

ANNUAL REPORT

2019 - 2020



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ABBREVIATIONS

AIDS	Acquired immunodeficiency syndrome
ART	Ante Retroviral Therapy
BIPS	Business and Investment Promotion Strategy
CMA	Common Monetary Area
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
EA-SA-IO	Eastern Africa, Southern Africa and Indian Ocean
ECA	Economic Commission for Africa
ESREM	Enhancing of a Sustainable Regional Energy Market
EU	European Union
FAO	Food and Agriculture Organisation
FID	Foreign Direct Investment
GAIN	Global Alliance for Improved Nutrition
GBV	Gender Based Violence
GDP	Gross Domestic Product
GERD	Gross Expenditure on Research and Development
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HIV	Human Immunodeficiency Virus
ICPs	International Cooperating Partners
IMF	International Monetary Fund
IPF	Investment Policy Framework
MCBTRA	Multilateral Cross Border Road Transport Agreement
MVA	Manufacturing Value Added
NTBs	Non-Tariff Barrier
PPDF	Project Preparation Development Facility
RAIP	Regional Agricultural Investment Plan
RAPI	Regional Action Programme for Investment
RERA	Regional Energy Regulators Association
RIDMP	Regional Infrastructure Development Master Plan
RISDP	Revised Regional Indicative Strategic Development
RMDWEEP	Regional Multi-Dimensional Women's Economic Empowerment Programme
RMV	Regional Mining Vision
RTGS	Real Time Gross Settlement System

SADC	Southern African Development Community
SIPO	Strategic Indicative Plan for the Organ
SME	Small and Medium Scale Enterprises
STI	Science, Technology, Innovation
STR	Simplified Trade Regime
TBA	Transboundary Aquifers
TFTA	Tripartite Free Trade Area
TTTTFP	Tripartite Transport and Transit Facilitation Programme
UNAIDS	United Nations Programme on HIV/AIDS
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	The United Nations International Children's Fund
USAID	United States Agency for International Development
VLMA	Vehicle Load Management Agreement
WFP	World Food Programme
WHO	World Health Organisation

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EXECUTIVE SUMMARY

This Report presents progress made towards implementation of the Revised Regional Indicative Strategic Development Plan (RISDP) and Strategic Indicative Plan for the Organ (SIPO) by the SADC Secretariat in collaboration with the Member States and other stakeholders in implementing the SADC regional cooperation and integration programmes during the 2019/20 fiscal year.

Regional Political and economic Developments

The political and security situation in the Region remained generally stable, despite some instability mostly in the eastern Democratic Republic of Congo and insurgent attacks in Cabo Delgado, in the northern of Mozambique. Furthermore, the region witnessed Member States holding regular national democratic elections and a growing trend of contested elections in some Member States.

The economic performance of the SADC region in 2019 slowed down when compared to the previous years, with the real Gross Domestic Product (GDP) growth averaged 2.0% lower than an average of 2.9% realised in the three preceding years from 2016 to 2018. The deterioration was in line with the weak commodity prices, slowdown in global economic activity and escalated global trade tensions, with the severity varying across the SADC Member States. Provisionally, the annual regional inflation increased to an average of 12.1% in 2019 from an average of 8.2% in 2018. However, excluding Angola and Zimbabwe who recorded inflation rates of 17.1% and 109% in 2019, respectively, the average inflation for SADC region slowed down to 4.3% in 2019 from 7.1% in 2018. In 2020, the regional economic growth is expecting a contraction of about 3% mainly due to adverse impact of COVID-19.

Industrial Development and Market Integration

Regarding implementation of the Industrialization Strategy and Roadmap, the SADC Protocol on Industry in August 2019 was approved by the 39th SADC Summit in August 2019 and to date Seychelles has ratified the Protocol. In the area of regional value chain, the SADC Regional Mining Vision (RMV) and Action Plan were approved by Council in August 2019; and a number of initiatives were implemented towards market integration and promotion of quality and standards infrastructure necessary for competitiveness of goods produced in the Region.

Notable progress was achieved in the area of payments systems whereby at national level. By end of March 2019, all Member States were implementing Real Time Gross Settlement System (RTGS). As RTGS facilitates quicker transactions and brings about efficiency in payments, more than 1.8 million transactions have been settled as at end of March 2020, representing ZAR 7.17 Trillion since July 2013 when the system went live. The region has performed impressively in the area of financial inclusion by attaining a

target of 32% of adults in the region who are financially excluded which is around 45.7 million individuals against the target of 25% by 2021. Financial inclusion is a key enabler in contributing to poverty reduction and boosting prosperity.

Infrastructure in Support of Regional Integration

Progress was made towards realization of SADC Infrastructure Vision 2027 and contribution towards the Industrialization Strategy and Roadmap through implementation of various initiatives. In the energy sector, the Region commissioned 3,595 Megawatts (MW) which is about 90% of the targeted capacity of 4,000 MW. A number of policy, regulatory and strategic frameworks documents for Tripartite Transport and Transit Facilitation Programme (TTTFP) were approved by Ministers of Transport in October 2019.

In the water sector, the Kunene Transboundary Water Supply Project was completed and over 330 households were provided with clean and reliable water supply in Calueque village. The intervention has further ensured provision of improved assurance of potable water supply to the Santa Clara community. Furthermore, the Secretariat through SARCIS-DR deployed a number of meteorological equipment to Member States and continued to provide timely weather and climate information in order to minimize adverse effects of severe weather and climate phenomena

Significant strides have been made since the launch of the Tripartite Free Trade Area (TFTA) in Sharm El Sheikh, Egypt, in 2015, whereby, the draft Tripartite Agreement on Movement of Business Persons was finalised, legally scrubbed and adopted. The Non-tariff measures data databases was classified, validated and HS coding completed for six (6) tripartite pilot countries. Moreover, a number of instruments were developed to facilitate implementation of the Tripartite FTA Agreement.

Special Programmes of Regional Dimension

In the Agriculture Sector, plans, guidelines, strategies and frameworks were developed and approved. These include: the SADC Seed Centre Sustainability Plan and the Guidelines for Seed Certification and Quality Assurance; the Regional Strategy on Conservation and Utilization of Animal Genetic Resources (AnGR); Anti-Microbial Resistance (AMR) Framework and Dog-Mediated human rabies Strategy; and the SADC Great Green Wall Initiative. The region also attained an increase in aquaculture production from 92,773 tons in 2019, to 100,950 tons in 2020 as part of the implementation of the SADC Regional Aquaculture Strategy.

In the Social and Human Development component, Member States continued to align their National qualification frameworks to Regional standards. To date, South Africa and Seychelles have successfully aligned while other member states have reached an advanced stage in the alignment process, including Mauritius which submitted its Alignment Report for Adjudication.

The new SADC Labour Migration Action Plan (2020-2025) was adopted to promote skills transfer and matching labour supply and demand for regional development and integration. The SADC Guidelines on Portability of Social Security Benefits were also adopted to ensure that workers moving within the SADC region maintain social security rights and benefits acquired under the jurisdiction of different Member States. In addition, various frameworks were developed to guide and inform interventions on malaria control; the quality of young children's diets; and youth innovation, entrepreneurship, leadership and participation in the SADC region.

An Analytical Assessment of Gender Mainstreaming in the SADC Regional Integration Agenda was finalised and the final Report shared with Member States. In addition, the SADC Regional Multi-Dimensional Women's Economic Empowerment Programme (RMDWEEP) was approved, which seek to promote implementation of SADC commitments on the economic empowerment of women. Furthermore, the Secretariat continued to popularize the SADC Regional Strategy and Framework of Action for Addressing GBV (2018-2030).

Crosscutting Programmes

In the area of Statistics, the Secretariat achieved a significant milestone in the development of a Protocol on Statistics, which serves data needs for policy instruments for regional integration. In addition, several regional statistical publications were produced and disseminated to stakeholders.

Finally, the SADC Regional Resource Mobilisation Framework was finalized and approved by the Council of Ministers in August 2019 to ensure sustainable financing mechanisms for implementation of regional programmes. The Secretariat also continued to strengthen cooperation with the International Cooperating Partners (ICPs) in order to facilitate mobilization of resources for implementation of the priority regional programmes and projects that are aligned to the SADC priorities. In view of this, several agreements and legal instruments were concluded with a number of ICPs that continue to extend technically and financially support towards regional integration.

1. INTRODUCTION

Under the Chairmanship of the United Republic of Tanzania, the SADC Region's focus during the 2019/20 Financial Year was underpinned by the theme “*Creating a Conducive Business Environment for Inclusive and Sustainable Industrial Development*” under which the Regional body made significant strides towards deepening regional integration, achieving and maintaining peace, security and stability, and growth and development in line with its Treaty objectives as well as outlined in the RISDP 2015/2020.

Notable progress was made during the past year in all priority areas which include Industrial Development and Market Integration, Infrastructure in Support of Regional Integration, Peace and Security Cooperation, Special Programs of Regional Dimension, and Crosscutting Issues. This Report therefore, accounts for the implementation of the SADC Secretariat 2019/20 Annual Corporate Plan which aimed to operationalize the last year of the Revised RISDP and the annual theme. It unfolds the main achievements during the year, challenges and mitigation measured in six chapters presented as follows:

- Regional Political and Economic Developments
- Implementation of Programmes of Regional Cooperation and Integration
- Implementation of Corporate Activities
- Continental Cooperation and Integration
- Development Cooperation and Resource Mobilisation
- Good Governance
- Challenged and Lessons learned
- Mitigation Measures

The Report concludes by outlining the main challenges encountered during implementation of the 2019/20 Financial Year commitments as well as lessons learned and mitigation measures to pave way for the 2020/21 Financial Year.

2. REGIONAL POLITICAL AND ECONOMIC DEVELOPMENTS

2.1 POLITICAL DEVELOPMENTS

The political and security situation in the Region has remained generally stable, notwithstanding isolated pockets of instability mostly in the Eastern parts of the Democratic Republic of Congo, with the continuation of terrorist attacks perpetrated by the negative forces, and insurgent attacks fuelled by religious extremism and radicalism in Cabo Delgado, in the Northern parts of Mozambique.

Member States have continued to adhere to democratic values and practices by holding regular national democratic elections in accordance with the SADC Principles and Guidelines Governing Democratic Elections. Nonetheless, the region has witnessed a growing trend of contested elections in some Member States. Furthermore, the outbreak of the COVID-19 pandemic compelled Member States holding elections in 2020 (Malawi, United Republic of Tanzania and the Seychelles), to put in place measures that affect the normal electoral processes, such as in the partial suspension of civil and political rights through restrictions in freedoms of gatherings, movement, and speech.

In the Kingdom of Lesotho prospects of sustained political stability have been amplified by the smooth and peaceful transition of power, with the swearing in of Right Honorable Dr Moeketsi Majoro as Prime Minister on 19 May 2020, and the formation of a new government Coalition between the All Basotho Convention and the Democratic Congress parties.

Whilst the impact of the COVID-19 on governance, peace and security is yet to be fully explored, it is imperative that the Region prepares adequately for imminent COVID-19 and post-COVID-19 pandemic scenarios which may present serious challenges to peace and security at both national and regional level. To that extent, the Secretariat has prepared an assessment of the socio-economic impact of COVID-19 which will be considered by Council and Summit in August 2020.

2.2 ECONOMIC DEVELOPMENTS

2.2.1 GLOBAL ECONOMIC BACKGROUND

Economic Activity

The International Monetary Fund (IMF) World Economic Outlook report of April 2019 indicates a decline in global growth to 2.9% in 2019 from 3.6% in 2018. As a result of the COVID-19 pandemic, the global economy is projected to contract sharply by negative 3% in 2020, much worse than during the 2008–09 financial crisis. The downward revision primarily reflects trade policy uncertainty, geopolitical tensions, and idiosyncratic stress in key emerging market economies continued to weigh on global economic activity, in particular manufacturing and trade, in the second half of 2019. Social unrest continued to intensify and posed new challenges in several countries, as did weather-related disasters, such as hurricanes in the Caribbean, drought and bushfires in Australia, floods in eastern Africa, and drought in southern Africa.

Table 1: Major Macroeconomic Indicators of Selected Economies

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020*
World	-0.1	5.4	4.3	3.5	3.5	3.6	3.4	3.4	3.8	3.6	2.9	3.3
Advanced Economies	-3.3	3.1	1.7	1.2	1.4	2.1	2.3	1.7	2.4	2.2	1.7	1.6
USA	-2.5	2.6	1.6	2.2	1.8	2.5	2.9	1.6	2.2	2.9	2.3	2.0
Euro Area	-4.5	2.1	1.6	-0.9	-0.2	1.4	2.1	2.0	2.4	1.9	1.2	1.3
EM & DE	2.8	7.4	6.4	5.4	5.1	4.7	4.3	4.6	4.8	4.5	3.7	4.4
China	9.2	10.6	9.5	7.9	7.8	7.3	6.9	6.7	6.8	6.6	6.1	6.0
India	8.5	10.3	6.6	5.5	6.4	7.4	8.0	8.2	7.2	6.8	4.8	5.8
Brazil	-0.1	7.5	4.0	1.9	3.0	0.5	-3.5	-3.3	1.1	1.3	1.2	2.2
SSA	3.8	7.1	5.3	4.7	5.2	5.1	3.2	1.4	2.9	3.2	3.3	3.5

Source: IMF World Economic Outlook (WEO), April 2020.

Note: EM & DE is Emerging Market and Developing Economies.

SSA is Sub-Sahara Africa

* April 2020 WEO Projections

Growth in emerging and developing economies, which accounts for over half of the world growth receded to 3.7% in 2019 from 4.5% in 2018. The growth markdown largely reflects a decline in domestic demand which slowed more sharply than expected amid stress in the nonbank financial sector and a decline in credit growth. India's growth averaged 4.8% in 2019, down from 6.8% in 2018. India's economy was held back by sector-specific weaknesses in the automobile sector and real estate as well as lingering uncertainty about the health of nonbank financial companies. In Mexico, growth slowed sharply during the first half of 2019 owing to elevated policy uncertainty, budget under-execution, and some transitory factors. In South Africa, growth remained subdued at 0.4% despite slight recovery from electricity supply. Growth in China slowed down to 6.1% in 2019 from 6.6% in 2018. This was a result of unresolved disputes on broader US-China economic relations as well as required domestic financial regulatory strengthening to rein in shadow banking.

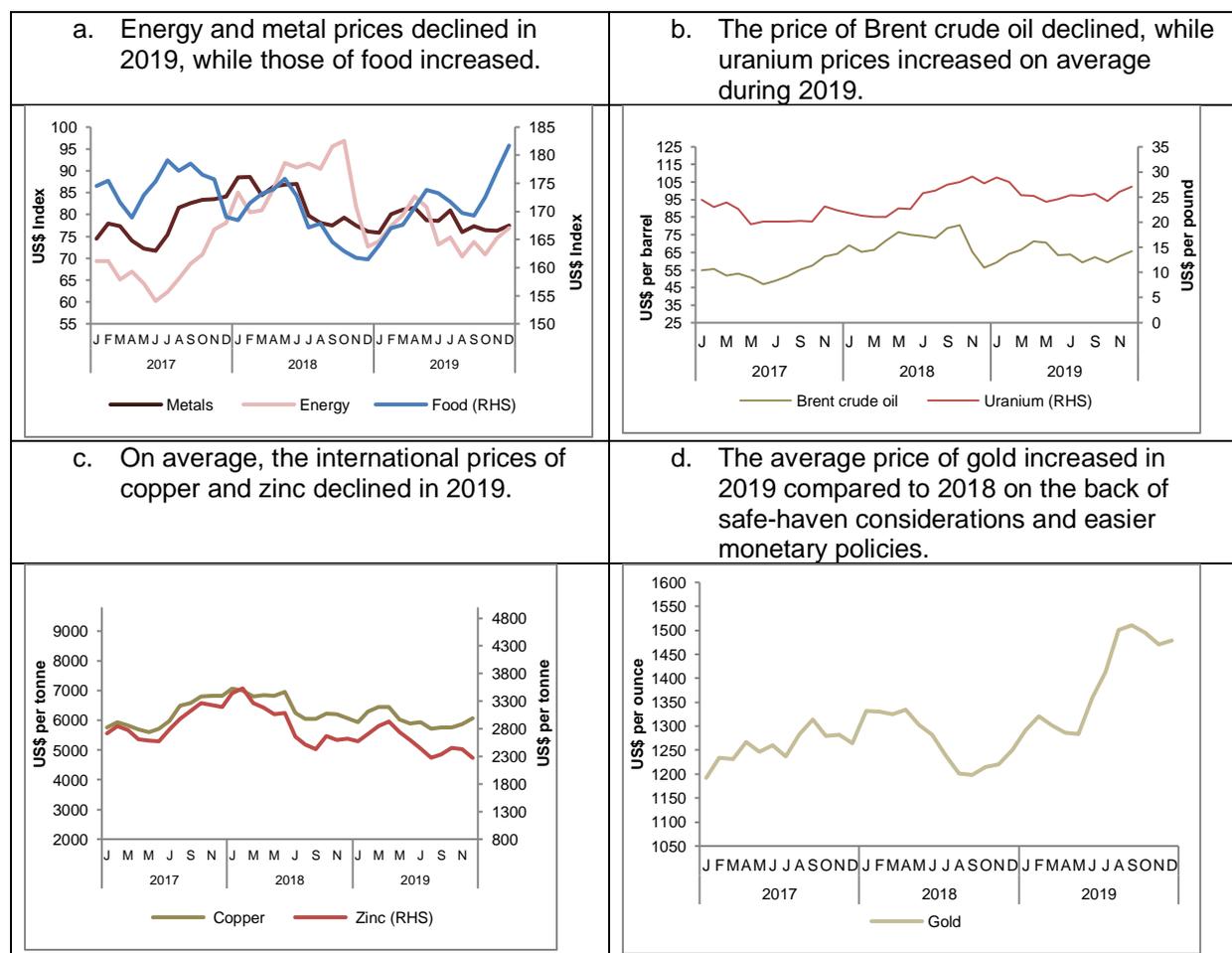
In sub-Saharan Africa, growth picked slightly from 3.2% in 2018 to 3.3% in 2019. This largely reflects a more challenging external environment, continued output disruptions in oil-exporting countries, and weaker-than-anticipated growth in South Africa.

Developments in Commodity Prices

Commodity prices remained subdued in 2019. In the third quarter of 2019, almost all major commodity price indexes fell, led by energy, which declined more than 8 percent. Agriculture and metals prices declined by 2 percent, respectively. This may be attributed to multi-year-high stock levels for some grains, notably rice and wheat, favourable weather conditions in key producing regions and weakening demand for some

commodities. Trade tensions, combined with weakness in global goods trade, manufacturing, and output growth, were weighing on commodity demand. In contrast, precious metal prices gained nearly 12% on heightened uncertainty.

Figure 1: IMF Selected Commodity Price Indices



Source: International Monetary Fund (IMF)

The IMF and World Bank Commodity Prices Indices, show that commodity prices were largely driven by changes in energy and metal categories. Energy prices fell sharply, reaching their lowest level in two years. Oil prices dropped by 8% as worries about slowing global demand outweighed temporary production disruptions in Saudi Arabia. The World Bank’s Metals Price Index declined by 2% in 2019, which reflects a slowdown in global manufacturing activity, a prolonged stall in trade negotiations between China and the United States, and receding supply concerns for some metals.

In contrast to other commodities, precious metals prices rose by 13% in the third quarter of 2019 (quarter on quarter). Precious metals prices benefited from the United States monetary policy easing, heightened global uncertainty and robust demand.

The SADC region economic connectedness to the world including to China is mainly through trade, investment flows and financial market linkages. Trade between China and the SADC region over the past decade was characterised by significant growth in exports and imports. SADC exports to China increased from about 5% in 2000 to about 17% in 2018 before it took a plateau, largely driven by the demand for primary commodities to sustain China's industrialisation-anchored economic growth. Approximately 70% of the region's exports to China are related to commodities, particularly oil, minerals, and metals. As such, the decline in commodity prices has a potential to worsen existing vulnerabilities of Member States who are highly dependent on commodity exports and further bring diversification to the agenda as the only option to curtail external shocks that emanates from strongly relying on traditional commodity exports. In an event terms of trade unwind, policymakers should be vigilant not to overestimate the shortfall of Gross Domestic Product (GDP) from potential growth, unless there are signals that economic activity is trending below potential. The continuing slow growth in SADC region holds back the fiscal revenues of countries. Therefore, there is need to find alternative sources of revenue to reduce their exposure, by strengthening tax administration, minimizing tax evasion, expanding the tax rates on natural resources, and reducing corruption.

Developments in Global Foreign Direct Investment and Debt

Global Foreign Direct Investment (FDI) receded to \$1.39 trillion in 2019, a 1% decline from \$1.41 trillion recorded in 2018. This is against the backdrop of weaker macroeconomic performance and policy uncertainty for investors, including trade tensions. FDI flows to developed countries dropped by 6% to \$643 billion. FDI to the European Union (EU) plummeted by 15% to \$305 billion, while flows to the United States remained stable at \$251 billion. Flows to developing economies remained unchanged at \$695 billion. FDI increased by 16% in Latin America and the Caribbean and 3% in Africa. Despite a decline of 6 percent, flows to developing Asia continued to account for one-third of global FDI in 2019. Flows to transition economies rose by two thirds to \$57 billion.

