

# ANNUAL REPORT

2012 - 2013



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## **Acronyms**

<b>AfDB</b>	<b>African Development Bank</b>
<b>AU</b>	<b>African Union</b>
<b>AUC</b>	<b>African Union Commission</b>
<b>CAADP</b>	<b>Comprehensive Africa Agriculture Development Programme</b>
<b>CBRI</b>	<b>Capacity Building for Regional Integration</b>
<b>CCARDESA</b>	<b>Centre for Coordination of Agricultural Research and Development for Southern Africa</b>
<b>CES</b>	<b>Special Electoral Court</b>
<b>CMT</b>	<b>Committee of Ministers of Trade</b>
<b>COMESA</b>	<b>Common Market for Eastern and Southern Africa</b>
<b>COP</b>	<b>Conference of Parties</b>
<b>CRASA</b>	<b>Communications Regulatory Association of Southern Africa</b>
<b>CSC</b>	<b>Climate Services Centre</b>
<b>DRC</b>	<b>Democratic Republic of Congo</b>
<b>EAC</b>	<b>East African Community</b>
<b>EDF</b>	<b>European Development Fund</b>
<b>EPA</b>	<b>Economic Partnership Agreements</b>
<b>EU</b>	<b>European Union</b>
<b>FAO</b>	<b>Food and Agriculture Organisation</b>
<b>FARA</b>	<b>Forum For Agriculture Research in Africa</b>
<b>FARA</b>	<b>Forum for Agriculture Research in Africa</b>
<b>FTA</b>	<b>Free Trade Area</b>
<b>GDP</b>	<b>Gross Domestic Product</b>
<b>HCPI</b>	<b>Harmonised Consumer Price Indices</b>
<b>HE</b>	<b>His Excellency</b>
<b>HSGOC</b>	<b>Heads of State and Government Orientation Committee</b>
<b>ICP</b>	<b>International Cooperating Partners</b>
<b>IUU</b>	<b>Illegal Unreported and Unregulated</b>
<b>JCA</b>	<b>Joint Competition Authority</b>
<b>MDGs</b>	<b>Millennium Development Goals</b>

<b>MIP</b>	<b>Minimum Integration Program</b>
<b>MoU</b>	<b>Memorandum of Understanding</b>
<b>NEPAD</b>	<b>New Partnership for Africa’s Development</b>
<b>NPCA</b>	<b>NEPAD Planning and Coordinating Agency</b>
<b>NSA</b>	<b>Non State Actors</b>
<b>NSC</b>	<b>North South Corridor</b>
<b>ODL</b>	<b>Open and Distance Learning</b>
<b>PMTCT</b>	<b>Prevention of Mother to Child Transmission</b>
<b>PPDF</b>	<b>Project Preparation and Development Facility</b>
<b>R&amp;D</b>	<b>Research and Development</b>
<b>RAP</b>	<b>Regional Agricultural Policy</b>
<b>RDF</b>	<b>Regional Development Fund</b>
<b>REDD</b>	<b>Reducing Emissions from Deforestation and Forest Degradation</b>
<b>REIS</b>	<b>Regional Integration Support</b>
<b>RIDMP</b>	<b>Regional Infrastructure Development Master Plan</b>
<b>RISDP</b>	<b>Regional Indicative Strategic Development Plan</b>
<b>RPC</b>	<b>Regional Political Cooperation</b>
<b>RSAP</b>	<b>Regional Strategic Action Plan</b>
<b>RSP</b>	<b>Regional Strategy Paper</b>
<b>SADC</b>	<b>Southern African Development Community</b>
<b>SAT</b>	<b>Southern African Trust</b>
<b>SIPO</b>	<b>Strategic Indicative Plan for the Organ</b>
<b>SPME</b>	<b>Strategy, Planning, Monitoring and Evaluation</b>
<b>SQAM</b>	<b>Standards, Quality Assurance, Accreditation, and Metrology</b>
<b>SRII</b>	<b>SADC Region Information Infrastructure</b>
<b>TB</b>	<b>Tuberculosis</b>
<b>TICAD</b>	<b>Tokyo International Conference on African Development</b>
<b>TTF</b>	<b>Tripartite Task Force</b>
<b>UN</b>	<b>United Nations</b>
<b>USA</b>	<b>United States of America</b>
<b>WEO</b>	<b>World Economic Outlook</b>

## EXECUTIVE SUMMARY

The 2012 – 2013 reporting period has yet again seen some **considerable** political stability in the region { }. **However**, there were few Member States, **namely the** Democratic Republic of Congo (DRC), the Republic of Madagascar and the Republic of Zimbabwe which were still confronted with some challenges.

**Since** { } the economic performance of the SADC region mirrors that of the global economy, the pace of recovery in the region from the 2008 financial and economic crisis has been interrupted by { } deterioration in the overall global economic performance.

As a reflection of this deterioration, the GDP averaged 4.4 per cent in 2012, a decline from 5.3 per cent in 2011. This rate of growth has moved further from the 7 per cent that is the regional target. However, there **have** been **some** { } improvements { } **in** other selected economic indicators. In 2012, Inflation remained unchanged from the 7.8 per cent rate of 2011. Gross National Savings increased from 15.5 per cent in 2011 to 18.6 per cent of GDP in 2012, while investment improved from 25 per cent in 2011 to 26.1 per cent in 2012.

{ } Member States participating in the SADC Free Trade Area (FTA) **have made notable progress**. { } These Member States have fully implemented the FTA with the exception of Tanzania and Zimbabwe who have sought derogation from implementing some of their tariff commitments. Further to this, the Protocol on Trade in Services was signed in August 2012.

In **the quest for** { } enhanced productive competitiveness in the region, an Industrial Development Policy Framework, and the SADC Globally Harmonised System for the Classification and Labelling of Hazardous Chemicals (GHS) Policies were developed and approved in November 2012.

**Considerable progress has been made in the area of operationalizing the SADC Regional Development Fund. An agreement has been reached on a number of matters and they include: windows of the Fund; the required seed capital for the Fund; criteria for selecting the host institution; the shareholding and institutional structures of the Fund and the guiding principles of the credit policy.**

Following the approval of the Regional Infrastructure Development Master Plan (RIDMP) in August 2012, infrastructure conferences have been held. One such event was held in London in March 2013 and selected infrastructure projects in energy, transport, and water sectors were presented to British companies as part of a broader marketing framework for the RIDMP. Another conference was held in the region in June 2013 in Maputo, Mozambique whereby the RIDMP Short Term Action Plan was presented to all potential investors. **One of the outcomes of the London conference was that a project identification and follow-up mechanism consisting of representatives from the SADC Group of Ambassadors, the British business community and the Foreign Commonwealth Office will be instituted. The highlight of the Maputo conference was the reaffirmation that was made by the private sector in its preparedness to deepen their cooperation in investment in the region.**

The region continues to face immense challenges in the food and agriculture sector. Challenges include food shortages, under-production, and declining yields in agriculture,

land degradation, and unsustainable use of some of the region's natural resources. In order to address these challenges, the Secretariat continued to strengthen its efforts in facilitating implementation of the Regional Indicative Strategic Development Plan (RISDP) and the Dar-es-Salaam Declaration.

About social and human development programmes of regional dimension, there have been major developments and achievements during the review period. This included development and approval of the Regional Open and Distance Learning Policy Framework, the conclusion of the SADC Protocol on Employment and Labour and the approval of the SADC Labour Market Information System.

Cross cutting programmes such as gender and development, and statistics have also made considerable progress. As part of gender mainstreaming initiatives in the Member States, the Secretariat facilitated a regional workshop in November 2012 to develop Regional Gender Budgeting Guidelines and all Member States were represented. Pertaining to statistics, some of the key achievements included the approval of the SADC Regional Strategy for Development of Statistics 2013-2018, publication of SADC Harmonised Consumer Price Indices on a monthly basis since January 2013 to mention a few.

The operationalization of the Regional Poverty Observatory has commenced and a SADC Common Poverty Matrix has been developed and approved. This is despite the challenges encountered due to lack of funding.

Efforts have been made by the Secretariat to operationalize the SADC Policy for Strategy Development, Planning, Monitoring, and Evaluation. A Medium Term Strategy has been drafted and awaits approval. Furthermore, Five Year Corporate and Operational Plans have also been drafted.

The **reporting** { } period saw a momentous exercise being carried out { } **in the form of** the mid – term review of the Regional Indicative Strategic Development Plan. **The review included field visits** { } to all **the** Member States by the independent consultants. **The consultant's draft report was validated by representatives of the Member States, civil society organizations, and the private sector at a regional workshop held between 15 and 16 July 2013** { } in Johannesburg, South Africa. **The draft review report will be submitted for approval.**

In order to sustain the status of the Secretariat in its compliance to the institutional reforms programme, Financing Agreements were signed with the EU in November 2012 on two projects, Institutional Capacity Development Programme and the Technical Cooperation Facility II. In addition, Two Contribution Agreements have also been signed – the Regional Political Cooperation (RPC) programme and the Regional Economic Integration Support (REIS) programme.

Budgetary support for projects and programmes as well as technical assistance from development partners continued to play a significant role towards the development of the SADC region. The major organisations that the Secretariat received assistance from include the EU, African Development Bank (AfDB), Commonwealth, World Health Organization, and Food and Agriculture Organization (FAO). Regional institutions such as Forum for Agriculture Research in Africa (FARA) and Southern Africa Trust (SAT) have

also continued to extend their support both technically and financially. Bilateral assistance was received from countries such as Germany, France, Norway, Sweden, United Kingdom, and the United States.

## 1.0 INTRODUCTION

The SADC Secretariat is the principal executive institution of SADC. As mandated by the SADC Treaty, its responsibilities include the following: { } strategic planning and management of SADC programmes; monitoring and evaluating implementation of regional policies and programmes; organisation and management of SADC meetings; representation and promotion of SADC; and mobilisation of resources, coordination and harmonisation of programmes and projects with cooperating partners.

{ } **This** report **provides** snapshots of a number of the Secretariat's initiatives and activities aligned to the fulfilment of its mandate, during the reference period of August 2012 to July 2013. { } The report { } **is** based on more detailed sectoral reports. In addition, **the** { } report utilises the Regional Economic Performance Audit Reports.

The { } **organization of the report is as follows:** After this introductory section, it goes on to give an overview of the political and economic developments in the region. The third section addresses implementation of programmes of regional cooperation and integration while the subsequent six sections are focused on the corporate support programmes. The last section concludes.

## 2.0 OVERVIEW OF THE POLITICAL AND ECONOMIC DEVELOPMENTS IN THE REGION

### 2.1 POLITICAL DEVELOPMENTS

With a view to address challenges resulting from geopolitics and global international dynamics, the Strategic Indicative Plan for the Organ (SIPO) was revised. **The SIPO II was** { } launched by the Chairperson of the Organ, HE Jakaya Kikwete, President of the United Republic of Tanzania, in Arusha in November 2012. { } President Kikwete pointed out that there have been six major achievements **since SIPO's adoption in 2004:** the facilitation of defence and security cooperation among SADC Member States; { } commitment towards collective self-defence; { } operationalization of the SADC Standby Force; { } enhancement of the fight against organised crime and cross-border illegal activities; establishment of the Regional Early Warning Centre; and { } establishment of the SADC Electoral Advisory Council.

As part of the process of consolidation and enhancement of democracy and democratic institutions as well as governance in the region, Member States hold elections on a regular basis. During the review period, the Republic of Angola **and Zimbabwe** held General Elections in August 2012 **and July 2013 respectively. Prior to the elections,** { } the Republic of Zimbabwe had held a Constitutional Referendum in March 2013. { }

Pertaining to the political situation in the region during the reporting period, for the most part, it remained stable. Notwithstanding, the Democratic Republic of Congo (DRC), the Republic of Madagascar and the Republic of Zimbabwe were still confronted with challenges.

## **The Democratic Republic of the Congo**

While the political situation in DRC is generally stable, in the eastern part of the country the deterioration of security and humanitarian condition is still of great concern. As a result, an Extraordinary Summit of SADC Heads of State and Government was held in Dar es Salaam, United Republic of Tanzania, on 8 December 2012, to consider the political and security situation in the region. { } Summit decided to deploy the SADC Standby Force as a block in the Eastern DRC under the auspices of the Neutral International Force. As per this decision, the Secretariat worked together with the SADC Inter-state Politics and Diplomacy Committee and the International Conference on Great Lakes Region to engage the African Union Peace and Security Council and the United Nations (UN) Security Council for support to the deployment and sustenance of the SADC SF.

## **Madagascar**

The consultations resulted in the signing of the Peace Framework for the DRC and Great Lakes Region, the adoption of the United Nations (UN) Security Council Resolution 2098, of March 2013, that mandates the deployment of the Intervention Brigade under the auspices of United Nations Organization Stabilization Mission in the Democratic Republic of the Congo and deployment of SADC SF troops in the Eastern DRC.

There was a mediation process aimed at { } at returning Madagascar **to** constitutional normalcy, through free, credible and transparent elections. { } Progress **was seen** in the implementation of the Roadmap, signed by the political stakeholders (ten out of the eleven political groupings and parties), on 16 September 2011. In this regard, all institutions of the transition were established although their functionality is still facing challenges due to lack of funds.

Despite the significant progress made, the publication of the List of Presidential Candidates for the forthcoming 2013 Elections by the Special Electoral Court (CES), on 3 May 2013, aggravated the political crisis in Madagascar and jeopardized accomplishment of the implementation of the Roadmap. The CES validated the candidacies of illegitimate candidates, Andry Rajoelina (President of Transition), Didier Ratsiraka (former President), and Lalao Ravalomanana (wife of the former President Ravalomanana). This development prompted immediate and vigorous reaction from **the** SADC, African Union (AU), UN and the International Community; calling for the withdrawal of the three candidates. The candidates were strongly urged to reconsider their positions in order to pave the way for holding peaceful, credible, transparent, free, and fair election that will return the country to constitutional normalcy. { }

Concerning preparations for holding elections and the need to respect the electoral calendar as adopted by CENI-T and endorsed by the UN; all necessary technical preparatory work was undertaken and the legal and institutional framework for organization of elections is in place.

## **Zimbabwe**

Following the post-electoral political crisis in Zimbabwe, in 2008, a mediation process under the auspices of SADC led to the signature of the General Political Agreement (GPA) by the concerned parties, on 15 September 2008. There is progress in the implementation

of the GPA, which aims at creating an environment **that is** conducive to holding **peaceful, credible, free, and fair elections**.

As evidence of the positive progress attained in Zimbabwe, the **Constitutional Referendum** **was held in** March 2013 and the 'YES' vote in favour of the proposed new Constitution won. The Constitutional Referendum was observed by SADC Election Observation Mission (SEOM) and according to SEOM; the Constitutional Referendum was conducted in line with the SADC Principles and Guidelines Governing Democratic Elections. The Draft Constitution was assented into law of the country on 22 May 2013.

Further signs of the improved political situation in Zimbabwe are the lifted sanctions by the European Union (EU). **The EU lifted the major sanctions/restrictive measures against individuals and entities in Zimbabwe and announced its intention to lift all forms of sanctions on Zimbabwe pending the holding of peaceful and credible elections. On 31 July 2013, the Republic of Zimbabwe held "free and peaceful harmonised elections" as per the preliminary statement made by the SEOM.**

## **2.2 ECONOMIC DEVELOPMENTS**

The pace of recovery from the global financial and economic crisis of 2008 – 2009 has been threatened by the deterioration in global economic performance, which decelerated from 3.9 per cent growth rate in 2011 to 3.2 per cent growth rate in 2012.

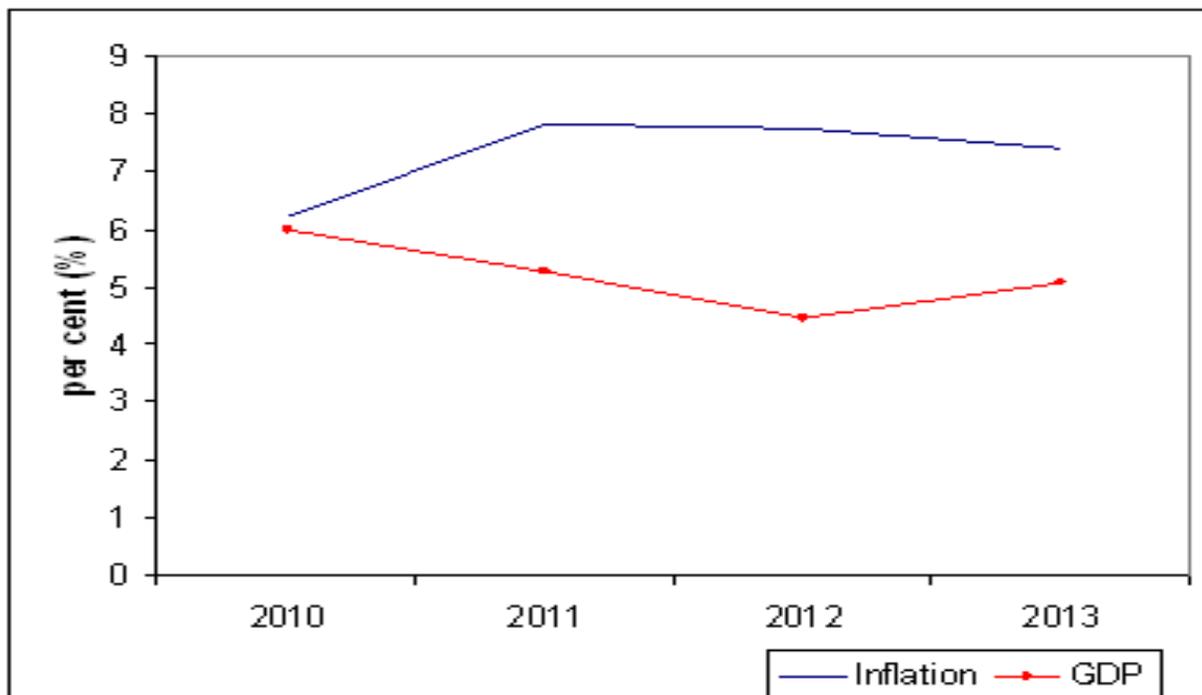
As the economic performance of the SADC region mirrors that of the global economy particularly through the economies in the Euro area, developing Asia, USA, and generally commodity markets, the economic performance of the SADC region in 2012 remained unsatisfactory **with the average growth rate declining from 5.3 per cent in 2011 to 4.4 per cent in 2012.**

Furthermore, risks remain and they include increasing inflationary pressures as a result of rising commodity prices particularly for food and oil importing countries; and depreciating exchange rates in the face of constrained foreign exchange reserves. SADC Member States are faced with narrow policy space in that fiscal policy is limited because of low revenues and declining aid flows. On the other hand, expansionary monetary policy to prop up growth is also limited in the face of increasing inflation pressures.

