



# ANNUAL REPORT

## 2013 - 2014



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## ACRONYMS

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AAII FTX	PLANELM African Standby Force Capacity Building Training Exercise Amani Africa II SADC Planning Element
AfDB	African Development Bank
AMESD	African Monitoring of the Environment for Sustainable Development
ARMC	SADC Audit and Risk Management Committee
ASF	African Standby Force
AU	African Union
AU	African Union
AusAID	Australian Aid
CBI	Cross-border Initiative
CCARDESA	Centre for the Coordination of Agricultural Research and Development in Eastern and Southern Africa
CEDAW	UN Convention on the Elimination of All Forms of Discrimination against Women
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
COMESA	Common Market for eastern and Southern Africa
CSTL	Care and Support for Teaching and Learning
CSW	Commission on the Status of Women
CTD	Common Technical Document
DfID	British Department for International Development
DRC	Democratic Republic of Congo
EAC	East African Community
EA-SA-IO	Eastern Africa, Southern Africa, and Indian Ocean
EDF	European Development Fund

EEP	Energy and Environment Partnership
EU	European Union
FAO	Food and Agriculture Organization
FLEGT	Regional Programme on Forest Law Enforcement, Governance, and Trade
FTA	Free Trade Area
GBV	Gender-Based Violence
GCI	Global Competitiveness Index
GDP	Gross domestic product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GMOs	Genetically Modified Organisms
HPC	High Performance Computing
HSRS	SADC Harmonised Seed Regulatory System
IB	Intervention Brigade
ICAO	International Civil Aviation Organization
IGAD	Inter-Governmental Authority on Development
IKS	Indigenous Knowledge Systems
IOC	Indian Ocean Council
ISACIP	Institutional Support to African Climate Institution Project
IWRM	Integrated Water Resources
MESA	Monitoring of Environment for Security in Africa
MISA	Media Institute of Southern Africa
MNO	Mobile Network Operator
MoU	Memorandum of Understanding
MUNUSCO	United Nations Organization Stabilization Mission
NEPAD	New partnership for Africa's Development
NMS	National Meteorological Service

NSTIH STI	NEPAD Science, Technology, and Innovation Hub SANBio Southern African Network for Biosciences
NTB	Non-Tariff Barrier
NVAC	National Vulnerability Assessment Committee
ODL	Open and Distance Learning
OSBP	One Stop Border Post
OVCY	Orphans, Vulnerable Children, and Youth
PGRFA	Plant Genetic Resources for Food and Agriculture
PPDF	Project Preparation and Development Facility
PRISA	Public Relations Institute for Southern Africa
PRU	Public Relations Unit
PSOD	Peace Support Operations Division
QMS	Quality Management System
RAP	SADC Regional Agricultural Policy
RBO	River Basin Organisation
RDC	Rapid Deployment Capability
REC	Regional Economic Community
REIS	Regional Economic Integration Support
RIDMP	Regional Infrastructure Development Master Plan
RIP	Regional Indicative Programmes
RISDP	Regional Indicative Strategic development Plan
RLAL	Roam Like a Local
ROs	Regional Organizations
RPC	Regional Political Cooperation
RSDS	Regional Strategy for Development of Statistics
RSP	Regional Strategy Paper
RVAA	Regional Vulnerability and Assessment

SABA	Southern African Broadcasting Association
SACREEE	SADC Centre for Renewable Energy and Energy Efficiency
SADC	Southern African development Community
SADCAS	SADC Accreditation System
SANWATCE	Southern African Network of Water Centres of Excellence
SARCOF-17	Southern Africa Regional Climate Forum
SASO	Southern African Development Community Safety Organisation
SE4ALL	UN Sustainable Energy for All
SEOM	SADC Electoral Observer Missions
SHAR	SADC Home and Away Roaming
SHD&SP	Social and Human Development and Special Programmes
SMS	Short Message Service
SPGRC	SADC Plant Genetic Resource Centre
SPME	SADC Policy on Strategy Development, Planning, Monitoring and Evaluation
TFCA	Transfrontier Conservation Areas
TWM	Transboundary Water Management
UNAIDS	United Nations Programme on HIV and AIDS
UNGAS	United Nations General Assembly on HIV and AIDS UNESCO
WISET	Women in Science, Engineering, and Technology
ZAMCOM	Zambezi Watercourse Commission

## EXECUTIVE SUMMARY

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### Political developments

- i. During the review period of 2013-2014, the political situation in the region remained relatively stable, despite some political challenges in the Democratic Republic of Congo (DRC). In December 2013 there was signed a ceasefire agreement between the government and the rebels, leading to deployment of the Intervention Brigade in the Eastern DRC.
- ii. To enhance the capacity of the SADC Standby Force, the SADC will participate in the African Standby Force Capacity Building Training Exercise Amani Africa II (AAII FTX) in the Kingdom of Lesotho in October 2014.
- iii. As part of the process of consolidation of democracy and democratic institutions, and enhancement of governance in the region, some Member States conducted scheduled elections. These were the Kingdom of Swaziland (20 September 2013); the Republic of Madagascar (25 October and 20 December 2013); South Africa (07 May 2014); and Malawi (20 May 2014). The SADC Electoral Observer Mission (SEOM) was involved in all those elections.
- iv. The Secretariat is in the process of preparing the Implementation Plan to facilitate the operationalization of the Revised SIPO.

### Economic developments

- v. Although improving, economic growth in the SADC region has been sluggish due to the decline in global commodity prices and slow global economic recovery, which are affecting the internal and external balances, export revenues, and government revenues. Thus, constrained are the Member States' public expenditures, although the slowdown in inflation provides room for expansionary monetary policy to support economic growth.
- vi. The region recorded an average real GDP growth of 4.9 per cent in 2013, which was just 0.1 percentage point above the 2012 average of 4.8 per cent. The inflation rate in 2013 was an average of 7.1 per cent, with only four countries (DRC, Mauritius, Seychelles, and Zimbabwe) recording a rate below the 5 per cent regional target.
- vii. The national savings were 17.7 per cent of GDP, which was typically low, as the majority of the Member States (10) recorded national savings of less than 20 per cent and only one country (Botswana) had national savings above 30 per cent of GDP in 2013. Regarding investment, the region recorded 27.7 per cent of GDP in 2013, which was a 0.4 percentage point improvement over the 2012 level.
- viii. Negatively affecting the 2013 fiscal performance of the region was sluggish global economic recovery and declining commodity prices, which constrained government

revenues. However, there were increased expenditure pressures. That led to widening fiscal deficits in some of the Member States. On average, the region recorded total revenue of 33 per cent in 2013 compared to 33.3 per cent of GDP in 2012. Government expenditures increased from 34.3 per cent in 2012 to 35.2 per cent of GDP in 2013. This indicates a deficit of 1.7 per cent of GDP in 2013, up from 0.7 per cent of GDP in 2012. Six Member States (DRC, Mauritius, Mozambique, South Africa, Tanzania, and Zambia) recorded deficits above the regional target of 3 per cent, with the highest being that of Mozambique, at 9.5 per cent of GDP. Consequently, average general government debt deteriorated slightly from 40.8 per cent in 2012 to 41.9 per cent of GDP in 2013.