FDI flows to Africa amounted approximately \$49 billion in 2019, a 3% increase from 2018. Persistent global economic uncertainty and the slow pace of reforms seeking to address structural productivity bottlenecks in many economies continue to weigh down investment in the continent. Egypt remained the largest FDI recipient in Africa with a 5% inflows surge to \$8.5 billion. This is attributed to economic reforms that boosted the country's investor confidence. Sectors that benefited from FDI include oil and gas, telecommunications, real estate and tourism.

In terms of global debt, the negative impact of COVID-19 is likely to trigger a wave of defaults around the world. In December 2019, global debt levels had reached an all-time

high of \$253 trillion. About 70% of global debt is held by advanced economies and about 30% is held by emerging markets and developing countries. Globally, a significant debt share is held by nonfinancial corporations and governments.

The IMF Fiscal Monitor of April 2020 indicates that global government spending and revenue measures towards sustaining economic activity since the beginning of 2020 up to April 2020 amounted to \$3.3 trillion and that loans, equity injections and guarantees totalled an additional \$4.5 trillion. Due to the increasing need of resources to deal with COVID-19, the global fiscal deficit is expected to widen from 3.7 % of GDP in 2019 to 9.9% of GDP in 2020, whilst borrowing by governments globally is projected to increase to 96.4% of GDP in 2020 from 83.3% of GDP in 2019.

2.2.2 REGIONAL ECONOMIC PERFORMANCE

Overview

Preliminary data provided by Member States in April 2020 and the World Economic Outlook indicate that the SADC's average real GDP growth in 2019 slowed down and prospects in the short to medium term remain gloomy. Annual inflation rate eased in general, with only three Member States recording double digit levels. This was largely reflecting favourable weather conditions and significant decline in global energy prices. The pass-through of lower energy prices is expected to more than offset the lingering effects from past exchange rate depreciation.

The regional average fiscal deficit continued to improve in 2019, largely due to tax reforms and improvements in financial management in Member States. Public debt continued on an upward trend on the brink of breaching the regional threshold of 60% of GDP despite the improvement in fiscal positions in 2019.

The region's external position in 2019 deteriorated in line with the weak commodity prices, slowdown in global economic activity and escalated global trade tensions. However, the severity varied across the SADC Member States.

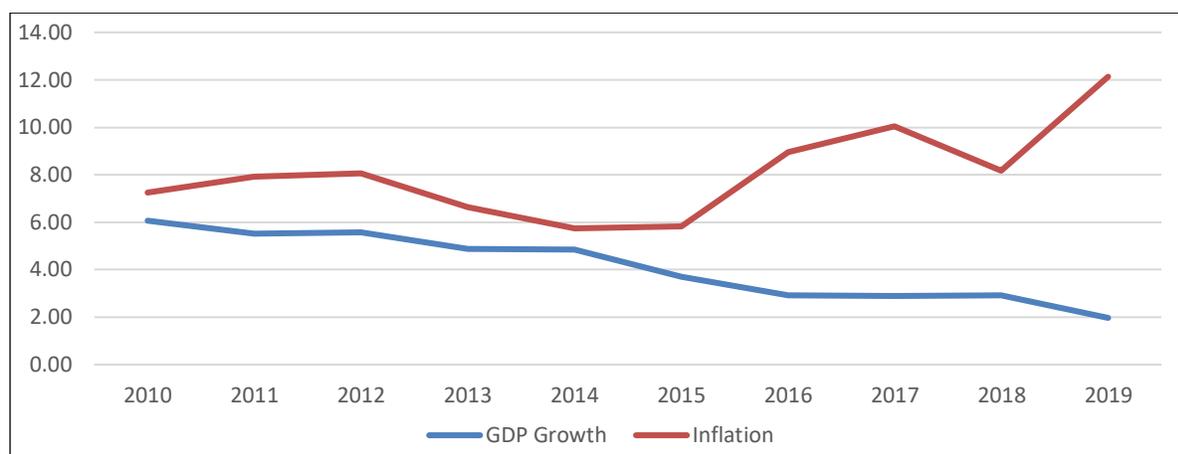
Real GDP

Since the 2008 global financial crisis, the regional economy has been performing below the pre-crisis period largely due to weak commodity prices and frequent occurrence of extreme climatic events in the region. The SADC's average real GDP growth in 2019 averaged 2.0% lower than an average of 2.9% realised in the three preceding years from 2016 to 2018. Some countries like Democratic Republic of Congo, Madagascar, Malawi, Mauritius, Seychelles and Tanzania observed strengthened growth levels. Only Tanzania achieved the regional real GDP growth target of 7%.

Reflecting developments in GDP, the general standard of living in the SADC region is deteriorating as revealed by the decline in the regional average per capita GDP from

US\$4031.97 in 2018 to an estimated US\$3951 in 2019. The living standards within the region as measured by per capita GDP vary amongst the Member States. Five Member States (Kingdom of Eswatini, Lesotho, Mauritius, Seychelles and Tanzania) recorded per capita GDP improvements. Seychelles, with the highest per capita GDP in SADC of US\$17052, Botswana, Mauritius, Namibia, Seychelles and South Africa maintained per capita GDP of more than the regional average. Figure 2 also shows that nine Member States (Comoros, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mozambique, Tanzania, Zambia and Zimbabwe) are expected to record per capita GDP below US\$2000 in 2019.

Figure 2: SADC – Real GDP and Inflation (2010 – 2019)



Source: Member States and IMF WEO Outlook, April 2020.

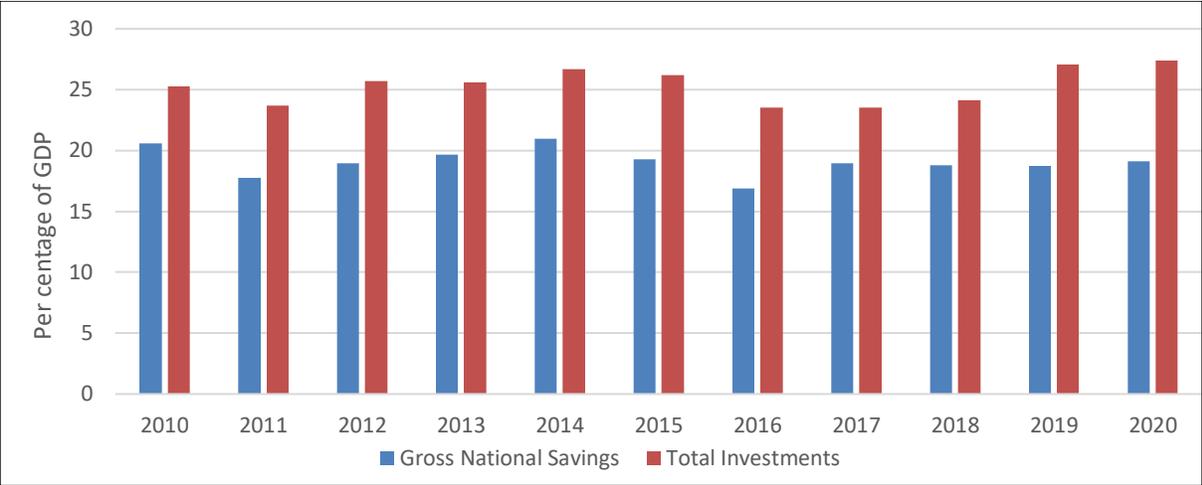
Inflation

Provisional figures show that annual regional inflation increased to an average of 12.1% in 2019 from an average of 8.2% in 2018, largely due to heightened inflationary pressures in Angola and Zimbabwe who recorded inflation rates of 17.1% and 109% in 2019, respectively. The average inflation for SADC region excluding Angola and Zimbabwe slowed down to 4.3% in 2019 from 7.1% in 2018, reflecting how the two Member States inflation are amplifying the regional average inflation in 2019. The Member States who achieved single digit average inflation benefited from the weak commodity prices especially oil price which is a major determinant of prices in the region. Only four Member States (Angola, Malawi, Zambia and Zimbabwe) missed the inflation target range of 3-7% in 2019 compared to 2018 where five Member States (Angola, Democratic Republic of Congo, Mauritius, Zambia and Zimbabwe) missed the regional inflation target. Notable price changes are expected to be realised by Democratic Republic of Congo and Zimbabwe. Democratic Republic of Congo average inflation is estimated to decline from 30.8% in 2018 to 5.5% in 2019. On the other hand, severe build up in inflationary pressures in Zimbabwe has seen average inflation estimated to increase to 109% in 2019 compared to 10.6% in 2018.

National Savings and Investments

In 2019, total investments and gross national savings remained subdued below the regional target of 30% of GDP. After a decline from 26.2% of GDP in 2015 to 23.5% of GDP in 2016, total investments have been on a steady increase up to 2019. The region recorded an increase in total investments to 27.1% of GDP in 2019 from 23.5% of GDP in 2018. Only five Member States (Botswana, Lesotho, Mozambique, Tanzania and Zambia) recorded investments above the regional target (see Figure 3).

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



Source: Member States, April 2020 and IMF WEO April 2020.

Gross national savings are expected to remain below 20% of GDP at 18.7% of GDP in 2019 from 18.8% of GDP in 2018. Botswana, Tanzania and Zambia recorded total gross national savings above the regional target of 30% of GDP.

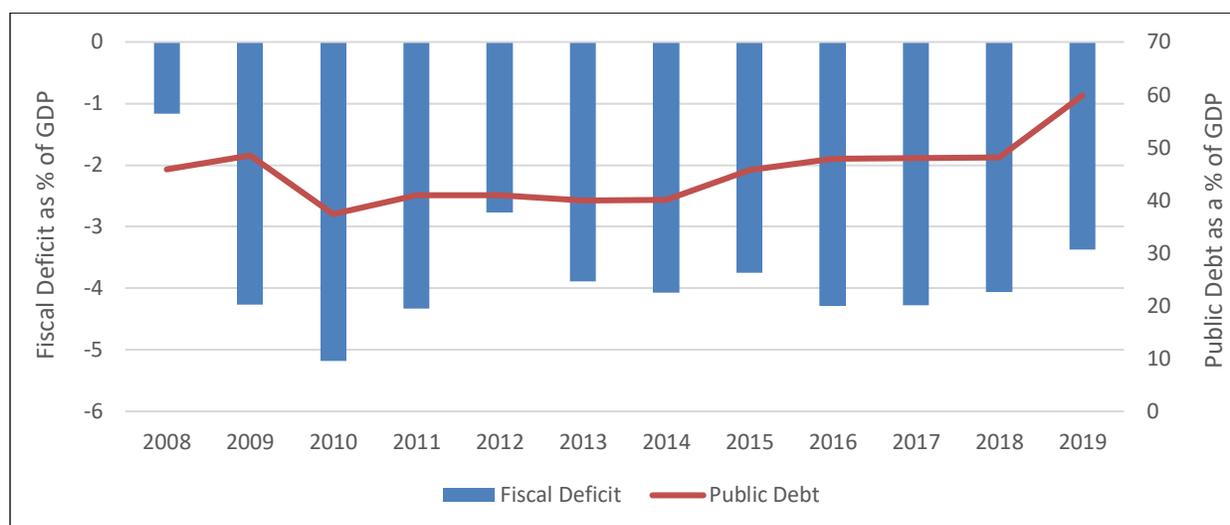
The United Nations Conference on Trade and Development (UNCTAD) Trends Monitor Report (January 2020) indicates that FDI to SADC region increased by 37% to US\$5.5 billion in 2019 mainly due to the slowdown in net divestment from Angola. South Africa consolidated last year’s recovery with inflows remaining almost constant at a little more than US\$5 billion. In addition to intra-company transfers by existing investors, investment to the country was led by mergers and acquisitions in business services and petroleum refining. In 2018, FDI flows to the region recovered to nearly US\$4.2 billion, from a net outflow of US\$925 million in 2017. FDI flows to South Africa more than doubled to \$5.3 billion in 2018, contributing to progress in the Government’s campaign to attract \$100 billion of FDI by 2023. The surge in inflows was largely due to intra-company loans as well as significant portfolio investments.

Fiscal Sector

The global economic developments and weak commodity prices continued to weigh down the regional economy in 2019 and these had varying negative impacts on the fiscal

positions of Member States. The regional average fiscal deficit continued to improve since 2017. Fiscal deficit as a percentage of GDP improved from 4.1% of GDP in 2018 to 3.4% of GDP in 2019, largely due to tax reforms and improvements in financial management in Member States (see Figure 4). In 2019, Lesotho and Mozambique joined Angola, Democratic Republic of Congo, Madagascar, Seychelles and Tanzania who met the fiscal deficit target of 3% of GDP in 2018. Mauritius, which met the target in 2018 slightly missed out in 2019 with a deficit of 3.2% of GDP. Five Member States, Angola, Lesotho, Madagascar, Mozambique and Zimbabwe made commendable improvements in their fiscal positions in 2019.

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



Source: Member States and IMF WEO April 2020.

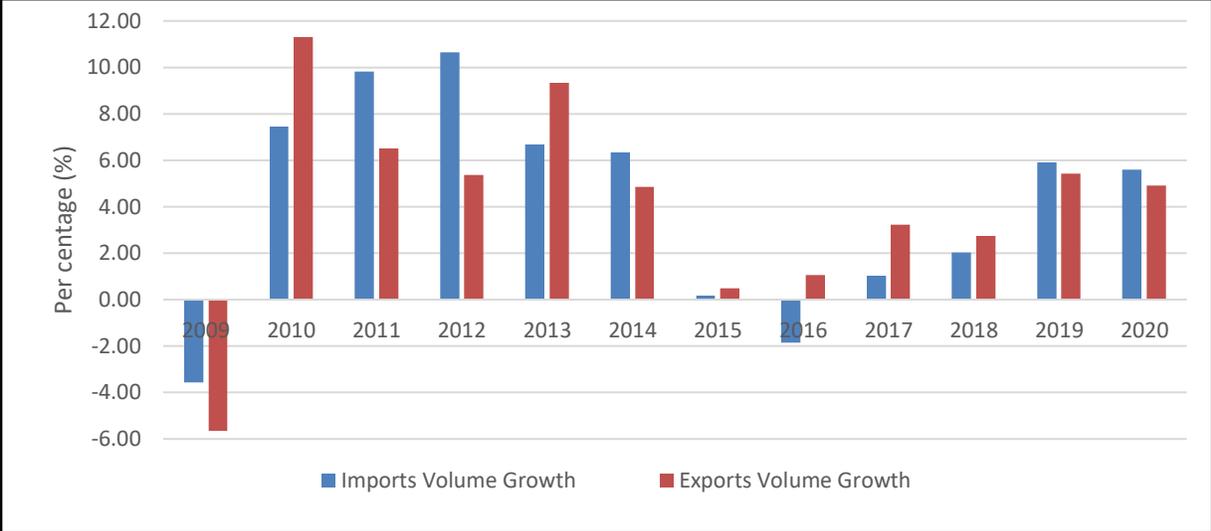
Public debt continued on an upward trend on the brink of breaching the regional threshold of 60% of GDP despite the improvement in fiscal positions in 2019. This is mainly due to debt not directly related to budget financing. The region’s public debt averaged 59.9% of GDP in 2019 up from 48.8% recorded in 2018. Significant increases in debt levels were observed in Zimbabwe, Mozambique, Angola and Kingdom of Eswatini which added 89.3%, 22.9%, 22.0% and 16.9%, respectively. The number of Member States that did not meet the regional target of public debt of 60% of GDP increased in 2019 with South Africa and Zimbabwe joining the 2018 group of Angola, Malawi, Mozambique and Zambia. The increasing public debt levels will put additional burden to the Member States resources as debt service costs increase.

External Sector

The region’s external position in 2019 deteriorated in line with the weak commodity prices, slowdown in global economic activity and escalated global trade tensions. However, the severity varied across the SADC Member States. The regional current account balance slightly widened from an average deficit of 5.6% of GDP in 2018 to 5.8% of GDP in 2019.

Notable changes of the current account position in 2019 were in Mozambique where the current account deficit widened by an estimated 11.3% of GDP whilst in Zimbabwe it narrowed by an estimated 9.2% of GDP to achieve a surplus. Mozambique current account reflected the increase in capital goods importation, whilst narrowing of the current account deficit in Zimbabwe was driven by a 32% contraction in imports following import compression measures instituted by government.

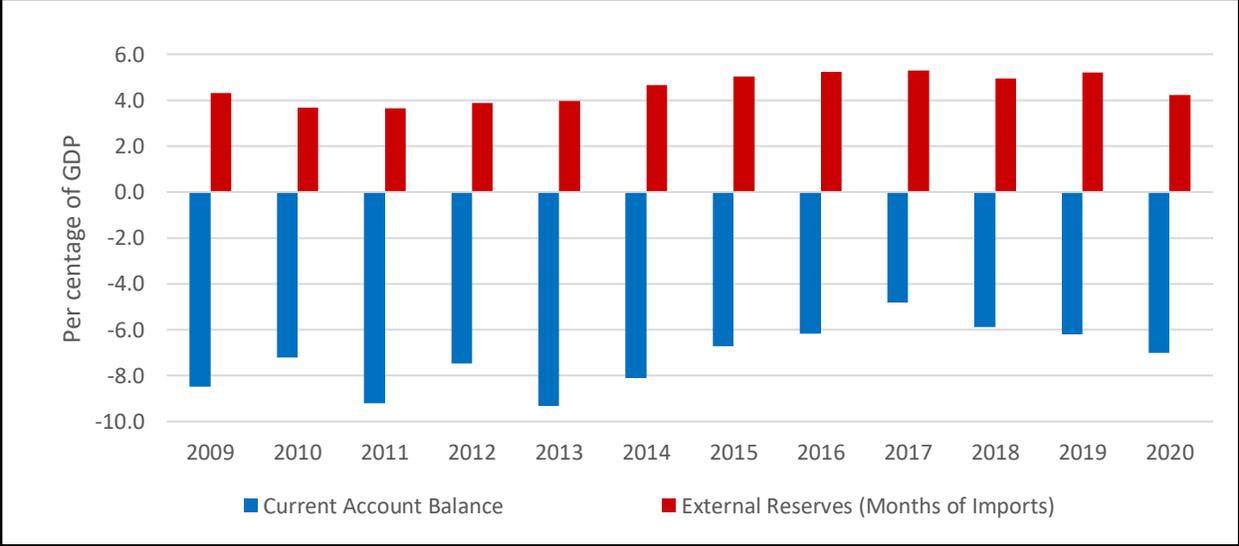
Figure 5: SADC – Imports and Exports Volumes Growth



Source: Member States and IMF World Economic Outlook, April 2019.

Seven countries (Angola, Kingdom of Eswatini, Madagascar, Namibia, Tanzania, Zambia and Zimbabwe) were able to meet the regional target of 3% of GDP. Notably, Malawi, Mozambique and Seychelles recorded the largest current account deficits, 15.1 percent, 67% and 16.5%, respectively, in 2019. However, for Malawi and Seychelles, this was an improvement from a deficit of 19.7% and 17.8% in 2018, respectively.

Figure 6: SADC – Current Account Balance and External Reserves

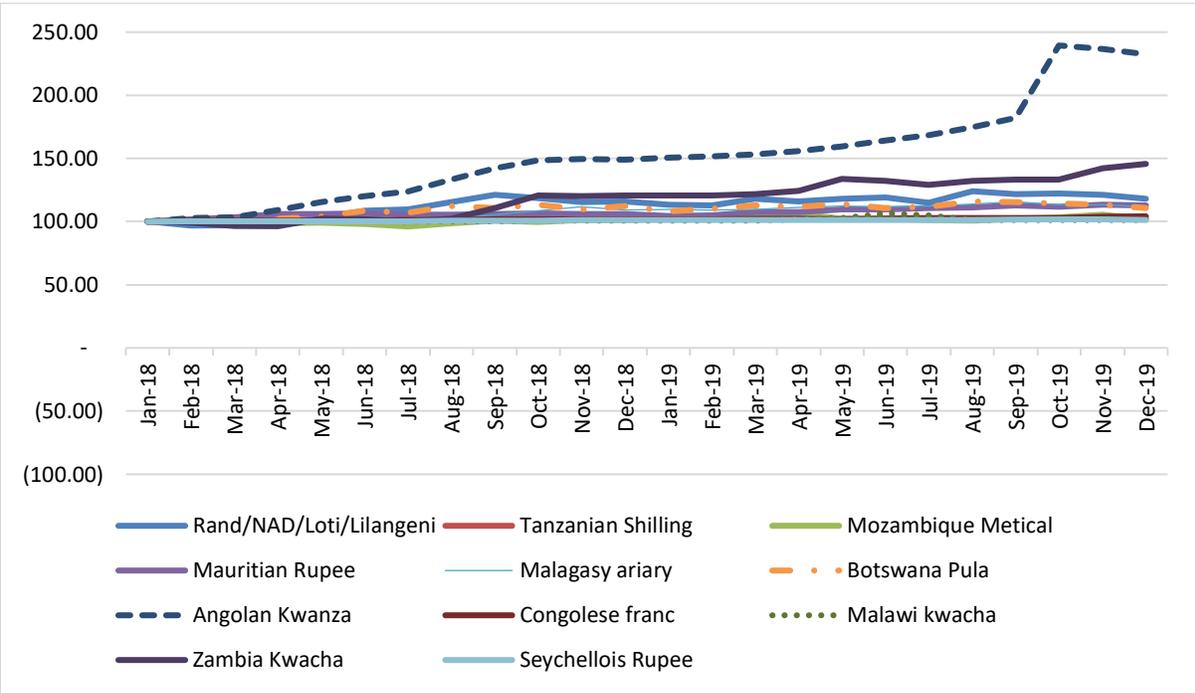


Source: Member States and IMF World Economic Outlook, April 2020.