### **2.2.1. REAL GDP**

On average, the region recorded a growth rate of 4.4 per cent in 2012, a decline from 5.3 per cent in 2011 and furthermore, less than the regional target of 7 per cent. Four Member States, namely, Angola, DRC, Mozambique and Zambia, achieved the 7 per cent target in 2012. Although the rest of the Member States did not attain the set target, they still managed to register growth rates.

Figure 1: SADC - Real GDP and Inflation (percentage)



Source: Member States and IMF WEO, October 2012

### 2.2.2 INFLATION

The average inflation rate for the region in 2012 remained unchanged from the 2011 rate at 7.8 per cent. **Nevertheless**, developments in global prices of commodities such as food and fuel contributed to the inflationary pressures **in some of the Member States**.

Increases in inflation were steeper in Malawi at 18.4 per cent in 2012 from 7.6 per cent in 2011 as prices adjusted following the devaluation and floatation of the Kwacha. Three Member States: Angola, Malawi and Tanzania recorded double-digit inflation in 2012 while only three Member States, Mauritius, Mozambique and Zimbabwe recorded inflation below 5 per cent which { } **was** the regional target for 2012.

### 2.2.3 NATIONAL SAVINGS AND INVESTMENT

The region recorded gross national savings of 18.6 per cent of GDP during 2012 compared to 15.5 per cent of GDP in 2011 on the back of improved gross national savings in nine Member States. These are the DRC, Lesotho, Malawi, Mauritius, Mozambique, Seychelles, Swaziland, Tanzania, and Zimbabwe. The savings rates for these Member States were above 20 per cent with Lesotho at 32.2 per cent of GDP.

On the investment side, the region recorded total investment of 26.1 per cent of GDP in 2012, an improvement from 25.0 per cent of GDP recorded in 2011. However, this performance still fell short of the regional target of 30 per cent of GDP. Only three Member States achieved the regional target of 30 per cent; and these are Lesotho, Namibia, and **the** Seychelles.

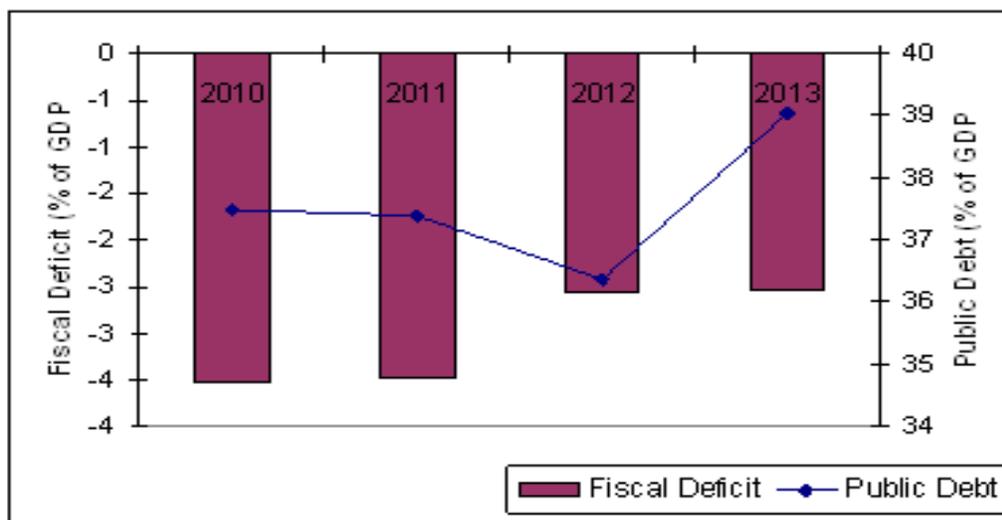
## 2.2.4 FISCAL SECTOR

While the region recorded satisfactory performance in the fiscal sector, the sluggish global economic growth **continued to exert a negative impact** { } on the revenues of most Member States.

The region recorded total revenues of 32.4 per cent of GDP in 2012 compared to 29.8 per cent of GDP in 2011. Most of the Member States have introduced major reforms in their revenue collection systems and that may have accounted for the improvement in revenues.

However, the increase in government revenue was **undermined** { } by the increase in expenditure at an average of 34.4 per cent of GDP in 2012 compared to 33.2 per cent of GDP in 2011. This resulted in an overall regional fiscal deficit of 2.6 per cent of GDP for 2012 as opposed to 3.4 per cent of GDP in 2011. Only Angola, Botswana, Lesotho, Swaziland, and Zimbabwe recorded deficits within the regional target range of less than 3 per cent of GDP for 2012.

Figure 2: SADC – Fiscal Deficit and Public Debt (percentage of GDP)



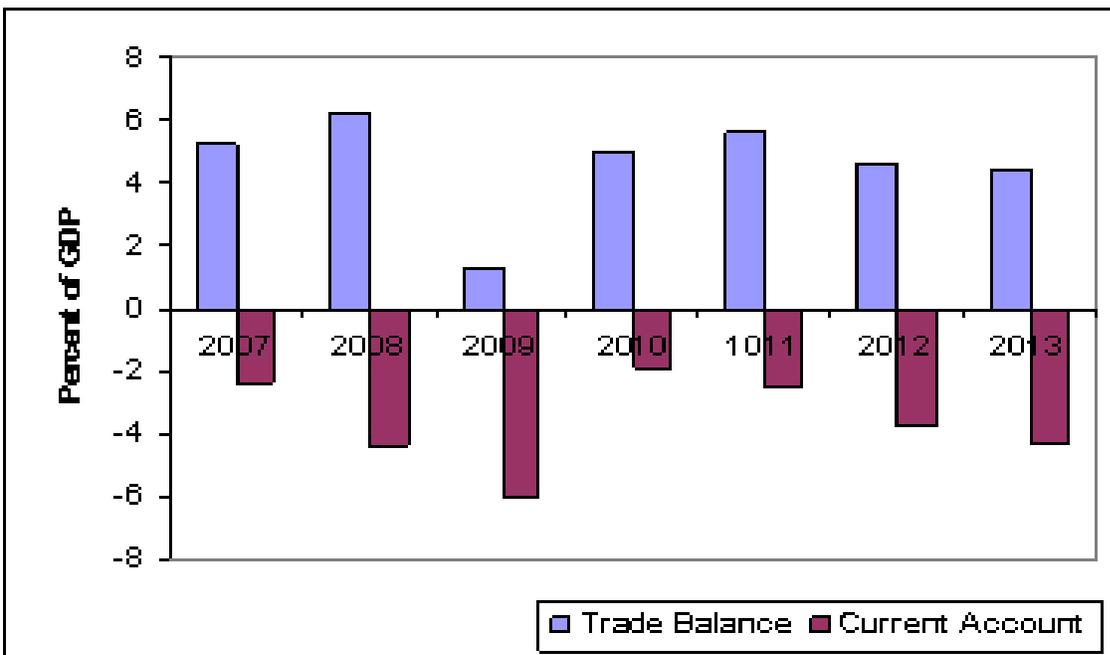
Source: Member States and IMF WEO, October 2012

Consequently, average general government debt improved slightly from 37.2 per cent of GDP in 2011 to 36.2 per cent of GDP in 2012. Only two Member States: Seychelles and Zimbabwe recorded general government debt above the regional target of 60 per cent in 2012.

## 2.2.5 EXTERNAL SECTOR

Performance of the external sector in the region was unsatisfactory, **which reflected the** { } unfavourable developments in the global economy, particularly in the traditional export markets of Europe and **the** USA. Both volumes of exports and imports slowed down from the growth of 6.6 per cent and 7.2 per cent in 2011 to 4.9 per cent and 3.7 per cent in 2012, respectively. Terms of trade deteriorated by 2.7 per cent in 2012 compared to an improvement of 4.9 per cent recorded in 2011.

Figure 3: Trade and Current Account Balances (% of GDP)



Source: Member States and IMF WEO, October 2012.

The trade balance on goods narrowed from a surplus of 5.6 per cent of GDP in 2011 to 4.6 per cent of GDP in 2012. The external current account for the region deteriorated from a deficit of 2.5 per cent of GDP in 2011 to a deficit of 3.8 per cent of GDP in 2012.

While most countries have been steadily increasing their foreign reserves, the situation remained precarious in **the** DRC, Malawi, Seychelles, Swaziland and Zimbabwe, where international foreign reserves for 2012 were not only below the SADC target, but were also below the internationally set reserve adequacy threshold of 3 months of import cover. As a region import cover averaged 4.8 months in 2012, **which is** below the regional target of 6 months of import cover.

### 2.2.6 MEDIUM - TERM PROSPECTS

The SADC economy is largely influenced by activity in the global economy; consequently, the anticipated sluggish growth in world output and restrained global demand as well as trade, are expected to dampen growth in the region. International foreign reserves are also expected to further decrease to approximately 4.3 months of import cover in 2013; largely on account of deteriorating trade balances as exports are expected to remain restrained, while imports continue to increase.

The SADC region is also expected to continue experiencing persistent inflationary pressure in 2013, largely because of depreciations of local currencies and increases in fuel and food prices, owing to the decline in food production due to weather-related factors.

## 2.2.7 ISSUES AND POLICY RECOMMENDATIONS

### 2.2.7.1 Undiversified Sectors

Most of the SADC economies are still relatively undiversified and reliant on export of raw materials, hence continuing to be significantly susceptible to external shocks. This calls for serious policy measures by individual member states aimed at diversifying their economies, in order to mitigate the effects of external shocks and the instability emanating from global markets.

### 2.2.7.2 Economic Risk Management

It has become apparent that economies can be affected by destabilizing external events and SADC is largely affected by such factors that it has no control over. Member States therefore need to look at the bigger picture in managing risks to their economies, i.e. the need for greater economic diversification, which not only reduces the impact of external events but also fosters more robust, resilient growth over the long-term.

### 2.2.7.3 Revenue and Expenditure Management

In the face of constrained revenue resources, most Member States have resorted to cutting and rationalizing budget expenditures (freezing posts and outsourcing services). However, { } **the Member States ought to carefully consider the medium to long term effects of these practices, especially regarding potential impacts on employment. Nevertheless, rationalization of expenditures should include reducing consumption expenditures while increasing capital expenditures for infrastructure developments, in order to create an enabling environment for investment and entrepreneurial activities. Additionally, fiscal policy should focus on the long term, which is, investing for production to thrive (investment & private enterprise). That will take care of employment/unemployment and increase public resources (through tax).** { }

### 2.2.7.4 Reviving Agriculture

Member States are encouraged to take advantage of the prospects in the agriculture sector and invest more in order to capture the gains that will accrue with time. Continuing global demand for food will be on the increase for at least another 40 years as some studies indicate. It is thus imperative that investment, both public and private is boosted in this sector.

### 2.2.7.5 Innovation, Research, and Development

As the world become increasingly competitive, there is urgent need for the SADC region to produce products of good quality that can compete on the international market. Member States should invest more in Research and Development (R&D) and encourage R&D through tax concessions. Companies that undertake R&D in order to encourage innovative products, processes and services and promoting technological advancement, should be able to claim tax deductions on the expenditure incurred on such R&D activities. Member States should also invest more in research institutions including overhauling the education system to accommodate curricula on technology and innovation.

### **2.2.7.6 Reforming for Business**

Despite the challenging environment globally, Member States continue to carry out reforms to improve their investment and business environment. However, the pace has stalled leading to most of the Member States falling in ranking in both the Ease of Doing Business and the Global Competitiveness Index.

As such, there is need for the region to continue reforming even amid difficult times. The instruments and frameworks agreed at both regional and international levels, which aim at improving the business environment and integrating the region need to be implemented. These include the areas of trade facilitation; removal of non-tariff barriers; competition policy; industrial development; standards, quality assurance, accreditation and metrology; removal of barriers to investment; and ensuring the flow of capital in the region.

## 3.0 IMPLEMENTATION OF PROGRAMMES OF REGIONAL COOPERATION AND INTEGRATION

Along with other bodies in the developing world, SADC has realised that collaborative actions are critical to achieving its developmental goals. The Secretariat therefore facilitates implementation of programmes within the region that are geared towards regional cooperation and integration. A broader framework of these programmes has been outlined in the RISDP.

The areas of focus in the context of programmes were trade and economic liberalisation; infrastructure development; food security, environment and joint management of trans-boundary natural resources; and social and human development of regional dimensions.

**The** cross cutting areas of priority were gender and development, and statistics.

### 3.1 TRADE AND ECONOMIC LIBERALISATION

Trade and financial liberalization, competitive and diversified industrial development remain critical and strategic priorities of the SADC integration agenda.

The focus during the review period included amongst others, consolidation of the SADC FTA, enhancing productive competitiveness, and operationalization of the SADC Regional Development Fund.

#### 3.1.1 CONSOLIDATION OF THE SADC FREE TRADE AREA

Priority focus has been on the implementation of the Action Plan Matrix for the Consolidation of the FTA. **The two areas of concentration are trade facilitation and trade in services.** Notable progress has been made towards implementation of tariff phase down commitments by Member States participating in the FTA. So far, the main challenges on tariff liberalization remain only with respect to Tanzania and Zimbabwe who have sought derogation from implementing some of their tariff commitments.

However, while SADC has made significant progress in eliminating tariffs, the benefits to be derived from tariff dismantling could be further maximized through improvements in trade facilitation. Specifically, there is need to prioritize the reduction of border-related trading costs, through effective coordination, rationalization and simplification of trade procedures and documentation; enhanced efficiency in border operations, including business-friendly operating hours; and improved cooperation on border management among Member States. Many of these issues are identified as non-tariff barriers, which can be addressed through appropriate administrative reforms. For this reason, a practical and focused programme on addressing trade facilitation challenges in the region should be at the centre stage of the SADC trade in goods agenda.

On services, the Protocol on Trade in Services was signed during the August 2012 Summit and negotiations for liberalization are in progress. This Protocol is important in the consolidation of the FTA due to its strong linkages to the industrial sector, particularly that services such as transport, telecommunications, and energy are important inputs into manufacturing. An efficient services sector is likely to enhance competitiveness and productivity of the SADC manufacturing sector.

### 3.1.2 ENHANCING PRODUCTIVE COMPETITIVENESS

An Industrial Development Policy Framework for SADC, as approved by the CMT in November 2012 is ready for implementation. This Framework aims to promote the development of an integrated industrial base in SADC through the exploitation of regional synergies in value addition and enhancement of export competitiveness. Furthermore, a pilot Industrial Upgrading and Modernisation Programme, covering three priority sectors: Agro food processing, minerals beneficiation, and pharmaceutical production have been developed.

Successful implementation of the SADC industry work programme will require that adequate resources be mobilised. In this regard, Council has decided that the SADC Regional Development Fund should prioritise the Infrastructure and Industrial development financing windows.

In the area of Standardisation, Quality assurance and Accreditation and Metrology (SQAM), the SADC Globally Harmonised System for the Classification and Labelling of Hazardous Chemicals (GHS) Policy was finalised and approved by the Committee of Ministers of Trade. It is envisaged that the policy will facilitate trade among Member States in hazardous chemicals, which currently faces challenges due to diverse technical regulations.

### 3.1.3 FINANCE AND INVESTMENT

**The SADC Regional Development Fund (RDF) will play an important role in unlocking the potential for development in the region. The process to operationalize the SADC RDF has advanced during the period under review. In this regard, an agreement has been reached on the windows of the Fund; the required seed capital for the Fund; criteria for selecting the host institution; the shareholding and institutional structures of the Fund and the guiding principles of the credit policy. The contribution from Member States into the Fund is yet to be concluded and the Agreement for operationalizing the Fund is being drafted.**

### 3.1.4 MACRO-ECONOMIC CONVERGENCE

The promotion of macro-economic stability across the region remained an important area in advancing the regional economic integration in SADC. For this reason, implementation of a Macroeconomic Convergence Programme aimed at facilitating convergence on stability-oriented economic policies continues to be a priority for SADC. Stability-oriented economic policies include limiting inflation to low and stable levels; maintaining a prudent fiscal stance based on the avoidance of large budget deficits, monetization of deficits and high or rising ratios of public and publicly guaranteed debt to GDP.

A Review of the Macroeconomic Convergence Programme against 2012 targets revealed that All Member States, with the exception of Seychelles and Zimbabwe, recorded good performance with regard to public debt, keeping it below 60 per cent of GDP. In addition, performance with regard to the fiscal deficit indicator was reasonably good with half of the 14 Member States meeting the target. However, containing inflation has proved difficult, with only three Member States (Mauritius, Mozambique and Zimbabwe) of the 14 Member States having met the **5 per cent regional target** in 2012. Performance with regard to real GDP has also been generally been below the 7 per cent target, with only four Member

States (Angola, DRC, Mozambique, and Zambia) having grown by more than 7 per cent during 2012.