- ix. The strengthening of the US Dollar in 2013 also negatively affected the exchange rates of most currencies in the region, resulting in increased import bills. Both the volumes of exports and imports slowed down from the growth of 8.7 per cent and 7.7 per cent in 2012 to 8.5 per cent and 5.8 per cent in 2013, respectively.
- x. Data from the World Bank Ease of Doing Business 2014 and the World Economic Forum Global Competitiveness Index 2013-2014 indicate that the SADC region generally progressed in improving the business environment and competitiveness. The medium term prospects are that in 2014 all the SADC Member States will achieve positive economic growth, increasing on average by 5.2 per cent. Four of the Member States, namely, Angola, DRC, Mozambique, and Tanzania expect growth of more than the regional target of 7.0 per cent, with the highest forecast for the DRC at 10.5 per cent.

### **Policy, strategy, planning, monitoring and reporting**

- xi. Regional Indicative Strategic Development Plan (RISDP): Following a directive issued by the SADC Council of Ministers at their meeting of August 2013, the SADC Secretariat in conjunction with the Member States established an RISDP Task Force. The RISDP Task Force met in April and May 2014. The assigned responsibility of the Task Force is to finalize the process of review of the RISDP and propose new priorities; main focal areas; milestones; outputs; targets and timeframes for the remainder of the implementation period. These processes should lead to the finalization of the Revised RISDP (2015-2020) for presentation to the Council in August 2014.
- xii. The Secretariat commenced operationalization of the SADC Policy on Strategy Development, Planning, Monitoring, and Evaluation (SPME), which the SADC Council of Ministers approved in February 2012. Developed were the Medium Term Strategy and the Five Year Operational Plan, which the Secretariat submitted to Council in August 2013. The planning for financial year 2014/15 and preparation of the 2014/15 Annual Business Plan utilized a results based approach. Conducted was training in planning for development projects, which targeted the officers who are engaged in the planning and budgeting processes in different Directorates and Units of the Secretariat. Also done was training for the SADC Integrated Management System (SIMS).

- xiii. SADC Regional Poverty Observatory: Activities to operationalise the SADC Regional Poverty Observatory (RPO) commenced in January 2012 and continued through 2013. The SADC RPO Steering Committee approved a SADC Common Poverty Matrix that the Secretariat will submit to Council for approval in August 2014. The Steering Committee also approved the terms of reference for a consultancy to develop the SADC Poverty Status Report that will serve as a baseline for monitoring poverty trends in the region.

### **Trade and economic liberalization**

- xiv. The consolidation of the SADC Free Trade Area is the focus of the economic integration agenda, aimed at creating a firm foundation for deepening regional integration through increased intra-SADC trade. In June 2014, the Committee of Ministers of Trade approved Seychelles' tariff offer regarding accession to the Protocol on Trade. The inclusion of Seychelles will make thirteen the total of the Member States fully participating in the SADC FTA.
- xv. There continues work to streamline operations and improve efficiencies at border posts, which efforts should reduce delays in clearance of goods and the costs of doing business across the region. In collaboration with the ICPs, the Secretariat is developing a comprehensive programme to address trade facilitation challenges.
- xvi. Increased efforts are to dismantle Non-Tariff Barriers, which frustrate business and undermine the credibility of the FTA. The on-line NTB Monitoring, Reporting, and Elimination mechanism has proved an effective alert system, resulting in some improvements in resolving the reported NTBs. Other efforts aim to enhance the quality and competitiveness of SADC products and ensure technical regulations align to international standards, so that they do not become unnecessary barriers to trade.

### **Macroeconomic performance**

- xvii. The performance of the SADC Member States in achieving the regional macroeconomic convergence targets is encouraging, which suggests macroeconomic stability. The inflation trends show deceleration and are likely to be within the target of five per cent in the short to medium terms. Likewise, the prospects for achieving the budget deficit targets of three per cent of GDP and public debt deficit of less than 60 per cent of GDP appear realistic.
- xviii. Regarding the development of financial infrastructure, a key achievement during the period was the launch of the SADC Integrated Regional Electronic Settlement System in July 2013. The system eased payments and settlements and reduced transaction costs for the Member States that are using the platform.
- xix. Completed was the establishment of the Project Preparation and Development Facility (PPDF), which from July 2014 will start considering infrastructure projects. This will advance the implementation of the SADC Regional Infrastructure Development Master Plan. Additionally, the SADC Regional Development Fund is likely to be operational soon.

- xx. The negotiations for the COMESA-EAC-SADC Tripartite Free Trade Area are ongoing, but behind schedule. Under exploration are sustainable funding and effective coordination mechanisms. The appropriate recommendations will be submitted to the tripartite policy organs in the near future.
- xxi. The challenges in consolidating the SADC Free Trade Area include some Member States' reversal of tariff commitments; rules of origin and qualification of products for preferential treatment; and low production capacity and lack of diversification of economic production.

### **Infrastructure development**

- xxii. Finalized was the SADC Declaration on Regional Infrastructure Development, as directed by the SADC Summit. It is ready for consideration by Summit during the meeting of August 2014. The specific objectives of the Declaration are to define common and key political, social, economic, and technical goals, values, goals, principles, objectives, and outcomes that underpin and define the Regional Infrastructure Development Master Plan (RIDMP).
- xxiii. Energy: As at 31 March 2014, the Region had an installed generation capacity of 58,387 MW and available capacity of 52,543 MW against a demand of 56,821 MW, indicating a generation capacity shortfall of 4,278 MW. Electricity demand increased by a weighted average of 2.5 per cent per annum. The Region commissioned generation capacity amounting to 1,361 MW in 2013, and will install 6,026 MW in 2014. Should commissioning of all the planned projects be in time, the region will have sufficient generation installed capacity reserves in 2018. Eleven of the 15 Member States introduced regulatory oversight authorities. There was a universal challenge to comply with the SADC Council decision to reach full cost recovery tariffs by the end of 2013. There are continuing efforts to implement innovative pro-poor electrification support strategies, and to improve access to energy and the utilization of renewable sources.
- xxiv. Communications and ICT: Following the decision by the Ministers responsible for ICT in November 2012, the SADC Home and Away Roaming (SHAR) Project is being implemented in three phases. Effective from June 2013 are the SADC Guidelines on Transparency in Roaming Tariff, which specifies the minimum information and transparency required for operators to provide to consumers on the regional roaming tariffs.
- xxv. Transport: Regarding air transport, the Committee of Ministers of Justice/Attorneys General reviewed the draft Charter establishing the Southern African Development Community Safety Organisation (SASO) in June 2013. The Secretariat developed the two legal Instruments, namely, the Draft MoU between the Government of the Host Country and the Secretariat on the Establishment of the Interim Secretariat of the SADC Aviation Safety Organization (SASO), and the Draft Hosting Agreement. The legal instruments,

which were submitted to the Government of Swaziland as the Host in January 2014, were cleared and signed by the Minister of Public Works and Transport. The Interim SASO Secretariat is now established. Surface transport developments include recognition of the COMESA Yellow Card Scheme as the tripartite third party motor vehicle liability insurance scheme, and finalization of the draft reports on Harmonisation of Vehicle Over-Load Controls and Vehicle Regulations and Standards, which await validation and adoption. Also ready for validation and adoption are the draft final reports on the feasibility and engineering designs for the Mwami/Mchinji and Chiponde/Mandimba One Stop Border Posts (OSBPs).