In terms of foreign exchange reserves, SADC average import cover slightly improved from 4.4 months of imports in 2018 to 5.2 months of import cover in 2019, but remained below the regional target of 6 months of imports cover. Only three Member States (Angola, Botswana and Mauritius) recorded external reserves above the regional target of 6 months import cover. The rest of the Member States did not meet the criterion of 6 months of import cover, with some of them falling short of the IMF benchmark of 3 months of import cover.

External sector developments resulted in exchange rates of SADC countries depreciate at varying magnitudes in 2019. The Angolan Kwanza and the Zambian Kwacha recorded the largest depreciation in the region. The Kwanza depreciated, on average, by 4% during 2019, the largest depreciation of about 30% was recorded in October 2019. Recent data shows that, until the end of March 2020, the Angolan kwanza, had lost more than 10 %of its value against the dollar in relation to the beginning of the year, and more than 40% in recent months. Against the US dollar, the Zambian Kwacha depreciated by 23.4% to an annual average of K12.92. The depreciation of the Kwacha was mainly on account of subdued supply of foreign exchange amidst escalating demand for the importation of petroleum products, electricity and agricultural inputs. In addition, adverse market sentiments associated with Zambia’s credit rating downgrades weighed on the Kwacha. As of March 2020, the exchange rate averaged K16.53 per US dollar.

Figure 7: Exchange Rate Development for SADC Countries against the US Dollar (base 100 = January 2018)

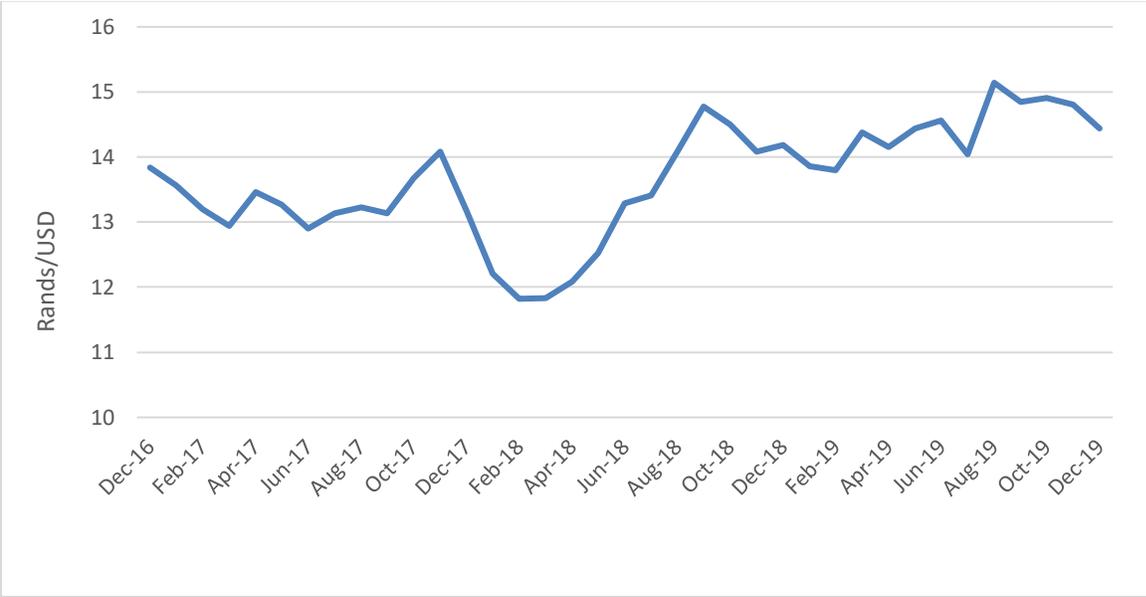


Source: SADC central banks

The volatility of the exchange rates varied during the period under review. The Angolan kwanza, the Malawian kwacha and the South African rand were the most volatile currencies during the review period with standard deviations of 38.8, 15.0 and 8.2, respectively. The least volatile currencies were the Seychellois rupee, the Tanzanian shilling and the Congolese frank with standard deviations of 0.5, 0.7 and 1.0, respectively.

The evolution of South African Rand exchange rate developments as a proxy for the SADC region remained relatively stable oscillating between R14 and R16 per US dollar. As shown in Figure 8 the exchange rate to US dollar depreciated from R13.17 at the end of 2017 to R14.18 in 2018, before experiencing minimum variations to close 2019 at R14.44.

Figure 8: South African Rand/USD Exchange Rate Developments



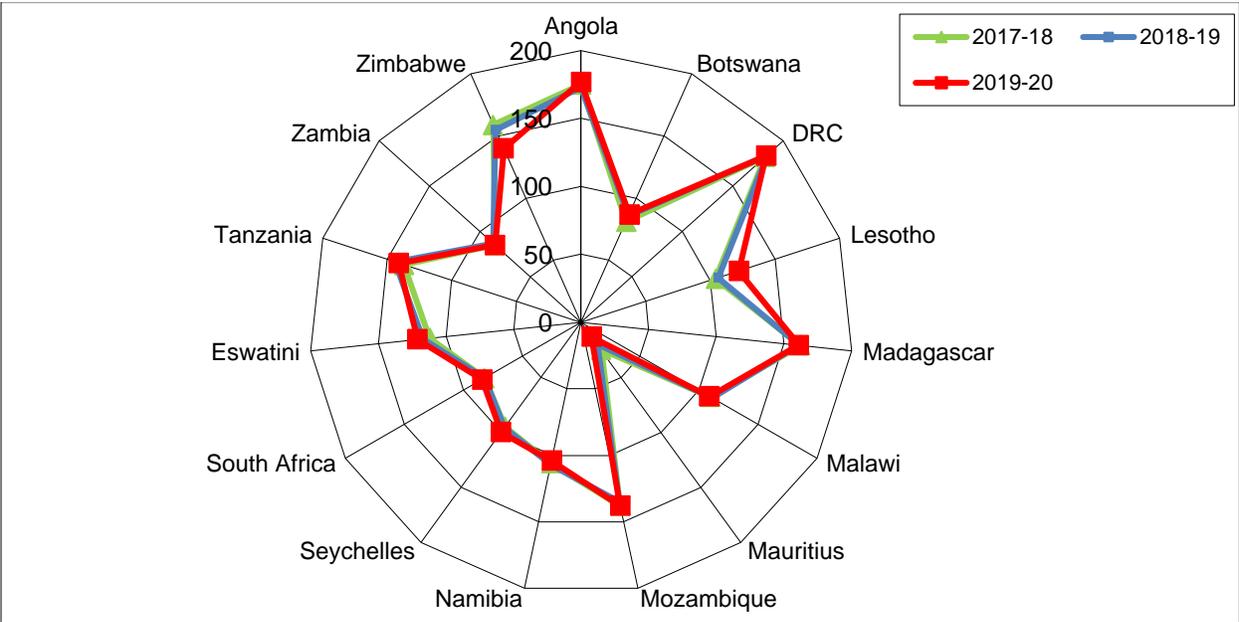
Source: South African Reserve Bank, Middle Rates 2020

Business Environment

Data from the World Bank Ease of Doing Business 2020-21 indicate that the SADC region improved slightly in terms of making a conducive business environment and its competitiveness in general. Seven Member States showed improvements in the ease of doing business ranking, namely: Democratic Republic of Congo, Malawi, Mauritius, Namibia, Tanzania, Zambia and Zimbabwe, compared to the six recorded in 2018. Two Member States (Mauritius and Zimbabwe) demonstrated exceptional improvements by moving up more than 3 positions from 20 in 2018 to 13 in 2019 and 155 in 2018 to 140 in 2019, respectively. On the other hand, Angola, Botswana, Kingdom of Eswatini, Lesotho, Mozambique, Seychelles, and South Africa slightly dropped in their ranking positions in 2019 compared to 2018 performance. In 2019, four SADC Member States (Botswana,

Mauritius, South Africa and Zambia) were ranked within the top 100 and this was a deterioration from the five recorded in 2017 and 2018 (see Figure 9).

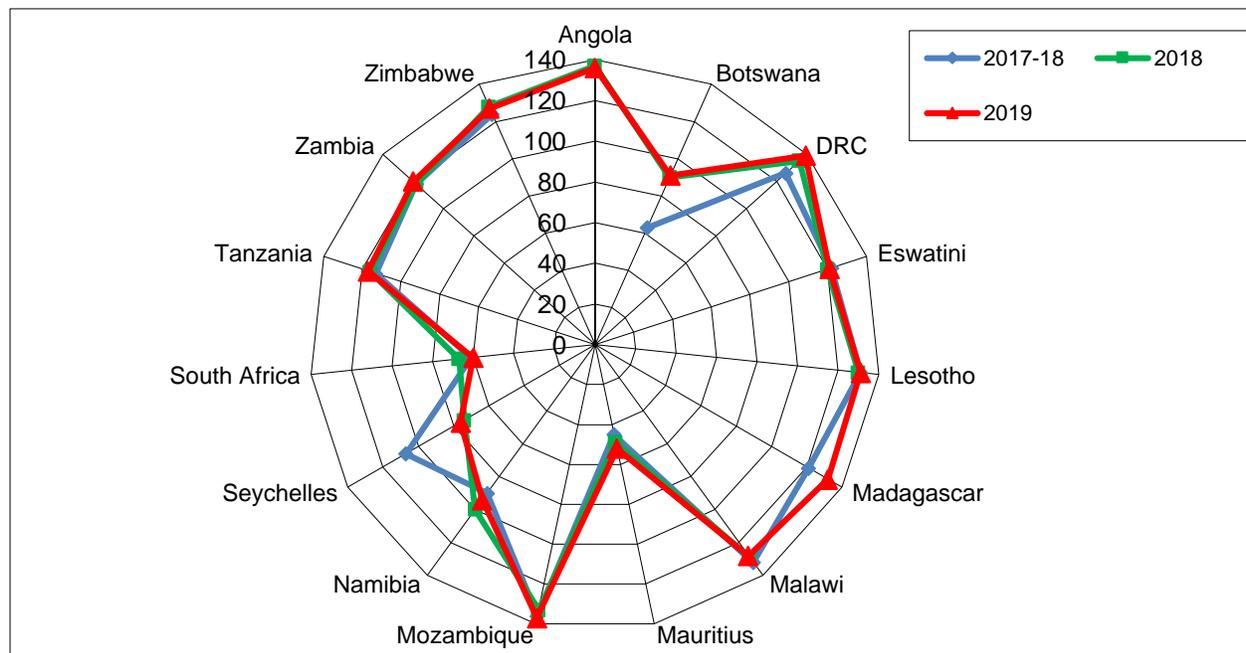
Figure 9: SADC – Rank Ease of Doing Business



Source: World Bank Ease of Doing Business, 2019-20.

The development with regard to improving the business environment shows a similar trend with the World Economic Forum Global Competitiveness Index (GCI). The GCI measures the competitiveness of an economy by considering all factors from basic factors that enable it to be competitive to factors that make it efficient and innovative (see Figure 10).

Figure 10: Ranking – Global Competitiveness Index



Source: WEF Global Competitiveness Index, 2018-19.

Five Member States improved in the GCI ranking, namely: Angola, Malawi, Namibia, South Africa, and Zimbabwe. Two Member States (Namibia and South Africa) demonstrated exceptional improvements by moving up six and seven positions from 100 to 94 and 67 to 60, in 2019, respectively. The other ten Member States (Botswana, Democratic Republic of Congo, Kingdom of Eswatini, Lesotho, Madagascar, Mauritius, Mozambique, Seychelles, Tanzania and Zambia) deteriorated in the ranking of 2019.

In 2019, Mauritius, South Africa, Botswana and Seychelles remained the most competitive and top ranked Member States in the region, similar to 2018. However, Seychelles and Mauritius dropped by 2 and 3 positions, respectively.

2.3 REGIONAL PROSPECTS FOR 2020 -21

In line with the global economic outlook, the SADC regional economy which was forecasted to recover in 2020 according to the October 2019 World Economic Outlook has seen significant downward revision due to adverse impact of COVID-19. Resultantly, SADC regional 2020 economic growth initially forecasted at 3.3% in October 2019, has been revised downwards to a contraction of about 3 per cent. Disruptions of economic activity and the elevated expenditures by Governments coupled with economic packages in response to the pandemic is expected to affect the fiscal positions for SADC Member States. Consequently, fiscal deficit is forecasted to widen to 5.7% of GDP in 2020 compared to the previous estimate of 3.0% of GDP. Additionally, debt levels are forecasted to increase beyond the regional threshold of 60% of GDP to 69.8% of GDP in 2020.

The estimated regional and global economic contraction and the resultant weak demand in commodities are expected to result in a deterioration of the SADC external position with current account deficit forecasted to widen to about 9% of GDP in 2020 from an initial estimate of 4.2% of GDP. The deterioration of the external position coupled with the increased importation of medical supplies and equipment will put pressure on foreign reserves and exchange rates of SADC Member States, which may result in significant exchange rates depreciation across the region in 2020. The longevity of the pandemic will determine the severity of the economic impact.

3. IMPLEMENTATION OF PROGRAMMES OF REGIONAL COOPERATION AND INTEGRATION

3.1 INDUSTRIAL DEVELOPMENT AND MARKET INTEGRATION

3.1.1 INDUSTRIAL DEVELOPMENT

The revised RISDP 2015-2020 and the Industrialization Strategy and Roadmap foresees the lifting of the regional growth rate of real GDP from 4% annually (since 2000) to a minimum of 7% a year. In addition, to double the share of Manufacturing Value Added (MVA) in GDP to 30% by 2030 and to 40% by 2050, including the share of industry-related services; and to increase the share of medium-and-high-technology production in total MVA from less than 15% at present to 30% by 2030 and 50% by 2050.

The SADC Protocol on Industry was approved by the 39th SADC Summit held in Dar es Salaam, Tanzania in August 2019. The Protocol aims to improve the policy environment for industrial development and support implementation of the regional industrialization strategy and roadmap, The Protocol will enter into force following ratification by two-thirds of SADC Member States, and by end of March 2020, only Seychelles had ratified the Protocol.

Furthermore, in order to ensure an integrated strategy for Small and Medium Enterprise (SME) development in the region, the Secretariat developed a Regional Framework for Supplier Development with the special focus on building capacities and capabilities of SMEs to participate in the implementation of the Industrialization Strategy and regional value chains.

3.1.2 REGIONAL VALUE CHAINS

The Secretariat profiled one agro-processing and one services value chain, bringing the total to four (4) profiled value chains in the six priority clusters, while the other two were under the minerals and pharmaceuticals sectors. The SADC Regional Mining Vision (RMV) and Action Plan were developed and approved by Council in August 2019 to

ensure that there is increased production and use of SADC raw materials as feedstock for downstream processing.

Other initiatives pursued during the period under review, aiming to ensure improvement of quality and standards infrastructure necessary to promote competitiveness of goods produced in the Region include the follows:

- (i) The SADC Cooperation in Standardisation (SADCSTAN) harmonised 111 standards for adoption and use by the SADC Member States. These regionally harmonised texts exist in the food and agriculture; transport; medicine; safety, conformity assessment, construction and environmental management sectors. Article 7(4) of the TBT Annex compels all SADC Member States to withdraw any conflicting national standard once a regionally harmonised text has been adopted.
- (ii) The SADC Cooperation Structure in legal Metrology established the SADC regional e-Mark scheme to ensure the conformity of pre-packaged commodities sold on the SADC market. This ensures that consumers pay for assured quantities.
- (iii) The SADC Cooperation on measurement traceability implemented two SADC regional proficiency testing schemes in the areas of chemical analysis and in microbiological testing of water. This is aimed at ensuring a high level of water testing capability of the one-hundred participating laboratories of the SADC region and to ensure that SADC citizens consume safe water. SADC MET also developed and distributed to SADC Member States, a Virtual Reality Calibration Application for training metrologists in the fields of Mass, Volume, Dimensional, Temperature & Pressure metrology. Following the revision of the popularly used worldwide standard ISO/IEC 17025:2017 in November 2019, SADC MET offered laboratory practitioners in the SADC Member States a bridging course on the two versions of the standard. This aimed to ensure that SADC laboratories implement sound quality systems and demonstrate that they are technically competent and able to produce valid and reliable results.
- (iv) The SADC Accreditation Service (SADCAS) has to date developed 8 internationally recognised accreditation schemes; trained and registered 113 accreditation assessors in the various conformity assessment standards, which cover ISO/IEC 17020; 17025; 17021 and 15189.
- (v) The SADC Technical Barriers to Trade Expert Group (TBTEG) annually convenes the SADC Quality Awards Competition, which is open to all private and public sector entities that have successfully applied standards and quality principles in order to improve their operations. In 2019/20, the competition was in its 12th cycle and it was entered into by twenty-two entities from five SADC Member States. The highest number of Member States to have entered the

competition since inception stands at eight, which leaves ample room for improvement.

- (vi) In terms of SPS Infrastructure, Phytosanitary regulations for 21 fresh horticultural fruits and 19 horticultural plants for planting and trading amongst Member States were harmonised. The purpose of the harmonisation is to enhance safer and faster movement of horticultural fruits through establishment of science based phytosanitary measures. Plant Health experts from eleven SADC Member States that were participating in the regional fruit-fly project sponsored by the FAO, were trained on the development of pest database using Access Microsoft.
- (vii) Four out of the sixteen SADC Member States have fully established national SPS committees and the SADC Secretariat has prioritised the revival of national SPS Committees, as they are crucial to the advancement of the regional SPS agenda.

3.1.3 MARKET INTEGRATION

The SADC Industrialization Strategy and Roadmap foresees increase manufactured exports to at least 50% of total exports by 2030 from less than 20% at present and to build market share in the global market for the export of intermediate products to East Asian levels of around 60% of total manufactured exports. Currently, thirteen SADC Member States participate in the FTA while three are not yet participating, namely Angola, Democratic Republic of Congo and the Comoros. Efforts are being made to consolidate the FTA by bringing the remaining three Member States into the FTA.

Notable progress was achieved on the Tripartite Online Mechanism for Reporting, Monitoring and Eliminating NTBs to Trade in COMESA, EAC and SADC. The mechanism is fully operational and managed by EAC for Tripartite Member States. By end of 2019/20 Financial Year, seven (7) Member States (Botswana, Kingdom of Eswatini, Lesotho, Mauritius, Mozambique, Seychelles, and South Africa) have ratified the Protocol on Trade in Services. The first round of negotiations was completed in 6 priority sectors identified in the Protocol namely communication, finance, tourism and transport services, construction and energy-related services. The draft Framework on Simplified Trade Regime (STR) and the E-Certificate of Origin Framework were considered by TNF Goods in May 2019.

3.1.4 FINANCIAL MARKET INTEGRATION

Payment Systems

Notable progress was achieved in the area of payments systems. At national level all Member States are implementing Real Time Gross Settlement System (RTGS). The RTGS facilitates quicker transactions and brings about efficiency in payments.

At regional level, harmonization of payments and clearing systems through the SADC Real Time Gross Settlement System (RTGS) is ongoing. The SADC-RTGS supports the modernization and harmonization of payments and clearing systems both domestically and regionally with the objective of improving safety of payments and efficient settlement and payment processes in the region. It is also intended to lower transaction costs as it removes the need for correspondent bank. Where transactions previously took two to three days to clear, with SADC-RTGS they are now settled in real-time, subject to availability of funding at the paying bank.

All Member States (except Comoros) are participating in the SADC-RTGS and a total of 85 banks (Central Banks and Commercial Banks) are also participating in the system. The SADC-RTGS has performed impressively since July 2013 when the system went live, with more than 1.8 million transactions settled as at end of March 2020, representing ZAR 7.17 Trillion. The Committee of Central Bank Governors (CCBG) is still engaging the SADC Bankers Association to ensure that savings arising from removal of correspondent bank in the system are passed on to consumers. The SADC RTGS multi-currency platform went live in October 2018. Onboarding of the US\$ has been delayed because of challenges with opening of US\$ account with the New York Federal Reserve. The CCBG has now focused on the SADC Transfer Cleared on Immediate Basis (TCIB) payment scheme.

Regarding the SADC-RTGS cross border low value credit transfer transactions, the current focus is on implementation in the Common Monetary Area (CMA) where an amended directive has been issued requiring the CMA payments industry to submit recovery plans by 30 June 2020. An interim solution was developed to meet the minimum requirements of Financial Action Task Force (FATF) Requirements 16 in anticipation of FATF Assessment for South Africa. The CCBG continues to work with industry on the Recovery Plan.

Financial Inclusion and Remittances

In the area of financial inclusion, 32% of adults in the region are financially excluded, which is around 45.7 million individuals against the target of 25% by 2021. Overall levels of financial inclusion vary considerably across the region, from 97% in Seychelles to 40% in Mozambique. The operationalization of the SADC Financial Inclusion Subcommittee is ongoing to coordinate the work on financial inclusion and build synergies among the structures dealing with financial inclusion across the region.