It is, therefore, important for Member States to continue striving towards sustainable macroeconomic balance, in particular with regard to public finance and the balance of payments; and continue efforts to bring inflation down, especially where inflation remains above global levels. This is because the extent to which SADC will advance towards other deeper integration milestones such as the Monetary Union will largely depend on satisfactory progress on macro-economic convergence of Member States.

### **3.1.5 NEGOTIATIONS ON SADC-EU ECONOMIC PARTNERSHIP AGREEMENT**

The SADC –EU Economic Partnership Agreement (EPA) negotiations continue to record slow progress, which is not peculiar to this configuration but common in other EPA groupings on the continent. The three political structures of the EU have approved withdrawal of market access under Market Access Regulation 1528 of 2007 by 1 October 2014.

The withdrawal of the preferential market access will **deprive** { } **the** SADC EPA states { } an alternative preferential trade regime { } under the most-favoured nation treatment accorded to all WTO members. This is especially challenging for countries that will also be taken off the Generalised Systems of Preference - Botswana and Namibia in the case of the SADC EPA Group. Swaziland will continue to benefit under the GSP but some of its important exports to the EU will lose the DFQF market access the country is enjoying under the Regulation. **The** SADC EPA States are continuing the negotiations with a view to address unresolved **textual** issues and ensure that disruption of trade is avoided.

## **3.2 INFRASTRUCTURE DEVELOPMENT**

The direct benefits of infrastructure development in regional integration have long been recognised. Infrastructure makes an essential contribution to economic growth and the reduction of poverty.

### **3.2.1 SADC REGIONAL INFRASTRUCTURE DEVELOPMENT MASTER PLAN**

The SADC Heads of State and Government adopted a Regional Infrastructure Development Master Plan (RIDMP) at their 32nd SADC Ordinary Summit held in August 2012. In approving the Master Plan, Summit mandated Council, supported by the Ministers responsible for Infrastructure, to roll out the implementation of the Master Plan including the Oceanic States Infrastructure Programme; and resolved to schedule targeted SADC Infrastructure Investment Conferences, including the High Level SADC Infrastructure Investment Summit and considering and adopting the SADC Declaration on Infrastructure.

### **3.2.1.1 The SADC RIDMP Investment and Business Opportunities Event: London, March 2013**

SADC Secretariat sought assistance from the Foreign and Commonwealth Office (FCO) to convene an investment event to present a selected list of SADC infrastructure projects, particularly in the energy, transport, and water sectors to British companies as part of a broader marketing framework for the Plan.

This investment and business opportunities event was held in London on 13 March 2013 and it was attended by investors, business people and senior government officials with an interest in Southern Africa and representatives of SADC Member States.

The key objectives of the event was to raise awareness within the British business community of the infrastructure projects planned for Southern Africa as set out in the Master Plan; to brief British investors on the high priority projects; and to facilitate one to one meetings with national promoters to discuss specific projects.

As the way forward, it was agreed that:

- (i) A project identification and follow-up mechanism consisting of representatives from the SADC Group of Ambassadors, the British business community and the FCO should be instituted.
- (ii) The mechanism should be incorporated into the structures and/or the annual planning cycle of the SADC Secretariat.
- (iii) SADC should utilize the SADC Project Preparation and Development Facility (PPDF) and other facilities to prepare those projects that need more work to reach bankability.

### **3.2.1.2 The SADC Regional Infrastructure Investment Conference: Maputo, Mozambique, June 2013**

The SADC Regional Infrastructure Investment Conference took place in Maputo, Mozambique in June 2013. It was preceded by the briefing of Ministers Responsible for Infrastructure. The Conference was structured as a High Level Roundtable with Ministerial and Investors Break-Out Sessions. The Conference was held under the theme: "Accelerating Investment in SADC Infrastructure through Sustainable and Innovative Financing" and its objectives were to:

- (i) Present the SADC RIDMP in particular the SADC Short Term Action Plan to all the potential investors, funders of infrastructure and key international cooperating partners.
- (ii) Raise awareness and brief the investment community of the scale and range of some potential priority infrastructure projects across the Region; and
- (iii) Facilitate direct consultations between potential investors and national project promoters.

The highlight of the Conference was the High Level Round Table that emphasised on Member States commitment to agreed projects, the status of the enabling environment in the region, the readiness of the region to engage the Private Sector for investment. A session involving the Private Sector representatives who shared experience with the

Heads of State was held, and the Private Sector reaffirmed its preparedness to deepen their cooperation in investment in infrastructure in the region.

The last session entailed key financiers and Development Finance Institutions (DFIs) elaborating their commitment to work with the region in supporting the development and investment in infrastructure projects within the region. The Conference was a major milestone in terms of showcasing projects contained in the Short Term Action Plan, presentation and discussion of Project Information Memorandums, Investment Project Summaries, Bankable Projects on the North-South Corridor (road and rail), and the SADC Project data Base.

### **3.2.1.3 SADC Declaration on Infrastructure**

As directed by the Summit, the process of developing “the SADC Declaration on Infrastructure” is on-going. The specific objectives of the Declaration are to define common and key political, social, economic and technical goals, values, { } principles and objectives and outcomes that underpin and define the RIDMP.

## **3.2.2 ENERGY**

The overall Objective of the SADC Energy Programme is to facilitate availability to the SADC Member States, of sufficient, reliable, and least cost energy services. The Energy Sector Plan, a component of the RIDMP, addresses four key energy security areas, namely: improving access to modern energy services, tapping the abundant energy resources, up-scaling financial investment and enhancing environmental sustainability.

### **3.2.2.1 Power Supply and Demand Situation**

The Region continues to have energy supply deficit particularly in the power sector where the latest power supply and demand situation shows that the region has an available capacity of 51,702 MW against a demand of 53,833 MW. This is inclusive of peak demand, suppressed demand, and reserves. The difference between the supply and the demand translates to a shortfall of 7,709 MW. During the review period, electricity demand increased by a weighted average of 2.5 per cent per annum.

### **3.2.2.2 Electricity Regulation**

Owing to prevailing { } challenges, the migration by SADC Member States to cost reflective tariffs has been { } modest. However, progress has been made in establishing electricity regulation with 11 out of the 14 countries in the region having introduced electricity regulatory oversight in the form of an energy or electricity regulatory authority. The remaining Member States, DRC, Botswana, and Mauritius are at different stages of the process.

### **3.2.2.3 Energy Access and Renewable Energy**

The region is taking part in the global processes of the UN Sustainable Energy for All (SE4All) Initiative whose principal objective is to achieve Universal Energy Access by 2030 through ensuring universal access to modern energy services; doubling the rate of improvement in energy efficiency; and doubling the share of renewable energy in the global energy mix. A number of Member States are undertaking gap analyses and developing Action Plans using the SE4All African Response programme championed by NEPAD and the African Union Commission.

Member States, assisted by the Secretariat, are mobilising resources to finalise the SADC Renewable Energy Strategy and Action Plan. The Governments of Austria, Britain and Finland have { } expanded the Energy and Environment Partnership programme whose objective is to provide grants to increase uptake of renewable energy technologies in the region. A study on the feasibility of establishing a SADC Centre for Renewable Energy and Energy Efficiency is at an advanced stage.

### **3.2.3 TRANSPORT**

The lack of availability and access to cost effective and efficient transport networks continue to pose challenges to the intra-SADC trade. Initiatives aimed at addressing this challenge continue to be pursued at the regional level, **especially through the development of the corridors.**

#### **3.2.3.1 Corridors**

##### **Lobito Development Corridor**

The first Ministerial Meeting between Angola, DRC, and Zambia was held in February 2013. At the meeting, the Ministers approved a program and framework for the development of a legal instrument for the joint governance and the establishment of corridor management institutions. The Ministers also assigned task teams to develop integrated road and railway construction and maintenance plans.

Angola has made substantive progress in the rehabilitation and modernisation of the Port of Lobito including the construction of a dedicated mineral facility. The railway line from Lobito to Luau, the border with DRC has been fully rehabilitated and is now operational on the side of Angola. On the side of DRC, the line (Dilolo to Kolwezi section) still needs to be rehabilitated before it can be fully opened to international cross - border traffic.

##### **North South Corridor (NSC)**

Feasibility, design studies, maintenance and construction works are in progress on several sections of the NSC road network in Botswana, Malawi, Zambia and Zimbabwe. Kazungula Bridge Project (Botswana/Zambia) has now moved into implementation phase with Botswana and Zambia having established a joint oversight authority based near the bridge site in Kasane. Funding agreements with **the** African Development Bank and JICA were concluded and procurement of works is in progress.

The scope of the project includes construction of a 923m long rail/road extra dosed cable stayed bridge, the construction of two border posts in association with the reorganization of border procedures to OSBP mode and construction of access roads. The estimated project cost is USD259.3 million and the construction time is estimated as four years starting from 2014. Kasumbalesa (DRC/Zambia) and Nakonde/Tunduma (Zambia/Tanzania) are also undergoing redesign to OSBP mode.

### **3.2.4 METEOROLOGY**

In the area of meteorology, as at November 2012, the deadline that was set by International Civil Aviation Organization (ICAO) and World Meteorological Organization (WMO), five out of 14 Member States in the SADC region had attained Quality Management Services as per requirement for improved safety for air navigation.

### **3.2.5 COMMUNICATIONS AND ICT**

Subsequent to the adoption of the RIDMP, the ICT sector is pursuing implementation of the Digital SADC 2027 vision, which is the ICT Chapter of the RIDMP. Digital SADC 2027 is founded on the platforms of Policy and Regulatory Harmonization and Confidence and Security of Networks and Services. It is supported by four pillars, namely: Infrastructure; Capacity Building and Content; e-Services and e-Applications; Research; and Innovation and Industry Development.

Other developments within the Communications and ICT sector during the review period included the following:

#### **3.2.5.1 SADC Regional Information Infrastructure**

The SADC Regional Information Infrastructure (SRII) Project is currently at an advanced stage with installation of all IP networks employing Intelligent Nodes, which also includes two independent submarine cable links per Member State. As of August 2012, all SADC Member States were connected to the submarine cable networks. The African Union Commission (AUC) framework has enabled all Southern Africa States to set up their NIXP, whilst Namibia and Swaziland held their National Internet Exchange Point (NIXP) workshops in October 2012 and February 2013 respectively.

#### **3.2.5.2 Home and Away Roaming**

Much ground has also been gained under the SADC Home and Away Roaming project to promote affordability of mobile roaming services to SADC Citizens. A prominent milestone in this regard is the ICT Ministerial Directive of November 2012 that stipulates the enforcement of transparency measures (on balance, call limit information, tariffs for voice, SMS and data) and the establishment of the Roam like a Local (RLAL) principle by June 2015. This Directive is now supported by the SADC Guidelines on transparency in the Implementation of RLAL that came into effect on the 1st June 2013.

#### **3.2.5.3 SADC e-Strategy**

Significant progress has also been achieved in the implementation of the e-SADC Strategic Framework, which was adopted by the SADC ICT Ministers in 2010. Two key activities, in particular the e-Commerce Readiness Study, Strategy and Plan of Action as well as the SADC Harmonised Cyber Security Legal Framework were approved by the ICT Ministers in the November 2012 in Balaclava, Mauritius. Several Member States, through the assistance from the International Telecommunication Union are now undertaking their national transposition of the SADC Cyber Security Model Laws.

#### **3.2.5.4 Digital Terrestrial Television Migration (DTT)**

During the **Third** { } SADC Digital Broadcasting Migration Forum convened in August 2012, in Luanda, Angola the SADC Roadmap for Digital Broadcasting Migration was revised and an Action Plan was developed. The SADC Implementation Steering Committee was also established in August 2012. Each SADC Member State has nominated two Members to the Implementation Steering Committee.

The minimum specifications of the free to air (FTA) set top boxes (STB) were finalised in October 2012 and were later approved by the ICT Ministers in November 2012. The Digital Terrestrial Television (DTT) Project Management Office (PMO) was launched at

the **Sixth** { } SADC Digital Broadcasting Migration Forum convened in April 2013 in Swakopmund, Namibia.

Project Manager and experts to DTT PMO were seconded from Angola, Botswana, and South Africa. These secondments were endorsed by the ICT Ministers in May 2013. The SADC DTT PMO is now operational and it is a special desk under the auspices of the SADC Secretariat with the primary objective to be a one-stop-shop for advice, co-ordination, monitoring, evaluation, and reporting on the implementation of the SADC Roadmap for Digital Broadcasting Migration. From the progress report on the implementation of the SADC Roadmap, all Member States plan to meet the ITU deadline of Analogue Switch Off (ASO) on 17<sup>th</sup> June 2015.

#### **3.2.5.5 Postal Services**

The goal of making e-Services more accessible has also been realised through innovations introduced for the provision of postal services. SADC Postal Operators embarked on several initiatives in order to improve their quality of service and reduce pricing like the Regional Special Parcel Services, Global Monitoring System (GMS), Regional Road Transport Network (RTN) and diversifying their portfolio with the Regional Electronic Money Transfer Project, which aims at easing the plight of the unbanked, especially in the rural areas. All these initiatives have been successful.

#### **3.2.5.6 Postal Regulation**

SADC through the Communications Regulators Association of Southern Africa (CRASA) has undertaken Phase I of a postal assessment of legislation and regulations, analysis of the current postal reforms on stimulating competition and introduction of technology to enhance delivery of postal service in order to enable SADC to develop a harmonised framework that would strategically and competitively position the regional postal sector.

### **3.2.6 WATER**

Substantial progress continues to be made in the implementation of the various projects and programmes in the Regional Strategic Action Plan (RSAP) III and these are highlighted below. Furthermore, the WRTC and WSRG at their last meetings in May 2013 and June 2013 respectively reviewed the terms of reference for the consultancy for the Mid-Term Review of programme implementation that is planned to commence at a later stage in 2013.

#### **3.2.6.1 Regional Water Infrastructure Programme**

The SADC Water Infrastructure has a portfolio of 23 prioritised water infrastructure projects that have been incorporated into the RIDMP, with additional projects that will ensure the successful implementation of the Master Plan.

Several activities have taken place in trying to implement the projects. The Secretariat and the German Government through KfW signed a EUR10 million grant in December 2012. This grant will support small water infrastructure projects on water and sanitation and serve as seed funding that will support establishment of a Water Infrastructure Fund.

Furthermore, another financing facility called Climate Resilient Infrastructure Development Facility was also launched in April 2013 with funding from DFID. This facility targets support to water and sanitation infrastructure in the SADC region.

### **3.2.6.2 Kunene Trans boundary Water Supply and Sanitation Project**

The Kunene Trans boundary Water Supply and Sanitation Project continued to make headways during the period under review. The construction phase is scheduled to start in September 2013 and additional work on the feasibility study for the replacement of the canal with a pipeline is now at an advanced stage.

### **3.2.6.3 Facilitation of the Establishment of Shared Watercourse Institutions**

The Limpopo Watercourse Commission (LIMCOM) has initiated the review and amendment of its Agreement to include its Ministers in its Structure as the highest decision making body. The process of establishing a permanent Secretariat has also advanced wherein the hosting agreement has been developed by Mozambique as the selected host country for the permanent secretariat, and it is under review by Member States. The final stages of recruiting an Executive Director for the Commission is also advanced, with applications having been received and are awaiting review, short listing, and interview.

Zambezi Watercourse Commission (ZAMCOM) on the other hand has now established all the requisite organs except for the Permanent Secretariat, whose finalization is expected by December 2013. The ZAMCOM Technical Committee and ZAMCOM Council of Ministers have both now been established and their inaugural meeting was held in Luanda, Angola in May 2013.

A number of Basin initiatives have also been carried out in the other river basins that serve to strengthen their capacities and improve on cooperation in shared watercourses. These include the development of basin monographs and Strategies for the Buzi, Save, Rovuma Basins; Basin Wide Integrated Water Resources Management Plan for the Orange-Senqu; the agreement to carry out a feasibility study for the transfer of Water from Lesotho Highlands to Botswana signed by the three ORASECOM Ministers of Lesotho, Botswana, and South Africa with Namibia in Witness.

### **3.2.6.4 Responding to Climate Change Effects on Water Availability**

A number of activities have now been initiated as part of the Climate Change Adaptation Strategy at both regional level and river basin levels where several studies have been initiated with the objective of developing the necessary tools to address climate change. These include national studies on Policy and Legislation, Indigenous and Local knowledge, Financing Water Development, and Disaster management in hot spot areas.

### **3.2.6.5 Groundwater and Drought Management Project**

Discussions are underway with the World Bank for a Phase 2 of Groundwater and Drought Management project. The second phase is expected to build further on the successes of the first phase and consolidate the institutional development of the groundwater management and research in SADC through the SADC Groundwater Management Institute.

### **3.2.7 TOURISM**

Tourism continues to contribute significantly to the regional economies and plays a critical role in the alleviation of poverty.

Through RETOSA, the tourism sector undertook capacity building programmes on Tourism Satellite Account, tourism statistics and on brand communications and management for Member States. RETOSA continued to support tourism-marketing efforts of Member States through joint marketing activities at travel fairs and skills development in the formulation of destination strategy as well as media and tour operator educational trips to Member States.

In addition, a regional tourism and investment conference that was held in May 2013 in South Africa. The RETOSA Secretariat continued to support the tourism marketing efforts of Member States by publishing key tourism events in the regional annual calendar of events.

The Regional Tourism Growth and Development Strategy and the Brand Communications and Management Strategy that are critical pillars for supporting the Member States goal of marketing the Region as a single, multi-faceted tourist destination have also been finalized. Currently, the RETOSA Secretariat is working closely with Member States to promote the UNWTO General Assembly to be hosted by Zambia and Zimbabwe in August 2013 as well as the Adventure Tourism Travel Summit to be held in Namibia in October 2013.

