



**SOUTHERN AFRICAN  
DEVELOPMENT COMMUNITY  
(SADC)**

**RECORD OF SUMMIT**

**Held in**

**MASERU  
KINGDOM OF LESOTHO**

**17 – 18 AUGUST 2006**

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**SADC SUMMIT MEETING  
MASERU, KINGDOM OF LESOTHO  
17-18 AUGUST 2006**

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**RECORD**

**1. ADOPTION OF THE AGENDA**

Summit considered and adopted the Agenda (SADC/SM/1/2006/1), presented by the Secretariat.

**2. ELECTIONS**

**2.1 Chairperson and Deputy Chairperson of Summit**

Summit elected The Right Honourable Pakalitha B. Mosisili, the Prime Minister of Lesotho as the Chairperson and His Excellency Levy P. Mwanawasa, the President of the Republic of Zambia as Deputy Chairperson of SADC.

**2.2 Chairperson and Deputy Chairperson of the Organ on Politics, Defence and Security Cooperation**

Summit elected His Excellency Jakaya M. Kikwete, the President of the United Republic of Tanzania as the Chairperson and His Excellency Jose Eduardo Dos Santos, the President of the Republic of Angola as the Deputy Chairperson of the Organ on Politics, Defence and Security Cooperation.

### 3. REPORT OF THE OUTGOING CHAIRPERSON

Summit considered the Report (SADC/SM/1/2006/3), presented by the Outgoing Chairperson and in particular the following;

- 3.1 Summit recalled that it is now an established practice for the Outgoing Chairperson of SADC to present an Annual Report, in which Summit is briefed on major developments, which have taken place in the Organisation and in the Region in general, during his or her tenure of office.
- 3.2 Summit noted that the Report also serves as handover notes for the Incoming Chairperson.
- 3.3 Summit also noted that the Chairperson's Report for the period August 2005 to August 2006 covers the following main areas:
- (i) Progress on the regional integration process and implementation of the RISDP, SIPO as well as Protocols;
  - (ii) Progress on areas of cooperation;
  - (iii) Regional Economic Situation;
  - (iv) Relations with International Cooperating Partners;
  - (v) Rationalisation of Regional Economic Communities;
  - (vi) Human Resources Capacity of the SADC Secretariat;
  - (vii) Review of Operations of the Integrated Committee of Ministers;
  - (viii) Democratisation of the DRC;
  - (ix) Operationalisation of the SADC National Committees;
  - (x) Challenges, Constraints and the Way Forward.

3.4 Summit adopted the Chairperson's Report and congratulated him for his untiring efforts to improve the performance of the Organisation and for steering it to greater heights in its integration agenda during his tenure of office.

4. **BRAINSTORMING ON THE NEED TO SCALE UP THE IMPLEMENTATION OF SADC INTEGRATION AGENDA**

Summit considered the Note (SADC/SM/1/2006/4), presented by the Chairperson.

4.1 Summit noted that the Chairperson of SADC, His Excellency Festus G. Mogae, wrote a letter to his colleagues on 21<sup>st</sup> June 2006, highlighting a number of issues that deserve attention at the highest structures of SADC.

4.2 Summit also noted that the issues raised in the letter of the Chairperson included:

- (i) Status of Regional Integration;
- (ii) The need for consolidating and deepening political cohesion;
- (iii) Deepening Regional Integration: Free Trade Area, Customs Union and Common Market;
- (iv) Regional Infrastructure for Regional Integration;
- (v) Food Security and HIV and AIDS;
- (vi) The need for SADC to concentrate on Selected Priorities;
- (vii) Restructuring and strengthening of the SADC Secretariat.

4.3 To scale-up the implementation of the SADC regional integration agenda, Summit:

(i) Reiterated that the RISDP and SIPO are the main instruments for scaling-up regional integration in SADC. In this context, the RISDP implementation framework developed by the Secretariat shows Free Trade Area (FTA), Customs Union (CU) and Common Market (CM) as the main milestones for deepening regional integration, accelerating economic growth and achieving sustainable development.

(ii) Validated and endorsed the following areas of regional cooperation and integration as the main priorities of SADC to deepen regional integration as approved by Council in February 2005:

- Trade and Economic Liberalization
- Regional Infrastructure and Services
- Politics, Defence, Peace and Security
- Special Programmes of regional dimension such as Food Security, HIV and AIDS and Gender Equality

(iii) Reiterated and underscored the need for SADC to complete the Free Trade Area by 2008 and achieve the Customs

Union by 2010 as this is important for the region to comply both with the Continental Integration Agenda and to ensure a meaningful participation in the World economy.

4.4 Summit appointed a Task Force of Ministers responsible for Finance, Investment and Economic Development, Trade and Industry and the SADC Secretariat to review the regional economic integration agenda and in particular the milestones for achieving the Free Trade Area and SADC Customs Union, review progress and propose measures for scaling up implementation.

4.5 Summit agreed that an Extraordinary SADC Summit be held towards the end of October 2006 to receive a report from the Taskforce on Regional Economic Integration agenda. The Summit underscored the need to consider combating poverty within the context of regional integration.

4.6 Summit also directed that the Task force should consider the role of the business community in the SADC Regional Integration Agenda.

4.7 Summit urged Member States to consolidate and strengthen the SADC National Committees, to ensure the integration of regional priorities in the respective national development plans.

4.8 Summit directed that SADC Secretariat be adequately resourced and strengthened to efficiently execute its responsibilities of strategic planning and facilitation of the regional integration programmes.

## 5. OUTSTANDING CONTRIBUTIONS BY MEMBER STATES CONTRIBUTIONS

### 5.1 2006/07 Member States Contributions

5.1.1 Summit noted the current position in respect of SADC annual Member States contributions for 2006/07 which is presented in Table 5.1 below:

<b>Member States Contributions 2006/07</b>			
<b>Member State</b>	<b>Contribution Share 2006/07</b>	<b>Payments – As at 25 August 06</b>	<b>Outstanding Balance</b>
Angola	1,535,094	1,535,094	-
Botswana	1,004,617	1,004,617	-
D.R.C	1,016,065	-	1,016,065
Lesotho	859,683	859,683	-
Madagascar	1,000,460	1,000,460	-
Malawi	885,400	885,400	-
Mauritius	1,003,046	1,003,046	-
Mozambique	986,073	986,073	-
Namibia	962,623	962,623	-
South Africa	3,303,248	3,303,248	-
Swaziland	884,508	740,993	143,515
Tanzania	1,133,782	1,133,782	-
Zambia	966,725	851,074	115,651
Zimbabwe	974,915	871,784	103,131
SADC Approved Budget	16,516,239	14,283,633	2,238,045

5.1.2 Summit also noted that the Secretariat has sent follow up reminders to Member States to remit the contributions and to facilitate the implementation of 2006/07 priority approved programmes according to work plans.

5.1.3 Summit further noted the following commitments made by Member States:

- (i) Swaziland: indicated that the outstanding balance of US\$143,515 will be remitted in due course.
- (ii) Zambia: indicated that the outstanding balance of US\$115,651 will be remitted during the course of Summit.
- (iii) Zimbabwe: indicated that the outstanding balance of US\$103,131 will be remitted during the course of this Summit.

5.1.4 Summit commended Member States which have already paid their contributions and urged the remaining Member States to pay their contributions.



**5.2 Debt from the DRC**

5.2.1 Summit recalled that at its meeting of August 2005, it noted the difficult financial situation faced by the Democratic Republic of Congo (DRC) resulting from the just ended conflict. At that meeting, DRC confirmed their commitment to settle the outstanding contributions in respect of annual Member States contributions and also towards the New SADC Headquarters.

5.2.2 Summit noted that the 2005/06 assessed Member States contribution for DRC of US\$1,009,522 has not been remitted to the Secretariat. The DRC is therefore in arrears for 1 year and thus liable to sanctions as stipulated in the SADC Treaty Article 33 as amended. These provisions are automatically invoked unless dispensed by Summit. Accordingly, the DRC has been advised that they are under sanctions.

5.2.3 Summit also noted that DRC indicated its commitment to settle the contribution of 2005/06 and will advise when the remittance will be made.

5.2.4 Summit further noted that DRC has issued a Bank Cheque of US\$200, 000 towards settlement of their outstanding debt.

5.2.5 Summit commended the DRC for their effort in settling their debt which will be reduced to US\$809,522.

5.2.6 Although the DRC is under sanctions, Summit allowed the DRC a special dispensation to participate in the deliberations in recognition of the political difficulties they encountered.

**5.3 Contributions towards the New SADC Headquarters**

5.3.1 Summit noted the Table 5.3 on the status of contributions from Member States towards the New SADC Headquarters:

**Table 5.3: Contributions towards New SADC Headquarters**

Member State	Amount Pledged (US\$)	Amount Received (US\$)	Outstanding Balance (US\$)
Angola	500,000	500,000	-
Botswana	500,000	500,000	-
DRC	500,000	-	500,000
Lesotho	500,000	500,000	-
Madagascar	250,000	-	250,000
Malawi	500,000	500,000	-
Mauritius	500,000	500,000	-
Mozambique	250,000	250,000	-
Namibia	500,000	500,000	-
South Africa	500,000	500,000	-
Swaziland	500,000	500,000	-
Tanzania	500,000	500,000	-
Zambia	500,000	492,167	7,833
Zimbabwe	500,000	500,000	-
<b>Total</b>	<b>6,500,000</b>	<b>5,742,141</b>	<b>757,833</b>

5.3.2 Summit urged Member States with outstanding amounts on their pledges to honor the commitments made at the Council's meeting of February 2006.

5.3.3 Summit noted that Madagascar has pledged to contribute US\$250,000 from their National Budget of 2007.

- 5.3.4 Summit urged the DRC to make a commitment as regards when the payment of their pledge will be made and indicate a schedule of payments.
- 5.3.5 Zambia committed to remit the outstanding balance of US\$7,833 within one week after Summit.

#### 5.4 Contributions towards the Hashim Mbita Project

5.4.1 Summit noted that the status of contributions towards the Hashim Mbita Project as detailed in Table 5.4.

**Table 5.4: Contributions towards the Hashim Mbita Project**

Member State	Amount Pledged (US\$)	Amount Received (US\$)
Angola	720,000	-
Lesotho	20,000	-
Botswana	100,000	-
Mozambique	100,000	100,000
Namibia	100,000	100,000
Malawi	50,000	50,000
Tanzania	50,000	50,000
Zimbabwe	100,000	100,000
South Africa	-	720,000
Total	1,220,000	1,120,000

5.4.2 Summit noted that Angola, Botswana, and Lesotho have pledged US\$720,000, US\$100,000 and US\$20,000 respectively towards the Hashim Mbita Project.

5.4.3 Summit noted that there is need to preserve some of the sites and buildings used by the liberation movements in the United Republic of Tanzania.

- 5.4.4 Summit commended Angola, Botswana and Lesotho for their pledges towards the Hashim Mbita Project.
- 5.4.5 Summit also commended Member States who have honoured their pledges.
- 5.4.6 Summit directed that the Project should take cognisance of the role of women in the liberation struggle.

5.4.7. Summit also noted that the United Republic of Tanzania is committed to maintain at its own cost the historical sites of the Liberation Movements of Southern Africa in that country.

## 6. PROGRESS REPORT ON THE FINANCING, DESIGN AND CONSTRUCTION OF THE NEW SADC HEADQUARTERS

Summit considered the Report (SADC/SM/1/2006/6), presented by the Chairperson of the Double Troika/Finance Ministers Committee and Chairperson of the Council of Ministers, and in particular the following:

- 6.1 Summit recalled that at its meeting held in Gaborone, Botswana, in August 2005, it noted the Progress Report on the Design, Financing and Construction of the New SADC Headquarters in Gaborone, Botswana, and directed the Double Troika Finance Ministers to expedite the implementation of the project to ensure that actual construction of the SADC Headquarters commences by the beginning of 2006.
- 6.2 Summit noted that the Double Troika Technical Committee, at its meeting held in Johannesburg, South Africa, in September 2005, considered the Feasibility Study and made the appropriate recommendations to the Double Troika Finance Ministers.
- 6.3 Summit also noted that the following procurement milestones have been achieved:
- (i) Request for Qualification (RFQ) documents advertised on 5<sup>th</sup> March 2006 with closing date of 16<sup>th</sup> June 2006;
  - (ii) Four (4) RFQ received bids were received by the Secretariat by 16<sup>th</sup> June 2006;
  - (iii) The Double Troika Technical Committee completed the evaluation of the four (4) RFQ received bids on 21<sup>st</sup> July 2006. Out of the four bidders, two (2) were pre-qualified;
  - (iv) The two (2) bidders have since been advised that they have been pre-qualified for the next procurement stage. The pre-qualification notification was followed by the RFP documents sent to the bidders (July 2006);
  - (v) In accordance with the requirements of the RFQ, the two (2) bidders have since provided adequate bid bonds of US\$200,000 each, as an indication of their commitment to the process (August 2006);

- (vi) Request for Proposals, including draft project agreement which incorporates output specifications and performance standards (August 2006).

6.4. Summit noted that the pre-qualified consortia have expressed their commitment to work hand-in-hand and in partnership with SADC throughout the bid process.

6.5 Summit also noted that the next procurement milestones will be achieved as follows:

- (i) Member States consideration and signing of the Memorandum of Understanding (MoU) whose objective is to accord the Government of Botswana the permission to underwrite the financial obligations that will be incurred by SADC under the Public Private Partnership (PPP) Agreement, and to underwrite such obligations on behalf of SADC. This could be signed at the next meeting of Council of Ministers in February 2007;
- (ii) Receipt of Proposals (RFP) bids from the two (2) pre-qualified bidders by the Secretariat (by October 2006);
- (iii) Evaluation by the Double Troika Technical Committee of the RFP bids received (by November 2006);
- (iv) Negotiations with the preferred bidder completed, and signing of the Public Private Partnership (PPP) Agreement by the Contracting Parties (by February 2007);
- (v) Commencement of construction of the new SADC Headquarters building (by March 2007);
- (vi) Completion of works (new SADC Headquarters ready for occupation) (by August 2008).

6.6 Summit noted the following:

- (i) That the seed funds have been used in line with prior approvals from Council as outlined in the background document **SADC/SM/2/2006/6.B**

Total Pledges	-	US\$6,500,000 =====
Received To Date	-	US\$ 5,217,836 -----
Actual Spent To Date	-	US\$1,378,303
Forecast Expenditure	-	US\$ 300,000 -----
Spent/Forecast Expenditure	-	US\$1,678,303 =====

- (ii) That the remaining balance of US\$4,821,697 plus any interest received shall be applied towards the Annual Unitary Charges from 2008/09 upon the Secretariat taking occupancy of the New SADC Headquarters as approved by Council.

6.7 Summit urged Member States to consider and sign the Memorandum of Understanding (MoU) whose objective is to accord the Government of Botswana the permission to underwrite the financial obligations that will be incurred by SADC under the Public Private Partnership (PPP) Agreement, and to underwrite such obligations on behalf of SADC.

6.8 Summit commended the President and people of Botswana for undertaking this important task on behalf of SADC.

## 7. REPORT OF THE CHAIRPERSON OF THE SADC ORGAN ON POLITICS, DEFENCE AND SECURITY COOPERATION

Summit considered the Report (SADC/SM/1/2006/7), presented by the Chairperson and in particular the following:

- (i) The Hashim Mbita Project
- (ii) Implementation of the Strategic Indicative Plan for the Organ (SIPO)
  - Staffing of the Structure of the Organ at the Secretariat
  - Criteria for Recruitment of the Staff and Working Facilities for the Organ

(iii) Consolidation Of Democracy And Political Stability

- Elections in the Region

(iv) Defence and Security Matters

- Harmonization of Public Security Sub-Committee and SARPCCO
- Regional Early Warning Centre
- Progress on the Establishment of the SADC Standby Force
- SADC Contribution to Peace Support Operations

**7.1 Summit endorsed the Report of the Chairperson of the SADC Organ on Politics, Defence and Security Cooperation.**

**8. REVIEW OF THE REGIONAL SITUATION**

**8.1 Economic and Social Situation**

Summit noted the economic and social situation in the region as outlined below:

**8.1.1 Macroeconomic Performance in SADC**

**8.1.1.1** In general, economic activity in the SADC region is estimated to have continued to increase despite some disparities amongst Member States. SADC average real GDP grew at 5.0 percent in 2005 as compared to the 4.1 percent recorded in 2004 (Madagascar inclusive).

**8.1.1.2** The SADC oil exporting Member State - Angola has achieved the highest increase in real GDP growth at 15.6 percent followed by Botswana at 8.3 percent, Mozambique at 7.7 percent and Tanzania, 6.9 percent. South Africa, the largest economy in the region also continued to grow steadily achieving approximately a 5 percent increase in its real GDP in 2005 against 3.8 percent achieved in the previous year. Zimbabwe continued to experience a decline by approximately 7 percent during the period in analysis. The average growth rate is projected to expand from 5 percent in 2005 to 6 percent in 2006.

**8.1.1.3** While the majority of SADC Member States continued to successfully tighten their monetary policies and maintain low inflation rates at one digit level, inflation rates increased in other SADC member States reaching 190 percent in Zimbabwe and

inflating the average regional rate to 23 percent as opposed to a moderate 10.8 percent, if this Member State is not computed. Inflation has halved in Angola as a result of less expansive fiscal policy and currency appreciation. It is important for SADC Member States to continue to pursue low inflation policies to improve the overall economic performance and to attract more foreign direct investment to the region.

8.1.1.4 The average fiscal balance of SADC improved from a negative 1.8 percent of GDP in 2004 to negative 0.8 percent of GDP in 2005. This improvement is largely attributable to a massive improvement in South Africa's fiscal balance, whose deficit declined to 0.5 percent in 2005/2006 from 1.5 percent in 2004/2005, and also from a major improvement achieved in Angola. Angola managed to move from a deficit of 1.5 percent in 2004 to a surplus of 7.5 percent largely due to the revenues from oil. Other SADC Member States experienced small changes in their fiscal balances. Zimbabwe's fiscal balance reached a negative 16.1 percent in 2005.

8.1.1.5 Most of the SADC economies are still experiencing an increase in external debt burden. On the implementation of Heavily Indebted Poor Countries (HIPC) Debt Relief Initiative, the progress made has been slow. Although most debt indicators for the developing countries is improving, most HIPCs still have to engage in borrowing in order to meet the increased needs for financing their poverty reduction strategies. Therefore, it is essential that most of the assistance flows should be in the form of grants. In 2005, the Group of Eight (G-8) rich country leaders promised to increase aid to Africa by \$25 billion annually by 2010. This year (2006) will be the first opportunity to measure progress towards this commitment.

8.1.1.6 The Multilateral Debt Relief, proposal for debt cancellation, is to benefit a total of 40 countries, which consists of HIPCs and low-income countries. Out of these countries 6 are SADC member states, which consists of; DRC, Madagascar, Malawi, Mozambique, Tanzania and Zambia. This debt relief is expected to release funds for development. 15 countries had reached their completion point by December 2004, qualifying them for debt relief, while 12 countries had reached their decision point making them eligible to receive interim debt relief. Mozambique was the third country (i.e. after Uruguay & Bolivia) to reach the HIPC period for the debt relief in 2001. Zambia reached its HIPC decision point in December 2000. Madagascar also reached its completion point and received further debt relief in 2004.

8.1.1.7 In 2005, the Trade balance in the SADC region worsened for most of the Member States. The trade balance for both South Africa and



Zimbabwe widened in 2005 and reached 3.6 percent and 16.1 percent of GDP respectively. As a result of the rising oil production and prices, as well as the increased diamond production in Angola, the country experienced an increase in trade surplus of 52.4 percent in 2005 from 39.1 percent attained in 2004. The trade balance in Mozambique improved marginally in 2005 due to the buoyant export of aluminium.

## **8.1.2 Social Conditions and Developments in SADC**

**8.1.2.1** In the area of education, the issues related to access, equity and quality of education at all levels are of great concern. The achievement of Education for All remains the key challenge in the SADC region. Education access and performance at both the primary and secondary levels shows wide variation across the region. On average, 68% of primary aged children in the SADC have access to the final primary grade. Access to Secondary education is poor and only two Member States; namely South Africa and Mauritius achieve a gross enrolment ratio above 50%. Most Member States provide places for fewer than 25% of the secondary age-cohort. At higher education level, less than 5% of the eligible age group has access to tertiary education. Average illiteracy is about 25%. These trends have serious implications for region's competitiveness in the knowledge-based global economy. They also suggest intensification of efforts in order to meet the MDG education targets and Education for All (EFA) goals.

**8.1.2.2** With regard to health, SADC Member States are at different levels of health sector development. There are those where the entire population have relatively good access to health services, fairly advanced health systems and relatively self-sufficient in terms of pharmaceutical, medical equipment and medical personnel, and have up-to-date legislation. There are others that are struggling to deliver good quality health services to patients through their public health facilities and do not have a well developed private sector that serves the entire country. There are also those others whose situation is between the two extremes. The region continues to have high rates of mortality for women and children. This has been worsened by the HIV and AIDS pandemic that reversed gains that had been made by countries through immunization and other child health programmes. On government expenditure on health, countries are doing fairly well, with most governments spending more than 10% of their government expenditure on health. Some SADC Countries spend the highest percentage of government expenditure on health, at 19.9%, while others spend the lowest, at 4.1%.

- 8.2 **Agriculture and Food Security**
- 8.2.1 **Progress in the Implementation of the Dar-es-Salaam Declaration on Agriculture and Food Security of May 2004.**
- 8.2.1.1 **Monitoring of Implementation of the Dar-es-Salaam Declaration and Plan of Action**
- 8.2.1.1.1 Summit noted that the Secretariat has been monitoring implementation of the Dar-es-Salaam Declaration and Plan of Action through a questionnaire and 6-monthly Progress Reports from Member States. Overall, Member States are making progress in implementing the Dar-es-Salaam Declaration, in particular, in improving availability and access to key agricultural inputs, irrigation development and water management. Some of the specific measures undertaken by Member States include targeted seed and fertiliser subsidies, harmonisation of seed regulations, implementation of land reform programmes, and promotion of small-scale irrigation programmes.
- 8.2.1.1.2 Summit also noted that a detailed Progress Report on the implementation of the Dar-es-Salaam Declaration was presented at a Special Meeting of the Ministers responsible for Agriculture and Natural Resources on 2<sup>nd</sup> April 2006 in Durban and also at ICM in June 2006 in Johannesburg.
- 8.2.1.2 **Budgetary Allocations to Agriculture**
- 8.2.1.2.1 Summit recalled that Member States agreed to progressively increase budgetary allocations for agriculture to at least 10% of the national total budgets within a period of five years starting from July 2003 when they adopted the African Union Declaration on Agriculture and Food Security.
- 8.2.1.2.2 Summit noted that most Member States have not made significant progress towards achieving this target. Only Malawi has reported allocations of at least 10% of its budget to agriculture in the past two years. Table 8.2.1.2 shows budgetary allocation to agriculture in different Member States.

**Table 8.2.1.2: Budget allocation to agricultural sector (% of total budget)**

Country	Summit Declaration % of total budget	2003/04 (%)	2004/05 (%)	2005/06 (%)*
Angola	10	na	na	Na
Botswana	10	2.8	2.7	3.2
DRC	10	na	na	Na
Lesotho	10	na	5	4
Malawi	10	na	12.71	11
Mauritius	10	3.96	2.91	2.56
Mozambique	10	6.2	4.4	3.4
Namibia	10	7.3	6.9	8.2
South Africa	10	na	na	Na
Swaziland	10	na	6	4.7
Tanzania	10	na	7	5.3
Zambia	10	7	4	5
Zimbabwe	10	11.9	na	Na

Note: na – information not provided.

Source: SADC FANR Directorate and Member States

**8.2.1.2.3 Summit urged Member States to increase budgetary allocation to at least 10% of their total national budget in line with the Dar-es-Salaam Declaration of 2004 and the AU Declaration of 2003.**

## 8.2.2 A Review of the Regional Food Security Situation

8.2.2.1 Summit noted that the food security situation for most Member States has improved compared to last year. This has been due to measures taken by Member States to implement the May 2004 Extraordinary Summit Declaration on Agriculture and Food Security and also improved rainfall situation during the 2005/06 season.

8.2.2.2 The overall regional cereal production for 2006 has been assessed at 22.95 million tonnes, which is 9 percent lower than last year (25.22 million tonnes). There was a substantial reduction in maize production in South Africa, which reduced the overall cereal production for the region. The overall cereal supply (production plus carryover stocks), amounting to 29.11 million tonnes, will not be adequate to meet a regional cereal requirement of 32.96 million tonnes, resulting into a 3.85 million tonnes deficit.

8.2.2.3 In spite of the overall deficit this year, Malawi, Mozambique, South Africa and Zambia have reported surplus maize production while

Botswana, Lesotho, Namibia, United Republic of Tanzania and Zimbabwe are assessed with improved production.

### Maize

8.2.2.4 Summit noted that regional maize harvest for 2006 is estimated at 17.76 million tonnes, reflecting a decrease of 11 percent over last year's harvest of 20.01 million tonnes.

**Table 8.2.2: 2006/07 All Cereal Requirement, Demand and 2006 Production Estimates compared to 2004 and 10-Year Average ('000 tonnes) as on 22<sup>nd</sup> June 2006.**

	2006/07 Required* ('000 tons)	2006/07 Available** ('000 tons)	2006 Production ('000 tons)	2005 Production ('000 tons)	2006 % Change Over 2005	10-year Average	
						Production ('000 tons)	2006 % change
Ang	1,514	696	672	881	-24	600	12
Bot	356	56	49	19	159	29	66
DRC	Na	Na	Na	Na	Na	Na	Na
Les	415	173	126	120	5	143	-11
Mad	Na	Na	Na	Na	Na	Na	Na
Mal	2,456	2,833	2,754	1,302	111	1,942	42
Mau	209	6	2	2	0	2	0
Moz	2,638	2,265	2,098	1,836	14	1633	28
Nam	306	143	110	100	10	105	5
RSA	14,347	13,835	8,269	13,884	-40	11,618	-29
Swa	195	81	61	67	-10	88	-31
Tan	6,216	5,300	5,189	5,068	2	4,124	26
Zam	1,600	1,618	1,597	1,060	51	1,161	38
Zim	1,711	2,102	2,026	880	130	1,839	12
SADC	32,961	29,109	22,951	25,218	-9	23,282	-1

Source: SADC FANR Directorate and Member States

\* Includes requirements for SGR

\*\* 2006 production plus carryover stocks.

NA – Data not available

8.2.2.7 Summit noted that current assessment indicate that the number of people requiring humanitarian assistance in the region has dropped significantly from 9.71 million in 2005/06 to around 3 million during the 2006/07.

8.2.2.8 Summit urged Member States to continue implementing the Dar-es-Salaam Declaration on Agriculture and Food Security in order to achieve sustainable food security in the region. Special attention should be placed on policies that promote efficient use of water resources, access to key farming inputs and increase investments in agriculture.

## 8.3 GENDER AND DEVELOPMENT

### 8.3.1 Women in Political and Decision Making Positions:

- 8.3.1.1 Summit recalled that at its meeting in August 2005, in Gaborone, it increased the target of women representation at political and decision making positions from 30% to 50% in line with the African Union. In addition, Summit directed Secretariat to ensure that future reports on female representation in Political and Decision-Making positions must indicate progress and or a lack of it on all categories at senior managerial positions.
- 8.3.1.2 Summit noted that Council at its meeting in February 2006 directed the Secretariat to include information regarding the status at Secretariat on progress made in ensuring equal representation of males and females in regional appointments.
- 8.3.1.3 Summit also noted that as a follow up to the above directives, Secretariat has developed a national level reporting framework based on the SADC Declaration on Gender and Development. The framework was circulated to all Member States; and responses were received and compiled into a report presented as (SADC/SM/1/2006/8.3A). The attached report also includes the status of women representation at the Secretariat.
- 8.3.1.4 Summit further noted that the table 8.3.1.5 below reflects the status of women representation in ministerial, deputy ministerial and parliamentary positions as of July 2006. Only two Member states, South Africa (42.9%) and Lesotho (31%), have attained the original 30% target of women representation at ministerial level. At the deputy-ministers level three countries namely South Africa (42.8%), Malawi (33%) and Tanzania (32.25%) attained the 30% target. With regard to women representation in Parliament, only three Member States have reached the 30% percent target; Mozambique (36%), South Africa (32.65%) and Tanzania (30.4%). Lesotho and Zimbabwe have, however, surpassed the 30% target at the Senate level with 34.4% and 36% respectively.

**Table 8.3.1.5: Status of Women Representation in Political Positions**

cOUNTRY	ministers		dEPUTY-MINISTERS		members of parliament	
	Male	Female	Male	Female	Male	Female
Angola	93%	7%	70%	30%	87.7%	12.3%
Botswana	71.4%	28.6%	83.3%	16.7%	89%	11%
DRC	97.5%	2.5%	*	*	88%	12%
Lesotho	69%	31%	75%	25%	(NA) 86%	14%
					(Sen.) 65.6%	34.4%
Madagascar	86%	14%	95%	5%	76%	24%
Malawi	79%	21%	66.7%	33.3%	85%	15%
Mauritius	90%	10%	0%	0%	83%	17%
Mozambique	77%	23.0%	73.4%	26.6%	64%	36%
Namibia	73%	27%	75%	25%	73%	27%
South-Africa	57.2%	42.8%	57.2%	42.8%	67.34%	32.65%
Swaziland	82%	18%	0	100%	81%	19%
Tanzania	80%	20%	67.75%	32.25%	69.6%	30.4%
Zambia	74%	26%	84%	16%	88%	12%
Zimbabwe	81%	19%	94.7%	5.3%	(HA) 84%	16%
					(Sen.) 64%	36%

Source: National Progress Reports from Member States, 2006.

8.3.1.5 Summit noted the status of women representation in managerial positions in Member States as reflected on the table 8.1.3.6 below:

**Table 8.3.1.6: Women Permanent/Principal Secretaries/Director Generals, Directors/Heads of Department**

COUNTRY	PERMANENT /PRINCIPAL SECRETARY		DEPUTY PERMANENT/PRINCIPAL SECRETARY		DIRECTORS/ HEADS OF DEPARTMENT	
	Male	Female	Male	Female	Male	Female
Angola	—	—	—	—	—	—
Botswana	69%	31%	74%	26%	<sup>1</sup> 75.4%	24.6%
					<sup>2</sup> 66.7%	34.3%
DRC	*	*	*	*	*	*
Lesotho	56%	44%	69%	31%	52%	48%
Madagascar	*	*	*	*	*	*
Malawi	80%	20%	88%	12%	90%	10%
Mauritius	64.5%	35.5%	65.5%	34.5%	65.4%	34.6%
Mozambique	74%	26%	—	—	80.8%	19.2%
Namibia	77%	23%	76%	24%	68%	32%
South-Africa <sup>3</sup>	70%	30%	70%	30%	70%	30%
Swaziland	78%	22%	—	—	77.3%	22.7%
Tanzania	73.3%	26.7%	85.7%	14.3%	79%	21%
Zambia	81.4%	18.6%	—	—	77%	23%
Zimbabwe	80%	20%	63%	37%	78%	22%

Source: National Progress Reports from Member States, 2006.

<sup>K</sup> Key for table 8.3.1.5 & 8.3.1.6

\* Reports not submitted.

— Although reports were submitted, information was missing or not applicable to the specific member state.

<sup>1</sup> Directors

<sup>2</sup> Heads Of Departments

<sup>3</sup> Overall women representation in Senior Management of the Public Service is 30%. No breakdowns given per category.

8.3.1.6 Summit noted that at the Permanent/Principal Secretary level, Lesotho has the highest women's representation at 44%, followed by Mauritius at 35.5%, Botswana (31%) and South Africa at 30%, while the remaining Member States are all below the 30% target. Zimbabwe has achieved the highest level at the Deputy Permanent/Principal Secretary level with 37% women representation while Mauritius and Lesotho stands at 34.5% and 31% respectively. Four Member States have gone beyond the set target of 30% at the Director/Head of Department levels as follows: Lesotho 48%, Botswana 43.3%, Mauritius 34.6%, and Namibia 32%. On the whole, Lesotho, Mauritius and South Africa have reached the 30% target in all categories of senior managerial positions in the Public Service as presented above.

8.3.1.7 Summit also noted that no country has yet attained the 50% target as decided by Summit at its last meeting in August 2005.

8.3.1.8 Summit congratulated Member States that have surpassed the original target of 30% women representation in parliament, cabinet and managerial positions in the public service.

8.3.1.9 Summit urged Member States to strive towards the attainment of 50% representation of women in political and decision making positions.

8.3.1.10 Summit noted that Council directed the Secretariat to ensure that future reports reflect the status of women representation in local government, the Judiciary, and Ambassadors/High Commissioners.

8.3.1.11 Summit also noted that Council directed the Secretariat to report on progress made in mainstreaming gender in the Directorates and clusters annually.

8.3.1.12 Summit congratulated the DRC for promulgating the constitution to provide for equal representation of women in parliament and other public spheres.

### 8.3.2 Draft Gender Protocol

8.3.2.1 Summit recalled that at its meeting in August Gaborone in 2005 it endorsed the process of drafting the Gender Protocol. Summit further directed Secretariat to ensure that thorough consultations with Member States are undertaken.

8.3.2.2 Summit noted that the Secretariat has initiated consultations with Member States and a brief progress report in this regard is attached as (SADC/SM/1/2006/8.3.2B). In this respect there is

a need for Ministers responsible for Gender to meet and give policy direction on this matter and other issues related to gender and development.

**8.3.2.3** Summit noted that Council mandated Ministers responsible for Gender to meet before the end of 2006 to review progress in the development of the draft Gender Protocol and the entire SADC gender and development agenda.

#### **8.4 HIV and AIDS**

##### **8.4.1 Progress on the Implementation of the Maseru Declaration on HIV and AIDS.**

**8.4.1.1** Summit noted that the region has continued to accelerate its interventions within the context of the Maseru Declaration on Combating HIV and AIDS, which was adopted by Heads of State and Government in Maseru in 2003. The prioritized areas for urgent interventions include Prevention and Social Mobilization; Care, Treatment and Support; Accelerating Development and Mitigating the Impact of HIV and AIDS, Strengthening Monitoring and Evaluation, Resource Mobilization and strengthening capacity to respond to the epidemic.

**8.4.1.2** Summit also noted that with regard to Prevention and Social Mobilization, the following activities were undertaken:

- (i) In support of the Maputo Declaration that declared 2006 as a year for Accelerating Access to HIV Prevention in the Africa region, the Secretariat organized a three day Expert Think Tank Meeting in May 2006. The meeting provided guidance on the emerging evidence of the key drivers of the epidemic in the region and also made recommendations for appropriate policy and program interventions. These recommendations will be tabled at the SADC Ministers of Health meeting of November 2006 for guidance and approval.
- (ii) Regional Guidelines on Sexually Transmitted Infections (STI) Management and Behaviour Change Communications have been developed. This was based on the experience of piloting prevention strategies in Botswana, Lesotho, Namibia and Swaziland over the past two years.

**8.4.1.3** Summit further noted that with regard to Care, Treatment and Support, the Secretariat undertook the following activities:



- (i) Facilitated the development of an Advocacy Framework for People Living with HIV and AIDS (PLHWA). The main purpose of the Framework is to equip PLWHA and AIDS Service Organizations with the necessary strategies to conduct advocacy work in the SADC Member States.
- (ii) Developed a model for supporting orphans at community levels to continue with their schooling. The "Circles of Support" concept has been tested in three Member States, namely Botswana, Namibia and Swaziland for over two years and is now being extended to other Member States to strengthen the capacity of teachers and communities to support orphans to continue schooling.

#### 8.4.1.4

Summit noted that with regard to Strengthening Monitoring and Evaluation in the region, the following activities were undertaken:

- (i) A Monitoring and Evaluation Framework for the SADC Region has been developed. The Framework will be utilised to monitor progress among Member States in implementing the Maseru Declaration and other commitments.
- (ii) A regional database and information portal was developed. Through the University of Witwatersrand, the SADC Secretariat has developed a one-stop shop on HIV and AIDS information.

#### 8.4.1.5

Summit also noted that on the issue of Resource Mobilization, the following activities were undertaken:

- (i) A Ministerial subcommittee has been established to oversee the development of the Regional Fund for HIV and AIDS. A framework for the operationalisation of the Fund has been defined and similarly the sources of funding.
- (ii) In terms of pledges towards the HIV and AIDS Fund, South Africa and Swaziland have remitted their pledges of one million Rand and US\$30,000 respectively.
- (iii) Angola and Lesotho pledged US\$200,000 and US\$100,000 respectively towards the SADC HIV and AIDS Trust Fund.
- (iv) The Secretariat has negotiated with like-minded donors to shift from a project approach to basket funding. To this end, a two year funding arrangement of US\$5.3 Million has been signed with a number of donors under the leadership of Swedish Development Agency (Sida). Furthermore, the Secretariat has secured a grant of US\$30 million from ADB

to support the triple communicable diseases of HIV and AIDS, Tuberculosis and Malaria.

8.4.1.6

Summit further noted that notwithstanding the aforementioned positive developments during the year, the SADC program is still confronted by a multiplicity of challenges that makes universal access to prevention, care and treatment a daunting task. Some of the most critical challenges include:

- (i) Limited success in the prevention Interventions remains a concern. It is estimated that in 2005, the SADC region contributed about 37% of the global new infections, in spite of its relatively small population size and efforts to turn the tide. In the same year most Member States had either continued to have increased levels of infections or had stabilized at high levels. Another worrying trend is the feminization of HIV and AIDS in the region due to gender inequality, low socio-economic status of women and gender-based violence continue to be a grave concern.
- (ii) Inadequate access to treatment continues to define the state of most Member States. According to the Joint United Nations Programme on HIV and AIDS (UNAIDS), only three of the fourteen SADC countries have achieved the "3 by 5" target, namely Botswana Mauritius and Namibia. In most of the SADC Member States, fewer than 20% of the people requiring Anti-Retro Viral (ARV) treatment are receiving it. SADC recognizes that the harmonization of regulations affecting medicines for the management and treatment of HIV and AIDS is essential to efforts to get treatment to those who need it. Joint procurement of medicines is another critical factor in improving the availability and affordability of medicines.
- (iii) An increasing number of orphans and children affected by HIV and AIDS. It is estimated that about 6.4 million children, or over 10 % of the children under 18 years in the SADC region have lost one or both parents due to AIDS. The impact of high levels of orphans in a society is huge and multi-faceted. There is a general correlation between rising number of orphans and an increase in the number of uneducated, poorly socialized and vulnerable young people, which has an immerse social implications.
- (iv) There is an increasing concern about lack of local driven research agenda in the Member States. Most of the studies are donor driven and the results are hardly shared with locals. Similarly the ongoing biomedical research projects in

the Member States that are uncoordinated, and in some cases without adherence to ethical guidelines and without immediate benefit to the people in the region remains a problem.

- (v) Slow or limited implementation of the national, regional, continental and global commitments. This includes the frameworks developed at regional levels in support of the Member States. While Member States have made several commitments at various levels, the translation of those commitments to action still lags behind in many fronts. This is partly due to limited capacity, especially in the health sector where there is a chronic shortage of staff.

8.4.17	Summit:
	<ul style="list-style-type: none"><li>(i) Urged Member States that have not yet made their contributions to the HIV and AIDS Regional Fund to honour their obligations in order to enable the region to scale up sustained and concrete interventions in the implementation of Maseru Declaration.</li><li>(ii) Mandated the Ministers of Health to review the report of the Expert Think Tank meeting on HIV prevalence and recommend appropriate steps to be taken to accelerate prevention in the region, bearing in mind the disproportionate burden that women and young girls are increasingly carrying.</li><li>(iii) Directed the SADC Secretariat to set-up a mechanism for coordinating research and harmonizing ethical guidelines for accepting and conducting research especially biomedical studies in addition strengthening the mechanism for skills transfer in research.</li></ul>

## 9. PROGRESS REPORT ON PROTOCOL IMPLEMENTATION

### 9.1 Legal Instruments for Signature

Summit considered the Protocol (SADC/SM/1/2006/9.1), on the Finance and Investment Protocol, presented by the Secretariat and in particular the following:

- 9.1.1 Summit noted that the SADC Ministers for Finance and Investment have adopted a Protocol on Finance and Investment which has

subsequently been cleared by the Ministers of Justice/Attorneys General.

9.1.2 Summit approved the Protocol on Finance and Investment. The Protocol was subsequently signed in Maseru, Lesotho by the following Member States: DR Congo, Lesotho, Madagascar, Mauritius, Mozambique, South Africa and the United Republic of Tanzania.

## 9.2 Report of the Meeting of the Ministers of Justice/Attorneys General

Summit considered the Note (SADC/SM/1/2006/9.2), of the meeting of SADC Ministers of Justice/Attorneys General, presented by the Secretariat and in particular the following highlights:

### 9.2.1 Amendment of Protocols

9.2.1.1 Summit noted that Ministers of Justice/Attorneys General observed that Article 22(10) of the Treaty provides that "Decisions concerning any Protocol that has entered into force shall be taken by the State Parties to the protocol in question".

9.2.1.2 Summit also noted that the provisions of SADC protocols contain a standard provision on their amendment which is inconsistent with Article 22 (10) of the Treaty. In addition, Article 22 (10) of the Treaty does not provide a mechanism for the amendment of protocols.

9.2.1.3 Summit approved the following recommendations by Ministers of Justice/Attorneys General:

- (i) that Article 22 (10) of the Treaty be amended to provide that amendment of any SADC Protocol that has entered into force shall be taken by the State Parties to the Protocol in question;
- (ii) that proposals for such amendments should be made only by State Parties to the Protocol upon 30 days notice being given to the Executive Secretary;
- (iii) that such amendment shall be adopted by a decision of three quarters of the State Parties to the Protocol;
- (iv) that the proposal for the amendment of Article 22 (10) of the Treaty be moved in accordance with Article 36 of the Treaty, and that such a step be initiated by the incoming Chairperson.

10. **REPORT ON THE OPERATIONALISATION OF THE SADC TRIBUNAL**

Summit considered the Report (SADC/SM/1/2006/10), presented by the Secretariat and in particular the following:

- (i) Signature of the Host Agreement with the Government of Namibia which was concluded on the 3<sup>rd</sup> May 2006;
- (ii) The 2006/07 interim budget of the Tribunal at US\$569,305 has been prepared and approved; and
- (iii) The holding of the first annual meeting of the Tribunal to consider its Annual Work Plan and other operational issues was done in May 2006.

10.1	Summit noted progress made to date on the operationalisation of the Tribunal.
10.2	Summit also noted that Dr Luis Mondlane from Mozambique was elected as the President of SADC Tribunal by the Judges and was also officially introduced to the Summit.

11. **AFRICAN UNION (AU)**

Summit considered the Note (SADC/SM/1/2006/11), presented by the Secretariat on the Seventh Session of the AU Assembly as well as the Ninth Session of the Executive Council and the Twelfth Session of the PRC; the Fifth Meeting of the African Union Commission (AUC) and the Regional Economic Communities (RECs).

11.1 Summit noted the following decisions taken by the Seventh Ordinary Assembly which are directly related to the work and life of the RECs and SADC in the implementation of the African Integration Agenda in light of the Abuja Treaty and the Constitutive Act of the African Union:

11.1.1 Decision on the Moratorium on the Recognition of Regional Economic Communities (RECs) in which the assembly decided to:

- (i) Suspend, until further notice, the recognition of new RECs with the exception of the following eight (8):

- Economic Community of West African States (ECOWAS);
- Common Market of East and Southern Africa (COMESA);
- Economic Community of Central African States (ECCAS);
- Southern African Development Community (SADC);
- Inter-Governmental Authority for Development (IGAD);
- Arab Maghreb Union (AMU);
- Economic Community of Sahelo-Saharan States (CEN-SAD); and
- East African Community (EAC);

- (ii) Urge the above-mentioned RECs to coordinate and harmonize their policies among themselves and with the Commission with a view to accelerating Africa's integration process.

11.1.2 Decision on the Institutionalization of the Conference of African Ministers in charge of Integration – (Doc. EX.CL/282)(IX) as follows:

- (i) To mandate the Commission, in collaboration with the United Nations Economic Commission for Africa (ECA), the African Development Bank (ADB) and RECs, to implement the roadmap for the rationalization process (quantification studies of the scenarios, seminars and workshops for the benefit of stakeholders) and submit a report to the Assembly in July 2007;
- (ii) To institutionalize the Conference of Ministers in charge of Integration which will meet once a year in ordinary session and in extraordinary session when necessary, pending rationalization of the Specialized Technical Committees (STCs).

11.1.3 Decision (xiii) on the Union Government (Doc. Assembly/AU/2)(VII), as follows :

- (i) To request the Commission to convene an Extraordinary Session of the Executive Council as soon as possible to consider the Report and propose an appropriate framework for action;
- (ii) To direct that financial resources be provided for the implementation of this decision.

11.1.4 Decision on the Integration of NEPAD into the Structure and the Processes of the African Union (Doc. Assembly/AU/8(VII), as follows :

- (i) To extend the deadline of three years set in Maputo in July 2003, to January 2007, that is, an additional six months;
- (ii) To set up a committee comprising the Chairman of the Union, the Chairperson of the Commission, the Chairman of the HSGIC and President Thabo Mbeki of South Africa, the Chief Executive Officer of NEPAD Secretariat as well as the Vice-Chairpersons of HSGIC to:
  - finalize the proposal on the integration of NEPAD into the AU structure and processes;
  - conduct an evaluation of NEPAD at its current stage;
  - propose a realignment of NEPAD to its original objectives, mandate and philosophy.
- (iii) To request the Committee to report to the Assembly at its next ordinary session in January 2007.

11.1.5 Summit noted the observations of the AUC and RECs Coordination meeting in particular the need and importance of planning coordination, clear division of labour between the AUC and the RECs as well as coordination and harmonisation amongst the RECs in the implementation of the African Economic Integration Agenda as prescribed in the Abuja Treaty.

11.1.6 Summit urged the Secretariat and other SADC Institutions to actively engage in the implementation of the African integration agenda. To this effect, Secretariat was directed to plan, facilitate and implement the decisions of the Seventh Ordinary Session of the Assembly of the AU.

11.1.7 Summit was briefed by the Kingdom of Lesotho in her capacity as the Southern African Representative to AU Special Committee on the Union Government. The Special Committee has been meeting infrequently at the margins of the AU Summit. Lesotho attended only two meetings but had no directive or a consensus position from the Southern African countries.

11.1.8 Summit noted that there will be an Extraordinary Assembly of the African Union in February 2007 which will be preceded by the meeting of the Executive Council of the AU in October/November 2006 to discuss the issue of the Union Government.

11.1.9 Summit agreed that a SADC Extraordinary Summit session be held in October 2006 to discuss the issue of the Union Government. In addition, Summit mandated the Ministerial Committee of the Organ to meet and to prepare for the SADC position and submit a report to the Extraordinary Summit. The SADC Extraordinary Summit meeting in October will also discuss the Regional Economic Integration Agenda referred to in 4.6.

11.1.10 Summit noted that Council directed the Finance Committee to make budgetary provisions to allow SADC Secretariat to engage more actively in the coordination of the African Integration Agenda, both with the African Union Commission and other sister RECs. SADC Secretariat should, where and when possible, consider using the services of SADC Permanent Missions in Addis Ababa to attend some of the AU meetings on behalf of SADC.

## 11.2 New Partnership for Africa's Development (NEPAD)

11.2.1 Summit noted the decision by the Seventh Session of the AU Assembly to establish a Committee of Heads of State to prepare the HSGIC Brainstorming Session on NEPAD and to look at the issue of the integration of NEPAD into the AUC structures and processes. The Committee comprises the Chairperson of the Union, the Chairperson of the HSGIC, the Vice-Chairpersons of HSGIC, President Thabo Mbeki of South Africa, assisted by the Chairperson of the AUC and the Chief Executive Officer of NEPAD Secretariat.

11.2.2 Summit also noted that Council at its meeting held in Gaborone, Botswana in February 2006, mandated the SADC 4+1 Group, assisted as appropriate by the Secretariat, to examine the NEPAD situation in preparation of the retreat of the NEPAD HSGIC.

11.2.3 Summit further noted that the 4 + 1 Group met on 2 August 2006, in Gaborone Botswana to discuss the preparations for the Heads of State and Government Implementation Committee (HSGIC) Brainstorming Summit. The Report of the 4 + 1 Group (SADC/SM/1/2006/11.2A), deals with the following:

- (i) That the study undertaken by African Capacity Building Foundation (ACBF) did not adequately address the capacity needs aspects of Regional Economic Communities (RECs);
- (ii) That the Matrix of Implementation will be updated and a work plan of implementation of selected priority issues will be developed. A report on the implementation of the selected priorities will be prepared for submission to SADC Summits;



(iii) That the Brainstorming Summit HSGIC is scheduled for 30 – 31 October 2006. Council also noted the Brainstorming Concept document (SADC/SM/1/2006/11.2B), outlining and analysing issues to provide a common basis for the Brainstorming Summit. The Brainstorming Summit is expected to review progress in the development of NEPAD Programs, structure, funding and the integration of NEPAD into the AU Structures; and the way forward in resource mobilisation and implementation of projects; and,

(iv) That the background to the Brainstorming Concept Document will be prepared to outline progress on the implementation of NEPAD and achievements made to date.

11.2.4 Summit noted the report of the Steering Committee Views on the Integration of NEPAD into the AU Structures, document (SADC/SM/1/2006/11.2C), outlining the key decisions of the Steering Committee on the integration issue.

11.2.5 Summit also noted progress in the NEPAD STAP, notably the commencement of the Study on the Africa Infrastructure Country Diagnostic (AICD) at a total cost of US \$3.8 million under which 9 SADC Member States are already being surveyed.

11.2.6 Summit further noted that following the establishment of the Infrastructure Consortium for Africa (ICA) and its Secretariat a number of projects in the area of Energy and Transport are already under consideration. These include the Southern African Power Pool, the Nacala Corridor and Malawi, Tanzania and Zambia Border Posts, and Angola Ports.

11.2.7 Summit noted that the 4+1 Group, the SADC Secretariat and the NEPAD Secretariat will continue to prepare and participate in the Brainstorming Session of the NEPAD HSGIC.

## 12. PROPOSED SADC CONFERENCE ON POVERTY AND DEVELOPMENT

Summit considered the Report (SADC/SM/1/2006/12), presented by the Republic of Mauritius, and in particular the proposal to convene a SADC conference on poverty and development.

12.1 Summit noted that poverty is one of the major challenges facing the SADC region. About 40 percent of our population lives in abject poverty as reflected by poor social indicators such as high levels of

malnutrition, illiteracy, unemployment, underemployment, declining life expectancy and unsatisfactory access to basic services and infrastructure needed to sustain basic human capacities. The majority of people in the region subsist on less than one dollar a day.

12.2 Summit recalled that the Regional Indicative Strategic Development Plan (RISDP) accords top priority to poverty eradication (the main goal of SADC's integration agenda) and is the vehicle through which SADC can achieve the Millennium Development Goals (MDGs). The RISDP target is to halve the proportion of the population that lives on less-than US\$ 1 per day between 1990 and 2015 towards the achievement of Goal 1 of MDGs which states that extreme hunger and poverty should be eradicated by 2015.

12.3 Summit noted that in Africa, the MDGs find expression in the Strategic Plan of the African Union Commission. This plan states that it is necessary for Africa to become more competitive in the global economy if the continent is to attain the social and economic objectives defined by the MDGs. Obstacles are, among others, political instability, corruption and the difficulty in consolidating democracy — factors that contribute to the poverty trap of many less developed countries (LDCs).

12.4 Summit also noted that it is imperative that SADC should have a strategic dialogue on this issue in order to develop specific action oriented projects targeting vulnerable groups in the region.

12.5 Summit further noted that Council will deliberate, at its next meeting in February 2007, on the following issues which have to be finalised before the conference is convened:

- (i) The objective and scope of the conference;
- (ii) The level of participation;
- (iii) The financial implication and source of funding, and
- (iv) The date and venue of the conference
- (v) Expected outcome of the conference.

12.6 Summit approved the proposal to hold the SADC Conference on poverty and development and directed the Secretariat to work together with Mauritius to make all the necessary preparations in this regard.

12.7 Summit directed that the conference agenda be guided by the outputs of the SADC Regional Economic Integration meeting and therefore should be convened after the SADC Extraordinary Summit to be held in October 2006.

13. **MEMBERSHIP OF SEYCHELLES**

Summit considered the Note (SADC/SM/1//2006/13), presented by the Secretariat and in particular the following:

- 13.1 Summit recalled that at its meeting of August 2005, it directed the Secretariat to quietly approach Seychelles with a view to encourage it to rejoin SADC and that they would be expected to make contributions of approximately 2% to the annual SADC Budget.
- 13.2 Summit noted that Seychelles acknowledged and appreciated the SADC Summit's decision of August 2006 to clear Seychelles debt of US\$2,643,199. Seychelles was appreciative of this expression of support, solidarity and understanding as further demonstrated by the Summit's decision to fix Seychelles' Member States contribution to 2% of SADC Member States contributions' Budget as an avenue through which Seychelles could eventually rejoin the family.
- 13.3 Summit also noted that the assessed Member States contribution of 2% for Seychelles, which at current SADC Member States contribution budget level will be US\$287,500 would still be beyond their means and capacity in view of the very small and exceptional nature of their economy and population of 82,000.
- 13.4 Summit further noted that given the importance that Seychelles attach to SADC membership and family, they are desirous of regaining their rightful place within the SADC and have proposed that SADC consider fixing their yearly contribution to US\$75,000.
- 13.5 Summit noted that in line with Seychelles indication to rejoin SADC and their proposal to pay Member States contribution of US\$75,000. Summit also noted the following:
- (i) The duration of the concession of the US\$75,000 was not indicated by Seychelles. If it is permanent, this will lead to the revision on the formula in respect of Member States contribution and adversely affect the implementation of SADC Agenda.
  - (ii) The concession given on a former Member State whose outstanding debt was written off may set a bad precedent in the Community and will seriously weaken the sanction regime on Member States who are in arrears.

13.6 Summit mandated the Chairperson of SADC in collaboration with the Right Honourable Prime Minister of Mauritius to engage in further consultations with the Seychelles on the matter specifically

to assess the level of contribution and to accommodate them without forcing SADC to review its contribution formula.

**14. ANY OTHER BUSINESS**

**14.1 Resource Mobilisation in SADC**

14.1.1 Summit noted that SADC contributes only 39% to the SADC Secretariat Budget while the remaining 61% is from the International Cooperating Partners (ICPs). Summit stressed the need for Member States to explore initiatives to mobilize more resources for funding programmes and projects in SADC.

14.1.2 Summit directed the Secretariat to expedite the establishment of the SADC development fund geared at raising financial resource required for the development programmes of SADC. Summit also directed the Secretariat to develop operational modalities for the development fund with a view to utilize the pension funds and other resources.

**14.2 Brief by Democratic Republic of the Congo (DRC)**

Summit noted a brief presentation on the general elections that were held in the country. The results of the elections are expected to be announced on the 20<sup>th</sup> August 2006.

**15. VENUE AND DATE FOR THE NEXT MEETING**

Summit accepted the offer of the Republic of Zambia to host the 2007 Summit. The exact date will be agreed upon by the Chairperson in consultation with the host and the Secretariat.

**16. COMMUNIQUÉ**

Summit issued a Communiqué at the end of the meeting which is attached to this Record.