With regard to cross border remittances in the region, which are critical for financial inclusion and poverty alleviation, the main objective is to lower the average price of remittances to the consumer, as well as appropriately increase the use of formal channels. For instance, the cost of cross border remittances has been reduced by 3.6 percentage points from an average of 13% per transaction to about 9.4% in the corridor between South Africa and Botswana, Kingdom of Eswatini, Lesotho, Malawi,

Mozambique, Tanzania, Zambia and Zimbabwe. The challenge is to further reduce these costs to meet the United Nations Sustainable Development Goals target of 3% by 2030. Furthermore, SADC migrants' resident in South Africa are estimated to remit approximately R21.9 billion home annually, with R11.3 billion (representing 52%) transiting through informal channels. Migrants using formal remittance channels are estimated to send as much as R12,000 annually or R1,000 per month while informal remitters send in the order of R550 per month.

3.1.5 DEVELOPMENT FINANCE

With regard to project preparation, the SADC Project Preparation Development Facility (SADC - PPDF) funded by the European Union and KfW and hosted by the Development Bank of Southern Africa (DBSA), continues to support Member States to strengthen regional infrastructure connectivity, by providing grants for project preparation and development for cross-border regional infrastructure projects in energy, transport, ICT and trans-boundary water. This directly supports the region's integration and industrialization efforts as well as trade in goods and services; and helps to improve the quality of lives of its people by improving access to infrastructure services. PPDF supports SADC countries to undertake feasibility, technical and engineering designs, environmental and social impact assessment studies, as well as preparation of tender documents and transaction advisory services to make projects bankable for financing and implementation.

By 2019, PPDF approved a total of US \$ 22.2 million for the preparation of thirteen regional projects covering energy, transport and water which is expected to generate US\$ 5.85 billion in infrastructure investment. This has the huge potential of unlocking business opportunities across the "infrastructure value chain", not just in advisory services, but also financing, construction, equipment supply, technology and skills as well as operations and maintenance. The thirteen regional projects are:

- (i) Mozambique – Zimbabwe – South Africa (MOZISA) interconnectivity project;
- (ii) Second Alaska – Sherwood 400 kV line;
- (iii) Kasomeno – Mwenda Toll Road (Democratic Republic of Congo, Zambia);
- (iv) Rehabilitation and upgrade of the North South Rail Corridor (South Africa, Zimbabwe, Zambia, Democratic Republic of Congo and Botswana);
- (v) Luapula Hydro Power Development (Zambia);
- (vi) Angola – Namibia Transmission Interconnector;
- (vii) Mulembo Lelya Hydro Electric Power (Democratic Republic of Congo and Zambia);
- (viii) Africa Green Co (all Member States);

- (ix) Development of Guidelines and Standards for Renewable Energy Projects and a Funding and Incentive Strategy Project (Mauritius);
- (x) Angola – Namibia Transmission Interconnector – Extension of preparation funding – Part 2 and 3 Feasibility up to Financial Close;
- (xi) Wastewater Pumping Station and Wastewater Treatment Plant (Mauritius);
- (xii) Lomahasha – Namaacha Cross Border Water Supply (Kingdom of Eswatini and Mozambique) and Kazungula Water Supply and Sanitation Project (Zambia).

The MOZISA project was cancelled at the PPDF Steering Committee meeting held on the 11 December 2019 due to the slow progress of the project.

Following the findings of PPDF Mid-Term Review in 2018 by EU and assessment by KfW, the Secretariat in collaboration with DBSA-PPDF developed an Action Plan for Improving the Performance of PPDF which was considered and endorsed by the Ministers of Finance in July 2019. A report on the status of implementation of the Action Plan was presented to the SADC Committee of Ministers of Finance and Investment in July 2020.

Work on the operationalisation of the SADC Regional Development Fund is ongoing. The Agreement on the Operationalisation of the Fund was finalised and nine Member States have signed the Agreement, namely: Angola, Democratic Republic of Congo, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe. None has yet submitted instruments of ratification of the Agreement with the Secretariat. Summit at its meeting in August 2019 approved the Revised Roadmap on the operationalisation of the Fund which is targeting its full operationalisation by August 2021. The Sustainable Financing of Regional Infrastructure and Industrial Projects in SADC (AfDB Project) is providing support to deepen regional integration in the region including the operationalisation of the Fund.

3.1.6 INVESTMENT AND TAX RELATED MATTERS

SADC is implementing a Regional Action Programme for Investment (RAPI) to establish a conducive environment for domestic and foreign investment which is recognised as a major tool for sustainable growth, development and poverty reduction in the region. The RAPI is organised around four pillars¹.

¹ Pillars of RAPI : The first being Development and harmonization of relevant policies and frameworks for attracting and promotion of both domestic investment and FDI; the second pillar relates to business and investment

Under the first pillar on development and harmonization of relevant policies and frameworks for attracting and promotion of both domestic investment and FDI, the SADC Investment Policy Framework (IPF) was finalised. This offers Member States a framework for the formulation and operationalisation of sound investment policies that can promote broad-based economic growth. In addition, a Bilateral Investment Treaty (BIT) Template has been developed and recommended to the Ministerial Task Force on Regional Economic Integration for consideration and approval, aiming to provide advice to governments in any future negotiations they enter into relating to investment treaties. The SADC Secretariat has also secured technical and financial assistance from the World Bank and the European Union to develop a SADC Investment Climate Scorecard.

Regarding the second pillar on business and investment promotion, SADC Business and Investment Promotion Strategy (BIPS) is being developed. The SADC BIPS will allow SADC to explore opportunities to showcase its programmes and regional projects to various key decision-makers from around the world who are willing to engage in sustainable partnerships, and further benefit from a variety of features aimed at facilitating strategic networking and promoting Foreign Direct Investment.

3.1.7 MACROECONOMIC CONVERGENCE PROGRAMME

Preliminary data indicates that economic growth slowed down in 2019 reflective of the sluggish global economic growth. Resultantly only Tanzania achieved the 7% economic growth target in 2019 largely from massive infrastructure projects. There was notable improvement in Member States performance against the Macro Economic Convergence primary indicators (inflation, fiscal deficit and public debt). In 2019, the number of Member States who achieved the three primary indicators increased to five (Democratic Republic of Congo, Lesotho, Madagascar, Seychelles, Tanzania) from three (Mauritius, Seychelles and Tanzania) in 2018. The number of Member States that achieved the inflation and fiscal deficit targets increased to eleven and eight in 2019 from nine and six in 2018, respectively. However, the number that achieved the public debt target decreased to nine in 2019 compared to eleven in 2018, revealing the increasing debt levels which will lead to debt distress in the region.

3.2 INFRASTRUCTURE IN SUPPORT FOR REGIONAL INTEGRATION

The overall objective of Infrastructure in Support of Regional Integration interventions is to ensure the availability and universal access to sufficient, integrated, efficient, resilient and cost-effective infrastructure systems as well as the provision of sustainable services. The SADC Regional Infrastructure Development Master Plan (RIDMP) is a guiding

promotion; the third pillar relates to providing relevant information to businesses and investors; and the last Pillar relates to peer to peer learning where investment promotion agencies share best practices in investment promotion.

instrument for implementation of Priority B of the Revised RISDP of the infrastructure Support for deployment. The RIDMP focuses on the realisation of SADC Infrastructure Vision 2027 and contributes towards the Industrialisation Strategy and Roadmap as well as other regional strategic frameworks. During 2019/20 an Assessment Report for RIDMP Short Term Action Plan I was completed and validated by Member States in June 2019 and the development of the Short Terms Action Plan II (2020- 2027) will commence during 2020/2021 financial year. A number of infrastructure projects are at preparation stage and coordinated in collaboration with the Regional Subsidiary Organisations and the Project Preparation Facilities supported by the different International Cooperating Partners (ICPs).

3.2.1 COMMUNICATIONS AND ICT

SADC Post Digital Terrestrial Television (DTT) Migration

The Digital Terrestrial Television (DTT) provides consumers better quality pictures and sound. More importantly, it makes efficient use of the frequency spectrum which results in more digital channels, hence more choice to consumers. It also results in a Digital Dividend that is freeing up the frequency spectrum to new wireless technologies that can be cost effective for reaching the rural areas of the SADC Region. To date, six (6) SADC Member States (Kingdom of Eswatini, Malawi, Mauritius, Namibia, United Republic of Tanzania and Zambia) have completed the DTT Migration process. Seven (7) Member States (Angola, Botswana, Lesotho, Mozambique, Seychelles, South Africa, Zambia and Zimbabwe) are at an advanced stage, operating both analogue and DTT networks (dual illumination) and are to pursue Analogue Switch Off (ASO) by the end of 2020. The remaining three (3) Member States have deployed DTT networks however they are privately owned and providing Pay-TV services, mostly in the densely populated city areas.

Availability of Set Top Boxes (STBs) for reception of DTT transmission remains a major challenge. To complement the DTT networks, eight (8) Member States (Kingdom of Eswatini, Malawi, Mozambique, Namibia, South Africa, United Republic of Tanzania, Zambia and Zimbabwe) are streaming their national public TV channel via the Internet while four (4) Member States (Namibia, South Africa, United Republic of Tanzania and Zimbabwe) have Mobile Apps to access respective public TV channels. Angola and Botswana are piloting broadcasting TV content directly to mobile devices using 1Seg capability of national DTT networks.

The SADC TV Channel called Eye on SADC is presently a thirty minutes SADC news programme until it becomes a full-fledged channel. It is an initiative anchored on the Revised SADC Communications and Promotional Strategy 2016-2020. In its pilot phase it employs an online Content Sharing Hub Sharing. A successful demo of the SADC TV Channel was made to the SADC ICT Ministers in September 2018 in Windhoek, Namibia. Ten (10) Member States (Angola, Botswana, Kingdom of Eswatini, Lesotho, Malawi,

Mauritius, Mozambique, Namibia, Zambia and Zimbabwe) are already broadcasting the Eye on SADC. Presently, the language is English but SADC TV Channel will later carry subtitles in other SADC Official languages which can be accessed using the DTT technology through the STBs. The SADC TV Channel initiative is being refined and a Business Plan is being developed to ensure it is a sustainable project.

Harmonisation of Number Plans for Emergency Services in SADC

SADC has harmonised the numbering plan for emergency services across the region, making the use of the short codes '112' for all the three (3) emergency services (Police, Fire and Ambulance) and '116' to access the child helpline services. The aim is to make emergency-related numbers easy to recall and familiar to travellers, as they are very critical for the safety and well-being of SADC Citizens.

SADC National and Regional Internet Exchange Points (IXPs)

The African Internet Exchange System (AXIS) Project has the objective of keeping Africa's Internet traffic local to the continent through the establishment of National Internet Exchange Points (NIXPs) and Regional Internet Exchange Points (RIXPs) in Africa. N/RIXPs are a vital component of the Internet eco-system and have optimized the performance of the Internet in the SADC region by bringing about low latency, improved throughput, and reduced costs related to international links. To date all SADC Member States have set up at least one National IXP and as of December 2018, the IXPs from South Africa and Zimbabwe completed the transformation process to fully operational SADC RIXP. There are in excess of five (5) IXPs connected to the two SADC RIXPs. RIXPs ensure that SADC traffic remains within the region. Member States have been urged to establish dual N/RIXPs and their interconnection to each other thus creating a SADC Internet exchange cloud of N/RIXPs (mesh network of RIXPs).

Cross-border connections to the RIXPs is a challenge. As such, the SADC Regional Cross-Border Interconnection Policy Framework and Reference Interconnection Offer (RIO) were developed to create a high level of transparency on tariffs and harmonization of agreements, promote good practices, bring down cross-border interconnections costs and promote connections to the RIXPs. An assessment on the international interconnection pricing has commenced. Inventory on the hosting and type of Root Domain Name System (DNS) Servers instances in SADC region has shown that all Member States, except Comoros, Kingdom of Eswatini and Zambia have at least one Root DNS Server instance.

SADC Roaming Project

The SADC Roaming Project targets the development of policy and regulatory frameworks for the provision of transparent and affordable mobile roaming tariffs for voice, SMS and data services within the SADC region. Thus, contributing towards making the region more competitive. The Project is being implemented in three phases. Phases 1 on

Liberalisation, Transparency to roaming tariff, Information and Data Collection; and Phase 2 on Wholesale and Retail Price Cap Regulation: Roam Like At Home (RLAH) have been completed by Mobile Network Operators (MNOs) from ten (10) Member States (Botswana, Kingdom of Eswatini, Malawi, Mauritius, Mozambique, Namibia, South Africa, United Republic of Tanzania, Zambia and Zimbabwe). This has brought about transparency on Roaming Services through the reception of an SMS upon entry of a roamer into a foreign network and reduction in tariffs through price cap regulation for both wholesale and retail roaming prices, in line with the SADC Roaming Glide Paths. As part of Phase 3 on Cost-based Roaming Price Regulation, the SADC Roaming Cost Model was developed to determine the wholesale and retail tariff ceilings for various roaming types of calls, SMS and data services. The analysis and calculations were completed and approved by SADC ICT Ministers in September 2019. A critical and essential element policy and regulatory requirement will be for Member States to review their appropriate regulations to allow for harmonisation of International Termination Rates (ITRs) in the region.

SADC Harmonized Cyber Security Legal and Regulatory Framework

An assessment was completed in November 2019 on the transposition on SADC Model Law on Data Protection in SADC Member States and gap analysis. All SADC Member States have either transposed the SADC Harmonised Cyber Security Model Laws or have a cyber-security legal framework in place. Member States are setting up National and Regional (Computer Incident Response Team) CIRT to institutionalise the SADC Harmonised Cyber Security Legal and Regulatory Framework.

Under the International Multilateral Partnership Against Cyber Threats (IMPACT) initiative, six (6) Member States (Botswana, Kingdom of Eswatini, Mauritius, South Africa, United Republic of Tanzania and Zambia) have established and operationalized their National CIRTs. Six (6) Member States (Angola, Democratic Republic of Congo, Lesotho, Mozambique, Namibia and Zimbabwe) have completed the International Telecommunication Union (ITU) CIRT Assessment and are awaiting the enactment of appropriate legislation to operationalise their National CIRT. The process is currently ongoing for further two (2) Member States (Madagascar and Seychelles).

All SADC Member States plan to have an operational CIRT by end of 2020. SADC plans to establish a Regional CIRT that will enhance Regional, continental and internal co-operation on cybersecurity, facilitate capacity building and information and technology sharing. The Framework for Setting up the SADC Regional CIRT was approved by the SADC ICT Ministers in September 2019 and a call has been made to Member States to submit Expressions of Interest (EOI) for hosting the SADC Regional CIRT.

SADC Participation in the World Radiocommunications Conference (WRC)

The World Radiocommunication Conference 2019 (WRC-19) was convened in November 2019 in Sharm el-Sheikh, Egypt. SADC developed common positions in all 32 WRC-19 Agenda Items and formulated six (6) proposals as agenda items for WRC-23. SADC strategically reinforced its Common Position and Proposals with the support from EACO Members, forming a common group proposal for a total of 20 Africa Member States. The WRC-19 outcomes were favorable to the SADC region.

Framework for SADC Shared Satellite Programme

The Framework for SADC Shared Satellite Programme was developed to enable the development of a SADC Regional Shared Satellite Programme that harnesses the potential of the satellite technology; to provide satellite communication services and products; and to fulfil the economic, political, social and environmental needs of SADC. Central to the implementation of the framework is the aspect of addressing the regional expertise in satellite communications technology. In addition, capacity building was conducted in January 2020 to satellite Experts in the region on ITU satellite software, Radio Regulation (RR) and Rules and Procedure (RoP) on Satellite Networks. The training enabled Member States to develop new satellite filings for national Broadcasting Satellite Service (BSS) in the ITU planned bands (Appendix 30/30A) to replace their degraded assignments in pursuance of the special procedure stipulated in ITU Resolution 559 (WRC-19). To date, over 100 Satellite Experts from the regional have been mentored.

SADC Postal Strategy (2017-2020)

The SADC Postal Strategy (SPS) is the region's strategic reference document for the development of its postal sector. The Strategy identifies four strategic thrusts that are directly linked to the Digital SADC 2027 infrastructure objectives and also well aligned with the strategic priorities of the African continent under the Universal Postal Union (UPU) Istanbul World Postal Strategy, which are Ecommerce and Socio-economic inclusion. Significant progress has been recorded in the implementation of the Strategy as follows:

- (i) **Regional Quality of Service (QOS) Improvement:** The SADC Postal Quality of Service (QoS) Monitoring Project using the Global Monitoring System (GMS) infrastructure has been successfully initiated in six (6) Member States (Botswana, Kingdom of Eswatini, Lesotho, Malawi, Namibia and Zimbabwe) to measure the quality of intra-regional postal traffic with the diagnostic capability to identify, report and resolve delays.
- (ii) **Operational Readiness for E-commerce (ORE):** The Operational Readiness for E-commerce (ORE) which commenced in May 2017 aims to assess and strengthen the capacity and operational efficiency in the supply chain of the

Designated Postal Operators (DPOs) to support the development of e-commerce. All SADC Member States are participating in the ORE Project. DPOs have developed National Country Roadmaps and National Action Plans which highlight the key milestones each operator has to achieve in the ORE Project. In addition, DPOs in Botswana, South Africa and Zimbabwe have successfully developed and deployed ecommerce platforms and applications. This trend is expected to continue following the ORE project.

- (iii) **SADC Postal E-commerce and Trade Facilitation Guidelines:** SADC Postal E-commerce and Trade Facilitation Guidelines have been developed to guide SADC Member States in providing appropriate and proportionate regulatory oversight to stimulate intra-regional e-commerce and trade through the regional postal and courier services network. The guidelines will promote a common regional understanding of the regulatory considerations that are relevant to the Postal e-commerce and provide guidance to NRAs on harmonised regional approaches to dealing with the specific regulatory issues in the e-commerce and trade facilitation environment.
- (iv) **SADC Universal Postal Service and Access Guidelines:** DPOs have a Universal Service Obligation (USO) to guarantee availability of a specific mix of postal products and services to SADC citizens regardless of their geographic location and socio-economic status. USO is a critical matter for the financial performance of DPOs, as it relates to affordability, accessibility and QOS of postal services. In pursuit for regional harmonisation and the changing postal landscape, an assessment on the commercial sustainability of DPOs in relation to their USOs was conducted and this led to the development of the SADC Universal Postal Service and Access Guidelines, approved in September 2019.
- (v) **Awareness on GBV:** GBV information, education and communication (IEC) materials were developed in all the 3 SADC languages under the campaign message of "SADC United to End GBV" to raise awareness on GBV. In addition, posters and pamphlets to highlight the status of GBV in the region and the SADC GBV Strategy were produced and shared with Member States and stakeholders through different platforms.

3.2.2 ENERGY

The energy sector operational plan for 2019/2020 was anchored to the Energy Sector Plan (ESP) of Regional Infrastructure Development Master Plan (RIDMP), which was the

basis for energy sector targets in the Revised Regional Indicative Strategic Development Plan (RISDP) 2015-2020 as follows:

Implementation of SADC Renewable Energy Strategy and Action Plan

The Secretariat continued to monitor implementation of the Renewable Energy and Energy Efficiency Strategy and Action Plan (REEESAP) that was approved by Ministers responsible for Energy in July 2017. The aim of the Plan is to increase uptake of renewable energy and promotion of energy efficiency in all sectors of economy.

The Regional Energy Access Strategy and Action Plan (REASAP) of 2010 was revised. The Plan aims to provide a vision and direction to move Member States towards universal energy access, with a midway goal to halve the number of people without access to electricity and modern energy resources by the year 2020. The revised REASAP is aligned to the United Nations Sustainable Development Goal number 7 on increasing access to energy, sustainable utilisation of renewable energy and promotion of energy efficiency as well as adoption of Multi-Tier (Tier 0 - Tier 5) Framework developed by the World Bank characterised, among others, by universal access to reliable, affordable, convenient and safe electricity.

Expansion of Electricity Generation and Transmission Capacity

The Region was able to commission 3,595 Megawatts (MW) contributed by Angola, Democratic Republic of Congo, Malawi, Mozambique, Namibia, South Africa and Tanzania. The commissioned capacity is about 90% of the targeted capacity of 4,000 MW. When considering the current peak demand and generation capacity reserve margins, the Region has a deficit of 1,904 MW. The deficit emerged as a result of reduced operating capacity due to planned and unplanned maintenance in large power plants in the Region during 2019/2020 financial year. The regional generation mix is still dominated by coal at 60% and hydro at 21% while other primary sources such as gas and renewable energies are gradually increasing. In order to enhance security of energy supply, the Secretariat with support from Development Bank of Southern Africa (DBSA) is developing the Regional Gas Master Plan (RGMP).

Establishment and Strengthening of Regional Centres of Excellence for Research and Training in the Energy Sector

The Secretariat secured signing of Inter-Governmental Memorandum of Agreement (IGMoA) by 10 Member States (Angola, Botswana, Kingdom of Eswatini, Lesotho, Malawi, Mauritius, Namibia, Tanzania, Zambia and Zimbabwe) on the operationalisation of the SADC Centre for Renewable Energy and Energy Efficiency (SACREEE). In terms of institutional and programmatic sub-activities, SACREEE also received support from a

number of International Cooperating Partners (ICPs) on soft infrastructure development and technical assistance such as:

- (i) the Austrian Development Agency through UNIDO on recruitment of Executive Director of SACREEE;
- (ii) development of the SADC Industrial Energy Efficiency Programme (SIEEP) supported by EU;
- (iii) support of small-scale renewable energy entrepreneurs on skills development supported by the International Renewable Energy Agency (IRENA)
- (iv) Energy Efficient Lighting and Appliance (EELA) programme supported by Swedish International Development and Cooperation Agency (Sida). The immediate target for EELA project is to develop Minimum Energy Performance Standards (MEPS) for the electrical appliances and equipment in the Region.