As per the Tourism Ministers decision in March 2012, a consultant has been engaged to conduct an institutional review of RETOSA. The consultancy commenced in March 2013 and the consultant has engaged extensively with Member States on the state of tourism in the region and has made recommendations on possible vehicle options that could be considered to carry forth the vision of developing an integrated tourism market with seamless access across the region for tourists. The draft report for this consultancy is yet to be presented for consideration by the Tourism Ministers.

### **3.3 FOOD, AGRICULTURE AND JOINT MANAGEMENT OF TRANSBOUNDARY NATURAL RESOURCES**

In the area of Food, Agriculture, and Natural Resources, the Secretariat has continued to focus on achieving food security, reducing poverty, and promoting sustainable use of natural resources and the environment. The agricultural sector in the region remains critical as approximately 70 per cent of the population depend on it for food, income, and employment. The sector also contributes between four to { } 27 per cent of Member States GDPs and about 13 per cent of the total export earnings in the region. The performance of this sector has strong influence on food security, economic growth and social and economic stability.

Despite its importance, the performance of the sector is continuously challenged by food shortages, under production and declining yields in agriculture, land degradation, and unsustainable use of some of the region's natural resources. In this respect, the Secretariat continues to strengthen its efforts in facilitating the implementation of the RISDP and monitoring the implementation of the Dar-es-Salaam Declaration on Agriculture and Food Security and its Action Plan.

#### **3.3.1 THE REGIONAL FOOD SECURITY SITUATION**

During the year under review, Ministers responsible for Agriculture and Food Security met in Maputo, Mozambique, in June 2013 to review progress in implementation of the agricultural and food security programmes. Highlights of progress and key issues discussed are presented below:

##### **3.3.1.1 Agriculture and Food Security**

Member States continued to implement the RISDP and the Dar-es-Salaam Declaration and Plan of Action of May 2004 on Agriculture and Food Security. A review of the food security and vulnerability situation during the 2013/14 marketing year is highlighted below.

##### **3.3.1.2 Cereal Production for the 2013/14 Marketing year**

The 2012/13 crop-growing season was characterized by various agro-meteorological-related challenges, including:

- i) army worm outbreaks in Botswana, Lesotho, Malawi, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe between December 2012 and February 2013;
- ii) flooding and waterlogging conditions due to high rainfall in several countries including Botswana, Madagascar, Malawi, Mauritius, Mozambique, Seychelles, South Africa, Zambia, and Zimbabwe; and
- iii) prolonged dry spells in Angola, Botswana, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia, and Zimbabwe that resulted in wilting of crops and pasture degradation in many areas.

As a result, of above challenges, the overall Regional food security situation for the 2013/14 marketing year has deteriorated compared to the previous year, as indicated

below:

- (i) Cereal production, comprising of maize, wheat, rice, millet and sorghum, is projected at 33.87 million tonnes and is slightly higher by 3% compared to 32.81 million tonnes produced in 2012;
- (ii) regional cereal requirement for the 2013/14 is estimated at 41.85 million tonnes while overall availability is estimated at 37.92 million tonnes, thereby indicating an overall deficit of 3.93 million tonnes, comprising 2.77 million tonnes of wheat, 0.66 million tonnes of rice and 0.95 million tonnes of sorghum/millet, less a maize surplus of 0.45 million tonnes.

In spite of the poor harvest this year, trend analysis of production since 2005, when the RISDP became operational, indicate a significant increase in the regional cereal production. As indicated in Table 1, overall cereal production has increased from 24.88 million tonnes in 2005 to an average of 33, 71 million tonnes during the period. Much of this increase in production is due to maize, which has increased from 19.70 million tonnes in 2005 to an average of 23.76 million tonnes during the period. Production of other cereals (wheat, rice, sorghum, and millet) has remained stagnant at around 5 million tonnes.

**Table 1: Cereal Production by Member States from 2005 to 2013 Harvesting Years ('000 tonnes)**

<b>Member States</b>	<b>Harvesting Years</b>									<b>Average Prod. (2005 to 2013)</b>
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	
Angola	886	671	734	738	1,053	1,178	1,409	506	940	788
Botswana	24	36	29	43	56	109	62	31	45	38
Lesotho	120	126	78	72	72	172	103	58	106	94
Malawi	1,336	2,755	3,616	2,989	3,993	3,610	4,121	3,838	3,894	3,318
Mauritius	2	2	2	2	2	2	2	2	2	2
Mozambique	1,899	2,098	2,168	2,296	2,630	2,641	2,831	1,458	2,371	2,262
Namibia	97	181	114	106	111	155	117	166	82	127
South Africa	13,615	9,222	9,292	15,550	14,855	15,094	13,579	14,774	14,035	13,129
Swaziland	67	67	47	62	71	75	84	76	82	71
Tanzania	5,015	5,189	5,448	5,587	5,265	6,940	6,787	7,558	8,314	6,241
Zambia	1,065	1,597	1,537	1,640	2,197	3,096	3,3463	3,197	2,890	2,259
Zimbabwe	54	1,663	1,200	628	1,557	1,569	1,656	1,123	953	1,155
SADC	24,881	23,607	24,266	29,712	31,862	34,588	34,114	32,806	33,713	29,719

*Source: Member States, Ministries Responsible for Agriculture and Food Security.*

### **3.3.1.3 Production of Non-Cereal Food Crops**

Member States also produce non-cereal food crops mainly cassava, plantains and sweet potatoes. Overall cassava production in Angola, Malawi, Mozambique, Tanzania, and Zambia indicate a consistent increase from 19.81 million tonnes in 2005 to 33.26 million tonnes in 2012. Similar increases have been noted in the production of plantains and sweet potatoes. These food crops significantly contribute towards food security in the Region.

### **3.3.1.4 Livestock Production**

Production of meat shows an increase of 3% from 5.50 million tonnes in 2011 to 5.68 million tonnes in 2012. Milk and eggs production have increased by 2.3% and 3.2% from 4.97 million litres and 0.65 million tonnes to 5.08 million litres and 0.67 million tonnes, respectively over the same period. However, the Region remains a net importer of these products.

### **3.3.1.5 Fisheries Production**

Fisheries contribute to food and nutrition security, economic development, trade and employment creation. On a global arena, capture fisheries production stands at 148.5 million tonnes while in SADC it is estimated at 2.4 million tonnes. The global aquaculture production is estimated at 59.9 million tonnes compared to 0.033 million tonnes for the SADC region. The potential for aquaculture is enormous and Member States should take advantage of this to increase fish production. The top three-aquaculture producing countries in SADC are Zambia, South Africa, and United Republic of Tanzania.

### **3.3.1.6 Humanitarian Requirements**

Analysis of trend data since 2005 indicates reducing but still high number of people requiring humanitarian assistance (food and other non-food assistance) in the Region. This is mainly due to the various challenges the agricultural sector, where about 61 per cent of the Region's population rely for their livelihood, continues to face.

**Table 2 Trend in Vulnerable People by Country ('000 People)**

Country *	Trends in Food Insecure Population in the Region ('000 people)								
	2005/6	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14
Angola	n/a	n/a	n/a	n/a	n/a	n/a	n/a	367	600
Botswana	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	372
DRC	n/a	n/a	6,824	4,322	5,861	4,300	4,300	5,445	6,357
Lesotho	541	246	553	353	450	200	514	726	223
Malawi	5,055	833	63	613	275	508	273	1,973	1,154
Mozambique	802	240	520	303	281	350	245	270	275
Namibia	n/a	n/a	n/a	n/a	225	42	243	75	779
South Africa**	9,676	7,016	6,659	7,856	11,931	7,879	6,542		
Swaziland	634	466	345	239	262	161	89	116	290
Tanzania	850	4,419	216	427	852	1,143	1,621	1,474	1,617
Zambia	1,233	381	441	445	110	54	75	63	209
Zimbabwe	2,885	1,393	4,100	5,100	1,400	1,288	1,390	1,668	2,207

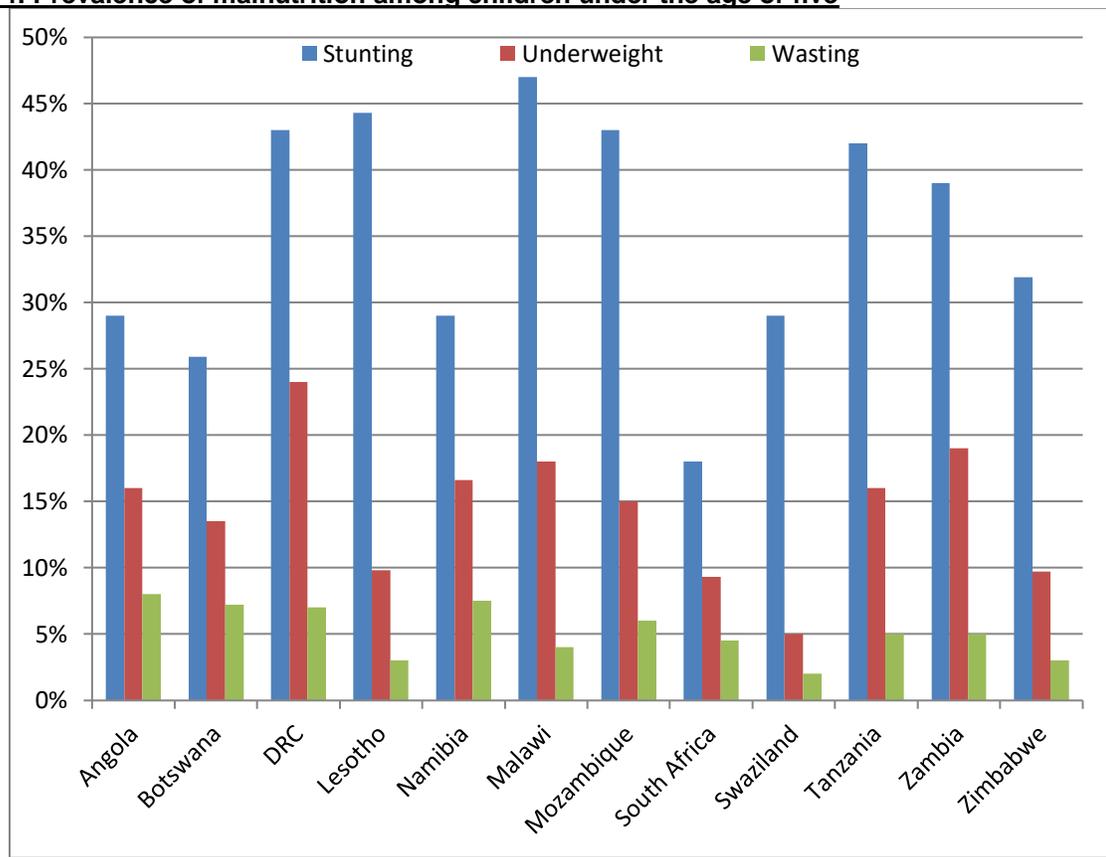
Source: \* SADC Member States Vulnerability Assessment Committees.

\*\* Stats SA, General household Survey (GHS): data for 2012 and 2013 to be released later.

### 3.3.1.7 Nutritional Security

Malnutrition (stunting, underweight, and wasting) among children under the age of five remains high in the Region (Graph 1). Stunting, which is a manifest of long-term food insecurity, for example, ranges from about 17 per cent in South Africa to about 47 per cent in Malawi among the countries represented in the figure below:

**Figure 4: Prevalence of malnutrition among children under the age of five**



Source: SADC Member States, July 2012.

As result of the many food insecurity and vulnerability challenges the Region faces, Summit at its meeting in August 2012, in Maputo, Mozambique, urged Member States to undertake the following measures in order to ensure sustainable food and nutrition security in the Region:

- (i) provide humanitarian assistance for the food insecure population;
- (ii) increase social protection and safety net programmes to address chronic vulnerability;
- (iii) continue implementing targeted agricultural subsidy programmes;
- (iv) promote smallholder irrigation and water harvesting technologies; and
- (v) enhance infrastructure development for improved market access, among others.

Member States are implementing Summit decisions through a number of interventions at the national level. These include provision of humanitarian assistance to vulnerable groups, supply of targeted input subsidies to farmers, implementation of irrigation programmes and construction of rural feeder roads, among others.

Ministers responsible for Agriculture and Food Security at their meeting in Maputo, Mozambique, on 7<sup>th</sup> June 2013, requested Member States to accelerate overall implementation of the Dar-es-Salaam Declaration and Plan of Action if the Region is to avoid the current and future problems related to food and nutrition insecurity.

### **3.3.2 CROPS AND LIVESTOCK**

The availability and access to inputs continue to be a challenge to agricultural production in most Member States. This has a direct negative impact on agricultural production and food security in Member States. The key agricultural inputs include seeds, fertilizer, fungicides, insecticides, herbicides, and veterinary drugs.

In facilitating the input challenges, the thrust of the Secretariat has been on coordinating interventions to improve the availability and access to inputs. In this regard, the Secretariat managed to set-up the SADC Seed Centre to implement the SADC Harmonised Seed Regulatory System that was approved by Ministers in 2008. The Centre, which commenced operations in August 2011, is located at the SADC Plant Genetic Resource Centre (SPGRC) in Lusaka, Zambia. The overall objective of the harmonized system is to promote trade of high quality seed varieties between countries in order to increase availability of such seed to farmers. To facilitate implementation of the harmonized seed regulatory system, a Memorandum of Understanding (MOU) was developed and { } to date, nine Member States have signed it. It is expected that, the MOU will become operational this year in 2013.

During the year under review, the Secretariat, in collaboration with Member States initiated the development of the Charter for the SADC Seed Centre, which is a legal instrument for the development of hosting agreement between the SADC Seed Centre and the Government of Zambia. The Charter will be finalised by the end of 2013.

### **3.3.3 AGRICULTURAL RESEARCH, TECHNOLOGY DEVELOPMENT AND DISSEMINATION**

During the period under review, the Centre for Coordination of Agricultural Research and Development for Southern Africa (CCARDESA) became operational after completing recruitment of all key staff. In light of this, the Secretariat handed over implementation of research activities to CCARDESA. The Secretariat will continue to facilitate policy development on research and development by Member States.

### **3.3.4 REGIONAL AGRICULTURAL POLICY**

SADC Secretariat continued to develop a SADC Regional Agricultural Policy (RAP), which is expected to be a binding legal instrument for the implementation of the region's strategies in food, agriculture, natural resources, and environment. The overall objective of the RAP is to stimulate sustainable agricultural production and productivity, enhance

competitiveness, and improve markets and trade of agricultural, fisheries and forestry products.

The RAP was in principle approved by Ministers responsible for Agriculture and Food Security at their meeting held in Maputo, Mozambique in June 2013. The next major task in the RAP process is the development of the RAP Investment Plan, which will define the priority programmes, and funding needed to implement the RAP.

### **3.3.5 DISASTER PREPAREDNESS**

The Secretariat continued to collect, analyse and disseminate early warning information for food security from the Member States through early warning updates and/ or reports.

In the area of capacity building, a Regional Refresher Course for staff in the National Early Warning Units was conducted and 11 Member States participated. The training was aimed at strengthening National Units to collect, analyse and disseminate reliable information to inform proper planning for future disasters in their countries.

Coordination in the area of vulnerability assessment was strengthened during the review period through the creation of a Regional Vulnerability Assessment Steering Committee, **which is** made up of Senior Government Officials from **the** Ministries responsible for national vulnerability assessment and analysis. The Steering Committee held two meetings during the period. The Steering Committee is assisted by the Regional Vulnerability Technical Advisory Committee (RVAC), which is composed of technical experts from the SADC Secretariat, Member States, and International Cooperating Partners.

### **3.3.6 JOINT MANAGEMENT OF TRANSBOUNDARY NATURAL RESOURCES**

Natural Resources Management (NRM) in SADC enhances regional integration through fostering collaboration among Member States in their management of natural resources. This approach is based on the principles of all natural resources Protocols of SADC.

Despite budgetary constraints that affected the work in this sector, significant progress has been achieved as depicted below:

#### **Implementation of Protocol on Fisheries**

The assessment of the implementation of the SADC Ministerial Statement of Commitment to combat Illegal Unreported and Unregulated (IUU) fishing was undertaken, and the results were presented at the Technical Committee on Fisheries.

The financial sustainability strategy for the planned SADC Regional Fisheries Monitoring Control and Surveillance Coordination Centre **was** developed and reviewed by the Technical Committee on Fisheries.

**The** charter for the establishment of the planned SADC Regional Fisheries Monitoring Control and Surveillance Coordination Centre **was** also developed and reviewed by the SADC IUU Fishing Task Force.

The development of the SADC Aquaculture Strategy was initiated and an outline has **now** been developed. { }

## **Implementation of Forestry Protocol**

The Secretariat in collaboration with Member States continues to elaborate programmes on priority areas for the Forestry Strategy. One of such areas is trade where a Regional Programme on Forest Law Enforcement, Governance, and Trade (FLEGT) was finalized. This programme was recommended by the Technical Committee on Forestry for Ministerial approval.

The establishment of the SADC Timber Association is one of the areas that were identified in 2010, as crucial for supporting trade in timber and other forest products. The documents for the formation of the SADC Timber Association have been finalized and were reviewed by the Technical Committee and recommended for Ministerial approval.

The implementation of the REDD+ programme that was approved in 2011, is underway. To date, the Monitoring, Reporting and Verification (MRV) component of the REDD+ programme is being implemented in Botswana, Malawi, Mozambique, and Zambia

## **Implementation of Protocol on Wildlife Conservation and Law Enforcement**

The regional position and negotiation strategy on the Sixteenth Conference of the Parties (COP16) to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) was developed and endorsed by the Joint Technical Committee of Forestry and Wildlife.