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The Rt. Hon. Pakalitha Mosisili, Chairperson of SADC and  
Prime Minister of the Kingdom of Lesotho

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Date



**SADC SUMMIT MEETING  
MASERU, KINGDOM OF LESOTHO  
17-18 AUGUST 2006**

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**DRAFT AGENDA**

1. Adoption of the Agenda
2. Elections
  - 2.1 Chairperson and Deputy Chairperson of Summit
  - 2.2 Chairperson and Deputy Chairperson of the Organ on Politics, Defence and Security Cooperation
3. Report of the Outgoing Chairperson
4. Brainstorming on the Need to Scale up the Implementation of SADC Integration Agenda
5. Outstanding Contributions by Member States
6. Progress Report on the Financing, Design and Construction of the new SADC Headquarters
7. Report of the Chairperson of the SADC Organ on Politics, Defence and Security Cooperation
8. Review of the Regional Situation
  - 8.1 Economic and Social Situation
  - 8.2 Agriculture and Food Security
  - 8.3 Gender and Development
  - 8.4 HIV and AIDS
9. Progress Report on Protocol Implementation

- 9.1. Legal Instruments for Signature
- 9.2. Report of Meeting of the Ministers of Justice/Attorneys General
- 10.. Report on the Operationalisation of the SADC Tribunal
11. African Union (AU)
  - 11.1. AU Summit
  - 11.2. New Partnership for Africa's Development (NEPAD)
12. Report on Preparations for a SADC Conference on Poverty and Development
13. Membership of Seychelles
14. Any Other Business
15. Venue and Date of the Next Meeting
16. Communiqué



**SADC Summit Brainstorming**

**On**

**“Scaling-up Implementation of SADC Regional  
Integration Agenda”**

**Maseru, Kingdom of Lesotho  
17 August 2006**

## 1. BACKGROUND

In June 2006 H.E. Festus Mogae, President of the Republic of Botswana, and Chairperson of SADC wrote a letter to his colleagues, SADC Heads of State and Government, raising a number of issues and suggesting that some of them be tabled for consideration of Summit at its next meeting in August 2006, in Maseru, Kingdom of Lesotho.

Main issues raised in the letter of the Chairperson include:

- Status of Regional Integration;
- The need for consolidating and deepening political cohesion;
- Deepening Regional Integration: Free Trade Area, Customs Union and Common Market;
- Regional Infrastructure for Regional Integration;
- Food Security and HIV and AIDS;
- The need for SADC to concentrate on Selected Priorities;
- Restructuring and strengthening of the SADC Secretariat.

In his letter the Chairperson indicated that the Chairperson of Council and the Executive Secretariat would come up with some proposals on the issues to be considered by the Summit.

This paper attempts to present the issues and the proposed solutions for consideration of the Heads of State in their Brainstorming Meeting in Maseru, Kingdom of Lesotho.

## 2. STATUS OF REGIONAL INTEGRATION

The Report of the Executive Secretary gives account of the status of regional integration based on the core areas of regional integration, namely trade and economic liberalization and infrastructure and services. It also discusses the current institutional framework of SADC to facilitate the integration process in particular the *modus operandi* of the integrated Committee of Ministers and the SADC Secretariat.

In regard to trade and economic liberalization the report highlights progress made in the implementation of SADC Trade Protocol and Macroeconomic Convergence program in order to achieve the FTA by 2008 as proposed in the RISDP. The report concludes that although the



FTA is achievable by 2008, there is need to accelerate the implementation of activities and programmes leading to that.

More importantly the reports indicated that SADC has already started programming the activities for negotiations of the Customs Union on which a Task Force is proposed under the supervision of the Ministers responsible for Trade, and Ministers responsible for Finance Economic Development and Investment.

Similarly, in the area of infrastructure the report recognizes a great deal of progress but also cautions on the need to scale up the development of regional infrastructures and services to facilitate regional integration and development. The development of a regional infrastructure master plan was reported as an on-going activity to provide an integrated framework for infrastructure development.

### **3. THE NEED FOR SADC TO CONCENTRATE ON SELECTED PRIORITIES**

Following the approval of the RISDP the SADC Secretariat undertook a prioritization exercise of the 12 intervention areas identified in the RISDP, based on their potential to contribute to deeper integration, make impact on poverty reduction, level of regional "public good" and it was concluded that, **at this stage**, 3-5 main areas are central to the whole process of regional integration:

- Politics, Defence, Peace and Security;
- Trade and Economic Liberalization;
- Regional Infrastructure and Services;
- Special Programmes of regional dimension such as Food Security, HIV and AIDS and Gender Equality.

The prioritizing exercise demonstrated that these areas were more of a regional "**public good**" nature than the other areas. In other words, these areas have a larger potential of adding value and making more impact to the regional integration process than the others.

**It is proposed that the Heads of State and Government endorse and validate the SADC priorities as proposed above**

#### 4. REORGANIZING THE ICM AND STRENGTHENING THE SADC SECRETARIAT

The restructuring of SADC Institutions had serious implications on the operations of SADC which, at this juncture, need some reflection. The abolition of sectoral Ministerial Committees and the introduction of the Integrated Committee of Ministers (ICM) do not seem to have taken the "ship to the desired port". On one hand, there seem to be duplication between the ICM and Council, and on the other, the approach of a "wholesale" ICM does not seem to create an efficient policy-making framework that will scale-up the implementation of SADC integration agenda and lead the region to deeper stages of regional integration.

After extensive consultations and discussions it is believed that the current *modus operandi* of the ICM needs to be modified. The ICM should be structured in such a way to be able to concentrate and focus on the core areas of regional integration as indicated above. Consideration should be given on establishing specialised Ministerial Committees, reporting directly to Council to oversee the integration agenda in the priority areas as follows: Ministerial Committee on Politics Defence and Security- the current MCO (Ministers of Foreign Affairs, Defence, Security and Home Affairs); MCM on Trade, Economic Liberalization and Development, in charge of regional integration, in particular the completion of FTA (2008) and negotiations for the CU (2010), (Ministers responsible for Finance and Investment, Economic and Development Planning, Ministers of Trade and Industry); MCM on Infrastructure and Services (Ministers responsible for Transport and Communications, works, water, Energy, Tourism and Environment) to supervise the implementation of development of infrastructure and services to facilitate regional integration; MCM on special programmes (HIV and AIDs, Food Security, Gender and Capacity Building Development) and any others as directed by Council.

Similarly, it is a *fait accompli* that, at this stage and level of regional cooperation and integration there is no need and we can not afford to have a centralised Secretariat large enough to coordinate an increasing number of areas of regional cooperation and integration as we trying today. The size of the SADC Secretariat at any stage should be mainly determined by the essence and volume of issues which are of regional dimension. These are issues of core-integration requiring policy harmonization as opposed to loose policy coordination. The whole areas of Trade, Industry, Finance and Investment, Infrastructure and Services are of that nature. These are areas where sovereignty of Member States to deliberate on certain policies is being gradually transferred to Regional Institutions and the Secretariat. Therefore, the latter, has to be equipped with adequate

structure and human and financial resources to perform such mandates. This analysis is applicable to a few other areas of regional cooperation with pronounced regional dimensions such as Politics, Defence, Peace and Security, Food Security, HIV and AIDs and other areas as they may be determined by the relevant SADC organs.

On this basis, it is proposed that most areas of regional cooperation, at least for the time being, be coordinated by Member States according to their comparative advantage and willingness and serviced by small secretariats similar to the then Sector Coordinating Units. In this way the SADC Secretariat can concentrate on the areas of core integration as indicated above, a few and smaller desks to assist member states to coordinate the regional programmes of cooperation and any other special programmes as and when decided by Council. This approach would, among other things, lead to rationalisation and reallocation of the existing resources, with the view to increase Secretariat's capacity and efficiency. In fact, this was the main objective of the restructuring of SADC Institutions.

The alternative to this proposal is the current situation where areas of regional cooperation keep increasing but the resources for coordinating them at the level of the Secretariat are not forthcoming. This situation renders the Secretariat inefficient and unable to cope with the demands. It is worth noting that one of the motivations of the Restructuring Exercise was the proliferation of areas of cooperation. However, since that time we have only seen more sectors being borne. The only difference is that now they all claim a new Unit at the Secretariat, they are all justified, but the finance Committee then requests the Secretariat to present a reasonable budget. Since we can not increase substantially the level of resources for funding increasing number of Units/Directorates at the Secretariat it is proposed that we agree on these priorities and that the Secretariat structures be re-organized to reflect the priorities. The current job evaluation exercise would be geared towards achieving these objectives.

5. **Deepening Regional Integration: Free Trade Area (FTA), Customs Union (CU) and Common Market (CM);**

One of the main purposes of the development of the RISDP was to guide Member States and other stakeholders on the main priorities, programmes and policies and strategies for achieving SADC overarching goals of regional integration, economic growth, poverty eradication and sustainable development.

FTA, CU and CM are the main milestones for deepening regional integration inscribed in the RISDP and therefore subscribed by all SADC Member States. From the Reports of the Executive Secretary, of the Ministers responsible for Finance, and the Ministers responsible for Trade one can realize that the region is set to complete the FTA by 2008 as planned for in the Trade Protocol; the regional is also set to initiate the Macroeconomic Convergence Program. However, some measures for scaling up are need to ensure full compliance.

The RISDP targets 2010 for SADC to have the negotiations on the CU completed. At the moment 5 SADC Member States are at the stage of a CU under the SACU framework. Others are negotiating membership to a CU arrangement under COMESA or under East African Community (EAC).

Besides the high transaction cost associated with multiple memberships, the rationale for a CU and in accordance with WTO rules one country can not belong to two Customs Union at the same time.

Against this background and taking into account the closeness of the RISDP target for a CU it is imperative that Member States make the political decision on their participation or non-participation in the planned SADC Customs Union. Clarifying

**It is proposed that the Heads of State and Government address this matter to ensure compliance with the SADC integration agenda, in particular to ensure that the RISDP and SIPO are implemented as agreed.**

REF: PPO. 13/1 XIII (19)

21<sup>ST</sup> June, 2006

Hon. Prime Minister and Dear Colleague,

It is now ten months since you have entrusted me with the responsibility of chairing our Community – the Southern African Development Community (SADC).

I think and feel that it would be wise at this stage to bring to your kind attention a number of issues, which I believe need and deserve our common attention as the highest structure of SADC.

#### **Status of regional integration**

SADC was created 25 years ago by our then leaders and predecessors as Southern African Coordination Conference (SADCC). In 1992 following political and economical transformations that had taken place both in our region and in the international arena, we decided to transform SADC into a more binding arrangement to equip it with both regional cooperation and Integration programmes and adequate institutional framework which would allow our region to consistently deepen integration, accelerate economic growth and achieve sustainable economic growth.

I would like to remind you, Dear Brothers, that our main goal, is as translated by the SADC vision **"a common future, a future in a regional Community that will ensure economic well being, improvement of the standards of living and the quality of life, freedom and social justice and peace and security of the peoples of Southern Africa..."**.

In fulfilling the responsibility you have entrusted me with of chairing the Community during the current year, I have undertaken to reflect and assess the progress we have made in these 25 years of existence of SADC. How much have we managed to integrate in real terms? Have we managed to deepen and consolidate our political cohesion? Is the regional economic and trade integration making substantial inroads – are we living to our commitment of pursuing deeper integration and achieving Free Trade Area by 2008, Customs Union by 2010 and Common Market by 2015, as agreed in the context of RISDP?

Similarly, how much progress have we made in the areas of infrastructure and services, food security, HIV and AIDS and other social and human issues of regional dimension?

Recently we undertook a review of the operations of SADC Institutions as well as the institutional framework. A number of reforms have been introduced both at programmes and institutional levels. Have we achieved the desired objectives in all aspects? Are our priorities correctly realigned and do they take cognisance of our resource constraints?

In reflecting on these and other issues I have come out with some concerns which I have decided to share with you and propose that in the next Summit we put our heads together and try to re-invigorate our regional agenda.

### **Consolidating and Deepening Political Cohesion**

Strong political solidarity has been the main feature in our cooperation and has indeed grown and consolidated satisfactorily and visibly. SADC inherited it from the Front Line States and preserved it throughout until today. Instrumental to our political cooperation is the institutionalisation of key political regional instruments such as the Protocols on Politics, Defence and Security Cooperation; Mutual Defence Pact; and Fire Arms.

Political Cooperation and solidarity within the SADC context has indeed been a permanent subject of our attention. All our Ordinary Summits and sometimes extraordinary ones have been mainly devoted to political issues and developments in our region.

Of course there is always space for improvement but in view of all these and other positive developments there is no doubt that our political cooperation and cohesion is healthy.

### **Regional Economic Integration and Trade**

Hon. Prime Minister,

This is one area of serious concern to me. In 1980 when we established SADCC, the proportion of intra-regional trade in our region, was less than 5 percent. Twenty-five years later the proportion of intra-regional trade has not significantly increased. It stands at approximately 23 percent but this is mainly attributable to South Africa factor. If South Africa is not accounted for, the proportion of intra-regional trade remains at a very low figure of less than 12 percent.

What is worse, in 25 years of association we have not managed to reach the very first stage of regional integration, i.e., the Free Trade Area. We are still entangled in administering protectionist devices amongst ourselves such as the rules of origin. We are still bogged down by the implementation of the Trade Protocol which at best is only likely to take us to the FTA. We are not talking about the ways and means that will take us to more substantive stages of regional integration, namely Customs Union and Common Market as we agreed upon in the RISDP.

In 2003 we as Summit approved and launched the RISDP with clear milestones in terms of deepening regional integration from FTA to Common Market. In the mean time some of our Member States are aligning themselves in similar and mutually exclusive exercises in other regional groupings. As we all know, and in accordance with WTO to which we are all members one Country can not be party at the same time to two Customs Union and or Common Market.

The issue of overlapping membership and duplicating regional programmes has been with us for some time. It is very detrimental to some of our Member States. I therefore, I suggest that we should table this matter for consideration at the Summit level at our next meeting in August 2006.

### **Regional Infrastructure and Services for Regional Integration**

Hon. Prime Minister,

My next area of concern in our integration agenda is Infrastructure and Services. I am sure we all share the view that without regionally oriented productive infrastructure and services, such as railways, ports, roads, communication and meteorology networks, efficiently managed common trans-boundary resources (water, biodiversity, etc.) SADC will not achieve its objective of an integrated region.

When SADC was created as SADCC the first area of priority was Infrastructure and Services. There is no doubt that we made some progress in this area. However we are still far from achieving the critical path of regional infrastructure that we need to become more productive and competitive.

One of the areas of concern is our own approach to resource mobilisation. We seem to associate resource mobilisation only with foreign aid. We need to seriously consider mobilising our own resources such as pension funds for funding our regional projects. In this way, by first showing our own commitment and contribution to key projects we will be in a better position to campaign for finances to cover the resource gaps.

These are some of the issues in the area of Infrastructure I would like to bring to the attention of Summit in August 2006.

### **Food Security and HIV and AIDS,**

In the last two/three years, Summit met in Extraordinary Sessions to address these two imperatives of regional cooperation and integration. Following our decisions, implementation action plans were developed and some progress made. Again here it is my view that the coming Summit should be briefed on developments by Council.

### **The Need for SADC, Summit and other Policy Organs to Concentrate on Selected Priorities**

Since its creation SADC has expanded both in its membership – from 9 to 14, and a programme of action – to up to 500 projects valued at approximately US \$10 billion.

In the process of restructuring SADC, it became clear that we need to concentrate on few priorities. Deeper integration has to be based on few pillars rather than dispersing in too many areas. It has come to my attention that following the approval of the RISDP and SIPO, the SADC Secretariat has developed a consistent implementation framework and prioritised the areas of regional cooperation and integration. It is my view that we should be appraised on this work, validate it and ensure that we stick to the agreed priorities.

### **Restructuring and Strengthening of the SADC Secretariat**

Hon. Prime Minister,

Following the restructuring of SADC Institutions which we embarked upon in 2001, important decisions were taken regarding the management of SADC programmes and activities. Mainly, we decided to centralise the coordination of all programmes and activities at the SADC Secretariat to ensure synergies, linkages and more efficiency.

In this process we also took other decisions which seem to be having adverse consequences and may negatively impact on our Organization. One of these decisions is related to the Quota System to accommodate Member States representation at the Secretariat. While this measure is expected to ensure equity in the ranks of the Secretariat, it is also likely to affect the quality of staff and hence the efficiency of the Secretariat. I have been briefed, for instance, that in the process we lost too many skilled members of staff who crossed straight into other international organisations.

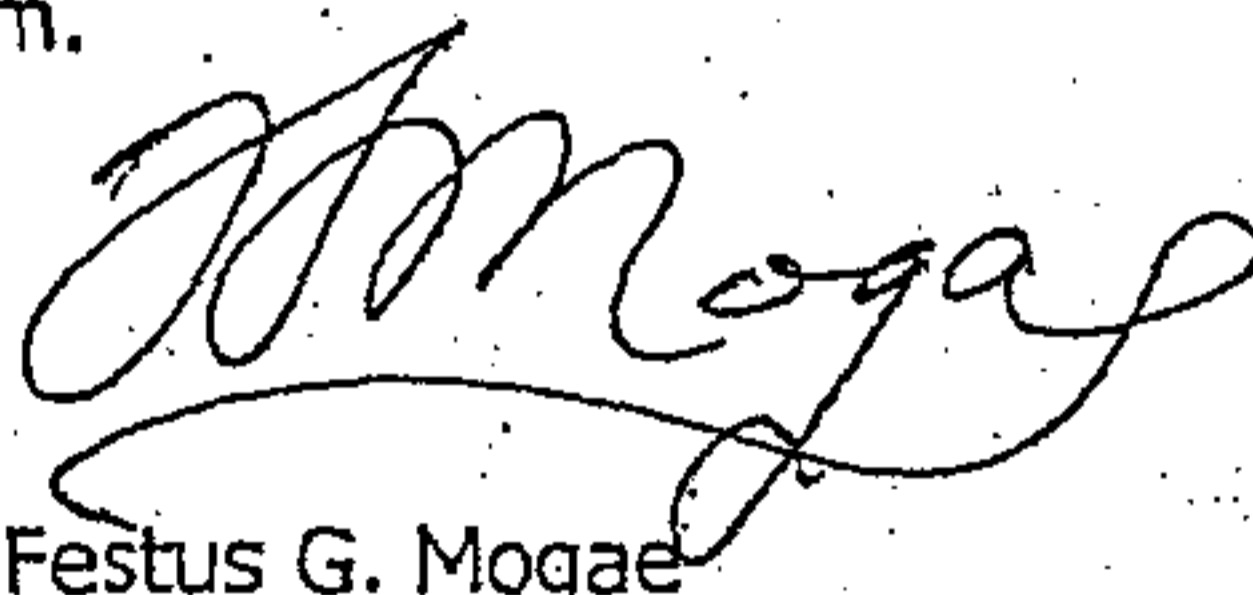


Important SADC International Cooperating Partners (ICPs), including the European Union, have complained about the great loss of Institutional memory which we incurred as a result of the introduction of the quota system. Our ICPs contributed significantly to the Secretariat capacity building process. I have, therefore, instructed the Chairperson of Council and the Executive Secretary to study this situation carefully and propose solutions to Council.

Hon. Prime Minister,

In a nutshell I have the feeling that we need to have a close look into our route to regional integration and ensure that solid steps are being taken to deepen regional integration and achieve our original goals. My suggestion is that in our next meetings, starting from the August Summit we devote more time to discussion of issues pertaining to the status of regional integration in particular, issues of economic integration and trade, Infrastructure and Services, Food Security and HIV and AIDS. The Executive Secretary has indicated to me that he is preparing a substantial report to present to us on these issues. I encouraged him to do so and I look forward for our fruitful discussions at the next Summit under the able Chairmanship of the Kingdom of Lesotho.

Please accept, Right Honourable Prime Minister, the assurances of my highest consideration and esteem.



Festus G. Mogae

**PRESIDENT OF THE REPUBLIC OF BOTSWANA  
AND CHAIRPERSON OF SADC**

Right Honourable Navinchandra Ramgoolam  
Prime Minister of the Republic of Mauritius  
Prime Minister's Office  
PORT LOUIS  
Mauritius

***Attention:***

***Please note the correction below of the year 2005 to 2006 on this second page of the letter sent last week.***

I wish to make a special appeal that we all arrive in Maseru on 16<sup>th</sup> August, 2006 to give us time for bilateral consultations on matters of mutual interest.

I attach the draft agenda for your comments, and please feel free to suggest items to be included in the agenda.

I look forward to seeing you all in Maseru on Wednesday 16<sup>th</sup> August, 2006.

Please accept, Your Excellency, the renewed assurances of my highest consideration and esteem.

Festus G. Mogae  
**PRESIDENT OF THE REPUBLIC OF BOTSWANA  
AND CHAIRPERSON OF SADC**

Right Honourable Navinchandra Ramgoolam  
Prime Minister of the Republic of Mauritius  
Prime Minister's Office  
Port Louis  
Mauritius



# **REPORT ON THE IMPLEMENTATION OF THE NEW SADC HEADQUARTERS PROJECT**

**A Note from the Chairperson of the SADC Committee of the  
Double Troika Finance Ministers and Chairperson of the SADC  
Council of Ministers**

## 1.0 Introduction

- 1.1 At its meeting held in August 2004 in Mauritius, Summit noted the submissions made by the outgoing Chairperson of Summit and reiterated the need to start the construction of the new SADC Headquarters. In this regard, each SADC Member State pledged to contribute US\$500,000 towards the construction of the new headquarters, and Summit agreed that this was the seed money for the Project. At the same meeting Summit mandated the SADC Double Troika Finance Ministers to fast-track the implementation of the Project on Design, Financing and Construction of the SADC New Headquarters in Gaborone, Botswana.
- 1.2 Pursuant to the Summit's decision, SADC Ministers of Finance met in Mauritius, in November 2004, and decided that a Feasibility Study be undertaken to determine a suitable procurement option for the Project. At the same meeting the Finance Ministers re-affirmed that South Africa take a leading role in the project implementation process in view of their expertise in financial matters.

## 2.0 Feasibility Study

- 2.1 Pursuant to the Finance Ministers' decision, a Transaction Advisor was engaged in May 2005 to undertake the Feasibility Study.
- 2.2 The Feasibility Study Report was completed on 31<sup>st</sup> July 2005, and it was presented to the meetings of Council of Ministers and Summit in Gaborone, Botswana, in August 2005. The Feasibility Study's main recommendation was that the Project be undertaken as a Public Private Partnership (PPP). Summit noted the progress made in the implementation of the Project and expressed concern at the slow pace of implementation of the SADC headquarters. In addition, Summit directed the Double Troika Technical Committee to study the Feasibility Study and make appropriate recommendations to the Double Troika Finance Ministers for approval.
- 2.3 Pursuant to the Summit directive, the Technical Committee discussed the Feasibility Study and made recommendations to the Double Troika Finance Ministers Committee which met in Windhoek, Namibia, in December 2005.
- 2.4 The Double Troika Finance Ministers considered the recommendation by the Technical Committee and approved, *inter alia*, as follows:

- 2.4.1 The Project be procured and implemented as a Public Private Partnership (PPP), with an occupation date of not later than June 2008.
- 2.4.2 The SADC New Headquarters should have an approximate area of 19,000 square meters to provide for 250 staff and make design provision for future expansion to accommodate a total staff of 400. The building to be provided with extensive meeting rooms suite (with translation facilities) to cater for 80 people but no Conference Centre to be provided.
- 2.4.3 The unitary payment of USD 3,260,000 per annum increasing at US inflation (projected at 2,5% per annum) be budgeted by SADC from 2008 when the first Unitary payment for the completed facility will be due and will continue for the period of 15 years.
- 2.4.4 An amount of USD 100,000 per annum be budgeted from 2007 for the appointment of contract management staff to represent SADC at negotiations of the final PPP Agreement and to fulfill all contract management obligations during the operation of the PPP.
- 2.4.5 The seed money currently budgeted by SADC be used for the following:
- (a) Payment for Transaction Advisor Fees for procurement phase 2;
  - (b) For the Specialist consultants for the Geotechnical Surveys, topographical surveys and Environmental Impact Assessment necessary for the project;
  - (c) For the shared design costs with the preferred bidder to ensure that the construction is fast tracked;
  - (d) For the Technical Committee Members and SADC Secretariat representatives travel, subsistence and per diem expenses over the period 1 October 2005 to contract signature for the PPP agreement;
  - (e) For the first year of the appointment of a Contract Manager and supporting staff; and
  - (f) The balance funds be utilised to pay the unitary fee in 2008 and (partly) in 2009.

- 2.4.6 The Government of Botswana provides surety for SADC's financial obligations.
- 2.4.7 The Government of Botswana underwrites SADC's financial obligations under the Project.
- 2.5 Subsequent to the Double Troika Finance Ministers' decision of December 2005, the Transaction Advisor was re-appointed in January 2006 to undertake the advisory services for Phase II of the Project (Procurement).
- 3.0 **Project's Procurement Phase (Phase II)**
- 3.1 With the re-appointment of the Transaction Advisor, the Project proceeded into the procurement phase. In this phase, in terms of implementation of the Project, the following procurement milestones were delivered:
  - 3.1.1 Discussion of the Request for Qualification (RFQ) documents by the Double Troika Technical Committee, on 15<sup>th</sup>-17<sup>th</sup> February 2006.
  - 3.1.2 Advertisement of the Request for Qualification (RFQ) documents, with the closing date of 16<sup>th</sup> June 2006.
  - 3.1.3 Assessment of the four (4) received RFQ bids with emphasis on technical and financial merits. This exercise was done by the Transaction Advisor team and the Technical Committee members from Botswana from 19<sup>th</sup> – 21<sup>st</sup> June 2006.
  - 3.1.4 Evaluation of the received RFQ bids and approval the Request for Proposal (RFP) documents, by the Technical Committee, from 17<sup>th</sup> to 21<sup>st</sup> July 2006. Accordingly, two bidders were pre-qualified for the next procurement stage, and the RFP documents were forwarded to them on 29<sup>th</sup> July 2006.
  - 3.1.5 Upon receipt of the RFP documents, the two pre-qualified bidders presented to the Secretariat financial bid bonds totalizing an amount of four hundred thousand United States Dollars (US\$ 400,000) thereby expressing their commitment to the Project.
- 4. **Way Forward**
  - 4.1 As the Project is underway, it is expected that the following procurement milestones will be delivered:
    - 4.1.1 In October 2006, the pre-qualified bidders will submit the Request for Proposal (RFP) bids.

- 4.1.2 In November 2006, the Double Troika Technical Committee will evaluate RFP bids completed.
- 4.1.3 In February 2007, negotiations with the preferred bidder will be completed, and the Public Private Partnership (PPP) Agreement will be signed by the Contracting Parties.
- 4.1.4 In March 2007, the construction of the new SADC Headquarters building will commence.
- 4.1.5 In August 2008, the construction works will be completed and the new SADC Headquarters will be in place.

**Maseru, Kingdom of Lesotho**  
**15<sup>th</sup> August 2006**



**PROGRESS REPORT ON THE FINANCING, DESIGN AND ONSTRUCTION  
OF THE NEW SADC HEADQUARTERS**

**1.0. Background**

1.1. In noting the funds received towards the new SADC Headquarters, the meeting requested for the following information:

- a) Past Summit/Council Decisions; and
- b) Expenditure to-date and forecast expenditure from the SADC House fund.

1.2. Additionally, the Secretariat has provided the following information:

- a) Tasks achieved since last Council in February 2006 held in Gaborone;
- b) Tasks yet to implemented; and
- c) Challenges.

**2.0. Past Summit/Council Decisions**

The past decisions made by Summit and Council are in part **SADC/SM/2/2006/6C** and **SADC/SM/2/2006/6D**.

**3.0. Expenditure to-date from the Seed Funds**

3.1. In February 2005 and 2006, use of seed money was approved for the following –

- i. Phase 1: Feasibility Study;
- ii. Payment for the Transaction Adviser Fees for procurement phase (phase 2)



- iii. For the Specialist consultants for the Geotechnical Surveys, topographical surveys and Environment Impact Assessment necessary for the Project;
- iv. For the shared design costs with the preferred bidder to ensure that the construction is fast tracked;
- v. For the Technical Committee Members and SADC Secretariat representatives travel and subsistence expenses over the period 01st October 2005 to the date of contract signature for the PPP agreement;
- vi. For the first year of appointment of the Contract Manager and supporting staff; and
- vii. The balance of funds to utilized to pay the unitary fee in 2008 and (partly) in 2009.

3.2. The financial position after allowing for the approved expenditure in 3.1 above is analysed in **SADC/SM/2/2006/A** as follows:

Total Pledges	-	US\$16,516,239 =====
Received To Date	-	US\$ 5,217,836 _____
Actual Spent To Date	-	US\$1,378,303
Forecast Expenditure	-	US\$ 300,000 _____
Spent/Forecast Expenditure	-	US\$1,678,303 =====

#### 4.0. Tasks Achieved

4.1. Tasks implemented since the inception of the project to February 2006 have consistently been reported to Summit through Council as evidenced by the decisions attached.

4.2. Since February 2006 the following tasks have been achieved:

4.2.1. Request for Qualification (RFQ) documents advertised on 5th March 2006 with closing date of 16<sup>th</sup> June 2006.

4.2.2. Four (4) bids were received by the Secretariat by 16th June 2006.

4.2.3. The Double Troika Technical Committee completed the evaluation of the RFQs on 21st July 2006.

4.2.4 The two pre-qualified bidders have since been advised and have since provided adequate bid bonds for US\$200,000 each (July 2006).

4.2.5 Request for Proposals (RFP) including draft project agreement which incorporates output specifications and performance standards.  
(August 2006).

## 5.0. **Tasks yet to be implemented**

5.1. Tasks to be carried out to complete the project are outlined below:

5.1.1. Member States consideration and signing of the Memorandum of Understanding (MoU) which objective is to accord the Government of Botswana the permission to underwrite the financial obligations that will be incurred by SADC under the Public Private Partnership (PPP) Agreement, and to underwrite such obligations on behalf of SADC.

5.1.2. Receipt of Proposals (RFP) bids by the two (2) pre-qualified bidders by October 2006.

5.1.3. Evaluation by the Double Troika Technical Committee of the RFP bids completed by November 2006.

5.1.4. Negotiations with the preferred bidder completed, and signing of the Public Private Partnership (PPP) Agreement by the Contracting Parties done by February 2007.

5.1.5. Commencement of construction of the new SADC Headquarters building by March 2007.

5.1.6. Completion of works (new SADC Headquarters ready for occupancy) by August 2008.

5.1.7. Council is also invited to urge SADC Member States to consider and sign the Memorandum of Understanding (MoU) which objective is to accord the Government of Botswana the permission to underwrite the financial obligations that will be incurred by SADC under the Public Private Partnership (PPP) Agreement, and to underwrite such obligations on behalf of SADC.

## 6.0. **Challenges**

As the timelines for the project are extremely tight, decision making should be streamlined.



### ANALYSIS OF THE EXPENDITURE TO DATE AND FORECAST

Ref.	Approved Expenditure Activity	Actual - Paid	Actual - Unpaid	Forecast	Total
i.	Phase 1 Feasibility Study	407,112			407,112
ii.	Payment for the Transaction Adviser Fees for procurement phase 2		949,898		949,898
iii.	For the Specialist consultants for the Geotechnical Surveys, topographical surveys and Environment Impact Assessment necessary for the Project			50,000	50,000
iv.	For the shared design costs with the preferred bidder to ensure that the construction is fast tracked			60,000	60,000
v.	For the Technical Committee Members and SADC Secretariat representatives travel and subsistence expenses over the period 01st October 2005 to the date of contract signature for the PPP agreement.	21,293		90,000	111,293
vi.	For the first year of appointment of the Contract Manager and supporting staff			100,000	100,000
	<b>Sub-Total</b>	<b>428,405</b>	<b>949,898</b>	<b>300,000</b>	<b>1,678,303</b>
vii	The balance of funds to utilized to pay the unitary fee in 2008 and (partly) in 2009				14,837,936
	<b>Total Funds Expected To Be Received From Member States</b>				<b>16,516,239</b>



**EXTRACT OF COUNCIL RECORD, FEBRUARY 2005,  
GRAND BAIE MAURITIUS**

- 4.0 **PROGRESS REPORT ON THE DESIGN, FINANCING AND CONSTRUCTION OF THE NEW HEADQUARTERS OFFICE BLOCK**
- 4.1 Council noted that Summit at its August 2004 meeting held in Mauritius emphasised, *inter alia*, the need to accelerate progress on the construction of the new SADC Headquarters. To this end, Summit approved the establishment of a Task Team consisting of Finance Ministers of the SADC Troika and the Troika of the Organ to oversee the implementation of the project. Summit also agreed to mobilise resources for the project. The SADC Heads of State and Government pledged seed money totalling US\$6,250,000 of which US\$3,500,000 has been received to date.
- 4.2 Council also noted that to facilitate the implementation of the project a Technical Committee comprising of architects, engineers and other relevant experts has been established. The Double Troika Task Force, at its meeting of the 11 November 2004 decided that a feasibility study should be carried out within three months.
- 4.3 Council further noted that the Technical Committee developed terms of reference and tender documents for the feasibility study. It was noted after floating the tender that there were short comings in particular on procurement options, time frame for the preparation of the study and lack of regulatory framework for public private partnerships. Consequently the tender was withdrawn.
- 4.4 Council noted that the Technical Committee revised the bid documents for the feasibility study which were circulated to other Double Troika Member States with a deadline of 23<sup>rd</sup> February 2005. Comments have been received. Members of the Technical Committee present in Mauritius for the SADC Council of Ministers Meeting (Mauritius, South Africa and the United Republic of Tanzania) are revising the Bid document in the light of the

comments received and will forward the final document to SADC Secretariat by 1<sup>st</sup> March 2005 for the invitation of bids.

4.5 Council also noted that a new Implementation Schedule has been prepared as follows;

Activity	Deadline
1. Completion of bid documents (after incorporating comments received for Member States)	1 March 2005
2. Solicitation of bids	3 March 2005
3. Close of bidding	1 April 2005
4. Evaluation of bids and recommendations by Technical Committee	15 April 2005
5. Appointment of Project Consultant	22 April 2005
6. Commencement of assignment	29 April 2005
7. Completion of feasibility study and submission of report	29 July 2005
8. Presentation of the feasibility study report to the Double Troika of Finance Ministers	To be advised
9. Laying of the Foundation Stone	17-19 August 2005

4.6 Council expressed concern on the delay in the implementation of the construction of the SADC Headquarters and directed the Technical Committee to ensure that the foundation stone is laid during the 25th anniversary celebrations of SADC in August 2005.

4.7 Council urged Member States that have not paid their pledges to honour their commitments. In this regard, Zambia promised to pay before the August 2005 Summit.

4.8 Council approved the above schedule and directed the Technical committee to adhere to the time frame.



**EXTRACT OF COUNCIL RECORD, FEBRUARY 2006,  
GABORONE, BOTSWANA**

- 6.2.9.1 Council noted the following progress in respect of the Design, Financing and Construction of the new SADC Headquarters as outlined in the background document, SADC/FC/2/2006/10.2.
- 6.2.9.2. That the Double Troika Finance Ministers at their meeting of 8th December 2005 in Windhoek, Namibia:
- a. Approved that the new SADC Headquarters should have an approximate area of 19,000 square meters to provide office accommodation for 250 members of staff and that the design should make a provision for future expansion to accommodate total staff compliment of 400. The building to be provided with extensive meeting rooms suite (with translation facilities to cater for 80 people but no Conference Centre to be provided.
  - b. Approved in principle that the new SADC Headquarters should be constructed through the PPP method for a duration of 15 years, subject to the revised programme of activities This will be for an approximate Unitary charge of US\$3.26 million per annum subject to a US\$ projected inflation of 2.5% from 2008 when the first Unitary payment for the completed facility will be due and will continue for the period of 15 years.
  - c. Approved in principle that the new SADC Headquarters should be constructed through the PPP method for duration of 15 years, subject to the revised programme of activities.
  - d. Directed the SADC Secretariat to ensure that all Member States are accordingly informed of the projected financial commitments which will emanate from the implementation of the Project in the form of increased Member States contributions from 2008.

- e. Approved in principle the budget of US\$100,000 and the appointment of contract management staff from 2007 to represent SADC at negotiations of the final PPP Agreement and to fulfil all contract management obligations during the operation of the PPP.
- f. Approved that the seed money be used for the following –
  - i. Payment for the Transaction Adviser Fees for procurement phase 2
  - ii. For the Specialist consultants for the Geotechnical Surveys, topographical surveys and Environment Impact Assessment necessary for the Project
  - iii. For the shared design costs with the preferred bidder to ensure that the construction is fast tracked
  - iv. For the Technical Committee Members and SADC Secretariat representatives travel and subsistence expenses over the period 01st October 2005 to the date of contract signature for the PPP agreement.
  - v. For the first year of appointment of the Contract Manager and supporting staff
  - vi. The balance of funds to utilized to pay the unitary fee in 2008 and (partly) in 2009
- g. Recommended in principle that Member State, Government of Botswana underwrites the Project and mandated the Technical Committee and SADC Secretariat to engage the Government of Botswana.
- h. Approved the procurement plan and timelines subject to review by the Transaction Advisor in conjunction with the Technical Committee as follows:

APPROVALS	INDICATIVE DATE
Decision to proceed	Dec-05
Approval of Request for Quotations	Jan-06
Approval of Shortlist	Mar-06
Approval of Request for procurement documentation	Apr-06
Approval of preferred bidder	Jul-06
Contract signature	Sep-06

- i. Approved the extension of Transaction Advisor's services for the procurement stage (Phase 2) at a cost of US\$829,898 (excluding VAT) and disbursements of US\$120,000 (excluding VAT).
- j. Approved that Project Procurement Preference be given to SADC Member States.
- k. Approved that the PPP contract be subject to the Laws of Botswana on the grounds that the project is located in Botswana.
- l. Approved that South Africa's Standardized Provisions be used as the template, suitably amended to reflect the Laws of Botswana.
- m. Approved a PPP contract of 15 years taking into account the flexibility requirements of SADC going forward and that bidders be allowed to suggest longer durations, subject to showing value for money.
- n. Approved that the contract currency be US\$ which is the currency of SADC budget and revenues and is invited to note that this will pass on the currency risks to the private party.

**6.2.9.3. Council endorsed the decisions of the Double Troika Finance Ministers as outlined from a to n above.**

6.2.9.4. Council noted the presentation made by the Double Troika Technical Committee regarding the construction of the New SADC Headquarters building.

6.2.9.5. Council noted the recommendation made by the Double Troika Technical Committee to have MOU signed between the



Government of Botswana (GoB) and other SADC Member States in order to mandate GoB to underwrite the SADC contractual obligation for the building.

6.2.9.6. Council also noted that the Finance Committee raised concerns on the slow progress made on the construction of the Headquarters to date.

6.2.9.7. Council urged the Double Troika Finance Ministers to speed up the approval process leading to the construction of new SADC Headquarters in line with the approved Procurement Plan and Timelines. Further, Council urged the Double Troika Ministers of Finance to disseminate the information on funding requirements and options to Member States through the Secretariat.

**SADC/SM/1/2006/7**



**ORGAN ON POLITICS, DEFENCE AND SECURITY COOPERATION**

**REPORT ON THE  
ACTIVITIES OF THE ORGAN ON POLITICS, DEFENCE AND SECURITY  
COOPERATION**

**PRESENTED TO SUMMIT BY  
HIS EXCELLENCY HIFIKEPUNYE POHAMBWA**

**PRESIDENT OF THE REPUBLIC OF NAMIBIA AND CHAIRPERSON OF THE  
ORGAN ON POLITICS, DEFENCE AND SECURITY COOPERATION**

**MASERU, LESOTHO 18<sup>TH</sup> AUGUST 2006**

## **Introduction**

Article 10A (3) of the SADC Treaty and Article 4 (3) of the Protocol on Politics, Defence and Security Cooperation provide that the Chairperson of the Organ shall consult with the Troika of SADC and Report to Summit. Accordingly, Summit is invited to consider the report on the activities of the Organ on Politics, Defence and Security Cooperation presented by the Chairperson.

While the sections that follow shall highlight the activities undertaken by the Organ structures from August 2005 to August 2006, the Chairperson undertook a number of activities. These include consultations with the Organ Troika, SADC Chairperson, African Union Chairperson and SADC Member States on specific political, defence and security developments in the region.

### **1. THE HASHIM MBITA PROJECT**

- 1.1 Summit recalled that at its meeting held in August 2005 in Gaborone, Botswana, Summit noted the contributions by Member States into the Hashim Mbita Project. Summit directed the Secretariat to provide a schedule of deadlines of phases and related activities to facilitate proper planning and budgeting. Summit also urged Member States to avail the necessary financial resources so as to avoid scaling down the implementation of the activities of the project in the long-run. Summit further urged Member States to assist in identifying other sources of information related to the liberation struggle and avail them to the researchers.

#### **Action taken**

- 1.2 Summit noted that Member States are responding positively to the appeal. As of August 2006 the total pledge is US\$1,240,000 and the actual disbursement to the Project is US\$1,120,000 out of a total project budget of US\$1,821,150.

Table: Contributions Towards the Hashim Mbita Project

Member State	Amount Pledged (US\$)	Amount Received (US\$)
Mozambique	100,000	100,000
Namibia	100,000	100,000
Malawi	50,000	50,000
Tanzania	50,000	50,000
Zimbabwe	100,000	100,000
South Africa	-	720,000
Botswana	100,000	-
Lesotho	20,000	-
Angola	720,000	-
<b>Total</b>	<b>1,240,000</b>	<b>1,120,000</b>

- 1.3 Summit noted that the Project Management Unit has developed a phased plan of action for field research as mandated. The Plan of Action is attached.
- 1.4 Summit also noted the progress with regard to the implementation of the project and in particular the following:
- (i) National Research Focal Points have submitted their field research plans and, with the exception of Botswana, all National Research Focal Points have received the resources to begin field work;
  - (ii) Country Focal Points have identified field assistants and interviewees; they plan carrying out oral interviewing alongside archival research;
  - (iii) The Patron and the Project Manager have begun to identify key sources of information within and beyond the SADC region that include inter alia, Malawi, Swaziland, Lesotho, Nigeria, Ghana, Guinea, Ethiopia, Djibouti, Egypt, Algeria, Seychelles, Comoro and Guinea Bissau.
  - (iv) The Patron and the Project Manager have also identified the need to capture the role played by friendly and sympathetic countries and organizations outside Africa.
- 1.5 Summit noted the briefing provided by the Patron of the Project, Ambassador Hashim Mbita.

1.6 Summit directed that the Project should take cognizance of the role of women in the liberation struggle.

- 1.7 Summit also noted that the United Republic of Tanzania committed to maintain at its own cost the historical sites of the Liberation Movements of Southern Africa in the United Republic of Tanzania.
- 1.8 Summit commended Member States for their commitment to the Project and urge Member States who have pledged to disburse the funds as soon as possible.

## 2. IMPLEMENTATION OF THE STRATEGIC INDICATIVE PLAN FOR THE ORGAN (SIPO)

### 2.1 Staffing of the Structure of the Organ at the Secretariat

- 2.1.1 Summit recalled that at its last meeting held in August 2005 in Gaborone, Botswana, it directed the Secretariat to ensure that the positions of Senior Officer for Politics and Diplomacy and Senior Officer for Security Affairs which had been frozen in 2005/2006 should be recruited and report for duty at the beginning of 2006/2007 fiscal year.

#### Action taken

- 2.1.2 Summit noted that the recruitment for the above positions have been budgeted for and are in the process of recruitment.

### 2.2 Criteria for Recruitment of the Staff and Working Facilities for the Organ

- 2.2.1 Summit recalled that at its meeting held in August 2005, in Gaborone, Botswana, noted that the Ministerial Committee of the Organ, at its meeting held in July 2005, in South Africa, considered Summit decisions and noted that the Organ was a new structure in the Treaty and Council had not been duly apprised of the responsibilities of the Ministerial Committee of the Organ (MCO).
- 2.2.2 In this regard, Summit advised Council that, as provided for in the Treaty and the Protocol on Politics, Defence and Security Cooperation, the MCO was responsible for the functioning of the Organ. However, financial issues should be referred to Council's Finance Committee for budgetary appropriation.
- 2.2.3 Summit also noted that some of the tasks of the Organ involve high level of sensitivity. The recruitment for certain functions such as Early Warning and Standby Force could not be publicly advertised. It is in this context that the Ministerial Committee of the Organ decided that the recruitment for the structures of the Organ should fall within its responsibilities. The Directorate responsible for the

Organ activities at Secretariat should have two categories of staffing:

- (i) Long term staff (contractual);
- (ii) Short term staff (seconded)

2.2.4 The Ministerial Committee of the Organ considered the issues of working facilities and security. The Ministerial Committee of the Organ decided that the Directorate responsible for the Organ activities at the Secretariat should have its own offices where all working facilities and security measures could be addressed until the new SADC Headquarters has been completed. In addition, the Secretariat should designate a dedicated Finance Officer to deal with the issues of the Organ especially in the light of the operationalization of the Early Warning Centre and the SADC Standby Force.

2.2.5 Summit recalled that it endorsed the above decisions of the Ministerial Committee of the Organ.

2.2.6 Summit also noted that the Ministerial Committee of the Organ discussed the issue of quota system for recruitment of the Secretariat staff and its implications to the Organ. The Committee approved that, to ensure a smooth transition, the current staffing situation should be maintained until December 2005, irrespective of the results of recruitment. In addition, the Ministerial Committee directed the Secretariat to request the Chairperson of Council to authorize the use of Reserve Funds to defray the costs to be incurred as a result of the above decision.

2.2.7 Summit also recalled that it endorsed the decisions of the Ministerial Committee of the Organ. In addition, Summit directed that considering the uniqueness and specialization of the activities of the Organ, before applying the quota system to the Organ, the Troika of the Organ at Ministerial level, assisted by the Secretariat, must study the system as it affects recruitment for various structures of the Organ such as the Directorate, the Standby Force, the Early Warning Centre and the Regional Peacekeeping Training Centre, and make appropriate recommendations. In the meantime, recruitment of staff for the Organ should proceed.

#### **Action Taken**

2.2.8 Summit noted that the Ministerial Committee of the Organ addressed the above issues as follows:

- (i) With regard to offices with all working facilities for the Organ at the Secretariat, and a temporary measure to alleviate the

shortage of offices, the Secretariat has allocated offices to the Directorate for Politics, Defence and Security Affairs and has rented offices for the Planning Elements of the Standby Force. A long term solution shall be found after the completion of the SADC Headquarters in which the Organ shall be allocated its own wing.

- (ii) On the need to ensure a smooth transition and maintenance of staffing situation until December 2005, Summit noted that the recruitment for the Organ was not completed as scheduled.
- (iii) The Ministerial Committee of the Organ considered the issue of staffing for the Organ and noted that the process was complex and lengthy. The Executive Secretary took measures to fast track the recruitment by creating a dedicated recruitment Task Force. As a result, some positions of the Organ at the Secretariat and the Regional Peacekeeping Training Centre (RPTC) were filled by July 2006.

(iv) As related to the Summit decision to undertake a study before applying the point quota system as it relates to the recruitment of staff for the Organ at the Secretariat, Summit approved the following recommendations of the Ministerial Committee of the Organ:

(a) The Point Quota System should not apply to the specialized categories under the Organ. These categories are:

- o Military positions;
- o Intelligence and Security positions;
- o Police positions.

(b) All the above positions shall be filled on two years secondment.

(c) Military positions at the Regional Peacekeeping Training Centre shall be filled by either serving or retired military officers with minimum qualification of Command and Staff Course or Defence College Course.

(d) The recruitment for the positions reserved for the police shall be in line with the decisions of the SADC Chiefs of Police which provides inter alia that the Member States expected to second shall present at

- least four candidates who shall be interviewed by an independent panel.
- (e) The positions reserved for the military shall be recruited on the basis of the decisions of the SADC Chiefs of Defence Forces which provides that Member States shall have the prerogative to select and second the required officer.
  - (f) Each Member State shall be responsible for the dissemination/advertisement of the vacancies within the relevant services.
  - (g) The rest of the positions in the Organ shall be recruited following the point quota system.

2.2.9 Summit noted that the position of the Director for Politics, Defence and Security Affairs is yet to be filled. The position is currently being occupied by an Acting Director.

2.2.10 In view of the above, Summit noted that the contract of the Acting Director is extended to December 2006.

2.2.11 Summit also noted that the Ministerial Committee of the Organ directed the Secretariat to finalize the recruitment of the Director by December 2006.

2.2.12 Summit noted that the following Member States are not eligible to field candidates for the above position:

- (i) Angola
- (ii) Namibia
- (iii) Malawi
- (iv) Mozambique
- (v) United Republic of Tanzania
- (vi) Zambia
- (vii) Zimbabwe

2.2.13 Summit urged the eligible Member States to assist the Secretariat in implementing the above Summit decision by presenting candidates timeously.



3. **CONSOLIDATION OF DEMOCRACY AND POLITICAL STABILITY**

3.1 **Elections in the Region**

3.1.1 Summit recalled that at its meeting held in August 2005 in Gaborone, Botswana, it noted the progress on elections in the region.

3.1.2 Summit noted that the United Republic of Tanzania held Presidential and Parliamentary Elections in October and December 2005. The people of the United Republic of Tanzania elected His Excellency Jakaya Mrisho KIKWETE as the President of the United Republic of Tanzania and the Chama Cha Mapinduzi (CCM) won Parliamentary elections.

3.1.3 Summit also noted that the Republic of Zimbabwe held Senatorial Elections in November 2005 while the Republic of South Africa held Local Elections in March 2006.

3.1.4 Summit congratulated and welcomed His Excellency Jakaya Mrisho KIKWETE to the SADC Summit.

3.1.5 Summit congratulated the people of United Republic of Tanzania, Zimbabwe and South Africa for the peaceful, credible and professionally managed elections.

3.1.6 With regard to peace and security and political stability in the Democratic Republic of the Congo, Summit noted that in December 2005, a Ministerial Mission comprising of Organ Troika Ministers of Foreign Affairs and Defence visited the Democratic Republic of Congo to assess and come up with recommendations on how well SADC can assist the DRC. This Mission was followed by another one of Defence Ministers of the Organ Troika, in March 2006. In July 2006, a high level Ministerial Delegation comprised of the Organ Ministers of Foreign Affairs and Defence also visited the DRC and held consultations with different Stakeholders in the elections in that country.

3.1.7 In line with the SADC Principles and Guidelines Governing Democratic Elections, the Chairperson deployed a SADC Electoral Observer Mission headed by the Honorable John Pandeni, Minister of Regional, Local Government, Housing and Rural Development, of the Republic of Namibia. The Mission was assisted by the SADC Secretariat.

3.1.8 Summit noted that elections were held in the Democratic Republic of the Congo on 30 July 2006. The conclusion of SADC Electoral

Observer Mission was that the elections were peaceful, transparent and credible. This view was also widely shared by all International Observers. SADC observers were impressed by the orderliness and patience of voters, who were able to express their voting rights peacefully, freely and unhindered. The law enforcement agencies and election officials performed their duties as expected. It was heartening to observe police officers helping the elderly, physically challenged people and expecting women to reach polling stations. The electoral officials were always ready to provide explanations to the needy and to those seeking guidance to identify their polling centres or stations. These deeds and behaviour are in line with SADC Principles and Guidelines Governing Democratic Elections in the region.

- 3.1.9 The vote counting process was conducted meticulously and lawfully. It is worth noting that all stakeholders from party agents, monitors, presiding officers and local observers performed their duty as prescribed.

3.1.10 Summit congratulated the people of the Democratic Republic of the Congo for the peaceful, transparent, credible and well-managed elections that reflect the will of the people. This achievement of the people of DRC contributes to peace and political stability in the SADC Region, as well as the African Continent.

3.1.11 Summit directed the Ministerial Committee of the Organ under the leadership of the Troika and assisted by the Secretariat to assist the DRC in areas to be identified in consultation with the Government of the DRC.

#### 4. DEFENCE AND SECURITY MATTERS

##### 4.1 Harmonization of Public Security Sub-Committee and SARPCCO

4.1.1 Summit recalled that at its meeting held in August 2005 in Gaborone, Botswana, it noted the following from the Ministerial Committee of the Organ:

- (i) That the Southern African Regional Police Chiefs Cooperation Organization (SARPCCO) was an institution whose upper structures comprise the Chiefs of Police and the Ministers responsible for Law and Order.
- (ii) That SARPCCO was not a SADC institution and therefore, does not currently report to SADC structures. SARPCCO has its own programmes and specific calendar of activities that are not carried out under the umbrella of SADC. Despite

these differences, there are complementarities between the activities of the SADC Public Security Sub-Committee and SARPCCO.

- (iii) However, the MCO noted that there was a need to clearly indicate the relationship between the Public Security Sub-Committee (PSSC) and SARPCCO especially considering that the Chiefs of Police, together with the Chief Immigration Officers and Directors of Customs Services, constitute the core leadership of the PSSC. Their non-attendance renders the PSSC of the ISDSC irrelevant. In addition, Member States incur double contributions to SADC and to SARPCCO.
- (iv) In light of the foregoing, the Ministerial Committee of the Organ noted that the ISDSC mandated the Chairperson of the ISDSC, assisted by the Secretariat to engage the Chiefs of Police on the above issue and find a solution. ISDSC also recommended that the MCO should recognize SARPCCO as a complementary institution of the ISDSC.

4.1.2 Summit also recalled that it directed the ISDSC to be responsible for the operationalisation of the SADC Standby Force. However, it also noted that the Chairperson of the SARPCCO informed the Secretariat that the SARPCCO Council would be responsible for the CIVPOL, which is the Police component of the SADC Standby Force. This decision presented a reporting and accountability problem to the overall Standby Force structures since SARPCCO was not answerable to the Organ.

4.1.3 In view of the above, Summit directed the Ministers responsible for Police issues to ensure that the Public Security Sub-Committee (Police Chiefs) of ISDSC take the responsibility over the SADC Standby Force CIVPOL Component.

#### **Action taken**

4.1.4 Summit noted that the Ministerial Committee of the Organ at its meeting on 2-4 August 2006 in Windhoek Namibia, noted that the SARPCCO Annual General Meeting at its meeting held 29 July - 2 August 2006, directed its Legal Sub Committee to review the legal implications of the submission by the SADC Chiefs of Police regarding the harmonization of the Public Security Sub Committee of the Inter-State Defence Security Committee (ISDSC) and SARPCCO.

4.1.5 The Ministerial Committee of the Organ noted the above decision of SARPCCO and directed that this task should be finalised before the 2006 Summit in order to allow Summit to make a final decision.

4.1.6 Summit noted that the SARPCCO Council of Ministers held an Extraordinary Meeting on 15 August 2006 in Maseru, Lesotho as directed by the MCO and recommended as follows:

- (i) SARPCCO should be made a full SADC structure by way of the provisions of Article 9 of the SADC Treaty
- (ii) Article 10A (4) of the SADC Treaty must be amended to provide for the inclusion of Ministers responsible for police in the Ministerial Committee of the Organ
- (iii) Article 7(1) of the Protocol on Politics, Defence and Security Cooperation must be amended such that the composition of the ISDSC includes Ministers responsible for police
- (iv) SARPCCO be mandated to engage Interpol on the modalities of their relationship
- (v) Once SARPCCO is registered as a SADC structure, SARPCCO's Constitution shall be amended by
  - (a) recognizing SARPCCO as being a structure of SADC integrated in the ISDSC and
  - (b) aligning it with the applicable SADC legal instruments

4.1.7 It is in view of the above that Summit approved as follows:

- (i) In terms of Article 9 of the SADC Treaty, as amended, Summit hereby establishes a SADC Law Enforcement Structure to be known as **THE SOUTHERN AFRICAN REGIONAL POLICE CHIEFS COOPERATION ORGANIZATION (SARPCCO)**
- (ii) **THE SOUTHERN AFRICAN REGIONAL POLICE CHIEFS COOPERATION ORGANIZATION (SARPCCO)** is a subordinate of the Inter-State Defence and Security Committee (ISDSC) established under Article 3:2(e) of the Protocol on Politics, Defence and Security Cooperation.