The assessment of sustainability of Kafue Gorge Training Centre (KGRTC) based in Kafue Gorge, Zambia was completed for clearance by Ministers responsible for Energy and subsequently for consideration and approval by Council of Ministers. KGRTC offers short-term training on energy courses, research and development services and hire-out conference facilities to sustain its operations. KGRTC also receives support from the Government of Zambia as part host Country obligation through the national power Utility ZESCO under the Ministry of Energy.

To

Development of Regional Energy Sector-Wide Regulatory Framework

The Market and Investment Framework for SADC Power Projects was approved by the Ministers responsible for Energy as an instrument to guide investors who want to venture into power generation and transmission projects and to enhance investments in power projects in the region. With the support from the Project on Enhancing of a Sustainable Regional Energy Market (ESREM) for Eastern Africa, Southern Africa and Indian Ocean (EA-SA-IO), the Secretariat undertook a study on strengthening of Regional Energy Regulators Association (RERA) of Southern Africa into Regional Energy Regulatory Authority to oversee and regulate cross-border power trading and the operations of the competitive electricity market under supervision of SAPP. ESREM is also supporting the EA-SA-IO region on development of a regional Framework for Regulatory Oversight for the Energy Market.

Migration to Electricity Cost Reflective Tariffs

Member States continued to offer government guarantees for power projects and implementing the tariff adjustments to enable the power utilities to be able to fully recover costs of electricity supply. Presently, Namibia, Kingdom of Eswatini and Mauritius have

migrated to cost-reflective tariffs while Angola, Lesotho, Mozambique, South Africa, Tanzania, Zambia and Zimbabwe have lifeline tariff structures that allow for a minimum level of service. In preparation to migrate into cost reflective tariffs, 10 Member States (Kingdom of Eswatini, Mauritius, Namibia, Angola, Lesotho, Mozambique, South Africa, Tanzania, Zambia and Zimbabwe) completed the Cost of Service Studies (COSS) as part of implementation of the decisions by the Ministers responsible for Energy in May 2019.

3.2.3 TRANSPORT

The Tripartite Transport & Transit Facilitation Programme (TTTFP) Programme has developed a number of Policy, regulatory and strategic frameworks documents which were approved by Ministers of Transport in October 2019 to enhance efficient cross border road transport and transit networks in the Tripartite region. These include policy decisions relating to phasing out of the Left-Hand Drive Vehicles in Member States Driving on the Left Side of the Road; ToRs for Development of the SADC Regional Railway Infrastructure Development Master Plan; and the SADC Regional Railway Emergency Response Charter. Harmonization of these instruments is critical for development of regional infrastructures and promotion of economic development, trade and investment.

The model laws and regulations to facilitate the domestication of the Multilateral Cross Border Road Transport Agreement (MCBRTA) were approved by the Tripartite Ministers responsible for Infrastructure in October 2018. At least eight (8) countries (Angola, Ethiopia, Kenya, Lesotho, Namibia, Rwanda, Tanzania (including Zanzibar), and Uganda) are at different stages of changing existing laws based on the Model Laws. Implementation of the MCBRTA will facilitate reduction in transport costs and transit times for people and goods in the Member States.

The Vehicle Load Management Agreement (VLMA), Road Transport Model Laws, Model Regulations and Standards were approved by the Tripartite Sectoral Committee of Ministers of Infrastructure ready for consideration by the Tripartite Summit. In terms of the corridors, the Governance Instruments for Lobito and Maputo Development Corridors were developed. Those for Beira and North South Corridors were open for signature by Corridor States. Harmonisation of road transport policies, laws, regulations and standards enhances efficient cross border road transport and transit networks in the Tripartite region.

3.2.4 WATER

Kunene Transboundary Water Supply Project (Angola and Namibia)

The Kunene Transboundary Water Supply Project (KTWSP), a joint project between Angola and Namibia, aimed at increasing the assurance of supply to the two countries for drinking, agriculture and industrial development for the communities and towns of Southern Angola and Northern Namibia. The project had two major components namely:

Calueque-Oshakati trans-border pipeline and canal repair works, and water supply system to the Calueque Village in Angola (Lot 1); and Angolan Santa Clara town water supply system construction works (Lot 2). In this regard, the Secretariat achieved the following milestones:

- (i) The Lot 1 activities saw the delivery of a new water treatment plant, pipeline and canal repair works, construction of abstraction points (24) for livestock watering and irrigation abstraction, and a new water distribution network for Calueque village, which has resulted to over 330 households provided with clean and reliable water supply. The water transfer canal and pipeline repair works have ensured reduced system losses for the water being transferred across the border into Namibia.
- (ii) The Lot 2 activities, which are also completed, have ensured the provision of improved assurance of potable water supply to the Santa Clara community in this border town. This component included construction of water tanks and a huge water supply reticulation network to provide potable water supply in the Santa Clara village that had an acute problem of shortage of water supply. The project is serving approximately 200,000 inhabitants overall.

Groundwater Management Programme

Groundwater continues to be relevant and important for alleviating poverty through improving human well beings, livelihoods, food production, ecosystems, industries and growing cities in the SADC region. It is estimated that over 70% of the 250 million people living in the SADC region rely on groundwater as their primary source of water. In that regards, SADC Secretariat continued to implement groundwater management programmes through SADC-Groundwater Management Institution (SADC-GMI). So far, 51 Young Professionals from the Member States went through internship programmes relating to Data Collection and Management as well as the expansion of the SADC Groundwater Information Portal. To strengthen Member States Institutional Frameworks for Sustainable Groundwater Management, the followings were achieved:

- (iii) Delivered eight (08) out of ten (10) required trainings dedicated to providing guidance to stakeholders on identifying solutions for strengthening legal, policy, and regulatory tools (by December 2020); and
- (iv) Out of the targeted 120 people by December 2020, 118 people received training dedicated to groundwater data collection, management and sharing.

Furthermore, Transboundary Aquifers (TBA) in the SADC region were completed in July 2019 for the Shire TBA shared by Malawi and Mozambique. Work is ongoing in partnership with the International Water Management Institute (IWMI) in the Tuli-Karoo TBA shared between Botswana, RSA and Zimbabwe. Further work on the Eastern Kalahari TBA shared between Botswana and Zimbabwe is also at procurement stage.

The Secretariat completed five (5) research studies to date on dealing with the groundwater management challenges in the Member States, namely Deep Aquifer exploration, Groundwater Infrastructure Operation and Maintenance, Groundwater Resilience, Groundwater Data Collection and Management, and Conjunctive Water Management.

The Secretariat is also implementing small sub-grant Groundwater infrastructure projects in Member States under the Project funded through the World Bank support. By end of March 2020, 2 out of the 15 targeted sub-grant pilot projects to be implemented in the SADC Member States were completed in Malawi and Botswana. Three other projects in Zimbabwe (implemented in Limpopo basin by World Vision), Zambia and in Kingdom of Eswatini are more than 80% complete. Seven additional projects in Angola, Lesotho, Mozambique, Namibia, Tanzania and Zimbabwe are at less than 50% completion rate mainly due to implementation delays caused by lengthy government procurement processes. By December 2020, an estimated 25,300 beneficiaries from the interventions were recorded against the initially targeted 3,000 direct beneficiaries. In addition, 33 people have learned applied skills from the demonstration groundwater pilot projects out of the targeted 60 people by December 2020.

Climate Resilient Infrastructure Development (CRIDF) Facility Projects

The CRIDF programme continued to implement a number of projects in the Region. In the current second phase, the Mitema water supply scheme was completed in Tanzania. The scheme has delivered the rehabilitation of the Mitema Water Treatment Plant and distribution pipework to ensure clean and reliable water supply to the Makonde Plateau community with a population of 408,000. Several schemes were also constructed in the Eastern Limpopo in Zimbabwe, providing potable water supply, small-scale irrigation, livestock watering and other livelihood projects. In Maseru (Lesotho), a water Demand Management project was completed and benefited 3500 households with a population of 21000 by improving water pressures management. In Mchinji (Malawi), a Water Supply and Sanitation Scheme was installed at the Zambia/Malawi border which benefited 324 households with a population of 1,944. In Namibia, a livelihoods project is being constructed to provide water supply, irrigation, and to help the community with 52 households maintain their livestock.

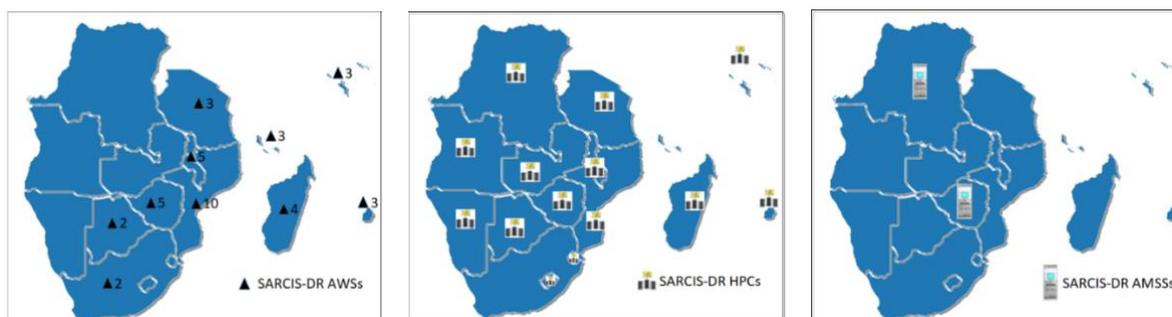
3.2.5 METEOROLOGY

The interventions under Meteorology aim to improve the meteorological infrastructure that are fully integrated, efficient, and cost effective to meet the requirements of the users, and to minimize adverse effects of severe weather and climate phenomena by the uptake of weather and climate information services for development planning. During 2019/20 the following were achieved.

Member States have enhanced skills to produce, analyze and disseminate Climate Information and data

Through the Southern African Regional Climate Services for Disaster Resilience (SARCIS-DR) Project, a number of meteorological equipment were deployed to Member States including 40 Automatic Weather Stations, 14 High Performance Computing servers and 2 Automatic message switching system. Once delivered and installed, the meteorological equipment will improve the capacity of National Meteorological and Hydrological Services on access processing and monitoring of the weather- and climate-related data and systems for timely early warning and disaster mitigation.

Figure 11: Development of equipment (AWS, HPC and AMSS) to Member States



In addition, the Project conducted a series of capacity building activities to about 80 experts from various climate sensitive sectors in early warning at national and regional levels. These included, seasonal climate forecasting technique, administration of High-Performance Computing servers, Climate risk assessment, Meso-scale forecasting for extreme weather event (Numerical Weather Prediction) and Climate modelling.

SADC Climate Services Centre (CSC) fully operational

The SADC Climate Services Centre is a Centre of Excellence of the Secretariat to implement the mission of the Meteorology Programme in SADC. In this regard, it provides operational, regional climate services for monitoring and predicting all facets of seasonal climate conditions, including extreme conditions. The CSC plays a vital role in climate information and prediction services through the Southern African Climate Outlook Forum (SARCOF) processes.

In 2019/20, the SARCIS-DR Project funded two (2) annual Southern African Climate Outlook Forum (SARCOF). The forum brought together and interacted with experts from various climate sensitive sectors to uptake seasonal climate forecasts for rainfall season and early warning advisories based on consensus regional forecasts generated by climate experts from Member States. The SARCOF advisories aim to guide strategic planning to climate sensitive sectors and enhanced preparedness & response to

imminent hazards. In addition, the CSC issued the SARCOF statements, extreme weather alerts and drought advisories to Member States.

In achieving the effective integration of regional early warning, the SARCIS-DR project also capacitated the SADC CSC to use its HPC Cluster for Generation and dissemination of extreme weather and climate information services for disaster risk reduction. In this regard, the SADC CSC generated and uploaded daily, weekly and monthly weather and climate information on its website (<http://csc.sadc.int/>) for use by the different stakeholders in the Region.

3.3 PEACE AND SECURITY COOPERATION

3.3.1 CONFLICT PREVENTION, MANAGEMENT AND RESOLUTION

The security situation in the Democratic Republic of Congo continued to be characterized by escalating violence, rebel attacks, the re-emergence of the Ebola outbreak and the deteriorating situation in the eastern part of the country, particularly in the Ituri and North Kivu provinces. The region has remained seized with the developments in the country through the SADC Liaison Office and the on-going efforts of the Force Intervention Brigade (FIB) under the mandate of MONUSCO. Despite several attempts for engagement, the United Nations (UN) has unilaterally decided to replace one FIB battalion with a composite battalion to include non-SADC countries, a situation which may undermine the operational effectiveness and unity of command and control of the FIB. Additionally, we register with concern the recurrent delays on the deployment of the intelligence capabilities such as, Geo-Location and Threat Analysis Unit (GTAU) and Tactical Intelligence Unit (TIU) to enhance combat capabilities of FIB battalions.

In the Kingdom of Lesotho, the political and security situation remained fragile and unpredictable, as the country continued to grapple with the infighting in the ruling All Basotho Convention (ABC) party, led to the collapse of the coalition government. The Prime Minister Dr. Motsoahae Thomas Thabane was replaced by the former Minister of Finance, Dr. Moeketsi Majoro who was sworn-in as the incoming Prime Minister 20th May 2020, leading a coalition Government of which the ABC and the Democratic Congress (DC) are the major partners. Notwithstanding the political issues, the Government of Lesotho and other national stakeholders conducted the National Leaders Forum (NLF) and Plenary II Multi-Stakeholder National Dialogue which established the National Reforms Authority (NRA) to spearhead the pending comprehensive national reforms. The SADC Facilitator remains engaged with the process of assisting the country to implement the reforms process.

In efforts to bring long-lasting peace and security in the Republic of Mozambique, a landmark agreement on peace and reconciliation was signed between the Government of Mozambique and RENAMO in August 2019. This was followed by general elections which were conducted in a peaceful manner in October 2019. These gains have been

affected by incidents of terrorism and armed attacks in the Cabo Delgado Province of the Republic of Mozambique. Given the intensification of the armed attacks particularly against the civilian population and the destruction of infrastructure, SADC is working with Government of Mozambique for the neutralization of insurgency in the province and to prevent its activities from spreading into the Region.

As part of the of the regional strategic priority to prevent, contain and resolve inter and intra state conflict by peaceful means, the Secretariat enhanced the capacity of Member States National Infrastructures for Peace (I4P) aimed at strengthening SADC's deployment capability for mediation and conflict resolution. In that regard, a Database of mediation practitioners for easy access to the pool of qualified Mediators was established.

3.3.2 STRENGTHENING REGIONAL COLLECTIVE DEFENCE AND SECURITY

In a bid to increase and strengthen public security and safety in the region, the following key instruments were adopted: the Refugees and Asylum Seekers Management Policy Framework which promotes sound management of Refugees and Asylum Seekers; the Protocol on Interstate Transfer of Foreign Prisoners that guide cooperation between Member States in transferring Sentences Prisoners and a Prison/Corrections/ Penitentiary Services; and the Guidelines for Basic Training for Corrections/Prisons in order to harmonise training for new entrants and equip them with the requisite knowledge, skills and abilities.

SADC continued to work on efforts to strengthen capacity of Member States to combat and eradicate the illicit proliferation, circulation and trafficking of small arms and light weapons in the region. The SADC Protocol on the Control of Firearms, Ammunition and other related materials was reviewed to align it with the international conventions and incorporate contemporary best practices and standards for prevention and combating illicit proliferation, circulation and trafficking of firearms, ammunitions and related materials.

3.3.3 DEMOCRATIC INSTITUTIONS AND PRACTICES IN THE REGION

In line with Member States national constitutions and the Principles and Guidelines Governing Democratic Elections, seven (07) Member States (South Africa, Malawi, Madagascar, Mozambique, Botswana, Namibia and Mauritius) conducted successful elections. The Secretariat facilitated the deployment of the SADC Electoral Observer Missions supported by the SADC Electoral Advisory Council (SEAC). The deployments of SEOM also involved the strengthening of the capacity of election observers in among others, the application of information communication technologies in the process of election observation.

The Secretariat enhanced the capacity of Member States National Infrastructures for Peace (I4P) to strengthen SADC's deployment capability for mediation and management

of conflicts. In that regard, a Database of mediation practitioners for easy access to the pool of qualified Mediators was established.

3.4 SPECIAL PROGRAMMES OF REGIONAL DIMENSION

3.4.1 AGRICULTURE, FOOD SECURITY AND NATURAL RESOURCES

Regional Agricultural Policy

The SADC Region Biennial Report on the implementation of Malabo Declaration Commitments/Targets was developed using inputs from the Member States. The African Union Commission further released the second Biennial Review Report (2019) on Malabo commitments in February 2020 at the African Union Summit, in Addis Ababa, Ethiopia. The report indicates that the average score for the SADC Region is at 4.27 against a benchmark score of 6.66 for 2019, based on submissions from twelve SADC Member States (Angola, Botswana, Kingdom of Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Zambia and Zimbabwe). The analysis indicates that the region is not on-track in meeting the CAADP/ Malabo commitments. At individual Member State level, the review also shows that no SADC country is on-track, representing a 66.7% decline from the number of countries that were on-track in the inaugural 2017 Biennial Review.

The Regional Food Security Situation

Rainfall during the 2019/2020 season was erratic in most parts of the region. During the first half of the season, from October to December 2019, well below average rainfall was received in central and southern parts of the region, resulting in delayed onset, reduced area planted, poor germination and crop establishment. In some parts of the central areas, the October to December rainfall was the lowest since 1981 (38 years ago). In the second half of the season, January to March 2020, good rains were received in most parts of the Region, including parts of Angola, Democratic Republic of Congo, Madagascar, Malawi, Mozambique, Tanzania and Zambia resulting in excessive rains and flooding in several areas.

The poor seasonal rainfall distribution negatively affected harvest prospects in many southern parts of the region while excessive rains caused flooding which resulted in loss of lives, displacement of populations, destruction of infrastructure and washing away of crops in north-eastern parts of the region. The generally high rainfall in the second half of the season was beneficial for cropping although a four-week dry spell starting in late February in central and eastern parts of the Region marked an early cessation of the rainfall season. The premature end of rains caused wilting of much of the late-planted crops, dampening good harvest prospects, which had been brought by the favorable January and February rainfall.

Due to the drought conditions experienced in some parts of the Region, pasture and water availability was negatively impacted resulting with some Member States including Botswana, Kingdom of Eswatini, Lesotho and Namibia introducing subsidies for livestock feeds and veterinary medicines. Botswana also allowed temporary export of live cattle, with 26,848 cattle exported to Namibia and South Africa.

Food and Nutrition Security Strategy

The Annual Food Balance Sheets was produced in close collaboration with Member States, using Integrated Phase Classification (ICP) Protocols. Guidance document on nutrition information was produced with country specific case studies to ensure that Member States are capacitated in crop production and monitoring systems, and align and standardize food and nutrition security assessment methodologies for National Early Warning Units.

The Secretariat supported the integration of Guidelines on Urban and on Nutrition and HIV-AIDS into Vulnerability Assessments. The aim is to ensure that the Regional Early Warning Systems and Vulnerability Assessment Systems are efficiently domesticated in all the Member States. A complete and functional National Early Warning System entails Agromet, Agricultural Economics, and Agricultural Statistical systems. By end of March 2020, eight Member States had existing and functional National Early Warning Systems in place (Botswana, Democratic Republic of Congo, Malawi, Mozambique, South Africa, Tanzania, Zambia, Zimbabwe). The remaining eight Member States either do not have the Systems in place or that the System exists but one of the three aspects is not fully functional. Member States without National Early Warning Units have been engaged to evaluate the needs for development of Early Warning System.

Agricultural Input Supply

The SADC Seed Centre Sustainability Plan and the Guidelines for Seed Certification and Quality Assurance were developed and approved by the Ministers responsible for Agriculture and Food Security in Windhoek, Namibia, in June 2019. The aim was to improve agriculture production, productivity and competitiveness in the Region. This forms part of the implementation of the Harmonized Seed Regulatory System (HSRS) by the Members State to ensure accessibility of good quality seed throughout the region.

The SADC Secretariat in collaboration with USAID Seed Trade Project and the Government of Zambia piloted seed production with the SADC registered maize varieties in Lusaka, Zambia using the principles outlined in the HSRS. The pilot produced over two hundred metric tons of hybrid maize seed that were commissioned and exported to Democratic Republic of Congo bearing the SADC Seed Label. The pilot also provided valuable lessons as it facilitated testing of the Guidelines for Seed Certification and Quality Assurance. The Guidelines were used to conduct field inspections with involvement of National Seed Authorities representatives from Democratic Republic of

Congo, Malawi, Mozambique, Zambia and Zimbabwe and lessons were shared with all Member States. The guidelines were found to be useful in facilitating harmonized field inspections to ensure uniform approach by all Member States.