The assessment of the impacts of illegal harvesting and unregulated exploitation of wildlife in the region for food security and economic development was carried out. In addition, principles for reducing this occurrence were also developed.

## **Coordination of the Development of Trans frontier Conservation Areas (TFCA)**

The development of the SADC Regional TFCA programme has been finalized and the programme was presented at the Technical Committee on Wildlife, which recommended it for Ministerial approval. *[Note: Removed bullets in section 3.3.6, in order to make consistent with the rest of the report]*

## **3.3.7 ENVIRONMENT AND SUSTAINABLE DEVELOPMENT**

The Secretariat undertook an assessment of regional mechanisms for managing shared environmental resources within the SADC region. The Report provided a snapshot of current mechanisms used in the region. It identified the instruments being used to manage shared resources, the gaps that exist and made recommendations regarding successful management of trans boundary natural resources in the region.

In terms of capacity building for Environment and Sustainable Development, the Secretariat facilitated capacity building through implementation of SADC Regional Environmental Education Programme (SADC REEP). Its overall objective is to enable environmental education (EE) practitioners in the SADC region to strengthen environmental education processes for equitable and sustainable environmental management. It also facilitated linkages between regional institutions such as Universities as well as global Environmental Education and Sustainable Development entities such as UNESCO, UNEP, and the United Nations University.

In order to ensure coordinated implementation of the various Environmental Multilateral Agreements and other international agreements on Environment, the Secretariat facilitated a meeting of Ministers responsible for Environment and Natural Resources that took place on the margins of the Africa Ministerial Conference on Environment in Arusha, United Republic of Tanzania in September 2012. At this meeting, Ministers endorsed a common position for the UNFCCC COP 18, which took place in Doha, Qatar in December 2012.

## 3.4 SOCIAL AND HUMAN DEVELOPMENT PROGRAMMES OF REGIONAL DIMENSION

Promoting and facilitating implementation of programmes in the area of Social and Human Development and Special Programmes remained one of the priorities for the Secretariat during the review period. Major developments and trends in this sector included the following:

### 3.4.1 EDUCATION AND SKILLS DEVELOPMENT

The increasing recognition of the need for skills development as well as technical and vocational education for social and economic growth has marked a great achievement in the Region. The perception of the superiority of theoretical education over technical education has seemingly changed. There is increased interest in the formulation of skills development and TVET policies and some Member States are progressing due to their paradigm shift. Furthermore, Technical and Vocational Education and Training (TVET) has been included in the SADC Decent work Programme during the review period. Furthermore

Against this backdrop, SADC Education and Skills Development (ESD) Programme is supporting the work of undertaking a comparative analysis of national skills policies in selected SADC Member States with a view of facilitating harmonization of skills development in the region.

In addition, the ESD Programme is working with UNESCO on the Better Education for Africa Rise (BEAR) Project, which is currently supported by the Government of the Republic of Korea in five SADC Member States. **The project's aim is** to operationalize some of the areas of the SADC TVET Strategic Framework and Programme of Action. This will facilitate SADC Member States to learn from the Eastern Tiger economies. The SADC TVET Committee has been established where ILO and UNESCO are members. The Committee agreed to facilitate the development of an agreement on common definitions on TVET to, among others, promote the elaboration of skills development policies.

Another achievement is the development and approval of the Regional Open and Distance Learning (ODL) Policy Framework, which acknowledges use of ICT in education to improve access to quality education as well as upgrading of skills and qualifications. With regard to capacity development, 16 ODL practitioners from African Development Fund (ADF) countries are undergoing long-term training in certificate in ODL at the Botswana College of Distance and Open Learning (BOCODOL) and the first cohort is expected to graduate in August 2013.

A Memorandum of Understanding (MoU) between the SADC Secretariat and two Centres of Specialisation (CoS), the Open University of Tanzania (OUT) and the Malawi College of Distance Education (MCDE) has also been signed. The two CoS will train ODL practitioners in short-term training courses in teacher education and secondary education to close competency gaps in the ODL personnel in the region to ensure quality development and delivery of ODL across the region. At least 54 ODL practitioners in

various aspects of ODL will be trained. In addition, about 28 ODL practitioners commenced training at Diploma and Master's degree levels in ODL in July 2013.

### **3.4.2 EMPLOYMENT AND LABOUR**

The Employment and Labour Sector (ELS) continued to play its part in the process of regional integration by adopting common policy and strategic approaches towards employment creation, integration of the labour market and improving conditions of employment and labour for poverty reduction, enhancing social protection, and labour productivity.

A SADC Protocol on Employment and Labour was concluded during the year under review and Ministers and Social Partners at their meeting held in May 2013 recommended the Protocol to Council for approval and subsequent signing by the Heads of State. The Protocol focuses on the broad mandate, principles, and objectives of the SADC Employment and Labour Sector. It provides a framework for harmonisation of policies and legislation on employment, labour and social security, safety and health standards at the work place and enhancing cohesion and common approaches to labour market challenges.

Following detailed consultations at both national and regional levels, a SADC Decent Work Programme was finalized and approved by Ministers and Social Partners. The programme is aimed at facilitating Member States to develop and implement common standards and priorities for improving work and living standards of workers and their families and to facilitate provision of decent and productive employment opportunities.

The Action Plan on the implementation of the SADC Labour Market Information System (LMIS) was developed and approved by Ministers and Social Partners in May 2013. This will facilitate evidenced-based decisions-making, analysis of labour market operations and identification of the impact of labour policies and programming across the region. The collection of data in the region will be done through labour market surveys that will be conducted at national level once in every two years.

A draft Youth Employment Promotion Strategy has been developed and it is aimed at addressing the serious problem of youth unemployment, which poses a significant threat to the realization of socio-economic development goals, peace, and stability in the region.

### **3.4.3 HEALTH AND PHARMACEUTICALS**

With regard to health and pharmaceuticals, significant progress has been made in the region in the area of policy development and harmonization, particularly in disease control. Linked with the implementation of the SADC Protocol on Health, a number of policy frameworks and decisions have been approved during the period under review, and these are highlighted below.

The approved SADC Minimum Standards for Child and Adolescent HIV, TB and Malaria will accelerate child survival and achieve comprehensive developmental outcomes for children and adolescents taking into account nutrition; social protection; psychosocial support and child protection; and community and home-based care.

The SADC Minimum Standards for HIV and AIDS, TB, Hepatitis B and C and Sexually Transmitted Infections Prevention, Treatment, Care and Support in Prisons was developed within the context of multi-sectoral settings, national laws, and legal reforms.

The SADC Strategy for Pooled Procurement of Essential Medicines and Health Commodities (2013 – 2017) was developed in response to the supply of medicines and commodities in the region. Initially, efforts will be put on information exchange and work-sharing to facilitate the procurement processes after which a formal structure will be put in place to coordinate and sustain all activities within the Strategy.

Ministers of Health in November 2012 approved the possibility of local production of DDT, as expressions have been made for the on-going use of DDT for the purpose of Malaria control and Elimination in the region. This will further contribute toward progress that is being made in the control of Malaria in the region in terms of Malaria morbidity and mortality reduction. Among the factors explaining this progress are mainly the Indoor Residual Spraying with DDT, the use of the bed nets, the improvement in the case management with Artemisinin Therapy Combinations (ATCs) combined to Rapid Diagnosis Tests (RDTs) and the active case detection.

In collaboration with its partners, especially the African Development Bank, the Secretariat will now put emphasis on the domestication of the above-mentioned policy frameworks. To that end, work has commenced with the implementation of the approved SADC Advocacy and Communication Strategies for the Domestication of Harmonized Policies for Communicable Diseases.

#### **3.4.4 HIV AND AIDS**

In line with the theme of the Regional HIV and AIDS Strategy, 2010-2015: “Accelerating an Integrated Multi-Sectoral Response to HIV and AIDS”, the region continued to implement a number of interventions during the current reporting period. These included: condom promotion and distribution; behaviour change communication; HIV testing and counselling; male circumcision; mainstreaming HIV and AIDS across all sectors; Prevention of Mother-To-Child Transmission (PMTCT); treatment; home based care; and impact mitigation.

A Declaration on Prevention-of-Mother-To-Child Transmission (PMTCT) was developed in association with the SADC First Spouses and read at the Summit of Heads of State and Government in Maputo in August 2012. The Declaration called for doubling efforts towards zero new HIV infections through Mother-To-Child Transmission (MTCT).

In order to measure progress in mainstreaming HIV and AIDS, Gender and Human Rights, the Secretariat identified five thematic sectors to identify mainstreaming indicators that are currently being tracked. The five thematic areas are Finance; Justice and Human Rights; Planning and Economic Development; Infrastructure and Works; and Local Government (Rural and Urban Development). Sixteen Focal Persons from the Secretariat were trained in mainstreaming of HIV and AIDS, Gender and Human Rights. The trained personnel are expected to review the Annual Business Plans for their Directorates and ensure that issues related to HIV and AIDS, Gender, and Human Rights are mainstreamed. In addition, the Secretariat facilitated the development of the

Occupational, Safety, Health and Environmental (OSHE) Policy and Management systems (OSHEM) documents.

Available data shows that funding from International Cooperating Partners (ICPs) for HIV and AIDS programmes has been on the decline for the past five years. To this end, it is critical for the Secretariat to work with Member States to mobilise resources both domestically and from International Cooperating Partners.

The Secretariat facilitated the disbursement of the funds for the implementation of 12 projects in Member States that are being supported by the SADC HIV and AIDS Fund. From July 2011 to March 2013, a total amount of USD 3, 784,174 has been disbursed. Reports of the implementation of these projects demonstrate some preliminary findings with a potential to guide the region in the development of evidence-based policies and guidelines and in filling some gaps in HIV and AIDS programmes in Member States.

The impact of HIV prevention is manifested in the reduction of new HIV infections with a decline of 34% compared to 1998 when the SADC Region recorded a peak in new HIV infections.

#### **3.4.5 SPECIAL PROGRAMME: ORPHANS, VULNERABLE CHILDREN AND YOUTH (OVCY)**

Eleven Member States initiated processes towards implementing the SADC Minimum Package of Services for Orphans, Vulnerable Children, and Youth (OVC&Y) using SADC Guidelines that were developed in 2012. This included national consultations to facilitate collaboration between different sectors in the delivery of comprehensive services for OVC&Y in a holistic manner, as well as integrating SADC recommendations on effective service delivery in national laws, policies, strategies, and programmes. Regional standards were developed to support Member States to accelerate the care, support, and treatment of vulnerable children and adolescents on the three major diseases of HIV and AIDS, Tuberculosis and Malaria. Documented were best practices on the management of these three diseases among children and adolescents in different Member States. The lessons will be shared for adaptation and scaling up.

Financial resources were mobilized from international co-operating partners for a project to strengthen capacity for monitoring, evaluation, and reporting of progress in the implementation of policies and programmes for vulnerable children and youth in different sectors in Member States and at regional level. The project will enable Member States to collect more information on specific child and youth vulnerabilities, which will be useful to improve targeting of national policies and programmes. It will be implemented from 2014 to 2018.

In line with decisions of African Union Heads of State and Government during their Summit in Malabo in July 2011, and those of SADC Council of Ministers at its meeting in Windhoek in 2010, which among others, recognized youth empowerment and sustainable development as an urgent priority, a SADC Strategy and Business Plan on Youth Empowerment and Sustainable Development is being developed. The Strategy will primarily address issues of youth responsibility, leadership development, volunteerism, and participation in social, political, and economic affairs (including youth health; skills development and empowerment for business entrepreneurship; and economic

productivity and for employment) at national and regional levels. **The process of coordinating youth employment creation and promotion among all relevant sectors, involving the Ministries responsible for youth, working in collaboration with those responsible for employment and labour, the business community, and civil society has commenced. Completion is scheduled for 2014.**

Meanwhile, the Secretariat is identifying partners among civil society organisations, research and academic institutions, and private sector who will be mandated to support Member States in implementing regional commitments on orphans, vulnerable children, and youth in the region.

## **3.5 CROSS - CUTTING PROGRAMMES**

### **3.5.1 GENDER AND DEVELOPMENT**

#### **3.5.1.1 Policy Development and Harmonisation**

Expediting the process of harmonisation of national gender policies with the SADC Gender Policy and the SADC Protocol on Gender and Development remains critical. As such, several SADC Member States have begun the process of reviewing their gender policies and they are developing itemised action plans **that are compliant with** { } the SADC Protocol on Gender and Development.

Relative to the previous reporting period, during the current period, one additional Member State ratified the Protocol on Gender and Development. This brings the total number of Member States who have ratified and deposited their instruments of ratification with the Secretariat to 10. The Member States are Angola, Lesotho; Mozambique; Namibia; Seychelles; United Republic of Tanzania, South Africa, Swaziland, Zambia and Zimbabwe.

#### **3.5.1.2 Annual Programme Review**

SADC Ministers Responsible for Gender and Women's Affairs met on 14<sup>th</sup> February 2013, in Maputo, Mozambique to discuss the SADC Gender Programme and the SADC Position for the 57<sup>th</sup> UN Commission on the Status of Women (CSW). The meeting considered and adopted two important documents namely the Outcome Document on the SADC Position of the 57<sup>th</sup> Session of the UN Commission on the CSW as well as the Draft Agreed Conclusions on the Priority Theme on the elimination and prevention of forms of violence against women and girls with inputs from SADC.

#### **3.5.1.3 Capacity Building**

Within the period under review, a capacity-building workshop was conducted for the SADC Gender Focal Points within the Secretariat on Gender Mainstreaming. The overall objective of the training was to sensitize the Focal Persons on gender concepts and issues and to prepare them to systematically mainstream gender into their work programmes.

#### **3.5.1.4 Gender Budgeting**

As directed by the Ministers at their meeting held on 2nd June 2011, in Windhoek, Namibia, the Secretariat held a Regional workshop on 21-23 November 2012 to develop

Regional Gender Budgeting Guidelines as part of the gender mainstreaming initiatives. Each SADC Member State was represented by three participants.

The purpose of the gender responsive budgeting guidelines is to be a common reference framework for SADC Member States that can facilitate the development of good public finance management practice that ensures that national budgets are practically addressing gender equality priorities and commitments.

#### **3.5.1.5 Key Challenges for Gender Equality in SADC**

Regression in women's representation in political and decision-making positions in the Region has been observed during the review period. In Zambia, women's representation both at national and local level decreased while in the DRC women's representation has remained persistently low. In Lesotho, only a marginal increase was observed.

Implementation of Gender Policies and resourcing at national level for activities such as capacity building has remained limited.

Other challenges include the conflict between customary law and common/statutory law. Some customary laws are in conflict with statutory laws and run at variance with the gender agenda. Slow efforts to domesticate international, continental, and regional gender instruments at national level have also hampered progress in the gender agenda.

Lack of comprehensive affirmative action plans and favourable electoral laws and policies, limited access to productive resources for women such as credit facilities and land especially in rural areas constitute some of the challenges still facing the region in the area of gender equality.

## **3.5.2 STATISTICS**

During the year under review, Programme implementation in respect of Statistics continued to focus on the priority intervention areas as identified and elaborated in the Regional Indicative Strategic Development Plan (RISDP).

### **3.5.2.1 Strategic Partners**

The European Union (EU) and the African Development Bank (AfDB) were the two Development and Cooperating Partners that provided funding for key activities undertaken in the area of statistics during the reference period. The funding was provided within the implementation framework of the Capacity Building for Regional Integration (CBRI) and the Statistical Capacity Building (SCB) programmes.

### **3.5.2.2 Priority Areas**

Focus of the SADC Statistics programme during the reference period continued to be centred on the following priority activities:

- i) Harmonization of Statistics,
- ii) Building and enhancement of statistical capacity to monitor progress towards achievement of the Millennium Development Goals (MDGs);
- iii) Finalization of the development of a Regional Statistics Strategy;
- iv) Development of Statistical Databases and Data dissemination mechanisms including the SADC Integrated Trade Statistics Database, SADC Statistical Yearbook and other publications; and
- v) Promoting internationally recognized statistical classifications and standards including best statistical practices among the Member States.

### **3.5.2.3 Key Achievements and Activities Undertaken**

A review of implementation of the planned activities as per SADC Statistics Business plan for the period under review reveals that achievement of set targets was lower than expected. However, in line with the prioritized activities, the following constitute the major achievements and activities undertaken during the review period:

- i) Development of the SADC Regional Strategy for Development of Statistics 2013-18 finalized through the activities and measures of the SADC Statistics Committee. The Strategy was also approved in principle by the SADC Council in March 2013;
- ii) Full Scale SADC Harmonized Consumer Price Indices (HCPIs) launched and disseminated monthly since January 2013. Full Scale SADC HCPI computation is based on coverage of all the 15 SADC Member States. HCPI disseminated through monthly news releases and also posted onto SADC website;
- iii) Development of the edition of the SADC Statistical Year 2011 finalized in web based and print versions;

- iv) Draft SADC International Merchandise Trade Statistics 2012 bulletin finalized and endorsed by the SADC Statistics Committee in May 2013;
- v) Updated and validated selected regional indicators including Gross Domestic Product (GDP), Inflation, Annual growth rates, aggregate on exports and imports, Population, Exchange rates, Debt and International Reserves for data series relating to period 2000 to 2012 compiled and endorsed by SADC Statistics Committee in May 2013;
- vi) Statistical capacity relating to mainly focused on Harmonisation of Consumer Prices statistics, National Accounts, and Foreign Trade statistics for Member States enhanced through statistical capacity building initiatives undertaken with support from AfDB;
- vii) Annual SADC Statistics Committee meeting to provide strategic and policy direction to the implementation of statistics projects in SADC conducted;
- viii) Coordination of data collection and submission of requisite prices and national accounts data to the African Development Bank within the implementation framework of the 2011 International Comparison program for SADC Member States undertaken; and
- ix) Coordination of the SADC Statistics Programme to foster and promote synergy and rationale utilization of resources among the different statistics initiatives and projects financed by different development partners undertaken.