- (iii) The establishment of SARPCCO will require the amendment of the Treaty and the Protocol on Politics, Defence and Security Cooperation.
- (iv) The Executive Secretary will communicate this decision of Summit to all the Member States.
- (v) Direct SARPCCO to amend its Constitution to align the SARPCCO Constitution with the SADC Treaty and the Protocol on Politics, Defence and Security Cooperation.
- (vi) SARPCCO may retain its executive and policy structure.
- (vii) The SADC Secretariat is directed to henceforth work closely with SARPCCO and its executive structures.
- (viii) Pursuant to Article 10(2) of the SADC Protocol on Politics, Defence and Security Cooperation, any agreement or Memorandum of Understanding (MoU) that may be negotiated by SARPCCO shall be subject for consideration by the Ministerial Committee of the Organ and approved by Summit.

4.1.8 Summit directed the Ministers responsible for Police to ensure the implementation of this decision.

## 4.2. Regional Early Warning Centre

4.2.1 Summit recalled that at its meeting held in August 2005 in Gaborone, Botswana, it directed that, once the Regional Early Warning Centre had been fully established, the activation of the system should be approved by the Ministerial Troika and officially launched by the Chairperson of the Organ.

### Action taken

4.2.2 Summit noted that Member States have appointed National Early Warning Focal Points for the Regional Early Warning System. The Secretariat has acquired both office furniture and equipment to be installed in the Situation Room of the SADC Regional Early Warning Centre.

4.2.3 Summit noted that the official inauguration of the Regional Early Warning Centre has been scheduled for September 2006 and shall be officiated by the Chairperson of the Organ.

### 4.3 Progress on the Establishment of the SADC Standby Force

- 4.3.1 Summit noted that the Permanent Planning Elements of the SADC Standby Force have been fully deployed to the SADC Secretariat. The Planning Elements comprise of five (5) officers for the SADC Standby Brigade (SADC BRIG) and three (3) for SADC OMPOL.
- 4.3.2 Summit noted that SADC Standby Force deployed Military Liaison Officers as part of the SADC Electoral Observer Mission to the DRC during the electoral process.
- 4.3.3 Summit also noted that the official inauguration of the Standby Force shall take place during the August 2007 Summit.

### 4.4 SADC Contribution to Peace Support Operations

4.4.1 Summit noted the contribution of SADC Member States in peace support missions either under the auspices of the United Nations or the African Union.

- (i) **Botswana:** Ethiopia/Eritrea and Sudan
- (ii) **United Republic of Tanzania:** Liberia, Sudan, Ethiopia/Eritrea
- (iii) **Namibia:** Burundi, Ethiopia/Eritrea, Ivory Coast, Liberia, Somalia and Sudan
- (iv) **Mozambique:** DRC, Burundi, Sudan and Comoros Islands
- (v) **Malawi:** DRC, Sudan, Liberia, Burundi and Kosovo
- (vi) **Mauritius:** Kosovo
- (vii) **Madagascar:** Sudan
- (viii) **South Africa:** Burundi, Comoros, DRC, Ethiopia/Eritrea, Ivory Coast and Sudan.
- (ix) **Zambia:** Sudan, DRC, Burundi, Ethiopia/Eritrea, Liberia, Kosovo, Sierra Leone and Ivory Coast
- (x) **Zimbabwe:** Sudan, East Timor, Liberia, Kosovo and Sierra Leone.
- (xi) **Lesotho:** Sudan

4.4.2 Summit commended SADC Member States and directed that SADC Standby Force PLANELMs collect the valuable experiences gained in these operations and consolidate the lessons learned for use by Member States and the RPTC.

5. APPROVAL OF THE REPORT OF THE MINISTERIAL COMMITTEE OF THE ORGAN

5.1 Summit noted that details of various activities of the Organ structures are contained in the Record of the Ministerial Committee of the Organ contained in the background documents.

5.2 Summit approved the Report of the Ministerial Committee of the Organ (MCO) and directed the Chairperson of the MCO and the Secretariat to ensure its implementation.



**PROGRESS REPORT  
ON THE REPRESENTATION OF WOMEN IN POLITICS  
AND DECISION MAKING IN SADC**

**SADC SECRETARIAT  
GENDER UNIT**



**ACRONYMS:**

CM	Council of Ministers
DES	Deputy-Executive Secretary
ES	Executive Secretary
FANR	Food, Agriculture and Natural Resources
GU	Gender Unit
IS	Infrastructure and Services
MP's	Members of Parliament
MS	Member States
SADC	Southern African Development Community
SHD&SP	Social and Human Development & Special Programmes
TIFI	Trade, Industry, Finance and Investment

## 1. INTRODUCTION

This comprehensive report is a result of Council of Ministers August, 2005 decision that directed Secretariat to ensure future reports on female representation in Political and Decision-Making positions must indicate progress and or a lack of it on all categories at senior managerial positions. In addition, Council February, 2006 further directed that the study must also include Secretariat staffing situation to reflect progress made in ensuring equal representation of males and females in regional appointments.

In response to the Council directives, the Gender Unit developed a national level reporting framework that was forwarded to Member States for reporting on progress made in implementing the SADC Declaration on Gender and Development. The data that was received from Member States indicates progress and/or a lack of it on all categories at senior managerial positions. To date, responses have been received from all but two Member States, namely the DRC and Madagascar.

SADC Heads of States and Governments committed themselves and their countries through the SADC Declaration on Gender and Development, signed in 1997, to ensure equal representation of women and men in all political and decision-making structures, at all levels, and committed themselves to achieve at least 30 percent target by year 2005. Furthermore, SADC Summit 2005 made a decision to upgrade the 30% target to 50% in line with the African Union.

Member States have put measures in place to facilitate the implementation of this set target. As a result, significant progress has been made to promote and increase women's representation in political and decision making structures at all levels. In addition to that, the overall monitoring of the progress is undertaken annually through submissions of reports by Member States on the status of women's representation in political and decision-making structures to the regular meetings of Council of Ministers and Summit of Heads of State or Government. The discussions in these meetings on this particular issue have enhanced Member states efforts to address the challenge to increase the number of women in these structures.

However, there are still challenges in fully achieving the set target as displayed in the figures given. This report gives an overview of the progress made by member states in striving to attain equal representation of women in political and decision making at all levels of the public sector.

On the collection of data, it is worth noting that, there were some challenges experienced. As indicated above, two member states; DRC and Madagascar did not respond, while others did not have the capacity to submit on time. Communication to member states to collect the data, posed

major delays in the consolidation of the data. As the data reflects, in some instances Secretariat could not get complete information.

The tables below show the representation of women in political and decision making as well as senior managerial positions in the different categories in the public service in Members States.

## **2. REPRESENTATION OF WOMEN IN POLITICAL DECISION MAKING POSITIONS IN SADC MEMBER STATES**

The table below reflects the status of women representation in ministerial, deputy ministerial, parliamentary and councilor's positions as of July 2006. Only two member states, South Africa (42.8%) and Lesotho (31%), have attained the 30% target of women representation by the year 2005 in Cabinet (Ministers level), while Botswana is the closest to the target with 28.6%, followed by Namibia and Zambia with 27% and 26% respectively.

With regard to women representation in Parliament, only three member states have reached the thirty percent target; Mozambique is leading at 36%, followed by South Africa with 32.65% and then Tanzania with 30.4%. Namibia follows with 27% and the remaining member states are below 20%. Lesotho and Zimbabwe have surpassed the 30% target at the Senate levels with 34.4% and 36% respectively.

At the level of councilors at District/Provincial levels, only two MS have reached the 30% target of women representation and these are Lesotho with an overwhelming 58% and South Africa with 37%. Four member states have surpassed the 30% target of women representation at the local government level, namely Namibia at 45%, South Africa with 40%, Tanzania with 35.5% and Lesotho with 33%.

On the overall, only two MS have reached and gone beyond the 30% target of women representation by 2005 in decision making at all political levels i.e. South Africa in Cabinet (42.8%), Parliament (32.65%), Province (37%) and Local Government (40%); while Lesotho stands at 31% in Cabinet, 58% at Community Council and 33% at local government.

**Key**

\* Reports not submitted.

— Although reports were submitted, information was missing or not applicable to the specific member state.

**Table 1: Women Ministers, /Deputy Ministers, Members of Parliament and Councillors**

COUNTRY	MINISTERS		DEPUTY-MINISTERS		MEMBERS OF PARLIAMENT		RURAL/PROV. COUNCILLORS		URBAN COUNCILLORS	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Angola	93%	7%	78%	22%	87.7%	12.3%	96.5%	3.5%	97%	3%
Botswana	71.4%	28.6%	83.3%	16.7%	89%	11%	80%	<sup>4</sup> 20%	80.4%	19.6%
DRC	97.5%	2.5%	*	*	88%	12%	*	*	*	*
Lesotho	69%	31%	75%	25%	(NA) 86%	14%	42%	58%	67%	33%
					(Sen.)	34.4%				
					65.6%					
Madagascar	86%	14%	95%	5%	76%	24%	*	*	*	*
Malawi	79%	21%	66.7	33.3%	85%	15%	—	—	91%	9%
Mauritius	90%	10%	100%	0	83%	17%	94%	6%	86%	14%
Mozambique	77%	23.0%	73.4%	26.6%	64%	36%	—	—	—	—
Namibia	73%	27%	75%	25%	73%	27%	88%	12%	55%	45%
South-Africa	57.2%	42.8%	57.2%	42.8%	67.34%	32.65%	63%	37%	60%	40%
Swaziland	82%	18%	0	100%	81%	19%	84%	16%	80%	20%
Tanzania	80%	20%	67.75%	32.25%	69.6%	30.4%	—	—	64.5%	35.5%
Zambia	74%	26%	84%	16%	88%	12%	94%	6%	93%	7%
Zimbabwe	81%	19%	94.7%	5.3%	(HA) 84%	16%	90.4%	9.6%	88%	12%
					(Sen.)	36%				
					64%					

Source: National Progress Reports from Member States, 2006.

**3. WOMEN IN SENIOR MANAGERIAL POSITIONS IN THE PUBLIC SERVICE****Table 2: Women Permanent/Principal Secretaries, Directors/Heads of Departments**

Country	permanent /principal secretary		deputy permanent/principal secretary		directors heads of departments	
	Male	Female	Male	Female	Male	Female
Angola	—	—	—	—	—	—
Botswana	90.5%	9.5%	74%	26%	<sup>5</sup> 75.4%	24.6%
					<sup>6</sup> 66.7%	34.3%
DRC	*	*	*	*	*	*
Lesotho	56%	44%	69%	31%	52%	48%
Madagascar	*	*	*	*	*	*
Malawi	80%	20%	88%	12%	90%	10%
Mauritius	64.5%	35.5%	65.5%	34.5%	65.4%	34.6%
Mozambique	74%	26%	—	—	80.8%	19.2%
Namibia	77%	23%	76%	24%	68%	32%
South-Africa <sup>7</sup>	—	—	—	—	—	—
Swaziland	78%	22%	—	—	77.3%	22.7%
Tanzania	73.3%	26.7%	85.7%	14.3%	79%	21%
Zambia	81.4%	18.6%	100%	0	77%	23%
Zimbabwe	80%	20%	63%	37%	78%	22%

Source: National Progress Reports from Member States, 2006.

<sup>4</sup> Chiefs instead of rural councillors<sup>5</sup> Directors<sup>6</sup> Heads Of Departments<sup>7</sup> Overall women representation in Senior Management of the Public Service is 30%. No breakdowns given per category.

The above table shows the status of women in Senior Managerial Positions of the Public Services of the Member States. At the Permanent/Principal Secretary level, Lesotho scores exceptionally, with women's representation at 44%, followed by Mauritius at 35.5%, while the remaining MS are all below the thirty percent target. Zimbabwe has achieved the highest level at the deputy permanent/principal secretary level with 37% women representation while Mauritius and Lesotho stands at 34.5% and 31% respectively. Four MS have gone beyond the set target of thirty percent at the Director/Head of Department levels; Lesotho (48%), Mauritius (34.6%), Botswana (43.3%) and Namibia (32%). On the whole, Lesotho, Mauritius and South Africa have reached the 30% target in Senior Managerial Positions in the Public Service as presented above.

**Table 3: Women Members of Boards of Commissions/Parastatals**

COUNTRY	Male	Female
Angola	*	*
Botswana	73%	27%
DRC	*	*
Lesotho	71%	29%
Madagascar	*	*
Malawi	94%	6%
Mauritius	86%	14%
Mozambique	---	---
Namibia	---	---
South-Africa	76.5%	23.5%
Swaziland	74%	26%
Tanzania	---	---
Zambia	82%	18%
Zimbabwe <sup>b</sup>	40%	60%

Source: National Progress Reports from Member States, 2006.

Among the seven Member States who have submitted data on women representation in boards of commissions or parastatals, only Zimbabwe has reached the 30% target representation. While these numbers are positive, they only reflect data from one institution, the Zimbabwe Public Service Commission. Meanwhile, Lesotho is closest to the target with 29%; Botswana stands at 27% while Swaziland is next with 26%.

#### 4. WOMEN IN THE JUDICIARY

**Table 4: Women in the Judiciary**

COUNTRY	Supreme Court/court of appeal/ High Court								magistrate's court	
	Chief Justice		President		Registrar		Judges		Magistrates	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Angola	---	---	100%	0	---	---	80%	20%	83%	17%
Botswana	100%	0	100%	0	100%	0	95%	5%	57%	43%
DRC	*	*	*	*	*	*	*	*	*	*
Lesotho	100%	0	100%	0	---	---	64%	36%	58%	42%
Madagascar	*	*	*	*	*	*	*	*	*	*
Malawi	---	---	---	---	---	---	82%	18%	---	---

<sup>b</sup> Statistics represent the Public Service Commission only.

Mauritius	100%	0	33%	67%	100%	0	54.5%	45.5%	50%	50%
Mozambique	—	—	—	—	—	—	—	—	—	—
Namibia	100%	0	100%	0	100%	0	80%	20%	57%	43%
South-Africa	—	—	60%	40%	—	—	84.6%	15.4%	65%	35%
Swaziland	100	0	—	—	100	0	83%	17%	78%	22%
Tanzania	100%	0	—	—	100%	0	84.7%	15.3%	79.6%	20.4%
Zambia	<sup>9</sup> 100%	0	—	—	—	—	69.8%	30.2%	77%	23%
Zimbabwe	—	—	—	—	—	—	73.1%	26.9%	73.5%	26.5%

Source: National Progress Reports from Member States, 2006

The representation of women in the different categories in the judiciary of MS as presented above reflects that among the MS, none has a woman Chief Justice or Registrar of the Court in those countries where these designations are applicable. Mauritius has an outstanding representation of women regional court presidents that accounts for 67% while South Africa has attained 44% representation in the same category. At the level of Judges, again Mauritius is leading with a great performance of 45.5%, followed by Lesotho with 36% while Zambia has achieved 30%. Women have made high strides in penetrating the judiciary system at the Magistrate level, where Mauritius has attained 50:50 parity; pursued by Botswana and Namibia both at 43%, Lesotho with 42% and South Africa standing at 30%. By and large, Mauritius has achieved an admirable representation of women in the judiciary system.

## 5. SADC SECRETARIAT STAFFING IN REGIONAL APPOINTMENTS

Table 5: SADC Secretariat Staff in Regional Appointments as of May 2006

Designation/ Directorate	Total Posts	Filled	Male	Female
<b>EXECUTIVE</b>				
Executive Secretary (ES)	1	1	1	0
Deputy Executive Secretary (DES)	1	1	1	0
Chief Director	1	0		
Admin Officer	1	0		
<b>TIFI</b>				
Director	1	1	1	0
Senior Programme Managers	5	1	0	1
<b>FARN</b>				
Director	1	1	0	1
Senior Programme Managers/Head	6	4	4	0
Officers	5	3	2	1
<b>SHDSP</b>				
Director	1	1	1	0
Senior Programme Managers/Head	4	2	1	1
<b>Infrastructure &amp; Services (IS)</b>				
Director	1	1	1	0
Senior Programme Managers/Head	5	4	2	2
Officer	1	0		
<b>Gender Unit (GU)</b>				
Head	1	1	0	1
Officer	1	1	0	1

<sup>9</sup> There are 8 Justices and 2 are female making a representation of 25% female Justices.

<b>Policy &amp; Strategic Planning Unit</b>				
Senior Programme Manager	1	1	1	0
Officers	4	2	1	1
<b>Administration Unit</b>				
Officers	3	2	2	0
<b>Human Resource Unit</b>				
Head	1	0		
<b>Finance Unit</b>				
Officers	4	4	4	0
<b>Corporate Communication Unit (CCU)</b>				
Senior Manager	1	1	0	1
Manager	1	0		
Librarian	1	1	0	1
<b>ICT Support Unit</b>				
Senior Manager	1	1	1	0
Webmaster	1	1	1	0
Network Manager	1	0		
Database Manager	1	0		
<b>Internal Audit Unit</b>				
Senior Internal Auditor	1	1	1	0
Internal Auditor	1	0		
<b>Conference Services Unit</b>				
Senior Officer Conference Services	1	1	0	1
Officer Conference Services	1	0		
Translations Senior Officers	4	2	2	0
Translation Officers	2	1	0	1
<b>Legal Affairs Unit</b>				
Senior Legal Council	1	1	1	0
Legal Council	2	0		
<b>Directorate of the Organ</b>				
Director	1	0		
Head RPTC	1	1	1	0
Senior Officers	7	1	1	0
<b>TOTAL</b>	<b>78</b>	<b>43</b>	<b>30 (70%)</b>	<b>13 (30%)</b>

Source: Human Resource Department, 2006.

The above table shows the status of women representation in SADC Secretariat Staffing in regional appointments. Currently women represent 30% of all regionally recruited staff at the Secretariat. The top level, the executive, is all male and only one (25%) of the four directorates (with the exception of one directorate, Organ, where the Director post is not yet filled) is headed by a woman. Out of the nine Units, where Heads or Managers' positions are filled, three of them (33.3%) are headed by women. These are Conferences Services, Corporate Communications and Gender Units.

**SADC/SM/1/2006/8.3B**



**COUNCIL OF MINISTERS MEETING  
15-16 AUGUST 2006  
MASERU  
LESOTHO**

**PROGRESS REPORT TO COUNCIL OF MINISTERS  
ON THE  
DEVELOPMENT OF THE DRAFT GENDER PROTOCOL**

**SADC SECRETARIAT  
GENDER UNIT  
JULY 2006**



**ACRONYMS:**

CM	Council of Ministers
CSO(s)	Civil Society Organization (s)
ES	Executive Secretary
GU	Gender Unit
HIV/AIDS	Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome
ICM	Integrated Committee of Ministers
MP	Member of Parliament
NGM	National Gender Machinery (s)
NGO(s)	Non Governmental Organization (s)
RISDP	Regional Indicative Strategic Development Plan
SADC	Southern Africa Development Community
SADC PF	Southern Africa Development Community Parliamentary Forum
SNC(s)	SADC National Committees
UNIFEM	United Nations Fund for the Equality of Women

From the outset, the crafters of the 1997 SADC Declaration on Gender and Development envisaged that there may be a need to elevate this instrument to a Protocol, the most binding of SADC instruments; (Addendum section 26, pg 23). In addition, experience has shown that while there has been progress in the region towards achieving gender equality, this is patchy and new challenges that pose further gender challenges such as HIV/AIDS, globalization and trafficking have emerged.

Moreover, a sub-regional protocol opens the unique possibility of rationalizing and enhancing all existing commitments to gender equality, as well as providing accountability and monitoring mechanisms where it matters most: close to home. These mechanisms could include one standard reporting framework for the region; at least one strategic agreed target and indicator in the ten critical areas identified; monitoring and evaluation tools, including annual reports.

Council, August, 2005 approved the upgrading of the SADC Declaration into a Protocol. However, Summit decided it was not as an opportune time to approve the Draft Gender Protocol as there was need for further consultations with a wider level of stakeholders. It is on this background that the Gender Unit has initiated a consultation process with member states and other stakeholders to develop a strategy in that regard.

To facilitate the above, SADC Secretariat, constituted a regional taskforce on the Gender Protocol to spearhead the process and develop the strategy for initiatives on the development of the draft gender protocol and stakeholders consultations. The taskforce met for the first time on the 28- 29 March 2006 and the objectives of the meeting were to:

- Develop the draft terms of reference for the Taskforce on the Gender Protocol.
- Develop the road map for upgrading the SADC Declaration into a Protocol.
- Engage in advocacy and lobbying activities with SADC Executive Secretary, Chair of SADC Council of Ministers/ Summit-(Both current & incoming), senior officials and other strategic stakeholders
- Provide technical input in the drafting of the template / and draft instructions for the protocol.
- Strategize and agree upon up coming activities and events.

The Taskforce for the SADC Gender Protocol constituted three Member States representatives at Permanent Secretary/Director

levels from the Out-going Chair; In -coming Chair and Current Chair(TROIKA), two representatives of NGO'S/CSO's, one Inter-Governmental Organization.All members of the Taskforce were present including SADC Gender Unit and SADC Legal Unit and three representatives from the International Cooperating Partners as observers.The main responsibilities of the Taskforce are to provide technical support, and guidance to the process and engage in strategic advocacy and lobbying activities.

At the same meeting of the Taskforce on the Gender Protocol; in her opening remarks, Ms Mathiba-Madibela; SADC Head of Gender Unit; welcomed the delegates to the first meeting of the Taskforce on upgrading the SADC Declaration into a Protocol. She provided a detailed background on the initiative, taking into consideration the decisions of Council and Summit. She highlighted the fact that, as SADC strives to ensure gender mainstreaming within all its institutions, structures, protocols, policies, programmes and activities, the policy environment must be facilitative in that regard. She said the process of developing a SADC Gender Protocol is yet another practical demonstration that SADC is prepared to translate its commitments into action for the achievement of gender equality and equity.

Ms Madibela alluded to the important role that Member States and stakeholders have played and continue to play in advocating for principles of social freedom and justice including gender equality in the region. As such the experiences and expertise of delegates are most valued to guide the process.

On behalf of the Member States Mr Theko, Permanent Secretary Ministry of Gender and Youth from Lesotho thanked SADC GU for facilitating the process in a very efficient and participatory way. He affirmed the support of the member states to the process of upgrading the declaration into a protocol. Mr Theko emphasised the need for meaningful involvement of all stakeholders in the process in order to secure ownership and success in the negotiation process. Mr Theko commended the members of the taskforce for enabling a rich and wealth of technical expertise to engage in such an important policy process for SADC.

On her presentation on the drafting instructions for the protocol, Attorney General; Botswana, Dr Athaliah Molokomme, provided a clear outline to the members of the meeting with specific issues for consideration in the draft protocol on gender. She alluded to the fact that the outline is not 'a steel and cast', but a mere demonstration of items to consider subject to further interrogation by the taskforce, Member States and other stakeholders. Dr Molokomme emphasized

the need to ensure a wide level of consultation, and reasonable timeframes to consult with all Member States; Ministers and Civil Society. The technical direction offered by Attorney General; Botswana was crucial as the drafting process is core to the entire process; from the consultation to the negotiation levels.

Dr. Kokerai, the SADC Senior Legal Counsel provided a detailed framework for protocol development in terms of expectations, process to follow and timeframes by the SADC. He elaborated on issues to consider in the drafting instructions, in the consultations and negotiation processes. He also provided useful background information on experiences and scenarios that may either negate the efforts or facilitate the process. The technical insights were useful and critical for the development of the roadmap and the drafting instructions.

While giving remarks, other members of the taskforce thanked the SADC secretariat for the opportunity, and the recognition of the civil society in contributing to this important policy process. All pledged support to the process depending on their technical comparative advantage determined by their mandates.

The objectives of the meeting were all achieved with notable achievements as follows:

- i) Development of a clear road map: A road map of action on the consultation processes was developed with specific activities on drafting, advocacy, and lobbying; national and regional consultations. Furthermore the road map stipulates regional level engagements, including senior officials and ministers of justice and gender. The time frame for submission of the draft protocol to summit is August 2007. Below is the tabulated **ROAD MAP** for the development of the draft Gender Protocol:

ACTION	WHO	WHEN
Draft framework	Consultant	April/May 2006
Technical Round Table Meeting	Task force and Technical Experts	June 2006
1 <sup>st</sup> Zero draft	Consultant	June 2006
National and Thematic Consultations	NGM CSO	June, July, August 2006
Update to 2006 Summit	SADC GU	August 2006
2 <sup>nd</sup> Zero Draft	Consultant	September 2006
Advocacy & Lobbying Initiatives at national and regional level	Task Force NGM CSO	
Regional workshop	Officials from NGM and Ministry of Justice, Experts (CSOs), SADC PF Officials	October 2006
3 <sup>rd</sup> Zero Draft	Consultant	December 2006
Ministers of Gender Consultation Meeting	Ministers of Gender & Senior Officials	March 2007
4 <sup>th</sup> Zero Draft	Consultant	March 2007
Ministers of Justice Consultation Meeting	Ministers of Justice & Senior Officials	May 2007
5 <sup>th</sup> Zero Draft	Consultant	May 2007
Regional Parliamentary Consultations	SADC PF	December 2006 to March 2007
ICM Meeting	ICM	May/June 2007
First Draft		
Council of Ministers	CM	August 2007
Second & Final Draft		
Summit	Heads of States	August 2007
Adopted & Signed Protocol		August 2007

ii) **Development of draft instructions:** The drafting instructions were developed under the guidance of Her Excellency; the Attorney General of Botswana. She provided the meeting with a template for drafting instructions. The taskforce labored on the proposed/possible content, the strategy for presentation and the anticipated challenges for the

negotiation process. SADC Senior Legal Counsel provided useful inputs in as far SADC processes are concerned, and elaborated on the legal definitions and concepts commonly used for a protocol.

**iii) Visits to the Executive Secretary of SADC Chair of Council of Ministers; Minister of Finance and Development planning (Botswana).** The Executive Secretary of SADC, Dr Tomaz Salamao welcomed the members of the Taskforce and emphasized his support to upgrade the SADC Declaration into a Protocol. ES said that SADC Secretariat embraces the principles of meaningful involvement, participation, ownership and genuine validation of the processes by the stakeholders. ES also highlighted the importance of advocating for gender equality as women are always the hardest hit in terms of poverty and other social ills. He encouraged the Taskforce to ensure that all efforts at policy and implementation levels eventually address the eradication of poverty in the SADC region. He affirmed the importance of Gender mainstreaming as a useful approach to deal with inequalities between men and women.

**iv) The Taskforce also paid a courtesy call to Chair of Ministers and Hon Minister of Finance and Development Planning, Botswana Mr Baledzi Gaolathe.** The Minister assured the team that the message on gender and development is clear to Botswana thus preaching to the converted. He further highlighted the need to strategize further in addressing concerns on violence and its causes. The minister affirmed his support to the process of upgrading the SADC Declaration into a Protocol.

#### **Way Forward:**

The next immediate steps as determined by the meeting of the 27-28 March; were to circulate the draft road map to all Member States and stakeholders for inputs; unpack the drafting instructions and to convene a meeting of experts.

**Circulation of the Draft Road Map:**The road map was indeed circulated among all the Member States; National Gender Machineries and all the delegates of the Regional Conference on Gender and Development(Dec 2005) by the first week of April 2006. This was to achieve the needed ownership and consultation of the process.

**Unpacking of the Drafting Instructions:** The other important action after the meeting was to unpack the drafting instructions and prepare for national engagements with the zero draft. That was coordinated by Secretariat with financial support from Friedrich Ebert Stiftung. The zero draft has been developed as stipulated in the road map, should be submitted to a round table meeting of experts for further review before it is sent to Member States. The experts are derived from the Member States Attorney Generals Chambers, and other legal/Gender entities.

The round table meeting of experts was planned for the 6-7 June 2006, and has since been postponed due to the need to finalize the agreement between SADC/UNIFEM. This is supported by UNIFEM (SARO). The date of the round table meeting of experts shall be announced in due course.

**Roundtable meeting of Experts:** Following the finalization of the zero draft by the round table meeting of experts; the zero draft shall be sent to Member States for national consultations. At Member States level; all stakeholders at Government and NGO levels are expected to be consulted on the process. Parliaments, Cabinets; Ministries of Justice and other relevant Ministries are to be consulted as their inputs are critical in facilitating this important regional instrument.

As the road map reflects; the process seeks to be as inclusive and participatory as possible to ensure that the opinions and views of Member States and other stakeholders are employed into the SADC Draft Protocol to be submitted to Council and Summit 2007.

**SADC/SM/1/2006/9.1**

**CLERICAL CORRECTIONS EFFECTED BY MINISTERS OF  
JUSTICE/ATTORNEYS - GENERAL 14<sup>th</sup> AUGUST 2006**

**PROTOCOL**

**ON**

**FINANCE AND INVESTMENT**



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## PREAMBLE

WE, the Heads of State or Government of:

The Republic of Angola

The Republic of Botswana

The Democratic Republic of the Congo

The Kingdom of Lesotho

The Republic of Madagascar

The Republic of Malawi

The Republic of Mauritius

The Republic of Mozambique

The Republic of Namibia

The Republic of South Africa

The Kingdom of Swaziland

The United Republic of Tanzania

The Republic of Zambia

The Republic of Zimbabwe

- HAVING** regard to Article 21 of the Treaty which enjoins Member States to cooperate in all areas necessary to foster regional development and integration;
- NOTING** Article 22 of the Treaty which calls for the conclusion of protocols as may be necessary in each area of co-operation and which shall spell out the objectives and scope of, and the institutional mechanisms for, co-operation and integration;
- FURTHER** noting that the RISDP map and targets for enhancing socio-economic development and deeper regional integration;
- CONSCIOUS** of their collective duty to achieve economic growth and balanced intra regional development, compatibility among national and regional strategies and programmes, to develop policies aimed at the progressive elimination of obstacles to the  
free movement of capital and labour, goods and services, and of the residents of the Member States, improve economic management and performance through regional co operation, and to create appropriate institutions and mechanisms for the implementation of programmes and operations in the Region;
- CONVINCED** of the need to accelerate growth, investment and employment in the SADC Region through increased co-operation, coordination and management of  
macroeconomic, monetary and fiscal policies and to establish and sustain macroeconomic stability as a precondition to sustainable economic growth and for the creation of a monetary union in the Region;
- RECOGNISING** the increasing importance of the development and strengthening of financial and capital markets, and the role played by investment and the private sector in productive capacity and increased economic growth and sustainable development;
- RECOGNISING** the importance of the link between investment and trade, and the need for greater regional cooperation to enhance the attractiveness of the Region as an investment destination;

**MINDFUL** of the different levels of economic development of Member States and of the need to share equitably in the benefits of regional integration;

**HEREBY AGREE** as follows:

**CHAPTER ONE  
DEFINITIONS AND OBJECTIVES**

**ARTICLE 1  
DEFINITIONS**

1. In this Protocol, terms and expressions defined in Article 1 of the Treaty shall bear the same meaning unless the context otherwise requires.
2. In this Protocol, unless the context otherwise requires:

"Annex"	means an Annex to this Protocol;
"BIS"	means the Bank for International Settlements;
"capital market"	means a market where capital funds, debt or equities and any other financial instrument are traded
"CCBG"	means the Committee of Central Bank Governors in SADC;
"Central Bank"	means, in relation to a State Party, the central bank of that State Party;
"Committee of Ministers responsible for Finance and Investment"	means the Committee of Ministers for policy development and policy making for finance and investment matters, or such similar body as the Council may establish;

<p>"Committee of Senior Treasury Officials"</p>	<p>means the technical advisory body to the Committee of Ministers for Finance and Investment consisting of Heads of Treasuries;</p>
<p>"DFIs"</p>	<p>means, in relation to a State Party, those financial institutions which are designated, or classified, as "Development Finance Institutions" by that State Party;</p>
<p>"financial markets"</p>	<p>means markets for the exchange of capital and credit in the economy;</p>
<p>"Protocol"</p>	<p>means this SADC Protocol on Finance and Investment including its annexes;</p>
<p>"State Party"</p>	<p>means a Member State that has ratified or acceded to this Protocol; and</p>
<p>"RISDP"</p>	<p>means the Regional Indicative Strategic Development Plan.</p>

## **ARTICLE 2 OBJECTIVES**

1. This Protocol seeks to foster harmonisation of the financial and investment policies of the State Parties in order to make them consistent with objectives of SADC and ensure that any changes to financial and investment policies in one State Party do not necessitate undesirable adjustments in other State Parties.
  
2. The objective referred to in paragraph 1 shall be achieved through facilitation of regional integration, co-operation and co-ordination within finance and investment sectors with the aim of diversifying and expanding the productive sectors of the economy, and enhancing trade in the Region to achieve sustainable economic development and growth and eradication of poverty by:
  - (a) creating a favourable investment climate within SADC with the aim of promoting and attracting investment in the Region;
  
  - (b) achieving and maintaining macroeconomic stability and convergence within the Region;



- (c) co-operating in respect of taxation and related matters within the Region;
- (d) co-operating and co-ordinating amongst State Parties in collaboration with Central Banks on exchange control policies;
- (e) establishing principles which will facilitate the creation of a coherent and convergent status in the legal and operational frameworks of Central Banks;
- (f) establishing a framework for co-operation and co-ordination between (amongst) Central Banks on payment, clearing and settlement systems;
- (g) co-operating in the area of information technology and communications technology amongst Central Banks;
- (h) co-operating on bank supervision amongst Central Banks;
- (i) co-operating in the activities of DFIs in the Region;
- (j) co-operating in the area of non-banking financial institutions and services;
- (k) facilitating the development of capital markets in the Region;
- (l) co-operating in the area of SADC Stock Exchanges;
- (m) co-operating with regard to anti-money laundering issues amongst State Parties; and
- (n) cooperation in respect of a SADC Project Preparation and Development Fund.

2 The objectives set out in paragraph 1, the implementation thereof and the mechanism for such implementation are fully described in the Annexes to this Protocol..

CHAPTER TWO  
CO-OPERATION ON INVESTMENT

**ARTICLE 3**  
**CO-OPERATION ON INVESTMENT**

State Parties shall co-ordinate their investment regimes and cooperate to create a favourable investment climate within the Region as set out in Annex 1.

- (c) co-operating in respect of taxation and related matters within the Region;
- (d) co-operating and co-ordinating amongst State Parties in collaboration with Central Banks on exchange control policies;
- (e) establishing principles which will facilitate the creation of a coherent and convergent status in the legal and operational frameworks of Central Banks;
- (f) establishing a framework for co-operation and co-ordination between (amongst) Central Banks on payment, clearing and settlement systems;
- (g) co-operating in the area of information technology and communications technology amongst Central Banks;
- (h) co-operating on bank supervision amongst Central Banks;
- (i) co-operating in the activities of DFIs in the Region;
- (j) co-operating in the area of non-banking financial institutions and services;
- (k) facilitating the development of capital markets in the Region;
- (l) co-operating in the area of SADC Stock Exchanges;
- (m) co-operating with regard to anti-money laundering issues amongst State Parties; and
- (n) cooperation in respect of a SADC Project Preparation and Development Fund.

2 The objectives set out in paragraph 1, the implementation thereof and the mechanism for such implementation are fully described in the Annexes to this Protocol..

## CHAPTER TWO CO-OPERATION ON INVESTMENT

### ARTICLE 3 CO-OPERATION ON INVESTMENT

State Parties shall co-ordinate their investment regimes and cooperate to create a favourable investment climate within the Region as set out in Annex 1.

CHAPTER THREE  
MACROECONOMIC CONVERGENCE

**ARTICLE 4**  
**MACROECONOMIC CONVERGENCE**

State Parties shall converge on stability-orientated economic policies and shall co-operate as set out in Annex 2.

CHAPTER FOUR  
CO-OPERATION IN TAXATION AND RELATED MATTERS

**ARTICLE 5**  
**CO-OPERATION IN TAXATION AND RELATED MATTERS**

State Parties shall co-operate in taxation matters and co-ordinate their tax regimes within the Region as set out in Annex 3.

CHAPTER FIVE  
CO-OPERATION AMONG CENTRAL BANKS

**ARTICLE 6**  
**CO-OPERATION AND CO-ORDINATION ON EXCHANGE  
CONTROLS**

State Parties shall co-operate and co-ordinate their exchange control policies as set out in Annex 4.

**ARTICLE 7**  
**THE LEGAL AND OPERATIONAL FRAMEWORKS**

State Parties shall harmonize the legal and operational frameworks of their respective Central Banks as set out in Annex 5.

**ARTICLE 8**  
**PAYMENTS, CLEARING AND SETTLEMENT SYSTEMS**

State Parties shall ensure co-operation amongst their respective Central Banks in relation to payments, clearing and settlement systems as set out in Annex 6.

**ARTICLE 9**  
**CO-OPERATION IN THE AREA OF INFORMATION AND  
COMMUNICATION TECHNOLOGY**

State Parties shall ensure co-ordination and co-operation amongst their respective Central Banks in relation to operations in the area of information and communication technology as set out in Annex 7.

**ARTICLE 10**  
**CO-OPERATION BETWEEN BANKING SUPERVISORS**

State Parties shall facilitate co-operation between (amongst) regional banking supervisors and the harmonization of banking supervisory standards and practices as set out in Annex 8.

**CHAPTER SIX**  
**NETWORK OF DFIs**

**ARTICLE 11**  
**FACILITATION OF ACTIVITIES OF DFIs**

In order to increase effectively cross border flows of finance for projects, State Parties agree to establish a Development Finance Institutions Network and to facilitate the activities of their respective Development Finance Institutions and to ensure co-operation between these Development Finance Institutions as set out in Annex 9.

CHAPTER SEVEN  
CO-OPERATION IN REGIONAL CAPITAL AND FINANCIAL MARKETS

**ARTICLE 12**  
**REGULATION AND SUPERVISION OF NON-BANKING**  
**FINANCIAL SERVICES**

State Parties shall harmonize the regulation of non-banking financial institutions and shall facilitate co-operation between the respective regulators and supervisors of such institutions as set out in Annex 10.

**ARTICLE 13**  
**DEVELOPMENT OF CAPITAL AND FINANCIAL MARKETS**

State Parties shall co-operate in developing and strengthening national capital and financial markets with the intention of creating a regional capital and financial market as set out in Annexes 10 and 11.

**ARTICLE 14**  
**CO-OPERATION AMONG MEMBER STOCK EXCHANGES**

State Parties shall facilitate co-operation between their respective stock exchanges as set out in Annex 11.

CHAPTER EIGHT

**ANTI-MONEY LAUNDERING**

**ARTICLE 15**  
**CO-OPERATION WITH REGARD TO ANTI- MONEY LAUNDERING**

State Parties shall co-operate with regard to anti-money laundering.

CHAPTER NINE  
PROJECT PREPARATION AND DEVELOPMENT FUND

**ARTICLE 16**  
**DEVELOPMENT OF A SADC PROJECT PREPARATION AND**  
**DEVELOPMENT FUND**

State Parties agree to establish a Project Preparation and Development Fund to finance the preparation and development of projects by way of providing technical assistance towards project identification, project selection and feasibility studies and to participate in the financing of selected projects.

CHAPTER TEN  
INSTITUTIONAL AND ADMINISTRATIVE ARRANGEMENTS

**ARTICLE 17**  
**ESTABLISHMENT OF INSTITUTIONS**

The following institutions are to be established in accordance with Articles 9, 10 and 11 of the SADC Treaty:

- (a) the Committee of Ministers for Finance and Investment;
- (b) the Committee of Central Bank Governors in SADC; and
- (c) the Peer Review Panel.

**ARTICLE 18**  
**THE COMMITTEE OF MINISTERS FOR FINANCE AND INVESTMENT**

The Committee of Ministers for Finance and Investment shall consist of the Ministers responsible for finance and for investment of each State Party and it shall meet at least once a year.

**ARTICLE 19**  
**THE COMMITTEE OF CENTRAL BANK GOVERNORS IN SADC**

1. The CCBG shall consist of the Governor of the Central Bank of each State Party.
2. The CCBG shall meet at least once a year and will report to the Committee of Ministers for Finance and Investment.

**ARTICLE 20**  
**PEER REVIEW PANEL**

1. The Peer Review Panel shall consist of:
  - (a) the Committee of Ministers for Finance and Investment; and
  - (b) Central Bank Governors from each of the State Parties.
2. The Peer Review Panel shall meet once a year to effect the provisions of macroeconomic monitoring and surveillance as provided for in Article 7 of Annex 2.

**ARTICLE 21  
INSTITUTIONAL MECHANISMS**

1. The institutional mechanisms for implementation of this Protocol shall comprise the Integrated Committee of Ministers, the Committee of Ministers for Finance and Investment, the CCBG, the Peer Review Panel and the Secretariat.
2. The Committee of Ministers for Finance and Investment shall create such committees, sub-committees or institutions as it deems necessary for purposes of the effective implementation of this Protocol.

**ARTICLE 22  
FUNCTIONS AND RESPONSIBILITIES**

1. The functions and responsibilities of the Integrated Committee of Ministers are as set out in Article 12 of the SADC Treaty.
2. The Committee of Ministers for Finance and Investment shall oversee the implementation of this Protocol.
3. The CCBG shall be responsible for the implementation of those aspects that are specifically allocated to it:
  - (a) by the Committee of Ministers for Finance and Investment; and
  - (b) in the various Annexes of this Protocol.
4. The Secretariat shall ensure close collaboration with;
  - (a) State Parties; and
  - (b) all relevant institutions on finance, investment and other related matter the Region.

**CHAPTER ELEVEN  
FINAL PROVISIONS**

**ARTICLE 23  
ANNEXES**

1. State parties may develop and adopt annexes for the implementation of this Protocol.
2. An Annex shall form an integral part of this Protocol.

3. The adoption of annexes under this Article shall be done in accordance with Article 26.



## **ARTICLE 24 SETTLEMENT OF DISPUTES**

1. State Parties shall use their best endeavours, through co-operation and consultation, to achieve consensus in the interpretation, application and implementation of this Protocol.
2. Where State Parties are unable to achieve consensus in the interpretation, application and implementation of any Article of this Protocol, as contemplated in paragraph 1 , and:
  - (a) the Annex relating to such Article contains provisions which deal with disputes or differences arising in relation to such Article, such provisions shall be applied in respect of the dispute or difference relating to such Article;
  - (b) the Annex relating to such Article does not contain provisions which deal with disputes or differences arising in relation to such Article, the State Parties which are parties to the dispute or difference relating to such Article will use their best endeavours to settle such dispute or difference through negotiations in good faith.
3. State Parties agree that if, in relation to a dispute or difference contemplated in paragraph 2 (b) the State Parties which are parties to such dispute or difference are unable to settle such dispute or difference through negotiation within three months from the time the disputes or differences arose, such dispute or difference shall be referred to the Tribunal for adjudication.

## **ARTICLE 25 GENERAL UNDERTAKING**

1. State Parties shall take such appropriate measures as are necessary to ensure that their respective obligations arising from this Protocol are fulfilled.
2. State Parties shall co-operate with each other in addressing any impediments that may arise as a result of any action, or lack of action, by any State Party on issues having a material bearing on those finance and investment matters which are not covered in this Protocol.

## **ARTICLE 26 AMENDMENTS**

1. Any State Party may propose amendments to this Protocol.

2. Proposals for amendments to this Protocol shall be made to the Executive Secretary who shall duly notify all Member States of the proposed amendments at least thirty (30) days in advance of consideration of the amendments by the States Parties. Such notice may be waived by the Member States.
3. Amendments to this Protocol shall be adopted by a decision of three quarters of all the State Parties and shall become effective thirty (30) days after such adoption.

### **ARTICLE 27 SIGNATURE**

This Protocol shall be signed by the duly authorised representatives of the Member States.

### **ARTICLE 28 RATIFICATION**

This Protocol shall be subject to ratification by the signatory States in accordance with their constitutional procedures.

### **ARTICLE 29 ENTRY INTO FORCE**

This Protocol shall enter into force thirty (30) days after the deposit of instruments of ratification by at least two-thirds of all of the Member States.

### **ARTICLE 30 ACCESSION**

This Protocol shall remain open for accession by any Member State.

### **ARTICLE 31 WITHDRAWAL**

1. Any State Party may withdraw from this Protocol upon the expiration of twelve (12) months from the date of giving written notice to the Executive Secretary to that effect.
2. Any State Party that has withdrawn pursuant to paragraph 1 of this Article shall cease to enjoy all rights and benefits under this Protocol upon the withdrawal becoming effective.

3. Any State Party that has withdrawn pursuant to paragraph 1 of this Article shall remain bound by the obligations under this Protocol for a period of twelve (12) months from the date of giving notice.

## **ARTICLE 32 DEPOSITARY**

1. This original text of this Protocol, all instruments of ratification and all instruments of accession shall be deposited with the Executive Secretary, who shall transmit certified copies thereof to all Member States.
2. The Executive Secretary shall notify the Member States of the dates on which instruments of ratification and instruments of accession have been deposited under paragraph 1.
3. The Executive Secretary shall register this Protocol with the Secretariat of the United Nations, the Commission of the African Union and such other organisations as the Council may determine.

IN WITNESS WHEREOF, WE, the Heads of State or Government, have signed this Protocol.

DONE AT.....on..... 2006 in three (3) original texts in the English, French and Portuguese languages, all texts being equally authentic.

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Republic of Angola

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Republic of Botswana

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Democratic Republic of Congo

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Kingdom of Lesotho

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Republic of Madagascar

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Republic of Malawi

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Republic of Mauritius

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Republic of Mozambique

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Republic of Namibia

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Republic of South Africa

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Kingdom of Swaziland

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United Republic of Tanzania

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Republic of Zambia

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Republic of Zimbabwe

## ANNEXES

### ANNEX 1 CO-OPERATION ON INVESTMENT

#### *PREAMBLE*

The High Contracting Parties:

**COMMITTED** to achieving the broad objectives of the SADC as set out in the Treaty and

specifically to achieving economic growth and sustainable development through regional

integration and working through IPAs in the Region ;

**RECOGNISING** the increasing importance of the role played by investment to advance

productive capacity and increase economic growth and sustainable development and the

importance of the link between investment and trade;

**CONCERNED** with the low levels of investment into the SADC, even though a number of

measures have been taken to improve the investment environment;

**AIMING** to create new employment opportunities and improve living standards in our

territories;

**ACKNOWLEDGING** that there is a need for greater regional cooperation among

IPAs in the Region in order to enhance the attractiveness of the Region as

An investment destination;

**CONSCIOUS** that without effective policies on investment protection and promotion, the

Region will continue to be marginalised in terms of investment inflows and sustainable economic development; and

**WISHING**

to be guided by the ideals, objectives and spirit of the Protocol in the facilitation and stimulation of investment flows and

technology transfer and innovation into the Region

HEREBY AGREE as follows:

## **ARTICLE 1 DEFINITIONS**

1. In this Annex, terms and expressions defined in Article 1 of the Protocol shall bear the same meaning unless the context otherwise requires.

2. In this Annex, unless the context otherwise requires:

**"bond"** means a debt instrument in terms of which the issuer thereof is obliged to re-pay, to the bondholder on a specified maturity date, the principal amount of a loan (and, ordinarily, interest thereon) made by the bondholder to the issuer;

**"company"** means any entity constituted or organised under the applicable laws of any State, whether or not for profit, and whether privately or governmentally owned or controlled, and includes a corporation, trust, partnership, sole proprietorship, branch, joint venture, association, or other such organisation;

**"Host Government"** means the government of the State Party in whose territory an investment is made or located;

**"Host State"** means the State Party in whose territory an investment is made or located;

**"ICSID Convention"** means the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, done at Washington, March 18, 1965;

**"investment"** means the purchase, acquisition or establishment of productive and portfolio investment assets, and in particular, though not exclusively, includes:

- (a) movable and immovable property and any other property rights such as mortgages, liens or pledges;
- (b) shares, stocks and debentures of companies or interest in the property of such companies;
- (c) claims to money or to any performance under contract having a financial value, and loans;

- (d) copyrights, know-how (goodwill) and industrial property rights such as patents for inventions, trade marks, industrial designs and trade names;
- (e) rights conferred by law or under contract, including licences to search for, cultivate, extract or exploit natural resources:

Provided that nothing in this definition shall prevent a State Party from excluding short-term portfolio investments of a speculative nature or any sector sensitive to its development or which would have a negative effect on its economy. A State Party that has invoked this provision shall notify the Secretariat for information purposes within a period of three (3) months;

**"IPAs"**

means the investment promotion agencies of State Parties that:

- (a) actively promote and facilitate investments;
- (b) proactively identify business opportunities for investments;
- (c) encourage expansion of existing investments;
- (d) develop a favourable investment image of their countries;
- (e) make recommendations for improvements of their countries as investment destinations;
- (f) keep track of all investors entering and leaving the country for the purpose of analysis in terms of investment performance; or
- (g) play the role of advising investors upon request on the availability, choice or sustainability of partners in joint venture projects.

2. Nothing in this definition prevents a State Party from excluding short-term portfolio investments of a speculative nature or any sector sensitive to its development or which would have a negative effect on its economy. State Parties who have invoked this clause



shall notify the SADC Secretariat for information purposes within a period of three (3) months.

- "investor" means a person that has been admitted to make or has made an investment;
- "least-developed countries" means, for purposes of Article 19 of this Annex, those State Parties classified as such by the United Nations;
- "MIGA" means the Multilateral Investment Guarantee Agency;
- "MIGA Convention" means the **Convention Establishing the Multilateral Investment Guarantee Agency**
- "New York Convention" means the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards;
- "person" means a natural person or a company;
- "PPP" means Public Private Partnership;
- "returns" means the amounts yielded by an investment and in particular, though not exclusively, includes profits, interest, capital gains, dividends, royalties and fees;
- "SMME" means Small Micro and Medium Enterprises, as defined by each State Party in its relevant legislation as qualifying for such status;
- "State entity" means, any agency, department or instrumentality of the Government of a State Party and any corporation, juristic person, institution, undertaking or entity which is directly or indirectly owned or controlled by that State Party, which are engaged in activities of a commercial nature;
- "territory" means, in relation to a State Party, the total land area of that State Party and, in relation to a coastal State Party, includes, in addition, the territorial sea and any maritime area situated beyond the territorial sea of that coastal State Party which has been, or might in the future be, designated under the national law of that coastal State Party, in accordance with international law, as an area within which that coastal State Party may exercise rights with regard to the sea-bed, subsoil and natural resources;
- "third State" means any state that is not a State Party; and

“UNCITRAL  
Arbitration  
Rules”

means the arbitration rules of the United Nations  
Commission on International Trade Law.

## **ARTICLE 2 PROMOTION AND ADMISSION OF INVESTMENTS**

1. Each State Party shall promote investments in its territory, and admit such investments in accordance with its laws and regulations.
2. The Host State shall facilitate and create favourable conditions to attract investments in its territory through suitable administrative measures and in particular in the matter of expeditious clearance of authorisations in accordance with its laws and regulations.
3. For the purposes of creating a predictable investment climate, State Parties shall not arbitrarily, and without good reason, amend or otherwise modify to the detriment of investors, the terms, conditions and any benefits specified in the letter of authorisation.

## **ARTICLE 3 PROMOTION OF LOCAL AND REGIONAL ENTREPRENEURS**

1. State Parties shall support the development of local and regional entrepreneurs and enhance regional productive capacity within the Region through, *inter alia*:
  - (a) skills development and enhancement programmes;
  - (b) SMME development;
  - (c) appropriate investments into supporting infrastructure; and
  - (d) other supply-side measures and policies necessary to enhance global competitiveness.
2. In providing support described in paragraph 1 of this Article, State Parties may place emphasis on industries that provide up-stream and down-stream linkages and have a favourable effect on attracting foreign direct investment and generating increased employment.

**ARTICLE 4  
PUBLIC PRIVATE PARTNERSHIPS**

State Parties shall co-operate on policies and other related issues that will encourage and facilitate the use of PPPs to ensure development in the Region.

**ARTICLE 5  
INVESTMENT PROTECTION**

Investments shall not be nationalised or expropriated in the territory of any State Party except for a public purpose, under due process of law, on a non-discriminatory basis and subject to the payment of prompt, adequate and effective compensation.

## **ARTICLE 6 INVESTORS OF THE THIRD STATE**

1. Investments and investors shall enjoy fair and equitable treatment in the territory of any State Party.
2. Treatment referred to in paragraph 1 shall be no less favourable than that granted to investors of the third State.

## **ARTICLE 7 GENERAL EXCEPTIONS**

1. Notwithstanding the provisions of Article 6, State Parties may in accordance with their respective domestic legislation grant preferential treatment to qualifying investments and investors in order to achieve national development objectives.
2. State Parties undertake to eventually harmonize their respective domestic policies and legislation within the spirit of non-discrimination as set out in Article 6.
3. The provisions of Article 3 shall not apply to advantages, concessions or exemptions which may result from a bilateral investment treaty, Free Trade Area, Customs Union, Economic Union, Monetary Union or other multilateral arrangement for economic integration in which a State Party is participating or may participate.

## **ARTICLE 8 TRANSPARENCY**

State Parties shall promote and establish predictability, confidence, trust and integrity by adhering to and enforcing open and transparent policies, practices, regulations and procedures as they relate to investment.

## **ARTICLE 9 REPATRIATION OF INVESTMENT AND RETURNS**

Each State Party shall ensure that investors are allowed facilities in relation to repatriation of investments and returns in accordance with the rules and regulations stipulated by the Host State.

## **ARTICLE 10 CORPORATE RESPONSIBILITY**

Foreign investors shall abide by the laws, regulations, administrative guidelines and policies of the Host State.

## **ARTICLE 11 SOURCING OF REQUISITE SKILLS**

State Parties shall, subject to their national laws and regulations, permit investors to engage key personnel and other necessary human resources of their choice, regardless of nationality under the following circumstances:

- (a) where the skills do not exist in the Host State and the Region;
- (b) where State Parties are satisfied that the sourcing of such skills will be in compliance with regional policies; and

where such sourcing would enhance the development of local capacity through skills transfer.

## **ARTICLE 12 OPTIMAL USE OF NATURAL RESOURCES**

State Parties shall promote the use of their natural resources in a sustainable and an environmentally friendly manner.

## **ARTICLE 13 ENVIRONMENTAL MEASURES**

State Parties recognise that it is inappropriate to encourage investment by relaxing domestic health, safety or environmental measures and agree not to waive or otherwise derogate from, international treaties they have ratified, or offer to waive or otherwise derogate from, such measures as an encouragement for the establishment, acquisition, expansion or retention in their territories, of an investment.

## **ARTICLE 14 RIGHT TO REGULATE**

Nothing in this Annex shall be construed as preventing a State Party from exercising its right to regulate in the public interest and to adopt, maintain or enforce any measure that it considers appropriate to ensure that investment activity is undertaken in a manner sensitive to health, safety or environmental concerns.

## **ARTICLE 15 CAPITAL MOVEMENTS**

1. State Parties shall encourage the free movement of capital.
2. Notwithstanding the provisions of paragraph 1, State Parties may regulate capital movements subject to their domestic laws and regulations, when necessitated by economic constraints.
3. State Parties that introduce new regulations in the circumstances described in paragraph 2 shall notify the Secretariat for information purposes within a period of three (3) months of introducing such regulations.

## **ARTICLE 16 COMPETITION POLICY**

State Parties undertake through co-operation to advance a competition policy in the Region.

## **ARTICLE 17 INTRA-REGIONAL AND EXTRA-REGIONAL AGREEMENTS FOR THE AVOIDANCE OF DOUBLE TAXATION**

1. With a view to encouraging the movement of capital within the Region, particularly to the least-developed countries, State Parties undertake, in line with their undertakings as set out in Annex 3, to conclude between themselves agreements for the avoidance of double taxation.
2. State Parties agree, in line with their undertakings as set out in the Annex 3, to approach their negotiations for agreements for the avoidance of

double taxation with countries outside the region on the basis of mutually agreed principles.