The Regional Strategy on Conservation and Utilization of Animal Genetic Resources (AnGR) was developed and validated by Member States to ensure improved agricultural production and maintenance of species diversity for present and future generations. The Strategy aims to:

- (i) address key factors threatening AnGR and the dynamics of the threats; and how to mitigate them;
- (ii) harmonize the regional AnGR conservation and utilization strategies;
- (iii) initiate implementation of collaboration mechanisms including joint research projects and cross border businesses;
- (iv) improve the institutional capacity for AnGR conservation and sustainable utilization in SADC Region;
- (v) review and improve existing policies and institutional arrangements to ensure sustainable use and conservation of AnGR in SADC Region;
- (vi) enhance resource mobilization for supporting AnGR activities; and
- (vii) develop monitoring and evaluation framework of the strategies for conservation and utilization of AnGR in SADC Region.

Surveillance and Control of Transboundary Plant and Animal Diseases and Pests

The Regional Strategy on Plant Health and Guidelines for Pesticides Management and Risk Reduction was approved by Ministers responsible for Agriculture and Food Security in June 2019. The Guidelines will contribute to the implementation of the Integrated Pest Management and minimize the use of highly hazardous pesticides. The guidelines further aim to achieve harmonized regime for registration of pesticides that includes evaluation procedures, standards, mutual recognition and equivalence in the region to safeguard both animal and human health and environment; and establish harmonized pesticides classification systems according to Globally Harmonized System of classification and labelling of chemicals.

The Anti-Microbial Resistance (AMR) Framework and Dog-Mediated human rabies Strategy were developed and validated by the Member States, as part of development and implementation of Strategies for surveillance and control of transboundary animal pests and diseases by the Member States. The aim is to support Member states to address AMR and eliminate human rabies deaths and other related challenges.

A steady progress has been made towards building capacity of Member States in the management of the six crops pests and disease (Fall armyworm, Tuta Absoluta, Banana

Bunchy Top Virus, Fusarium Oxysporum TR4, Lethal Maize Necrosis Disease and Mediterranean fruitfly (*Bartroceras* spp) under the EDF 11 project. A total of 74 plant protection officers were upgraded for identification, understanding of the biology, impact assessment and management/control strategies of these pests. The aim is to improve food security and market access in the region. A framework for regional pest specific management strategies for the six pests was also developed to guide the development of Regional Management strategies for domestication at national levels.

Joint Management of Transboundary Natural Resources (Fisheries, Forestry, Wildlife and Transfrontier Conservation Areas)

The Secretariat facilitated the development and approval of Regional Common Position for Convention on International Trade on Endangered Species (CITES) COP 18 by the Member States. The SADC Common position was used to guide Member States engagement in the meeting of the parties, held 17-28 August 2019 in Geneva, Switzerland, and ensured they speak in one voice. Fifteen SADC Member States attended CITES COP 18.

Member States were supported on implementation of the SADC Project on conservation and sustainable management of forest resources which consisted of capacity building actions addressing Forest Information System, Forest Fire Management and Participatory Forest Management; and the development of the respective Regional Guidelines. Guidelines on community engagement in SADC TFCA and on establishment of cross-border tourism products were also developed and validated by the Member States through the SADC statutory structures as part of implementation of Transfrontier Conservation Area (TFCA) Programme.

The Secretariat also engaged with all Member States on the SADC Monitoring, Control and Surveillance Coordinating Center (MCSCC) Charter ratification process, through visits to several Member States. As a result, Angola ratified the Charter, becoming the 8th Member States to do so, joining Kingdom of Eswatini, Lesotho, Mozambique, Namibia, South Africa, United Republic of Tanzania and Zambia, and increasing the conditions for the Charter to enter into force. In addition, the Interim Project Management Unit (IPMU) to operationalize the SADC Regional Fisheries MCS Coordination Centre (MCSCC), consisting of two officials, was established. The Unit reviewed the Regional Plan of Action to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated (IUU) fishing; and set-up the first phase of the Basecamp platform for information sharing amongst Member States. Basecamp is used to facilitate cooperation amongst Member States through information exchange and information sharing to tackle IUU fishing.

As part of the implementation of the SADC Regional Aquaculture Strategy, 12 Member States (Angola, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, URT, Zambia and Zimbabwe) have implemented national aquaculture programs, in line with the regional strategy. This resulted in an increase in

aquaculture production from 92,773 tons reported in 2019, to 100,950 tons reported in 2020. Development and approval of "Guidelines for Aquaculture Management in the SADC region", was conducted to support sustainable, environmentally and socially acceptable aquaculture practices in the region. Capacity building programs to support aquaculture value chains were also conducted through Aquatrans (transformation of aquaculture in the SADC Region) Regional Trainings.

Environment and Sustainable Development

The SADC Great Green Wall Initiative was finalized and approved by the Ministers in October 2019 to ensure sustainable development and management of the environment. The Secretariat also supported the development of the Regional Common Position for the United Nations Framework Convention on Climate Change (UNFCCC) COP 25, as part of the coordination and facilitation of implementation of Multilateral Environment Agreements. The position was used during COP 25 to fast track signing and ratification of the Protocol on the Environment progressed through development and dissemination of advocacy Policy Briefs.

Conservation of Plant Genetic Resources

The Integrated Crop Wild Relatives (CWRs) Strategy Document was developed whereby, end of 2019/20, the CWRs list was undertaken in Malawi, Mauritius, South Africa and Zambia. Also, 36 Community Seed Banks were established to support the collection of genetic material in seven (7) Member States as follows: Kingdom of Eswatini (1), Madagascar (9), Malawi (7), Tanzania (2), South Africa (3), Zambia (2), and Zimbabwe (12); and new National Genebanks were established in Comoros and Seychelles. Published information material was further disseminated to enhance and promote plant genetic resources and conservation efforts in the Region. These included 1000 copies of the SPGRC Annual Report; 1500 plant genetic resources conservation information brochures; 50 copies of the Genebank Standard Operation Procedures (SOPs); and two (2) copies of promotional videos on SPGRC operations and on the functioning of the Web SPGRC Documentation and Information System (SDIS).

3.4.2 SOCIAL AND HUMAN DEVELOPMENT

The Social and Human Development component aims to ensure the availability of educated, skilled, healthy and productive human resources which remains a fundamental element for investment promotion, the efficiency, effectiveness and competitiveness of the region in the global economy, as well as improving the quality of lives of the region's population.

Education and Skills Development

The SADC Qualifications Framework (SADC QF) was established with the accompanying quality assurance guidelines which marked a significant milestone for the Region. The

SADC QF will serve to enhance mobility of skills, including those of researchers and students across the region. To date, South Africa and Seychelles have aligned national qualifications framework to the regional framework while a number of other member states have reached an advanced stage in the alignment process, including Mauritius which submitted its Alignment Report for Adjudication during 2019/20. The SADC Member States continued to provide support to the Secretariat, in the implementation of the SADC QF activities on a rotational basis in order to augment the capacity of the Secretariat.

SADC Secretariat, in collaboration with the UNESCO Regional Office for Southern Africa (ROSA) and the Zambia National Commission for UNESCO, supported and facilitated peer learning and sharing of experiences on Continuous Professional Development (CPD) practices and policies, among Member States in order to harmonize teacher policies and practices. A desk review of the status of teacher CPD in nine Member States (Botswana, Kingdom of Eswatini, Lesotho, Malawi, Mozambique, Namibia, South Africa, Zambia and Zimbabwe) was conducted to delineating various approaches to teacher CPD and for sharing of lessons and experiences. The desk review revealed the following;

- (i) A number of countries do not have a clear CPD Framework while others are working towards the development of their CPD Framework. In some cases, member states that have CPD Framework also have the professional board or council to oversee CPD for teachers including in some cases, the registration and licensing of professional teachers.
- (ii) The varying approaches to CPD or In-Service Education and Training (INSET) coordination and management. Member States used both centralized and decentralized coordination and management by the Ministries responsible for education.
- (iii) The Decentralized approaches have a greater impact and address teachers' needs best as they tend to be demand-driven. Zambia uses the decentralized systems whereas countries such as South Africa and Namibia, have semi-autonomous units for coordination and management purposes.
- (iv) Funding for CPD and INSET also appears to be quite weak in almost all Member States. This will require Member States to allocate dedicated budgets to improve the delivery of quality education.
- (v) There is a weak focus on CPD and INSET in the TVET sector, a sector which remains critical to ensure skills generation to drive industrialization.

UNESCO Regional Office for Southern Africa (ROSA), in collaboration with the Secretariat, commissioned a desk review of inclusion of Southern African History in the School Curricula in all SADC Member States. The aim was to determine the level of integration and teaching of global citizenship issues and values in primary and secondary schools; and to delineate if and in which curriculum settings the Southern African

Liberation History (SALH) is integrated. This review will provide the basis for the promotion of Global Citizenship Education (GCED) in SADC Member States and to inform the SADC Regional Working Group on the inclusion of SALH in curricula. The Regional Working Group to lead this process will be established in 2020.

The second phase of the Care and Support Programme in the Education Sector under the Future Life Now was implemented, whereby Member States continued to show commitment to the programme. Advocacy continued to ensure the inclusion of care and support in education settings in the Member States, to leverage on the importance of care and support services to the overall educational outcomes and attainment. Nine Member States (Kingdom of Eswatini; Madagascar; Malawi; Mauritius; Mozambique; Namibia; South Africa; Zambia; Zimbabwe) attained the inclusion of care and support by end of March 2020 as a result of continued advocacy. Strategic documents were successfully developed under the Programme to guide Member States during implementation of national programmes on Care and Support in the Education sector. These include the following:

- (i) the Generic Operational School-level Handbook on Care and Support in Teaching and Learning (CSTL);
- (ii) a framework to guide Member States in developing boys-focused programming;
- (iii) a desktop review of HIV and SRHR policies and regulatory frameworks within SADC Member States were developed
- (iv) an advocacy brief on learner agency;
- (v) an advocacy video on youth climate change dialogues (YCDs);
- (vi) the SADC Child and Youth Participation Framework.

Employment and Labour

The SADC Labour Migration Action Plan (2020-2025) was adopted as part of efforts to promote skills transfer, as well as matching of labour supply and demand for regional development and integration. The Plan is in line with Article 19 of the SADC Protocol on Employment and Labour, which seeks to protect and safeguard the rights and welfare of migrant workers, to give them better opportunities to contribute to countries of origin and destination. The Plan is therefore an integral part of measures aimed at the progressive elimination of obstacles to the free movement of capital and labour, goods and services, and of the people of the Region generally, in line with Article 5 of the SADC Treaty.

The SADC Guidelines on Portability of Social Security Benefits were adopted to ensure that workers moving within the SADC region maintain social security rights and benefits acquired under the jurisdiction of different Member States, including pension benefits and occupational injury and diseases benefits. The Guidelines also seek to facilitate mutual

administrative assistance between social security authorities in two or more countries. Following adoption of the Guidelines in March 2020, five Member States (Kingdom of Eswatini, Lesotho, Malawi, South Africa and Zimbabwe) committed to pilot implementation through bilateral arrangements.

The SADC Secretariat and the International Labour Organisation (ILO) jointly conducted a study of the youth labour markets in the region as part of implementation of the 2016 SADC Youth Employment Promotion Policy Framework. The study revealed that the SADC Region has a labour force that is very youthful by international comparison, and that it will continue to remain so for the coming decades. In addition, the study showed that the average youth unemployment rate (15-24 years) in 2017 was approximately 12 percent, higher than the 7% average for older persons thus revealing that youth are more likely to be without a job compared to their older counterparts largely due to lack of work experience.

Despite the relatively low overall unemployment rates for some Member States, there is a high prevalence of informality in employment in SADC, which is typically associated with lack of legal and social protection as well as with lower wages when compared with formal employment. An analysis of working poverty revealed that a large proportion of the working poor across the SADC region with more than 50% of all working youth and nearly 45% of older workers considered extremely poor using the international poverty line of US\$ 1.90 (PPP). Adding to these concerns is the high proportion of youth not in employment, education or training (NEET), in excess of 25% across several SADC countries and even higher for females. The NEETs represent a special category of youth whose potential for integration in the labour markets is particularly low, as they are simultaneously not gaining experience or new skills.

While Member States are implementing a number of youth initiatives, these do not always come at significant scale to absorb the majority of unemployed youths. In combination with the youth focused initiatives, Member States also should strengthen the integration of pro-employment policies in development and sectoral growth policies, with greater emphasis on demand side interventions. Sustained and higher rates of economic growth will need to be realised to create demand for the abundant labour supply among the youth. As a follow up to the SADC youth labour markets analysis, the SADC Secretariat is facilitating the development of interventions to promote active and productive participation by youth in social, economic and political development processes in the region. The Secretariat is also working with the ILO towards a youth employment project to increase the proportion of young men and women in decent employment across the SADC region.

Health and Pharmaceuticals

The Malaria Elimination Framework was developed to provide a platform for the harmonization of policies, guidelines and protocols for malaria control and elimination in the SADC region. The framework is also aimed at mobilization of required resources,

partnerships and collaborations to support Member States in controlling and ultimately eliminate malaria within their national boundaries. Substantial resources have been mobilized to support Member States' implementation of malaria control programmes through partnerships with the Global Fund (GF), the Roll Back Malaria (RBM), African Leaders Malaria Alliance (ALMA) and the E8 Initiative. The support has enabled Member States to record significant progress in the control of malaria, and set the pace for elimination by the year 2030.

The SADC Member States re-affirmed their commitment to eliminate malaria in the region in accordance with the SADC Protocol on Health and the SADC malaria Framework. Member states further committed to additional domestic funding for Malaria elimination to ensure malaria programmes are adequately funded and national targets are met. From 2018, the domestic funding of Malaria programmes in Member States has increased by 8% on average in the SADC region. While the effort by Member States is commendable, additional investment in national malaria programmes is needed to compensate the ever-decreasing international support.

The 2019/20 SADC Tuberculosis (TB) Report which takes stock of the state of the disease and progress on TB control in the Region was approved and adopted by SADC Ministers of Health and those responsible for HIV and AIDS during the annual meeting. The report is based on the END TB strategy which prioritizes 10 critical indicators to track the performance of TB programmes in the Region. The Report reveals a decline in TB incidence rates since 2015 in most countries; stagnation in incidence in few (20%) of the countries; and significant decline in TB mortality. Almost all Member States achieved the 15% reduction in TB mortality between 2015 and 2018. Six Member States (Angola, Botswana, Mauritius, Namibia, Seychelles and South Africa) have attained middle income status and may not continue to qualify for funding from external sources, therefore there is need for Member States to mobilise domestic resources to meet the national TB requirements as well as scale up and sustain results.

Nutrition

Development of the regional minimum standards for food fortification was initiated in 2019 as part of implementing programmes that address micronutrient deficiencies. These standards will provide Member States with guidance to inform the national mandatory food fortification regulations. Currently there are six (6) Member States (Malawi, Mozambique, South Africa, United Republic of Tanzania, Lesotho and Zimbabwe) in the region with mandatory food fortification standards and regulations for cereal flours. Therefore, adoption of food fortification by the Member States will accelerate the regional efforts towards addressing micronutrient deficiencies.

The SADC M&E Framework to guide food fortification regulatory monitoring and enforcement in the Member States was developed through support from the Global Alliance for Improved Nutrition (GAIN) and UNICEF ESARO. The Framework provides

guidance on harmonised and systematic approaches to food fortification monitoring and enforcement. The guidance provides (i) Technical guidance for Member States in food fortification monitoring and enforcement; (ii) Guidance for tracking regional efforts in internal and external monitoring; and (iii) Indicators for assessing the outcomes, impact and progress towards achieving the country nutrition objectives which food fortification contributes towards.

The regional action framework for improving the quality of young children's diets was developed with the aim to activate multi-sectoral national actions from the health, food, social protection and WASH sectors, to deliver high impact nutrition specific and sensitive actions that would improve diets of young children. In 2020, the SADC Secretariat in collaboration with partners will facilitate implementation of the identified nutrition actions and monitor progress. Partners that are supporting Member States includes UNICEF, WFP, FAO, WHO and GAIN.

The conceptual framework for youth innovation, entrepreneurship, leadership and participation was developed and approved by Council of Ministers in August 2019. The conceptual framework calls for better youth policy alignment, harmonisation and implementation. While noting that all SADC Member States have youth coordination structures and institutions, the conceptual framework advocates for strengthening of these mechanisms particularly in addressing youth innovation and entrepreneurial issues. On the basis of the approved conceptual framework, the Secretariat is coordinating the development of a SADC Youth Programme to provide Member States with clear interventions for the realisation of the demographic dividend.

3.4.3 CROSS-CUTTING PROGRAMMES

Combating the HIV and AIDS Pandemic

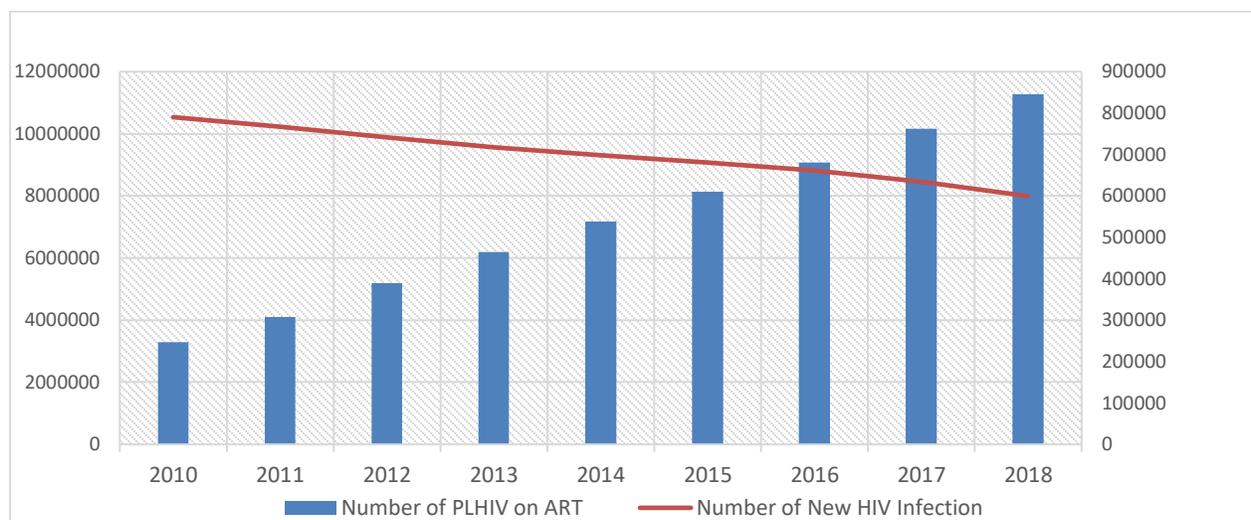
The SADC Roadmap for Health and HIV and AIDS Sustained Responses was developed and approved in June 2019 in Windhoek, Namibia to identify key actions and ensure the continued progress toward strategic goals for ending AIDS and in the pursuit of Universal Health Coverage (UHC). The Secretariat also supported and coordinate Member States' efforts to implement the Roadmap, report progress and share experiences. The framework will also facilitate the acceleration of the Abuja Declaration Targets wherein Member States committed to allocating 15% of national budgets to the health sector across the four pillars which are: Country-led multi-sectoral response – Unwavering political commitment; Investing for impact and increased efficiencies; Improve and accelerate “people-centred” integrated delivery that reaches those left behind (HIV and UHC); and Sustainable multi-sectoral financing for long-term impact.

HIV prevention programmes are yielding positive results as the region continues to record a sustained downward trend in the number of new HIV infections between 2010 and 2018. It is also noted that while the number of People living with HIV on Ante Retroviral Therapy

(ART) continues to constantly increase; four Member States (Botswana, Kingdom of Eswatini, Namibia and South Africa) reported having less than 5% of infants born to HIV-positive mothers being infected with HIV. Through the realisation that HIV prevention efforts are lagging behind in some countries in the region, the SADC Secretariat in collaboration with UNAIDS, UNODC, UNFPA and UNDP undertook technical assistance to support the four Indian Ocean Countries (Comoros, Madagascar, Mauritius and Seychelles). Through this support the Member States have documented situational analyses, and roadmaps for scaling-up HIV prevention and treatment interventions.

The region continues its progress toward ending the AIDS epidemic by 2030. There is a decline in the number of new HIV infections as demonstrated by Figure 12 as well as an increase in the People on ART which indicates that countries are investing more on HIV treatment.

Figure 12: Number of PLHIV on ART and New HIV Infections



Gender Equality and Development

The Analytical Assessment of Gender Mainstreaming in the SADC Regional Integration Agenda was developed to provide Member States with updated information on the status of alignment of national gender policies to the SADC Protocol on Gender and Development and other gender instruments, the current challenges on women empowerment, and highlights gaps on gender mainstreaming and recommendations to Member States to address these gaps. The results of this Assessment were shared with Member States and will contribute to efforts on strengthening the gender mainstreaming capacity in the region.

The SADC Regional Multi-Dimensional Women's Economic Empowerment Programme (RMDWEEP) was approved by the Ministers of Gender and Women's Affairs in May 2019. This Programme aims to promote implementation of SADC commitments on the economic empowerment of women by identifying concrete actions at the regional and

national levels which will accelerate the realization of the benefits of regional integration and industrialization among both women and men in the region. The Programme is implemented in accordance with the Industrialization Development. Moreover, the SADC Secretariat mobilized resources from GIZ to the tune of Euro 2 million to support implementation of a 3-year regional project on *Industrialization and Women's Economic Empowerment* that seeks to increase the participation of women owned businesses' and female entrepreneurs' in value addition for selected sectors and for regional value chains.