#### **3.5.2.4 Key Challenges**

Notwithstanding the above-mentioned achievements and positive developments in the implementation of the SADC Statistics Programme during the reference period, key challenges were encountered. Notable ones include the following:

- i) Non-receipt of program grants funds for the Statistical Capacity Building III program from Africa Development Bank following delays in signing project agreement between AfDB and SADC due to administrative hiccups;
- ii) Challenges in the application of administrative and financial procedures for project implementation for statistics projects funded by Development partners; and
- iii) Lack of adequate resources from Member states for regional statistics activities to sustain projects' results achieved through Development partners support.

## 4.0 POLICY, PLANNING, AND MONITORING AND EVALUATION

The Policy, Planning, Monitoring, and Evaluation functions have a key role in ensuring strategic alignment of operations with SADC objectives and goals. They moreover contribute to achieving higher levels of efficiency in the performance of activities.

Following the approval of the SADC Policy for Strategy Development, Planning, Monitoring and Evaluation (SPME) and a Policy for Risk Management by Council in February 2012 the stage and the basis to improve evidence-based decision making at policy and operational levels has been set. The operationalization of both policies is already underway through the Secretariat's wide dissemination programmes and the development of operational instruments.

### 4.1 POLICY AND STRATEGY DEVELOPMENT

#### 4.1.1. SADC MEDIUM TERM STRATEGY

Preparation to develop the SADC MTS for the period 2014-2019 has already started. The process should be kick-started with the preliminary inputs from the Secretariat. Subsequently, the inputs of Member States to the process will be critical to ensure the definition of a shared perspective of results that need to be attained within the medium term. Thus, making the link between SADC long-term goals, it should provide a clear direction to the planning of operations with the medium and short-term perspectives.

#### 4.1.2 SADC POLICY ANALYSIS AND DIALOGUE PROGRAMME: REGIONAL INTEGRATION "THINK-TANK" EVENTS

The Secretariat continues its efforts to strengthen policy analysis and dialogue both within the SADC Secretariat and at regional level, through regional think-tank seminars. The seminars are arranged under the SADC Policy Dialogue and Analysis Programme. The Programme, which brings together experts in different areas of regional cooperation and integration, serves as a platform for dialogue **amongst all stakeholders (Member States; SADC Secretariat; civil Society; and the private sector) and** contributes to the SADC policy-making processes. A seminar was held in May 2013 and it was titled Assessing the implementation of Millennium Development Goals in SADC Member States. The seminar was held in Johannesburg and it received a lot of support from the stakeholders.

#### 4.1.3 OPERATIONALISATION OF THE SADC REGIONAL POVERTY OBSERVATORY (RPO)

During the review period, the RPO Steering Committee has held two meetings in September 2012 and March 2013 in Johannesburg, South Africa.

Up to date, the Steering Committee has approved a SADC Common Poverty Matrix, which contains regionally agreed poverty indicators. This is necessary for reporting of poverty trends by Member States. In addition, the Steering Committee has approved the terms of reference for a consultancy to develop the SADC Poverty Status report, which will serve as a baseline for monitoring poverty trends in the region. This consultancy will commence as soon as funds have been obtained.

It is worth noting that **the** activities for operationalizing the RPO are hampered by **the** lack **of** funding. All the activities undertaken to date have been through ad-hoc requests for support from cooperating partners, a position that is not sustainable.

## **4.2 PLANNING, MONITORING AND EVALUATION**

### **4.2.1 PLANNING AND PROGRAMMING**

Planning is a very important management process of the SADC Secretariat. The four major goal of the planning process are Development of plans; ensuring the successful implementation of the plans; building and sustaining a high performance results-oriented culture and developing and sustaining capacity for planning within the SADC Secretariat.

During the review period, the Secretariat utilised the tools that were developed in the previous year, the Planning Guidelines, to develop the Annual Corporate Plan for 2013/14 as well as the consolidated Secretariat's Business Plans and Budgets for 2013/2014. { } These plans were adopted by Council in March 2013.

In making headway in the implementation of the SPME, the Secretariat has developed Five Year Corporate and Operational Plans. This development comes as a departure from the previous system of preparing the Budget Outlook Paper.

### **4.2.2 MONITORING, REPORTING AND EVALUATION**

#### **4.2.2.1 Review of the RISDP**

The Mid-Term Review of the RISDP was undertaken by an independent Regional Consultancy Firm, Trades Centre, as per Council's decision in February 2012. The exercise begun in October 2012 with an inception meeting that was held in Gaborone, Botswana at SADC Secretariat Headquarters. The consultants accompanied by the Secretariat's Officers undertook missions to 14 SADC Member States. The missions were concluded in April 2013.

{ } The Review concluded with a validation workshop of the findings where all the consulted Member States were represented. The Non-State Actors, including the private sector and non-governmental organisations were also represented. The workshop was held in Johannesburg, South Africa in July 2013.

**Trades Centre presented the draft Medium Term Review Report of the RISDP and highlighted key findings and "messages", which included the following:**

**(i) That the key policy and institutional frameworks for implementation of the RISDP were in place.**

**(ii) There is need to re-focus on the modalities of implementation.**

**(iii) That it is crucial for the SADC to "return to its roots", that is, to reconsider developmental integration, economic diversification, and infrastructure development.**

**(iv) There is need for the community's Member States to re-commit.**

**(v) Broader participation of all the stakeholders is required.**

**The following sectoral presentations from the rest of the consultancy team, covering all the areas of review, were also done:**

- (i) Infrastructure and Services**
- (ii) Trade, Industry, Finance, and Investment**
- (iii) Social and Human Development and Special Projects**
- (iv) Food, Agriculture, and Natural Resources**
- (v) Cross-cutting Issues**
  - a. Information and Communications Technology**
  - b. Science, Technology, and Innovation**
  - c. Statistics**
  - d. Private Sector**
  - e. Gender and Development**
  - f. Poverty Eradication**
- (vi) Resources for fulfilment of the RISDP mandate**
- (vii) Overall Assessment**

**As a way forward, Trades Centre was requested to present the revised draft report of the RISDP mid-term review to the Standing Committee of senior Officials in August 2013. The SADC Secretariat will report on the progress of the review to Council in August 2013.**

## **5.0 HUMAN RESOURCES AND ADMINISTRATION, PUBLIC RELATIONS AND PROCUREMENT**

### **5.1 HUMAN RESOURCES AND ADMINISTRATION**

In the area of Human Resources, the main achievements realised were in the following areas:

#### **5.1.1 REVIEW OF HUMAN RESOURCES POLICIES**

As part of Institutional reforms and continuous improvement The SADC Secretariat, developed five Human Resources Policies namely; Recruitment, Selection and Appointment; Conduct, Discipline and Grievance; Employee Relations; Performance Management and Training and Development. Up to date one policy, Recruitment, Selection and Appointment Policy has been approved. The remaining four policies are going to be presented to the Council in August 2013 for approval.

#### **5.1.2 RECRUITMENT AND STAFF DEVELOPMENT**

The Secretariat has recruited 22 Regional Staff, 10 Local Staff in the Regional Political Cooperation (RPC), Regional Economic Integration Support (REIS), and Institutional Capacity Development Programme (ICDP) Projects. Out of the 28 vacant positions on the establishment, it is anticipated that 10 positions will be filled before the end of the financial year in March 2014 while 18 positions are frozen due to financial constraints.

As part of staff development, the Secretariat conducted a number of training sessions in the areas of Public Finance Management; Corporate Governance; and Risk Management amongst others.

### **5.2 PROCUREMENT**

The Procurement Unit was able to initiate a number of projects that will enhance the performance of the Secretariat operations and projects absorption capacity. Some of these projects include: the development of a Local Register of Providers and a Regional Registers of Suppliers, review of the Procurement Regulations to enhance efficiency, **the involvement of the Member States** in the adjudication of contracts above US\$250,000.00, and development of framework agreements to reduce administrative costs on all recurrent purchases. Furthermore, efforts to enforce compliance of the approved Procurement Policy and Guidelines were scaled up.

The Procurement Unit continues to face a challenge of a lean structure in spite of the growing mandate brought about as result of centralizing procurement and the increase in number of projects that needs support from the Unit. The Other major challenge that the Unit faces is the heavy reliance on financial assistance from development partners. Whereas this support is welcome, it is not sustainable in the end, thus there is need to step up funding from Member States.

It is our belief at the Secretariat that procurement activities could allow for significant savings. Consequently, adequate financial support to procurement functions to speed up procurement reforms at the Secretariat is needed.

## **5.3 PUBLIC RELATIONS**

The Public Relations Unit at the Secretariat continued to carry out several communications activities during the year under review. Some of the highlights for the review period included the following:

### **5.3.1 SADC COMMUNICATIONS AND PROMOTIONAL STRATEGY**

In tandem with Decision 7 of the Council of Ministers' meeting of August 2012 in Maputo, Mozambique, the Secretariat convened a consultative meeting of the SADC National Media Coordinators and SADC Media Awards Adjudication Committee Members in November 2012. The meeting reviewed the SADC Communications & Promotional Strategy, including the SADC Media Awards and accordingly submitted to Council during its meeting of March 2013. Council noted it and directed the Secretariat to implement those aspects with no financial implications but deferred consideration of the submission after the conclusion of the Mid-Term Review of the SADC Regional Indicative Strategic Development Plan (RISDP).

### **5.3.2 MEDIA AWARDS AND ESSAY COMPETITION**

The Regional Adjudication Committee (RAC) on the SADC Media Awards was held in Maseru, Lesotho in June 2013. At least 30 delegates, representing 11 Member States with the exception of the Seychelles and Tanzania attended the awards event. The RAC awarded prizes of US\$ 2000.00 each to four winners in the Photo Journalism, Print General, Television, and Radio.

The Essay Competition has also taken place and the first three winners have been awarded the prizes of US\$1,500.00; US\$1000.00 and US\$750.00.

### **5.3.3 UPDATE OF THE SADC WEBSITE**

The new look SADC website with updated content was launched in December 2012. On an on-going basis, information is updated to ensure that all stakeholders are able to access information easily.

Translation of the website into French is near completion while translation into Portuguese has also begun. The translation exercise has covered all content available on the website up to July 2013.

### **5.3.4 LIBRARY SERVICES**

The SADC Secretariat Library continues to avail information to a wide range of users as well as integrating documents from relevant sources into its main collection. The library catalogue is available online through SADC website and some of the documents can be downloaded from the catalogue.

## 6.0 AUDIT AND GOVERNANCE, AND BUDGET AND FINANCE

### 6.1 AUDIT AND GOVERNANCE

**The** { } Executive Secretary, **who is the SADC Secretariat's** { } accounting officer { } continued to implement strategies **that are** aimed at strengthening internal controls, risk management and governance processes. These efforts ensured that **the** management of the Secretariat is in accordance with international standards and best practices **on** good governance, transparency and accountability **regarding the utilization of the** { } resources provided by Member States and International Cooperating Partners.

Despite resource limitations during the financial year 2012/13, the Secretariat ensured that the Audit Committee, **which is** charged with oversight responsibility on governance, internal and external audits { } **held** { } three ordinary meetings and three extraordinary meetings to deliberate on issues pertaining to operations of the Secretariat. The Secretariat will continue to provide support to the Committee to ensure that it perform its duties as per mandate given to it by Council of Ministers.

During the period, the Executive Secretary continued to implement a number of recommendations made by the Institutional Assessment study, the Board of Auditors and the Internal Audit Unit aimed at **enhancing** { } SADC { } management systems to the level of international standards. The recommendations made covered broad areas of SADC Secretariat operations, inter alia, procurement, human resources management, accounting and financial management, project management, performance management, controls in Information, and general compliance with SADC rules and regulations. In addition, internal audit and external audit reviewed operations of the SADC Tribunal, SADC Plant Genetic Resource Centre (SPGRC), and the SADC Regional Peace Keeping Training Centre (RPTC).

The progress of implementation of those recommendations was being reported to the Audit Committee for its review during each ordinary meeting held. In **the Executive Secretary's** { } own assessment, I can say that the direct impact of addressing audit recommendations is a significant improvement in the management systems and in particular strengthening of internal control environment at the Secretariat.

During the period under review, the Audit Committee accomplished the following tasks in line with its mandate:

- i) undertaking of the forensic **audit** executed by Ernst and Young.
- ii) Reviewed Audited Financial Statements of the Secretariat and ES report on annual accounts for 2011/12 and recommended to Council for approval.
- iii) Adopted the Audit Plan for audit of 2012/13 financial statements.
- iv) Approved the Internal Control Questionnaire Manual.
- v) Reviewed implementation progress of recommendations made by Board of Auditors and Internal Audit.

vi) Reviewed Management Accounts.

vii) Worked closely with the Management to ensure that all risk reported through **the** Board of Auditors and Internal Audit reports **were timeously** managed and mitigated.

The Executive Secretary made a commitment to continue **to create an environment that was conducive** { } **to providing** support { } **that would** ensure that governance principles are upheld in the management of the SADC Secretariat affairs.

## **6.2 BUDGET AND FINANCE**

### **6.2.1 BUDGET AND FINANCE**

The Secretariat has continued to observe the highest standards that reflect adherence to principles of sound and transparent public finance management.

The SADC Board of Auditors have concluded their audit of the financial statements of the SADC Secretariat for the period 2012/2013 financial year and issued an unqualified audit opinion.

**The SADC Secretariat continues to ensure that the** improvements recommended by external auditors and other independent evaluations are promptly implemented, with progress reports reviewed by Council as advised by its Technical Committees.

### **6.2.2 OPERATING PRIORITIES FOR 2012/13**

For the year 2012/13, the **SADC** Secretariat established the following operating priorities in the area of financial management and the related implementation strategies:

#### **6.2.2.1 Efficient and effective internal control environment**

- i) Guidelines and manuals on the preparation of medium term revenue and expenditure forecasts, budgets, accounts and financial statements and reports.
- ii) Automation of budgeting and accounting processes.
- iii) Coordination of the medium and annual budget development processes.
- iv) Development of annual performance contracts.
- v) Obtained Council's approval for the revised Financial Regulations.
- vi) Working capital management.
- vii) Application of aid delivery instruments.

#### **6.2.2.2 Efficient and effective financial monitoring, accounting and reporting services**

- i) Application of international standards and development of relevant accounting policies.

- ii) Processing of financial transactions.
- iii) Provision of budget expenditure reports.
- iv) Issuance of annual accounts and statutory financial statements.

### 6.2.2.3 Governance and advisory services

- i) Research into improvements in the area of financial management.
- ii) Advisories to all levels of management and oversight structures.
- iii) Compliance with applicable financial regulations and procedures.
- iv) Strengthening capacity of management to apply financial regulations and other related policy instruments approved by Council.

### 6.2.3 OVERVIEW OF THE BUDGETARY AND FINANCIAL SITUATION

The activities of the Secretariat during the year under review were funded by budgetary appropriation of US\$70, 36 million approved by the SADC Council of Ministers through a resolution made at its meeting held in March 2012 in Luanda, Angola. Table { } **3** below gives a summary of financial results and position for the period ended on 31-March-2013.

The final funding allocations for the Secretariat for the year 2012/13 are as shown in Table { } **3** below:

**Table 3: Funding arrangement for 2012/13 Budget (US\$'000)**

Item	Original budget	Adjustment of Member States budget	Adjustment of ICP budgets	Final budget	2011/12 Budget
Annual Member States' contributions	33,152	-1,865	0	31,287	31,463
Development partners	43,058	0	-6,652	36,406	51,474
Madagascar Special Fund (by Angola)	862	0	0	862	0
RISDP Review Special Fund (by Angola)	734	0	0	734	0
Other sources	186	885	0	1,071	586
<b>Total</b>	<b>77,992</b>	<b>-980</b>	<b>-6,652</b>	<b>70,359</b>	<b>83,523</b>

Table 3 below gives a summary of financial results and position for the period ended on 31-March-2013.