**ARTICLE 18**  
**TRADE, INVESTMENT AND INDUSTRIAL POLICY**

In recognizing the importance of the link between trade and investment, State Parties agree to pursue trade openness and intra-regional industrial policies and to reduce barriers to intra-regional trade in pursuance of the principles of the SADC Protocol on Trade and any other relevant SADC instruments.

**ARTICLE 19**  
**HARMONISATION OF POLICIES AND LAWS**

State Parties shall pursue harmonisation with the objective of developing the region into a SADC investment zone, which shall, among others, include the harmonisation of investment regimes including policies, laws and practices in accordance with the best practices within the overall strategy towards regional integration.

**ARTICLE 20**  
**CONDITIONS FAVOURING LEAST DEVELOPED COUNTRIES**

1. State Parties shall establish conditions favouring the participation of least-developed countries of SADC in the economic integration process, based on the principles of non-reciprocity and mutual benefit.
2. For the purpose of ensuring that least-developed countries of SADC receive effective preferential treatment, State Parties shall investigate the establishment of market openings as well as the setting up of programmes and other specific forms of cooperation including in relation to derogations in respect of investment incentives.

**ARTICLE 21**  
**ADHERENCE TO INTERNATIONAL CONVENTIONS AND PRACTICES**

State Parties may consider acceding to multilateral agreements on investment designed to promote or protect investments, such as:

- (a) the ICSID Convention of 1965;
- (b) the MIGA Convention, 1985; and
- (c) the New York Convention, 1958.

**ARTICLE 22**  
**REGIONAL COOPERATION ON INVESTMENT**

State Parties shall through their relevant institutions promote regional cooperation in the area of investment, including PPPs, to ensure development in the Region;

**ARTICLE 23**  
**INVESTMENT PROMOTION AGENCIES**

State Parties shall ensure that their IPAs:

- (a) carry out their investment promotion activities, in line with their national and regional development priorities;
- (b) advise the Government of that State Party, the private sector and other stakeholders in the formulation and review of policies and procedures that affect investment and trade; and



- (c) increase awareness of their investment incentives, opportunities, legislation, practices, major events affecting investments and other relevant activities through regular exchange of information.

## **ARTICLE 24 THE ROLE OF THE SECRETARIAT**

The Secretariat shall ensure close collaboration with State Parties and all relevant institutions on investment and other related matters in the Region.

## **ARTICLE 25 RELATIONSHIP WITH OTHER ORGANISATIONS**

State Parties shall pursue and promote policies that will increase cooperation with other regional and international organisations on issues relating to investment.

## **ARTICLE 26 BILATERAL INVESTMENT TREATIES**

State Parties may conclude bilateral investment treaties with third States.

## **ARTICLE 27 ACCESS TO COURTS AND TRIBUNALS**

State Parties shall ensure that investors have the right of access to the courts, judicial and administrative tribunals, and other authorities competent under the laws of the Host State for redress of their grievances in relation to any matter concerning any investment including judicial review of measures relating to expropriation or nationalization and determination of compensation in the event of expropriation or nationalisation

## **ARTICLE 28 SETTLEMENT OF INVESTMENT DISPUTES**

1. Disputes between an investor and a State Party concerning an obligation of the latter in relation to an admitted investment of the former, which have not been amicably settled, and after exhausting local remedies shall, after a period of six (6) months from written notification of a claim, be submitted to international arbitration if either party to the dispute so wishes.

2. Where the dispute is referred to international arbitration, the investor and the State Party concerned in the dispute may agree to refer the dispute either to:
  - (a) The SADC Tribunal;
  - (b) The International Centre for the Settlement of Investment Disputes (having regard to the provisions, where applicable, of the ICSID Convention and the Additional Facility for the Administration of Conciliation, Arbitration and Fact-Finding Proceedings); or
  - (c) An international arbitrator or ad hoc arbitral tribunal to be appointed by a special agreement or established under the Arbitration Rules of the United Nations Commission on International Trade Law.
3. If after a period of three (3) months from written notification of the claim there is no agreement to one of the above alternative procedures, the parties to the dispute shall be bound to submit the dispute to arbitration under the Arbitration Rules of the United Nations Commission on International Trade Law as then in force. The parties to the dispute may agree in writing to modify these Rules.
4. The provisions of this Article shall not apply to a dispute, which arose before entry into force of this Annex.

ANNEX 2  
MACROECONOMIC CONVERGENCE

**PREAMBLE**

The High Contracting Parties:

**RECALLING** the provisions of Chapter Three of the Protocol which requires co-operation on macroeconomic convergence;

**RECOGNISING** the need to accelerate growth, investment and employment in the SADC Region through increased co-operation and co-ordination in respect of macroeconomic policies;

**CONVINCED** that regional economic integration and macroeconomic stability are preconditions to sustainable economic growth and for the creation of a monetary union in the Region;

**DETERMINED** to maximise co-operation and co-ordination in the implementation and management of sustainable macroeconomic policies and to reduce the divergence in macroeconomic aggregates among State Parties;

**COMMITTED** to the establishment of a dynamic, sustainable and credible regional economic entity;

**DEDICATED** to good governance, accountable and transparent public resource management,

**HEREBY AGREE** as follows:

**ARTICLE 1  
DEFINITIONS**

1. In this Annex, terms and expressions defined in Article 1 of the Protocol shall bear the same meaning unless the context otherwise requires.

2. In this Annex, unless the context otherwise requires:

- "budget deficit" means the extent to which the government of that State Party's expenditure and net lending exceeds receipts from revenue and grants;
- "current account" means the record of transactions in goods, services, income and current transfers between residents of that State Party and non-residents;
- "GDP" means the Gross Domestic Product of a State Party;
- "inflation" means the rate of change in the general price level using a headline index;
- "macroeconomic convergence" means the convergence by State Parties to low and stable levels of inflation, sustainable budget deficits, public and publicly guaranteed debt, and current account balances;
- "market distortions" means regulatory or structural obstructions of the market clearing process;
- "monetisation of deficits" means, the financing of the budget deficit(s) of a State Party through the creation of money;
- "public and publicly guaranteed debt" means, debt consisting of:
- (a) loans made to a State Party (including loans to public entities and the government of the State Party); and
  - (b) guarantees granted by a State Party (including guarantees granted by public entities and the government of the State Party).

**ARTICLE 2**  
**PRINCIPLES OF MACROECONOMIC CONVERGENCE**

1. In order to achieve and maintain macroeconomic stability within the Region, State Parties shall converge on stability-orientated economic policies implemented through a sound institutional structure and framework and to this end, State Parties shall co-operate and be bound by this Annex.
2. Stability-orientated economic policies, in relation to a State Party, include, but are not limited to:
  - (a) restricting inflation to low and stable levels;
  - (b) maintaining a prudent fiscal stance based on the avoidance of large budget deficits, monetisation of deficits and high or rising ratios of public and publicly guaranteed debt to GDP;
  - (c) avoiding large financial imbalances in the economy of the State Party; and
  - (d) minimising market distortions.

**ARTICLE 3**  
**INDICATORS OF MACROECONOMIC CONVERGENCE**

1. The macroeconomic convergence in the Region shall be measured and monitored by the following indicators:
  - (a) the rate of inflation in a State Party;
  - (b) the ratio of the budget deficit to GDP in a State Party;
  - (c) the ratio of public and publicly guaranteed debt to GDP, taking account of the sustainability of such debt, in a State Party; and
  - (d) the balance and structure of the current account in a State Party.
2. State Parties shall identify common guidelines for each of the indicators referred to in paragraph 1 and such other complementary indicators as may be agreed, including structural performance and financial conditions.

**ARTICLE 4**  
**FISCAL AND MONETARY POLICY COOPERATION**

1. Each State Party shall formulate, implement and maintain its fiscal and monetary policies that are transparent, consistent and contribute towards the achievement of the principles referred to in Article 2.
2. Each State Party shall formulate and implement fiscal and monetary policies that are sustainable and minimise negative spill-over effects into any other State Party.

## **ARTICLE 5 INFORMATION AND DATA**

1. State Parties shall, for purposes of Article 8, provide such data and reports as are required by the Committee of Ministers for Finance and Investment for the implementation and monitoring of macroeconomic convergence.
2. Data shall be provided by State Parties in accordance with internationally acceptable data standards as defined by the International Monetary Fund.

## **ARTICLE 6 INSTITUTIONAL ARRANGEMENTS**

1. Pursuant to Article 21(2) of the Protocol, the Committee of Ministers of Finance and Investment hereby establishes a Committee of Senior Treasury Officials which shall be responsible for the implementation of this Annex and shall report on such implementation to the Committee of Ministers..
2. The Committee of Senior Treasury Officials may make use of any structure or recommend to the Committee of Ministers for Finance and Investment, the establishment of any structure that may be necessary to facilitate the implementation of this Annex.
3. For the purposes of this Annex, the Committee of Ministers for Finance and Investment shall collaborate with the CCBG.

## **ARTICLE 7 MONITORING AND SURVEILLANCE**

1. The Peer Review Panel shall establish a collective surveillance procedure to monitor macroeconomic convergence, determine specific targets, assess progress relative to those targets and provide advice on corrective actions, as set out in this Article.

2. State Parties shall present to the Peer Review Panel an annual macroeconomic convergence programme which will include:
  - (a) a review of recent economic developments in the State Parties;
  - (b) progress relative to previous targets;
  - (c) medium-term objectives for the agreed macroeconomic convergence indicators; and
  - (d) specific targets for the indicators referred to in sub-paragraph (c) above over a three-year period.
3. The Peer Review Panel shall evaluate and monitor the annual macroeconomic convergence programmes submitted by State Parties, determine whether such macroeconomic convergence programmes satisfy the common guidelines, advise on possible changes, compare outcomes with previous programmes and make such recommendations as the Peer Review Panel may deem appropriate in accordance with the Treaty.
4. The Peer Review Panel shall issue a communiqué explaining its assessments referred to in paragraph 3.

**ARTICLE 8**  
**REVIEW OF THE SADC PROGRAMME ON MACROECONOMIC**  
**CONVERGENCE**

The Committee of Ministers for Finance and Investment may review the macroeconomic convergence programme for SADC as necessary.

ANNEX 3  
CO-OPERATION IN TAXATION AND RELATED MATTERS

**PREAMBLE**

The High Contracting Parties:

**RECALLING** the provisions of Chapter Four of the Protocol which require co-operation on taxation and related matters;

**RECOGNISING** the need to take such steps as are necessary to maximise the co-operation of State Parties in taxation matters and to co-ordinate the tax regimes of the State Parties; and

**DETERMINED** to take such steps as are necessary to maximise the co-operation of the State Parties in taxation matters;

**HEREBY AGREE** as follows:

**ARTICLE 1  
DEFINITIONS**

1. In this Annex, terms and expressions defined in Article 1 of the Protocol shall bear the same meaning unless the context otherwise requires.
2. In this Annex, unless the context otherwise requires:

"customs duty"	means a tax normally applied to imported goods;
"direct tax"	means a tax levied under its domestic laws, by a country on persons (including juristic persons), in respect of income, capital gains, net worth, property, donations and gifts and includes estate duties;
"double taxation"	means an imposition of similar taxes by two or more tax jurisdictions on the same taxpayer in respect of the same income or capital;
"e-commerce, e-billing, or e-Customs Clearance"	means the conduct of financial transactions, or customs clearance, by electronic means,
"exceptional cases"	means, in relation to tax incentives, those exceptions to the guidelines envisaged in Article 4 agreed to by State Parties, on the use



of tax incentives within the Region especially following natural disasters or wars;

"excise duty"

means a duty imposed by a country under its domestic law on certain goods manufactured or produced in the country or imported into that country, being a tax levied on a specific basis, either on the basis of the weight or volume of the goods, or on an *ad valorem* basis, or on a profit basis.

"harmful tax competition"

means a situation where the tax systems of a jurisdiction are designed in such a way that they erode the tax bases of other jurisdictions and attract investments or savings which originate elsewhere, facilitating the avoidance of taxes in such other jurisdictions;

"indirect tax"

means any tax (other than a direct tax) that a country imposes on consumption or transactions under domestic law, and includes VAT, sales taxes, excise duties, stamp duties, services taxes, registration duties and financial transaction taxes;

"levy"

means a tax in respect of specific items, transactions, or events, and which tax is levied at a fixed or flat rate;

"luxury goods and services"

means goods and services with an income elasticity of greater than one;

"Mutual Agreement"

means the procedure envisaged in Article 25 of the Model Tax Convention on Income and on Capital of the Organisation for Economic Cooperation and Development;

"mutual assistance"

means such arrangements as are made between two countries or jurisdictions in order to improve the efficiency of their respective taxation systems;

"SADC Tax Database"

means the tax database into which State Parties shall deposit information on tax on a continuous basis, as contemplated in Article 2;

"SADC Model Tax Agreement"	means templates, as adopted by the Committee of Ministers for Finance and Investment, for bilateral agreements for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital, or agreements for mutual assistance with regard to indirect taxes, to be used by State Parties between or amongst themselves or with countries outside the Community as contemplated in Article 5 (4);
"sales tax"	means a tax imposed as a percentage of the price of goods or services and which is ordinarily borne by the buyer but the liability for rendering payment of the tax to the authorities is placed on the supplier of the goods or services;
"tax"	means a compulsory unrequited financial contribution imposed by a government or jurisdiction;
"tax incentives"	means, in relation to a State Party, fiscal measures that are used to attract local or foreign investment capital to certain economic activities or particular areas in a country and, without limiting the generality of the foregoing, includes those measures contemplated in Article 5(2);
"Tax Sparring Arrangement "	means an arrangement in terms of which the government of residence of an international investor recognises tax incentives granted by a host country for purposes of attracting investments and providing relief from income tax under the domestic laws of that government, as if normal tax had been imposed in respect of that investor in the host country;
"Tax Agreement"	means any bilateral agreement concluded by State Parties between or amongst themselves or with countries outside the Community, for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital or for mutual assistance with regard to indirect taxes;

VAT

means a value added tax imposed on goods or services, which is levied at each stage in the production and distribution process and is borne by the final consumer of such goods or services, but, where the liability for rendering payment of such tax to the authorities is placed upon the supplier of the goods or services.

## **ARTICLE 2 SADC TAX DATABASE**

1. In the interests of SADC, State Parties shall put in place a comprehensive SADC Tax Database which is publicly accessible within the Region.
2. State Parties shall, collectively, take such steps as are necessary to further develop the SADC Tax Database and to provide the Secretariat with such information as is required to maintain the SADC Tax Database.
3. The developed SADC Tax Database shall, in relation to each State Party, include details in respect of that State Party of:
  - (a) all direct taxes, indirect taxes and levies, including applicable rates, implementation dates, exemptions and allowances;
  - (b) all tax incentives offered, including implementation dates and conditions imposed;
  - (c) all Tax Agreements and their respective implementation dates; and
  - (d) appropriate statistics on revenue collection and the revenue importance of various instruments including:
    - (i) the sales volumes or value of products and services that are subject to Indirect Taxes, and the revenue collected from such products and services; and
    - (ii) the revenue collected from direct taxes.
4. Each State Party shall provide at least on an annual basis and when significant changes occur, information in regard to that State Party as is required by the Secretariat to update the SADC Tax Database.

### **ARTICLE 3 CAPACITY BUILDING**

1. State Parties shall, in the interests of SADC, develop the professionalism and expertise of tax officials throughout the Region, and develop an effective enabling environment that:
  - (a) is supportive of life-long training, development of skills and learning for the State Parties' personnel in respect of tax design, policy development and revenue administration;
  - (b) will effectively equip such personnel to utilise their expertise to protect the respective individual tax bases of State Parties against the practices of tax avoidance or evasion by domestic and international taxpayers operating within their respective jurisdictions; and
  - (c) will enable such personnel to introduce, develop, maintain and engender taxation best practices in their respective State Parties.
2. In order to fully implement the wide-ranging steps envisaged in this Annex, each State Party shall:
  - (a) actively support initiatives aimed at developing skills and taxation best practices across the Region, including the exchange of personnel and information, and the provision of mutual assistance, training workshops, seminars, and training events; and
  - (b) make provision (from the internal budget of that State Party and/or appropriate co-operating partner support) for resources to defray the costs of ongoing training development and the interaction of the tax officials of that State Party across all capacities or disciplines.
3. State Parties shall meet the information technology and digital challenges faced by State Parties, and work together in responding to such challenges, including the review of issues relating to e-commerce, e-billing, or e-customs clearance, and the impact that e-commerce, e-billing, or e-customs clearance may have on tax revenue collection and on the flow of goods and services.

### **ARTICLE 4 APPLICATION AND TREATMENT OF TAX INCENTIVES**

1. State Parties shall endeavour to achieve a common approach to the treatment and application of tax incentives and shall, amongst other things, ensure that tax incentives are provided for only in tax legislation.

2. Tax incentives may include any one or more of the following:
  - (a) investment allowances in addition to full depreciation allowances;
  - (b) an investment tax credit where a certain percentage of the acquisition cost is deducted, in addition to normal depreciation deductions, from the tax liability;
  - (c) the full cost of acquisition of the asset is allowed as a deduction from the taxable profits of the year in which the relevant investment was made;
  - (d) accelerated depreciation allowances;
  - (e) declining balance depreciation allowances;
  - (f) tax privileged export processing or enterprise zones; and
  - (g) tax holidays.
3. State Parties shall, in the treatment and application of tax incentives, endeavour to avoid:
  - (a) harmful tax competition as may be evidenced by:
    - (i) zero or low effective rates of tax;
    - (ii) lack of transparency;
    - (iii) lack of effective exchange of information;
    - (iv) restricting tax incentives to particular tax payers, usually non-residents of that State Party;
    - (v) promotion of tax incentives as a vehicle for tax minimisation;  
or
    - (vi) the absence of substantial activity in the jurisdiction of that State Party to qualify for a tax incentive; and
  - (b) introducing tax legislation that prejudices another State Party's economic policies or activities of, or the regional mobility of goods, services, capital or labour.
4. State Parties shall, collectively, through the (Committee of) Ministers responsible for Finance and Investment, develop and adopt guidelines for tax incentives in the Region, including provision for exceptional cases.

5. In order to advance a competition policy within the Region, State Parties shall collectively develop a fiscal framework for tax incentives that will, among other things, focus on:
  - (a) the effectiveness of proposed tax incentives in achieving their stated policy goals;
  - (b) the revenue costs likely to be suffered by the fiscus of each of the State Parties as a result of the application of proposed tax incentives;
  - (c) the extent to which the absence of Tax Sparing Arrangements in Tax Agreements between State Parties reduce the effectiveness of tax incentives, particularly those aimed at attracting foreign direct investments;
  - (d) the impact that proposed tax incentives will have on the collective costs of, or collective burden on, tax administration in the Region; and
  - (e) the effects that tax incentives have on the overall distribution of the tax burden within each State Party.

## **ARTICLE 5 TAX AGREEMENTS**

1. State Parties shall, collectively, develop a common policy for the negotiation of Tax Agreements between or amongst themselves or with countries outside the Region.
2. Each State Party shall, in accordance with its constitutional procedures, strive to ensure the speedy negotiation, conclusion, ratification and effective implementation of Tax Agreements.
3. State Parties shall, collectively, take such steps as are necessary to establish amongst themselves a comprehensive network of agreements for the avoidance of double taxation that will assist in expediting the effective exchange of information, mutual agreement procedures and co-operation amongst themselves.
4. State Parties shall, in pursuit of a common policy for dealing with Tax Agreements, develop a Model Tax Agreement for SADC that, among other things, takes account of the particular socio-economic development needs of each State Party.

5. State Parties shall, on completion of the Model Tax Agreement referred to in paragraph 4, draw up guidelines for the effective exchange of information, the implementation of Mutual Agreement procedures.

## ARTICLE 6 INDIRECT TAXES

1. State Parties shall effectively co-operate in the harmonisation of the administration of indirect taxes.
2. Each State Party shall, in line with the World Trade Organisation agreements, gradually substitute taxes on internationally traded goods and services with broad-based indirect taxes on consumption.
3. State Parties shall, collectively, explore areas of possible co-ordination for policy formulation and administration in respect of excise duties on:
  - (a) tobacco products;
  - (b) alcoholic beverages;
  - (c) non-alcoholic beverages;
  - (d) fuel products;
  - (e) luxury goods and services; and
  - (f) any other excisable goods and services.
4. Each State Party shall, as far as is possible, promote the use of excise duty on an *ad valorem* basis on luxury goods and services as an alternative to the application of multiple VAT rates or sales tax rates; provided that it is accepted that the classification of goods and services as being luxury goods and services may, due to shifts in economic and social conditions, change from time to time.
5. State Parties shall, in an effort to minimise incidents of smuggling, take such steps as are necessary to harmonise the application of excise duty rates, with particular regard to tobacco products, alcoholic beverages and fuel products.
6. State Parties shall take such steps as are necessary to exchange information among themselves, and to engage in such programmes of mutual assistance and co-operation as may be appropriate, in order to prevent unlawful activities and, in particular, the smuggling of goods and the importation of counterfeit items.
7. State Parties shall in an effort to combat cross-border smuggling activities, identify areas of co-operation and agreement for: (i) the protection of their respective tax bases; and (ii) addressing the problem of tax leakage and gaps in tax compliance.



8. State Parties shall give consideration to entering into bilateral agreements with each other, based on a SADC model tax agreement in order to deal with, among other things, the exchange of information on VAT and sales tax and to make provision for mutual assistance on matters such as effective revenue collection.
9. State Parties shall identify and explore areas of possible co-ordination and co-operation in the formulation of policy on, and the administration of, VAT and sales tax.
10. State Parties shall take such steps as are necessary to harmonise their VAT regimes and shall:
  - (a) set minimum standard VAT rates; and
  - (b) harmonise, over time, the application of zero-rating and VAT exemption of goods and services.

## **ARTICLE 7 SETTLEMENT OF DISPUTES**

1. State Parties shall develop mechanisms and procedures for the settlement of tax disputes between State Parties, including the establishment of a SADC body for the settlement of such tax disputes.
2. Until such time as the mechanisms and procedures for the settlement of tax disputes between State Parties are developed, and the SADC body for the settlement of such tax disputes is established, as envisaged in paragraph 1, State Parties shall settle any dispute or difference arising from the interpretation, application or implementation of this Annex 3 in accordance with Article 24 of the Protocol.

ANNEX 4  
CO-OPERATION AND COORDINATION OF EXCHANGE CONTROL  
POLICIES

**PREAMBLE**

The High Contracting Parties:

**RECALLING** the provisions of Chapter Five of the Protocol, which require State Parties to co-operate and coordinate their exchange control policies;

**RECOGNISING** the fact that SADC economies are characterised by significant exchange control divergences in terms of currency convertibility and exchange control liberalisation;

**DETERMINED** to achieve co-operation and coordination of exchange control policies;

**HEREBY AGREE** as follows:

**ARTICLE 1  
DEFINITIONS**

1. In this Annex, terms and expressions defined in Article 1 of the Protocol shall bear the same meaning unless the context otherwise requires.
2. In this Annex, unless the context otherwise requires:

"capital and financial  
or  
account transactions"

means, all transactions that involve the receipt  
payment of capital transfers and the acquisition  
or disposal of non-produced, non-financial  
assets, as well as all transactions associated  
with changes of ownership in the foreign  
financial assets and liabilities of the economy  
of that State Party and such changes include  
the creation and liquidation of claims on, or by,  
the rest of the world in relation to that State  
Party;

"currency convertibility"

means, the ability of residents of that State  
Party and non-residents to exchange the  
currency of that State Party for foreign  
currency and to utilise the foreign currency in  
transactions. A measure of currency

convertibility of a State Party is the absence of restrictions on:

- (a) the making or receipt of payments for international transactions; and
- (b) the exchange of the currency of that State Party for foreign currency for such purposes;

“current account transactions”

means, all transactions (other than those in financial items) that involve economic values and occur between residents of a State Party and non-residents, and includes offsets to current economic values provided or acquired without a *quid pro quo*;

“SADC Exchange Control Committee”

means the SADC Exchange Control Committee contemplated in Article 4(1).

## **ARTICLE 2 OBJECTIVES**

State Parties shall:

- (a) establish a framework for co-operation and co-ordination with regard to the promotion of exchange control in respect of:
  - (i) current account transactions; and
  - (ii) capital and financial account transactions;
- (b) review exchange control policies to ensure exchange control convergence as State Parties move towards full exchange control liberalisation;
- (c) implement exchange control policies aimed at achieving full currency convertibility amongst State Parties;
- (d) improve the availability of information regarding cross-border foreign exchange flows amongst State Parties, with the aim of facilitating performance monitoring and assessment, as well as of maintaining transparency and accountability.

**ARTICLE 3**  
**CO-OPERATION AND COORDINATION**

1. State Parties shall co-operate and co-ordinate exchange control policies in order to:
  - (a) liberalise current account transactions amongst State Parties;
  - (b) liberalise capital and financial account transactions between State Parties;
  - (c) achieve convergence and full currency convertibility between State Parties; and
  - (d) improve the availability of information regarding cross-border foreign exchange flows between State Parties.
2. State Parties shall conclude multilateral agreements between themselves to provide for the conversion and repatriation of State Parties' banknotes through the forum of their respective Central Banks.

**ARTICLE 4**  
**INSTITUTIONAL ARRANGEMENTS**

1. To achieve the objectives stated in Article 2 of this Annex, the State Parties shall establish a SADC Exchange Control Committee.
2. Each State Party shall be represented on the SADC Exchange Control Committee by one representative from the Ministry of that State Party responsible for finance and investment and one representative from the Central Bank of that State Party.
3. Decisions of the SADC Exchange Control Committee shall be by consensus.
4. Each State Party shall respond promptly to any recommendation made to that State Party by the SADC Exchange Control Committee and if that State Party, after consultation (where consultation is required) with its Ministry responsible for finance and investment, decides to implement such recommendation, that State Party shall do so promptly.
5. The SADC Exchange Control Committee shall report to the Committee of Senior Treasury Officials and to the CCBG.

**ARTICLE 5**  
**FUNCTIONS OF THE SADC EXCHANGE CONTROL COMMITTEE**

1. In order to facilitate and ensure continued compliance with this Annex , State Parties shall hold regular consultations among themselves with a view to reconciling their respective interests in the formulation, modification and implementation of exchange control policies for the Region and in regard to any other matter arising from, or relating to exchange control.
2. The SADC Exchange Control Committee shall:
  - (a) for the fulfilment of its functions, convene in regular session at least twice in every year and, if so requested by any State Party, at such other time being as soon as possible after receipt of such request by that State Party;
  - (b) expedite as far as possible any business referred to it;
  - (c) use its best endeavours to find a solution satisfactory to all State Parties in regard to any matter referred to it, and make recommendations to State Parties accordingly;
  - (d) determine its own procedures, including the establishment of such subcommittees as, in its opinion, are necessary.

## **ARTICLE 6 CONSULTATIONS**

1. State Parties shall consult with one another and, where required, with their respective Ministries responsible for finance and investment, in order to improve the operation and implementation of exchange control and to resolve any matters that may arise in this regard.
2. Each State Party shall, in order to enable the other State Parties to take such action as may be necessary to fulfil their respective obligations and to protect their respective interests under this Annex 4, in circumstances where the urgency of the relevant matter precludes prior consultation with such other State Parties through the SADC Exchange Control Committee, notify such other State Parties and the SADC Exchange Control Committee of any change in that State Party's exchange control policies or in the administration thereof, including any amendments to the exchange control provisions of that State Party which may affect the interests of such other SADC State Parties. Such notification shall be made by that State Party, where practicable, before such change or, if such notification in advance is impossible or impracticable, such notification shall be made immediately after such change.
3. If any State Party wishes to consult with any other State Party on any exchange control issue which does not directly affect all of the State

Parties, that State Party may consult with such other State Party but shall notify the remaining State Parties, in advance, of its intention to do so, and shall, as soon as possible after the conclusion of such consultation furnish the remaining State Parties with a report on the results of such consultations.

4. The State Party furnishing its report under paragraph 3 shall lay the report before the SADC Exchange Control Committee at its following meeting.

ANNEX 5  
HARMONISATION OF LEGAL AND OPERATIONAL FRAMEWORKS

**PREAMBLE**

The High Contracting Parties:

**RECOGNISING**

- that the main objective of SADC is to achieve sustainable development in the Community;
- the determination of the general monetary policy framework vests in Government, the responsibility for monetary policy formulation and implementation rests with the respective Central Banks;
- an appropriate legal framework to facilitate sound operations of Central Banks is imperative;
- the present diverse legal and operational frameworks of Central Banks in the Region need to move towards a more coherent and convergent status to facilitate the harmonisation of monetary policy in the region;
- monetary policy credibility and effectiveness is enhanced by independence of Central Banks;
- the development of a sound legal and operational framework shall promote and foster the operational independence of Central Banks;
- the harmonisation of the legal and operational frameworks of Central Banks shall enhance operational efficiency, foster greater co-operation among State Parties and encourage Central Banks to work towards the articulation of one primary objective, which is to maintain price stability;
- consultation amongst Central Banks, with the Ministers responsible for Finance and Investment, individually and collectively, will improve the operation and implementation of this Annex and help to resolve any matters that may arise;

HEREBY AGREE as follows:

## **ARTICLE 1 DEFINITIONS**

1. In this Annex, terms and expressions defined in Article 1 of the Protocol shall bear the same meaning unless the context otherwise requires.
2. In this Annex, unless the context otherwise requires:

“Board” means Board of Directors of the Central Bank;

“Legal Committee” means a committee established in terms of Article 6;

“Model Central Statute” means a Model Act to serve as a guideline for Bank State Parties when formulating Central Bank legislation.

## **ARTICLE 2**

### **SCOPE**

Through the provisions of this Annex, the State Parties shall promote the mutual co-operation, co-ordination and harmonisation of the legal and operational frameworks of Central Banks which shall culminate in the creation of a Model Central Bank Statute for the Region as contemplated by the RISDP.

## **ARTICLE 3**

### **OBJECTIVES**

The objectives of this Annex are to:

- (a) establish principles that shall facilitate the creation of a coherent and convergent status in the legal and operational frameworks of Central Banks;
- (b) promote the adoption of principles that shall facilitate the operational independence of Central Banks;
- (c) create best practices in the legal and operational frameworks of Central Banks; and



- (d) provide the framework for the creation of a Model Central Bank Statute which shall be considered and approved by the Ministers responsible for national financial matters.

## **ARTICLE 4 AGREEMENT ON PRINCIPLES**

1. In order to achieve the objectives set out in Article 2 and foster harmonisation in the legal and operational frameworks, the Central Banks shall, in their respective State Parties, work towards the realisation and attainment of the principles set out in this Article.

2. Principles for convergent status:

- (a) State Parties shall move towards the adoption of price stability as the primary objective of their central banks;
- (b) Central Banks shall contribute to the pursuit of financial stability;
- (c) the accounts of Central Banks shall be audited by independent auditors appointed by the Board/shareholders of each Central Bank;
- (d) the objectives, legal form and capacity, duties, powers and functions of the Central Banks shall be set out in clear terms and as exhaustively as possible in the Central Bank legislation;
- (e) lending by Central Banks to government, its agencies and political subdivisions shall be discouraged;
- (f) unrealised exchange losses or gains in each financial year shall be made good, as agreed between the government and the Central Bank, within the following year in order to facilitate the orderly execution of monetary and exchange rate policies; and
- (g) overdue government securities and other indebtedness of government and its various agencies shall, at the end of each financial year, be first redeemed from any available surplus income before the transfer of the residue to government.

3. Principles for operational independence:

There should exist legislative provisions ensuring the operational independence of Central Banks and the ownership structures of Central Banks should not be permitted to compromise this independence;

the formulation and implementation of monetary policy by Central Banks shall be recognised and explicitly provided for in the Central Bank statute;

the budget of each Central Bank shall be approved by its own Board;

appointment of a Governor and Deputy Governor(s) shall vest in the Head of State or Government of each State Party and where applicable, shall be ratified by the Legislature;

Central banking legislation shall provide for fair and transparent procedure and grounds under which the Governors and Deputy Governors may be removed from office;

members of the Board of Directors of Central Banks should be appointed from among persons of proven experience in fields relevant to central banking:

- (i) by Ministers responsible for Finance and Investment; and
- (ii) by the shareholders as prescribed by relevant legislation, in the case of central banks with private shareholders;

whereas civil servants may, where individual country circumstances require, sit on the Board of central banks, such appointments which may compromise the independence of the central banks should be in the minority; and

Members of Parliament shall be disqualified from sitting on the Boards of central banks.

4. Principles for transparency and accountability:

- (a) There shall be established a monetary policy committee whose composition, structure and functions shall be publicly disclosed;
- (b) legislation should stipulate the extent and frequency of financial and operational disclosures by Central Banks to parliament or a committee of parliament, and also to the public at large;
- (c) the remuneration and benefits of Governors, Deputy Governors and members of the Board should be disclosed to parliament annually; and
- (d) every Central Bank shall publish an annual report detailing its operations and audited financial statements. The report shall be distributed to all stakeholders.
- (e) Notwithstanding the establishment of the Monetary Policy Committee in Article 4(4) (a) above, the Governor shall be ultimately accountable and responsible for monetary policy.

**ARTICLE 5**  
**AREAS AND NATURE OF CO-OPERATION**

In order to achieve the objectives of this Annex, State Parties shall (through Central Banks) co-operate in the following areas

- (a) promoting the enhancement of accountability and transparency;
- (b) establishing guidelines consistent with the primary objective on Central Bank lending policies to government and commercial banks;
- (c) safeguarding the economic viability of Central Banks through adequate capitalisation;
- (d) adopting internationally accepted best practices for accounting and financial management, as well as, reporting requirements;
- (e) allowing for the sharing of information amongst Central Banks without breach of secrecy and confidentiality laws;
- (f) providing for proper procedures in the event of a dissolution of any Central Bank;
- (g) pursuing international best practices through the ratification by the legislature, where the local circumstances permit, of the appointment of the Governor and Deputy Governor(s);
- (h) ensuring that the powers to approve the budget of the Central Banks rest with the Boards ; and
- (i) in any other areas that will foster the harmonisation of the legal and operational frameworks of Central Banks.

**ARTICLE 6**

**LEGAL COMMITTEE**

1. In order to facilitate and ensure continued compliance with this Annex, to reconcile the respective interests in the formulation, modification and implementation of concurrent legislation for the Region, the harmonisation of legal and operational frameworks of Central Banks as well as any other matter arising under this Annex, CCBG shall establish a Legal Committee.

2. Each Central Bank shall be represented on the Legal Committee by one legal expert and one economic expert. Should the need arise, other experts may be co-opted.
3. The resolutions of the Legal Committee and the Steering Committee contemplated in Article 7 shall be by the consensus of the appointed experts.
4. The Legal Committee shall be accountable to the CCBG.

## **ARTICLE 7**

### **FUNCTIONS AND PROCEDURES OF THE LEGAL COMMITTEE**

1. The Legal Committee shall:
  - (a) review and monitor the progress of the harmonisation of the legal and operational frameworks of Central Banks, including the decision making instruments to be developed to achieve *harmonisation*;
  - (b) encourage the adoption of model acts and the use of advisory options, recommendations, regulations and draft agreements to achieve harmonisation;
  - (c) consider and recommend amendments to relevant legislation;
  - (d) provide technical assistance and advice to Central Banks as and when required;
  - (e) make recommendations to Central Banks in relation to any matters arising from the implementation of this Annex;
  - (f) *carry out any other tasks that may be assigned to it by the CCBG;*  
and
  - (g) channel all requests from State Parties to the CCBG.
2. For the performance of its functions, the Legal Committee shall:
  - (a) convene in regular session at least once every year;
  - (b) determine its own procedures, including the establishment of such subcommittees as may be necessary; and

- (c) appoint a Steering Committee of not fewer than four and not more than seven members, which members shall be appointed on a rotational basis
3. The Steering Committee shall determine its own procedures including appointment of a chairperson.

#### **ARTICLE 8 CONSULTATION**

1. Central Banks shall consult with Ministers responsible for Finance and Investment in areas necessary to ensure proper co-ordination between fiscal and monetary policies.
2. Central Banks shall consult with one another and with their respective Ministers responsible for Finance and Investment, to improve the operation and implementation of this Annex and to resolve any matters that may arise.
3. Should a Central Bank wish to consult another Central Bank on any issue arising from this Annex but not directly affecting all other Central Banks, it may do so and should the matter be significant, notify the other Central Banks as soon as possible and thereafter, furnish them with a report on the results of the consultations.

ANNEX 6  
COOPERATION ON PAYMENT, CLEARING AND SETTLEMENT  
SYSTEMS

**PREAMBLE**

The High Contracting Parties:

**RECALLING** the provisions of Chapter Five of the Protocol which requires co-operation on payment, clearing and settlement systems;

**RECOGNISING** that payment systems are critical to the financial infrastructure and the circulation of money, and are integral to economic activity;

**RECOGNISING** that Central Banks must co-operate through policy co-ordination, capacity building and system development which in turn will contribute towards payment system reform, facilitation of cross-border payments, and support for monetary policy objectives;

**HEREBY AGREE** as follows:

**ARTICLE 1  
DEFINITIONS**

1. In this Annex, terms and expressions defined in Article 1 of the Protocol shall bear the same meaning unless the context otherwise requires.
2. In this Annex, unless the context otherwise requires:

"clearing system"

means, a set of procedures whereby financial institutions present and exchange data and/or documents relating to the transfer of funds or securities to other financial institutions at a single location (clearing house), and such procedures may include a mechanism for the calculation of participants' bilateral and/or multilateral net positions with a view to facilitating the settlement of their respective obligations on a net or net-net basis (BIS Red Book);

"currency convertibility"

means, the ability of residents of that State Party and non-residents to exchange the currency of that State Party for foreign currency and to utilise the foreign currency in transactions. A measure of currency

convertibility of a State Party is the absence of restrictions on:

- (a) the making or receipt of payments for international transactions; and
- (b) the exchange of the currency of that State Party for foreign currency for such purposes

"payment system"	means a set of instruments, banking procedures and typically, inter-bank funds transfer systems that ensure the circulation of money (BIS Red Book);
"SADC Payment System Committee Steering Committee"	means the SADC Payment Steering contemplated in Article 4(1);
"SADC Payment System Working Group"	means the SADC Payment System Working Group contemplated in Article 4(2);
"settlement"	means an act that discharges the respective obligations of two or more counter parties incurred in respect of the transfer of funds or securities between such counter parties;
"settlement system"	means, the system of a State Party used to facilitate settlement.

## **ARTICLE 2 SCOPE**

1. The scope of this Annex concerns issues relating to payment, clearing and settlement systems within each State Party, (as well as for the Region as a whole,) and State Parties agree that the application of this Annex 6 is intended to culminate in convergent national payment system features, policies, practices, rules and procedures within the Region.
2. Nothing contained in this Annex shall prevent or limit, in any way, any State Party from advancing further than any other State Party or all of the other State Parties together.

## **ARTICLE 3 OBJECTIVES**



The objective of this Annex is to establish a framework for co-operation and co-ordination between Central Banks on payment, clearing and settlement systems in order to:

- (a) define and implement, in each State Party, a safe and efficient payment system based on internationally accepted principles;
- (b) define and implement a cross-border payment strategy for the Region;
- (c) identify, measure, minimise and manage payment system risk (in particular systemic risk relating to payment systems);
- (d) achieve convergence across the Region of the features, policies, practices, rules and procedures relating to payment systems, clearing system and settlement system;
- (e) conduct ongoing payment system oversight aimed at reducing and eliminating cross-border settlement risk and systemic financial risk.

#### **ARTICLE 4 CO-OPERATION AND CO-ORDINATION**

1. In order to achieve the objectives set out in Article 3, the Central Bank in each State Party shall, in co-operation with the other Central Banks in the Region, :
  - (a) sensitise the key stakeholders in that State Party to payment system issues;
  - (b) build payment system capacity in that State Party;
  - (c) identify and measure payment system risk in that State Party, and establish appropriate procedures for the management of such risk;
  - (d) develop a legal framework in that State Party to support modern payment system mechanisms;
  - (e) monitor, on an ongoing basis, international payment system best practices and align the payment system developments in that State Party in accordance therewith;
  - (f) define and implement a payment system strategy in that State Party.
2. The Central Bank of each State Party shall, in co-operation with the other Central Banks:

- (a) define and implement a cross-border payment strategy for the Region, which strategy may be based on currency convertibility within the Region or, in the future, on a single currency for the Region;
- (b) identify and measure payment systems risk and establish appropriate procedures for the management of such risk;
- (c) establish and maintain mutually beneficial relationships with international bodies such as the World Bank, the BIS and the central banks of third States; and
- (d) keep abreast of modern trends in payment, clearing and settlement systems.

## **ARTICLE 5 INSTITUTIONAL ARRANGEMENTS**

1. Central Banks shall, through the forum of the CCBG, establish a SADC Payment System Steering Committee which shall be responsible for the implementation of this Annex. State Parties agree that
2. Each Central Bank shall appoint one person to serve on the SADC Payment System Steering Committee.
3. The SADC Payment System Steering Committee shall establish a SADC Payment System Working Group, and the SADC Payment System Steering Committee shall delegate the day-to-day administration relating to the implementation of this Annex to the SADC Payment System Working Group.
4. The SADC Payment System Working Group shall comprise project leader, a project manager and such number of payment system analysts as are appointed by the SADC Payment System Steering Committee.
5. The SADC Payment System Working Group shall be responsible for the implementation of this Annex on a daily basis.

## **ARTICLE 6 FUNCTIONS OF THE SADC PAYMENT SYSTEM STEERING COMMITTEE AND THE SADC PAYMENT SYSTEM WORKING GROUP**

1. The SADC Payment System Steering Committee shall:
  - (a) review and monitor progress in respect of the objectives set out in Article 3;

- (b) initiate such tasks and projects as the SADC Payment System Steering Committee may deem necessary in order to support of the objectives set out in Article 3;
- (c) consider and recommend the enactment of, or amendments to, legislation of State Parties relating to payment system, clearing system and settlement system, including the making and amendment of rules and procedures, risk management policies and any other matters relevant to such legislation and such payment system, clearing system and settlement systems;
- (d) discuss and reach consensus on strategic issues relating to the objectives set out in Article 3;
- (e) meet at least once in every year or, if necessary and if so requested by any State Party, more frequently;
- (f) establish its own procedures, including the establishment of such sub-committees as the SADC Payment System Steering Committee may deem necessary;
- (g) establish a payment system oversight function for the Region; and
- (h) keep the CCBG informed of the development and progress in achieving the objectives set out in Article 3.

2. The SADC Payment System Working Group shall:

- (a) work towards achieving the objectives set out in Article 3;
- (b) accomplish the tasks delegated to it by the SADC Payment System Steering Committee;
- (c) report progress on all aspects of its work to the SADC Payment System Steering Committee on a regular basis;
- (d) take such initiatives as it may consider appropriate to build payment system skills within the Region;
- (e) monitor the progress of each State Party, and of the Region, in matters contemplated in this Annex 6 and report such progress to the SADC Payment System Steering Committee;
- (f) make such information relating to matters contemplated in this Annex 6 as it may consider appropriate available to the public and all interested parties within the Region; and

- (g) develop mutually beneficial liaison with international bodies such as the World Bank, the BIS and the central banks of Third States.

## **ARTICLE 7 CONSULTATIONS**

Central Banks shall, through the forum of the CCBG, consult with one another in order to:

- (a) improve their operations and to implement the programs and matters contemplated in this Annex , and to resolve any issues that may arise in relation thereto; and
- (b) assist in the development of mutually agreeable approaches for strengthening the safety and efficiency of the respective Payment, Clearing and Settlement Systems of State Parties while avoiding, wherever possible, conflicts that may arise from the application of differing regulatory practices in respect of such Payment, Clearing and Settlement Systems.

## **ARTICLE 7 PRACTICAL MEASURES**

State Parties agree that the CCBG may take such practical measures as may be considered necessary by the CCBG to facilitate the implementation of this Annex 6.

ANNEX 7  
COOPERATION IN THE AREA OF INFORMATION AND  
COMMUNICATIONS TECHNOLOGY AMONGST CENTRAL BANKS

**PREAMBLE**

The High Contracting Parties:

**RECALLING** the provisions of Chapter Five of the Protocol which requires co-operation in the area of information and communications technology amongst Central Banks;

**RECOGNISING** that the utilisation of modern information and communication technology solutions is critical in enabling and supporting modern and flexible central banking and financial systems operations within each State Party and within the Region;

**RECOGNISING** that the current level of utilisation of information and communications technology solutions within Central Banks is low compared to developed countries;

**RECOGNISING** that by utilising information and communications technology solutions Central Banks can attain and maintain high levels of effectiveness, efficiency, performance and sustainable global competitiveness;

**RECOGNISING** the need to co-operate through policy co-ordination, capacity building and the utilisation of information and communications technology in modern business functions and operations in order to support and enable current and future goals of Central Banks and financial systems within the Region; and

**RECOGNISING** the necessity of co-ordination in the utilisation of modern information and communications technology solutions to enable and support the modernisation of Central Bank and financial system operations;

**HEREBY AGREE** as follows:

**ARTICLE 1  
DEFINITIONS**

1. In this Annex, terms and expressions defined in Article 1 of the Protocol shall bear the same meaning unless the context otherwise requires.
2. In this Annex, unless the context otherwise requires:

"ICT" means Information and Communications Technology;

“ICT Programme Office”	means the Central Banks Information and Communications Technology Programme Office contemplated in Article 5(3);
“ICT Steering Committee”	means the Central Banks Information and Communications Technology Steering Committee contemplated in Article 5(1);
“ICT Working Group”	means the Central Banks Information and Communications Technology Working Group contemplated in Article 5(5);
“Financial System”	means, in relation to each State Party, the financial institutions, financial legislation, financial markets, and financial policies and infrastructure of that State Party;
“ICT application”	means a set of software programs that are either purchased or developed, and that form an integral part of an ICT Solution,
“ICT solution”	means an ICT based system that contributes to a business solution and supports a business activity;
“payment system”	means a set of instruments, banking procedures and typically, inter-bank funds transfer systems that ensure the circulation of money (BIS Red Book);
“third State”	means any state that is not a State Party.

## **ARTICLE 2 OBJECTIVE**

The objective of this Annex is to establish a framework for co-operation and coordination between Central Banks in order to obtain the benefits of the utilization of modern ICT solutions in supporting and enabling modern business functions and operations within the Region.

## **ARTICLE 3 SCOPE**

1. The scope of this Annex 7 is issues relating to the utilisation of ICT Solutions within:
  - (a) Central Banks;
  - (b) Financial Systems in the Region;

- (c) Central Bank and Financial System initiatives in the Region.
2. The implementation of this Annex is intended to culminate in the support and enabling of modern business functions and operations within Central Banks, Financial Systems in the Region and financial operations in the Region, through the utilisation of modern ICT solutions.
  3. The business functions and operations referred to in paragraph 2 include:
    - (a) the payment systems (as defined in Annex 6) and cross-border payment systems;
    - (b) balance-of-payments reporting systems;
    - (c) economic research;
    - (d) Central Bank supervision;
    - (e) international banking and money market operations;
    - (f) stock exchange operations in each State Party and the Region;

#### **ARTICLE 4 CO-OPERATION AND CO-ORDINATION**

In order to achieve the objectives set out in Article 2 and the resulting benefits, Central Bank of each State Party shall:

- (a) proactively support the initiatives and projects of the CCBG with suitable ICT solutions;
- (b) create awareness of the significant benefits that ICT solutions can provide in supporting and enabling modern world-class business operations in that State Party and the Region;
- (c) engage with and encourage, other Central Banks and Financial System operators to utilise ICT solutions to enhance their respective business operations in order that, over time, all Financial System operators in the Region receive the full benefit of utilising ICT solutions at world-class levels;
- (d) embrace ICT solutions to enable that Central Bank to be more successful in achieving its goals, both domestically within the Region, and internationally, and such goals should include :



- (i) aspiring to the primary domestic and international operations of a modern central bank;
  - (ii) obtaining international credibility for the Financial System within that State Party, individually and collectively with other Central Banks;
  - (iii) achieving global competitiveness of the Financial System within that State Party, individually and collectively with other Central Banks;
- (e) assist the other Central Banks in the acquisition, utilisation and support of strategic ICT solutions where such ICT solutions make a significant contribution to enabling new and modern operations and improving existing functions;
- (f) build a high level of ICT skills at strategic, managerial and technical levels in order to ensure that that Central Bank has the capacity, over the long term, to acquire, maintain and support appropriate and effective ICT Solutions;
- (g) endeavour to adopt a technological framework that will enable -
- (i) electronic collaboration between that Central Bank's officials and the officials of the other Central Banks;
  - (ii) effective and efficient transmission of data between that Central Bank and the other Central Banks;
  - (iii) sharing of the ICT Solutions of that Central Bank with the other Central Banks in order to reduce costs, and to accelerate the process of ICT Solution utilization within the Region;
- (h) establish such ICT Solutions as are necessary to enable joint activities between that Central Bank and the other Central Banks and to attain such objectives as are mutually agreed between that Central Bank and the other Central Banks; and
- (i) contribute to the development of a centre of excellence, within the Region, for information relating to the Financial System of that State Party.

## **ARTICLE 5 INSTITUTIONAL ARRANGEMENTS**

1. Central Banks, through the forum of the CCBG, shall establish a Central Banks Information and Communications Technology Steering Committee,

and such ICT Steering Committee will be responsible for the implementation of this Annex.

2. Each Central Bank shall appoint one person to serve on the ICT Steering Committee.
3. The ICT Steering Committee shall establish a SADC Central Banks ICT Programme Office, and the ICT Steering Committee shall delegate the day-to-day administration relating to the implementation of this Annex to such ICT Programme Office.
4. The ICT Programme Office shall comprise the chairperson of the ICT Steering Committee, a programme manager and a projects co-ordinator appointed by the ICT Steering Committee and administrative staff appointed by the ICT Steering Committee.
5. The ICT Steering Committee shall establish a SADC Central Banks ICT Working Group, to which the ICT Steering Committee may delegate such tactical and guidance functions as determined by the ICT Steering Committee.

## **ARTICLE 6**

### **FUNCTIONS OF ICT STEERING COMMITTEE, ICT PROGRAMME OFFICE AND ICT WORKING GROUP**

1. The ICT Steering Committee shall:
  - (a) discuss and reach consensus on the strategic and tactical direction required to achieve the objectives set out in Article 2;
  - (b) review and monitor progress in respect of the objectives set out in Article 2;
  - (c) initiate such tasks and projects as the ICT Steering Committee may deem necessary in order to support the objectives set out in Article 2;
  - (d) establish its own procedures, including the establishment of such additional working groups and project teams as the ICT Steering Committee may deem necessary;
  - (e) keep the CCBG informed of the development and progress in achieving the objectives set out in Article 2;
  - (f) attend to requests from the CCBG and other stakeholders where such requests fall within the scope of this Annex ;

- (g) meet at least annually or, if necessary and if so requested by any State Party, more frequently.
2. The ICT Programme Office shall:
- (a) work towards achieving the objectives set out in Article 2;
  - (b) accomplish the tasks delegated to it by the ICT Steering Committee;
  - (c) report progress on all aspects of its work to the ICT Steering Committee on a regular basis;
  - (d) take such initiatives as may be considered appropriate by it to build ICT skills within Central Banks and the Financial System operators within the Region;
  - (e) develop mutually beneficial liaisons with international bodies, such as the World Bank, the BIS and the central banks of third States.
3. The ICT Working Group:
- (a) meet at least twice a year to review progress in achieving the objectives set out in Article 2;
  - (b) provide such guidance functions to the ICT Programme Office as are delegated to the ICT Working Group by the ICT Steering Committee in terms of Article 5(5);
  - (c) communicate and consult with the ICT Steering Committee, on a regular basis, on all aspects of the work of the ICT Working Group.

## **ARTICLE 7 CONSULTATIONS**

1. Central Banks shall, through the forum of the CCBG, consult with one another in order to:
- (a) improve the operations and the implementation of the matters contemplated in this Annex and to resolve any issues that may arise in relation thereto; and
  - (b) monitor and assess the achievement of the objectives set out in Article 2.

3. If any Central Bank wishes to consult with any other Central Bank on any major issue arising under, or relating to, this Annex which does not directly affect all of the Central Banks, that Central Bank may consult with such other Central Bank but shall notify the remaining Central Banks, in advance, of its intention to do so, and shall, as soon as possible after the conclusion of such consultation, furnish the remaining Central Banks with a report on the results of such consultation.
4. The Report to be furnished under paragraph 3 shall be laid by the Central Bank issuing the Report before the ICT Steering Committee at its following meeting.

ANNEX 8  
COOPERATION AND CO-ORDINATION IN THE AREA OF BANKING  
REGULATORY AND SUPERVISORY MATTERS

**PREAMBLE**

The High Contracting Parties:

**RECOGNISING** the importance of having sound banks since Banks:

- (a) are the principal depository for the general public's liquid funds and the safety and ready availability of these funds for transactions are:  
  
the responsibility of banks' management; and  
  
(ii) essential to the stability, efficiency and soundness of the financial system;
- (b) employ the general public's funds to make loans and investments, thereby allocating scarce savings to productive uses within the economy and the intermediation process helps to channel funds to economic sectors that make the most efficient and productive use of funds;
- (c) serve as the main conduit for monetary policy implementation between the central bank and the economy; and

- (d) provide the backbone for the national payments mechanism and a reliable and efficient payments mechanism is an essential component in any economy.

**FURTHER RECOGNISING** that it is important for Central Banks in the Region to co-operate in the areas of policy formulation, capacity building, systems development with a view to:

- (a) facilitating effective application of international regulatory and supervisory standards in order to promote and maintain the soundness of banks in the Region;
- (b) harmonise banking regulatory and supervisory matters through the implementation of the objectives mentioned below;

**HEREBY AGREE** as follows:

**ARTICLE 1  
DEFINITIONS**

1. In this Annex, terms and expressions defined in Article 1 of the Annex shall bear the same meaning unless the context otherwise requires.
2. In this Annex, unless the context otherwise requires:

“Banks” means deposit taking institutions that are licensed and/or regulated and supervised by the Central Bank and/or other supervisory authority;

“BIS” means Bank for International Settlements;

“IMF” means International Monetary Fund;

"FATF" means Financial Action Task Force;

"SADC Central Banks" means Central Banks of State Parties.

## **ARTICLE 2**

### **OBJECTIVE**

1. The objective of this Annex is to establish a framework for co operation and co-ordination between SADC Central Banks on banking regulatory and supervisory matters in order to:
  - (a) promote in each Member State, an efficient and effective banking regulatory and supervisory system based on internationally accepted principles;
  - (b) establish a regional banking regulatory and supervisory strategy;
  - (c) promote the identification, measurement and management of banking risks, including systemic risks; and
  - (d) promote harmonization of banking regulatory and supervisory matters, policies, practices, rules and procedures across the Region.

## **ARTICLE 3**

### **SCOPE**

1. This Annex deals with issues relating to banking regulation and supervision within each State Party, as well as to the region as a whole.

2. Nothing in this Annex prevents or restricts any State Party from advancing further than can be achieved by all State Parties together.