xxvi. Water: During the 2012/2013 and 2013/2014 financial years the sector achieved major milestones in the implementation of the third Regional Strategic Action Plan on Integrated Water Resources (IWRM) (RSAP 3) which runs from 2011 to 2015. Two of the projects in the RSAP, namely the Shared Watercourse Support Project for the Rovuma, Buzi, and Save River Basins, and the Regional Water Supply and Sanitation Project completed in June 2014. Constituted in May 2013 was the Zambezi Watercourse Commission (ZAMCOM) permanent secretariat. In October 2013, the sector organised a successful sixth SADC Multi-stakeholder Water Dialogue under the theme, “Watering Development in SADC: Exploring the Water, Energy, and Food Nexus”. Other notable initiatives are the Gender Mainstreaming in Transboundary Water Management (TWM) Project, and the SADC Secretariat signing a financing agreement with the World Bank in June 2014 to support the region in the management and development of Groundwater resources.

xxvii. Meteorology: The key activities in the Meteorology Sector include delivery of reliable climate information products and services for socio-economic development through the Southern Africa Regional Climate Forum (SARCOF-17), institutional support to African Climate Institution Project (ISACIP), implementation of the African Monitoring of the Environment for Sustainable Development (AMESD) Project, and support to National Meteorological Services (NMSS). The Member States aim to implement the Quality Management System (QMS) for Aeronautical Services in order to satisfy the requirements of the International Civil Aviation Organization (ICAO) for ISO 9001: 2008 certification for safety of Air Navigation, for which two additional Member States had complied during the reporting period.

### **Food, agriculture, and joint management of trans boundary natural resources**

xxviii. The performance of agriculture in the SADC region has been positive at an annual growth rate of 2.6 per cent compared to a population growth rate of 2.5 per cent during the last decade. From 2003 to 2013, the production of staple cereals increased by 4.6 per cent and livestock by 4.2 per cent per annum. Forestry and fisheries production also grew, with substantial increases in aquaculture. In spite of the positive performance, the Region experiences low productivity of land and labour, low intra-regional trade, and declining forest resources. As a result, the Region remains a net importer of most agricultural products including cereals and livestock. Furthermore, the proportion of the

population that is food insecure, and the levels of malnutrition remain high. The level of stunting among children under the age of five is above 30 per cent in about half of the Member States.

- xxix. Crop production: The estimated cereal production in the Region for 2013 was 35.11 million tonnes, representing a 0.2 per cent increase compared to the 35.02 million tonnes harvested in 2012. Overall, the Region faced an estimated cereal deficit of about 4.01 million tonnes in the 2013/14 marketing year. All countries in the Region except Malawi, South Africa, Tanzania, and Zambia faced cereal deficits. Production of non-cereal food crops mainly cassava, plantains, and sweet potatoes continued to improve. Overall cassava production in Angola, Malawi, Mozambique, Tanzania, and Zambia showed a constant increase from 19.81 million tonnes in 2005 to 33.86 million tonnes in 2013. Other increases occurred in the production of plantains and sweet potatoes. These food crops are significantly contributing to food security in the Region.
- xxx. Livestock production: The Regional production of livestock products is increasing, albeit at a slow pace. Production of meat increased by 2.8 per cent from 5.68 million tonnes in 2012 to 5.84 million tonnes in 2013. Milk and eggs production increased by 2.0 per cent and 3.0 per cent from 5.08 million tonnes and 0.67 million tonnes to 5.18 million and 0.69 million tonnes respectively over the same period. Since demand outstrips supply, the Region is a net importer of livestock products.
- xxxi. Food security: According to vulnerability assessments conducted by the Member States in 2013, an estimated 15 million people were at risk of food insecurity in the 2013/14 marketing year.
- xxxii. Environment and sustainable development: The Ministers responsible for Environment and Natural Resources in October 2013 approved the following: Protocol on Environment; Regional Programme on Climate Change; Regional Biodiversity Action Plan; and Regional Programme on Waste Management. In addition, the Secretariat is in the process of developing Regional Strategies and Action Plans for Climate Change response and Green Growth for Sustainable Development, which should complete in mid-2014.
- xxxiii. Support activities: The most prominent support activities include the Agricultural Input Supply through the implementation of the SADC Harmonised Seed Regulatory System (HSRS); disaster preparedness for food security; joint management of transboundary natural resources; conservation of plant genetic resources; agricultural research, technology development and dissemination. The Centre for the Coordination of Agricultural Research and Development in Eastern and Southern Africa (CCARDESA), which became operational in 2013, provides a platform for regional coordination of Agricultural research and development, and improved access to and adoption of technologies for increased agricultural production and productivity.

xxxiv. Regional Agricultural Policy: The Secretariat facilitated the development of the SADC Regional Agricultural Policy (RAP), which is an instrument for the harmonization of the region's strategies in food, agriculture, natural resources, and environment. The Ministers responsible for Agriculture and Food Security in principle approved the RAP in June 2013. Developed is a MoU to provide the legal basis for the implementation of the RAP. In addition, development is ongoing for a RAP Investment Plan for its operationalization.

### **Social and human development programmes of regional dimension**

xxxv. Education and skills development: Under the Regional Open and Distance Learning (ODL) Strategic Plan, trained were 712 ODL practitioners in the nine ODL priority skill areas at two Centres of Specialisation in Tanzania and Malawi. Also conducted was an evaluation of the first phase of the Care and Support for Teaching and Learning (CSTL) Project, which started in 2008 and ended in 2013. The Ministers of Education and Training in September 2013 approved the Monitoring Framework for Measuring the Education Response to HIV and AIDS.

xxxvi. Employment and labour: Notable achievements were the formulation of the SADC labour migration policy framework; development of the SADC Decent work Monitoring and Evaluation Tool; and implementation of the SADC Labour Market information System (LMIS). There was capacity building through a training workshop for strengthening the technical capacity of staff of national statistics offices and Ministries responsible for employment and labour.

xxxvii. Health and pharmaceuticals: Several initiatives were done, including: establishment of e-platforms for information and work-sharing on procurement of essential medicines; development of the SADC Framework for African Traditional Medicines; initiation of the Common Technical Document (CTD) format; documentation of the Member States' nine regional best practices on children and adolescent centred programmes on HIV, TB and Malaria treatment and care. Additionally, contracted were six regional institutions to ensure domestication of regionally agreed policies, frameworks, and minimum standards in the areas of HIV and AIDS, TB, Malaria, Surveillance, Sexually Transmitted Infections and Laboratory Health Services. Underway is the operationalization of the Human Resources for Health Strategic Framework and the SADC Sexual and Reproductive Health Programme. In collaboration with UNESCO and UNAIDS, the Regional Programme of Action for reinvigorating the education sector response to HIV and AIDS is on course.

xxxviii. HIV and AIDS: Recorded were fewer new infections of adults aged 15-49, and reductions in new HIV infections among children. Regarding resource mobilisation for the HIV and AIDS response, the region is in the process of establishing internal mechanisms for sustained health and HIV and AIDS financing systems, including domestic funding through an AIDS levy and National Trust Fund. Phase I of the SADC HIV and AIDS Cross-border Initiative (CBI) project funded by the Global Fund ended in June 2013, with a no-cost extension granted up to June 2014.