**Table 4: Income Statement (summary) (US\$'000)**

	2012/13	2012/13	2011/12	2011/12	2010/11	2010/11	2009/10	2009/10	2008/09	2008/09
	Actual	Proportion								
<b>Income</b>										
Member States	29,487	49%	27,320	49%	26,550	49%	29,911	49%	23,054	49%
Accumulated fund	385	3%	2,810	3%	1,800	3%	360	3%	1,620	3%
Grants	26,334	46%	24,709	46%	29,390	46%	28,071	46%	22,397	46%
Other Income	1,405	1%	2,402	1%	1,257	1%	218	1%	148	1%
<b>Total Income</b>	<b>57,611</b>	<b>100%</b>	<b>57,241</b>	<b>100%</b>	<b>58,998</b>	<b>100%</b>	<b>58,560</b>	<b>100%</b>	<b>47,219</b>	<b>100%</b>
Change (%), year-on-year	1%		-3%		1%		24%			
<b>Operating expenditure</b>	25,281		26,346		26,172		21,383		17,764	
Change (%), year-on-year	-4%		1%		22%		20%			
<b>Programme expenditure</b>										
Member States	5,987	19%	5,758	19%	6,395	18%	7,156	20%	4,970	18%
Development partners	26,334	81%	24,722	81%	29,927	84%	28,976	80%	22,076	82%
<b>Sub-Total</b>	<b>32,321</b>	<b>100%</b>	<b>30,480</b>	<b>100%</b>	<b>36,322</b>	<b>100%</b>	<b>36,132</b>	<b>100%</b>	<b>27,046</b>	<b>100%</b>
Change (%), year-on-year	-4%		1%		22%		20%			
<b>Surplus/(deficit) for the year</b>	<b>29</b>		<b>421</b>		<b>-2,691</b>		<b>646</b>		<b>2,626</b>	

**Table 5: Balance Sheet (summary) (US\$'000)**

Funds Employed	Description of the Fund	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08
<b>Members States Funds</b>							
Reserve Fund	Funds set aside by Council from surplus funds	2,367	2,915	5,462	5,383	5,070	6,996
Accumulated Fund	Excess of Member States Income over expenditure over the years.	3,900	3,836	4,545	8,179	10,039	9,592
Members States Special Funds	Funds meant for special projects as approved by Council from time to time	10,212	8,906	10813	12,839	13,403	11,645
Staff Loan Fund	Funds meant for staff loans	831	856	812	726	367	412
Asset Replacement Fund	Funds set aside by Council to provide resources towards replacement of assets	-	-	0	1,728		
<b>Total – Member States Funds</b>		<b>17,310</b>	<b>16,513</b>	<b>21,632</b>	<b>28,855</b>	<b>28,879</b>	<b>28,645</b>
Change (%)							
Year-on-year		5%	-24%	-25%	0%	5%	6%
Over the period		-40%	-42%	-24%	1%	1%	
<b>Other Funds</b>							
Gratuity fund	Funds set aside for staff in lieu of staff	4,589	4,232	3,138	2,626	2,272	1,776
Payables	Amounts owed to suppliers of goods and services	4,027	4,352	3,268	9,414	4,498	2,125
Development partners	Funds advanced by development partners	19,787	11,952	17,895	17,201	27,013	22,614
Finance lease obligations	The lease entered into with Bongwe Investments for the construction of the new SADC House under through the Build, Operate, and Transfer arrangement.	31,858	34,035	35,947	37,660		
<b>Total other funds</b>		<b>60,261</b>	<b>54,571</b>	<b>60,248</b>	<b>66,901</b>	<b>33,783</b>	<b>26,515</b>
Change (%)							
Year-on-year		10%	-9%	-10%	98%	27%	52%
Over the period		127%	106%	127%	152%	27%	
<b>Total</b>		<b>77,571</b>	<b>71,084</b>	<b>81,880</b>	<b>95,756</b>	<b>63,738</b>	<b>55,160</b>
Change (%)							
Year-on-year		9%	-13%	-14%	50%	16%	24%

Funds Employed	Description of the Fund	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08
Over the period		41%	29%	48%	74%	16%	
Proportion (%)							
Member States		22%	23%	26%	30%	45%	52%
Others funds		78%	77%	74%	70%	53%	48%
Total		100%	100%	100%	100%	100%	100%

Source: SADC Secretariat Financial statements for the period to 31-March-2013

During the year 2012/13, the Secretariat used US\$32.0 million for Member States funded programmes, which is 94% of the final budget of US\$34.0 million, and US\$26.3 million for ICP funded programmes, which is 72% of the final budget of US\$36.4 million.

The scope of actions, which require funding from Member States are currently not matched by the cash resources **that are made available by the** { } Member States. This **is a situation that** has **been prevalent** { } since 2008/09. **Consequently,** { } Council has had to approve withdrawals from the Reserve Funds to meet these shortfalls. Withdrawals from the Reserve Fund amounting to US\$0.4 million were made to fund forensic audit related costs. The Reserve Fund has **depleted** { } from US\$6, 6 million as at 31 March 2008 to US\$2, 4 million as at the end of **the** 2012/13 **financial year.**

#### 6.2.4 FINANCIAL RISKS FACED BY THE SADC SECRETARIAT

The Secretariat faces a number of risks in financial management. The current funding mechanism comprising of funds from Member States and development partners does not allow for **[virement?]** { } of funds between **activities** { } funded by either source. This situation has created financial risks affecting funding sustainability and absorption of ICP funds as follows:

**The scope of Member States funded activities does not sustainably match the** { } **available level of funding from Member States. This therefore leads to Budget inflexibility whereby a** { } significant portion of the Member States funded costs are fixed in a financial year. This has resulted in the failure of the Secretariat to meet requirements that were not included in the budget. **The other consequence has been dependence on ICP funds.**

## 7.0 INSTITUTIONAL REFORMS AND CAPACITY BUILDING

The SADC Secretariat has been engaged in institutional reforms and capacity building necessitated mainly by the centralization of the Secretariat in Gaborone. Moreover, the need to coordinate implementation of the RISDP also demanded a strengthened Secretariat. As a response to the need for reform, the EU provided significant support to the process and started conducting Institutional Assessments (IA) from 2007.

From 2010 the Secretariat in cooperation with the EU implemented an institutional reform programme **called** { } Capacity Building for Regional Integration (CBRI). The programme was aimed at supporting the Secretariat's efforts at institutional reform and capacity development with specific focus on the following four pillars: Accounting Standards; External Audit Standards; Internal Control; and Procurement. This support would help improve development effectiveness through strengthened cooperation and coordination with the Region's International Cooperating Partners as well as places the SADC at levels of internationally acceptable standards and practices as required.

In order to measure the performance of the Secretariat in embedding the reforms into its structures and procedures, three Institutional Assessments were conducted in 2007, 2009 and 2011. The third assessment conducted in 2011 was divided into two phases, **which took place in May 2011 and November 2011 and resulted in the Secretariat finally secured certified institutional compliance in that year.** { }

Financing Agreements were signed with the EU in November 2012 on two projects, **the Institutional Capacity Development Programme** (ICDP), and the Technical Cooperation Facility II (TCF II). ICDP was formulated as a follow-up programme to CBRI in order to accelerate the gains made during CBRI implementation, and with a view to embracing the ever-increasing need for a strong organisational culture, and change management at the Secretariat.

**The** ICDP focuses on three results:

- i) Result 1 – Executive-led change management is implemented and institutionalised in the SADC Secretariat.
- ii) Result 2 – Capacity of the SADC Secretariat to manage programmes and the associated implementation instruments is strengthened.
- iii) Result 3 – Governance structures and management systems remain compliant with internationally accepted practices.

**The** TCF II focuses on four results:

- i) Result 1 - Increased coherence of EU-SADC cooperation at both national and regional levels.
- ii) Result 2 - Identification and formulation of measures that could support integration of SADC and/or its MS into the wider Africa continental context.
- iii) Result 3 - Inclusion of measures in SADC Member State plans and budget of investments that have a verifiable regional dimension and which will lead to deeper regional integration.
- iv) Result 4 - Enhanced participation of civil society in EU-SADC cooperation.

The ICDP became operational on 1 January 2013 while use of the TCFII resources begun in June 2013.

Negotiations between the Secretariat and the EU on signing contribution agreements in support of SADC's Regional Integration Agenda have taken place and the EU will provide direct financial support to agreed programmes under the 10th EDF which SADC Secretariat will implement using its own rules and procedures thereby giving SADC Secretariat more liberty to **incorporate** { } EDF resources into its own programming cycle.

Two Contribution Agreements have been signed – the Regional Political Cooperation (RPC) programme and the Regional Economic Integration Support (REIS) programme. Both projects became operational in April 2013.

Another programme to be implemented using a Contribution Agreement – the Project Preparation Development facility (PPDF) – has been approved in Brussels and the contribution agreement is now under preparation. It is expected that it will be signed by all parties before the end of 2013 to avoid loss of funds.

## 8.0 CONTINENTAL INTEGRATION

### 8.1 SADC – COMESA – EAC TRIPARTITE COOPERATION

As per the rotational system adopted by the three RECs in managing the business of the Tripartite, SADC Secretariat assumed Chairmanship of the cooperation process from April 2012.

During the period under review, coordination and harmonisation of programmes under the SADC-COMESA-EAC Tripartite have continued in the following main areas:

#### 8.1.1 THE TRIPARTITE FREE TRADE AREA

The Tripartite FTA negotiations were completed in March 2013. Tariff phase down modalities have been adopted and text-based negotiations are in progress. The schedule for the text-based negotiations envisages that trade in goods negotiations will be completed by end of the year 2014. In response to the 2nd Tripartite Summit decision that a programme of work and a roadmap for the industrial development pillar be developed, the Tripartite Task Force (TTF) has commissioned two baseline studies to generate information, which **will** provide the basis for this work. The TTF is still preparing the groundwork to facilitate negotiations by Member States on the movement of businesspersons in the Tripartite region.

### 8.2 AFRICAN UNION (AU) AND NEPAD

#### 8.2.1 AFRICAN UNION

The period under review has been characterised by efforts both from the African Union Commission (AUC) and from the Regional Economic Communities (RECs) towards improving the coordination mechanisms. To this effect, a strategic retreat between the AUC and the RECs took place in March 2013 in Durban, South Africa.

Amongst the points of discussion were the following:

- i) Vision and implementation of the Protocol on Relations between the AU and the RECs;
- ii) Enhancement of AU-RECs Partnership on Peace and Security;
- iii) Evaluation of the status of integration on the continent; and
- iv) Strengthening AUC and RECs joint engagement in the coordination and implementation of strategic partnerships.

#### 8.2.2 NEPAD

**The SADC Secretariat and four SADC Member States have continued to attend the meetings of the Steering Committee (SC) and Heads of State and Government Orientation Committee (HSGOC). SADC is currently represented in the SC and in the HSGOC by the following Member States: South Africa, Malawi, Zambia and Zimbabwe.**

**In January 2013, H.E. President Macky Sall of the Republic of Senegal was elected as the new Chairperson of the NEPAD Orientation Committee for a term of two years.**

**NEPAD activities have continued to concentrate on the following main areas:**

- i) Comprehensive Africa Agriculture Development Programme (CAADP);**
- ii) Study on Mobilizing Domestic Resources for NEPAD programmes;**
- iii) The Presidential Infrastructure Champion Initiative (PICI);**
- iv) Africa's Strategic Partnership Engagements.**

**The SADC Secretariat continued to engage the NEPAD Coordination and Planning Agency in the implementation of the above activities in the SADC region.**

## 9.0 DEVELOPMENT COOPERATION AND RESOURCE MOBILISATION

The Secretariat has continued to engage the International Cooperating Partners (ICPs) in order to facilitate mobilization of resources for the implementation of regional programmes and projects. The cooperation between **the** SADC and development partners is guided by the Windhoek Declaration (2006), **with the implemented** { } priority programmes { } derived from the RISDP and SIPO.

Development partners that have continued to contribute considerable resources include the European Union through the European Development Fund (EDF), AfDB, World Bank, Commonwealth, World Health Organization, Food and Agriculture Organization, and the Global Fund. Regional institutions such as Forum for Agriculture Research in Africa (FARA) and **the Southern Africa Trust** (SAT) have also continued to extend their support both technically and financially.

Significant support has also been received from individual countries such as Germany, France, Norway, Sweden, and the United Kingdom.

### 9.1 SADC – EU COOPERATION

Implementation of programmes under SADC’s cooperation with the EU has continued with completion of all programmes under the 9th Regional Strategy Paper / Regional Indicative Programmes (RSP/RIP). Programming for the 10th RSP/RIP has also been completed with all resources having been committed. Signed are contribution agreements for the Regional Political Cooperation Programme and the Regional Economic Integration Support Programme. Details of the status of projects under the 10th EDF and the 11th EDF are presented in the Progress Report on SADC-EU Cooperation.

#### 9.1.1 10<sup>TH</sup> EDF REGIONAL INDICATIVE PROGRAMME

The two focal sectors for the SADC 10<sup>th</sup> EDF Regional Strategy Paper and Regional Indicative Programme (SADC RSP/RIP) are (i) Regional Economic Integration with 4 projects and (ii) Regional Political Cooperation with one project. { } The first focus area, Regional Economic Integration is intended to provide broad-based support to deepen SADC economic integration, **including** trade policies, investment promotion, regional infrastructure, and food security. The second area, Regional Political Cooperation, will support capacity building for democratic governance and SADC’s role as a regional pillar of the pan-African peace and security architecture.

Programming for the 10<sup>th</sup> EDF programmes was completed in 2013 and financing decisions were obtained in the final trimester of 2012 for three Contribution Agreement projects – the Regional Economic Integration Support programme (REIS), the Project Preparation Development Facility (PPDF), and the Support to AFRITAC South. The Contribution Agreements for the Regional Political Cooperation Programme and the REIS were signed in December 2012 and in March 2013, respectively and both projects become operational on 1 April 2013. The Contribution Agreement for the PPDF must be signed before the end of 2013. Table 2 below provides the status of the 10<sup>th</sup> EDF projects.

**Table 6: Status of Projects and programmes developed for financing under EDF 10**

No.	Project/Programme	€ mil	AAP	Status as at May 2013	Operational Period
<b>Focal Sector 1: Regional Economic Integration</b>					
1.	Project Preparation and Development Facility (PPDF)	12	2012	Action Fiche submitted in February 2012; Approved in Brussels	2013 – 2018
2.	Regional Economic Integration Support (REIS)	20	2012	Contribution Agreement signed in March 2013 and project became operation on 1 April 2013	2013 – 2017
3	Institutional Capacity Development Programme	12	2012	Financing Agreement signed in November 2012 and project became operational on 1 April 2013	2013 – 2015
4	Sustainable Energy for All Initiative	32		Managed by the EU in Brussels	2014 – 2018
	Trade Related Facility		2012	Decision awaited	
<b>Focal Sector 2: Regional Political Integration</b>					
5	Regional Political Cooperation Programme (RPC)	18	2011	Contribution Agreement signed December 2012 and projects became operation on 1 April 2013	2013 – 2017
<b>Non-focal Sector</b>					
6	Technical Cooperation Facility 1 (TCF I)	6	2011	Financing Agreement signed and project operational	2011 – 2014
7	Technical Cooperation Facility 2 (TCF II)	6	2012	Financing Agreement signed November 2012 and project is operational	2013 – 2017
8	Support to MESA	5	2011	Project operational	2012-2017
9	Support to AFRITAC South	5	2012- ad hoc	Project operational	2013-2015

Note:

- AAP: Annual Action Programme
- MESA: Monitoring of Environment for Security in Africa
- AFRITAC South: (IMF's) Africa Technical Assistance Centre for Southern Africa
- Though the funding for the Trade Related Facility was de-committed by the EU in April 2011, the project is retained in the table as the Action Fiche was submitted to Brussels at the end of November 2012 with possibility of funding from the 10th EDF reserves.

The Action Fiche for the Trade Related Facility (EUR 32 million) was submitted to Brussels in November 2012. It is anticipated that this project will be financed from the EDF Reserves (initial allocation was de-commitment from the SADC 10th EDF RIP in April 2012). A decision on the action fiche is still awaited.

### 9.1.2 PROGRAMMING FOR THE 11TH EDF

Preparations of the 11<sup>th</sup> EDF have not yet started. **The** SADC, like other ACP Regions, is in discussions with the EU regarding the preparation of the 11<sup>th</sup> EDF in light of the new EU Development Policy, referred to as **the** “Agenda for Change”. The new policy suggests a new approach to the programming of the EDF resources, which includes additional conditionalities and principles to be followed by the recipients in preparing their 11<sup>th</sup> EDF RIPs.

It is expected that the EU will soon issue the Regional Guidelines for the preparation of the 11<sup>th</sup> EDF to enable an early start of the programming of the RIP. The Secretariat will organise planning of workshops with Member States and other Stakeholders to programme the 11<sup>th</sup> EDF RIP based on the SADC Medium Term Strategy, the outcome of the Review of RISDP, and other relevant documents from the EU as a **cooperating**

partner. This will be followed up by identification and formulation phases to develop specific Project Identification Fiches (PIFs) and Action Fiches (AF).

### 9.1.3 SADC-EU MINISTERIAL POLITICAL DIALOGUE

**The** SADC and EU re-iterated { } commitment to continue cooperation during the Ministerial Political Dialogue held on 20<sup>th</sup> March **2013** in Maputo, Mozambique, marking 19 years since the commencement of the SADC-EU Dialogue.

The political dialogue culminated in the signing of a Joint Communiqué that captured the outcome of this high-level dialogue. The two parties updated each other on economic and political developments in the two regions as well as the new EU Development Policy referred to as, *Agenda for Change*, **which will** be implemented over a seven-year period from 2014 to 2020. **The new agenda intends** to achieve greater impact and better results.

The meeting discussed issues relating to the cooperation between SADC and EU and discussed, among others, the following:

- i) Africa – EU Strategic Partnership;
- ii) Economic integration in SADC and SADC–EU cooperation priorities;
- iii) SADC Regional Political Integration; and
- v) EU development priorities.

The meeting witnessed the signing of a €20 million Contribution Agreement between the SADC and the EU for the Regional Economic Integration Support (REIS) programme that will assist SADC in its efforts to remove barriers to trade and to improve the business environment in the region. This is one of the programmes under the 10<sup>th</sup> EDF resources.

The SADC-EU political dialogue is to be periodically reinforced through a Senior Officials Meeting that is to take place on a yearly basis and a Ministerial-level meeting that will be organised every two years, with the location of the meetings alternating between the EU and SADC regions.

## 9.2 SADC – AFRICAN DEVELOPMENT BANK

The African Development Bank (AfDB) continues to play an important role in supporting the implementation of economic development programmes in the SADC Region through cooperation with the Secretariat for regional programmes and through bi-lateral cooperation with individual SADC Member States.

The current support provided by the AfDB amounts to AU62.4 million for 8 projects. The SADC Secretariat is the Implementation Agency for 5 projects in the areas of agriculture, water and sanitation, education, transport, and health. Table.... below indicates the status of projects.