#### **ARTICLE 4**

#### **AREAS AND NATURE OF CO-OPERATION AND CO-ORDINATION**

1. In order to achieve the objective of this Annex, SADC Central Banks shall:
  - (a) sensitise key stakeholders to banking regulatory and supervisory issues;
  - (b) build banking regulatory and supervisory capacity;
  - (c) identify and measure banking risks and establish appropriate procedures for the management of such risks;
  - (d) develop a legal framework that is supportive of modern banking regulatory and supervisory practices;
  - (e) promote and maintain a domestic banking regulatory and supervisory strategy in line with international best practices; and
  - (f) monitor and evaluate, on an ongoing basis, international banking regulatory and supervisory best practices and align domestic banking regulatory and supervisory developments thereto.
2. On a regional basis, the SADC Central Banks, through the SADC Subcommittee of Banking Supervisors, shall:
  - (a) define and implement a regional banking regulatory and supervisory strategy, based on international standards;

- (b) identify and measure regional banking regulatory and supervisory risks and establish appropriate procedures for the management of such risks;
- (c) establish and maintain mutually beneficial relationships with international bodies such as the World Bank, the IMF, FATF, the BIS and non-SADC Central Banks;
- (d) keep abreast with modern practices in banking regulatory and supervisory matters, including depositor protection, anti-money laundering compliance and combating the financing of terrorism; and
- (e) share information regarding banking regulatory and supervisory matters, including information on other non-deposit taking institutions, as permitted by legislation of the member countries.

#### **ARTICLE 5**

#### **INSTITUTIONAL ARRANGEMENTS**

1. The CCBG shall establish a SADC Subcommittee of Banking Supervisors that shall be responsible for the implementation of this Annex.
2. Each SADC Central Bank shall appoint a person(s) to serve on the SADC Subcommittee of Banking Supervisors.

#### **ARTICLE 6**

#### **FUNCTIONS OF THE SADC SUBCOMMITTEE OF BANKING SUPERVISORS**



1. The SADC Subcommittee of Banking Supervisors shall:
  - (a) establish its own procedures, including the election of a chairperson and establishment of working groups, if so required;
  - (b) meet at least once a year or more frequently if required;
  - (c) initiate such tasks and projects as are necessary in support of the objectives of this Annex;
  - (d) review and monitor progress in respect of the implementation of the objectives of this Annex;
  - (e) keep the CCBG informed of developments and progress in respect of the objectives of this Annex;
  - (f) consider and recommend amendments to the CCBG with respect to banking supervisory matters and regulatory legislation, rules and procedures, risk management, training programmes and other relevant matters;
  - (g) discuss and reach consensus on strategic issues relating to this Annex; and
  - (h) make recommendations to the CCBG on the strategic and tactical direction to be adopted regarding banking regulatory and supervisory issues.

## **ARTICLE 7 CONSULTATIONS**

Through the SADC Subcommittee of Banking Supervisors, SADC Central

Banks shall consult with one another (each other) to:

- (a) improve the operations of this Annex in order to facilitate its implementation and to resolve any matters that may arise; and
- (b) assist in the development of mutually agreeable approaches for strengthening the safety and soundness of the banking systems in SADC while avoiding, wherever possible, conflicts that may arise from the application of differing regulatory and supervisory practices in the banking system.

ANNEX 9  
CO-OPERATION IN RESPECT OF DEVELOPMENT FINANCE  
INSTITUTIONS

**PREAMBLE**

The High Contracting Parties:

**RECALLING** the provisions of Chapter Six of the Protocol which requires co-operation on development finance;

**RECOGNISING** the increasing importance of the role played by development finance institutions in financing development in the Region and advancing productive capacity, thereby increasing economic growth and sustainable development,

**HEREBY AGREE** as follows:

**ARTICLE 1  
DEFINITIONS**

1. In this Annex, terms and expressions defined in Article 1 of the Protocol shall bear the same meaning unless the context otherwise requires.
2. In this Annex, unless the context otherwise requires:

"capital adequacy"

means, in relation to a financial institution, the minimum capital requirements prescribed by the Central Bank of the State Party in whose territory that financial institution is situated and,

in relation to a DFI in respect of which no such minimum capital requirements are so prescribed, the policy relating to minimum capital requirements to be developed by the Network, with the assistance of the Development Finance Resource Centre, which policy will set out the minimum requirements of capital to risk-weighted assets for that DFI;

“CEO”

means, in relation to a DFI, the chief executive officer of the DFI;

“credit rating”

means, in relation to an entity or enterprise, as the case may be, the formal evaluation by a rating agency of the present and past financial performance, and credit history, of that entity or enterprise, as the case may be, including the ability of that entity or enterprise, as the case may be, to repay its debts, and is used to determine the investment grade of that entity or enterprise, as the case may be, for purposes of the raising of capital by that entity or enterprise, as the case may be, on the financial and capital markets;

“credit risk”

means, in relation to a borrower, the risk that the borrower may not be able to meet its contractual obligations to repay the debt of the borrower;

“debt”

means, in relation to a borrower, the obligation of the borrower to repay moneys lent to the borrower by a lender, with or without interest, to the lender, on a specified date or over a specified period of time;

“DFI”

means Development Finance Institution

“Development Finance Resource Centre”

means the Development Finance Resource Centre established in Article 8(1) of this Annex;

“enterprise”

means any entity, corporation, trust, partnership, association of persons, foundation, sole proprietorship, branch, joint venture, association, or similar organization,

	entity or association of persons, which is engaged in activities of a commercial nature;
"enterprise-wide risk management"	means, in relation to an enterprise, a comprehensive view of risk for that enterprise which incorporates identification, measurement, limit setting, monitoring and control of risk in respect of that enterprise, and takes into account credit risk, market risk and operational risk;
"entity"	means any juristic person constituted or organised under the applicable laws of any State Party or third State, whether or not for profit, and whether privately or governmentally owned or controlled;
"Establishment Agreement"	means, in relation to a DFI, the memorandum and articles of association of, or other founding or constitutive document establishing, the DFI;
"equity"	means moneys invested in an entity or an enterprise, as the case may be, by an investor, and for which the entity or the enterprise, as the case may be, is ordinarily expected to pay a return to that investor, usually in the form of dividends;
"financial institution"	means, in relation to a State Party, any institution which is classified as a financial institution by the relevant legislation of that State Party: financial institutions ordinarily include depository institutions (such as banks) which collect funds from the public by way of deposits, and non-depository institutions (such as insurance companies) which collect funds from the public by way of, among other things, selling insurance policies;
"floating rate note"	means a bond in terms of which the principal amount of the loan bears interest at a floating (as opposed to a fixed) interest rate;
"General Meeting"	means the General Meeting of the Network contemplated in Article 3(4);

"junior debt"	means, in relation to a borrower, the debt of that borrower which is subordinated to the other Debt of that borrower (including the senior debt of that borrower and the mezzanine debt of that borrower), and which accordingly ranks lowest in priority of payment;
"limited recourse"	means, in relation to a borrower, that, if that borrower defaults in the repayment of a debt of that borrower, the relevant lender(s) may only have recourse to certain assets of that borrower when claiming, or instituting proceedings, for the repayment of that debt and, where applicable, interest thereon;
"loan loss provisioning"	means, in relation to a financial institution, those voluntary provisions made by that financial institution out of the current income of that financial institution to cover potential loss to that financial institution from loans made by that financial institution to borrowers which are considered by that financial institution to have adverse credit risks, it being recorded that such voluntary provisions may reduce the capital adequacy ration of that financial institution;
"market risk"	means the risk of a reduction in the market value of an asset (which risk is common to all assets of the same class or type as that asset) as a result of movements in financial market variables such as interest rates, foreign exchange rates, equity prices and commodity prices;
"medium term note"	means a bond with a medium-term maturity ranging between 3 and 5 years;
"mezzanine debt"	means, in relation to a borrower, the debt of that borrower which is subordinated to the senior debt of that borrower, but which is not subordinated to the junior debt of that borrower, and which accordingly ranks higher than such junior debt, but lower than such senior debt, in priority of payment;
"DFI Network"	means the collective of national development finance institutions of the SADC as recognised in Article 2;

"non-recourse"

means, in relation to a borrower, that, if that borrower defaults in the repayment of a debt of that borrower, (i) the relevant lender(s) may not have recourse to any assets of that borrower when claiming, or instituting proceedings, for the repayment of that debt and, where applicable, interest thereon, and (ii) the relevant lender(s) may only have recourse to the assets of the project in respect of which that debt was incurred by that borrower when claiming, or instituting proceedings, for the repayment of that debt and, where applicable, interest thereon,;

"operational risk"

means, in relation to an entity or enterprise, as the case may be, the risk of direct or indirect loss to, or damage to the reputation of, the entity or enterprise, as the case may be, which is due to deficiencies or errors in the internal operations of the entity or enterprise, as the case may be organization, which deficiencies or errors (i) may be attributable to the employees of that entity or enterprise, as the case may be, that entity or enterprise, as the case may be, the control routines, process or technology of that entity or enterprise, as the case may be, or the execution of legal, fiduciary and agency responsibilities in respect of that entity or enterprise, as the case may be, or (ii) which may be attributable to external events which are beyond the control of that entity or enterprise, as the case may be;

"pari passu ranking"

means, in relation to a borrower, the debt of that borrower which (i) ranks equally, in priority of payment to the relevant lender(s), with all of the other debt of that borrower which is of the same class or type as that debt (such class or type being determined, among other things, with reference to the status of the relevant debts as secured or not secured and/or Subordinated or not Subordinated), and (ii) which debt is accordingly not subordinated to any of the other debt of that borrower which is of the same class or type as that debt;

"political risk"

means, in relation to a State Party, the risk of a change in the political situation of that State Party stemming from, among other things, a change in the control of the government of that State Party, a change in the social fabric of that member State, or the existence of other non-economic factors which affect that State Party. Political risk covers the potential for (i) internal and external conflicts within or involving that State Party, (ii) the expropriation of property in that State Party, and (iii) the inconvertibility of the currency of that State Party. The assessment of political risk requires an analysis of factors such as the relationships between various groups in that State Party, the decision-making process in the government of that State Party, and the history of that State Party.

"preferred creditor status"

means, in relation to a borrower, that level of priority for repayment of debts conferred by International Law on multilateral financial institutions such as the World Bank, IMF and African Development Bank. the conferring by that borrower, in respect of a debt of that borrower, of that level of priority of payment of that debt to the relevant lenders which results in that debt being repaid by that borrower to the relevant lenders, notwithstanding that that borrower defaults in the repayment of any of the other debt of that borrower to any other lender(s).

"project"

means the development or exploitation, within the Region, of a right, natural resource or other asset with economic or financial value located in any territory;

"project cycle"

means the different phases of a project, including (i) project identification and preparation, (ii) financing the project and negotiations between the relevant borrower and lender, (iii) obtaining credit approval in respect of the relevant borrower in relation to the project, as well as such other approvals as are required by the board/governing body of the relevant lender, (iv) drafting and reviewing the relevant loan and related project

documentation, (v) implementing, supervising and completing the project; and (vi) evaluating the project;

"project finance"

means a mechanism for financing a project where, ordinarily, the bulk of such financing is by way of debt finance (which is repaid principally out of the revenues produced by the Project) and not by way of equity capital;

"public entity"

means, in relation to a State Party:

- (a) any agency, department or instrumentality of the government of the State Party;
- (b) the Central Bank of the State Party or any entity holding all or a substantial part of the foreign reserves or investments of the State Party;
- (c) any province, region, state or other political subdivision of that State Party including municipalities; and
- (d) any corporation, juristic person, institution, undertaking or entity which is directly or indirectly owned or controlled by the State Party;

"Secretariat"

means the Secretariat of the DFI Sub-Committee;

"security"

means, in relation to a borrower, any asset (whether corporeal or incorporeal) offered as security or collateral by the borrower to the relevant lender, to secure the repayment, by the borrower, of the debt of the borrower which is owed to such lender ;

"securitisation"

means a mechanism which provides a person (known as the "originator") with immediate cash, raised indirectly through the issue of bonds on the relevant financial exchange, by means of the sale by that originator of certain receivables, such as rights to be repaid any debt, to a special purpose vehicle, which special purpose vehicle pays the purchase



price of such receivables out of the proceeds of the fore mentioned issue of bonds. The Bonds are secured by such receivables;

"senior debt"

means, in relation to a borrower, the debt of that borrower which is not subordinated to any of the other debt of the borrower (including the junior debt of that borrower and the mezzanine debt of the borrower), and which accordingly ranks highest in priority of payment;

"Special Purpose Vehicle"

means, in relation to a securitisation, an entity which is used in that securitisation to (among other things) purchase the relevant receivables sold by the relevant originator and such entity is not owned or controlled by the relevant originator, and the balance sheet of such entity does not need to be consolidated with that of the relevant originator for accounting purposes;

"State loan"

means, in relation to a State Party and for purposes of this Annex, an agreement of loan concluded between the State Party as borrower and the relevant DFI as lender in respect of a project for purposes of financing of that project;

"subordination"

means, in relation to a borrower, that a debt (or class of debt) of that borrower ranks, in priority of payment, lower than other debt (or classes of debt) of the borrower and, accordingly the borrower will not repay the debt (or class of debt) to the other relevant lender(s) (the subordinated or junior lender(s)) until such other debt (or classes of debt) has/have been repaid to such other relevant lender(s) (the senior lender(s)), and "subordinated" shall have a corresponding meaning;

"swap"

means a transaction concluded between two or more counter parties which is aimed at managing the risk of, among other things, interest rate or currency fluctuations. In a simple currency swap the counter parties agree sell to each a currency with a commitment to re-exchange the principal amount at the maturity of the transaction. In an interest rate swap the counter parties agree to

exchange periodic interest payments. Swaps may permit a counter party to more effectively manage its debt;

"syndication"

means an arrangement which, in respect of a debt of a borrower, provides for multiple (or a group of) lenders (syndicate lenders), and which ordinarily provides for each such syndicate lender to incur only such obligations as relate to that portion of that debt which is owed by that borrower to that syndicate lender;

## **ARTICLE 2 ESTABLISHMENT OF THE NETWORK**

1. State Parties agree that consistent with the decision of Council of 2002, there is hereby recognised, a network of development finance institutions tasked with delivery on the SADC Common Agenda, to be known as the SADC DFI Network and which shall operate under the principle of subsidiary.
2. Membership to the Network shall be open to all DFIs operating at a national level within the territory of a State Party.

## **ARTICLE 3 OBJECTIVES OF THE NETWORK**

State Parties agree that the objectives of the Network shall be to:

- (a) collaborate on Projects;
- (b) pool resources in order to mobilise funds, both within and outside the Region for purposes of financing development Projects in the Region;
- (c) invest moneys in the form of equity capital in DFIs where this is considered desirable by the Network in General Meeting;
- (d) invest jointly in new structures should these be considered necessary by the Network in General Meeting;
- (e) collaborate on the establishment of appropriate institutional arrangements and mechanisms to facilitate the co-operation of DFIs and to meet the development finance needs in the Region;
- (f) co-operate in:
  - (i) capacity building initiatives, including the exchange of personnel;
  - (ii) strengthening ICT (as defined in Annex 7), the exchange of information and the sharing of data, all of which are aimed at information sharing and communication among DFIs and with other relevant institutions;

- (iii) such policy research and analysis, and technical co-operation, as is required to facilitate and support interactions between DFIs more effectively;
- (iv) setting up joint functional units, joint working meetings, and consultations on matters of common interest.

#### **ARTICLE 4 OPERATION OF THE NETWORK**

1. State Parties agree that the Network shall hold General Meetings of all of the DFIs as often as it is deemed necessary by the Network, but in any event at least twice every year.
2. State Parties agree that each DFI shall be represented at General Meetings by its Chief Executive Officer and, in the absence of that Chief Executive Officer, by that Chief Executive Officer's representative.
3. State Parties agree that at the first General Meeting the Network shall -
  - (a) appoint, from the CEOs, a chairperson and vice-chairperson all of whom shall serve for one year;
  - (b) determine the rules and procedures of General Meetings;
  - (c) elect a Board of Trustees to carry out oversight of the activities of the DFRC and report there on to the general meeting of the DFI network. The board shall determine its rules and procedures and shall meet at least four times a year
4. State Parties agree that a quorum for the General Meetings shall be at least one-half of the total number of DFIs (which one-half shall represent DFIs from at least one-third of all of the State Parties), (i) present in person at the General Meeting in question, or (ii) represented at that General Meeting by written proxy sent to the Secretariat prior to that General Meeting.
5. State Parties agree that that twenty-one (21)-calendar days notice of a General Meeting will be given to all CEOs.
6. State Parties agree that, unless otherwise decided by the Network at a General Meeting the Network shall be supported in its work, administrative and related activities by the Development Finance Resource Centre.

## **ARTICLE 5 DECISIONS**

1. State Parties agree that decisions and resolutions of any General Meeting shall be by consensus. Where consensus cannot be reached, decisions and resolutions of any General Meeting shall be taken by a majority of the CEOs (i) present at the General Meeting in question or (ii) represented at that General Meeting by written proxy sent to the Development Finance Resource Centre prior to that General Meeting.
2. State Parties agree that each CEO shall have one vote in any General Meeting and the chairperson or the vice-chairperson will have a second or casting vote.

## **ARTICLE 6 FINANCING OF THE NETWORK'S ACTIVITIES**

State Parties agree that the Network shall decide in a General Meeting on the mobilisation of resources and the pooling of facilities in order to finance the activities and administration costs of the Network.

## **ARTICLE 7 CAPACITY BUILDING AND STRENGTHENING OF DFIs**

1. State Parties agree that DFIs will, through the forum of the Network, co-operate in capacity building initiatives including the exchange of personnel and to this end that DFIs, through the forum of the Network, will:
  - (a) co-operate in the development of appropriate training courses and programmes in order to further develop and enhance the skills of the management and staff of the Network;
  - (b) facilitate the secondment of management and staff to provide for the practical transfer of knowledge and skills between and among DFIs;
  - (c) encourage mentoring programmes for young professionals between and among DFIs;
2. State Parties agree that DFIs will, through the forum of the Network, collaborate in order to strengthen and enhance the creditworthiness of DFIs and, to this end that DFIs will, through the forum of the Network:

- (a) share experiences and practices in respect of development banking between and among DFIs;
- (b) share knowledge between and among DFIs in respect of credit-enhancement techniques, including the acquisition of international Credit Ratings;
- (c) with the assistance of the Development Finance Resource Centre, exchange experiences between and among DFIs in the development of credit and related policies, procedures and methodologies, including loan book management and Loan Loss Provisioning;
- (d) in co-operation with the Development Finance Resource Centre, develop a common approach between and among DFIs to Enterprise-wide Risk Management based upon best international practices, including a Capital Adequacy framework for the sound risk management of the respective DFIs;
- (e) foster exchange between and among DFIs of appropriate technologies.

## **ARTICLE 8**

### **THE DEVELOPMENT FINANCE RESOURCE CENTRE**

1. State Parties agree that consistent with Council decision of 2002 there is hereby recognised, under the principle of subsidiarity, the Development Finance Resource Centre as a SADC institution for purposes of supporting the capacity building and other initiatives of the Network.
2. State Parties agree that the mission of the Development Finance Resource Centre will be to act as a catalyst for sustainable development within the Network in order to improve investments into, and enhance the prosperity of the Region. State Parties agree that in carrying out its functions the core responsibilities of the DFRC will be to:
  - (a) effect capacity building and training of managers and staff of DFIs;
  - (b) support the strengthening of DFIs in all sectors of their respective activities;
  - (c) offer a policy research and analysis capability for the Region;
  - (d) facilitate the mobilisation and sharing of information through a central hub for ICT (as defined in Annex 7);

- (e) engage in confidence-building measures within the Region for purposes of supporting Investments;
  - (f) offer advisory services to the governments of State Parties and to DFIs in respect of development resources and financial services;
  - (g) identify and promote opportunities for co-operation and co-ordination in development finance in the Region;
3. State Parties agree that participation in the DFRC will be open to all DFIs in the Network. The members of the Board of the Development Finance Resource Centre will be drawn from the CEOs and senior management of DFIs and such other external partners (including private sector and international partners) as may be required.
  4. State Parties agree that the major stakeholders of the Development Finance Resource Centre will be:
    - (a) beneficiaries of DFI programmes and Projects;
    - (b) funding agencies, including financial and investment institutions and international co-operating partners;
    - (c) the governments of State Parties.
  5. State Parties agree that the main clientele of the Development Finance Resource Centre shall be the DFIs.
  6. State Parties agree that the Network will in General Meeting determine suitable financing mechanisms, and suitable financing sources for recurrent expenditure, for funding the activities of the Development Finance Resource Centre, including the levying of membership contributions.

## **ARTICLE 9**

### **CO-OPERATION ON PROJECTS IN THE REGION**

1. State Parties agree that DFIs through the forum of the Network, will co-operate in mobilizing both financial and human resources for purposes of undertaking sustainable development, investment and trade finance projects in the Region.
2. State Parties agree that any DFI in the Network may participate in cross share holding in any other Network member.
3. For purposes of this Article 9, State Parties agree that co-operation on projects includes technical assistance in project identification, pre-

feasibility and feasibility studies, project development, and technical assistance provided by any DFI during any project cycle.

4. State Parties agree that DFIs through the forum of the Network, will harmonize and apply international best practice credit risk management policies, procedures and methodologies to, the appraisal and approval of cross-border and other investment and development projects, and State Parties agree that DFIs will consider only sustainable, commercially viable Projects.
5. State Parties agree that if a State Party requests the involvement of a Network member in a non-financially viable but economically important project, such involvement will be carried out on a fee basis by the Network member provided such project is financed through public funds or grant funding derived from fiscal transfers or from multilateral financiers.
6. State Parties agree that when co-operating in the financing of investment Projects in any State Party, the DFIs, through the forum of the Network and any other co-financiers will undertake joint appraisals of such projects and use such opportunities, wherever possible, for the purposes of building capacity. State Parties agree that DFIs, through the forum of the Network will ensure that, in relation to a mezzanine debt structure involving both senior and junior debt, the parties holding the junior debt are satisfied that all relevant risks have been appropriately identified, priced and mitigated.
7. State Parties agree that DFIs may, through the forum of the Network, make financing available for sustainable development and investment projects by way of debt finance or by investing moneys in the form of equity capital or otherwise, in any Entity or Enterprise or Public Entity which is located in the Region, unless such financing activity is prohibited by the Establishment Agreements or the relevant enabling legislation of the DFIs.
8. State Parties agree that DFIs, through the forum of the Network, must, in co-operating in the financing of investment projects in the Region, and except as may be determined by the respective Establishment Agreements and the relevant enabling legislation of DFIs, explore, among other things, the use of co-financing, syndication, subordination, or other structured finance arrangements using, without limiting the generality of the foregoing, any one or more combinations of the following types of instruments or techniques:
  - (a) long-term debt (of a maturity of 6 or more years);
  - (b) medium-term debt (of a maturity of 3-5 years);
  - (c) short-term debt (of a maturity of 1-2 years);
  - (d) lines of credit for on-lending purposes;
  - (e) senior debt;



- (f) mezzanine debt;
- (g) junior debt;
- (h) project financing;
- (i) public-private investment partnerships;
- (j) variable, floating or fixed interest rates (including Floating Rate Notes);
- (k) equity;
- (l) swaps;
- (m) securitisation;
- (n) guarantees, whether partial or full;
- (o) any other tailored-credit enhancement instrument;
- (p) special purpose vehicles;
- (q) export/import finance;
- (r) short-term trade finance;
- (s) state loans.

- 9 State Parties agree that, for purposes of this Article 9, DFIs, through the forum of the Network, may finance Special Purpose Vehicles and pool such resources as may be required within such Special Purpose Vehicles.
- 10 State Parties agree that DFI's will, through the forum of the Network, for purposes of facilitating the use of the instruments contemplated in paragraph 7 above, co-operate in the creation of an enabling regulatory environment in order to develop vibrant financial and capital markets in the Region.
- 11 State Parties agree that, in accordance with paragraph 8 above, DFIs may, through the forum of the Network, engage in transactions amongst themselves aimed at financing different project cycles of a sustainable development or investment project, depending upon the nature of the project, the individual financing mandates of the respective DFIs and the financing requirements at each project cycle.

## **ARTICLE 10**

### **PREFERRED CREDITOR STATUS OR PARI PASSU RANKING**

1. State Parties agree that in order to enable DFIs, through the forum of the Network to operate effectively and with minimal risk in the financing of investment projects in the public sector, the State Party will grant Preferred Creditor Status to those DFIs which are or will be financing such investment projects.
2. State Parties agree that any State Party unable to grant Preferred Creditor Status, as contemplated in paragraph 1 above, will confer *Pari Passu* Ranking on the DFIs concerned.

**ARTICLE 11**  
**POLITICAL RISK INSURANCE GUARANTEE FACILITY**

State Parties agree that, in order to enable DFIs, through the forum of the Network to mitigate against and minimize Political Risk in the financing of public sector projects, they will support the Network in investigating the feasibility and provide resources towards the establishment of a regional insurance guarantee facility aimed specifically at insuring against Political Risk in such projects.

**ARTICLE 12**  
**WAIVER OF STATE IMMUNITIES AND RECOGNITION AND ENFORCEMENT OF FOREIGN JUDGMENTS AND ARBITRAL AWARDS**

1. Each State Party acknowledges that this Annex 9 contemplates co-operation in activities of a commercial nature. To this end, each State Party unconditionally and irrevocably agrees that:
  - (a) if any proceedings, including any arbitration proceedings, are brought against that State Party or its assets in relation to any commercial transactions contemplated in this Annex 9 no immunity from such proceedings shall be claimed by or on behalf of that State Party or with respect to its assets;
  - (b) that a State Party waives any right of immunity that it has, or may acquire in the future, in the jurisdiction of the Territory of any State Party in which any such proceedings are instituted;
  - (c) that State Party consents, generally, to the recognition and enforcement, in the Territory of any other State Party, of any judgment or arbitral award against that State Party, in respect of the proceedings contemplated in sub-paragraph (a) above;
  - (d) that State Party agrees that, the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards, 1958, shall govern the recognition and enforcement, against that State Party, of the judgment or arbitral award referred to in sub-paragraph (c) above.
2. Each State Party agrees that notwithstanding the provisions of paragraph 1 above, the waiver contemplated in paragraph 1 (b) above shall not extend to the assets of that State Party which are protected by diplomatic and consular privileges and immunities under the Vienna Convention on Diplomatic Relations 1961 and the Vienna Convention on Consular Relations 1963.

**ARTICLE 13**  
**ACTIVITIES UNDERTAKEN ON BEHALF OF STATE PARTIES**

State Parties agree that DFIs, through the forum of the Network, may carry out such activities as are requested by State Parties.

**ARTICLE 14**  
**SETTLEMENT OF DISPUTES BETWEEN DFIs**

1. State Parties agree that the DFIs who are parties to any dispute or difference arising from the interpretation, application or implementation of this Annex 9 will use their best endeavours to settle such dispute or difference through good faith negotiations, conciliation or mediation.
2. State Parties agree that, if the dispute or difference referred to in paragraph 1 above cannot be settled through good faith negotiations, conciliation or mediation within three months after such dispute or difference has arisen, the parties to such dispute or difference will submit such dispute or difference to an arbitral tribunal in accordance with the provisions of this Article 14.
3. The arbitral tribunal contemplated in paragraph 2 above shall be composed of at least three arbitrators chosen from the roster of presiding arbitrators contemplated in paragraph 9 below.
4. Each DFI which is a party to the relevant dispute or difference shall nominate one of the arbitrators referred to in paragraph 3 to sit on the arbitral tribunal (which arbitrator shall not be a national of that State Party whose DFI is a party to the dispute or difference) within two months of receipt by that DFI of the request for arbitration.
5. The chairman of the arbitral tribunal shall be appointed, from among the arbitrators selected in terms of paragraph 4 above (or from the roster of presiding arbitrators contemplated in paragraph 9 below) by agreement of the parties to the relevant dispute or difference.
6. If (i) a party to the relevant dispute or difference fails to nominate its arbitrator, as contemplated in paragraph 4 above, or (ii) the parties to such dispute or difference fail to agree on the appointment of the chairman of the arbitral tribunal, as contemplated in paragraph 5 above, as the case may be, within three months of the request for arbitration referred to in paragraph 4 above, any party may approach the SADC Executive Secretary to make the appointment of such arbitrator or such chairman, as the case may be.

7 The chairman of the arbitral tribunal appointed in terms of paragraphs 4 or 5 above shall, in respect of the DFIs which are parties to the relevant dispute or difference, not be a national of any of those DFIs' State Parties.

8 State Parties agree that:

- (a) the arbitral tribunal contemplated in paragraph 3 above shall reach its decision by majority of votes, with each arbitrator having one vote and the chairman having a casting vote in the event of a deadlock;
- (b) the decision of the arbitral tribunal shall be final and binding on all the parties to the dispute or difference; and
- (c) the arbitral tribunal shall determine its own procedures and make its own determinations with regard to the costs of the relevant arbitration proceedings.

9. State Parties agree that:

- (a) DFIs, through the forum of the Network, will establish and maintain, a roster of at least 25 presiding arbitrators from a list of highly skilled professionals who are experienced in international finance and investment matters;
- (b) the presiding arbitrators referred to in sub-paragraph (a) will be appointed by consensus of the DFIs and without regard to the nationality of such presiding arbitrators, provided that the DFIs will, as far as possible, ensure that the roster of presiding arbitrators adequately represents all of the State Parties; and
- (c) Where there is no consensus of the DFIs' in appointing the presiding arbitrators referred to in sub-paragraph (a) such arbitrators will be appointed by the Chairman of the DFI Network.

## **ARTICLE 15 SANCTIONS**

1. State Parties recognise that sanctions may be imposed on any DFI Network member if that member engages in any or all of the following:

- (a) the member is in arrears with contributions to the Development Finance Resource Centre for a period exceeding one year, except on exceptional circumstances deemed acceptable by the Network;

- (b) the member fails to maintain an acceptable record of attendance, i.e. failure to attend 3 consecutive meetings of the Network in any one year, without good reason deemed acceptable by the Network;
  - (c) the member engages in an act, or implements policies, that undermine the objectives of the Network and its DFRC, and results in reputational risk of the Network and its DFRC, as deemed by the Network as warranting such sanctions.
2. Sanctions as determined by the Network shall include among others, and on a case by case basis:
- a) Withdrawal of membership benefits, such as participation in research and training programmes, by the SADC-DFRC Executive;
  - b) Withdrawal of funds committed to any project(s) benefiting the responsible DFI, except that projects already in commission may at the discretion of the Network be completed. But no further such resources shall thereafter be committed;
  - c) Suspension from membership: may attend meetings, but may not speak nor vote;
  - d) Expulsion from the DFI Network.
3. The member under sanction shall however continue to be liable for their portion of the contributions to the DFRC when due, unless it has otherwise terminated its membership, wherein such contributions as are due shall be set-off against any benefits enjoyed by the member from DFRC programmes. The DFRC shall then have the right to claim repayment of any such funds so expended on behalf of that member as a contractual obligation of the said member.
4. The sanctions referred to shall be applied by the respective organs of the DFI Network, except that the application shall be subject to the following procedure:
- a) After the third quarter of the Financial Year in which the Network member is in arrears, the DFRC will send a final reminder of the outstanding balance due;
  - b) If there is still no payment made by the end of the Financial Year; or if the member has failed to attend 3 consecutive meetings of the Network in that year; or if the member has engaged in an act that is deemed to have damaged the reputation of the Network or its DFRC, the DFRC will notify the Network Member of its intention to impose the sanctions as per paragraphs 1 and 2 of this Policy;

- c) After the third Quarter of the Financial Year, a final notice will be issued to the Member, and a report tabled with the Board at their next meeting recommending expulsion. The member has a right to attend such meeting to present their case if any.
5. The decision to expel a member will be taken at a full meeting of the DFI Sub-committee on the recommendation of the Board, with a two-thirds majority decision of all members present.
  6. An expelled member may be readmitted by a full meeting of the DFI Sub-committee, after careful consideration by and on recommendation of the Board, with a two-thirds majority decision of all members present.

## **ARTICLE 16**

### **TERMINATION OF MEMBERSHIP IN THE NETWORK**

State Parties agree that except as provided for in Article 15 (3), the membership of a DFI in the Network may be terminated in the following instances:

- a) On the winding up of the affairs of the DFI concerned by the State Party, and its ceasing to exist as an institution;
- b) On expulsion of the DFI as set out in Article 15;
- c) On the termination of the State Party's membership in SADC.

ANNEX 10  
CO-OPERATION ON NON-BANKING FINANCIAL INSTITUTIONS AND  
SERVICES

**PREAMBLE**

The High Contracting Parties:

**RECALLING** that the Committee of Insurance, Securities and Non-Banking financial Authorities of SADC ("CISNA") was established in June 1998 by the Insurance, Securities and Non-Banking Financial Authorities in the SADC Region ("the Authorities");

**NOTING** that a strategy was developed to give direction to the activities Of CISNA and to contribute to the sound regulation, effective supervision and rapid development of the financial services industries;

**REALISING** that financial institutions supervised by the Authorities are critical for mobilising savings which are important for the expansion of productive capacity and that such institutions require a supporting regulatory framework:

- (a) which will attract the investments required for creating economic development within the Region;
- (b) for managing the financial risks faced by the financial institutions and users of financial products and services in the Region; and
- (c) which must not only be efficient but also properly enforced;

**AWARE** that there should be close co-operation between the Authorities for the purpose of carrying out CISNA's objectives in the pursuit of complementary goals to achieve an integrated and credible SADC capital market;

**NOTING** the increasing need for internationalization, and harmonisation of financial institutions and the interdependence of the activities of financial institutions due to the use of modern technology and closer co-operation between financial institutions;

**RECOGNISING** the need to mobilise savings that can be used to expand SADC's productive capacity;

**FURTHER NOTING** that broad objectives have been set in the CISNA Strategic Plan to achieve the successful regulation and supervision of non-banking financial institutions and the need to share information.

**CONSCIOUS** that the achievement of the objectives referred to in the CISNA Strategic Plan will be accomplished at different times and in different phases;

**NOTING** the establishment of CISNA, the adoption of the CISNA MOU and the obligations imposed on the Authorities in the said MOU

**HEREBY AGREE** as follows:

## **ARTICLE 1 DEFINITIONS**

1. In this Annex, terms and expressions defined in Article 1 of the Treaty shall bear the same meaning unless the context otherwise requires.
2. In this Annex, unless the context otherwise requires:

“Authority” means any organ or entity responsible for the regulation and supervision of non-banking financial institutions in their respective jurisdictions within SADC or any designated representative of such authority;

“CISNA” means the Committee of Insurance, Securities and Non-banking Financial Authorities of SADC and the Authorities;

“CISNA Strategic Plan” means the CISNA Strategic Plan set out in Addendum A to this Annex;

“non- banking financial institutions” means any provider of financial advisory and intermediary services, collective investment schemes, insurance institutions and retirement funds regulated or supervised by their respective Authorities;



financial products and services"	means long-term and short-term insurance contracts or policies, benefits provided by retirement funds, financial advisory and intermediary services, shares, debentures, bonds and other forms of securitised debt, futures and derivative products including commodity derivatives, participatory interests in collective investment schemes, and other securities traded in the respective jurisdictions of the Authorities;
"financial services industry"	means the supply of financial products and services by financial institutions throughout the Region;
"jurisdiction"	means the country, state or any other territory, as the case may be, in which an Authority can exercise its powers;
"IAIS"	means the International Association of Insurance Supervisors;
"IOPS"	means the International Organisation of Pension Regulators and Supervisors;
"IOSCO"	means the International Organisation of Securities Commissions;
"Requested Authority"	means the Authority to whom a request is made in terms of this Annex ;
"Requesting Authority"	means the Authority making a request pursuant in terms of this Annex;
"securities"	means bonds, shares, stock, debentures, securitised debt instruments, equity instruments, debt instruments, futures and derivative instruments (including commodity derivatives), participatory interests in collective investment schemes, and any similar securities to, or combination of, the aforementioned.

**ARTICLE 2**  
**ESTABLISHMENT OF THE COMMITTEE OF INSURANCE**  
**SECURITIES AND NON-BANKING FINANCIAL AUTHORITIES**

There is hereby established a Committee of Insurance, Securities and Non-Banking Authorities of the Southern African Development Community.

**ARTICLE 3**  
**COMMUNICATION AND EXCHANGE OF INFORMATION**

1. There should be high-level contact between the Authorities in order to inform each other of any significant changes in their respective regulatory environments with a view to harmonizing each Authority's approach on the subject covered by the shared information.
2. The Authorities shall put one another on their mailing lists for the receipt of periodicals and other important communications.
3. The Authorities will encourage and enhance contact amongst the staff of the Authorities

**ARTICLE 4**  
**INFORMATION SHARING**

1. The Requested Authority should use its best efforts to obtain information from its own records or from institutions within its jurisdiction in order to provide a Requesting Authority with information that will allow such authority to fulfil its regulatory and supervisory responsibilities.
2. If any Authority comes into possession of information that would be likely to assist another Authority in administering or enforcing the laws or regulations for which it is responsible, the first-mentioned Authority will endeavour to notify the other Authority of the existence of that information.

**ARTICLE 5**  
**REQUEST FOR INFORMATION AND ASSISTANCE**

1. The provisions of the Annex on the Exchange of Information and Surveillance of Securities, Insurance and Retirement Activities will, with the necessary changes, apply to:
  - (a) requests for information and assistance;
  - (b) the execution of such requests;

- (c) the permissible uses of information;
- (d) the rights of Requested Authorities;
- (e) confidentiality; and
- (f) the costs of investigations.

## **ARTICLE 6 COMPLIANCE WITH INTERNATIONAL STANDARDS (DIAGNOSTIC EXERCISE)**

1. In order to assist the legislature with the drafting or amending of legislation that is compliant with international standards, the Authorities shall:
  - (a) undertake in their respective jurisdictions a diagnostic study, analysis or assessment that focuses primarily on assessing the regulatory framework and supervisory practices in terms of the objectives and principles of the IOSCO, the IAIS and the IOPS;
  - (b) before submission of the assessments verify such assessments through Authority peer or third party review; and
  - (c) adopt and develop the required structures in line with the objectives and principles recommended by IOSCO, IAIS and IOPS, if the assessment demonstrates that is what is required.

## **ARTICLE 7 RELATIONSHIP WITH INTERNATIONAL BODIES**

1. The Authorities should:
  - (a) become members of and liaise with IOSCO, IAIS and IOPS; and
  - (b) disseminate to other Authorities, who are not members of IOSCO, IAIS and IOPS, information derived from those institutions.

## **ARTICLE 8 DEVELOPMENT PROGRAMME**

1. State Parties agree that, the Authorities should, in order to develop focused programmes for their respective financial services industries, assess the level of development of their non- banking financial institutions with regard to, *inter alia*:

- (a) the supply and use of financial products and services;
- (b) level of competition; and
- (c) any barriers to development.

## **ARTICLE 9 HARMONISED FINANCIAL REGULATORY REGIME**

The Authorities shall work towards the harmonisation of their respective laws and regulations and regulatory and supervisory practices with the aim of preventing or reducing regulatory arbitrage.

## **ARTICLE 10 TRAINING AND EDUCATION OF STAFF**

The Authorities shall:

- (a) ensure that both local and foreign training opportunities are developed, expanded and hosted throughout the Region, and made available to the staff of all Authorities;
- (b) identify their training needs;
- (c) explore the development programme(s) suitable for their needs;
- (d) assist as much as possible with the presentation of such training programmes;
- (e) organise and encourage attachments throughout the Region or abroad to provide on-the-job training;
- (f) organise attachments and shall mutually agree on the duration thereof.

## **ARTICLE 11 CROSS-BORDER CO-OPERATION AMONG AUTHORITIES**

1. The Authorities:

- (a) shall identify cross-border activities that could form the subject of cross-border co-operation amongst Authorities, and between

Authorities and foreign counterparts (i.e. the prevention of unscrupulous operations, increased access to information, dual listings, the introduction of legislation to prevent money laundering, including the financing of terrorism); and

- (b) are committed to facilitate mutual exchange of information and assistance.

## **ARTICLE 12 CONSUMER AWARENESS CAMPAIGNS**

1. The Authorities shall:

- (a) assist each other with the introduction of suitable consumer awareness campaigns for their respective jurisdictions;
- (b) share with one another problems identified and methodologies used to promote their respective awareness campaigns;
- (c) identify the consumer awareness campaigns and initiatives already introduced in their respective jurisdictions to inform and educate consumers of financial products and services; and
- (d) assess whether adequate programmes have been introduced and implement initiatives that will enhance consumer awareness.

## **ARTICLE 13 MEETINGS AND SUBCOMMITTEES**

1. The Authorities shall meet as often as deemed necessary but at least twice each year; and shall by consensus, appoint a Chairperson and Vice-Chairperson for a period of not more than two years.
2. The Chairperson and the Vice-Chairperson so appointed will represent CISNA at meetings of the Senior Treasury Officials.
3. The Authorities shall determine the rules and procedures of all meetings.
4. The Authorities may, by consensus, set up such sub-committees as may be deemed necessary to carry out any specific assignment or duty of CISNA.

## **ARTICLE 14 REFERRALS**

If any Authority believes that a matter falls more appropriately within the jurisdiction of another Authority, or that some joint action is required in dealing with the matter, such matter should be referred to the other Authority as soon as is reasonably practicable.

## **ARTICLE 15 CESSION AND ASSIGNMENT**

An Authority or designated representative of such Authority may not cede, assign or transfer any right or obligation granted under this Annex without the prior written consent of all the Authorities, which consent shall not be unreasonably withheld.

## **ARTICLE 16 CONSULTATIONS**

The Authorities shall assist one another to develop approaches for strengthening the regulation, supervision and the efficiency of the financial institutions in the Authorities' respective jurisdictions while avoiding, where possible, conflicts that may arise from the application of differing regulatory and supervisory practices.

ANNEX 11  
CO-OPERATION IN SADC STOCK EXCHANGES

**PREAMBLE**

The High Contracting Parties:

**RECALLING** the provisions of Chapter Eight of the Protocol which requires co-operation in Regional Capital and Financial Markets,

**CONSCIOUS** of a collective duty to attain the objectives SADC, to promote and transform the whole Southern African Region into a dynamic and well integrated economic block; to achieve the vision of the Committee of SADC Stock Exchanges (COSSE) to establish by the year 2006, an integrated real time network of the national securities markets within SADC; to pave the way towards cross-border listings and , trading and investments among the different Member Exchanges of SADC in order to facilitate the process of financial integration within the Region;

**DETERMINED** to take the necessary steps to maximise the co-operation of Member Exchanges and to encourage the development of a harmonised securities market environment within the Region;

**RECOGNISING** the need to cooperate with national regulators as well as CISNA in the pursuit of complementary goals to achieve an integrated and credible SADC capital market;

**CONVINCED** of the need to improve the operational, regulatory and, technical underpinnings and capabilities of SADC Exchanges to make their securities markets more attractive to both regional and international investors; to increase market liquidity and enhance trading in various securities and financial instruments; to promote the development of efficient, fair and transparent securities markets within the Region; to encourage the transfer of the intellectual capital of the securities markets and the technical expertise among the Member Exchanges of COSSE; and to encourage interaction among market participants.

**NOTING AND CONFIRMING** the establishment of COSSE, the COSSE MOU recording the steps to be taken by Member Exchanges to build and enhance co-operation and to communicate and co-ordinate their efforts for their mutual benefit and that of the Region;

**THE STATE PARTIES HEREBY AGREE** as follows:

## **ARTICLE 1 DEFINITIONS**

1. In this Annex, terms and expressions defined in Article 1 of the Protocol shall bear the same meaning unless the context otherwise requires.
2. In this Annex, unless the context otherwise requires:

"COSSE" means the Committee of SADC Stock Exchanges;

"market participant" means any person authorised to deal in financial instruments and/or their intermediaries in the jurisdiction of any of the Member Exchanges;

"Member Exchange" means a SADC Securities or Financial Exchange;

## **ARTICLE 2 CO-OPERATION**

In committing to the further development and growth of SADC, Member Exchanges shall extend multilateral co-operation and assistance to one another in, but not limited to, the following areas:

1. Communication and Exchange of Information.
  - (i) Chief Executives of Member Exchanges must liaise with one another in order to inform all Member Exchanges of prospective major changes to their respective macro-infrastructures and regulatory environments with a view to seeking where practicable, harmonisation, of each Exchange's approach to the respective Authorities;
  - (ii) The Member Exchange shall place all other Member Exchanges on their mailing lists for distribution of periodicals and other important communications;
  - (iii) The Member Exchanges shall encourage and enhance contact and communications between market participants and Member Exchanges.
2. Information Sharing
  - (i) Where a Member Exchange in compliance with its regulatory responsibilities requires, information relating to members of another Member Exchange or to any transaction in financial instruments effected on either Member Exchange, the Member Exchange from



which the information is requested, shall use its best efforts, to obtain such information for the requesting Member Exchange;

- (ii) The information referred to in paragraph 2(i) includes but is not limited to information and documents relating to market trading clearing and the identity, trading activity and positions of its members and customers;
- (iii) Requests for information in terms of paragraph 2 shall be in writing and delivered to the registered address of the Member Exchange from which such information is requested;
- (iv) Any change in the registered address of a Member Exchange shall be promptly notified to all Member Exchanges;
- (v) A request for information must include the purpose of the request, and specify the information sought. Member Exchanges must co-operate and communicate with one another so that all requests for information and all information provided in response to such requests are clearly understood;
- (vi) If a Member Exchange believes that a request falls outside the scope of this Annex 10, or has reason to query the information requested, it shall provide in writing reasons for its belief or query to the requesting Member Exchange. The Member Exchanges shall endeavour to resolve in good faith, any disagreement between them regarding any request for information or any response to such request;
- (vii) A Member Exchange shall use its best efforts to procure the information requested and shall transmit such information to the requesting Member Exchange as expeditiously as possible;

### 3. Training

- (i) Secondments of staff shall be encouraged among the Member Exchanges. The duration of the secondments, the programme and a clear identification of areas to be covered will be agreed by the Member Exchanges concerned;
- (ii) Areas of training shall include, listing requirements, surveillance methodology, management and market information systems, data analysis and dissemination mechanisms;
- (iii) Co-operation in areas of market research, development and organisational structure shall be enhanced and regularised.

### 4. Development of Securities Exchange Professionals

Member Exchanges shall provide one another with information on the Stock Exchange Examinations Syllabus and assist one another in setting up standard courses for market professionals.

5. Surveillance and Self-Regulation

Member Exchanges shall, to the extent permitted by applicable legislation, co-operate and share experiences in matters pertaining to Market Surveillance and Self-Regulation.

6. Cross-Border Listings

With a view to offering entrepreneurs the opportunity of a listing on a securities exchange, Member Exchanges shall share individual experiences and initiatives including two-tier markets, and identify factors in the micro and macro environments that impede market growth. Member Exchanges shall also explore opportunities for the development of joint products and the cross listing of companies on the Member Exchanges. Cross-market harmonisation of listing requirements should be pursued on an on-going basis.

7. New Investors

Recognising the need to develop the economies of the State Parties, improve market liquidity and to offer the benefits of securities exchange investments to the widest possible eligible sections of their respective populations, the Member Exchanges shall share and discuss with one another their initiatives to encourage investors. Member Exchanges must also identify problems that inhibit the broadening of share ownership and discuss solutions for solving those or any other problems.

### **ARTICLE 3 CONFIDENTIALITY**

1. Information that is obtained by Member Exchanges in terms of this Annex, which is not otherwise publicly available, is confidential and subject to paragraph 2 no Member Exchange shall disclose such information
2. The information provided by the Member Exchanges may not be given to any third party without the prior written consent of the originating party, except that neither party shall be precluded from:
  - (a) using the information in formal regulatory or legal proceedings or investigations initiated by the recipient for the purpose of carrying out its regulatory responsibilities;

- (b) furnishing such information to the relevant regulatory body, or to any other regulatory authority having responsibility for the supervision or regulation of investment business, trading in financial instruments listed in that country, or for any other financial services; or
- (c) releasing the information under compulsion of law.

#### **ARTICLE 4 LIMITATION OF LIABILITY**

1. No Member Exchange shall be liable for any loss sustained by or damage caused to the other Member Exchange or to any other person to whom information is disclosed in terms of this Annex, as a result of the disclosure of such information or of any act done or omitted to be done in terms of this Annex.
2. , A party referred to in paragraph 1 above shall however be liable for any loss or damage caused by any intentional wrongful act in using such information provided in terms of this Annex, in a manner which does not accord with the provisions of this Annex.

#### **ARTICLE 5 CESSION AND ASSIGNMENT**

No Member Exchange may cede, assign or in any other manner transfer any of its rights or obligations under this Annex without the prior written consent of the other Member Exchanges.

#### **ARTICLE 6 IMPLEMENTATION STRATEGY**

1. In order to implement this Annex, Member Exchanges shall:
  - (a) actively support initiatives aimed at developing skills and best practices across SADC, including exchanges of personnel and information, mutual assistance and training events;
  - (b) use their best efforts to make available to one another, as and when required, at mutually convenient times, Senior Officers, with the Member Exchange requesting the visit being responsible for its costs; and
  - (c) second Member Exchange personnel to the various Member Exchanges as and when the need arises and on reasonable terms.

2. COSSE shall be responsible for the monitoring and follow-up of the undertakings of the Member Exchanges under this Annex.
3. Member Exchanges shall report to COSSE, at its meetings, on the steps taken in relation to the fulfilment of their obligations under this Annex 10.

## **ARTICLE 7 ADMISSION OF NEW MEMBERS**

New members wishing to become a party to this Annex shall submit an application to COSSE, which after considering the application, shall inform the applicant, in writing of its decision to grant or decline any such applicant accession to the status of Member Exchange.



**RECORD  
OF THE MEETING  
OF SADC MINISTERS OF JUSTICE/ATTORNEYS-GENERAL  
MASERU, KINGDOM OF LESOTHO  
14TH AUGUST 2006**

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**1. OPENING REMARKS**

The Chairperson, Dr Athaliah Molokomme, opened the meeting by wishing delegates success in their deliberations. As host, the Honourable Minister of Justice, Human Rights, and Rehabilitation and of Law and Constitutional Affairs of Lesotho, Moses Refiloe Masemene, welcomed the delegates to Maseru. The Executive Secretary, Dr. Tomaz Salomão, addressed the audience to urge them to focus their attention on the proposed draft agreements, amongst them the Draft Protocol on Finance and Investment.

**2. QUORUM**

2.1 The Chairperson noted that the meeting had been convened as a follow-up to the meeting held in Gaborone from 1-4 August, 2006 (see doc. SADC/CMJ/1/2006/2).

2.2 Ministers/Attorneys-General noted that in terms of the procedures of holding SADC meetings, the required quorum is at least nine (9) Member States for formal meeting.

2.3 They noted that the meeting had the required quorum since 9 Member States were in attendance, namely Angola, Botswana, Lesotho, Mauritius, Mozambique, Namibia, South Africa, the United Republic of Tanzania and Zambia.

3. **ADOPTION OF THE AGENDA**

- 3.1 Ministers considered and adopted the Agenda as amended (SADC/CMJ/2/2006/1).

4. **LACK OF WORKING DOCUMENTS IN PORTUGUESE AND FRENCH**

- 4.1 The Secretariat noted and apologized for the lack of translated documents in Portuguese and French and committed itself to improving the situation in the future.

5. **DRAFT PROTOCOL ON FINANCE AND INVESTMENT (as presented by the Ministers of Finance)**

5.1 **Possible objections for the adoption of the Protocol**

- 5.1.1 Ministers/Attorneys-General considered the Senior Legal Officials' four arguments that might constitute legal obstacles for the adoption of the above-mentioned protocol, namely:

5.1.1.1 ***The Institutional Framework:*** Chapter 10 of the draft Protocol on Finance and Investment would create new institutions. The legality of these institutions would be questionable in view of the provision of Article 9 of the Treaty that has already created SADC institutions;

5.1.1.2 ***The Dispute Settlement Mechanism:*** Article 24 of Protocol on Finance and Investment provides for alternative (non-judicial) dispute settlement procedures; yet, under Article 32 of the Treaty, the Tribunal has jurisdiction where the parties have failed to reach an amicable solution to their dispute. However, Article 15 of the Protocol on the Tribunal gives a seemingly wider scope of jurisdiction to the Tribunal that could cover Protocol on Finance and Investment -based disputes. The issue which the Senior Officials considered was, in view of the nature of dispute which may arise relating to the interpretation or application of the provisions of this Protocol, whether or not a dispute may be referred to a body other than the Tribunal.

5.1.1.3 ***The Status of a Development Fund:*** there is need to clarify the relationship between, on the one hand, the fund to be created under the terms of Article 16 of the draft Protocol on Finance and Investment and, on the other hand, the funds created under the provision of Article 26 of the Treaty.

- 5.1.1.4 ***The Future Status of the Integrated Council of Ministers (ICM):*** from the debates going on at Council, it would appear that the ICM's status is under review; pending a decision on the ICM's status, it may be premature to accept the provisions of Chapter 10. In addition it was noted that the Protocol does not establish a clear relationship between the new institutional framework and ICM.
- 5.2 **Ministers of Justice/Attorneys-General addressed the above arguments and concluded that:**
- 5.2.1 Article 9 of the Treaty does not prevent the creation of new institutions such as those envisaged by the Draft Protocol on Finance and Investment.
- 5.2.2 Article 32 of the Treaty does not prevent the creation of alternative dispute settlement mechanisms for specific problem areas such as those proposed by the Draft Protocol on Finance and Investment. However, in drafting the rules on alternative dispute settlement mechanisms, care should be taken to avoid undermining the role of the Tribunal.
- 5.2.3 The Development Fund contemplated in the Draft Protocol on Finance and Investment has a purpose that differs from the one that has been set for the Regional Development Fund under Article 26A of the Treaty.
- 5.2.4 The Draft Protocol on Finance and Investment provides for the creation of institutions with specific mandates that do not clash with the mandate currently held by the Integrated Committee of Ministers.
- 5.3 **Severability of Annexes**
- 5.3.1 Ministers of Justice/Attorneys-General considered the Senior Legal Officials' remarks that:
- 5.3.1.1 Most Annexes to the Protocol on Finance and Investment had been signed as Memoranda of Understanding (MOU) and had been cleared in previous fora of legal experts;
- 5.3.1.2 given that the Annexes are part of the Protocol, they would have a binding force once developed;
- 5.3.1.3 the Protocol could be signed without the Annexes

## Decision

5.4 Ministers/Attorneys-General noted that the Protocol would be meaningless without the Annexes. Therefore, it will have to be signed with its Annexes. Ministers therefore recommend the Protocol on Finance and Investment to the Council for approval and subsequent signature by the Summit.

## Reservations

The Ministers of Justice/Attorneys-General noted the reservations by Zambia and Mozambique to have the Protocol signed presently with Annexes. The reason given by Zambia for the reservation is that the Annexes would assume a binding nature once they are an integral part of the Protocol unlike when they were just Memoranda of Understanding. Zambia argued that the Annexes were severable from the Protocol. The reason given by Mozambique is that the Annexes should not form part of the Protocol to be submitted for signature since the Annexes have not yet been cleared by neither the SADC Senior Legal Officials or by the Ministers of Justice/Attorneys-General.

## 6. CONSIDERATION OF DRAFT AGREEMENTS AMENDING PROTOCOLS

6.1 Ministers/Attorneys-General considered the below draft legal instruments to amend Protocols that had already entered into force: (copies in the attachment [SADC/CMJ/2/2006/3(A) – SADC/CMJ/2/2006/3 (F)]):

- a) Draft Agreement Amending the Protocol on Education and Training;
- b) Draft Agreement Amending the Protocol on Combating Illicit Drugs;
- c) Draft Agreement Amending the Protocol on Mining;
- d) Draft Agreement Amending the Protocol on Energy;
- e) Draft Agreement Amending the Protocol on Immunities and Privileges; and
- f) Draft Agreement Amending the Protocol on Transport, Communications and Meteorology.

## Decision

6.2 In view of the decision at 7.4.4 below, Ministers of Justice/Attorneys-General decided that these will have to await the amendment of Article 22 (10) of the Treaty as proposed.