xxxix. Science, technology and innovation: There was agreement on the secondment to the SADC Secretariat of an officer from the South African Department of Science and Technology (DST) from 1 October 2013. The Secretariat hosted the SADC Women in Science, Engineering, and Technology (WISSET) Technical Working Group meeting in June 2013, which finalized the Draft SADC WISSET Charter that is ready for approval by the ministerial meeting of 2014. The Secretariat served on the Southern Africa Innovation Support Programme (SAIS) Supervisory Board and participated in providing strategic input and advice. Also provided was technical support to the NEPAD Science, Technology, and Innovation Hub (NSTIH) STI regional programmes (centre of excellence/networks) such as the Southern African Network for Biosciences (SANBio) and the Southern African Network of Water Centres of Excellence (SANWATCE). The SANBio Business Plan 2013-2018 will be presented to the ministers meeting in June 2014 for approval. Regarding capacity building, implemented was the SADC STI Policy Training programme in partnership with UNESCO, the Manchester Business School, and the University of Zimbabwe; hosting the third SADC High Performance Computing (HPC) workshop in December 2013; and the fifth SADC Indigenous Knowledge Systems (IKS) workshop in February 2014.

xl. Special programme: The Orphans, Vulnerable Children, and Youth (OVCY) programme's key achievements included development of a Strategic Framework and Business Plan; Standards for Integrating HIV and AIDS, Sexual Reproductive Health, and other related challenges of the youth, children, and adults. There was a review on the implementation of the SADC Minimum Package Services (MPS) for OVC&Y, and addressed were data gaps and understanding of the situation of OVC&Y.

### **Crosscutting programmes**

xli. The Secretariat continued to facilitate the achievement of substantive equality between women and men in the SADC region, through mainstreaming gender into all national and regional policies, programs and activities, and monitoring the implementation of SADC Gender Commitments. The areas of activities were: policy development and harmonization; gender mainstreaming; capacity building; gender budgeting; constitutional and legal rights; gender based violence; trafficking of Persons in SADC; access to and control of resources; and women in politics and decision making. The major challenges for gender equality in the SADC are slow domestication of international, continental, and regional gender instruments at national level; conflicts between customary law and common/statutory law; lack of comprehensive affirmative action plans, appropriate electoral laws and policies; women's' limited access to productive resources, including credit facilities and land, especially in the rural areas; gender based violence.

xlii. The SADC Statistics programme focused on the harmonisation of statistics; finalisation of the Regional Strategy for Development of Statistics (RSDS); consolidation of the development of statistical data dissemination mechanisms; and promotion and

facilitation of statistical capacity. The key achievements were the compilation, printing, and dissemination in web based and print versions of the SADC Statistical Year Book 2012; compilation and dissemination of the monthly SADC Harmonised Consumer Prices Indices; finalisation of the SADC Regional Strategy for the Development of Statistics (RSDS). Additionally, there was compilation of updated and validated selected regional indicators for data series relating to the period from 2000 to 2013; coordination of data collection and submission to the African Development Bank of validated prices and National Accounts statistical data for SADC Member States for the 2011 International Comparison program. There was promotion of statistical capacity building with focus on Consumer Prices, National Accounts, and Foreign Trade statistics. The challenges encountered included non-disbursement of program grant funds for the Statistical Capacity Building program financed by the Africa Development Bank due to administrative bottlenecks; inadequate resources from the Member States for regional statistics activities to sustain projects' results achieved through Development partners' support; and low statistical capacity at the Secretariat to coordinate the regional statistical activities.

### **Continental cooperation**

- xliii. The SADC joined other RECs in celebrating the 50<sup>th</sup> anniversary of African unity. Adopted was the African Union Agenda 2063, whose vision is to “build an integrated, prosperous, and peaceful Africa, an Africa driven and managed by its own citizens and representing a dynamic force in the international arena”. The Revised RISDP 2015-2020 aligns with the new vision.
- xliv. The Secretariat participated in the 14th Session of the Regional Coordination Mechanism for Africa (RCM-Africa) of United Nations agencies and organizations working in Africa in support of the African Union and its NEPAD programme, on the theme “United Nations Support to the African Union Agenda 2063”.
- xlv. Following the Extraordinary Session of the Conference of African Union Ministers of Trade (CAMOT) of 23 to 28 April 2014 in Addis Ababa, Ethiopia, a SADC consultative meeting regarding the agenda for boosting intra-Africa trade was held from 30 to 31 May 2014 in Gaborone, Botswana. The meeting agreed to use the SADC programme for consolidation of the SADC Free Trade Area as a basis for developing a Regional Action Plan on Boosting Intra-Africa Trade.

### **Development cooperation and resource mobilization**

- xlvi. SADC-EU cooperation: Implementation of programmes under SADC's cooperation with the EU continued with the completion of all programmes under the ninth Regional Strategy Paper/Regional Indicative Programmes (RSP/RIP). Programming for the 10<sup>th</sup> RSP/RIP also completed, with all resources having been committed and contribution agreements signed for the Regional Political Cooperation Programme and the Regional Economic Integration Support Programme. The 11<sup>th</sup> EDF multi-annual programming and formulation cycle for the period 2014 to 2020 sees changes to the programming

approach regarding the configuration of the Regional Indicative Programme, direct access to Regional envelopes by other stakeholders, and the governance structure for the RIP. The EU will under the 11<sup>th</sup> EDF support the five Eastern Africa, Southern Africa, and Indian Ocean (EA-SA-IO) Regional Organizations (ROs) namely COMESA, EAC, IGAD, IOC, and SADC under a joint Regional Indicative Programme (RIP). The draft RIP for the EA-SA-IO region consists of three envelopes, namely, the SADC Sub-Envelope RIP, the Cross-Regional Envelopes, and the Infrastructure Envelope.

- xlvi. The SADC and International Cooperating Partners (ICPs) re-iterated their commitment to cooperation in the implementation of the SADC Common Agenda and the Windhoek Declaration of 2006 at their meeting on 14 February 2014. The Core Group was renamed the “SADC/ICP Dialogue Platform”. The meeting adopted the following partnership instruments: SADC/ICPs Partnership Statement; Generic Terms of Reference for the SADC/ICPs Dialogue Platform; and the Windhoek Declaration Action Plan. The SADC and EU Senior Officials met in Brussels, Belgium on 16 June 2014 to prepare for the EU-SADC 2015 Ministerial Political Dialogue.
- xlviii. SADC-African Development Bank: The African Development Bank (AfDB) continues to play an important role supporting the implementation of economic development initiatives in the SADC Region through cooperation with the Secretariat for regional programmes and through bi-lateral cooperation with individual SADC Member States. The current AfDB support the amounts to AU62.4 million, which is for eight projects. The SADC Secretariat is the Implementation Agency for five projects in the areas of agriculture, water and sanitation, education, transport, and health.

### **Human resources and administration**

- xlix. As part of institutional reforms and continuous improvement, the SADC Secretariat developed the Long Term Fixed Employment Contract Framework, which aims to ensure the retention of skilled and competent staff and stability of the institution, and to enable a comprehensive Training Needs Assessment. Also commenced was the review of the SADC Administration Rules and Procedures. The Secretariat recruited through competitive processes, the positions of the Executive Secretary and Deputy Executive Secretary-Regional Integration, as well as other regional and local staff.

### **Public relations**

- i. The Public Relations Unit produced on time and distributed promotional items, including diaries, calendars, Christmas cards, corporate souvenirs, the SADC Day Poster, and banners. The unit also dealt with publicity and publications; protocol and diplomatic relations; public affairs and media relations; library services and professional linkages and networks.