Gender Based Violence

Gender-Based Violence (GBV) continues to be a challenge for the SADC Region in efforts towards achieving gender equality and promoting peace and security within the regional integration agenda. Women and girls are disproportionately affected by GBV and continue to face the brunt of this social scourge. The Secretariat continued to popularize the SADC Regional Strategy and Framework of Action for Addressing GBV (2018-2030) and promote its implementation among Member States and regional stakeholders and partners to address GBV at national and regional levels. The following are the key milestones achieved during the 2019/2020 period:

- a) ***The SADC Parliamentary Forum sensitized on the SADC GBV Strategy:*** The SADC Parliamentary Forum (SADC-PF) through the Regional Women's Parliamentary Caucus (RWPC) was sensitized on the SADC GBV Strategy and the status of GBV in the region. The Parliamentarians were consulted on issues of legislative response to GBV, and they further endorsed the development of a SADC Model Law on GBV to guide national domestication of international and regional GBV commitments and principles. The process of developing the GBV Model Law, under the facilitation of the by SADC-PF with support from the SADC Secretariat, has commenced.
- b) ***Strengthening of GBV Prevention efforts in SADC Region:*** The Secretariat collaborated with GIZ and other regional partners to host a Regional Conference on Prevention of Violence Against Women in Southern Africa. Key strategies on what works in prevention of GBV were shared to strengthen GBV prevention efforts at national level. The Conference, attended by about 200 participants including representatives from all SADC Member States, provided a platform for dissemination of the SADC GBV Strategy to partners and other stakeholders involved in the regional response to GBV. During this Conference, the Secretariat hosted a side-event to show-case good practices from four Member States (Botswana, Democratic Republic of Congo, Lesotho and Zimbabwe) on response and prevention of GBV. The outcome of this Conference will further guide regional conversations with Member States towards strengthening prevention of GBV in 2020/2021.

- c) **Mapping of Regional Partners Support to the GBV Response:** The Secretariat mapped the partners support to the GBV response through a regional consultative meeting with GBV partners. The SADC GBV Strategy was disseminated to the partners to promote its coordinated and effective implementation across the Region and alignment of the partners' efforts to this Strategy. The mapping exercise reflected the active partners in the response to GBV in SADC region, the extent of technical and financial support by partners, and the type of support provided by partners to the SADC Member States. The mapping exercise reflected that all Member States have partners that are already supporting GBV programmes and projects. The partners further committed to supporting GBV interventions at national level to align to the SADC GBV Strategy. A regional report in this regard, also highlighting potential areas of collaboration, has been produced and shared to Member States to identify partners that support GBV in their countries. This will guide and contribute to resource mobilization for the GBV response at national level.
- d) **Awareness on GBV:** GBV information, education and communication (IEC) materials were developed in all the 3 SADC languages under the campaign message of "SADC United to End GBV" to raise awareness on GBV. In addition, posters and pamphlets to highlight the status of GBV in the region and the SADC GBV Strategy were produced and shared with Member States and stakeholders through different platforms.

Science, Technology and Innovation

Improved skills through enhanced Science, Technology, Innovation (STI) and business sophistication is one area that has been identified as critical in supporting SADC Industrialisation Strategy. The aim is to strengthen Member States capacity in innovation capacities, and efficient application of science and technology for industrial development. This is implemented through the SADC Protocol on Science, Technology and Innovation (STI), that was adopted in 2008 and came into force in 2017. There has been considerable progress in the adoption of STI policies in the region as published in the UNESCO Science Report of 2015. The number of SADC countries that have adopted STI policies has increased from 11 to 14 out of the 16 Member States. In particular Mauritius does not have a dedicated STI policy but implements programmes in STI. A number of Member States in the region that are currently reviewing their STI Policies are Botswana, Namibia, Tanzania and Malawi.

The Framework and Guidelines for the Establishment of Centres of Excellences (CoEs) and Centres of Specialisation (CoSs) was approved by Council in August 2018. The Framework and Guidelines will support the establishment and investment of regional Centres of Excellence, and Centres of Specialisation in Innovation and Technology Transfer Programmes in support of Industrialization. A regional scoping and mapping

study has been commissioned to identify potential regional COEs and COSs to support value chain development and advance industrial development.

The Report on SADC Investment in Research and Development was endorsed by the Ministers responsible for Education and Training, and Science, Technology and Innovation in June 2019. The Report revealed that most SADC Member States report Gross Expenditure on Research and Development (GERD) as percentage of Gross Domestic Product (GDP) of less than 1%. Government and private sector funding for STI is still a major challenge, constraining progress towards increasing research and development (R&D) investment in several Member States. During the COVID-19 Pandemic period, it became evident that investment in STI is critical to support development of the necessary vaccines; contact tracing and production of personal protective equipment. Many Governments globally have also been relying on scientific evidence to inform public policy responses to fight the spread of the pandemic.

The SADC Charter on establishing the Women in Science, Engineering and Technology Organisation was signed by additional two Member States, which are the Democratic Republic of Congo and Mauritius in June 2019; bring the total to nine Member States that have signed the Charter. A two thirds majority is required for the Charter to enter into force.

Private Sector

The Industrialization Strategy and Roadmap adopted in 2015, proposes an integrated strategy for SME development. In this regard, the Secretariat has developed a Regional Framework for Supplier Development with the special focus on building capacities and capabilities of SMEs to participate in the implementation of the Industrialization Strategy and regional value chains.

Regional statistical publications were produced and disseminated including the monthly harmonized consumer price indices; selected indicators; and the database of social statistics. On statistical capacity building, the development of an Agricultural Information Management System (AIMS) started during the year with the objective of providing respective socio-economic statistics pertaining to the agricultural sector in the region.

The Policy on Strategy Development, Planning, Monitoring, Evaluation and Reporting (SPMER Policy) was reviewed and approved by Council of Ministers in March 2020. The Revised Policy emphasises the importance of undertaking strategy development, planning, monitoring, evaluation and reporting within the long-term policy environment focusing on, among others, the SADC Vision 2050, the African Union Agenda 2063, and the United Nations Sustainable Development Goals (SDGs). The Policy further guides formulation of new SADC strategic plans in the post-2020 period and enhancement of the overall impact of the SADC Regional Programme.

The Interim Medium Term Strategy (IMTS) was developed and approved by Council of Ministers in March 2020 to guide priority setting for the two years (2020/21-2021/22). The IMTS is an interim measure intended to guide the development of Annual Corporate Plans and make way for the development of the SADC 2050 and RISDP 2020-30 Blueprints.

4. IMPLEMENTATION OF CORPORATE ACTIVITIES

4.1 BUDGET AND FINANCE

The Secretariat continued to adhere to the principles of good governance; and application of internal control measures to ensure efficient and effective implementation of the Corporate Plans. In this regard, the Secretariat:

- (i) Prepared the 2019/20 Interim Annual Financial Statements line with the Financial Regulations and International Public Sector Accounting Standards.
- (ii) Facilitated the Board of Auditors' Chairpersonship transition from the United Republic of Tanzania to Zambia. In addition, the Secretariat facilitated the SADC Board of Auditors' 2019/20 external audit planning meeting that developed the 2019/20 SADC Board of Auditors' Audit Strategy.
- (iii) Facilitated the preparation and approval of the Medium Term Revenue and Expenditure Framework and annual 2020/21 budget by Council in August 2019 and March 2020, respectively.
- (iv) Reviewed and improved financial systems, processes, and procedures including the enhancement of financial reporting templates, development of Guidelines on Exchange Rates, Financial Management, and Reporting Systems Manuals and Guidelines on Bank Management and Investments.
- (v) Accounting and financial management services were provided, including the preparation of monthly management accounts, budgetary performance reports, and project expenditure verification. In addition, the facilitation of budgetary control and interpretation of Financial Regulations to enhance compliance was done, including strategic and operational financial advisory.

4.2 HUMAN RESOURCES AND ADMINISTRATION

The wellness programme was launched and the committee and implementing structures including Fire Marshals and First Aiders were operationalised. Nine Human Resources Policies were approved by Council of Ministers. Employees were trained on the application of the revised Performance Management Policy, in particular the new Performance Agreement template, to ensure the new performance culture is well embedded to all staff. This improved employees' compliance in submitting performance

agreements and appraisals from 70% to 96%. In addition, various technical as well as soft skills training were conducted during the financial year ranging from ICT systems implementation, compliance and induction programme for new employees. Electronic Records Management System was deployed to the Satellite Offices and the migration of all official records was completed, staff was trained and Records Management Committee was revived.

4.3 INTERNAL AUDIT

Coordination of risk management and provision of assurance on risks mitigation measures and internal control environment is very critical for the effectiveness and efficiency functioning of the Secretariat. During 2019/20 Financial Year, 14 out of 15 audits were completed representing a 93% achievement against the approved audits by the Audit Committee. Furthermore, from the audits undertaken during the Financial Year, 129 observations were noted. From these observations, 48 were rated as high risk representing 37% and requiring urgent management action whilst 63% represented medium to low risks. Furthermore, the Strategic and Operational Risk Registers and action plans were developed to mitigate risks in 2019/20 Financial Year. By end of the Financial Year, 9 out of 12 action plans were implemented to completion. In addition, 131 out of 184 action plans of the operational risks were success implementation.

4.4 LEGAL AFFAIRS

Two new legal instruments, namely; the Protocol on Industry and the Protocol on the Inter-State Transfer of Sentenced Offenders were developed were adopted and signed by Summit of Heads of States in August 2019. In addition to the two Protocols, amendments to Annexes I, II and III of the Protocol on Trade were formulated. The Committee of Ministers of Justice/ Attorneys General recommended the amendments to the Committee of Ministers of Trade for adoption.

Two Reports, namely: (i) Consolidated Report on Harmonisation of Authentication Procedures and (ii) Consolidated Report on Recognition and Enforcement of Foreign Judgements and Arbitral Awards were developed and validated at a Technical Meeting of Legal Experts held in December 2019 in Johannesburg, South Africa. The Reports will be presented to the Committee of Ministers of Justice/Attorneys Generals for their approval.

Three matters involving former employees of the SADC Tribunal were heard at SADCAT and judgement is pending as part of facilitating arbitration and litigation that SADC is a party to. In addition, The Secretariat continued to work with external lawyers towards finalisation of SADC pending arbitral matter. Regarding the SADC Protocols, the Secretariat continued to urge Member States to sign, ratify and accede to the relevant SADC Protocols whereby, during 2019/20, one (1) Protocol was ratified and 8 legal instruments were signed by the Member States.

4.5 INFORMATION AND COMMUNICATION TECHNOLOGY

The Secretariat continued to use Information Technology (IT) to ensure effectiveness and efficiency in delivery of programmes throughout the year. The end of the 2019/20 Financial Year was affected by the COVID-19 pandemic that brought about a shift in the way organisations conduct operations. In the SADC Secretariat, there was a shift towards telecommuting where staff had to operate virtually. The Secretariat through the support of its ICT Unit managed to continuously assist Directorates and Units to operate in the transitional phase.

4.6 COMMUNICATIONS AND PUBLIC RELATIONS

The Secretariat through the Communications and Public Relations Unit, continued to facilitate the free flow and exchange of information within the SADC Region and beyond, and to implement interventions aimed at raising awareness of the SADC Brand and image, as well as promote the impact and added value of the regional economic community. In this regard, the Secretariat:

- (i) Enhanced SADC's presence on online platforms through the website and social media platform whereby, the number of visitors and users of the website grew every quarter, while the SADC Facebook page gained close to 40% increase of followers and likes. On average, the least viewed post was by 62 people while the highest was 44775. By the end of March 2020, the SADC twitter account had 23,600 followers, an increase of about 30% from last year. In terms of media mentions on online platform as monitored by Meltwater, SADC received a total of 29,000 mentions last year, translating into an average of 2416 mentions monthly and 80 per day.
- (ii) Produced and disseminated electronic Monthly Inside SADC Newsletter and other promotional publications including the SADC Summit brochure highlighting SADC achievements. These, were posted on the SADC website and online platforms such as Facebook and Twitter; and distributed to SADC Stakeholders such as the NCPs, SADC National Media Coordinators, SADC Ambassadors and High Commissioners, Diplomatic and International Organisations Accredited to SADC, and to SADC Media on the SADC Email list and the E-list of the SADC National Media Coordinators.
- (iii) Promoted and distributed a total of close to 4000 SADC publications and protocols during events such as Exhibitions and Fairs, publication launches, the SADC Industrialization Week, SADC Public Lecture, Media Encounters, SADC Ministerial Meetings, and SADC Council and Summit of Heads of State and Government.

- (iv) Issued Media Releases and published News articles on SADC that were disseminated to the Media and on SADC's online platforms through the SADC National Media contacts, our Media-e-list and other stakeholders.
- (v) Provided the Member States with awareness and visibility materials such as the SADC Anthems, the SADC Member States informational booklet, the SADC Success stories, Policy and Strategic Documents including protocols.
- (vi) Conducted successful competitions on SADC awareness initiatives such as the:
 - a) SADC Secondary Schools Essay Competition
 - b) SADC Media Awards, and
 - c) SADC outreach Song Competition
- (vii) Promoted the SADC image and managed the SADC website and social media platforms. Furthermore, strengthened partnerships and collaboration with intermediaries; and knowledge management and information repository thereby making policy documents, records and acquired technical information accessible to stakeholders.

4.7 PROCUREMENT

The Secretariat effectively implemented its Procurement Plan with performance at 71% of planned activities. Notable achievements include the launch of 09 x large service contract tender under EDF 11 project in addition to various other procurements. In addition, four (4) large service tenders were successfully completed and contracts valued at about \$12 million Dollars were entered into. The Procurement and Grants Policy was reviewed and approved by Council in August 20219 and is now into effect. The Tender for Framework contract for individual consultants was launched to efficiently handle repetitive procurements and ensure value for money in the procurement process. A total of 12 Tender Committee meetings (Internal and External) were successfully held and recommendations implemented. Lastly, in-house training and one-on-one coaching were conducted to staff to ensure staff are capacitated to successful manage the large service tenders.

5. CONTINENTAL INTEGRATION

5.1 AFRICAN UNION (AU)

The Secretariat continued to engage with the African Union (AU) in promoting continental integration in line with the Treaty establishing the African Economic Community, commonly referred to as the Abuja Treaty, of 1991. In this regard, the Secretariat contributed to the preparation of the Report on the Status of Integration in Africa,

Proposals on Effective Division of Labour between the AU, RECs and Member States, and the Protocol on Relations between the AU and RECs. These documents were presented and discussed in various meetings convened by the AUC in which the Secretariat also participated.

The Secretariat participated at the first AU-RECs Coordination Meeting which was held in July, 2019 in Niamey, Niger. This follows the decision by the Assembly in January 2017 that “in place of the June/July Summit, the Bureau of the African Union Assembly shall hold a coordination meeting with the Regional Economic Communities, with the participation of the Chairpersons of the Regional Economic Communities, the AU Commission and Regional Mechanisms (RMs). The Secretariat also participated at the 36th Ordinary Session of the Executive Council, and the 33rd Ordinary Session of the Assembly of the African Union, both of which were held in February 2020 in Addis Ababa, Ethiopia. Through these engagements, the SADC’s positions were presented and safeguarded.

The first AU-RECs Coordination Meeting took note of the Report on the Status of Integration in Africa and the regional perspectives as presented by the Chairpersons of the RECs, and urged the AUC and RECs to regularly publish this report on the basis of the multi-dimensional index of African integration. The Protocol on Relations between the AU and RECs was adopted by the 33rd Ordinary Session of the Assembly of the African Union. On the proposals for Effective Division of Labour between the AU, RECs, and RMs, it was agreed that substantial work still remained to be done before the proposals are concluded, and the Secretariat will continue to play an active role in the development of these Proposals.

5.2 THE SADC – COMESA – EAC TRIPARTITE AGENDA

Significant strides have been made since the launch of the Tripartite Free Trade Area (TFTA) in Sharm El Sheikh, Egypt, in 2015. A total number of countries that have signed the TFTA Agreement stands at 22, while 8 countries have ratified. A list of rules of origin for 90 Chapters have now been fully completed, representing 5030 tariff lines (6-digit) of the total (5387) tariff lines under the 2017 version of the Harmonized System. The Tripartite Agreement on Movement of Business Persons was finalised, legally scrubbed and adopted. Regarding the Tripartite Non-Tariff Barriers (NTMs), the NTMs databases was classified validated and HS coding completed for 6 tripartite pilot countries.

During the period under review, the following instruments were developed to facilitate implementation of the Tripartite FTA Agreement:

- (i) Tripartite Guidelines on implementation of Annex II on Trade Remedies:
- (ii) Procedures for implementation of Annex III on Non-Tariff Barriers
- (iii) Manual on Application of Tripartite FTA Rules of Origin (Annex IV)

- (iv) Tripartite General Guidelines on Customs Cooperation (Annex V)
- (v) Tripartite General Guidelines on Trade Facilitation (Annex VI)
- (vi) Tripartite General Guidelines on Transit Facilitation (Annex VII)
- (vii) Rules of Procedure for Tripartite Sub-Committee on Non-Tariff Barriers;
- (viii) Rules of Procedure for Tripartite Sub-Committee on Sanitary and Phytosanitary Measures
- (ix) Rules of Procedure for Tripartite Sub-Committee on Technical Barriers to Trade; and
- (x) Draft Time-Bound Matrix for Elimination of NTBs

Regarding the Industrial Development Pillar, studies on industrial statistics, capacities and agro-processing value chains in the tripartite region were undertaken. This has led to the development of policy briefs on Value Chains. Implementation of the policy briefs and Development of modalities to establish Tripartite Industrial Implementation Coordinating Unit is still pending including the identification of existing institutions to serve as Centres of Excellence, for Tripartite Agro-processing value-chains. Momentum in this area has been affected by COVID-19 pandemic.

6. DEVELOPMENT COOPERATION AND RESOURCE MOBILISATION

The Secretariat continued to strengthen cooperation with the International Cooperating Partners (ICPs) in order to facilitate mobilisation of resources for the implementation of the priority regional programmes and projects that are aligned with the SADC priorities. In view of this, several agreements and other legal instruments were concluded with a number of ICPs, who continued to extend their support both technically and financially.

6.1 SADC – EU COOPERATION

The SADC-EU Cooperation is founded on the ACP-EU Cotonou Partnership Agreement, a partnership framework for the period 2000-2020 that recognizes equality of partners, global participation, dialogue and regionalization. The partnership is implemented mainly through the European Development Fund (EDF). The ACP-EU Cotonou Partnership Agreement expired in February 2020 and transition measures on a successor Agreement are to be undertaken until December 2021. Negotiations on a successor Agreement commenced in September 2018 and the drafting of Regional Protocols (Africa, Caribbean and Pacific) is on-going. As a follow up on that, the SADC Secretariat engaged the SADC Committee of Ambassadors in Brussels on 18 September 2019 to get an update on the

status of negotiations. The Secretariat will continuously follow-up on the negotiations of the successor Agreement and duly advise on SADC priorities during consultations on the regional protocols.

During the period under review, SADC and the EU concluded six (6) Contribution Agreements under the 11th EDF Regional Indicative Programme (Sub-Regional Envelope) worth Euro 126.8 Million to support regional development interventions on trade facilitation, industrialization, business environment, policy dialogue, climate services and climate change. These interventions supplement five other programme interventions that are already under implementation. They include programmes in support of regional peace & security, regional agricultural policy, institutional strengthening and capacity building and transport facilitation.

An evaluation/review of SADC-EU Cooperation (under 10th and 11th EDF financial cycles) was launched in February 2020 to ensure that the SADC-EU Cooperation remains focused and impactful to the priorities of both SADC-EU regions. The objective of the evaluation is to provide an overall independent assessment of the EU's cooperation strategy and SADC's programme results delivery in the SADC region between 2008 and 2020. The review will assess the achievement of results from the formulation and implementation of selected 11th EDF Regional Indicative Programme (RIP) [SADC Sub-Regional Envelope] and identify lessons learned and provide recommendations on how to improve current and future co-operation with an aim of increasing impact.

6.2 SADC-EU POLITICAL DIALOGUE

Political Dialogue is an important pillar in the Cotonou Partnership Agreement, hence it is a key feature in the SADC-EU Development Cooperation. During the period under review, a SADC-EU Senior Officials Political Dialogue was held on 17 September 2019 in Brussels, Republic of Belgium. The Dialogue observed the prevailing sanctions on Zimbabwe and the accompanying socio-economic implications of the sanctions, and committed to support the reform agenda pursued Government of Zimbabwe. Both parties commended the prevailing political stability in the SADC Region and committed to cooperate in the promotion of political stability and regional security through undertaking bilateral exchanges on counter-terrorism and maritime security strategies. Finally, both parties renewed their commitment to cooperate on emerging development issues such as urbanization, environmental degradation, climate change, natural resources and wildlife conservation, and committed to undertake robust policy dialogues on these issues, particularly climate change.