7. **ADOPTION, SIGNATURE AND RATIFICATION OF SADC LEGAL INSTRUMENTS**

7.1 On the issue of entry into force and adoption, signature and ratification of SADC legal instruments, Ministers/Attorneys-General noted the Legal Officials' observation that the document which was requested from the Secretariat on this issue was not ready at the time of deliberations of the Senior Officials.

7.2 Ministers/Attorneys-General considered Legal Officials' view that the issue should be solved by reference to Article 24 of the Vienna Convention on the Law of Treaties (1969), and that there were three options:

- i. Adoption by the Summit or Meeting of State Parties
- ii. Signature by State Parties
- iii. Signature followed by ratification by State Parties

**Decision**

7.3 Ministers of Justice/Attorneys General decided all of the following steps should be taken as they are part of the same process:

- i. Adoption by the Summit;
- ii. Signature by Member States;
- iii. Ratification by Member States; and
- iv. Accession, once the Protocol has entered into force

7.4 **Amendment of Protocols**

7.4.1 Ministers noted that Article 22(10) of the Treaty provides that "Decisions concerning any Protocol that has entered into force shall be taken by the State Parties to the protocol in question"

7.4.2 Ministers also noted that the provisions of SADC protocols contain a standard provision on their amendment which is inconsistent with Article 22 (10) of the Treaty.

7.4.3 Ministers further noted that Article 22 (10) of the Treaty does not provide a mechanism for the amendment of protocols.

**Decision**

7.4.4 Ministers therefore decided to recommend the following for approval by Council and Summit:

- (i) that Article 22 (10) of the Treaty be amended to provide that amendments to any protocol that has entered into force shall be taken by the State Parties to the protocol in question.
- (ii) that proposals for such amendments should be made only by State Parties to the protocol upon 30 days notice being given to the Executive Secretary.
- (iii) that such amendment shall be adopted by a decision of three quarters of the States Parties to the Protocol.
- (iv) that the proposal for the amendment of Article 22 (10) of the Treaty be moved in accordance with Article 36 of the Treaty, and that such a step be initiated by the incoming Chairperson.

**8. DRAFT AGREEMENT AMENDING ANNEX VI OF THE PROTOCOL ON TRADE, DRAFT AGREEMENT AMENDING THE PROTOCOL ON TRADE AND DRAFT AGREEMENT AMENDING THE PROTOCOL ON TRIBUNAL AND RULES OF PROCEDURE THEREOF**

8.1 On these draft Agreements, Ministers of Justice/Attorneys General recalled that in their last meeting held in Gaborone, Republic of Botswana, they had deferred this matter to their meeting in Maseru, Lesotho, in the margins of the 2006 Summit.

8.2 Ministers of Justice/Attorneys General recalled that in their last meeting held in Gaborone, Republic of Botswana on 4<sup>th</sup> August, 2006, they had decided that, as the provisions of the draft Agreement Amending Annex VI of the Protocol on Trade would have implications for the contents of the provisions of the draft Agreement Amending the Protocol on Trade and the draft Agreement Amending the Protocol on Tribunal, the discussion on the proposed amendment agreement would be discussed in line with paragraph 8.1 above.

8.3 Ministers of Justice/Attorneys-General did not consider these Draft Agreements on the advice of Secretariat to the effect that Member States were still conducting negotiations on the matter.

**9. ANY OTHER BUSINESS**

**9.1 Issues of Concern**

9.1.1 Ministers of Justice/Attorneys General raised serious concern regarding the insufficient resources availed by the Secretariat to

facilitate the meeting, such as support staff, interpreters, equipment and availability of documents in all three official languages of SADC.

#### Decision

**9.1.2 Ministers of Justice/Attorneys General directed the Secretariat to ensure that it avails all the necessary resources that would facilitate a smooth and efficient running of their meetings in the future.**

#### 9.2 Institutional Mechanism for Ministers of Justice/Attorneys General since SADC Restructuring

9.2.1 Ministers of Justice/Attorneys General noted that before the restructuring exercise of SADC, legal instruments such as protocols were cleared by Ministers of Justice/Attorneys General, under the auspices of the Legal Sector, which was coordinated by the Republic of Namibia.

9.2.2 Ministers of Justice/Attorneys General also noted that the phasing out of the Legal Sector created a gap in this regard.

9.2.3 Ministers of Justice/Attorneys General further noted the current ad-hoc decision making process where they continue to be called upon to consider draft legal instruments prior to approval by Council and Summit.

9.2.4 Ministers of Justice/Attorneys General expressed concern at the fact that the existing SADC procedures do not provide an institutional mechanism to enable them to execute their mandate.

9.2.5 This means that Council and Summit lack an effective institutional mechanism to account for the adequacy and relevance of a growing body of SADC legal instruments.

9.2.6 Ministers also noted that there are inconsistencies between articles of the Treaty and some of the Protocols which need to be harmonized.

#### Decision

**9.3 Ministers of Justice/Attorneys General therefore recommended that Summit approves that a Committee of SADC Ministers of Justice/Attorneys General be formally established under the provisions of Article 10 (3) and (6) of the Treaty. This Committee should have the mandate to review and clear legal instruments prior to their consideration by Council and Summit. In addition, the Committee shall have the mandate to recommend any amendments to SADC legal instruments, and provide legal advice**

to SADC Institutions in collaboration with the Legal Affairs Unit at  
the Secretariat



10. **Report on the Operationalisation of the SADC Tribunal**

10.1. Summit will recall that in implementing the provisions of Article 3 of the Protocol on the Tribunal and Rules of Procedure thereof, it appointed ten (10) Members (Judges) of the SADC Tribunal on the 18th August 2005. The members of the Tribunal assumed duty immediately following their swearing in and the inauguration of the Tribunal Building which took place on the 18th November 2005 in Windhoek, Namibia.

10.2 Summit is invited to note that the Swearing in ceremony was conducted by the Chief Justice of the Republic of Namibia and was witnessed by the Right Honourable Prime Minister of Namibia. The Prime Minister delivered a speech in which he congratulated SADC for the establishment and setting up of the Tribunal. The occasion was also attended by Ministers from the Government of Namibia and other dignitaries.

**Activities of the Tribunal**

10.3 Summit is also invited to note that the Members of Tribunal could only commence work immediately following their swearing in, as is the requirement under of Article 5 of the Protocol on Tribunal that every Member has to make a solemn declaration in the open session that he or she will carry out his or her duties independently, impartially and conscientiously. This means that the Members could not have started to work before they had made that solemn declaration.

10.4 Summit is further invited to note that on same day of the swearing in, and in accordance with Article 7 (1) as read with Rule 7 of the Protocol on Tribunal and Rules of Procedure thereof, the five (5) Regular Members constituted an Electoral College to elect the President of the Tribunal. Though a secret ballot, the Electoral College elected, by a majority vote, Dr Louis Antonio Mondlane, a national of Mozambique, as the President of the SADC Tribunal. The other Regular members are:-

Rigoberto Kambovo; Angola  
Onkemetse B Tshosa; Botswana  
Isaac Jamu Mtambo; Malawi and,  
Aringa Govendasamy Pillay; Mauritius.

- 10.5 The Summit will recall that the Non-Regular Members of the Tribunal are: - Mr. Petrus T. Damaseb of Namibia; Mr. Stanley B. Maphalola of Swaziland; Mr. Fredrick B. Werema of Tanzania; Mr. Frederic Mwela Chomba of Zambia and Antonia Guvava of Zimbabwe.

#### **Host Community Agreement**

- 10.6 Summit is invited to note that the President of the Tribunal and the Minister of Justice of the Republic of Namibia signed a Host Country Agreement on 3<sup>rd</sup> May 2006 .The objective of the Agreement is to facilitate the hosting of the SADC Tribunal, as an institution of SADC, by the Government of the Republic of Namibia.

#### **Budget of the Tribunal 2006/2007**

- 10.7 Summit is invited to note that in terms of Article 33 of the Protocol on the Tribunal, the Tribunal shall be funded through the regular budget of SADC, using the criteria that Council may, from time to time determine, and from such other sources as determined by the Council.
- 10.8 Summit is also invited to note that at the second meeting of the Regular Members held from 7 to 9 February 2006, in Windhoek - Namibia, the Regular Members considered a draft Interim Budget which later formed the bases of the Budget of the SADC Tribunal as approved by the Council of Ministers at its February 2006 Meeting held in Gaborone, Botswana. The total Budget of the Tribunal for 2006/2007 is USD 645 655.
- 10.9 Summit is invited to note that in the absence of the Terms and Conditions of Service of the Members of the Tribunal and of staff, issues such as, determination of insurance covers; advance payment of per diem; communication allowances; entertainment allowances paid to the Members of the Tribunal, remain a challenge to the Community. It is expected that in formulating the terms and conditions of service, these issues will be fully addressed and corrected.

### **The first Annual General Meeting of the SADC Tribunal**

- 10.10 Summit is further invited to note that the Tribunal held its 1st Annual General Meeting from 2nd to 3rd May 2006. This meeting was attended by six (6) Members and the other four (4) sent apologies for not being able to attend.
- 10.11 The objective of the meeting was to consider inter alia, issues of recruitment of staff; study visits to international and other regional Courts; Resource Mobilisation; Training of both Members and staff; Terms and Conditions of service of both Members and staff; and Promotion of the Tribunal in the SADC Member States.
- 10.12 Summit is invited to note that the Tribunal has identified certain members of staff and will soon contract them. The SADC Council of Ministers at its Meeting held in February 2006, Gaborone, agreed to apply the current Terms and Conditions of service of the SADC Secretariat to the staff of the Tribunal until the Tribunal has finalized its own terms and conditions of service. The exercise of identifying staff was conducted in July 2006 and interviews took place at the Tribunal in Windhoek, Namibia. However, the Tribunal still needs to recruit the Registrar, who is the key personnel at the institution, and we hope this person will soon be identified and engaged.



**Seventh Ordinary Session of the Assembly of the African Union (AU)  
Banjul, the Gambia, 1-2 July 2006**

**A Note from the Secretariat**

1. SADC Secretariat attended the Seventh Ordinary Session of the Assembly of the African Union which took place in Banjul, the Gambia from 1-2 July 2006. The Assembly meeting was preceded by the Ninth and Twelfth Ordinary Sessions of the Executive Council and Permanent Representatives Committee (PRC) (from 25-29 June), respectively, in preparation to it.
2. The main theme of the Seventh Ordinary Session of the Assembly of the African Union was "Regional Integration and Rationalization of Regional Economic Communities". Preparatory meetings to the Assembly Session in particular to the main theme included the Fifth Meeting of the AU and RECs which took place from 23-26 June 2006.
3. The Seventh Ordinary Session of the Assembly of the African Union deliberated and made decisions on a number of issues pertaining to the Union's agenda in particular the following:
  - I. Decision on the New Financial Rules and Regulations of the Union - Doc. EX.CL/250 (IX)
  - II. Decision on the Moratorium on the Recognition of Regional Economic Communities (RECs)
  - III. Decision on the Institutionalization of the Conference of African Ministers in charge of Integration - Doc. EX.CL/282(IX)
  - IV. Decision on the Africa's Common Position to the UN General Assembly Special Session (UNGASS) on Aids (New York, 31 May – 2 June 2006) – Doc.Assembly/AU/5 (VII)
  - V. Decision on Abuja Call for Accelerated Action Towards Universal Access to HIV/AIDS, Tuberculosis and Malaria (ATM) Services in Africa – Doc.Assembly/AU/5 (VII)



- VI. Decision on the Continental Framework for Harmonization of Approaches among Member States, and Integration of Policies on Human Rights and People Infected and Affected by HIV/AIDS in Africa – Doc.Assembly/AU/5 (VII)
- VII. Decision on the Special Summit of the AU on Fertilizers - Doc. AssemblyAU/6(VII)
- VIII. Decision on the Draft Single Instrument on the Merger of the African Court on Human and Peoples' Rights and the Court of Justice of the African Union - Doc. EX.CL/253 (IX)
- IX. Decision on the WTO Negotiations Doc. EX.CL/283 (IX)
- X. Decision on the Activities of the Peace and Security Council of the African Union on the Peace and Security Situation in Africa Doc. Assembly/AU/4(VII)
- XI. Decision on the Report of the Ministerial Conference on the African Youth Charter Doc. EX.CL/262 (IX)
- XII. Decision on Strengthening the African Union Commission, the Economic Commission for Africa and The African Development Bank Partnership
- XIII. Decision on the Union Government (Doc. Assembly/AU/2(VII))
- XIV. Decision on the Integration of NEPAD into the Structure and the Processes of the African Union (Doc. Assembly/AU/8(VII)),
- XV. Decision on African Common Position on Migration and Development
- XVI. Doc. EX.CL/277 (IX)
- XVII. Decision on Strengthening Africa's Representation in the Bretton Woods Institutions
- XVIII. Doc. Assembly/AU/Draft/Dec.18 (VII)
- XIX. Decision on the Hissène Habré Case and the African Union  
Decision on the Holding of the First Africa-South America Summit
- XX. Decision on Revision of Symbols Taken over from the OAU and Creation of New Symbols which Distinguish the Union from the OAU – Flag of the Union
- XXI. Decision on the African Continent as a Single United Entity
- XXII. Decision on other Items Proposed by Member States to the Sixth Ordinary Session of the Assembly

**XXIII. Decision on the Proposal to Establish a Fund within the African Union to Alleviate the Increase in Oil Price on the Poor African Countries and the Coordination of African Oil Policies**

4. Most relevant decisions for SADC are, i.e., directly pertaining to SADC cooperation and integration agenda are:

a) **Decision (ii) on the Moratorium on the Recognition of Regional Economic Communities (RECs) in which the assembly decided that:**

a.1) to suspend, until further notice, the recognition of new RECs with the exception of the following eight (8):

- i) Economic Community of West African States (ECOWAS);
- ii) Common Market of East and Southern Africa (COMESA);
- iii) Economic Community of Central African States (ECCAS);
- iv) Southern African Development Community (SADC);
- v) Inter-Governmental Authority for Development (IGAD);
- vi) Arab Maghreb Union (AMU);
- vii) Economic Community of Sahelo-Saharan States (CEN-SAD); and
- viii) East African Community (EAC);

a.2) to urge the above-mentioned RECs to coordinate and harmonize their policies among themselves and with the Commission with a view to accelerating Africa's integration process.

b) **Decision (iii) on the Institutionalization of the Conference of African Ministers in charge of Integration – (Doc. EX.CL/282)(IX) as follows:**

b.1. To mandate the Commission, in collaboration with the United Nations Economic Commission for Africa (ECA), the African Development Bank (ADB) and RECs, to implement the roadmap for the rationalization process (quantification studies of the scenarios, seminars and workshops for the benefit of stakeholders) and submit a report to the Assembly in July 2007;

b.2. To institutionalize the Conference of Ministers in charge of Integration which will meet once a year in ordinary session and in extraordinary session when necessary, pending rationalization of the Specialized Technical Committees (STCs).

**c) Decision (xiii) on the Union Government (Doc. Assembly/AU/2)(VII), as follows :**

- c.1. To request the Commission to convene an Extraordinary Session of the Executive Council as soon as possible to consider the Report and propose an appropriate framework for action;
- c.2. To direct that financial resources be provided for the implementation of this decision.

**d) Decision (xiv) on the Integration of NEPAD into the Structure and the Processes of the African Union (Doc. Assembly/AU/8)(VII), as follows,**

- d.1. To extend the deadline of three years set in Maputo in July 2003, to January 2007, that is, an additional of six months;
- d.2. To set up a committee comprising the Chairman of the Union, the Chairperson of the Commission, the Chairman of the HSGIC and President Thabo Mbeki of South Africa, the Chief Executive Officer of NEPAD Secretariat as well as the Vice-Chairpersons of HSGIC to:
  - i) finalize the proposal on the integration of NEPAD into the AU structure and processes;
  - ii) conduct an evaluation of NEPAD at its current stage;
  - iii) propose a realignment of NEPAD to its original objectives, mandate and philosophy.
- d.3. To request the Committee to report to the Assembly at its next ordinary session in January 2007.

**5. The Fifth Meeting of the AU and RECs which preceded the Seventh Session of the Assembly of the AU had the following agenda:**

- a) Review of the Implementation of the previous AU/RECs Meeting
- b) Democracy, Governance, Elections and Human Rights;
- c) Integrated Plan of Action for Comprehensive Africa's Agriculture Program (CAADP) Sirte Declaration;
- d) Establishment of the Focal Point for Agriculture Commodities;
- e) Customs Directors General Proposal on Africa's Integration;
- f) Coordination Mechanism with the RECs in the Area of Infrastructure;
- g) Brief on the outcome of the First Conference of Ministers of Integration

- h) Exchange of views on the Programming of 10<sup>th</sup> EDF, EPAs and the Preparations of the Brussels Meeting of 11<sup>th</sup> July 2006;
  - i) AOB
  - j) Adoption of the Report
6. Apart from the discussions and deliberations on the specific agenda items which are contained in the Report of the meeting appended to this Note one would like to underscore that in this meeting the RECs and SADC in particular emphasised the need for a more coordinated and planned approaches and work between the AUC and the RECs. In this context it was suggested that in the process of implementing the continental integration agenda there is need for a clear division of labour between the AU and the RECs.
  7. The AUC is increasingly calling for sectoral meetings both with Member States and the RECs from where a number of decisions and recommendations are made pertaining to the integration agenda and requiring implementation which in a number of instances are neither planned nor budgeted for. In this regard, it is our strong view that the implementation of programmes and activities of Continental Cooperation and Integration must be based on long, medium and short term strategic and business plans approved by the AU policy organs. These plans need to be developed by the AUC in strict coordination with the RECs. Otherwise it will be difficult for SADC Secretariat to combine the AUC requests for participation in sectoral meetings with the implementation of RISDP both from a human and financial capacity point of view.
  8. The Fifth Meeting of AUC and RECs also recommended that reports on the Status of integration in the different RECs should be regularly tabled for information of the Ordinary Sessions of the Executive Council.
  9. The RECs regard with serious concern the way in which these Organisations are treated by the AUC structures at all levels. This is reflected in the role and participation as well as the seating arrangements reserved for the RECs, including their Chief Executives in the ordinary meeting of the AU. During AU meetings, at best the CEOs of the RECs are lumped together with any other invited Organizations such as NGOs, Trade Unions, international agencies etc. This matter was raised at a joint letter by the CEOs and representatives of RECs addressed to the Chairperson of the AU during the Banjul meetings in regard to which the answer is still awaited. It is our view and hope that this matter should be adequately addressed in the Protocol regulating the relationship between the AUC and the RECs which is expected to be signed soon.
  10. In light of the decisions taken by the Seventh Ordinary Session of the Assembly of the African Union in regard coordination and harmonisation between the RECs and with the AUC with the view to accelerate the implementation of the continental integration agenda, SADC Secretariat

will need to strengthen the planning and coordinating Unit and allocate adequate human and financial resources.

## **NEPAD**

11. SADC Secretariat attended the 15<sup>th</sup> Summit of the NEPAD Heads of State and Government Implementation Committee (HSGIC) which took place on 30 June 2006 in Banjul, the Gambia.
12. The Meeting was chaired by HE Chief Olusegun Obasanjo, President of the Federal Republic of Nigeria and Chairperson of the NEPAD HSGIC. After the welcoming remarks by the Chairperson the following agenda was adopted:
  - a) Progress Report by the Chief Executive of NEPAD, Prof. Firmino Mucavel
  - b) Integration of NEPAD into Structures and Processes of NEPAD
  - c) Preparations for the Brainstorming Conference on NEPAD
  - d) Any Other Matters
  - e) Date and Venue of Next HSGIC Meeting
13. The progress report of the NEPAD CEO addressed, among others, the following main areas:
  - (i) Capacity Building
  - (ii) Agriculture and Food Security
  - (iii) The Africa Fertiliser Summit
  - (iv) Infrastructure
  - (v) Information and Communication Technology (ICT)
  - (vi) Health and Education
  - (vii) Environment
  - (viii) Trade and Market Access
  - (ix) Integration of NEPAD into National Development Plans
  - (x) Gender Mainstreaming
  - (xi) Communication and Outreach
  - (xii) Other areas of action
14. On the Brainstorming of the HSGIC it was agreed that the meeting will take place in Abuja, Nigeria on 30-31 October 2006.
15. On the integration of the NEPAD Secretariat into the AUC structures the meeting decided to establish a committee with the composition indicated in the decision above on this matter.
16. On the important issue of infrastructure project development and funding it was reported that the ADB and Nigeria Technical Cooperation Fund made available US \$2.5 Million, and US 1.4. Million, respectively to fund the

study to develop the Medium to Long Term Strategic Framework for Infrastructure Development, which was due to commence in July 2006.

17. Under NEPAD auspices the Africa Infrastructure Country Diagnostic Study (AICD) at a total cost of US \$3.8 million was decided upon of which 75 percent of the funding has been secured from the World Bank. The study is intended to assess the situation of infrastructure in Africa at country level to provide a baseline against which future improvements in infrastructure services could be measured. Nine out of the selected initial twenty four countries to benefit from the study are from the SADC region. The study commenced in January 2006 and will be conducted over two years.
18. Following the establishment of the Infrastructure Consortium for African (ICA), in 2005, a Secretariat has been established to coordinate its operations. A number of projects within the NEPAD infrastructure Short Term Action Plan (STAP) have been examined and submitted for possible support by the ICA. These include:
  - a) Energy Sector: Interconnection Projects, including hydropower Development (INGA) under the West African Power Pool, Southern African Power Pool, East African Power Pool and Central African Power Pool;
  - b) Transport Sector: Senegal Mali Road and Senegal- Mauritania Road, in West Africa; Nacala Corridor in Southern Africa; Central Corridor and Kenya- Uganda Road, in East Africa; Central African Republic – Chad Corridor in Central Africa; Ghana, Angola and Kenya Ports, and Malawi, Zambia, Tanzania, Rwanda, Ethiopia, Uganda Border Posts.
19. The venue and date for the next meeting of HSGIC are still to be determined.



**RECORD OF THE 4 + 1 GROUP OF THE SADC PERSONAL  
REPRESENTATIVES OF HEADS OF STATE AND GOVERNMENT IN THE  
NEPAD IMPLEMENTATION COMMITTEE**

**2 AUGUST 2006**

**GABORONE, BOTSWANA**

**A Note from the Secretariat**



**MINUTES OF THE 4 + 1 GROUP OF THE SADC PERSONAL  
REPRESENTATIVES OF HEADS OF STATE AND GOVERNMENT IN THE  
NEPAD IMPLEMENTATION COMMITTEE  
2 AUGUST 2006  
GABORONE, BOTSWANA**

**PARTICIPANTS**

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Office of the President  
Botswana

Permanent Secretary

Mr. S. Abdul Minty

Ministry of Foreign affairs  
South Africa

Mr D. Malcomson  
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Prof. Firmino G. Mucavele  
NEPAD Secretariat/Mozambique

Chief Executive

Ambassador Willoughby

NEPAD Secretariat

Dr Angelo Mondlane  
Planning

Head, Policy Strategic

SADC Secretariat

Mrs Tracy Zinanga  
Mobilisation

Senior Officer Resource

SADC Secretariat

**Absent:**

**Representatives of Angola and Mauritius.**



## WELCOME REMARKS

1. The meeting was chaired by Mr. Modise from the Government of the Republic of Botswana.
2. The Chairperson welcomed all delegates to the meeting. The Chairperson also explained that the purpose of the meeting was to review progress in the implementation of the decisions of the last 4 + 1 Group meeting; to discuss the preparations for the NEPAD Brainstorming Summit that is scheduled for October 2006; and to agree on the report to the SADC Council and Summit in August 2006.

## MATTERS ARISING FROM PREVIOUS MEETING AND IMPLEMENTATION MATRIX

3. Discussions were based on the Draft Implementation Matrix. It was suggested that the matrix should include an additional column that provides an update of progress of implementation of the various activities. Discussions on the matrix were as follows:

### **Value Addition**

4. It was noted that the study under the African Capacity Building Foundation had not adequately addressed the capacity needs aspects of Regional Economic Communities (RECs). To this effect, SADC informed the meeting that as a follow up to the SADC/ICP Consultative Conference held in April 2006, SADC Secretariat was in the process of establishing a Bridging Facility that would provide a mechanism and resources for SADC to rapidly respond to emerging capacity development needs of both the Secretariat and SADC National Committees (SNCs).

### **Resource Mobilisation**

5. The meeting noted that resource mobilisation was a continuous effort and agreed on the need for a report that indicates the resource flows into the region. The report would highlight the status of funding for the projects submitted under NEPAD and also indicate the problems encountered. The NEPAD Secretariat informed the meeting of the Pension Fund Initiative that was launched in South Africa in 2005. It was agreed that the NEPAD Secretariat would prepare an information note on this initiative highlighting the fund's terms of reference; how Member States can participate; and how the fund can be accessed.
6. The NEPAD Secretariat informed the meeting that the NEPAD Business Group (NBG) in South Africa had expressed its desire to engage with SADC. The meeting also noted the existence of the SADC Business

Forum (SBF) that was launched in 2005 and suggested that the two groups should work closely together.

### **Synergies between RISDP and NEPAD**

7. The meeting reiterated that the SADC Regional Strategic Development Plan (RISDP) was the SADC region's response to implementation of NEPAD Programmes and reiterated the synergies between the two.

### **Thematic Areas**

#### **Democracy, Peace, Security and Governance**

8. The meeting agreed on the need to write a paper giving the status of democracy, peace, security and governance in the region, highlighting the progress that has been achieved to date. It was noted that this would be an update to a previous article that had been published.

#### **Agriculture and Food Security**

9. NEPAD expressed concern that SADC Secretariat has not been able to participate at meetings scheduled to discuss resource mobilisation for Agriculture. It was noted that such non participation is usually related to the non availability of budget to facilitate participation. The meeting agreed that it would be necessary to make use of technology like video conferencing and teleconferencing in order to save on resources.

### **Other Related Issues**

#### **Millennium Development Goals**

10. The meeting agreed on the need to take stock of progress on implementation at the national level. It was agreed that at the SADC Secretariat should follow-up on the outcomes of the African position on progress in the implementation of the MDGs and propose a way forward.

#### **Additional Items to be Included in the Implementation Matrix**

11. The meeting agreed that the matrix should include additional items on Partnerships and G8 to provide update on progress and follow-ups on these issues.
12. The meeting agreed that the matrix should be updated. It was also agreed that a few priorities should be selected from the matrix and a work plan of implementation should be developed for the selected priorities so that a report can be prepared for submission to the SADC Summits.

## **PREPARATIONS OF THE BRAINSTORMING MEETING OF THE HSGIC**

13. It was noted that the NEPAD Brainstorming Summit was scheduled for 30 – 31 October 2006 in Abuja, Nigeria. It was also noted that participation at the Brainstorming Summit would be by the Heads of State and Governments Implementation Committee and those that are admitted to the NEPAD Implementation Committee.
14. The meeting noted that individual delegations would have the liberty to express their own positions at the NEPAD Brainstorming Summit and that it was important for the Summit to place more emphasis on the way forward rather than on the differences that may have prevailed in the past.
15. The meeting noted the importance of identifying the positive effects of NEPAD development framework on advocacy for resolving fundamental development processes of Africa.
16. The NEPAD Secretariat indicated that the NEPAD Brainstorming Summit would be expected to address the following issues:
  - Concept, content and philosophy of NEPAD;
  - Structure and funding;
  - The integration process with the AU;
  - The Modus operandi of NEPAD Steering Committee,
  - the NEPAD Secretariat in terms of location, processes, funding, etc; and
  - Way forward in resource mobilisation and implementation of projects.

### **The Brainstorming Concept Document**

17. The meeting considered the NEPAD Brainstorming Concept Document, noting that the document was very detailed and expressed concern that the document should clearly articulate what should be considered by the Summit.
18. The meeting agreed that the document should have a background, a maximum of 2 – 3 pages highlighting the following:
  - Indication of some of the success stories that have happened since the inception of NEPAD;
  - Highlight the Peer Review Mechanism as one of the social programmes that have evolved under NEPAD, and stating its impact;
  - On the integration issue, highlighting the vision and values of NEPAD;
  - Spell out the provisions in the Constitutive Act constituting NEPAD and outline the results this has had on peace and security; and

- Highlight the initial arrangement that was made with DBSA when NEPAD was established.

19. It was agreed that the NEPAD Secretariat would prepare the 2-3 page background information and submit it to the Chairperson before the SADC Summit Meetings and that this would form the basis of a verbal report to the SADC Council.

#### **Issues to be reported to the SADC Summit**

20. The meeting agreed that the report to the SADC Summit should include the following:

- The decision of the Seventh Assembly of the African Union to set up a committee tasked to finalise the proposal on the integration of the NEPAD into the AU structure and processes;
- The Brainstorming Concept Document as a background paper;
- The report of the Steering Committee Views on Integration of NEPAD into AU Structures and Processes; and
- A verbal report to Council by the chairperson of the 4 + 1 Group, outlining the implementation of NEPAD developments and achievements in the region.

21. The meeting suggested that the chairperson of the 4 + 1 Group, at the Head of State level, should brief his colleagues on the issue of the Brainstorming Summit.

#### **ANY OTHER BUSINESS**

##### **Meetings of the 4 + 1 Group**

22. The meeting agreed that the 4 + 1 group should meet regularly, preferably on a quarterly basis and that the SADC Secretariat would convene the meetings. It was also suggested that such meetings could be convened on the margins of the NEPAD Steering Committee Meetings in order to save on resources.

##### **Briefings of SADC Ambassadors Based in Pretoria**

23. The meeting emphasised the importance of briefing sessions for SADC Ambassadors based in Pretoria, to ensure that all SADC Member States are informed about developments under NEPAD. It was agreed that such briefings should be organised on a regular basis. These meetings are coordinated by South Africa.

24. The meeting also agreed that the next briefing session the SADC Ambassadors based in Pretoria should be organised soon after the

Steering Committee Meeting scheduled for 22 – 23 August 2006. It was suggested that the SADC Secretariat should also attend the briefing sessions.

**Circulation of Minutes**

25. The Minutes of the meeting will also be circulated to the members of the 4 + 1 Group who did not manage to attend the meeting.

**DATE AND VENUE OF NEXT MEETING**

26. It was suggested that next meeting of the 4 + 1 Group should be held on the margins of the next NEPAD Steering Committee after August 2006.

**CLOSING**

27. The meeting ended at 15:00 hrs.

**SIGNATURE**

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**CHAIRPERSON**  
**Mr. Modise Modise**  
**Permanent Secretary**  
**Office of the President**  
**Government of Botswana**

**Date:** .....



**PARTICIPATION LIST  
MEETING OF SADC 4+1 GROUP ON THE IMPLEMENTATION OF NEPAD  
2 AUGUST 2006  
GABORONE, BOTSWANA**

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**Brainstorming Concept Document**

**15<sup>th</sup> Meeting of the NEPAD Heads of State  
and Government Implementation Committee**

**30 June 2006  
Banjul, The Gambia**

## **BRAINSTORMING CONCEPT DOCUMENT**

### **Introduction**

1. In January 2006, the 6th Ordinary Session of the African Union Assembly of Heads of State and Government, in Khartoum, Sudan adopted decision Assembly/AU/Dec.104 (VI) to convene a Brainstorming Conference on how to "further review the achievements of NEPAD" and "on possible improvements of its programs and operations". The Assembly further requested that a report on the outcome of the Conference be submitted at its next ordinary session in July 2006.
2. The purpose of this document is to provide a common basis for brainstorming at the Conference by outlining and analyzing the following:
  - ✓ The genesis of NEPAD
  - ✓ Progress in the implementation of NEPAD
  - ✓ Major challenges
  - ✓ NEPAD Integration (Prof. Mmucavele: How do we proceed with this section, in the context of the SC proposal)
  - ✓ The way forward
3. This document draws from various NEPAD reports and processes, including the outcome of the NEPAD Multi-Stakeholder Dialogue held in October 2004 which was a three-year-review of NEPAD. It highlights progress made in implementing NEPAD programmes, as well as key developments at the continental, regional and national level that are attributable to NEPAD.

### **THE GENESIS OF NEPAD**

4. Since the late 1970s, African countries have been in search of a policy framework to guide a continent-wide fundamental socio-economic transformation that would enable them to place the continent on a path to sustainable development. The common thread in all the plans is the ambition to achieve self-reliance, sub-regional and continental economic integration, economic growth and sustainable development. These are interchangeably stated as goals and strategies in order to lay emphasis on the fact that they are interdependent.
5. These policy frameworks include: the Lagos Plan of Action for the Economic Development of Africa, (1980 – 2000); the African Priority Programme for Economic Recovery (1986 – 1990); the UN Programme of Action for Africa's Economic Recovery and Development ((UN-PAAERD) 1986 – 1990) and later the African Alternative Framework to Structural Adjustment for Socio-economic Transformation ((AAF-SAP) 1989); the African Charter for Popular Participation for Development (1990); and the United Nations New Agenda for the Development of Africa (UN-NADAF) in the 1990s (1991).

6. Unfortunately, these policy frameworks were never fully implemented for a number of reasons. Firstly, African Countries and the then OAU lacked capacity to implement the programmes. Secondly, the majority of African countries were either under military rule or dictatorship, a situation which undermined accountability and reduced the focus on socio-economic development. Instead, resources were diverted to military expenditure and other non-developmental projects. Thirdly, there was no support from the international community, especially the multilateral development finance institutions. Fourthly, African countries themselves tended to be opportunistic in implementing reforms and allowed the nature and sequencing to be dictated by donors. The African people were not given a chance to determine their own development path. They were coerced to implement those preferred by the donors and creditors.
7. At the time, Africa with about 12% of the world's population accounted for just about 1% of global GDP. It accounted for less than 2% of global export and trade. In terms of foreign direct investment, the continent received only 1% of the world total. It was the most indebted region of the world and a majority of countries on the continent depended on ODA. The HIV/AIDS pandemic further worsened the situation, with the continent accounting for 75% of people infected worldwide. Africa became the most marginalized region in an increasingly globalizing world. African leaders then realized that they had to be creative in responding to the new world order by doing something that would take them out of underdevelopment, abject poverty and dependency on assistance.
8. The major development at the continental level was the transformation of the Organisation of African Unity into the African Union. The principles and values that characterize the new world order are enshrined in the Constitutive Act establishing the African Union.
9. During negotiations on the Constitutive Act of the African Union, some African leaders realized the urgent need to launch a new and radical initiative to effectively address poverty and the increasing marginalization of Africa from the globalisation process. The adoption of the Millennium Development Goals (MDGs) by the United Nations in the year 2000 gave further urgency to addressing Africa's challenges to attain the MDGs. African leaders accepted that it was time for Africans to take ownership and responsibility of their own development. This led to the initiation of the New Partnership for Africa's Development (NEPAD) by Presidents Obasanjo of Nigeria, Mbeki of South Africa, Bouteflika of Algeria, Wade of Senegal, and Mubarak of Egypt.
10. NEPAD, adopted as the AU programme for development, is very different from its predecessors. It focuses on political leadership and will, whereby African leaders undertake to lead differently and be accountable to their

people and to each other. Through instruments like the APRM, African leaders promote collective action by like-minded leaders to reinforce the adoption of and adherence to best practices and ensure sustained reforms. Some key principles and values of NEPAD include: the promotion and protection of democracy and human rights, commitment to good political, economic and corporate governance, empowerment of women, partnerships between Governments and key stakeholders, business, professional organisations and civil society. Above all, it calls for a change in the donor/recipient relationship between highly industrialised countries and multilateral development institutions on the one hand and African countries on the other. It calls for the relationship to be transformed into a genuine partnership based on mutual respect, responsibility and accountability.

11. NEPAD is a vision and a framework for transformation, reform and renewal. It is also a long-term, holistic, integrated and comprehensive programme focusing on changing the way business is conducted in Africa for the better. It is about addressing the conditions for development and setting a conducive environment to ensure sustainable development and growth. NEPAD's objectives are to inspire and energise socio-economic development across the continent and to foster adoption of policies that are in line with international basic practice. Through NEPAD, African countries commit themselves to create conducive conditions for sustained economic growth and sustainable development and to mobilise the African people to become the main agents of development. In this respect, NEPAD seeks to promote:

- African ownership and responsibility for the development of the African continent,
- the advancement of democracy, human rights and good governance,
- capacity building of African institutions,
- intra-Africa trade and investment through regional integration,
- the advancement and empowerment of women,
- Africa's voice in the global arena to ensure that Africa's needs and concerns are addressed.

The call to the rest of the world is for complementary action to support Africa in implementing its own programme of self-reliance and development.

12. The unique feature of the NEPAD programme is that African leaders have assumed the duty to take action to uplift Africa out of poverty and underdevelopment. In all the sectoral programmes, the responsibilities and duties of African leaders and the African people are highlighted. The call to the international community is for equity and support to implement the African Agenda.

13. NEPAD's revolutionary agenda provides a leadership and management structure to ensure implementation and deal with the challenges that require continental coordination. This will be championed by African leaders in their respective countries and sub-regions. NEPAD is an all-embracing strategic framework to address the continent's crises of poverty and underdevelopment. It is not just about projects and money. It is a collective vision of African leaders seeking to promote a positive value system, norms, and standards. It is a transformative agenda for the continent, designed by its leaders.
14. Progress is being made in the manner in which they are managing conflicts, promoting democracy and human rights, enhancing macro economic balances and public financial management, and strengthening African institutions. Through NEPAD, Africa has created an effective leadership process for engaging the developed countries and multilateral institutions on issues of concern to the continent, such as international trade arrangements, equitable access of African products to international markets, debt cancellation, ODA reforms and the impact of current international financial and investment arrangements on Africa.
15. The NEPAD founding document makes it very clear that it is national governments and Regional Economic Communities (RECs) that must drive the socio-economic renewal agenda. The continental programme provides mainly a vision and a policy framework for igniting a movement to consolidate democracy and good governance throughout the continent. It covers eight priority areas, namely:
  - Political, Economic & Corporate Governance ;
  - Agriculture ;
  - Infrastructure;
  - Education;
  - Health;
  - Science & Technology;
  - Market Access, and Tourism; and
  - Environment

These projects are part of the NEPAD process at the priority sector and programme level

16. NEPAD is essentially a catalyzing, coordinating, mobilising, unblocking and energizing agent. Judging by the rapid increase in the number of government ministries adopting NEPAD policy frameworks and programmes for their respective sectors, as well as the recent increase in the number of countries signing the African Peer Review Mechanism (APRM), NEPAD has consolidated its role as the vehicle for effective

socio-economic renewal in Africa. NEPAD's added value is derived from the fact that it brings together dedicated political champions for implementation. The fact that it is relatively flexible and less constrained by protocol and bureaucratic practice, it provides a forum for open and frank dialogue.

## **PROGRESS IN IMPLEMENTATION**

17. In analysing progress made since the launch of NEPAD in 2001, it should be borne in mind that transforming a country and a continent is a process that cannot be achieved in a short-span of time. The development of the European project, which took about twenty-five years to materialise is a good point of comparison. NEPAD is essentially a reform and transformation agenda to change the way African countries, regional African groupings, and Africa's international partners have conducted their affairs in the past. In conceptualising NEPAD, African leaders understood that the transformation processes they had embarked on would take decades or even generations to accomplish. Analyses of progress to dates should therefore focus on issues such as :

- What has been the impact resulting from the existence of NEPAD?
- Have trends that existed 5 years ago been reversed?
- Are the conditions for development being addressed?
- Are leaders, countries and organisations now conducting their business differently?
- Are perceptions about the continent changing?
- Have the nature and the content of the relationship with development partners changed?
- Has implementation of programmes and projects started?

In this regard, a balance required is between reviewing NEPAD as a framework and ensuring that there is progress in terms of projects and programmes in order to show success stories and make NEPAD relevant to the daily lives of the African people.

18. There has been encouraging and significant progress registered during the last few years. The African Union (AU) is exercising its role differently from its predecessor, the Organisation of African Unity (OAU). The AU takes its mandate and responsibilities more seriously than in the past, and a number of African leaders are ensuring that it becomes an effective organisation, not only by providing it with additional resources, but more importantly by ensuring that it conducts its affairs competently, procedurally and transparently.
19. The change is evidenced by the manner in which the African Union is leading the resolution of conflicts and managing peace building in many countries. It is providing strong leadership and African countries that undertake assignments on its behalf act under clearly defined mandates. In other words, there is order and direction.

20. Secondly, key organs of the African Union have been reinforced in terms of their mandates, budgets and leadership. NEPAD principles and commitments are giving strength and direction to these changes. In consequence, the AU Commission has a stronger mandate and capacity than its predecessor, the Secretariat of the Organisation of African Unity. Further, the Peace and Security Council has a better leadership structure and more appropriate working procedures than its equivalent under the OAU; the benefits of which have already been clearly visible in a number of situations.
21. Thirdly, through NEPAD, African leaders have not only taken ownership and leadership of Africa's socio-economic renewal agenda, more importantly but they have equally transformed the content of the agenda and are making progress in changing the way the international community relates to Africa.
22. NEPAD, having defined its strategic framework and key sectoral priority programmes, is presently in the implementation phase. In this respect, it is important to emphasise that NEPAD itself is not an implementation agency. Implementation has to happen primarily at different levels of member states, Regional Economic Communities and continental and regional institutions. With this in mind, national governments are expected to implement NEPAD programmes along the following lines:
- Deepening ownership, promoting self-reliant development and strengthening leadership at national level through the internalization of NEPAD values and principles;
  - Establishment of NEPAD focal points (persons and institutions) to deepen ownership and the mainstreaming of national NEPAD programmes based on the generic key sectoral programmes developed by NEPAD;
  - Accelerating the adoption of NEPAD programmes as frameworks and guidelines for national development plans, such as PRSPs;
  - Ensuring that each country is in a position to take full advantage of international support mobilized by NEPAD;
  - Complying with major AU and REC resolutions linked to the implementation of NEPAD;
  - Deepening engagement with the private sector and civil society in the development and implementation of NEPAD programmes; and
  - Committing adequate resources to the implementation of NEPAD priority programmes.
23. The NEPAD policies and priorities have now become the internationally approved framework for Africa's development. The African Peer Review Mechanism, which is a NEPAD innovation and one of its flagship programmes, has received international acclaim and the first set of reviews has been completed. These are things that were not in the priority of development partners. Through NEPAD, Africa has challenged

successfully and changed the development paradigm. Agriculture, infrastructure, and regional integration which were not recognised as priorities are now internationally accepted.

24. In addition, agriculture, infrastructure, science and technology, and regional economic integration, which were not among top priorities of the development agenda of our partners, have now taken centre stage. In other words, through NEPAD the African leaders have fundamentally changed the development paradigm. The narrow approach of the Poverty Reduction Strategy Papers (PRSPs) has been replaced by a comprehensive and holistic approach to development. Through these interventions, the African people have for the first time independently determined a development path for their countries and continent. The challenge to African governments and regional community structures is to take advantage of the new window of opportunity provided by NEPAD by examining their national and regional development strategies and budgets in light of the NEPAD framework and the opportunities provided for a coordinated and integrated approach.
25. As a clear confirmation of their determination to address corruption, poor governance and inefficient and ineffective delivery of public goods and services to their citizens, the African leaders are implementing the African Peer Review Mechanism (APRM). The APRM is highly innovative and is well received by both Africans and the international community to enthrone good governance in all its ramifications on the continent. Less than three years after approval of the standards, guidelines and procedures, 26 countries has acceded to reviews, two of which - Ghana and Rwanda - have been completed.
26. The other exciting development is the consolidation of democracy and improved macro-economic management across the continent. Africa is observing successful democratic elections and peaceful changes in leadership every year. African leaders are also intervening and ensuring a peaceful political transition in many countries. Unconstitutional changes of government are no longer tolerated in Africa. Previously intractable conflicts on the continent are being addressed with African solutions being found, African resources being utilised and African leadership being brought to bear in the prevention, management and resolution of conflict. Mechanisms and agreements to ensure peace are in place in every instance of conflict on the continent and post-conflict reconstruction initiatives are being developed, as witnessed by South Africa's own efforts in the DRC, Burundi and the Sudan. Good governance, democracy and the promotion of human rights are becoming the norm around Africa rather than the exception and the number of peaceful elections being held continues to grow.



27. The average economic growth rate for the continent in 2004 was 5.4 percent (the highest in 8 years) and the average fiscal deficit for the continent declined to almost zero. The economic growth rate of 5.1 percent followed on 3.7 percent in 2003 and 2.9 in 2002. According to the International Monetary Fund (IMF), the average economic growth for the continent for 2005 was 5.2 percent, and for 2006, it is projected to increase to 5.7 percent. These are indeed positive trends and with improved macro-economic management, these trends are projected to increase. It is important to note that these positive trends are not only limited to oil producing countries, but include countries that are putting in place good macro economic policies. The challenge is to maintain the trend and to increase the rate further towards the 7 percent target. The conditions are conducive for the trend to continue. Demand for African commodity exports by China and India is likely to be sustained. As reforms in Africa gain more credibility, an increasing number of private sector companies are expected to take advantage of the USA Africa Growth and Opportunity Act (AGOA) and the EU Everything but Arms agreements by increasing manufacturing and exports from Africa.
28. In addition, the implementation of NEPAD programmes is poised to accelerate in the coming years. Preparations and consultations for the roll out of the Comprehensive African Agricultural Development Programme (CAADP) have been concluded. The regional communities and national Governments have identified high priority projects and early actions. To demonstrate their commitment to implement NEPAD, African Governments have made firm financial commitments. For example, in 2003 African leaders committed themselves to increasing national budget allocations to agriculture to at least 10% per annum by 2008. Development partners and multilateral institutions have also been mobilised around CAADP. The Food and Agricultural Organisation (FAO), IFAD, World Bank, the United States AID and World Food Programme (WFP) have all provided significant support in the advancement of the CAADP. The CAADP implementation process is now being rolled out at the country level, with the support and leadership of RECs. As part of strengthening and accelerating country level implementation of CAADP, the SADC and ECOWAS Secretariats have received support in the form of dedicated CAADP coordinators, whose role is to coordinate country activities with RECs. Another area where progress is being made is under Pillar no. 4 of CAADP-Research Technology Transfer and Adoption, whereby significant resources from development partners are now earmarked for country implementation, and strengthening the capacity of sub-regional research organisations.
29. Closely linked to the CAADP is the Africa Productive Capacity Initiative. The Africa Productive Capacity Initiative (APCI) has been launched with the purpose of ensuring that African Economies raise the Manufacturing Value Addition to 17% of GDP. This would ensure that African countries

achieve the targeted annual economic growth rates of 7% GDP, as well as make African products more competitive in international markets.

30. Linked to this is the successful development and launch of the Investment Climate Facility for Africa, a public-private financial facility, to address key bottlenecks impeding African countries in improving their investment climates. This facility would make African countries more attractive to investment. The United Kingdom (UK) government will provide \$30 million over 3 years to the Investment Climate Facility. Royal Dutch Shell plc and Shell Foundation also announced that they would contribute a combined total of \$2.5 million over 5 years, and Anglo American confirmed that they would also contribute \$2.5 million over the same period. It is therefore important that the African Private Sector also contributes to the Investment Climate Facility so as to ensure that it achieves its targeted goals.
31. Implementation of other NEPAD programmes including Health, Information Communication Technology (ICT), Education, Environment and Science and Technology is making good progress.
32. Starting in 2001 the priority was to lift the fight against the huge burden of potentially preventable and treatable disease to the top of the development agenda. Calls were made for unheard of levels of investment in health in order to advance social and economic development and for antiretroviral treatment. Since then there have been many developments, including the emergence of the Global Fund to Fight AIDS, TB and malaria and the 3x5 AIDS Treatment Strategy, amongst others. An overarching strategy to address AIDS and its impact on development further articulates the NEPAD "Fight Against AIDS". NEPAD's advocacy and action for increased support of integrated health systems as the vehicle with which to deliver programmes and for new approaches to training and retention of health professionals is influencing behaviour both in Africa and internationally. Countries have moved to implement the NEPAD Health Strategy and the partnership with the World Health Organization, in particular its Regional Office for Africa, continues to yield positive results. The platform for accelerated development of innovative projects in support of health has been well laid.
33. In education, NEPAD is supporting the development of distance education in partnership with the University of South Africa, the African Virtual University in Kenya, the National Open University of Nigeria and the Commonwealth of Learning in Canada. The focus is primarily on teacher training and development in a number of African countries. We are also supporting the preparation of post-conflict education strategies for Mozambique, the DRC, Angola and Rwanda. The other very important initiative is the expansion of science, maths and technology education centre in Nairobi, Kenya, into a NEPAD regional project. The key development partner in these initiatives is Japan.

34. The top NEPAD priorities in ICT, which have reached an advanced stage of preparation and implementation, are the e-schools project and the provision of a fibre-optic submarine cable on the East Coast of Africa. The e-schools project is a very bold endeavour. NEPAD is working primarily with the private sector to develop a strategy for enabling all African schools to have access to ICT within ten years. Pilot e-School projects involving 96 schools in 16 African countries are being launched in Uganda, Ghana, Lesotho, and Kenya.
35. The estimated cost of the fibre-optic submarine cable on the East Coast is US\$200 million and commitments have been made by the African Telecom Utilities and private corporations to raise at least 50% of the capital required. The World Bank Group has been approached for the balance. This is an excellent example of public-private partnership.
36. Furthermore, NEPAD is promoting the development of a framework for e-governance, which will include the public service sector, election commissions and local government. The first phase of the project is focussed on e-parliament, which will enable African parliamentarians to easily source and share information relevant to their legislative and oversight role.
37. President Wade of Senegal has been leading the Digital Solidarity Fund initiative for the last three years. The Fund was launched in Geneva on March 14 2005. The funds raised will be used to extend ICT services to rural areas.
38. In Science and Technology progress is being made with the establishment of centres of excellence. The International Livestock Research Institute in Nairobi, Kenya is hosting one of the NEPAD centres of excellence in biosciences. In addition other hubs are being established at the Council for Scientific and Industrial Research (CSIR) in South Africa and at the Egyptian National Agricultural Organisation in Egypt. Senegal has committed to host a hub for West Africa. The CSIR centre is focussing on health and the hub in Egypt is focusing on the linkages between health and agriculture. NEPAD is also in the process of identifying centres of excellence for water science and technology in co-operation with UNESCO. Leading partners in this sector are the governments of Canada and France. The African Union Commission and NEPAD have established a high-level African Panel on Modern Biotechnology to develop a comprehensive strategy and advise African governments on issues pertaining to advances in genetic engineering and genetically modified products. The Panel is also advising the AU Commission and NEPAD on the establishment of centres of excellence in biosciences, for which initial support has been received from the governments of Canada and Norway.
39. In Environment, funding has been secured for the appointment of experts in each REC. Recruitment has already started. Sub-regional NEPAD

Environment Action Plans are also being developed by each REC, based on the framework of the NEPAD Environment Action Plan. The key partners in this programme are the United Nations Environment Programme (UNEP) and the Global Environment Facility (GEF). The African Stockpiles Programme (ASP), which aims to remove obsolete pesticides and associated chemicals in Africa, is also being rolled out. Through the support of the World Bank, FAO, CropLife International, PAN-UK, WWF, amongst other partners, South Africa and Tunisia have endorsed the project and have already begun implementation, while Ethiopia, Mali, Morocco, Nigeria and Tanzania are due to begin by mid-2006.

40. Regarding cross-border infrastructure and other projects with significant regional impact, the major constraint, the capacity of the secretariats of Regional Economic Communities is being addressed. The African Capacity Building Foundation (ACBF) is conducting capacity building needs assessments for all RECs. This includes determination of funding required to implement recommendations. Already, the Economic Community of Central African States (ECCAS) Secretariat has received support to enhance its capacity for implementation of NEPAD in the Central Africa region. Another breakthrough is the commitment made by the G8 and the Organisation for Economic Co-operation and Development (OECD) countries at the April 2005 Africa Partnership Forum (APF) meeting to increase focus on infrastructure development.
41. In the past five years the African Development Bank (ADB) and the World Bank have increased priority to projects under the NEPAD Short Term Action Plan for Infrastructure Development. Major projects financed include the West Africa Gas Pipeline, electricity inter-connectors in West and Southern Africa and a number of feasibility studies. The amount committed to NEPAD infrastructure projects including those in the pipeline is in excess of US\$3billion. Canada, France and Japan have been the main sponsors of project preparation for infrastructure projects in energy, transport and ICT. The amounts contributed to NEPAD Infrastructure Project Preparation facilities hosted by the African Development Bank and the Development Bank of Southern Africa is close to US\$13 million.. Through the NEPAD Short Term Action Plan (STAP), an increasing number of regional infrastructure projects have been successfully brought to financial closure and thus reached the implementation stage. During 2002-2005, twenty five (25) STAP initiatives consisting of thirteen (13) physical investment projects, eleven (11) studies, and one (1) capacity building program for a total commitment value of US\$ 2.2 billion were financed by ADB, World Bank and other partners. Additional regional initiatives, for a total commitment value of about USD 1 billion, are receiving consideration for funding in 2006 by the ADB Group and the World Bank Group.

42. The European Union Commission has established the European Union Water Facility of €500 million. The first payment of €250 million was announced in 2005. Proposals received from African countries have been evaluated and prioritized by the EU Commission for support. Arrangements are under way for the announcement of the second payment of €250 million and there are presently calls for proposals for support. In addition, the European Union Commission has earmarked US\$ 10 million for preparation of action plans for integrated development of 5 priority river basins in Africa - Volta, Niger, Lake Chad, Lake Victoria, and Senqu/Orange. The EU Commission has allocated a further €8 million under the European Water Facility for support in additional river basins. The ADB has provided support to 7 river basins in which action plans have been developed viz. Senegal, Niger, Lake Chad, Nile, Congo, Zambezi and Okavango river basins. Furthermore, the Africa Water Facility (AWF) has been established at the ADB and development partners have already committed US\$75 million. The fund is expected to grow to US\$600 by 2006/7.
43. The NEPAD Heads of State and Government Implementation Committee (HSGIC) has also resolved to study options for investing African Pension Funds in selected high priority infrastructure projects, again confirming Africa's commitment to its own development. Initial work has been undertaken towards the operationalisation of the Pan-African Infrastructure Development Fund, which is aimed at creating a platform for basic infrastructure for accelerating growth for sustainable development in Africa.
44. Under the leadership of South Africa and Nigeria a Steering Committee supported by a secretariat has been established to lead the establishment of the Fund. The Fund will initially focus on infrastructure sectors: Transportation (Roads, Rail, Ports, and Airports), Telecoms, Water and Energy (Gas and Electricity). Target size of the fund will be an initial US\$ 1 billion with final fund size to be in the region of US\$ 3 billion. The initial targeted investors are public sector pension funds on the African continent. South Africa and Nigeria are each to secure commitments of \$250 million from their pension funds to enable an initial commitment of \$500 million. Efforts are underway to attract other African countries to contribute to the first closing of the Fund.
45. Another welcome development is the successful replenishment of the International Development Association (IDA) and the African Development Fund (ADF) soft loan / grant windows of the World Bank and ADB, respectively. The additional resources should enable the two institutions to increase development support to Africa.
46. In the past two years infrastructure development was given a further boost by the United Nations Millennium Project and the Commission for Africa (CA) reports. Both reports recommended increased development partner

- support for infrastructure development. The development partners have since established the Infrastructure Consortium for Africa as an initiative to help mobilise additional resources to meet the urgent infrastructure needs of Africa. Consortium members will work together to ensure more effective and larger scale sustainable infrastructure development in recognition of the fact that infrastructure is key to accelerating growth, reducing poverty and promoting regional integration in Africa. A secretariat for the Consortium has been set up in the African Development Bank.
47. The AU is primarily responsible for the architecture for Peace and Security on the continent. This includes the Peace and Security Council, Continental Early Warning System, Panel of the Wise and the Africa Standby Force. NEPAD's role with regard to Peace and Security is on post-conflict reconstruction and mobilisation of resources for the AU Peace Fund. In this context, NEPAD is finalising an African Post-Conflict Reconstruction Framework, aimed at enhancing the capacity of internal actors. Detailed strategies for post conflict reconstruction have been developed in consultation with African experts and development partners.
  48. NEPAD has also been very active in developing a framework for strengthening the governance capacity of African countries. The initiative is led by African Ministers of Public Service and Administration. An initial plan has been prepared and the European Commission has provided funding for the implementation of Phase 1.
  49. At the sub-regional level, many RECs are working to align their programmes in line with NEPAD priorities. Many of them continue to include NEPAD implementation in the agenda of their Summits. This further demonstrates the resolve of the Heads of State and Government of those sub-regions to lead the implementation of NEPAD programmes in their regions. Indeed ownership of NEPAD should be anchored at the level of RECs through their member states. All RECs are now working with the NEPAD Secretariat and other partners, such as the African Capacity Building Foundation (ACBF), to develop a programme to address the capacity constraints of RECs.
  50. With the support of a NEPAD Gender and CSO Unit established at the Secretariat, all NEPAD priority programmes are being designed and implemented in a manner that integrates gender considerations and gender perspectives in conceptualization of new initiatives to address existing gender imbalances and close existing gender gaps. In order to prepare the Secretariat for gender mainstreaming at institutional and programme level. A five step gender mainstreaming strategy is now in place with a Comprehensive Needs Assessment already on schedule. The launching of the NEPAD Gender Task Force in July 2005 has been instrumental in availing requisite gender expertise at the disposal of the NEPAD Secretariat, RECS, AU organs including the Pan African Parliament. The Task Force is a Reference Group composed of

professionals with experience in gender across all NEPAD priority areas that provides technical backstopping to the process of integrating gender issues into NEPAD programs at all levels including RECs. In this respect, the NEPAD Secretariat has continued to work closely with the AU Commission to develop a Gender Policy to guide gender mainstreaming at the institutional levels.