### **Procurement**

- ii. The Secretariat started implementation from 01 April 2012 the Procurement Policy approved by the Council in August 2011. The year 2013/14 saw the full implementation

of the new procurement system. This enabled strategic decision-making on significant expenditures, leveraging of the Secretariat's wide spending, and institutionalizing standardized systems and controls, with overall benefits of improved pricing and cost savings, increased compliance to policies, and improved transparency. The reporting period saw more involvement of Member States Tender committee members in the adjudication process for procurements over US\$250,000.00.

- lii. Established during the reporting period were standardized procurement processes and procedures across all Directorates and Units, which align with the procurement policy and best procurement practices. The Secretariat monitored the procurement activities to ensure compliance with the procurement policy at all the stages of the approval process. There were developed and implemented key training materials such as Preparation of Terms of Reference, Preparation of Technical Specifications, How to develop Procurement Plans, in the quest of improving service delivery.
- liii. There were direct cost savings achieved primarily through the consolidation of SADC expenditure, competitive bidding, and negotiation. The Secretariat procurement spend represents approximately 27 per cent of total Member States budget expenditures based on the procurement profile developed in the 2012/13 financial year.

### **Budget and finance**

- liv. The SADC Secretariat continued to observe the highest standards that reflect adherence to principles of sound and transparent public finance management. The SADC Board of Auditors commenced on schedule the audit of the financial statements of the SADC Secretariat for the 2013/2014 financial year. The Secretariat continues to ensure that the improvements recommended by external auditors and other independent evaluations are promptly implemented, with progress reports reviewed by Council as advised by its Technical Committees.
- lv. For the year 2012/13, the SADC Secretariat had set the following operating priorities in the area of financial management and the related implementation strategies: efficient and effective internal control environment, financial monitoring, accounting, and reporting services, and governance and advisory services.
- lvi. The activities of the Secretariat during the year under review were funded by budgetary appropriation of US\$70.36 million approved by the SADC Council of Ministers at its meeting in March 2012 in Luanda, Angola. During the year 2013/14, the Secretariat used US\$30.895 million for Member States funded programmes, which is 88 per cent of the final budget of US\$35.009 million, and US\$37.080 million for ICP funded programmes representing 78 per cent of the final budget of US\$47.490 million.
- lvii. Due to non-remittance of Member States Contributions by Madagascar, the Secretariat continues to operate with a limited budget for its programme expenditure activities. This is a prevailing constraint since 2008/09.

lviii. No withdrawals from the Reserve Fund were made during the 2013/14 financial period.

### **Audit and governance**

- lix. The SADC Secretariat continued to implement strategies aimed at strengthening internal controls, risk management, and governance processes. These efforts ensured that the management of the Secretariat is in line with international standards and best practices on good governance, transparency, and accountability, particularly with respect to the utilization of the resources provided by the Member States and International Cooperating Partners.
- lx. The Executive Secretary established an Audit and Risk Management Committee (ARMC), comprising of members of the Management Team, to strengthen internal controls at the Secretariat. The Secretariat continued to provide support to the Audit Committee established by Council for reviewing compliance with the financial, regulatory, corporate governance, accountability, and transparency framework.
- lxi. The Audit Committee continued to work closely with the Management of the Secretariat to ensure that timeously managed and mitigated were all risks reported through the Board of Auditors and Internal Audit reports. The Executive Secretary continued to implement a number of recommendations, in particular those in the Forensic Audit Report, the report of Board of Auditors on the audit of 2012/13 accounts, and from the Internal Audit Unit, with the aim of improving the SADC internal control environment and management systems to the level of international standards.
- lxii. The Executive Secretary is committed to continue to create an environment that is conducive to providing support to all the structures responsible for oversight and governance of the Secretariat, to ensure that governance principles are upheld in the management of the SADC Secretariat affairs.

## I. OVERVIEW OF THE POLITICAL AND ECONOMIC DEVELOPMENTS IN THE REGION

### A. POLITICAL DEVELOPMENTS

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1. During the review period of 2013-2014, the political situation in the region remained relatively stable. Notwithstanding, there were some political challenges in some of the Member States, in particular, in the Eastern Democratic Republic of Congo (DRC).
2. Concluded in December 2013 were the Kampala Dialogue and the signing of the ceasefire agreement between the DRC and the rebels (Nairobi Declaration). Subsequently deployed was the Intervention Brigade (IB) in the Eastern DRC. Three Member States, namely Tanzania, South Africa, and Malawi contributed troops and materials/equipment towards the deployment of this brigade, which is operating under the auspices of the United Nations Organization Stabilization Mission (MUNUSCO). This has enhanced peace and security in that region.

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### STRENGTHENING REGIONAL COLLECTIVE DEFENSE AND SECURITY

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3. In October 2014, the SADC will participate in the African Standby Force Capacity Building Training Exercise Amani Africa II (AAII FTX) in the Kingdom of Lesotho, aimed at enhancing the capacity of the SADC Standby Force. Planning for the exercise started in August 2013 and preparations are at an advanced stage. The team is composed of the SADC Planning Element (PLANELM) and the African Union (AU) Peace Support Operations Division (PSOD). The purpose of this continental exercise is to test the deployment readiness of the African Standby Force (ASF), with particular reference to the ability of the Rapid Deployment Capability (RDC) to deploy within fourteen (14) days of the decision by the relevant authorities.

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### STRENGTHENING AND CONSOLIDATION OF DEMOCRATIC INSTITUTIONS IN THE REGION

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4. As part of the process of consolidation of democracy and democratic institutions, and enhancement of governance in the region, some Member States conducted scheduled elections. The Kingdom of Swaziland held elections on 20 September 2013; the Republic of Madagascar had general elections on 25 October 2013 and 20 December 2013; South Africa on 07 May 2014; and Malawi on 20 May 2014.
5. Notably, the Madagascar elections were largely a product of mediation efforts spearheaded by the SADC mediators. That mediation officially concluded on 25 January 2014 upon the swearing in of the democratically elected first President of the Fourth Republic. In view of the restoration of Constitutional order in the country, the AU Peace and Security Council lifted the suspension of Madagascar on 27 January 2014. Consequent to that, the Extraordinary SADC Summit on 30th January 2014 in Addis Ababa, Ethiopia, also ended the suspension of Madagascar and invited the country to participate in all the SADC activities.

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## IMPLEMENTATION OF THE REVISED SIPO

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6. Following the official launch of the Revised SIPO, the Secretariat is in the process of preparing the SIPO Implementation Plan to facilitate the operationalization of the revised SIPO. The Implementation Plan will be submitted to the Ministerial Committee of the Organ for consideration in July 2014. The Plan presents the mechanisms to build a common understanding and ownership by all relevant stakeholders of the Revised SIPO.

