Strategic Risk Register and an Operational risk register have been developed and approved, and implementation of risk management plan was monitored throughout the year.

7.2 Audit

- (2). The Secretariat continued to facilitate internal audits to foster good governance. In this regard, 8 Internal Audit Reports and one investigation report have been concluded.
- (3). The Secretariat also continued to implement recommendations from both external and internal audits as well as the institutional audit in order to bring improvements in the management of systems of the Secretariat, in particular strengthening of the internal control environment. The effectiveness of the control environment allowed the Secretariat to continue benefiting from ICP resources through contribution agreements and projects.

8. Implementation Challenges

- (1). The challenges that affected effective implementation of SADC programmes include:
 - i. Capacity gaps in monitoring and evaluation at Directorates/Units level to facilitate timely corrective actions during the course of programmes' implementation;
 - ii. The existing recruitment systems (The quota points system does not facilitate efficiency and quick turnaround times) affected the filling in of vacant positions resulting in slow implementation of programmes.
 - iii. In order to address these challenges, the following measures were undertaken:
 - iv. Annual trainings on results based management and project cycle management which will contribute to strengthening of planning, monitoring and evaluation capacity of Directorates/Units;
 - v. Continued training of SADC Secretariat Staff on the use of all automated management systems will enhance compliance and efficiency.

9. Conclusion and Recommendations

- (1). The report has highlighted some significant achievements in the implementation of programmes across all priority areas during 2017/18. Of particular importance is the general political stability in the region underpinned by mediation and conflict prevention strategies undertaken by the Member States in collaboration with the Secretariat and other stakeholders in the DRC, Lesotho and Madagascar. The consolidation of democracy was also an important milestone for the year that resulted in peaceful, credible and transparent elections in Angola and Lesotho. The support provided by the SADC Electoral Observer Mission (SEOM) with the assistance of the SADC Electoral Advisory Council (SEAC) in this regard is expected to be extended to the Democratic Republic of Congo, Republics of Madagascar, Zimbabwe and the Kingdom of Eswatini during the 2018 elections.
- (2). Involvement of the private sector during the Popularization of the Industrialization Strategy marked a significant step towards implementation of the Action Plan. The Secretariat is geared to continue involving the private sector in the implementation of the Action Plan particularly the value chains across all sectors.
- (3). Progress was also made in the area of agriculture, where the Agricultural Development Fund was approved to boost the performance of the agricultural sector, which is a key driver of industrialization in the region. The Secretariat will continue to facilitate the operationalization of the ADF in 2018/19. With regards to Social and Human Development, notable achievements were in education, health, labour and youth sectors. In Education, achievements were in the mainstreaming of the impact of HIV and AIDS in the Education sector; domestication and monitoring of the implementation of Continental and International Commitments on education in particular the Continental Education Strategy for Africa; and the establishment of regional mechanism for coordinating the implementation of the SADC Qualification Framework. With regard to health, there have been significant efforts by the Member States to improve the status of health in the SADC region through the development of an implementation Plan for the SADC Strategy on Nutrition and implementation of measures to eliminate Malaria in the region.
- (4). The Secretariat will continue to mobilize financial resources to support implementation of programmes across sectors to support industrialization and to ensure poverty alleviation. Support will also be given to Member States to monitor and evaluate the implementation of the SADC programmes through the SADC Online Monitoring and Evaluation System.



ABOUT SADC

The Southern African Development Community (SADC) is an organisation founded and maintained by countries in southern Africa that aim to further the socio-economic, political and security cooperation among its Member States and foster regional integration in order to achieve peace, stability and wealth. The Member States are: Angola, Botswana, Union of Comoros, the Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, United Republic of Tanzania, Zambia and Zimbabwe.

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