6.3 SADC/GERMANY COOPERATION

The objective of SADC-Germany Cooperation is to enhance SADC's capacity as the main coordinating body for regional integration in the Region. The last Bilateral Negotiations on Development Cooperation between the Southern African Development Community

(SADC) and the Federal Republic of Germany were concluded in November 2019 in Gaborone, Republic of Botswana.

The Negotiations enabled SADC and Germany to review implementation of on-going programmes and agree on further areas of cooperation. As a result, a commitment amounting 30.0 million Euro was made for both technical and financial cooperation in 2019, bringing the total envelop to 40.36 million Euro with the earlier commitments that was made in 2018.

Through the commitments, SADC-Germany cooperation will continue to support, among others, Regional Economic Integration (covering also Peace, Security and Good Governance); Transboundary Water Management; Transboundary Natural Resource Management and Resilience to Climate Change; and Strengthening National-Regional Linkages.

6.4 SADC – CHINA COOPERATION

The Framework Agreement on Economy, Trade, Investment and Technical Cooperation between SADC and the Government of the People’s Republic of China was signed in October 2019. The objectives of the Framework Agreement are, among others, to enhance cooperation on areas of mutual interests, in tandem with SADC Strategic Frameworks outlined in the SADC Industrialisation Strategy (2015-2063), the SADC Regional Infrastructure Development Master Plan (RIDMP), and the Regional Agricultural Investment Plan (RAIP) (2017 – 2022) which seeks to implement the SADC Regional Agricultural Policy (RAP).

The Government of the People’s Republic of China continued to extend annual grant of US\$100,000 to support the SADC Secretariat on its operational needs, using a programme approach that shall enable the Secretariat to attend to urgent requirements and implement programmes and activities that are in line with Council Decisions and SADC priorities.

6.5 SADC – AFRICAN DEVELOPMENT BANK COOPERATION

SADC and the African Development Bank (AfDB) have a long-standing bilateral partnership for development, which has produced substantial results in the priority areas of cooperation at both regional and national level. Since 1998 when the first cooperative agreement was signed between SADC and AfDB, a number of regional projects have been implemented, focusing on key components of SADC Regional Integration Agenda, namely the development and financing of value chains that will drive industrialisation, development of financing and risk mitigating instruments relevant to SADC countries, and identifying, prioritising, preparing and financing of the implementation of the SADC regional infrastructure and economic corridors, (i.e. combination of regional infrastructure and value chains projects).

The Multinational Protocol of Agreement between SADC and AfDB was signed in August 2019 to support the implementation of the agreed areas of cooperation, to the tune of UA1.5 million. The Agreement is an outcome of extensive engagements that SADC and AfDB had since 2016 to help accelerate SADC Regional Integration Agenda, following the approval of the SADC Legal Framework to operationalize the SADC Regional Development Fund (RDF). The agreed area of cooperation is focused on key components of SADC Regional Integration Agenda, divided in the following work streams:

- (i) Development of SADC Regional Infrastructure Projects;
- (ii) Development of regional value chains in the mining sector;
- (iii) SADC Regional Development Fund and Development of Financial Instruments; and
- (iv) Project Management;

The Multinational Protocol Agreement shall enable implementation of the project “Sustainable Financing of Regional Infrastructure and Industrial Projects in SADC”, in accordance with the Bank’s rules and procedures as well as those of SADC, implemented over 3-year period from August 2019 to May 2021.

Furthermore, the AfDB is supporting SADC through COVID-19 Pandemic Crisis Response to the tune of UA 6.5 million.

6.6 SADC-WORLD BANK COOPERATION

SADC and the World Bank are working together in a number of mutual areas of interest including infrastructure, disaster risk management, trade and industrialization, at both national, regional and tripartite (SADC/COMESA/EAC) levels. As of April, 2020, the World Bank had a total commitment of US\$2.45 billion in the SADC region, with US\$46.2 million support to SADC bodies namely; Southern African Power Pool, Centre for Coordination of Agriculture Research and Development in Southern Africa (CCARDESA) and support to other SADC projects. SADC and the World Bank have committed to take forward regional integration efforts to better deliver on regional economic integration objectives, as the Bank seeks to align its new three-year Regional Integration Strategy to the SADC regional priorities in the period running from July 2020 to June 2023.

6.7 SADC – UNITED NATIONS ECONOMIC COMMISSION FOR AFRICA (ECA) COOPERATION

The United Nations Economic Commission for Africa (ECA) was very instrumental in the review of the RISDP and SIPO and in the formulation of the SADC Industrialisation Strategy and Roadmap (2015-2063). ECA is also supporting SADC on a number of activities, such as the Tripartite Free Trade Area negotiations; development of a framework for the “Harmonisation of Mining Policies, Standards, Legislative and

Regulatory Framework in Southern Africa”; SADC ICT Strategy Programme; Regional Forum on Developmental Regionalism, Peace and Economic Transformation in Southern Africa; Support towards the Post 2020 agenda; and Small and Medium Scale Enterprises (SME) in the Industrialization Process. SADC and ECA have also collaborated through a Sub-Regional Coordination Mechanism (SRCM), which was set up as a platform to increase coherence of ECA’s work in supporting the priorities of the RECs operating in the Eastern and Southern African regions.

To further strengthen cooperation and identify priority areas of collaboration between SADC and United Nations Economic Commission for Africa (ECA) for the next two to three years, the SADC Secretariat held consultations with ECA in July 2019. Subsequently, the SADC Secretariat, in collaboration with UNECA, prepared and submitted concrete proposals in areas of future collaboration between SADC Secretariat with UNECA. It was agreed that future areas of collaboration could, amongst others, include Industrialisation; Infrastructure; Poverty; Data and Statistics; Gender and Women Economic Empowerment; and Peace and Security.

6.8 SADC – ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA (BADEA) COOPERATION

The SADC Secretariat engaged with BADEA with a view of establishing a framework for economic, financial and technical cooperation, and to strengthen and extend cooperation specifically in the areas of industry, transportation, infrastructure, construction, energy, water, health, trade, agriculture and investment on the basis of the principles of reciprocity and mutual benefit.

SADC and BADEA also held technical level discussions on the modalities for cooperation, which culminated into the development of a Memorandum of Understanding (MoU) which will be signed by both Parties at a date to be agreed upon, focusing on the aforementioned areas. In line with this, BADEA participated in the SADC Industrialization Week held in Dar-es-Salaam, United Republic of Tanzania in July 2019, to provide an opportunity for BADEA to advocate for its work through a regional platform attended by international organizations and the Region’s private sector.

6.9 SADC – ICP DIALOGUE PLATFORM

The SADC-ICP Dialogue Platform meeting was convened on 5 December 2019 in Gaborone, Republic of Botswana. The objective of the meeting was to engage as equal development partners and ascertain how best SADC and ICPs cooperation partnership(s) can be strengthened to better respond to development needs and interests, in promoting sustainable and equitable economic growth and socio-economic development through regional integration.

The Dialogue commended the progress on the formulation of the SADC Vision 2050 and RISDP 2020-2030 and gave assurance that the formulation was highly consultative between SADC and relevant stakeholders/partners. Given the prevailing devastating impacts of climate change and the socio-economic implications therein, both parties agreed to establish a new Thematic Group on Climate Change and Disaster Risk Management for purposes of ensuring a robust engagement mechanism on climate change-related issues.

Finally, the Dialogue commended the implementation updates from seven Thematic Groups (Water Strategy Reference Group, Peace & Security, Trade Industry Investment & Finance, Energy, Agriculture and Food Security, Health Equity and Inclusive Development and ICT) and urged all Thematic Groups to accordingly convene their semi-annual meetings and prepare or update their existing annual workplans.

7. GOOD GOVERNANCE

7.1 ORGANISATIONAL HEALTH AND CHANGE MANAGEMENT

7.1.1 RISK MANAGEMENT

The Secretariat identified Strategic and Operational risks that could impact on the achievement of SADC objectives, and implemented 75% of the mitigation strategies that were developed to minimize the likelihood and impact of those risks in the region. In this regard, the Secretariat:

- (i) Finalised the Protocol on the industry and the regional mining vision;
- (ii) Built capacity in Member States on the implementation of SADC Protocol on the control of firearms, ammunition, cybercrime, Illicit Tracing Management System (ITMS), etc;
- (iii) Strengthened the Regional Early Warning System (REWS);
- (iv) Enhanced the Secretariat corporate plan to address cross cutting issues;
- (v) Established regular planning session with International Cooperating Partners (ICP's) for all projects.

In addition, operational risks mitigation strategies were also developed to support these strategic objectives, and 72% of mitigation strategies to minimize operational risks were implemented as at 31 March 2020.

7.1.2 AUDIT

The Secretariat put in place measures to address the audit-identified gaps on internal controls as follows:

- (i) Issued Guidelines on contracting of short term and secondment staff, to regulate their terms and conditions, which shall be used in conjunction with, Recruitment and Selection and Compensation Policy to ensure transparency and accountability.
- (ii) Ensured the ICT Steering committee is functional to facilitate information technology support. Currently, ICT strategic risks are managed appropriately, and IT resources are utilized to maximise value to the Secretariat.
- (iii) Recruited 13 officers to enhance capacity in project management thirteen and the officers have commenced duty. This is expected to improve project performance, accountability and adherence to funding agreements.

Furthermore, the Secretariat is in the processes of operationalizing the Business Continuity Plan that was completed during the year, to ensure readiness to respond and recover from emergencies and disasters without major interruptions on business processes. In addition, a risk based annual Internal Audit Plan was implemented, and fourteen (14) of the fifteen (15) planned audits, were completed. The audit of Regional Peacekeeping Training Centre (RPTC) could not be carried out due to COVID-19 travel restrictions and was postponed to the next financial year 2020/21. The status of implementation of Audit recommendations as at 31 May 2020 is as presented in the table below:

Table 2: Status of Implementation of Audit Recommendations, 31 May 2020

Year	No of Recommendations	No. implemented	No. Outstanding	% implemented
External Audit				
2016/17	21	18	3	86
2017/18	34	34	0	100
2018/19	47	35	12	74
Internal Audit				
2016/17	154	154	0	100
2017/18	164	157	7	96
2018/19	146	134	12	92
2019/20	68	45	23	66

7.2 IMPLEMENTATION OF FINANCIAL MANAGEMENT FRAMEWORK

The approved total budget for the 2019/20 Financial Year was US\$86,061,341 funded as follows: US\$55,664,668 (65%) by the Member States and US\$30,396,673 (35%) by International Cooperating Partners.

The total budget of US\$86,061,341, was appropriated as follows:

- (i) US\$54,114,376 (63%) towards Programmes [Member States US\$23,967,040 (44%) and ICPs: US\$30,147,336 (56%)];
- (ii) US\$24,961,174 (29%) towards Support Services [Member States US\$24,711,837 (99%) and ICPs: US\$249,337 (1%)]; and
- (iii) US\$6,0985,791 (8%) towards transfer to Contingency Fund and Special Funds.

The highlights of the interim unaudited performance for 2019/20 financial Year are as follows:

Revenue:

- (i) The actual total revenue amounted to US\$66,949,544 (78%) of the revenue budget of US\$ US\$86,061,341. [Member States: Actual revenue of US\$50,558,687 (91%) against a revenue budget of US\$55,667,668; and ICPs: Actual revenue of US\$16,390,857 (54%) against a revenue budget of US\$30,393,673.
 - a) Annual Member States of US\$7,876,433 were in arrears as of 31 March 2020; and
 - b) The revenue rate of 54% on International Cooperating Partners' contributions was attributable to non-responsive bidders in the procurement of the Service Providers for the PAGoDA Programmes, delays in replenishment of funds, in particular PPDF and DBSA, and the adverse impact of CONVID-19 pandemic experienced in Q4 of 2019/20 Financial year.

Expenditure:

- (i) Overall actual expenditure of US\$54,777,563 (69%) was recorded against a total budget of US\$79,075,550 excluding transfers to Contingency Fund and Special Funds:
 - a) actual expenditure of US\$38,366,326 (79%) against a budget of US\$48,878,877 funded by the Member States; and
 - b) actual expenditure of US\$16,411,238 (54%) against the budget of US\$30,147,336 funded by International Development Cooperation.
- (ii) actual expenditure for Programmes was US\$34,187,367 (63%) against appropriated budget of US\$54,114,376;
- (iii) actual expenditure for Support Services was US\$20,590,196 (82%) against the appropriated budget of US\$24,961,174; and
- (iv) Project Disbursements of Euro 21,929,733.86 (US\$ 24,122,707.25) to the Member States was made as follows;

- c) TRF Euro 17,205,859.00 (US\$ 18,926,444.90);
- d) PPDF-DBSA Euro 4,581,478.19 (US\$ 5,039,626.01); and
- e) Judicial Support Lesotho Euro 142,396.67 (156,636.34).

The overall expenditure utilisation rate of 69% excludes an amount of US\$9.6million Project funded disbursements to beneficiary Member States yet to be justified.

Analysis of Expenditure Variances:

The achieved level of utilization was mainly due to the following;

- (i) Member States funds: 79% budget utilization achieved due to the following:
 - a) Staff costs: Some positions budgeted for in 2019/20 financial year were not filled-up throughout the year. These are positions for the PAGODA projects in particular, and this was common to most Directorates;
 - b) Programme Costs: some planned technical workshops did not utilize all the budgeted resources as they received support from the Member States and International Cooperating Partners. There were also delays caused by non-responsive bidders in the procurement process of Service Contracts, postponements, and changes in the venues for some of the technical meetings. The recent COVID-19 pandemic has also caused Directorates and Units to cancel or postpone some planned activities in the last quarter of the 2019/20 financial year. Some essential meetings and workshops were conducted virtually using teleconference and/or video conference, thus ended up costing less money than budgeted; and
- (ii) International Cooperating Partners (ICP) funds: 54% budget utilization achieved due to the following:
 - a) non-responsive bidders in the procurement process of Service Contracts for the Programmes, in particular on Support to Improving the Business and Investment (SIBE) in the SADC region, the Trade Facilitation Programme (TFP), Global Climate Change Alliance Plus (GCCA+), EU Dialogue Facility, and IICB Programmes;
 - b) delays were experienced in the replenishment of funds, in particular on the PPDF project managed by DBSA. The EU Delegation did not transfer Euro 3,395,560 as requested by the SADC Secretariat on behalf of DBSA for the third tranche planned activities; and
 - c) COVID-19 pandemic also affected the implementation of International Cooperating Partner funded activities during the last quarter of the 2019/20. Major meetings and workshops were postponed or cancelled.

8. CHALLENGES AND LESSONS LEARNED

The milestones achieved during 2019/20 is demonstration that tangible results were realised towards the SADC Agenda. However, despite the significant achievements, the year was marked with challenges outlined below:

- (i) Efforts to strengthen conflict prevention, management and resolution have mainly concentrated on strengthening Mediation, Conflict Prevention and Preventative Diplomacy Structures. However, more concerted effort is required to develop or strengthen national infrastructure for peace in order to prevent potential conflict before it escalates. Regionally, the establishment of a SADC Liaison Office in the Democratic Republic of Congo is an example of pro-active regional peace initiatives that can assist to coordinate activities as well as serve as an early warning mechanism. The major challenge is sustained financing for the initiative and replicability if more than one conflict flares up in the region.
- (ii) The COVID-19 pandemic has brought about challenges to national and regional stability, peace and security which requires relentless efforts by Member States in recalibrating actions towards mitigating the interrelated socio-economic implications while preserving the territorial integrity and curbing criminality. More than before the nexus between service delivery, development, peace and security will be tested, requiring countries to build resilience through harmonized and coordinated approaches at regional level.
- (iii) The market integration has been significantly affected by logistics and poor transportation systems that remain a key hindrance to intra-regional trade and heavy reliance on export of primary commodities that fetch low financial returns. Effective delivery of Infrastructure development in the region is important for regional integration. As such, there is need to intensify interaction with the Member States and the agencies developing infrastructure projects at national level. Member States have committed to institutionalize structures responsible for infrastructure projects and to nominate national focal persons for the main sectors of infrastructure. The nomination of national focal points by Member States demonstrate commitment to coordinate infrastructure projects effectively to promote regional integration.
- (iv) Mobilisation of resources and ability to attract investments in all sectors for infrastructure development projects remains a major challenge, despite initiatives such as PIDA-PAP 2 programme and other related programmes currently being promoted in the Region and at Continental level. The challenge is exacerbated by limited capacity to formulate and prepare bankable projects

at Member States. Furthermore, with the advent of COVID-19, the shift from ICPs resources will greatly impact on projects feasibility studies and detailed designs. This will create competition between infrastructure development and social services for resources allocation from different players in the Region. As a result, infrastructure projects scheduled to be completed in 2020/ 2021 are likely to be delayed.

- (v) The absence of dedicated budget lines for nutrition programming in the Member States is one of the contributing factors delaying scale up of high impact nutrition interventions. Lessons from the United Republic of Tanzania has shown that having dedicated budgets for nutrition can bring gains in the implementation of nutrition interventions and this has led to the reduction of stunting prevalence from 34.5% (2015) to the 31% (2018/2019) in Tanzania. Within the Nutrition programme in 2019, the regional ICP network of nutrition partners, have continued to support implementation of nutrition priorities in the Member States as aligned to the SADC Food and Nutrition Security Strategy.
- (vi) Lack of human and financial capacity at Member States' level remain stumbling blocks towards smooth implementation of Regional policies at domestic level. As a result, the Secretariat is working closely with ICPs through country offices to support domestication of regional policies. In relation to the implementation of the SADC Qualifications Framework, the Secretariat has embarked on a process of resource mobilisation to finance the setting up of an Implementation Unit to facilitate and coordinate the implementation of the SADC Qualifications Framework.
- (vii) Some of the critical regional programmes are not prioritized for funding at Member States' level where implementation is critical. The implementation report of the SADC Labour Migration Action Plan (2016-2019) revealed that labour migration management was not sufficiently prioritised for ministries of Labour to have capacity to implement their commitments under the Action Plan. In this context, Member States continue to face limitations because of significant human and financial constraints at both regional and national levels. Therefore, there is need to continue strengthening the linkages and coherence between regional and national programmes to ensure maximum impact.
- (viii) Delays in securing timed and adequate technical expertise from relevant partners to guide the consultancy process remains a concern. An example is the delayed development of financial sustainability plan and institutional framework of the Agricultural Development Fund. Securing adequate partnerships right at the beginning of the assignment would have addressed this challenge. There is need to capitalize on the existing and potential partnerships for continuity of work. These include not only UN Agencies, with

a wide scope of technical expertise, like FAO and WFP, and development partners, but equally regional professional organizations and private sector.

9. CONCLUSIONS AND WAYFORWARD

The persistence of protracted election disputes, despite Member States meeting minimum standards of electoral practice, needs to be addressed through strengthening of post - election follow ups and the scrupulous implementation of the SEAC Strategy for the Prevention of Electoral Related Conflict. Furthermore, SADC needs to invest in electoral assistance initiatives which will require the sharing of technical expertise and other resources with Member States that are challenged in meeting regional obligations. This will require additional commitments from Member States as at the moment, the activities are supported through limited ICP funding.

There is need to invest in the on-going exercise to identify and strengthen national Infrastructure for peace – and factor strategic interventions into their future budgets. This will continually position the Member States and the region to collectively and effectively address challenges of peace and security. Capacity building on project preparation programme for Member States should continue in order to strengthen them to acquire knowledge and skills needed in project preparation;

Ratification of SADC Protocols on Trade and implementation of the provisions of the Protocol in Member States, with priority given to sectors and activities that facilitate SADC's industrialization will strengthen SADC market integration. Market integration will also benefit from embracing regional content requirements by Member States through a 'Buy SADC' campaign in order to facilitate value chain development within the region. There is also a need to improve cross-border rail networks and corridors to facilitate the flow of goods within the SADC region. This should include the involvement of the private sector through the establishment of export trading companies and export credit facilities. Addressing Non-Tariff Barriers (NTBs) in a timely manner to support development of regional trade is another area that need to be improved. This includes developing an effective system for the mutual recognition of NTMs to prevent the development of NTBs that hinder industrial development at regional level.

The resource mobilization and investment for infrastructure activities remains a priority as demonstrated by the establishment and operationalisation of the SADC Regional Development Fund. The Fund is envisaged to enable regional infrastructure projects to reach bankability stage with lesser challenges. As such, Member States are encouraged to upload and submit regional infrastructure projects for consideration under the continental Programme for Infrastructure Development in Africa - Priority Action Plan 2 (PIDA-PAP2) and to respond to the call for proposals that are issued by the different ICPs from time-to-time to increase the opportunity of support.

Close and regular engagement, communication and consultation between the Secretariat, SADC and ICPs is key to addressing bottlenecks and administrative challenges and delays. The Secretariat remains committed to consistently follow-up to receiving inputs and ensuring completion of work processes. This will enhance full understanding and comprehension of work processes to facilitate effective implementation and delivery of key milestones. The Secretariat will further endeavour to standardise ICT technologies being used in the development of regional programmes information systems and provision of ICT services in an effort to improve communication efficiency and effectiveness.

Despite the challenges encountered during 2019/20 Financial Year, significant progress has been made towards implementation of programmes and projects towards regional integration agenda. The Secretariat remains committed to the culture of attaining good results, good governance and transparency. Going forward, the Secretariat re-affirms its commitment towards facilitating implementation of programmes and projects and in making sure that the Region collectively addresses emerging economic challenges for the betterment of the SADC people.



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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