51. NEPAD's interaction with the Civil Society Organization has been stepped up since the establishment of the Unit. At sectoral level, all programmes are being implemented in consultation with relevant civil society groups. Furthermore, the launching of the NEPAD CSO Think Tank in December 2005 has been timely in providing a platform which would provide a one-stop focal point for CSOs at the NEPAD Secretariat and also serve as an intellectual bridge between CSOs, RECs and ECOSOC on the one side and the wider African CSOs on the other side. At the moment the unit is mobilizing CSOs by thematic and group interest to participate in NEPAD programmes. In this regard, the participation of civil society in the African Peer Review Mechanism (APRM) process has already become an integral part of the in-country APRM. Assessment. The success in the implementation of the NEPAD agenda will largely depend on the participation of all stakeholders at all levels including the civil society groups and hence the need to build their capacity on the NEPAD Agenda remains a priority.

Partnerships with developed countries

52. Another thrust of NEPAD is forging a genuine partnership with the highly industrialised countries, a partnership based on mutual trust, respect, and responsibility. The process started in 2001 with the invitation by the architects of NEPAD to the leaders of G8 countries to partner with Africa in the implementation of NEPAD. The response was the release of the G8 Africa Action Plan in June 2002. Through this plan they made commitments to support the implementation of NEPAD and to produce regular reports on their progress in so doing.
53. At the G8 Summit held in Evian in 2003, it was decided to extend the dialogue between the G8 and NEPAD initiating countries to all OECD countries that contribute substantially to development assistance. Participation on the African side was also expanded to include representatives of all twenty countries serving on the NEPAD Heads of State and Government Implementation Committee, the executive secretaries of the Regional Economic Communities and a representative of the African Union Commission. The establishment of what has been named the "African Partnership Forum" is to undertake a mutual review of progress on commitment to the implementation of NEPAD and to determine high-level political interventions necessary from both sides.
54. The increased engagement of G8 and other OECD leaders by the NEPAD architects has also contributed to reversing the decline in development

- assistance flows to Africa. Of course the African leaders are not claiming sole credit for this achievement, but there is no denying the fact that the NEPAD policy framework has provided a common focal point and clarity regarding what Africa wants.
55. Over the past five years, NEPAD has played a critical role in advocating for increased ODA to Africa. African Heads of State have insisted on being invited to Summits of the G8 countries, and have consistently used these opportunities to urge the G8 to put the African Development Agenda high on their priorities. The outcomes of the 2005 G8 Gleneagles Summit are therefore a result of relentless efforts by African leaders to ensure increased resource flows to the continent. The announcement by the G8 at Gleneagles of increased support to Africa demonstrates progress in G8 support to Africa. The challenge for Africa now is to ensure that these commitments, which have been made public, result in concrete aid flows to the continent in a way that accelerates the implementation of already clearly defined priority programmes.
  56. The NEPAD agenda and advocacy by NEPAD leaders has also kept Africa and its imperatives visible on the world agenda, in spite of other pressing problems emerging elsewhere on the globe. These are important signals which demonstrate that the partnership is delivering. The challenge is to take it to the next level by ensuring the actual flow of committed resources. In sum, NEPAD has not only changed the content of the African development agenda and energised action in Africa but has also transformed the nature of the dialogue with the highly industrialised countries.
  57. Unlike the many previous African initiatives, NEPAD has been very well received by the international community, and it has become a strong brand name. Following the adoption of Resolution 57/7, the Secretary General of the United Nations established the Office of the Special Advisor on Africa (OSAA). An important element of the mandate of this Office is the promotion of NEPAD in the UN System and internationally, in partnership with NEPAD structures. The UN Secretary General submits a report annually on support for NEPAD implementation by the international community. To date, two reports highlighting progress have been submitted and discussed at the UN General Assembly.
  58. The United Nations Development Programme (UNDP), the United Nations Economic Commission for Africa (UNECA) and other UN agencies are also actively supporting implementation of NEPAD. The UNDP works closely with the NEPAD Secretariat and the APRM. UNECA co-ordinates the activities of other UN agencies in support of NEPAD and is also involved in the APRM.



Partnerships with countries of the South and the Diaspora

59. The NEPAD message has also reached the countries of the South and Africans in the Diaspora. China, India, Brazil and the Arab countries in particular are being mobilised to partner Africa in this very ambitious project. African leaders have engaged their counterparts from the developed countries and countries of the South on the issue of supporting implementation through agreements reached in forums such as the G8, the UN Millennium Summit, the Financing for Development Conference, the WSSD, TICAD, the New Asia-Africa Strategic Partnership and the Forum for China-Africa Cooperation. Africans in the Diaspora are also responding in diverse ways, ranging from offers of expertise, lobbying of their governments and mobilisation of private sector investors.
60. A group of African scientists resident in the United States of America and Europe have established the NEPAD Council as a vehicle for co-ordinating their participation in the development and implementation of NEPAD programmes. Furthermore, NEPAD has established Africa Recruit as a joint venture with the Commonwealth Business Council. The primary purpose of this initiative is to interest Africans living abroad in job opportunities in Africa and also in providing consultancy services to African governments and initiatives.

Partnerships with the private sector

61. NEPAD is encouraged by the response of the private sector to its strategy. There are now NEPAD private sector initiatives in a number of African countries and internationally. The NEPAD Business Group was launched in 2002 under the leadership of the African Business Roundtable. South Africa, Nigeria and Kenya as well as other African countries have NEPAD Business chapters. Internationally, the World Economic Forum, the Commonwealth Business Council, the United States of America Corporate Council on Africa and the Canadian Corporate Council hold annual NEPAD events and are involved in promoting investment in Africa by their members.
62. Business is actively involved in the preparation and financing of a number of NEPAD projects, including the fibre-optic submarine cable and the cellular networks, the latter being financed primarily by the private sector. On the international side, it calls for a new way of engaging, partnering and accountability, while on the continental side, it calls for the partnering with the other key stakeholders including private sector, CSOs including women to contribute effectively to the achievement of the NEPAD agenda. These calls make NEPAD a unique framework that can partner with Private Sector and CSO to fast-track development. This partnership has demonstrated its effectiveness in fast-tracking implementation through the NEPAD e-school programme under ICT through private /public partnership and the NEPAD GAIN food fortification initiative through NEPAD/ CSO partnership.

63. Private sector investment in mining has increased significantly in the last few years. In addition to oil exploration Africa is witnessing an increased interest in other minerals as well. Both multinational and junior mining companies are back in Africa in large numbers, with active explorations in a number of countries, including Botswana, the DRC, Tanzania and Mali.
64. Associated with these developments are accelerated policy and regulatory reforms and improved collaboration by African Ministers of Mining. They have established a forum whose primary objective is to promote harmonisation of policies, increased investment and enhancement of the skills that are required for accelerated development of the sector.
65. African countries must continue to create conducive conditions for business development and growth of foreign direct investment. This must remain a major focus for Africa to achieve self-sustaining development and will continue to be one for the work of NEPAD.

### MAJOR CHALLENGES

66. While significant progress has been recorded in NEPAD implementation, a number of challenges exist, and these need to be confronted in order to accelerate implementation and deepen ownership of NEPAD.

#### *Strengthening political leadership*

67. The first challenge is to strengthen and sustain progressive political leadership. These are still early days for the transformation to become irreversible. We need committed leaders for much longer. South Africa, Nigeria, Algeria, Egypt, Senegal and other pioneers of the African renewal must stay the course and continue to strengthen the political leadership of the African Union and the Regional Economic Communities.

#### *Capacity building*

68. The second challenge is building the capacity of African institutions – national Governments, Regional Economic Communities and the African Union. Unless capacity building is given increased priority, African countries will not be able to take advantage of improved access to resources nor deliver increased social services to meet the MDGs and improvement in governance will also be at risk. A prerequisite to strengthening the effectiveness of RECs as drivers of regional economic integration is reducing the number of groupings and eliminating multi-membership. This matter needs urgent action.

#### *Integration of NEPAD priorities into national development programmes*

69. The third challenge is speeding up the integration of NEPAD indicative plans into national development programmes and/or PRSPs. Unless this happens, African countries will not be in a position to achieve the Millennium Development Goals (MDGs), or their sustainable development. The majority of current national development programmes and/or PRSPs

are not designed to enable countries to achieve the MDGs by 2015. To remedy this limitation, countries should integrate NEPAD programmes in agriculture, health, education and skills development, water and sanitation, science and technology and SMME development into their national development plans.

*Increasing support to multi-country infrastructure projects*

70. The fourth challenge is changing the manner in which the multilateral development-finance institutions, in particular the ADB, World Bank, IMF and the European Union Commission support infrastructure development in African countries. Special mechanisms must be created to facilitate cross-border projects and to support project preparation. Actually, there is an urgent need for political intervention to make these institutions the vehicles for addressing the lack of interconnectivity in Africa, as this is a major constraint to Africa's growth and competitiveness.

71. The additional contributions to the International Development Association (IDA) and the African Development Fund (ADF) should be directed at these infrastructure priorities. Of course, for the change to happen there should be more active engagement by African governments and RECs.

*Strengthening the private sector in Africa*

72. The fifth challenge is strengthening the private sector in Africa and attracting increased foreign direct investment. At the same time, African countries should give increased attention to the development of domestic debt and equity markets. This requires accelerated policy and regulatory reforms to create a more conducive climate for business as well as for support to small and medium enterprises.

*Widening APRM Participation*

73. The sixth challenge is speeding up the implementation of the African Peer Review Mechanism. This is an important instrument for fostering political, economic and corporate good governance and improving efficiency and effectiveness of governments in delivering goods and service to the citizens. The APRM country reports will provide a basis for comprehensive governance reform and capacity building. They will also address the continuing concerns about corruption in an integrated manner.

*Converting pledges by developed countries into concrete actions*

74. The seventh challenge is converting the promises of the highly industrialised countries into concrete actions – significant increases in development assistance flows, harmonisation and simplification of AID procedures, and phasing out of trade distorting agricultural subsidies. African countries will not achieve the MDGs on current levels of development assistance.

*Making ODA more effective*

75. The eighth challenge is to address the impediments to effectiveness of development assistance. There is now wide consensus, including within the OECD and DAC, that effectiveness of development assistance has been compromised by a number of factors and that this has fuelled the perception that Africa lacks the capacity to absorb and effectively use increased funds. At the heart of the problem is the fact that funding has often been done piecemeal by individual donors for short-term single programmes that carry heavy transaction costs and often require parallel infrastructure to be set up.
76. The key changes required in the architecture of funding are to move towards streamlined applications based on national plans to pooled funds, with harmonisation of resources. NEPAD's call is that substantial portions of development assistance should go to core budget funding to build the delivery capacity on which all public services and economic growth depend. This should be tied to greater predictability, longer donor cycles and greater African ownership.

**WAY FORWARD/FORGING AHEAD**

77. Having established unacceptable conditions in Africa at the turn of the millennium, the rationale for NEPAD and its continuation is that those conditions have not changed. African priority programmes have been developed, and are ready for implementation. There is certainly no lack of information on what the top priorities for Africa are. What then needs to be done to accelerate implementation, and how should it be done? What institutional arrangements should be put in place? Having identified the need for domestic resource mobilisation as a priority, what strategies should be implemented to ensure that Africa does not depend on ODA? What strategic partnerships should Africans be forging amongst themselves in order to deliver on NEPAD objectives?
78. Over the past five years, many constraints to implementation have been identified. The lack of Integration of NEPAD into regional and country frameworks; weak capacity of RECs; Poor communication between NEPAD and RECs as well as lack of a global operational plan for NEPAD implementation with clear roles and responsibilities on NEPAD projects and program implementation; and poor institutional coordination framework have consistently been highlighted as a major constraint to implementation. Linked to this is the matter of overlapping membership to RECs by member states, as well as the incongruence of the existing mandates of RECs and the added responsibility of coordinating the implementation of NEPAD at the sub-regional level. Even though some steps are now being taken to increase the capacity of RECs, a lot more needs to be done for the priority programmes to take off the ground in a sustained manner. In addition, inadequate resources including inability to fund the structures, lack of clarity of roles in resource mobilization and

therefore mechanisms for requesting for funding, and; weak private sector investment in Africa continue to hamper effective and accelerated implementation of NEPAD programs.

79. In response to the call by NEPAD leaders on the need to build the capacity of African institutions for project implementation, the international community has responded positively by establishing facilities such as the Infrastructure Consortium, now being hosted by the ADB. This is another facility which is being explored by the EU. The Challenge now is to ensure that these facilities are effectively utilised by African countries to accelerate implementation. How can this be done?
80. The future success of NEPAD largely depends on the extent to which actions are taken to overcome constraints that currently hinder implementation in order to give further impetus to implementation rather. The actions include:
- Consolidating and widening ownership and leadership of NEPAD at all levels;
  - Ensuring more effective engagement and participation by all stakeholders, particularly civil society, private sector as well as parliamentarians;
  - Mobilising domestic resources by encouraging production, fighting waste and corruption, promoting better resource control and management, initiating productive projects, and encouraging savings;
  - Continuing advocacy for expanded and substantial debt relief, increases in direct foreign investment, improved terms of trade and greater access to the markets of industrialised countries including the removal of distorting tariff and non-tariff barriers;
  - Establishing implementation networks between member states and RECs; and identifying targeted sub-regional and national programmes and ensure predictable and sustainable financing mechanism to sustain coordination;
  - Strengthening regional integration particularly through enhanced investment in infrastructures (given the role the latter plays in this matter);
  - Expanding inter-African trade to consolidate African regional markets;
  - Branding of NEPAD to facilitate the tracking of its activities and impact;
  - Strengthening the institutional and human capacities of RECs to fulfil their mandates in implementing NEPAD;
  - Ensuring wider participation in the African Peer Review Mechanism (APRM); and
  - Strengthening NEPAD structures including:

*Integration of NEPAD into AU structures and processes*

The finalisation of the integration into the AU structures in a manner that ensures an integrated, holistic and coordinated implementation of NEPAD programmes. To date there has not been adequate preparation for the integration of NEPAD into AU structures and processes. It is therefore

important that a process be established by the AU through the HSGIC, within a specified time-frame, to develop a plan for a smooth integration without compromising NEPAD principles and values as well as the momentum gained. It is also important the integration process does not undermine current stakeholder and international goodwill and support to Africa through NEPAD.

NEPAD/15<sup>th</sup> HSGIC/06-2006



**A program of African Union**

**Steering Committee Views on Integration of NEPAD  
into AU Structures and Processes**

**15<sup>th</sup> Meeting of the NEPAD Heads of State  
and Government Implementation Committee**

**30 June 2006  
Banjul, The Gambia**

# STEERING COMMITTEE VIEWS ON INTEGRATION OF NEPAD INTO AU STRUCTURES AND PROCESSES

## Decision: Way Forward for NEPAD

April, 2005

### 1. INTRODUCTION

Following the Maputo Declaration of July 2003 on integration of NEPAD into AU structures and processes, and the subsequent AU Commission proposal on the matter, which was prepared in consultation with the NEPAD Secretariat, and presented by the Chairperson of the AU Commission to the 3<sup>rd</sup> AU Assembly in Addis Ababa, Ethiopia in July 2004, the Steering Committee has considered the AU Commission document, and other ideas on integration and made the following recommendations:

### 2. KEY DECISIONS

#### *2.1 Heads of State and Government Implementation Committee (HSGIC)*

- NEPAD is a politically driven socio-economic programme of the African Union (AU). It should retain its role and character as a Heads of State and Government initiative and therefore the HSGIC must remain.
- As a Committee of Heads of States of the AU, the HSGIC reports annually to the AU Conference on progress of the implementation of NEPAD.
- The Chairperson of the AU Commission is a member of the HSGIC.

#### *2.2 Steering Committee*

- The Steering Committee must remain the organ of the Heads of State and Government Implementation Committee (HSGIC), and be composed of personal representatives of the Heads of State and Government, including the personal representative of the Chairperson of the AU Commission; Executive Secretaries of the RECs; and invited development partners. All AU Commissioners will become ex-officio members of the Steering Committee.
- In line with AU policy, the Steering Committee be chaired by one of the member countries on a rotational basis.



- The Steering Committee oversees the formulation of AU/NEPAD programmes, ensures effective harmonization of these programmes with those of the AU Commission and the RECs.
- The Steering Committee also determines the resources needed to implement approved programmes and formulates strategies for mobilizing these resources.
- The Steering Committee will serve as a centralizing body for AU/NEPAD strategies and programmes, for consideration prior to submission to the HSGIC. Generally, the Steering Committee oversees the work of NEPAD Programmes and ensures consensus on issues under discussion.

### *2.3 The NEPAD Secretariat*

- Within the framework of the mandate of the African Union, NEPAD is endowed with a Secretariat charged with the coordination of the technical work of formulating and monitoring programmes, mobilizing of the necessary resources, as well as the day to day activities of NEPAD, providing secretariat services for various structures, conducting advocacy campaign in favour of the AU/NEPAD and liaising with the principal actors, and institutions for promoting development.
- The NEPAD Secretariat is under the authority of an Executive Director who shall be the special advisor of the Chairperson of the Commission of the African Union and is the Officer-in-Charge of the Secretariat. He shall submit regular reports to the Chairperson of the Commission of the African Union, the HSGIC and the Steering Committee on a functional basis.
- The NEPAD Secretariat shall operate on the basis of the Financial Rules and Regulations of the African Union.
- The Chairperson of the AU Commission in consultation with the Chairman of the HSGIC shall:
  - Formalise the working relations between the AU Commission and the NEPAD Secretariat, especially for programme coordination and harmonization.
  - Align and harmonize the conditions of services and rules of recruitment and accountability of the NEPAD Secretariat with those of the AU Commission.
  - Appoint the Executive Head of the NEPAD Secretariat.

- A host agreement, which can be reviewed every three years if necessary, shall be signed with the government of South Africa.
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**SADC SUMMIT & RELATED MEETINGS,  
Maseru, Lesotho, 11-18 August 2006**

**PAPER BY MAURITIUS**

*on*

*the proposed SADC Conference on Poverty and Development,*

(Dates and venue to be discussed)

**NB:** *Hon Dr Navinchandra Ramgoolam, Prime Minister of the Republic of Mauritius wrote to H.E. Festus G. Mogae, President of the Republic of Botswana and Chairperson of SADC and also suggested to the Executive Secretary who was on a working visit to Mauritius in May 2006 for the inclusion of this item on the agenda for the SADC Summit 2006.*

**Background**

- One of the major challenges facing the SADC region is poverty. About 40 percent of our population lives in abject poverty as reflected in poor social indicators such as high levels of malnutrition, illiteracy, unemployment, underemployment, declining life expectancy and unsatisfactory access to basic services and infrastructure needed to sustain basic human capacities. The majority of our people subsist on less than one dollar a day. Our SADC Common Agenda places poverty reduction and its eventual eradication on the priority list of our programme.
- We need to muster support for the conference which fits in with the SADC common agenda to "*promote sustainable and equitable economic growth and socio-economic development that will ensure poverty alleviation with the ultimate objective of its eradication, enhance the standard and quality of life of the people of Southern Africa and support the socially disadvantaged through regional integration*". The Regional Indicative Strategic Development Plan accords top priority to poverty eradication (the main goal of SADC's integration agenda) and is the vehicle through which SADC can achieve the Millennium Development Goals (MDGs), in particular Goal 1: Eradicate Extreme hunger and poverty by 2015. The RISDP target is to halve the proportion of the population that lives in less-than US\$ 1 per day between 1990 and 2015.
- In Africa, the MDGs find expression in the *Strategic Plan of the African Union Commission*, which was published in May 2004 and submitted to the policy

organs of the African Union (AU) in July 2004. This plan states that it is necessary for Africa to become more competitive in the global economy if the continent is to attain the social and economic objectives defined by the MDGs. Obstacles are, among others, political instability, corruption and the difficulty in consolidating democracy — factors that contribute to the poverty trap of many less developed countries (LDCs).

- **At Monterrey (Mexico) the EU committed itself to increase official development assistance (ODA) from 0.33% to 0.39% of gross national income (GNI) by 2006. Should this materialise, EU aid would rise from \$29 billion to \$39 billion per year. Nevertheless, delivery on this commitment varies widely across EU member states; and only four EU countries (Denmark, Luxembourg, the Netherlands and Sweden) have so far reached the higher 0.7% ODA per GNI target set by the UN.**
- One of the most important challenges regarding the achievement of the MDGs is that co-operation between rich and poor countries must not turn into a recital of broken promises. Both should be held to their commitments regarding the MDGs, since it is on these commitments that their achievement depends.
- The MDGs are also an opportunity for advocacy groups and ordinary citizens in rich and poor countries to assess the progress made in relation to clear objectives, deadlines and benchmarks and so assist in the achievement of the MDGs. The NGOs were instrumental in Tony Blair "doubling aid to Africa" to make "poverty history" and the US President George Bush going for the "Millennium Challenge Account".

#### Follow-up to the 2002 SADC Consultative Conference

- The SADC Conference on Poverty and Development is also in line with the 2002 SADC Consultative Conference (CC) with the International Cooperating Partners having as theme "*SADC Institutional Reform for Poverty Reduction through Regional Integration*".
- The miracle to turn the tide of poverty should come from ourselves. Regional integration in SADC and Africa at large should be a home-grown product and not an import of efforts by other people operating in very different political and economic circumstances. The ability to take into account local conditions in policy formulation is the key to success.
- One main development sector like Agriculture needs revival to enable more than 60% of African people dependent on it to survive. The tragedy is that developed countries spend US \$ 1 billion every day subsidising farmers unable to compete in a free system while on the other hand, Sub-Saharan Africa has more than 320 million people living on less than a dollar a day. The subsidisation of agriculture in developed countries depresses world

prices of commodities and increases price volatility which hurts poor African countries and their poorest citizens by keeping their agricultural exports out of the developed countries markets. What industrial country leaders pledge in terms of aid and debt relief is not sufficient in itself to lift the African countries from the woes of under development.

Issues to be clarified

- The following issues need to be clarified before the organisation of the Conference:-
  - (a) the source of funding;
  - (b) the level of participation;
  - (c) the scope of the meeting; and
  - (d) the tentative date and venue for holding this meeting.

#### **Expected outcome of the Conference.**

- The Conference which is expected to bring together public and private sector organisations, United Nations Agencies, NGO's, international financial institutions should help in specific action-oriented projects targeting vulnerable groups in the SADC region.

#### **Decision sought from SADC**

The SADC Council of Ministers is invited to approve the proposal to hold a SADC Conference on Poverty and Development at a date and venue to be determined.

**Ministry of Foreign Affairs,  
International Trade & Cooperation  
3 August 2006**



**A NOTE ON SEYCHELLES APPLICATION TO REJOIN SADC MEMBERSHIP  
FOR A REDUCED SADC MEMBER STATES CONTRIBUTION**

- 1.0. **Background**
- 1.1. This note is submitted to Council following a letter from the Government of Seychelles' of 30<sup>th</sup> September 2005 to His Excellency, the President of the Republic of Botswana and Chairperson of SADC.
- 1.2. Council is invited to note that in this letter, His Excellency, the President of Seychelles outlined among other things the following:
- (i) His pleasure at learning of SADC Summit's decision of August 2006 to clear Seychelles debt of US\$2,643,199.
  - (ii) And that he was touched by this expression of support, solidarity and understanding as further demonstrated by the Summit's decision to fix Seychelles' Member States contribution to 2% of SADC Member States Contributions' Budget as an avenue through which Seychelles could eventually rejoin the family.
- 1.3. Relating to the revised rate, Council is also invited to note that Seychelles made the following observations:-
- (i) The 2% rate on SADC Member States contributions' Budget translates to US\$287,500 on the approved 2006/07 SADC Member States' Contributions' Budget;
  - (ii) This proposed level of contribution would still be beyond their means and capacity in view of the very small and particular nature of their economy and population of 82,000.
- 1.4. Council is further invited to note that given the importance that Seychelles attach to SADC membership and family, they are desirous of regaining their rightful place within the SADC and have

proposed that SADC consider fixing their yearly contribution to US\$75,000.

- 1.5. In recognizing that Seychelles is a valuable partner in the SADC region and in view of the economic restructuring process that Seychelles has undertaken, His Excellency, the President of the Republic of South Africa in January 2006 noted that the requested concession, i.e. reduced Member States contribution, would be of a temporary nature and proposed that the request be considered by the Council of Ministers. **Annex 1** outlines the decisions and considerations taken by Summit in August 2006.

## 2.0 **Implications of the available options**

### 2.1 **2% of SADC Member States' contribution budget**

- 2.1.1. Council is invited to note that this option does not meet the outlined specific economic situation of the Seychelles and over time with increasing assessed levels may result in accumulation of unpaid Member States contributions.

- 2.1.2. Further, following Summit directive of August 2003 to find ways and means of keeping them within the SADC family, a proposal to vary Seychelles' debt to 2% of SADC Member States' contribution Budget was made. Citing worsening economic situation, Seychelles was still unable to settle the proposed adjusted debt.

- 2.1.3. Council is therefore invited to recommend to Summit that this option should not be considered further and that the earlier offer made on this basis be withdrawn.

### 2.2 **Fix yearly contribution of US\$75,000**

- 2.2.1. Council is invited to note that this option meets the outlined specific economic situation of the Seychelles.

- 2.2.2. However, Council is also invited to note that despite this option meeting the requirements of Seychelles, the setting of precedence among SADC Member States in respect of their commitment to meet financial obligations arising from their membership of SADC may adversely affect the viability of SADC.

- 2.2.3. Council is therefore invited to recommend to Summit that Seychelles proposal should not be considered further, instead the Member States' contribution formula be revised to set upper limits, which could accommodate Seychelles requirements as well as all other SADC Member States.

3.0 **Proposed revision of formula of SADC Member States' Contributions Budget**

3.1. Council is invited to note that the current SADC Member States contribution formula, as outlined in Annex 2, incorporates the following:

- (i) GDP of a Country, with upper and lower ceilings of 20% and 5%, respectively
- (ii) Population size of 500,000 or lower, a rate of 2%.

3.2. Whilst the variables incorporated in the formula are important, Council is invited to note that this formula does not factor in assessed contribution per capita. This is another very important variable that should be incorporated in the formula.



Table 1: Assessed contribution per capita

**Part A - Assessed SADC Member States Contribution Budget**

Member State		Contribution Share 2006/07	Population (2004 Projections)	Assessed contribution per capita (US\$/Capita)
Angola		1,535,094	14,000,000	0.11
Botswana		1,004,617	1,736,000	0.58
D.R.C		1,016,065	54,900,000	0.02
Lesotho		859,683	2,200,000	0.39
Madagascar (Re-stated) in 2005/06 contribution)		1,000,460	16,400,000	0.06
Malawi		885,400	11,900,000	0.07
Mauritius		1,003,046	1,230,000	0.82
Mozambique		986,073	18,960,000	0.05
Namibia		962,623	1,830,000	0.53
South Africa		3,303,248	46,900,000	0.07
Swaziland		884,508	1,081,000	0.82
Tanzania		1,133,782	36,300,000	0.03
Zambia		966,725	10,700,000	0.09
Zimbabwe		974,915	11,630,000	0.08
<b>SADC Approved Budget</b>		<b>16,516,238</b>	<b>229,767,000</b>	<b>0.07</b>

**Part B**

<b>Seychelles</b>	<b>2% of Member States Budget</b>	<b>330,325</b>	<b>82,000</b>	<b>4.03</b>
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**Part C**

<b>Seychelles</b>	<b>Requested level</b>	<b>75,000</b>	<b>82,000</b>	<b>0.91</b>
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3.3. Council is invited to note the assessed of contribution per capita as shown in Table 1 above. The table seems to be demonstrating that:-

- (i) Swaziland, Mauritius and Botswana are the top three contributors to SADC Member States Budget, in that order, on the basis of assessed contribution per capita of US\$0.82, US\$0.82 and US\$0.58 respectively.
- (ii) Namibia and Lesotho are paying assessed contribution per capita of US\$0.53 and US\$0.39 per respectively.
- (iii) Angola, Zambia, Zimbabwe, Malawi, South Africa and Madagascar are paying almost the same assessed contribution per capita of between US\$0.06 to US\$0.11 close to the mean, i.e. assessed contribution per capita of US\$0.07
- (iv) DRC, Tanzania and Mozambique are the least contributors to SADC Member States Budget, in that order, on the basis of assessed contribution per capita of between US\$0.02 to US\$0.05

3.4. Introducing a ceiling on say an agreed assessed contribution per capita would incorporate this variable in the formula. This would still retain the lower and upper ceilings at 5% and 20% respectively for Member States that have assessed contribution per capita of less than US\$1. This assessed contribution per capita ceiling would still ensure financial stability for SADC and not cause undue financial hardship to Member States.

3.5. Application of this proposed formula to SADC Member States contribution Budget for 2006/07 will still produce the same level of contribution for each Member State. Using this formula upon Seychelles' re-joining the SADC family would result in an assessed Member States contribution of US\$82,000.

3.6.

Another variable that ideally provides meaningful basis and comparison is the assessed contribution per Member State's average GDP. As Table 2 shows that all SADC Member States are paying assessed Member States contribution of less than US\$0.01, i.e. one US cent of average GDP, this variable is not useful and therefore not being considered further at this point.

Table 2 – Assessed contribution per US\$1 average GDP

	Average GDP in Million of US\$	Assessed contribution 2006/07	Assessed Contribution per US\$1 Average GDP
Angola	14,906	1,535,094	0.0001
Botswana	5,576	1,004,617	0.0002
D.R.C	5,933	1,016,065	0.0002
Lesotho	1,056	859,683	0.0008
Madagascar	5,447	1,000,460	0.0002
Malawi	1,858	885,400	0.0005
Mauritius	5,527	1,003,046	0.0002
Mozambique	4,998	986,073	0.0002
Namibia	4,267	962,623	0.0002
South Africa	162,833	3,303,248	0.0000
Swaziland	1,831	884,508	0.0005
Tanzania	9,605	1,133,782	0.0001
Zambia	4,395	966,725	0.0002
Zimbabwe	4,650	974,915	0.0002
SADC TOTAL	232,882	16,516,238	0.0001

4.0. **Recommendations**

- 4.1. Council is invited to review and consider the proposed revision to the SADC Member States contribution formula which will now incorporate a ceiling on assessed contribution per capita of US\$1 per person. This ceiling will apply on the assessed contribution determined by the lower and upper caps of 5% and 20%.
- 4.2. Further, Council is invited to recommend to Summit to propose to the Government of Seychelles an assessed contribution determined using this formula upon re-joining the community. The assessed contribution for Seychelles using this formula will be US\$82,000 which compares favorably with their proposed contribution of US\$75,000.



**Extract of the record of Summit meeting of August 2006,  
Gaborone, Botswana**

- 4. DEBT OWED BY SEYCHELLES**
- 4.1 Summit noted that at its meeting held in Mauritius in February 2005 Council it observed that the Republic of Seychelles was still to settle the arrears amounting to US\$2,643,199 which it accumulated before it ceased to be a member of SADC. Seychelles had undertaken to settle the arrears when its economic situation improves.
- 4.2 The Secretariat had continuously engaged the Seychelles, with a view to recovering the outstanding contributions. Repeated reminders had been sent to the Seychelles on the matter, but these had not resulted in any payment.
- 4.3 Summit noted that Council had approved that SADC Secretariat should comply with International Financial Reporting Standards in respect of receivables. An appropriate note will be written in the annual accounts of the Secretariat, by referring it to Seychelles until the arrears are recovered.
- 4.4 However, Summit noted that Seychelles being a small country (small population and GDP) it would be unfair to expect them to make the same contributions as other Member States even though the new SADC formula offered it reduced contributions.
- 4.5 In view of this, Summit directed that:
- i) The debt of US\$2,643,199 owed by Seychelles should be written off and cancelled completely.
  - ii) Seychelles should be approached quietly with a view to encourage it to rejoin SADC and would be expected to make contributions of approximately 2% to the annual SADC Budget.



## A NOTE ON THE CALCULATION OF MEMBER STATES CONTRIBUTIONS

- 1.0. Contributions from Member States shall be computed by deducting donations, grants, interest and other income from the total of recurrent and capital expenses. Amounts payable by each Member State shall be determined by the provisions of the Protocol of Member States which are applicable for the relevant budget year.
- 2.0. Contributions from Member States are distributed among the SADC Member States in accordance with a formula approved by Council.
- 3.0. The current formula on Member States contributions is worked out as follows:
  - (i) GDPs for three consecutive years for all Member States are obtained from the respective Governments through the Regional SADC statistics committee.
  - (ii) An average GDP for each Member State for three years is calculated.
  - (v) A nominal contribution for each Member State is computed proportional to its average GDP.
  - (vi) This notional contribution for each Member State is tested against two ceilings.
    - (i) If it is more than 20% of the Member States total contributions, then the Member State will pay 20% (of Member States total contributions).
    - (ii) All Member States with the notional contribution under 20% of the Member States total contribution are each, as a starting point given the lower limit of 5% of the Member States total contributions to pay.
    - (iii) The balance of undistributed Member States total contributions is then proportionally shared among the Member

States paying less than 20% of Member States total contributions in the ratio of their average three-year GDPs.

(vii) The end result is that no country pays more than 20% or less than 5% of Member States total contributions

4.0. Exceptionally, Member States with a population of less than 500,000 will pay 2% of Member States' contributions budget.

**INTRODUCTORY STATEMENT BY SADC EXECUTIVE  
SECRETARY, DR. TOMAZ AUGUSTO SALOMÃO ON THE  
OCCASION OF THE OFFICIAL OPENING OF THE SADC SUMMIT  
OF HEADS OF STATE AND GOVERNMENT AUGUST 17, 2006  
MANTHABISENG NATIONAL CONVENTION CENTRE  
MASERU, KINGDOM OF LESOTHO**

Your Majesty King Letsie III and Queen Masenate of the Kingdom of Lesotho;  
Your Excellency Festus Mogae, President of the Republic of Botswana and  
Chairperson of SADC  
Right Hon. Pakalitha Mosisili, Prime Minister of the Kingdom of Lesotho and  
Deputy Chairperson of SADC;  
Your Excellency Hifikepunye Pohamba, President of the Republic of Namibia and  
Chairperson of the SADC Organ on Politics, Defence and Security  
Your Excellency Jakaya Kikwete, President of the Republic of Tanzania and  
Deputy Chairperson of the SADC Organ on Politics, Defence and Security;  
Your Excellencies Heads of State and Government and your Gracious First  
Ladies;  
Honourable Ministers and Deputy Ministers;  
Your Excellencies, Heads of Mission & International and Regional Organisations;  
Your Excellencies, Members of the Diplomatic Corps;  
Distinguished Delegates;  
Members of the Media;  
Ladies and Gentlemen;

I am indeed privileged to address this august gathering of our distinguished  
SADC Heads of State and Government, for the very first time as the SADC  
Executive Secretary, an assignment you entrusted in me, about a year ago.

Please allow me to express my sincere gratitude to the Heads of State and  
Government for this confidence. At the same time, I would also like to thank the  
Member States for continued support that has made it possible for me to quickly  
settle and adjust in the SADC system of business.

I would like to reiterate my commitment to place the best of my abilities at the  
service of our Organisation and my region, to which I am proud to belong.

To our distinguished leaders, I thank you for your determination and continued  
valuable guidance that ensures that our region remains a sound regional  
Community, resolved to accelerate economic growth, eradicate poverty and  
achieve a sustainable pattern of development.



It would be a serious omission from my part if I did not start my statement by recognising and appreciating the guidance provided to me by the outgoing Chairperson of the Summit, His Excellency President Festus Mogae. In You, I always found a leader who has SADC at heart, who is demanding, straightforward, concerned about meeting deadlines, always opposed to anything done wrong, but also full of humor and capable of commending and comforting those of your subordinates who do well.

I wish to thank you, from the bottom of my heart for your support and guidance on the priorities, strategic issues and main challenges facing our Community today.

I look forward to continue to count on you back home. I have no doubt that our incoming Chairperson, the Right Honourable Professor Pakalitha Mosisili, equally has, the pedigree to lead us to prosperity consistent with the ideals of SADC.

The organisation and administration of this meeting has been made easy for us because of the dedication of staff and officials from the Government of Lesotho, who tirelessly worked round the clock to ensure that arrangements for this Summit are flawless.

I wish to salute our host, the Government and People of The Kingdom of Lesotho, for putting at our disposal resources for this Summit.

I also wish, at this juncture, to recognise the attendance this morning for the official opening, of various prominent invited guests at Regional, Continental and International levels.

These include: the President of the SADC Tribunal, the President of the African Development Bank, the United Nations Under-Secretary and Executive Secretary of the Economic Commission for Africa (ECA), African Union (AU) Commissioner for Economic Affairs, the Chief Executive of NEPAD Secretariat, the Executive Secretary of SACU and the Secretary General of the SADC Parliamentary Forum.

Allow me to give you a brief update on some of the activities undertaken over the past year. My immediate priorities in office were threefold:

(i) improving dialogue and quality of interaction with Member States with the view to enhance our capacity to implement the Regional Indicative Strategic Development Plan (RISDP) and the Strategic Plan of the Organ (SIPO) (ii) recruitment of staff and stabilisation of the Secretariat; (iii); improving the quality of dialogue with, and boosting the confidence of our International Cooperating Partners (ICPs) vis-à-vis SADC.

Allow me your Majesty and your Excellences, to congratulate the People of the Democratic Republic of Congo (DRC), for the peaceful manner in which they conducted their 1<sup>st</sup> Multiparty Presidential and Parliamentary Elections ever held

in that country since 1960. Let us also commend the role played by SADC Member States.

The people of Zambia and Madagascar shall also go to the polls before the end of this year. We are confident the trend of peaceful elections and acceptance of the results shall be maintained.

There is no doubt, Mr. Chairperson, that SADC is one of the most peaceful Regional Economic Communities in our Continent and we are frankly and surely moving forward to a more vibrant SOCIO ECONOMIC COMMUNITY that has the welfare of its citizens at the centre of its Agenda.

Our determination to succeed is not without challenges. We are still faced with a large number of our citizens living in absolute poverty and the HIV and AIDS pandemic which is compounded by chronic food insecurity.

Food security is a matter of pride, self esteem, security and first line of defence. We cannot continue to beg for food, we need to collectively advance firmly to a food-secure Community.

From the vantage point where I am now as the Executive Secretary, I see that regional cooperation and integration requires an appropriate and dynamic institutional Framework, to align SADC priorities, for effective and efficient facilitation of the Integration Agenda.

Prioritising is of paramount importance. Given our resource constraints, we should not try to do everything at the regional level at this stage of our development. We need to concentrate on those areas where regional cooperation and integration will add value. Only this way will we be able to put in place an institutional framework conducive to the achievement of our overarching goals, both at the policy-making and executive levels.

It is thus incumbent upon me to report to this Summit that the restructuring and the SADC Secretariat has gone a long way although there still remain adjustments to complete the process. The structure of the Secretariat must be refined to reflect the needs of the current priorities of the regional integration agenda.

During my first year in office, I have undertaken working visits to all Member States except Mozambique, which I hope to visit before December 2006.

The objective of these visits has been to receive first-hand information on the Member States individual expectations from me and their Secretariat as well as to familiarise myself with developments and challenges faced in each Member State, with the view to improve dialogue between the Secretariat and Member States and other stakeholders in implementing the SADC Common Agenda.

These visits have also given me an opportunity to brief Member States on the challenges that face the regional body and to share my vision on how SADC should move forward in addressing them.

They have also afforded me greater insight that our survival is to capitalise on our commonness of unity in diversity as a strategy and a driving force behind our regional development and integration. This is what will guarantee our peaceful co-existence, within the parameters of the rich diversities of our region in which our pride lies.

Towards the improvement of the quality of our dialogue with the International Cooperating Partners, we have multiplied contacts with them, and more significantly, we have held a Consultative Conference in April 2006 in Windhoek, Namibia, under the theme "Partnership for the Implementation of the SADC Regional Indicative Strategic Development Plan (RISDP) and the Strategic Indicative Plan of the Organ on Politics, Defence and Security (SIPO)".

The Conference produced the "Windhoek Declaration, which is a New SADC/ICP Partnership, based on the principles of ownership, alignment, harmonisation, managing for results and mutual accountability. In this context, it is important to note that the ICPs pledged to scale up support for the SADC Integration Agenda.

Your Majesty,  
Excellencies,  
Ladies and gentlemen,

I would like to extend, on behalf of my colleagues of the Secretariat, our sincerest gratitude to the Office of the Chairperson of SADC and the members of the Double Troika for the wise leadership, guidance and assistance in the performance of our duties.

I also wish to assure you that the team that I have is dedicated in its recognition that our services are not pegged to time, but are duty bound.

I can thus, confidently promise you, Your Majesty, Excellencies that, my team and I shall serve our region to the best of our abilities. We shall always strive to be the best and give the best of service to our region – a Region of Hope. A Region of Values. A Region of a Shared Future.

I thank you  
Je vous remercy de votre attention  
Muito obrigado.



**UNITED NATIONS  
ECONOMIC COMMISSION FOR AFRICA**

***CHECK AGAINST DELIVERY***

***2006 SADC Summit of Heads of State and Government***

Statement

by

Abdoulie Janneh  
UN Under-Secretary-General and  
Executive Secretary of UNECA

**Maseru, Lesotho  
17–18 August 2006**

Your Majesty, King Letsie the Third, of the Kingdom of Lesotho;  
Your Excellency, Mr. Festus Mogae, President of Botswana and  
Chairperson of the Southern Africa Development Community;  
Your Excellencies Heads of State and Government of the Southern  
Africa Development Community;  
Honourable Ministers;  
Mr. Donald Kaberuka, President of the African Development Bank;  
The Representative of the Chairperson of the African Union Commission;  
The Assistant Secretary General of COMESA;  
Distinguished Ladies and Gentlemen

I would like to start by thanking King Letsie the Third, the Government and the people of the Kingdom of Lesotho for hosting this Summit and for the generous hospitality accorded me and my delegation. I also want to thank Dr. Tomaz Salomao, the Executive Secretary of SADC, for inviting me to the Summit and presenting me with an opportunity to address this distinguished assembly.

Excellencies

We are gathered here today in furtherance of the SADC vision of a regional community that will ensure economic well-being, improved standards of living, freedom, social justice, peace and security for the peoples of Southern Africa. This is a lofty vision that the Economic Commission for Africa (ECA) solidly identifies with.

As part of your overall strategy for realizing this great vision, you have adopted the Regional Indicative Strategic Development Plan, which, when combined with the Strategic Indicative Plan for the Organ on Politics, provides a solid framework for the implementation of the development agenda of the Community. Your goal is consistent with the African Union's vision of continental integration and in synergy with ECA's focus on facilitating policy harmonization for regional integration. It is a commendable foresight.

Excellencies,

ECA would like to join all others in congratulating the people of the Democratic Republic of Congo for the very successful just concluded election, which is an important milestone in the realization of peace and stability in the subregion. Allow me your Excellencies to also congratulate you as the SADC block for your collective effort to ensure a peaceful solution. Let me particularly thank President Thabo Mbeki for his sustained support to the process of national reconciliation and the strengthening of national institutions in the Congo. This positive development could not have happened at a better time in creating an environment to enable the subregion to now direct its resource and energy in addressing the national, regional and global development agenda.

## Excellencies

Against this background, we are meeting here at a time when the Doha Round of talks have broken down, shattering in its wake the hopes and dreams of a transformed multilateral trading architecture for Africa. When the negotiations began five years ago with record participation of African countries, we had hoped that Doha would erase the disappointments associated with the Uruguay Rounds in a new era of fairness. In Doha, African countries had expected a leveled playing field and real solutions to the plight of African farmers, who have been suffering from the effects of subsidies given to their counterparts in the rich nations. We were praying for a fair multilateral system where African countries could trade their ways out of poverty.

## Excellencies

We are disappointed with the Doha breakdown; but let us not be heartbroken. Perhaps we can use this status of stalemate and minimal progress to reflect on the need to increase intra-African trade for sustainable development. If other countries are reluctant to open up their markets to Africa, let us do it for ourselves. Let neighbouring countries buy more from and sell more to each other. If our RECs remove their respective internal trade barriers, rationalize their operations and dismantle barriers that prevent one REC from trading with another, then they would have made a giant leap in the direction of an African Economic Community. And initiatives such as Doha would no longer determine our development future.

This is why in repositioning ECA; we have made regional integration one of its two key pillars, and the RECs its very foundation. Some of our regional offices are co-located with the operational headquarters of the RECs. Where this is not the case, we intend to a Senior Adviser to serve as ECA liaison. In this regard, I am happy to inform you that ECA proposed sending a Senior Adviser to Gaborone, to serve as our liaison with SADC and NEPAD Secretariat. That way, we will be able to work more closely with you on a day-to-day basis and respond more quickly to your immediate needs and challenges including capacity building.

The renewed ECA will, more vigorously, focus on the specific needs of the RECs through a region-specific, multi-year partnership strategy with clear milestones. We will tangibly increase our technical support to the RECs and member States by increasing the technical capacities of our regional offices and substantially increasing their operational budgets. We will make special efforts to ensure that our sub-regional work programme is directly relevant to the priorities of the RECs. I believe that this focus will deepen our existing collaboration with SADC, especially in the development of policy frameworks and programmes for transport, ICT, mining, energy, gender, labour, agriculture, land tenure systems, HIV/AIDS and corporate governance.

I would like to recall, with satisfaction, our collaboration with SADC in transit transport facilitation, road safety, implementation of the Yamoussukro Decision on air transport liberalization, and air transport communications and navigation systems. We also initiated the development of ICT policies in SADC member States and assisted in implementing the SADC protocols on mining and energy by developing frameworks for harmonizing policies in these sectors.

In March 2003, ECA and SADC agreed to jointly address gender issues in the sub-region in order to avoid duplication of efforts and dissipation of resources. Since then, we have contributed substantively to various SADC initiatives on capacity building for national gender machineries and parliamentarians in the SADC region. We also facilitated the revision of the SADC HIV/AIDS framework to apply a gender-response approach, which was adopted by the SADC Summit in August 2003.

I am glad that this Summit is taking place in Lesotho, where ECA has been offering various technical services, especially with regards to the development of the Kingdom's Science and Technology policy. We have rendered similar services to many other countries in the SADC region, including Botswana, South Africa, Namibia, Mozambique, Angola and Swaziland and will extend the services to other countries upon request.

#### Excellencies

Following our multi-year study of the impacts of HIV/AIDS on governance in Africa, we have been working, in partnership with the World Health Organization and the World Bank, on what it takes to accelerate HIV treatment in Africa, using three pilot countries – Mozambique, Ghana and Burkina Faso. We are also giving serious thoughts to the question of long-term health financing with a continuation strategy so that our vast populations infected with HIV can have the benefit of treatment for as long as they need it.

#### Excellencies

Because of the implication of land for food security, housing, urban development and peace, ECA is collaborating with the African Union Commission, the African Development Bank, and the RECs, on an ambitious project to develop a Pan-African Framework for Land Policy. In the near future, we will be seeking broad stakeholder participation through sub-regional workshops and consultations. In this regard, I would like to acknowledge the support of our development partners and in particular the collaboration between ECA and the SADC Food, Agriculture and Natural Resource Directorate in facilitating Southern Africa's participation in this project.

We are also building a facility, the African Centre for Statistics, to upscale our statistical capacity to better assist member States with evidence-based planning, sound decision making, and identification of best courses of action in addressing problems. As you know, Excellencies, these elements are essential for effective

delivery of basic services, and are indispensable for accountability and transparency. They are also essential for providing a sound basis for the design, management, monitoring, and evaluation of national policy frameworks such as the Poverty Reduction Strategies and progress towards the Millennium Development Goals (MDGs). They, therefore, are part of the enabling environment for development. The encouragement of the group of countries that constituted themselves into "Friends of ECA" contributed to the process of re-launching statistics as an important development requirement. Several SADC countries were member of the group.

#### Excellencies

At the margins of the Banjul AU Summit, I held bilateral discussions with the Chief Executives of NEPAD and some of the RECs on how to strengthen collaboration and partnership between ECA and their respective institutions. Subsequent to this meeting, a NEPAD delegation, led by the Deputy Chief Executive Officer, visited Addis Ababa to discuss and prepare the framework for collaboration between NEPAD and ECA, drawing on each institution's comparative advantage in the implementation of the NEPAD agenda. A formal Memorandum of Understanding (MoU) between the two institutions is being drawn up to be signed by the Chief Executive of the NEPAD Secretariat and myself in the next few weeks. These are initiatives we hope to build on in addressing the many development challenges facing our continent.

In the case of SADC, our sub-regional office in Lusaka is preparing a proposal on a Cooperation Agreement, based on the outcomes of your Consultative Meeting in Windhoek, and the Integrated Committee of Ministers Meeting in Johannesburg this year. The Agreement will specify areas for cooperation, incorporating regional integration, capacity building and human resources development, as well as resource mobilization for regional multi-sectoral projects and programmes.

The modalities for developing the collaboration will include joint missions, dialogue, research, training initiatives and joint mobilization of resources for programs in SADC member States. I have agreed with the Executive Secretary of SADC to send a delegation of senior ECA officials immediately after this Summit, to the SADC Secretariat to discuss the operationalization and finalization of this agreement, which could form the basis for a Memorandum of Understanding between our two institutions.

In this context, I would like to appeal for an enhanced participation and leadership of SADC in the deliberations of ECA's Intergovernmental Committee of Experts, which, as you know, is drawn from your various government institutions. We should exploit this forum fully as an instrument for policy dialogue in defining the priorities and needs of the subregion.



Excellencies

Your deliberations at this Summit are vital to the advancement of the development agenda in the SADC region, in particular your decision to establish a Science, Technology and Innovation Unit as a catalyst for sustainable development may be a beacon for the rest of Africa. ECA's participation at this Summit has provided us with a deeper perspective of the regional integration challenges and special needs facing the subregion.

In this regard, I want to assure you that ECA will continue to work diligently, in close collaboration with the African Union, the African Development Bank and other partners, to translate your vision of integrating Africa into a strong competitive continent, into reality.

Again, I thank you for this opportunity and bring you warm greetings from UN Secretary General Kofi Annan, who sends his best wishes for a fruitful and successful Summit.

**ADDRESS BY H. E. JAKAYA MRISHO KIKWETE, PRESIDENT OF  
THE UNITED REPUBLIC OF TANZANIA, TO THE SADC SUMMIT,  
MASERU, LESOTHO, 17<sup>TH</sup> AUGUST, 2006**

Your Majesty King Letsie III,  
Your Majesty King Mswati III,  
Your Excellency President Festus Mogae, President of the Republic of Botswana  
and Chairperson of SADC;  
The Right Honourable Prime Minister Pakalitha Mosisili, Prime Minister of  
Lesotho, Deputy Chairperson of SADC,  
And our generous host;  
Excellencies Heads of State and Government of SADC;  
Honourable Executive Secretary of SADC  
Dr Tomaz Augusto Salomao;  
Your Excellency Mr. Alpha Omar Konare,  
Chairperson of the African Union Commission;

I stand before you, Excellencies, humbled by the significance of this moment: the occasion of my first address as leader of my country as member of this illustrious college of leaders of Southern African Development Community. I already feel very much at home in this convivial company despite my tender age of seven months in office.

I thank all of you most sincerely for sending me congratulatory messages on my election. I also thank those many of you who found the time to attend my inauguration on December 21<sup>st</sup>, 2006. You received me very well when I visited your capitals to introduce myself. Sorry that I have five countries to visit to complete the SADC circle. I hope to do that in the near future.

The warmth of your welcome to this august assembly has strengthened my confidence and belief that I will enjoy your full support and cooperation. Please, accept Majesties and Excellencies, the deepest appreciation and gratitude of the people of the United Republic of Tanzania and that of my own for this gesture of friendship and solidarity.

Allow me, Mr. Chairman to add my voice in thanking our esteemed host, His Majesty King Letsie III, the Right Honourable Prime Minister Pakalitha Mosisili, and the people of Lesotho for the wonderful reception and generous hospitality accorded to us since our arrival in this beautiful city of Maseru.

Excellencies,

The glorious history of this organization, the strength of its ideals, and the nobility of its aspirations make me and my country feel proud to be members. Equally important we feel satisfied that Tanzania has played a role in its inception. I want to assure you of Tanzania's continued cooperation and commitment to the realization of the objectives of our regional organization. This has been the case throughout successive leaderships of my country, and it will not change under my leadership. I will keep careful watch.

The evaluation of SADC, from an embryonic Front Line States, to a Development Coordination Conference (in 1981) and its transformation (in 1992) to a vibrant Development Community we now see, has been a result of the desire of the people in our part of the African Continent to pursue their security and development collectively, just as they did with their political liberation.

I would wish to assure Your Excellencies, that among the people of Tanzania, there will be no shortage of fervor and enthusiasm in working with their kith and kin of Southern Africa to realize the aims and aspirations of SADC. This desire is a result of our realization that the historical ties binding us together means our political, social and economic fate is shared.

Excellencies,

As a new entrant into the SADC leaders club, I look up to you for support and guidance. As I mentioned, I have had the privilege to meet most of you bilaterally since my election, and I came away from our meetings comforted that I retain your goodwill and wishes to success in my new role.

Excellencies, Ladies and Gentlemen,

The achievements of SADC throughout the years are worthy our pride. The people of Tanzania are extremely happy with the progress we are all making towards creating a Community providing for regional peace and security, and an integrated regional economy.

We are also delighted that our region continues to attain peace, stability and security where democratic elections and peaceful transfer of power are becoming the norm. The successful holding of election in the Democratic Republic of Congo has highlighted SADC's positive role in entrenching democracy in our region. I commend the Congolese people for that historical feat which has done all of us in the region proud. I hope and appeal to the leaders and members of the contending political parties to take the results of the elections with as much courage as they ventured into the election.

Through the institution of the Organ on Politics, Defence and Security we have achieved solidarity, peace and security within the region. The organ is a perfect

successor to the former Front Line States mechanism. The Organ is the anchor for peace and stability. Now that Tanzania assumes the Chairpersonship of the SADC Organ on Politics, Defence and Security, I would like to assure you that we will try our best to live up to your expectations. I know it is not easy since there will always be a few hot spots here and there to be attended. I promise that we will do everything in our power to rise to the challenges.