**Table 7: Status of Projects as at September 2012**

Name of project	Approval Date	Closing date	Amount Appr. (UA m)	Total Disb. (UA m)	% Disb. (Sept. 2012)	Physical Implem. (2012)
Strengthening of Institutions for Risk Management for TADS Project.	13.12.2006	30.12.2013	13.70	9.668	70.46	70
Shared Watercourses Support Project	25.01.2006	30.12.2013	9.380	4.023	42.89	52
Capacity Building Project in Open Distance Learning (ODL)	20.12.206	31.07.2014	15.000	7.109	47.40	63
Support to the control of Communicable Diseases Project	31.05.2006	31.04.2013	20.00	8.711	43.56	63
SADC-Technical Assistance (Kazungula Bridge Study)	1.12.2006	30.06.2012	0.350	0.171	49.14	100
SADC North-South Corridor Improvement Study- Botswana/Zambia	5.02.2006	30.06.2013 31.12.2013	1.450 0.600	1.392 0.519	96.05 86.60	100
Support to SADC Water and Sanitation Program	4.06.2009	31.10.2013	1.997	0.800	40.06	15

The implementation of some of the project activities has been adversely affected by bottlenecks such as { } delays in providing Banks no objections. The Secretariat and the

Bank officials continue to work together in addressing identified bottlenecks to facilitate improved implementation of project activities.

### 9.3 SADC – GERMANY COOPERATION

The SADC-Germany Bilateral Negotiations were held during the period in July 2013 in Bonn and Berlin, Germany. The consultations reaffirmed the goal of the SADC - German development cooperation that seeks to contribute to peace, security, and the achievement of the MDGs in the SADC region by supporting the regional integration agenda. The following priority areas, **which were** identified in 2011, were re-confirmed:

- i) trans boundary use and protection of natural resources;
- ii) regional economic integration; and
- iii) trans boundary water management.

The Federal Republic of Germany committed to provide a total of €56.9 million comprising €40.5 million for Technical Cooperation and €16.4 million for Financial Cooperation on projects and programmes under the priority areas of cooperation. This amount is provided through the Federal Ministry for Economic Cooperation and Development and is to be utilised before July 2020 to support implementation of SADC priority programmes under SADC-Germany Cooperation.

Table 8 below illustrates the overview of the commitments made in 2012 and 2013 towards programmes under SADC-Germany Cooperation.

**Table 8: Overview of Funds Commitments Under SADC – Germany Cooperation**

Project/programme	FC/TC	BMZ project number	Commitment 2012 in €	Commitment 2013 in €	Continuation Yes/no	FC instrument
<b>Priority Area Regional Economic Integration</b>						
Strengthening Capacities and Competences in Economic and Trade Policy in SADC/ Stärkung der wirtschafts- und handelspolitischen Kapazitäten und Kompetenzen in der SADC	TC	2011.2239.9	2.2 million	3.0 million	yes	
Strengthening Quality Infrastructure for Trade and Consumer Protection/ Stärkung der Qualitätsinfrastruktur für den Handel und den	TC	2012.2297.5	1.5 million	--	yes	

Project/programme	FC/ TC	BMZ project number	Commitment 2012 in €	Commitment 2013 in €	Continuation Yes/no	FC instrument
Verbraucherschutz in der SADC Region						
<b>Sub-Total TC</b>			3.7 million	3.0 million		
<b>Sub-Total 1</b>			<b>3.7 million</b>	<b>3.0 million</b>		
<b>Priority Area Trans boundary Use and Protection of Natural Resources</b>						
Kavango-Zambesi Trans frontier Conservation Area/ Kavango-Zambesi Trans frontier Conservation Area	FC	2012.6651. 9	15.5 million	--	yes	grant
Trans frontier Conservation Area Great Limpopo/ Transnationale Naturschutzgebiete Great Limpopo Park	FC	2012.6652. 7	7.0 million	--	yes	grant
Malawi-Zambia Trans frontier Conservation Area/ Grenzüberschreitend es Schutzgebiet Malawi-Sambia	FC	2012.6653. 5 2013.6638. 4	13.0 million	5.0 million	yes	grant
<b>Sub-Total FC</b>			35.5 million	5.0 million		
Adaptation to Climate Change in Rural Areas/ Klimaanpassung im ländlichen Raum	TC	2013.2244. 5	--	4.0 million	no	
<b>Sub-Total TC</b>			--	4.0 million		
<b>Sub-Total 2 (FC + TC)</b>			<b>35.5 million</b>	<b>9.0 million</b>		
<b>Cooperation outside the priority areas</b>						
Support of Peace, Security and Good Governance in the SADC Region/ Unterstützung von Frieden, Sicherheit und Good	TC	2010.2208. 6	2.0 million	2.7 million	yes	

Project/programme	FC/ TC	BMZ project number	Commitment 2012 in €	Commitment 2013 in €	Continuation Yes/no	FC instrument
Governance in der SADC-Region						
Strengthening the Reform Agenda and Management Capacities of SADC Institutions (ProGRESS)/ Stärkung der Reformagenda und Managementstrukturen von SADC-Institutionen	TC	2011.2240.7	1.0 million	--	yes	
<b>Sub-Total TC</b>			3.0 million	2.7 million		
<b>Sub-Total 3</b>			<b>3.0 million</b>	<b>2.7 million</b>		
<b>Sum total (of Sub-Totals 1 – 3)</b>			<b>42.2 million</b>	<b>14.7 million</b>		

Note: FC = Financial Cooperation  
TC = Technical Cooperation

## 9.4 SADC – JAPAN COOPERATION

### 9.4.1 FIFTH TOKYO INTERNATIONAL CONFERENCE FOR AFRICA'S DEVELOPMENT

The SADC Secretariat participated in the Fifth Tokyo International Conference on Africa's Development (TICAD V) from 1 to 3 June 2013 in Yokohama, Japan that commemorated the 20th anniversary of the TICAD process. The Theme for TICAD V was "Hand in Hand with a More Dynamic Africa" with the following co-themes:

- i) Robust and Sustainable Economy;
- ii) Dialogue with the Private Sector;
- iii) Peace and Stability; and
- iv) Inclusive and resilient Society.

The meeting adopted the Yokohama Declaration 2013 that identifies TICAD V strategic approaches in supporting Africa's own efforts especially those adopted by the African Union to include the programme for Infrastructure Development in Africa (PIDA), the Comprehensive Africa Agriculture Development programme (CAADP) the African Peer Review mechanism (APRM), and Accelerating Industrial Development in Africa (AIDA).

The Declaration outlines strategic approaches for promoting private sector-led growth; accelerating infrastructure development, empowering farmers as mainstream economic actors; promoting sustainable and resilient growth; creating an inclusive society for growth and consolidating peace, stability and good governance; and building a new international development framework: making Africa's voice heard in the post 2015-development agenda.

#### **9.4.2 SADC SADC/OECD/IFC/JICA SEMINAR ON 'OVERCOMING CHALLENGES TO PRIVATE SECTOR PARTICIPATION IN AFRICA'S INFRASTRUCTURE'**

On the margins of TICAD V, on 31 May 2013, SADC along with JICA, OECD, IFC and NEPAD organised a Seminar on '*Overcoming Challenges to Private Sector Participation in Africa's Infrastructure*' was co-organised by the Japanese International Cooperation Agency (JICA) as an official side event at the Fifth International Conference on Africa's Development (TICAD V) held on 1 -3 June 2013 in Yokohama, Japan. The Seminar discussed common challenges and bottlenecks to infrastructure investment in Africa and options for overcoming them as well as to highlight priorities for reform.

At this Seminar, the Secretariat presented the SADC Regional Infrastructure Development Master Plan giving a detailed summary of the regional infrastructure projects in the Short Term Action Plan (STAP) to be implemented over the period 2013 – 2017 and requiring an estimated total of US\$64.32 billion. **In a bid to showcase the region's multi-billion infrastructure programme and attract investors for its implementation, the TIFI director** { } explained **to a gathering of over 150 Japanese business community and other international financing organisations** that SADC recognises the critical role of the private sector; { } **and has** developed a policy framework for Public-Private Partnerships (PPP) **in order** to pave **the** way for private sector participation in implementing the projects. { }. **Two other SADC representatives, Honourable Paulo Zucula, the Minister of Transport and Communication of Mozambique and the current chairperson of the SADC Committee of Infrastructure outlined the SADC Infrastructure Vision 2027 for energy, and The Deputy Executive Secretary-Regional Integration, Eng. Caholo, addressed the meeting. Minister Zukula reiterated the SADC's commitment to developing the regional infrastructure and announced the SADC Infrastructure Investment Summit planned for 28 June 2013 in Maputo, Mozambique to launch the projects in the Short Term Action Plan of the RIDMP. The DES-RI outlined the instruments developed for the implementation of the RIDMP, particularly the establishment of the Project Preparatory Development Facility (PPDF) and the SADC Regional Development Fund.**

{ }

#### **9.5 SADC – NON STATE ACTORS (NSAs) COOPERATION**

The SADC Treaty recognises key stakeholders as important partners in the implementation of the SADC Programme of Action. Article 23 of the Treaty lays the foundation for key stakeholders' participation and defines them as private sector, civil society, non-governmental organisations (NGOs), workers, and employers' organisations. However, several other organizations working on and representing various

stakeholders and interests not stated under this article such as religion, youth, gender, human rights, and governance issues have emerged in the region. **These organisations have also shown their desire to be recognized and given an opportunity to partake in the implementation of the SADC Regional integration agenda**

**The SADC Secretariat has been engaging with NSAs, in some key activities such as: the development of the SADC RISDP; participation at the SADC Consultative Conferences; participation at the SADC International Conference on Poverty and Development; the launch of the SADC Free Trade Area; consultation on the development of a Proposal for the SADC Poverty Observatory.**

**The SADC Secretariat also participates at Annual Southern Africa Civil Society Forum to update Non State Actors on progress made in implementing programmes towards achieving core SADC regional integration objectives. NSAs are continuously being engaged in other activities such as the review of the RISDP and activities of the Regional Poverty Observatory, among others.**

**To enhance the SADC-NSA relationship, the Secretariat is currently collaborating with one of its Cooperating Partners to conduct an audit of all stakeholder Organisations in the region and further recommend a mechanism for SADC's engagement with stakeholders. It is envisaged that this exercise will be completed by October 2013. The exercise will also assist the Secretariat to update the list of key stakeholders and present it to Council for noting as mandated by Council in August 2011.**

## 10. CONCLUSIONS, CHALLENGES AND RECOMMENDATIONS

This report reflects the status of implementation of projects, programmes, and efforts that are being applied by the SADC Secretariat in order to reach SADC's goals as elaborated in the RISDP and SIPO as well as continuous direction given by **the** SADC policy organs.

The revision and launch of SIPO marked a major milestone in the area of politics, peace, and security in the region. As evidence of the fruitfulness of the mediation efforts that have been applied towards Member States **that are confronted with major** political challenges, Zimbabwe's Constitutional Referendum was successfully held in March 2013. The Draft constitution was assented into the law of the country in May 2013 **and free and peaceful harmonised elections were held in July 2013.**

Notable progress has been made in facilitating the FTA in the region. Participating Member States have fully implemented the FTA. This excludes Tanzania and Zimbabwe as they have requested to defer the implementation of some of their tariff commitments. As a boost to the consolidation of the FTA, Protocol on Trade in Services was signed in August 2012.

Policies that seek to enhance productive competitiveness in the region were developed and approved in November 2012. Such policies include, an Industrial Development Policy Framework, and the SADC Globally Harmonised System for the Classification and Labelling of Hazardous Chemicals (GHS) Policies.

The importance of the development of the hard infrastructure cannot be overemphasised in regional integration. With the approval of the RIDMP in August 2012, two investment conferences have been held up to date and presentations were made to international and regional investors.

Land degradation and unsustainable use of some of the region's natural resources amongst others, continue to impact negatively on the food security situation in the region. Furthermore, the high dependency on rain-fed agriculture also continues to pose challenges in food production. It is therefore apparent that more innovative and bold action plans have to be adopted by Member States in order to reverse the situation that leaves many in the region vulnerable. Measures to support affected populations in the short term and foster production in the long term have to be **initiated.**

Considerable progress was recorded in the planned activities of Social and Human Development and Special Programmes, despite prevailing challenges at different levels. The challenges encountered include: structural impediments in the region such as the weak Procurement and Supply Management limitations resulting in stock outs of essential malaria medicines and commodities, lack of adequate financial resources and the lack of management information systems to ensure timely and quality data for decision-making.

Although a number of measures were undertaken to militate against the highlighted challenges, it is imperative that in line with decision of Council of March 2012, the budgetary allocations to the Secretariat for the social sectors for the financial year 2013/14 and beyond be reviewed in order to help boost the implementation of planned outputs to build human capabilities to, among others, contribute towards poverty reduction in the Region.

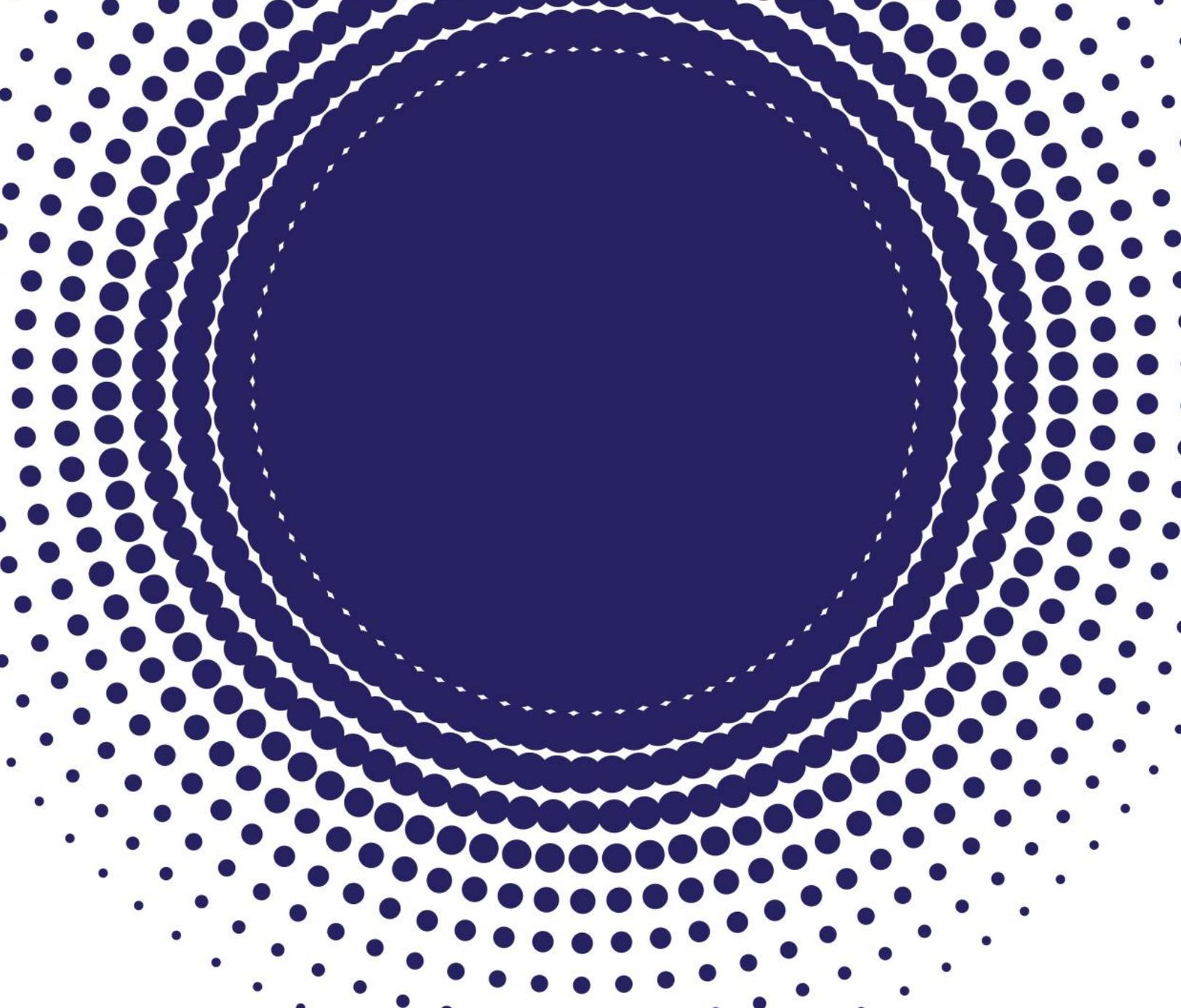
Efforts to ensure strategic alignment of operations within the Secretariat with SADC objectives and goals led to the development of the draft SADC Secretariat Medium Term Strategy for the period 2014-2019 which further culminated in the development of Five Year Corporate and Operational Plans, a departure from the development of the three-year rolling plan, Budget Outlook Paper.

**The review of the implementation of the RISDP was carried out by an independent regional consultancy firm and based on the findings, the message for SADC was that it should “return to its roots”, that is, to reconsider developmental integration, economic diversification, and infrastructure development.**

Inadequate financial and human resources continued to work against the efficient and effective implementation of regional projects and programmes. Non-remittance of financial obligations by some Member States worsened the situation as some plans had to be suspended due to non-availability of funds during the review period. However, resource mobilisation efforts for the implementation of some regional programmes and projects were sustained. As a result, the region through the Secretariat continued to receive financial and technical support from international organisations as well as individual countries.

Despite the challenges faced during the facilitation of implementation of projects and programmes of regional integration, the Secretariat remains committed to be an efficient and effective institution that adheres to internationally acceptable standards and practices. This commitment was mirrored by the certification of the Secretariat to qualify for the Contribution Agreement with the EU.

In order to sustain the initiatives that are being undertaken at the regional level, the Secretariat continues to depend on Member States to demonstrate the same commitment to the regional integration agenda such that emerging economic and political challenges can be addressed in a collective manner.



## ABOUT SADC

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

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