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## B. ECONOMIC DEVELOPMENTS

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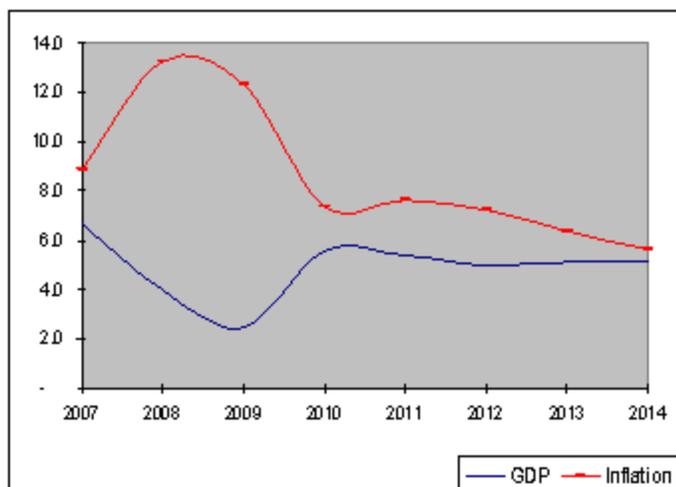
7. Economic growth in the SADC region has been improving, but it has been sluggish due to the decline in global commodity prices. The All Primary Commodity Index of the IMF declined from an average of 186 in 2012 to 183 in 2013. Similarly, the index for industrial inputs, metals, and oil declined from 167, 191 and 198 in 2012 to 163, 183 and 196 in 2013, respectively.
8. Low commodity prices are the major immediate risk to the region. The low commodity prices are affecting the internal and external balances, export revenues, and government revenues. This constrains the Member States' public expenditures. However, with the slowdown in inflation, there is room to accommodate expansionary monetary policy to support economic growth.

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## REAL GDP

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9. Provisional figures provided by the Member States in November 2013 and the IMF World Economic Outlook in October 2013 indicate that the region recorded an average real GDP growth of 4.9 per cent in 2013, just 0.1 percentage point above the 2012 average of 4.8 per cent. Less than a third of the Member States recorded real GDP growth equal to or above the regional target of 7 per cent. These Member States are Angola, DRC, Mozambique, and Tanzania. In 2012 Lesotho, Mozambique, Zambia, and Zimbabwe achieved the regional economic growth target of 7 per cent.
10. With the marginal economic growth, the regional average GDP per capita in current US dollar prices increased by 4.5 per cent from US\$3,706 in 2012 to US\$3,873 in 2013. However, Malawi recorded a substantial decline in GDP per capita of 14.2 per cent followed by South Africa, Namibia, and Lesotho at 9.0 per cent, 6.7 per cent, and 0.4 per cent, respectively. The rest of the Member States' performance with regard to GDP per capita income was positive, with Seychelles recording a GDP per capita income growth of 21.7 per cent in 2013.



Source: Member States, November 2013 and IMF WEO, October 2013.

## INFLATION

11. The inflation rate for the region in 2013 stood at the average of 7.1 per cent. Only four Member States (DRC, Mauritius, Seychelles, and Zimbabwe) recorded inflation below the 5 per cent regional target while Malawi recorded an average of 26 per cent.

## NATIONAL SAVINGS AND INVESTMENT

12. The region recorded national savings of 17.7 per cent of GDP in 2013. National savings have generally been low in the region with a majority of the Member States (10) recording national savings of less than 20 per cent of GDP in 2013. Only Botswana had national savings above 30 per cent of GDP. This implies that foreign savings finance a significant proportion of the investments in the region.

13. Regarding investment, the region recorded 27.7 per cent of GDP in 2013, which was a 0.4 percentage point improvement over the 2012 level.

## FISCAL SECTOR

14. The performance of the fiscal sector in the region in 2013 was not satisfactory. This may be due to the sluggish global economic recovery and declining commodity prices, as pointed out above. Constrained government revenues in the face of increasing expenditure pressures left some of the Member States with widening fiscal deficits.

15. On average, the region recorded total revenue of 33 per cent of GDP in 2013 compared to 33.3 per cent of GDP in 2012. Meanwhile, government expenditures increased from 34.3 per cent of GDP in 2012 to 35.2 per cent of GDP in 2013.

16. This left the region with a deficit of 1.7 per cent of GDP in 2013, an increase from a deficit of 0.7 per cent of GDP in 2012. Six Member States (DRC, Mauritius, Mozambique, South

Africa, Tanzania, and Zambia) recorded deficits above the regional target of 3 per cent of GDP. The highest deficit was that of Mozambique, at 9.5 per cent of GDP, attributed to increased financing for capital imports for investment, including the mining sector.

17. Consequently, average general government debt deteriorated slightly from 40.8 per cent of GDP in 2012 to 41.9 per cent of GDP in 2013. Only Seychelles and Zimbabwe recorded general government debt above the regional target of 60 per cent in 2013.

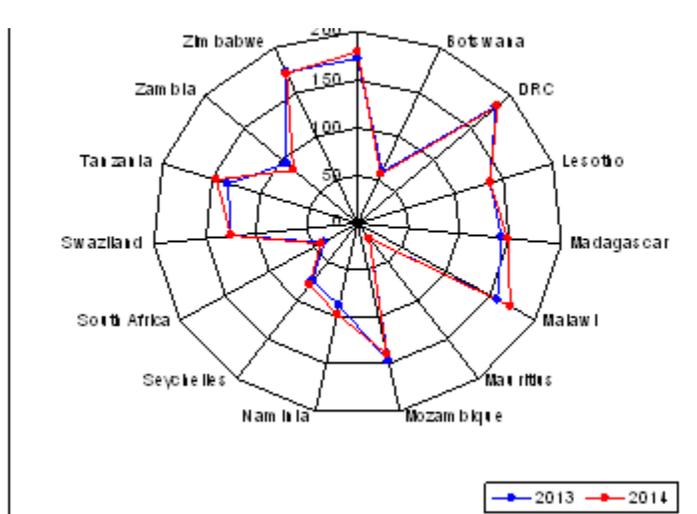
## EXTERNAL SECTOR

18. In 2013, the US Dollar strengthened, thus negatively affecting the exchange rates of most currencies in the region. This resulted in increased import bills. Both the volumes of exports and imports slowed down from the growth of 8.7 per cent and 7.7 per cent in 2012 to 8.5 per cent and 5.8 per cent in 2013, respectively. Consequently, the external current account for the region deteriorated from a deficit of 9.8 per cent of GDP in 2012 to a deficit of 10.3 per cent of GDP in 2013.

## BUSINESS ENVIRONMENT

19. Data from the World Bank Ease of Doing Business 2014 and the World Economic Forum Global Competitiveness Index 2013-2014 indicate that the SADC region is making progress in improving the business environment and competitiveness in general.

FIGURE 2: EASE OF DOING BUSINESS RANKING

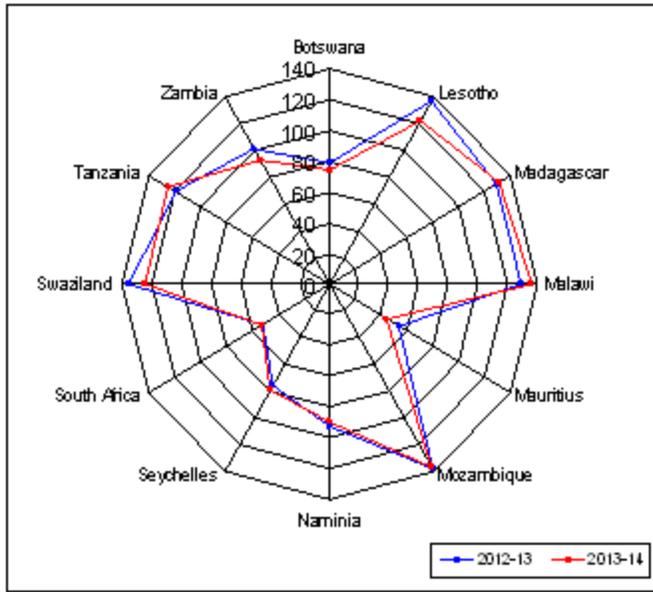


Whereas the Ease of Doing Business indicates that most of the Member States' rankings declined, that does not mean inactivity, but indicates a slower pace of implementation of the required reforms, in comparison with other countries at the global level.