SADC has also managed to ingrain a sense of regional belonging and the tradition of consultation on crucial matters of mutual interest among the people and governments of Southern Africa. We have indeed demonstrated that regional integration is not a distant dream.

These successes mean a lot to us in Tanzania. We see them as providing a firm foundation for a stronger and effective development community. Let us build on them.

Excellencies,

In our pursuit of economic integration, we have set for ourselves ambitious tasks ahead. We have embarked on becoming a Free Trade Area in 2008, a Customs Union by 2010, a Common Market in 2015 and a Monetary Union by 2016.

Tanzania believes that these targets are achievable. I believe, with our continued commitment and cooperation to integration we can achieve these aspirations of ours. We, in Tanzania promise to play our part in ensuring that we hit these milestones on time.

Your Majesty, Excellencies, Ladies and Gentlemen,

We thank and congratulate the Secretariat for a job well done with regard to operationalising the restructuring and rationalization of SADC institutions. We in Tanzania believe that this process will create a more effective and efficient Community.

The restructuring process has greatly facilitated the development and implementation of the Regional Indicative Strategic Development Plan (RISDP) as well as the Strategic Indicate Plan of the Organ on Politics, Defence and Security Cooperation (SIPO). The RISDP and SIPO are the heartbeats of the Community. May I use this opportunity to reaffirm my country's support in their implementation.

Excellencies,

It will be remiss of me if I finish my statement without thanking my predecessor, President Benjamin William Mkapa. He has been a wonderful leader for our country, enabling Tanzania to play an important role within SADC. He sends his many greeting to you all. I will follow his footsteps.

I am conscious of the fact that it is not an easy task to try fit into his shoes, but I will try as much as possible to emulate his example as far as Tanzania's role and participation in SADC is concerned.

I am sure, with your support, guidance and cooperation, this is possible.

I thank you for your kind attention!

**OPENING STATEMENT BY HIS MAJESTY KING LETSIE III ON  
THE OCCASION OF THE 26<sup>TH</sup> SADC SUMMIT OF HEADS OF  
STATE AND GOVERNMENT: 17 AUGUST, 2006 AT  
'MANTHABISENG CONVENTION CENTRE, MASERU, LESOTHO**

Mr. Chairman, President Festus Mogae,  
Your Majesty, 'M'e 'Masenate,  
Your Excellencies Heads of State and Government,  
Distinguished Heads of Delegations,  
Honourable Ministers,  
Your Excellencies Ambassadors, High Commissioners and Distinguished Heads  
of International Organizations  
Distinguished Members of Delegations  
Ladies and Gentlemen,

I thank you all for the tremendous honour you do us with your presence at this 26<sup>th</sup> Southern African Development Community Summit of Heads of State and Government. On behalf of the Government, the people of Lesotho and on our own behalf, we greet you warmly and welcome you to Lesotho. We sincerely hope that you will have a happy and peaceful stay in our Kingdom. Equally, we are hopeful that you will enjoy our wonderful winter weather which, in recent times, has become a bit unpredictable.

Mr. Chairman, from the outset, I would like to express our sincere appreciation for your constant concern for the future of our regional organization, SADC, and the wise prudence you have shown in every situation we have had to face during your Chairmanship. Botswana has, under your leadership, made a noble effort to live up to the honorable responsibilities entrusted to it by SADC in Mauritius.

Your Excellencies,

As all of us will recall, our vision for economic and political integration began some twenty-six years ago in Lusaka, Zambia when nine Heads of State and Government signed the epoch-breaking Declaration, Southern Africa: Towards Economic Liberation. Recognizing the need for establishing lasting foundations for a stronger economic integration in the sub-region, the leadership of the SADC met in August, 1992 in the Republic of Namibia where they signed The Windhoek Declaration and Treaty Establishing the Southern African Development Community (SADC). The adoption of the Declaration and Treaty was aimed at fostering a high level of cooperation among member countries and to enable them to cope with the challenges posed by the changing and increasingly

complex regional and global environment. To this end, the Treaty stressed the need to map out a future that provides for:

1. Deeper economic cooperation and integration, on the basis of equity, balance and mutual benefit,
2. Common economic, political and social values and systems, and
3. Strengthened regional solidarity, peace and security.

The Windhoek Declaration further stated that "regional integration will continue to be a pipe dream unless the people of the region determine its content, form and direction, and are themselves, its active agent." To my mind, the Windhoek Declaration required and continues to require us to be mindful of the fact that in every endeavour that we undertake, our respective citizens should be at the centre of those actions.

Since 1980, the most notable achievement recorded by the Southern African region under the aegis of the SADC, has been the cessation of destruction civil wars and other forms of armed conflicts. We have borne witness to the end of the wars in Mozambique, Namibia, Angola and the Democratic Republic of Congo. Indeed, the latter must be commended for successfully holding the recent democratic elections and we are hopeful that all the Congolese people will honour and respect their outcome.

Master of Ceremonies,

Peace and security, important as they are, should immediately be followed by improvements in the living conditions of our people. The ever deteriorating economic and social conditions faced by the majority of our people and the abject poverty in which they find themselves in, is the most critical challenge facing us as the leadership of our sub-region. Whatever well-intentioned actions were undertaken as the SADC, will remain off target if we allow most of our people to continue to wallow in poverty and if, as a consequence, despair and hopelessness continue to characterize the dominant mood of the present and future generations, then we would have failed as an economic and political grouping of states. Indeed, it is not uncommon to hear the citizens of our region raising genuine questions on the benefits which they derive from the membership of various intergovernmental, international and regional organizations such as SADC. These questions should not be taken lightly because they are indirectly raising an alarm on the slow pace at which the benefits of our grouping are filtering through to our people.

As I indicated earlier, a visible and fastest progress has been achieved in reducing armed conflicts but measures to deal with the removal of physical and technical barriers with the aim of facilitating free movement of persons, goods, services and capital still pose a challenge for us to overcome. These and other questions place a huge responsibility on the leadership of the region to ensure that the benefits of regional cooperation are felt by our people in all walks of life and that our citizens are fully informed about SADC and its activities.

Master of Ceremonies,

In response to some of the challenges that we face, it is pleasing to note that our sub-regional organization is undergoing a voluntary process of institutional reform and transformation, aimed at enhancing its effectiveness and ability to respond to Member States' concerns and needs. The most recent report on transformation that seeks to speed up delivery of services to the SADC population is a Report on the Review of the Operations of SADC Institutions which was approved by the Heads of State and Government in Windhoek in 2001. This report forms the basis for the restructuring and rationalization of SADC institutions and grouping of sectors into manageable clusters. The Windhoek Summit also directed that the Regional Indicative Strategic Development Plan be prepared which would form a clear blueprint for future SADC policies and programmes. The Strategic Plan reaffirms our central objective of deeper regional integration through peace and security, transparent and accountable governance and the establishment of the common market and spells out the necessary steps for achieving this objective. While the first two sub-objectives are covered under the Strategic Indicative Plan of the Organ, the last objective will be addressed through successful implementation of the Regional Indicative Strategic Development Plan. We in Lesotho are convinced that the Regional Strategic Plan remains as good a plan as any and that, if the contents of this document are successfully implemented, it has a potential of substantially enhancing the growth and development of the sub-region and thereby bringing regional integration closer to reality. Furthermore, the Windhoek Summit approved the establishment of the SADC National Committees with a view to instilling the ownership and strengthening of the implementation of SADC programmes. In this regard, I am happy to announce that, in line with the decision of the Windhoek Summit; we have established and launched our own SADC National Committee whose membership is drawn from wider sections of our society. I congratulate those men and women of our land who will have the opportunity to serve their country and SADC through this committee. I urge you to do your very best and live up to this challenge. A stronger and effective national committee contributes towards a stronger and efficient SADC.

Master of Ceremonies,

It seems to me that we have all the right ingredients for realizing our dream of economic and political integration but these have to be solidified by political determination. Your Excellencies, in a mammoth project such as ours of regional integration and community building, we can not escape the demands of political commitment that are inherent in an undertaking of this nature. The late President Samora Machel underscored this crucial factor in the early days of our grouping when he said:

"THE COOPERATION THAT WE WANT TO INITIATE DEPENDS ON OUR POLITICAL WILL AND OUR ENGAGEMENT IN ITS IMPLEMENTATION. TO ACHIEVE THIS, WE HAVE TO LIBERATE OURSELVES FROM JEALOUSIES



AND WE HAVE TO LOOK AT THE ADVANCEMENT OF OTHER COUNTRIES AS IF IT WERE OUR OWN."

This observation still rings true today as it did then. If we are to demonstrate the benefits of economic integration, we should not be reluctant to forego a portion our national sovereignty for the larger common good of the sub-region while at the same time moving aggressively towards the achievement of the mandate we set for ourselves at the establishment of the SADC. The stark truth which we have to come to terms with is, even in the next twenty five years, we will not realize regional integration and therefore delivery to our people if we continue to trade with everybody else except ourselves. We will not attain this goal if our Secretariat lacks capacity and is inadequately resourced and yet we expect it to handle wide range of issues. Our credibility will be put into question not only by our people but also by our cooperating partners unless we boldly resolve the burning issue of multiple membership to regional organizations which has to date undermined our efforts in developing trade links among ourselves. And we weakened us in our negotiations with other economic blocs.

In the concern for the welfare of our peoples, we established new institutions in 2001 in order to ensure that we can fully achieve the development goals of SADC. We must revisit these institutions from time to time to ensure that they remain aligned to delivering on the SADC priorities. It is, indeed, of major concern that Member States contributions to the Secretariat budget amounts to less than half of its budget. This level of funding will require prioritization in the work the Secretariat can attend to at anyone point in time.

Your Excellencies,

SADC needs to acknowledge that the development of the sub-region will depend on stronger and sustained economic growth. This would create a conducive environment for the development of other SADC sector programmes, through increased public revenue to invest in new sectors and projects. It should be realized that, while the final outcome of the Regional Indicative Strategic Development Plan would be greater regional integration, the starting point to its success lies in the economic performance of the member countries. Some SADC countries have experienced periods of accelerated economic growth but these have often not been sustained and have had minimal impact on the other economies in the sub-region.

Investment in infrastructure remains a priority for the region, because it is an area of collective regional interest. To build an economically and socially integrated region, there is need to develop physical and economic infrastructures which will link the countries of the region. Our focus should therefore be to ensure that measures are taken to enhance regional integration through the development of infrastructure and policies that promote free movement of goods and people and hence regional trade.

Poverty and HIV/AIDS remain among the major concerns to our people. We all recall the priorities that we set ourselves under the Maseru Declaration on HIV and AIDS. A lot of progress has been made by the SADC Member States in their national responses to HIV and AIDS, but we still have many more issues to address these include: reducing HIV prevalence in young populations in accordance with the UNGASS Declaration; developing and implementing comprehensive programmes of care, support and treatment including addressing resource constraints such as poor healthcare infrastructure and addressing issue of stigma and discrimination; mitigating the socio-economic impact, especially in providing support for orphans and other vulnerable children by developing and implementing strategies for social support, such as shelter, schooling, nutrition, health and social services; and developing and implementing workplace policies, strategies and programmes on HIV and AIDS. All these measures require mobilization of additional resources and, to this end, Lesotho wishes to pledge 100,000 United States Dollars towards the SADC HIV and AIDS fund and I would urge the Member States that have not yet made their pledges to do so for the benefit of the whole region.

Master of Ceremonies,  
Your Excellencies Heads of State and Government,  
Ladies and Gentlemen,

In conclusion, let me once again extend to you a warm welcome to Lesotho and wish you successful deliberations. I sincerely hope that at the end of this Summit, the road towards integration of the Southern African region will be clearer with a promise for a better future. It is now my great privilege and honour to declare this 26<sup>th</sup> Summit of the SADC Heads of State and Government open.

Thank you.

**REMARKS BY H.E. MR. FESTUS G. MOGAE, PRESIDENT OF  
THE REPUBLIC OF BOTSWANA AND CHAIRPERSON OF SADC  
ON THE OCCASION OF THE OFFICIAL OPENING OF THE SADC  
SUMMIT OF HEADS OF STATE AND GOVERNMENT AT  
MASERU, KINGDOM OF LESOTHO, 17<sup>TH</sup> AUGUST 2006**

Your Majesty King Letsie III and Queen Masenate of the Kingdom of Lesotho;  
Your Excellencies Heads of State and Government and your Gracious First  
Ladies;

Your Excellency, Honourable Pakalitha Mosisili, the Right Honourable Prime  
Minister of the Kingdom of Lesotho, our co-Host;  
Honourable Ministers;

Your Excellency, the ADB President, Dr. Donald Kaberuka;

Your Excellency, the Executive Secretary of the ECA;

Your Excellencies, Members of the Diplomatic Corps;

Your Excellency the SADC Executive Secretary Dr. Tomaz Salomão;

Your Excellencies, Heads of International and Regional Organisations;

Distinguished Delegates;

Ladies and Gentlemen.

1. It is my singular honour and pleasure today to address this official opening of our summit on this the 14<sup>th</sup> SADC Day Commemoration. On behalf of all SADC states, and on my own behalf, I extend our sincere gratitude to the government and people of Lesotho for their warm welcome and hospitality.

2. Permit me, Your Excellencies, to also express our gratitude to our invited guests for taking time off their tight schedules to be with us on this occasion. I would be failing in my duty if I did not extend the same appreciation to the SADC Ministers who have been meeting here to prepare our agenda. Last, but by no means least, I extend my gratitude to our Standing Committee of Senior Officials and the Secretariat who worked hard, day and night, to prepare for both Council and Summit meeting.

3. Your Majesties, Excellencies, Ladies and Gentlemen, let me begin my address by observing that our region has made some progress towards the attainment of our vision of building a community of free people with a shared future.

4. With regard to the integration agenda, however, the past 12 months that I have served you as the Chairperson of the Community have not been as fruitful a period as I had hoped.

5. Although your support, as well as that of the international cooperating partners (ICPs) was most outstanding; the region continued to face enormous challenges over the period.

6. As a regional organisation, we still have problems implementing any of our targeted development programmes with our own resources. For example, if one looks at the outlook budget for 2007/8, member states are expected to contribute 39%, while its international partners are expected to put in 61%. There is a need to instil a spirit of self-reliance in our community. Certainly the implementation of our development agenda cannot depend on funding from international co-operating partners to the extent that it does. We need to show commitment by contributing significantly more of our own resources towards programmes and projects. SADC needs to finance programmes from its own resources such as using pension funds and those from the internal development finance institutions. By doing so, the ICPs would be convinced that we are committed to the SADC programmes and not try to set a new agenda for us.

7. In implementing our development programmes, we need to prioritise so that we can focus our attention on a few activities and implement them within a targeted period. In this regard, there is a need to select specific Ministers as drivers. For example, we could have Ministers of Finance and Trade driving the regional integration agenda and those in Agriculture, the food self-sufficiency agenda.

8. Admittedly, on the political front, we have seen, during the period under review, at least two member states, namely the Kingdom of Lesotho, our host, and the Republic of South Africa hold local government/municipal elections. The Republic of Zimbabwe held senatorial elections while Presidential and General elections were held in the United Republic of Tanzania and the Democratic Republic of the Congo (DRC).

9. The SADC Guidelines and Principles Guiding Elections were applied in all of the above cases, and our SDAC Elections Observer Mission (SEOM) has been very instrumental in all these elections as citizens of our member states exercised their democratic rights. The collective determination of all SADC citizens to build our region by exercising their civic responsibilities was commendable.

10. Please allow me to here single out the Democratic Republic of Congo, where the recent elections were the first democratic Presidential and Parliamentary elections to be held since 1960. We have all observed with great satisfaction how the Congolese people demonstrated their commitment to transform their country into a democracy.

11. I was encouraged by the support that fellow SADC member states collectively put into making the elections in the DRC the resounding success that they were. Although the Official Administrator for implementing the All Inclusive Agreement on Peace and Reconciliation in the DRC was the Mission de la ONU

au Congo (MONUC). SADC member states, especially the Republic of South Africa, had not only deployed electoral observers in the DRC, but also assisted in the planning and execution of a programme for the post-electoral and post-conflict peace building stabilisation period.

12. I remain confident that our support to the people of the Democratic Republic of the Congo will not end with the recent elections. Our fellow SADC citizens will, for the foreseeable future, continue to require our assistance, as well as that of the international community as a whole.

13. On the economic front, I am please to note that a number of SADC member states have recorded significant growth in GDP terms. However, in the case of some member states, the growth has fallen below the minimum 7% for meeting the Millennium Development Goals (MDGs) by 2015.

14. The period under review marks the completion of the first year of the implementation of our Regional Indicative Strategic Development Plan (RISDP), which together with the Strategic development plan of the Organ (SIPO) on Politics, defence and security form the roadmaps for our regional integration over the next 15 years.

15. Our Secretariat has completed a greater part of the recruitment of staff to fill positions on the new structure. Similarly, arrangements for the construction of the new SADC Headquarters, for which my Government has provided a prime location in Gaborone, are at an advanced stage. I am informed that the construction of the SADC Headquarters will commence in March 2007. Although these two administrative accomplishments are no doubt welcome, it should be noted that they were accomplished at least five years behind schedule. In Mauritius in 2004, I explained then that I was an old man in a hurry. I am now an older man and in a greater hurry than was the case then. You will therefore appreciate why I am perturbed by the slow rate of implementation of our programme.

16. The implementation of our programmes do not show that we remain committed to the achievement of the milestones towards the attainment of SADC's full integration, namely the Free Trade area, customs Union and Common Market, as outlined in the RISDP.

17. The achievement of deeper phases of regional integration as planned for in the RISDP requires scaling up of the implementation process. In this era of a highly globalised world economy, we can not afford to continue for long in the starting stages of regional integration. We need to move decisively into the Customs Union and as rapidly as possible into a Common Market as indicated in the RISDP. I believe that this is the only way we will make a difference and play a significant part on the world stage.

18. A matter of concern is the issue of multiple and overlapping memberships, which seem to be delaying progress towards a regional trade

organization, such as the Free Trade Area and Customs Union in 2008 and 2010, respectively. As you may be aware, no country can belong to two customs unions at the same time, unless some special arrangements are made between the two customs unions. Therefore, it is of critical importance for member states to decide as a matter of urgency where they belong. There is no more time for stalling progress on this matter rather than deciding now.

19. On the social front we remain the epicentre of HIV and AIDS, malaria and tuberculosis, which, together with food insecurity are amongst the major challenges of our region. Last year alone, 3 million HIV and AIDS related deaths were recorded, 2 million of which were in the SADC region. Food insecurity no doubt compounds the infection rate.

20. In my SADC Day Message a year ago, I reminded the citizens of this region that, we had taken many initiatives to prevent the spread of this scourge. Amongst them is the Maseru Declaration on HIV and AIDS that we signed right here in July 2003. The Declaration spells out a common vision in the fight against the deadly disease. As I emphasised then, we can put the most beautiful policies in place, provide free medication, welfare grants and food aid, but as governments, we cannot succeed. The citizens must keep their end of the bargain to prevent this region from continuing under the scourge of the AIDS pandemic. I wish to call upon all stakeholders to play their role in dealing with the challenge.

21. Once again, I challenge all SADC citizens to cooperate with our governments and other caregivers to eradicate food insecurity and reduce the prevalence of HIV and AIDS. Regarding the implementation of the Dar-es-Salaam Declaration and Plan of Action, it is disturbing that the SADC region is still not able to produce adequate food for its people. Although weather and soil conditions are normally blamed for low production of food, I believe that more can be done, especially in areas where rains are not a constraint. I urge member states to redouble their efforts and adopt modern methods of farming to ensure food security for our people. Furthermore, we should be able to meet the 10% of our total budget allocated for agricultural activities, and explain why, if that target is not reached. We should now do less talking and put our declarations into action.

22. For the first time in recent years, we have seen most of our water reservoirs filled to capacity. But what has happened to the water? Too much of it is running into the sea or going to waste. I am also not oblivious to the brain-drain that has turned us into trainers whose skilled human resources end up going to more affluent countries. However, it is my conviction that amongst the 230 million plus citizens of this region, there must be at least one or two with the relevant know-how on preserving this very scarce resource instead of letting it all flow to the sea.

23. In the area of human resource development, it is my conviction that we can make the region sufficiently attractive to retain its citizens. The way forward

is to, as much as is possible, make our region attractive as a settlement of choice, including its rural areas. Let me however also remind those of our citizens who are inclined to leave us at home in search of greener pastures in richer countries that East, West, home is best. The development of our countries is the collective responsibility of all the citizens of the region, particularly those whom we educated and trained with our limited financial resources.

24. Regarding the African Continental development cooperation and integration, I have noted with satisfaction that SADC is one of the eight (8) Regional Economic Communities (RECs) acknowledged by the African Union on the Rationalisation of the RECs during its meeting held in Banjul in the Gambia last month. We needed to strengthen our regional organization by quickly moving to deeper phases of regional integration as I stated before, and become a meaningful building block of the AU within the framework of the Abuja Treaty and the Consultative Act of the AU. SADC will need to challenge itself to continue to be a leading Regional Economic Community in Africa as it has been for some time.

25. The New Economic Partnership for African Development (NEPAD) initiatives are noble, very necessary and welcome. However, we do not see much happening on the ground. We are still waiting to see tangible NEPAD projects in this region. NEPAD should become a reality to member states in terms of implementation of specific projects.

26. On the multilateral front, we approved the 2006 Windhoek Declaration of the New Partnership between us and our International Cooperating Partners. The declaration outlines the principles, objectives and priority areas of cooperation between the two parties. The Windhoek Declaration is an important instrument which is intended to assist SADC to mobilize the necessary resources to implement the Regional Indicative Strategic Development Plan and the Strategic Indicative Plan of the Organ.

27. For the first time in our history, the Consultative Conference was attended by Governments from the Southern Hemisphere, and back to back with it, the Inaugural session of the SADC India Forum was held. I see this as a pace setter for our endeavour to achieve south/south cooperation at the regional level.

28. Although we have made some progress in the Economic Partnership Agreement Negotiations and significant inroads in preparing for the programming of the 10<sup>th</sup> European Development Fund (10<sup>th</sup> EDF); I am worried by talk of SADC of seven plus the Republic of South Africa in the context of the EPA. Are we not supposed to be fourteen (14)?

29. Our main philosophy in this regard should be that, at the regional level, the RISDP and SIPO are our long term development strategies guiding SADC integration and the development agenda. In turn, the EPAs and EDFs are support programmes from one of our main strategic partners – the European Union, and are intended to strengthen SADC's capacity to pursue its integration

agenda. The support from our international cooperating partners should assist the SADC region attain the objectives as stipulated in the RISDP and SIPO.

30. In the area of sport and culture, I am very happy and eagerly await the 2010 World Cup. I urge all of us leaders of this region, to redouble our efforts in assisting South Africa, our fellow SADC state, to make the event a resounding success.

31. I am told that great plans are underway to spread the benefits of South Africa's hosting of the event, through the utilization of our natural resources, specifically the Transfrontier Parks. There is no doubt in my mind that we stand to reap enormous benefits from the event if we get organized as early as now. As you are all aware, SADC is richly endowed with outstanding tourist attractions and must position itself to reap the benefits of the 2010 World Cup.

32. Your Majesties, Your Excellencies, I would like to emphasise in conclusion that we need to renew our commitment to the SADC agenda if we are to achieve the targets we have set for ourselves we need to take bold decisions at the political level, on the issue of overlapping membership of the Regional Economic Communities (RECs) as a matter of urgency. I look forward to constructive discussions on the way forward.

33. With these remarks, I declare the 2006 Summit officially open.

34. I thank you.



**ACCEPTANCE SPEECH DELIVERED BY THE RIGHT  
HONOURABLE PAKALITHA B MOSISILI, MP PRIME MINISTER  
OF THE KINGDOM OF LESOTHO AT THE OPENING CEREMONY  
OF THE 26<sup>TH</sup> SUMMIT OF HEADS OF STATE AND  
GOVERNMENT, MASERU, 17 AUGUST, 2006**

Your Majesty King Letsie III  
Your Excellencies Heads of State and Government  
Honourable President of Senate  
Honourable Speaker of the National Assembly  
Your Lordship the Chief Justice  
Honourable Deputy Prime Minister  
Your Excellencies Former Heads of State and Government Your Excellencies the  
First Ladies  
Honourable Ministers  
Your Excellencies Members of the Diplomatic Mission Your Excellencies Heads  
of Regional and International  
Organisations  
Distinguished Delegates  
Distinguished Guests  
Ladies and Gentlemen

It is my singular honour and privilege to add my voice to that of His Majesty King Letsie III, in welcoming Your Excellencies, your gracious First Ladies, your delegations and SADC citizens to our beautiful Mountain Kingdom. The honour you have bestowed upon His Majesty's Government and to the people of Lesotho by holding your 26th Summit here in Maseru and the opportunity you have afforded us to chair SADC for the next twelve months, will forever be remembered by future generations of Basotho. We are indeed happy to receive you. The weather is not so friendly this week, but you can count on the warmth of our hearts.

Many of us here will recall that it is not the first time that Lesotho hosts a SADC Summit, but it is the first time we take the chair. Therefore, Your Majesty and Your Excellencies, as First Minister of His Majesty's Government, I accept the challenges of chairing the SADC on behalf of all Basotho and all SADC citizens with a sense of humility. The task is enormous but the opportunity to build on the foundations laid by my predecessors is exciting.

Allow me, at the outset, to pay tribute to His Excellency President Festus Mogae, President of the Republic of Botswana, for the exemplary manner in which he steered the affairs of our Organisation during the last twelve months. We will build on his achievements and draw from his vast experience as we tackle the

goals we will set for ourselves during this Summit. Our tribute also goes to our distinguished Executive Secretary Dr. Tomaz Augusto Salomao who has shown leadership and determination in his first ten months at the helm of the SADC Secretariat. It remains our responsibility as member States, to provide the

Secretariat with financial and human resources to achieve the objectives of SADC.

I should also take this opportunity to welcome into our midst, the Republic of Madagascar, as a new member of our community. I am sure her presence will add fresh impetus towards the development of a cohesive and prosperous sub-region that is SADC.

Your Majesty,  
Excellencies,  
Distinguished Ladies and Gentlemen,

The significance of this our 26th Summit and Lesotho's assumption of the leadership of the SADC is made more noteworthy by the fact that it takes place only six weeks before Lesotho celebrates her 40th Anniversary of Independence. This rare moment offers us the opportunity, as a country and as a nation, to reflect on the road we have travelled so far and the challenges that lie ahead.

Today we cooperate in order to enhance our political, economic and social strength and development as a region. Our vision is clear though our path to get there must be better defined and milestones to measure progress clearly indicated.

The Summit also follows a successful International Smart Partnership Dialogue - Global 2005, which Lesotho was privileged to host last November. It is indeed gratifying to note that Leaders in Southern Africa form the majority of the Dialogue Council of Patrons and Advisers for the Smart Partnership Movement whose main aim is to complement regional efforts for various aspects of development. The essence of the Smart Partnership approach is open engagement with all the relevant stakeholders based on the Smart Partnership practice of "win-win" and "prosper thy neighbour". Development agendas in our respective countries have benefited in one way or another from the smart partnership approach.

Your Majesty,  
Excellencies and  
Distinguished Ladies and Gentlemen,

During his tenure of office, President Mogae raised some fundamental questions that I hope we will get the opportunity to reflect on in the course of this Summit. First, the expectations of our peoples about the benefits of SADC are high. SADC has delivered political freedom and democratic governance. But it has not

delivered on the eradication of poverty through Regional economic integration. It is making progress towards establishing an environment of peace and stability, which are the foundations of rapid economic and social development. We need to consolidate this process.

But, our infrastructure remains fragmented and in some cases in a state of decay. We continue to suffer food deficits and surpluses in some areas. Our trade is miniscule and our tariffs against each other remain high. We have defined a timeline towards a community by 2020, which includes a Free Trade Area in 2008, a Customs Union in 2010, Common Market in 2015 and Monetary Union by 2018. However, we have not defined clearly the drivers and assigned accountabilities for this Regional Strategic Agenda. Furthermore, we have not resolved the issue of multiple membership since we know that no country can belong to two Customs Unions. Indeed, no one can serve two masters.

The drivers and accountabilities of the agenda for peace and stability are obvious - the Strategic Indicative Plan for the Organ (SIPO) is in place. But for the regional economic agenda, these drivers need to be defined and mandated, and their accountabilities monitored.

Lastly, our region continues to suffer from the devastation of HIV and AIDS. According to statistics compiled by our Secretariat, more than fourteen million adults and children in the SADC region are living with HIV and AIDS. In the words of the UN Secretary General, the pandemic is still out-pacing our efforts. It was for this reason that we held an Extraordinary Summit on HIV and AIDS here in Maseru three years ago. We reached important decisions then and established a Regional HIV and AIDS Fund. Until His Majesty pledged Lesotho's contribution this morning, To-date, only South Africa had contributed to that Fund. I therefore urge other members States to come forward with their contributions so that as a country we show our collective commitment to the fight against the pandemic. Furthermore, Lesotho has launched a national house-to-house campaign called "Know Your Status" (KYS) campaign. This is the basis for our policies of prevention, care and treatment which we hope to share with others during this Summit.

Your Majesty,  
Excellencies,  
Director of Ceremonies

The agenda of building a dynamic and wealthy SADC requires the establishment of a strong partnership between the public and private sectors and between Government and civil society. Unless we work together, taking advantage of each other's skills and strengths, we will not reach our SADC vision in 2018.

Our Organisation has played and continues to play an important role in the peace and security architecture of our continent. In this regard, member States have sent military observers and peacekeepers across the continent in such countries as the Sudan, Cote d' Ivoire and Burundi. However, this has been

largely at the initiative of individual member States. There is, therefore, a need to fast-track the establishment of the SADC brigade.

Regional integration is another issue that merits our considered attention. The rapid pace at which the world is globalising dictates that Africa should hasten the process of integration. In this regard it is important that SADC plays an active role in the process of the rationalization of the Regional Economic Communities which are the building blocks of the African Union. SADC must remain cohesive and proactive in order to provide the leadership in the integration agenda of our continent.

One of the founding principles of our Organisation is democracy and good governance. We should therefore advance our collective support for the adoption of the African Union Charter on Democracy, Elections and Good Governance and spearhead its implementation throughout the continent in our Community, and in our respective countries.

Furthermore, the African Peer Review Mechanism (APRM) has become an innovative indigenous process aimed at enhancing good governance through the sharing of experiences and drawing from best practices from member States of the APRM. This unique and laudable process deserves the full support of our Organisation. We therefore urge all SADC member States who have not yet done so, to accede to the APRM to make our region a beacon of democracy and good governance on the continent and beyond.

You will recall, Your Excellencies, that you nominated Lesotho to represent the Southern African region in a Committee of Heads of State and Government mandated to consider the study on the establishment of the Union Government or the United States of Africa. Here also SADC should come up with a common position. Member States should expedite internal consultations with a view to reaching a common position which should guide the work of this Committee. We will therefore, continue to engage all SADC countries with a view to clearly articulate the Organisation's position on this matter.

Our meeting takes place against the backdrop of significant developments in the region and beyond which are both positive and worrying. The recent holding of democratic elections in the Democratic Republic of Congo (DRC) is a positive step not only for the DRC but for SADC as a whole. We congratulate the Congolese people for the large participation and the peaceful manner in which they conducted the elections. We hope that this important milestone, which is the embodiment of the wishes of the Congolese people, will be respected by all.

However, the situation in the Middle East should be a source of serious concern to all peace-loving peoples in the world. We have seen and read about the massive loss of life and wanton destruction of property in Lebanon. We welcome the adoption of the United Nations Security Council's Resolution that paved the way for the ceasefire which came into force on Monday 14 August 2006. While this is a positive step, we cannot run away from the painful reality that it came too

late for the hundreds of innocent civilians who lost their lives. This underscores the urgent need for the reform of the Security Council in order to make it more representative, democratic, effective and responsive.

Your Majesty,  
Excellencies,  
Distinguished ladies and Gentlemen

None of the above priorities can be achieved without a Secretariat that is strong and effective, focused and well managed, and more importantly, well resourced. I hope we will get the opportunity to reflect on whether or not the organization and staffing of our Secretariat is equal to the challenges we impose upon it. If we streamline and focus our operations, it will enable our Secretariat to be focused and results-driven.

With these few words, Your Majesty and Excellencies, I accept the honour you have bestowed upon me to chair SADC on behalf of Lesotho for the next twelve months. With your support we will succeed.

Thank You

**SPEECH BY THE RIGHT HONOURABLE PAKALITHA B  
MOSISILI, MP, PRIME MINISTER OF THE KINGDOM OF  
LESOTHO AND CHAIRPERSON OF SADC AT THE CLOSING  
CEREMONY OF THE 2006 ORDINARY SUMMIT OF HEADS OF  
STATE AND GOVERNMENT, MASERU, THE KINGDOM OF  
LESOTHO, 18 AUGUST, 2006**

Your Majesties King Letsie III and Queen Masenate  
Your Excellencies, Heads of State and Government  
Honourable President of Senate  
Honourable Speaker of the National Assembly  
Your Lordship the Chief Justice  
Honourable Deputy Prime Minister  
Your Excellencies the First Ladies  
Honourable Ministers  
Your Excellencies Members of the Diplomatic Mission  
and Heads of Regional and International Organizations  
Distinguished Delegates  
Distinguished Members of the Media  
Distinguished Ladies and Gentlemen.

As we come to the end of our Summit, I would like to express my deepest gratitude and appreciation to all of you for a job very well done. I see the conclusion of our Summit as a triumph of our collective efforts to pursue the ideals of dignity, peace, security and shared development that have characterised our Community.

In the two days of our meeting, we have made important decisions that impact on the lives of our peoples. The sense of unity of purpose, and shared priorities and strategies, have enabled us to advance regional integration and cooperation. We have maintained our unity and cohesion towards the implementation of the Regional Integrated Strategic Development Plan that has laid road map for an integrated community.

In a globalising world, we have also underscored the importance of negotiating together as one people with our development partners, and with the external world, on matters that affect our economic and social well being. It is significant, and indeed compelling, to remain united on all fronts. We should strive for the influence that will bring food, shelter, clothing and dignity to our peoples, including education, jobs and improved health. In today's world, economic growth and development are the prerequisites for any region's ability to influence global outcomes.

Your Excellencies,  
Honourable Ministers,  
Ladies and Gentlemen:

Allow me at this point, to thank the Republic of Zambia for accepting the important responsibility of Vice-Chair of our organisation. I am sure that collectively as the organs trio with the out-going Chairperson President Mogae and the Deputy Chairperson, His Excellency President Levy Mwanawasa of Zambia, we will constitute a good team in the service of SADC and her peoples. During our tenure as Chair, we commit ourselves to continue the good work done by our predecessors towards meeting challenges that face our community, of which the HIV and AIDS pandemic and the alleviation if not the eradication of poverty are the upper most.

Let me also thank His Excellency Jakaya Mrisho Kikwete, President of the United Republic of Tanzania for accepting the responsibility of Chair of the Organ on Politics, Defence and Security. In similar manner, our gratitude goes to the Republic of Angola for accepting the position of Deputy-Chair of the Organ. These Member States, together with Namibia, the outgoing Chair, fully constitute the Organ Troika. This is of utmost importance because the maintenance of peace and stability in our region remains our key priority.

Reference has been made by different speakers during the Summit, to the wise words of Former President Joaquim Alberto Chissano of the Republic of Mozambique regarding, peace, stability and development. I am confident that this proven, competent trio of proactive Members of the Troika will adequately address the challenge of bringing these three very important aspects together, for the fruitfulness of our cooperation and integration. These and many other pressing issues, will put our time at the helm of our organization to a great test. To succeed we will rely heavily on your support and guidance.

Your Excellencies,  
Honourable Ministers,  
Ladies and Gentlemen

The legitimacy of our planning and actions is rooted in our Treaty and its constituent instruments. These include a range of Protocols that all our countries are signatory to. It is now incumbent on Member States to align national legislations to the Protocols we have all signed and ratified. I believe this is a responsibility we can all fully discharge and I know there is a strong political will to undertake this next step.

We must, also focus also on the political context of regional cooperation and integration. There can be no integration in the absence of political solidarity and the recognition that all Member States in our region share a common destiny. In SADC, political and economic aspects of regional integration are equally valid, and must be reinforced.

Furthermore regional integration is not an end in itself, but a vehicle to the betterment of the lives of our peoples. Our integration therefore will put us in a better position to blend successfully into the global economy. This requires enhanced and sustained political will and commitment to regional integration goals. We must be prepared to surrender a little more of our national sovereignty over domestic policy, so as to pool our regional sovereignty together in pursuit of larger and longer term goals and benefits to all member countries. Thus, integration has its obvious costs but I can assure you, the costs of not integrating are far higher.

Your Excellencies,  
Honourable Ministers,  
Ladies and Gentlemen,

The success of this summit depended to a large extent on hard work and dedication by many people. Therefore, it behoves me, on your behalf to express gratitude to all who gave of their time, effort, wisdom and other resources to organize this Summit. In this regard, mention must be made of Their Majesties King Letsie III and Queen 'Masenate; the Office of the First Lady of Lesotho; the Outgoing Chairperson, President Mogae and the SADC Secretariat; the Council of Ministers; Senior Officials and NGO fraternity; the various organizing Committees; Security and Protocol Officers; Management and Staff of various hotels which hosted us; Police, Army and Traffic Officers; the Media; and last but certainly not least; the Drivers and Pilots who ferried us safely to the various venues. To one and all we say "Rea leboha, le ka moso"!

In conclusion, Your Excellencies, allow me to thank you most heartily, on behalf of Their Majesties and their subjects, for coming to Lesotho and for the frank and fruitful deliberations in the true tradition of SADC. I do hope that you enjoyed the modest hospitality extended to you and that you will take with you good memories of Lesotho and Basotho. Please do not hesitate to visit Lesotho again. Your brief working session at Mohale Dam yesterday afternoon must have whetted your appetites. I can assure you, there is still a lot more to see in those beautiful mountains.

Once again I thank you, your Excellencies for the honour bestowed upon His Majesty's Government by electing us as Chairperson of SADC for the coming year. We shall endeavor to do our utmost to steer our Community towards the Achievement of its lofty ideals.

Thank you and bon Voyage!





## COMMUNIQUE

### 2006 ORDINARY SADC SUMMIT OF HEADS OF STATE AND GOVERNMENT

1. The Summit of Heads of State and Government of the Southern African Development Community (SADC), met in Maseru, Kingdom of Lesotho on August 17-18 and was chaired by the Right Honourable Pakalitha Mosisili, Prime Minister of Lesotho.
2. The Summit was officially opened by His Majesty King Letsie III of The Kingdom of Lesotho. In his opening remarks, he recognised that the citizens of SADC remained poor despite 26 years of regional cooperation. In this respect he recommended that SADC carefully reviews carefully its institutions to ensure that they deliver on regional integration and development.
3. The Summit was attended by the following Heads of State and Government;

H.E. Festus G. Mogae, President of the Republic of Botswana  
H.E. Marc Ravalomanana, President of the Republic of Madagascar  
H.E. Bingu wa Mutharika, President of the Republic of Malawi  
H.E. Armando Emilio Guebuza, President of the Republic of Mozambique  
H.E. Hifikepunye Pohamba, President of the Republic of Namibia  
H.E. Thabo Mbeki, President of the Republic of South Africa  
H.E. Jakaya Mrisho Kikwete, President of the United Republic of Tanzania  
H.E. Levy Mwanawasa, President of the Republic of Zambia  
H.E. Robert G. Mugabe, President of the Republic of Zimbabwe  
Rt Hon. Prime Minister, Mr. Fernando da Piedade Dias dos Santos of the Republic of Angola  
Rt. Hon. Prime Minister, Prof. Pakalitha Mosisili of the Kingdom of Lesotho  
Rt. Hon. Prime Minister Dr. Navinchandra Ramgoolam, of the Republic of Mauritius  
Rt. Hon. Prime Minister, of the Kingdom of Swaziland Mr. Themba Dlamini  
The DRC was represented by Mr. Mbusa Nyamwisi, Hon. Minister of Regional Cooperation

4. The following organisations were also represented at the Summit: African Development Bank; Economic Commission for Africa; African Union; COMESA, and NEPAD.
5. In his address to the opening session of the Summit, the outgoing SADC Chairperson, His Excellency Festus Mogae, President of the Republic of Botswana thanked Member States for the support they rendered to him during his tenure as chairperson.
6. President Mogae observed that the implementation of SADC programmes shows limited progress in the achievement of SADC's full integration, and called for the scaling up of the implementation process. He felt that Member States needed to show commitment by contributing significantly towards regional projects and programmes.
7. President Mogae further observed that, SADC has committed itself to a timeline of achieving a Free Trade Area by 2008, and a Customs Union by 2010. He also called for the resolution of the issue of multiple membership which is delaying progress towards deeper regional integration.
8. The Incoming Chairperson, the Right Honourable Prime Minister, Pakalitha Mosisili, of the Kingdom of Lesotho and host of the Summit added his welcome to the SADC Heads of State and Government, and other delegates to the Kingdom of Lesotho. In accepting the Chairpersonship of SADC, Prime Minister Mosisili stated his preparedness to live up to the challenge.
9. Pointing to the high expectations of the peoples of the region about the benefits of the regional body, Prime Minister Mosisili noted that SADC has delivered political freedom and democratic governance. However, SADC had not fully delivered on the eradication of poverty through regional economic integration although it is making progress towards establishing an environment of peace and stability, which are the foundations of rapid economic and social development.
10. His Excellency President Jakaya Mrisho Kikwete of the United Republic of Tanzania delivered his first speech at the official opening of the Summit. He gave assurances of his commitment and cooperation to meeting the milestones of regional integration.
11. The official opening session also witnessed the ceremonial handover of the chairpersonship from His Excellency President Festus Mogae to the Right Honourable Prime Minister Mosisili. The Summit also elected H.E. President Levy Mwanawasa of the Republic of Zambia as Deputy Chairperson of SADC.

12. In his acceptance statement, the Right Honourable Prime Minister Mosisili thanked the outgoing Chairperson for his excellent leadership of the organisation and undertook to build on these achievements.
13. African Development Bank President, Mr. Donald Kaberuka informed the Summit that the Bank is committed to working with SADC in the implementation of the region's agenda, especially in the field of infrastructure development. He also informed the Summit that the ADB intends to open additional offices in a number of SADC countries.
14. The UN Under-Secretary and Executive Secretary, of the Economic Commission for Africa Mr. Abdoullie Janneh, committed the ECA to providing SADC with technical assistance in its regional economic integration agenda.
15. Addressing Summit for the first time as the Executive Secretary of SADC, Dr. Tomaz Augusto Salomão thanked the Heads of State and Government for the confidence they have placed in him. He stated his priorities as being the stabilisation of the Secretariat and improvement of its capacity to implement the key priorities of SADC.
16. Summit also witnessed the award of prizes to the winners of the 2006 Regional Secondary Schools Essay Competition whose theme was ***"Food and Nutrition in the SADC region has been unsatisfactory for many years now. Discuss the causes of this situation and suggest possible actions which the people and governments of SADC should take to ensure that there is adequate food available for proper nutrition in the region"***. The first prize for the Best Essay was won by Herry Mapesi, a student of Benjamin W. Mkapa High School in the United Republic of Tanzania. The Second Best Essay prize went to Boitshwarelo Mokgethi, a student of Maikano Community Junior Secondary School in the Republic of Botswana. The Third Best Essay prize was awarded to Lorraine Chitereka, a student of the National University of Lesotho International School (NULIS).
17. The 2006 SADC Media Awards were also presented during the Summit to Mr. Alfredo Lazaru Mueche from Mozambique for photojournalism. Ms Fazila Dahall and Mr. Andre Smith both from the Republic of South Africa won the radio and television prizes respectively, while Mr. Takawira Musara from Zimbabwe won the print category.
18. The Summit emphasised the need to scale up the implementation of the SADC integration agenda, and reiterated that the RISDP and SIPO are the main instruments in this regard. To this end, the Summit established a Task Force comprising Ministers responsible for Finance, Investment, Economic Development, Trade and Industry, to work with the Secretariat with a view to defining the road map for eradicating poverty and propose measures for fast tracking implementation. They directed the Task Force

to report to the Extra Ordinary Summit, to be held not later than October 2006.

19. The Summit noted with satisfaction the progress being made in the construction of the SADC Headquarters building in Gaborone, Botswana.
20. The Summit noted the Report of Outgoing Chairperson which covered, amongst others, the progress on the regional integration process and implementation of the RISDP, SIPO, and various Protocols.
21. The Summit congratulated the Outgoing Chairperson for his untiring efforts to improve the performance of the Organisation and for steering it to greater heights in its integration agenda during his tenure of office.
22. The Summit noted that while SADC recorded an overall 5.0% growth in real GDP in 2005, the region still needs to work hard as it remains below the 7% target set by the UN in the Millenium Development Goals for the developing nations to attain in the Millennium Development Goals by 2015.
23. The Summit received a report from the outgoing Chairperson of the Organ on Politics, Defence and Security Cooperation, His Excellency, Hifikepunye Pohamba, President of the Republic of Namibia. The report highlighted a number of issues concerning the peace and security situation and other related issues in the region especially the successful holding of elections in the DRC. In this regard the Summit congratulated the people of the DRC for the peaceful and orderly manner in which they exercised their democratic right to vote.
24. The Summit thanked His Excellency President Pohamba for efficiently spearheading the activities of the Organ during the past year. His Excellency President Pohamba handed over the chairpersonship of the Organ to His Excellency President Jakaya Mrisho Kikwete of the Republic of Tanzania and Summit elected Angola as Deputy Chairperson.
25. The Summit noted that the region continues to have high rates of mortality especially for women and children, which is worsened by the HIV epidemic that has reversed gains made by countries through immunisation and other health programmes. The Summit further noted with satisfaction that government expenditure on health continues to improve. The Summit observed that programmes for combating the spread of HIV and Mitigating the impact of AIDS remain very high on the region's agenda, and resolved that these interventions be up-scaled within the context of the Maseru Declaration on Combating HIV and AIDS of 2004.
26. The Summit also noted that issues of access, equity and quality of education at all levels are of great concern and the achievement of Education for All remains the key challenge in the region.

27. With respect to Gender and Development, the Summit noted the progress being made toward achieving set target of 30% women representation in decision making and reaffirmed its commitment to the new target of 50%.
28. The Summit endorsed the process of drafting the Gender Protocol and further directed the Secretariat to ensure that thorough consultations with Member States are undertaken.
29. The Summit noted that improvements have been recorded in the overall food security situation, attributed to improved access to inputs by farmers and also increased rainfall during the 2005/06 season. The Summit however noted the challenges facing the sector, especially the need to upscale the use of fertiliser.
30. The Summit approved and signed the SADC Protocol on Finance and Investment.
31. The Summit congratulated, Dr. Luis Mondlane of the Republic of Mozambique on his election as President of the SADC Tribunal.
32. The Summit approved, the convening of a SADC Conference on Poverty and Development, and directed the Secretariat to make the necessary preparations in consultation with Mauritius.
33. With respect to the membership of Seychelles, the Summit welcomed the application of Seychelles to rejoin SADC and resolved to engage in further consultations on the matter.
34. The Summit mandated the SADC Secretariat to accelerate the process leading to the establishment of the SADC Regional Development Fund to finance development projects based on mobilisation of Member States own resources such as pension funds and any other regional funding sources.
35. The Summit expressed its appreciation to the Government and people of the Kingdom of Lesotho for hosting them and for the warm hospitality extended to all delegates.
36. The Right Honourable Prime Minister Pakalitha Mosisili officially closed the Summit.

37. The next ordinary Summit of Heads of State and Government will be held in Lusaka, Republic of Zambia in 2007.

**Maseru, Kingdom of Lesotho  
August 18, 2006**



**SADC SUMMIT  
MASERU – KINGDOM OF LESOTHO  
17 - 18 AUGUST 2006**

**LIST OF DELEGATES**

**CHAIRPERSON**

Rt. Hon. Pakalitha B Mosisili  
Prime Minister of the Kingdom of Lesotho  
Chairperson of SADC

**ANGOLA**

1. Rt. Hon. Mr. Fernando da Piedade Dias dos Santos  
Prime Minister
2. Hon. Ana Dias Lorenzo  
Minister  
Ministry of Planning
3. Hon. Joaquin David  
Minister  
Ministry of Industry
4. Hon. Roberto L R Monteiro  
Minister
5. Hon. Albina Assis Africano  
Minister in Office of President  
Ministry of Office of President
6. H. E. Manuel Augusto  
Ambassador

## **BOTSWANA**

1. H. E. Festus G Mogae  
President
2. Hon. B Gaolathe  
Minister of Finance and Dev. Planning
3. Hon. D N Moroka  
Minister of Trade and Industry
4. Dr. Athaliah L Molokomme  
Attorney General
5. Dr. T Nyamadzabo  
Secretary for Economic Affairs  
Ministry of Finance & Dev. Planning
6. Mrs. B K Molosiwa  
Permanent Secretary  
Ministry of Trade & Industry
7. Mr. A K Madikwe  
Director, Development Cooperation  
Ministry of Finance & Dev. Planning

## **DEMOCRATIC REPUBLIC OF CONGO**

1. Hon. Mr. Mbusa Nyamwisi  
Minister of Regional Cooperation
2. H. E. Bene L'Mpoko  
Ambassador  
Embassy of DRC  
Pretoria
3. Dr. Salima Kabagambe  
Apt No.9  
Bldg Sabena- Interpol
4. Musikitela Lemambel  
Director Juridique  
Office Congolese de control and Trade Ministry
5. Leon Mbadu-Khonde  
Motel Fikin, 78



6. Godelieve Izwe Modiri  
Counsellor
7. Jacky Nzomini Masebe  
Director  
National Social Security Institute
8. Rene L. Sola  
Embassy of the DRC  
791 Schoeman Street

#### **LESOTHO**

1. Hon. Monyane Moleleki  
Minister  
Ministry of Foreign Affairs
2. Hon. Mamphono Khaketla  
Minister  
Ministry of Natural Resources
3. Hon. Lebohang Ntsinyi  
Minister  
Ministry of Tourism, Environment & Culture
4. Hon. Refiloe Moses Masemene  
Minister  
Ministry of Justice, Human Rights & Rehabilitation & Constitutional Affairs
5. Dr. Moeketsi Majoro  
Principal Secretary & SADC National Contact Point  
Ministry of Finance & Development Planning

#### **MADAGASCAR**

1. H. E. S.E.N. Marc Ravalomanana  
President
2. S.E.N. Narcel Ranjeva  
Minister  
Ministry of Foreign Affairs
3. N. Rogu Nahil RAFANONEZANTSOA  
Minister  
Ministry of Industry and Communication

4. S.E.N Randriasandratiniony  
Ambassador  
Ministry of Foreign Affairs
5. Dr. Prega Ramsamy  
Counsellor  
Office of the President
6. Leonnel  
Director, Internacional Relations
7. Angeline JUSTIN  
Director, Regional Cooperation

#### **MALAWI**

1. H. E. Bingu wa Mutharika  
President
2. Hon. Joyce Banda  
Minister  
Ministry of Foreign Affairs and International Cooperation
3. Hon. Ken Lipenga  
Minister  
Ministry of Industry, Private Sector Development
4. Hon. David Faiti  
Minister  
Ministry of Economic Planning and Development
5. Mr. M B Mbewe  
Secretary for Foreign Affairs and International Cooperation  
Ministry of Foreign Affairs and International Cooperation
6. Mr B Msaka  
Chief Secretary  
Office of the President and Cabinet

#### **MAURITIUS**

1. Rt. Hon. Dr. Navinchandra RAMGOOLAM  
Prime Minister
2. Hon. Madam M Dulloo  
Minister of Foreign Affairs, International Trade & Cooperation  
Ministry of Foreign Affairs, International Trade & Cooperation

3. Mr. Suresh Chandre Seeballuck  
Secretary to the Cabinet & Head of Civil Service
4. Mr. Anund P Neewoor  
Secretary for Foreign Affairs  
Ministry of Foreign Affairs
5. Mr. Kaulosh Puhee  
Senior Adviser and Chief of Staff  
Prime Minister's Office
6. Mrs. Kalindee Bhonji  
Permanent Secretary  
Prime Minister's Office
7. H. E. Mr. Ismael DOSSA  
Mauritius High Commissioner  
Pretoria
8. Mr. Devdasslall Dusoruth  
Director, Regional Cooperation & SADC National Contact Point  
Ministry of Foreign Affairs, International Trade and Cooperation
9. Mr. Parwez Ali Mohamudally  
Principal Regional Cooperation Analyst  
Ministry of Foreign Affairs, International Trade and Cooperation

#### **MOZAMBIQUE**

1. H. E. Armando Emílio Guebuza  
President
2. Hon. Mr. Tobias Dai  
Minister  
Ministry of Defence
3. Hon. Mr. Antonio Fernando  
Minister  
Ministry of Industry and Trade
4. Hon. Dr. Eduardo Koloma  
Deputy Minister  
Ministry of Foreign Affairs and Cooperation
5. H. E. Mr. Belmiro Malate  
High Commissioner  
Mozambique High Commission  
Gaborone

6. Mr. Domingos Fernandes  
Director & SADC National Contact Point

#### **NAMIBIA**

1. H. E. Hifikipunye Pohamba  
President
2. Hon. Immanuel Ngatjizeko  
Minister  
Ministry of Trade and Industry
3. Hon. Marco Hausiku  
Minister  
Ministry of Foreign Affairs
4. Hon. Charles D N P Namoloh  
Minister  
Ministry of Defence
5. Mr. Andrew Ndishishi  
Permanent Secretary  
Ministry of Trade and Industry
6. Ambassador Veiccoh K Nghiwete  
Permanent Secretary  
Ministry of Foreign Affairs
7. Ambassador Ndali-che Kamati  
Executive Director  
Office of the President

#### **SOUTH AFRICA**

1. H. E. Thabo M Mbeki  
President
2. Hon. N Dlamini-Zuma  
Minister  
Ministry of Foreign Affairs
3. Hon. S M Mpahlwa  
Minister  
Ministry of Trade and Industry

4. Ambassador J Duarte  
Deputy Director General, Africa Multilateral  
Department of Foreign Affairs
5. Mr. George Monyamangene  
Chief Director  
Department of Trade & Industry
6. David Hlabane  
Presidency

#### **SWAZILAND**

1. Rt. Hon. Mr. Themba Dlamini  
Prime Minister
2. Hon. Absalom Dlamini  
Minister  
Ministry of Economic Planning and Development
3. Hon. Moses Dlamini  
Minister  
Ministry of Foreign Affairs & Trade
4. Hon. Mtiti Fakudze  
Minister  
Ministry of Agriculture & Cooperatives
5. Clifford Mamba  
Principal Secretary  
Ministry of Foreign Affairs & Trade
6. Mrs. Tibobo J Dlamini  
Director, SADC  
Ministry of Economic Planning & Development

#### **UNITED REPUBLIC OF TANZANIA**

1. H. E. Jakaya Mrisho Kikwete  
President
2. Hon. Asha Rose Migiro (MP)  
Minister  
Ministry of Foreign Affairs & International Cooperation
3. Hon. Prof. Juma A Kapuya (MP)  
Minister  
Ministry of Defence & National Service

4. Hon. Dr Shukuru J Kawambwa  
Minister  
Ministry of Livestock Development
5. Hon. Prof. Feethom F Banyikwa  
Member of Parliament
6. Hon. John Paul Lwanji  
Member of Parliament
7. Ambassador Charles K Mutalemwa  
Permanent Secretary  
Ministry of Foreign Affairs & International Cooperation
8. Ambassador Herbert E Mrango  
Director for Regional Cooperation  
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