20. Notable is that the Global Competitiveness Index (GCI), which is a broader measure than the Ease of Doing Business (it covers more of the economy, including macroeconomic, infrastructure, social, and technology

sectors) depicted a positive picture. The GCI Report for 2013-2014 indicates that some of the Member States, except Madagascar, Malawi, Seychelles, South Africa and Tanzania, gained in ranking. Botswana, Lesotho, Mauritius, Swaziland, and Zambia made substantial gains in rankings moving up five, fourteen, nine, eleven, and nine places to 74th, 123rd, 45th, 124th, and 93rd positions, respectively.

FIGURE 3: SADC GLOBAL COMPETITIVENESS INDEXES RANKING, 2014



Source: WEF Global Competitiveness Report 2013-2014

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## MEDIUM - TERM PROSPECTS

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21. There is expectation that all the SADC Member States will achieve positive economic growth, increasing by an average of 5.2 per cent in 2014. Four of the countries, namely, Angola, DRC, Mozambique, and Tanzania are expected to grow by more than the regional target of 7.0 per cent in 2014. The highest forecast is for the DRC at 10.5 per cent.

## C. POLICY, STRATEGY, PLANNING, MONITORING AND REPORTING

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### RESEARCH, POLICY AND STRATEGY DEVELOPMENT, MONITORING AND REPORTING

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22. Following a directive issued by the SADC Council of Ministers at their meeting of 14 to 15 August 2013 in Lilongwe, Malawi, the SADC Secretariat in conjunction with the Member States established an RISDP Task Force. The assigned responsibility of the Task Force is to finalize the process of review of the RISDP.

23. Specifically, the RISDP Task Force is required to propose new priorities; main focal areas; milestones; outputs; targets and timeframes for the remainder of the implementation period. These processes should assist in the finalization of the Revised RISDP (2015-2020), which will be presented to the Council in August 2014.

24. The RISDP Task Force met to consider the Zero Draft of the Revised RISDP from 02 to 04 April 2014. The work of the meeting included examining the priorities for the remainder of the RISDP; proposing strategies for implementation of the RISDP for the remaining period of its implementation; and recommending any other strategies and

implementation frameworks that may enhance its implementation. The outcome of this meeting was the revision of the Zero Draft and its elevation to a First Draft of the Revised RISDP.

25. The second meeting of the RISDP Task Force considered the First Draft of the Revised RISDP from 08 to 09 May 2014. Apart from a general consideration of the entire draft, the Task Force specifically focused on discussion of the RISDP Priorities for 2015-2020; the institutional and legal framework; sustainable resources of the RISDP Implementation; and Monitoring and Evaluation mechanism.

26. The Draft Revised RISDP will be presented before this Meeting.

27. The review of the RISDP has been undertaken at a time the SADC Secretariat's re-engineering process has been underway, as articulated in the Executive Secretary's 100 Day Plan released on 18<sup>th</sup> December, 2013. The re-engineering process seeks to focus the SADC Secretariat on its main mandate of strategic planning and management. The first phase of the ES's vision on the re-engineering process is to get the basics right by building a strong, motivated, accountable and efficient team supported by improved, transparent and internationally compliant governance systems and procedures for doing business. This adjustment process is expected to be completed within one year.

28. The second phase entails the re-definition of organisational key priorities, and this has been partially achieved through streamlining and refocusing the RISDP onto a smaller and finer set of objectives and outcomes than previously. The proposed Revised RISDP will become the foundation for preparation of a comprehensive and coordinated organisational plan and budget that is results-based. Results-based management principles which have been adopted by the Secretariat guided by the SPME, have reinforced the necessity of organisational re-engineering and the need to reward results by linking plans to resource mobilisation, and creating synergies between programmes in different directorates and units to support common organisational outcomes.

29. In keeping with Results Based Management principles, it is expected that the new focus of the proposed Revised RISDP will necessitate the re-alignment of the Medium Term Strategy and the Business Plan, and flexibility to undertake a corresponding re-configuration of the structure of the organisation to deliver on the new results, including a review of job descriptions of the current team of staff at the Secretariat as necessary to align form with new functions. Clear outcomes proposed in the Revised RISDP are expected to guide the definition of sound results chains in the Business Plan, and the crafting of SMART indicators and targets being informed by a good understanding of the baseline.

30. Sound execution of the organisational plans and budgets is expected to occur as a result of the fruits of organisational re-engineering, and will result in tangible results (outputs, outcomes and impacts) and greater visibility of the benefits of regional integration and the contribution of SADC Secretariat in the medium-term (3 years and beyond).

31. In line with the SPME, the monitoring of the Secretariat Business Plan for the year 2013/14 was undertaken periodically during the review period. The semi-annual and annual performance reports were prepared and submitted to the Finance Subcommittee in December 2013 and July 2014 respectively. Some of the major challenges encountered during the period include, but are not limited to; delays in finalising procurement and signing of consultancy contracts; delayed disbursement of funds from ICPs; and inadequate human capacity.

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## PLANNING AND PROGRAMMING

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32. In order to operationalise the SADC Policy on Strategy Development, Planning, Monitoring, and Evaluation (SPME), which was approved by the SADC Council of Ministers in February 2012, the Secretariat developed the Medium Term Strategy and the Five Year Operational Plan. These documents were submitted to Council in August 2013 and they were approved in principle pending the outcome of the RISDP Review. These medium term documents will be amended accordingly, as per the Revised RISDP.

33. In the planning for financial year 2014/15, a results based management approach was employed. The preparation of 2014/15 Annual Business Plan followed a results chain approach. This method enhances accountability as the Secretariat planned to achieve outputs that are specific, measureable, attainable, relevant, and time bound.

34. Preparation of the 2014/15 Business Plan resulted from the revised SADC Integrated Management System (SIMS), Planning and Budgeting Module Prototype. The capturing of information into the system followed the results chain approach. Training on the SIMS was offered to officers in different business units involved in planning and budgeting.

35. Training in planning for development projects was conducted during the review period. The training targeted the officers who are engaged in the planning and budgeting processes in different Directorates and Units of the Secretariat.

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## SADC REGIONAL POVERTY OBSERVATORY

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36. Activities to operationalize the SADC Regional Poverty Observatory (RPO) commenced in January 2012 and continued through 2013. The SADC RPO Steering Committee held three meetings in May 2012, September 2012, and March 2013.

37. The Steering Committee approved a SADC Common Poverty Matrix, which outlines poverty indicators agreed by the SADC Member States. The indicators will ensure a system of harmonized data collection and reporting of poverty trends by the Member States. Submitted to Council for approval is the SADC Common Poverty Matrix.

38. The Steering Committee also approved the Terms of Reference for a consultancy to develop the SADC Poverty Status Report, which will serve as a baseline for monitoring poverty trends in the region. The SADC Poverty Status Report will contain poverty

profiles for all SADC member States as well as poverty maps that provide a detailed description of spatial distribution of poverty and inequality within a country.

## II. IMPLEMENTATION OF PROGRAMMES OF REGIONAL COOPERATION AND INTEGRATION

### A. TRADE AND ECONOMIC LIBERALISATION

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#### CONSOLIDATION OF THE SADC FREE TRADE AREA

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35. The current focus of the SADC economic integration agenda is on the consolidation of the Free Trade Area. This should create a firm foundation for deepening integration in the region. Notable progress is being made in a number of areas, including the following:
- i. The Committee of Ministers of Trade approved Seychelles' tariff offer regarding accession to the Protocol on Trade during its meeting in June 2014. The country is preparing the Instruments of Accession and Implementation in order to finalize the process. This will make thirteen the Member States that are fully participating in the FTA.
  - ii. There continues work to streamline operations and improve efficiencies at border posts. This involves the extension and alignment of border operating hours at selected major border posts, facilitating connectivity, streamlining procedures, and enhancing the capacity of customs administrations through training. These efforts should reduce delays in clearance of goods and the costs of doing business across the region.
  - iii. A comprehensive programme to address trade facilitation challenges in the region is being developed in collaboration with ICPs.
36. Non-Tariff Barriers are a persistent challenge in the region. Experience shows that NTBs tend to increase as tariff barriers are dismantled. The NTBs appear as either protection measures or avenues for revenue generation by some Member States. A particularly prevalent form of NTB in a number of countries is roadblocks and the corruption of officials operating them. This not only frustrates business, but also undermines the credibility of the FTA. However, the on-line NTB Monitoring, Reporting, and Elimination mechanism is proving an effective alert system, which has resulted in some improvements in resolving the reported NTBs. It is therefore necessary that the private sector is widely sensitized and knowledgeable on the operations of the system.
37. Other efforts aim to enhance the quality and competitiveness of SADC products and ensure technical regulations align to international standards, so that they do not become unnecessary barriers to trade. This includes implementation of the Annexes on Technical Barriers to Trade and Sanitary and Phyto-Sanitary Measures. The SADC Accreditation

System (SADCAS) also ensures that the SADC standardization, quality assurance and metrology landscape is ripe for accreditation. Thus, the number of accredited facilities has increased, as well as the technical and lead assessors undertaking accreditation assessments across the region.

38. Between 2001 and 2012, the region witnessed significant increases in intra-SADC trade. According to the SADC Statistical Year Book (2012), trade among the Member States, participating in the FTA grew, in absolute terms, from US\$13.5 billion to US\$58 billion during that period (see Table 1 below). Altogether, the growth was from US\$14 billion to US\$66 billion for all the SADC countries including non-participants. However, intra-SADC trade has been constant at 15 per cent of total trade over a number of years, which requires improvement. That improvement could be through effective implementation of the Regional Industrial Development Policy Framework and the Regional Agricultural Policy.

TABLE 1: INTRA-SADC TRADE, 2001-2012 (MILLION US\$)

Country	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Botswana	1 672	2 024	2 452	3 244	3 315	3 329	4 320	5 373	4 455	5 160	6 103	6 765
Lesotho	777	752	1 030	1 982	985	954	1 021	1 085	38	20	42	33
Madagascar	150	111	266	256	313	242	287	420	377	360	367	307
Malawi	415	493	572	665	860	993	1 053	1 286	1 452	1 111	1 300	1 140
Mauritius	458	468	531	531	584	518	590	697	609	740	827	879
Mozambique	441	736	884	1 047	1 449	1 505	1 610	1 570	1 576	2 816	3 205	3 551
Namibia	1 581	1 667	2 932	3 013	3 133	3 474	4 722	5 313	5 768	5 250	7 430	7 555
South Africa	3 150	3 326	3 931	4 754	6 151	7 143	9 764	13 504	9 283	12 085	15 074	17 490
Swaziland	1 471	1 798	2 521	2 816	2 564	2 061	2 276	2 131	2 190	2 705	2 671	2 921
Tanzania	293	309	453	630	853	1 036	742	1 399	1 159	1 726	2 196	2 507
Zambia	1 050	1 348	1 527	1 998	1 968	2 517	3 306	3 999	3 146	4 612	5 781	7 485
Zimbabwe	2 069	2 896	1 645	3 464	2 753	6 073	4 583	3 292	3 970	5 730	8 581	7 389
FTA MS	13 527	15 928	18 742	24 401	24 928	29 845	34 276	40 069	34 025	42 313	53 577	58 022
Angola	434	36	570	600	612	825	1 518	4 205	3 124	3 577	3 410	4 691
DRC	199	287	338	470	566	1 781	1 394	2 354	1 752	3 034	3 296	4 047
Seychelles	44	70	55	59	58	76	66	101	116	111	365	101
Total - SADC	14 203	16 321	19 704	25 530	26 164	32 528	37 254	46 729	39 017	49 035	60 648	66 860

Source: NSOs of Member States

change in total SADC trade (%)  
over previous year

14.9      20.7      29.6      2.5      24.3      14.5      25.4      -16.5      25.7      23.7      10.2

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## MACROECONOMIC PERFORMANCE

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39. Data from the World Bank Ease of Doing Business 2014 and the World Economic Forum Global Competitiveness Index 2013-2014 indicate that the SADC region is making progress in improving the business environment and its competitiveness in general and the macroeconomic environment in particular.
40. The performance of SADC Member States against the regional macroeconomic convergence targets is encouraging, suggesting macroeconomic stability. Although only five Member States had achieved the inflation target of less than five per cent in 2013, the trend is deceleration and is likely to be within target in the short to medium terms. Over half of the Member States met the budget deficit target of three per cent of GDP. Thirteen met the public debt deficit of less than 60 per cent of GDP in the same period.
41. There is a critical need for the region to put in place a mechanism for financing regional projects. Deficits in trade supporting infrastructure across the region remain a major impediment to the efficient and effective flow of trade across the region as well as competitiveness of the region's products.

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## FINANCIAL INFRASTRUCTURE DEVELOPMENT

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42. Regarding the financial infrastructure, a key achievement during the period was the development and operationalization of the SADC Integrated Regional Electronic Settlement System in July 2013. The system eased payments and settlements and reduced transaction costs for the Member States that are using the platform.

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## INFRASTRUCTURE DEVELOPMENT FACILITY IN THE REGION

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43. Completed was the development of the Project Preparation and Development Facility (PPDF), which from July 2014 will start considering infrastructure projects. This will advance the implementation of the SADC Regional Infrastructure Development Master Plan. Additionally, the SADC Regional Development Fund is likely to be operational soon.

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## THE COMESA-EAC-SADC TRIPARTITE AGENDA

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44. The COMESA-EAC-SADC Tripartite Free Trade arrangement offers an opportunity for an expanded market with a population size of 527 million people and a combined GDP of US\$1 trillion. Work to establish the Tripartite FTA was sanctioned by the June 2011 Tripartite Summit with the expectation that negotiations would be concluded and the Agreement entering into force by end of 2014. The following are highlights on the status of the Tripartite work programme:
  - i. Negotiations are ongoing, but behind schedule. There is agreement on some Articles of the Draft Tripartite Agreement and related Annexes. However, some key components, namely the market access offers and Rules of Origin are pending negotiation. So far, no offer has been tabled for discussion, but the SACU, EAC, Egypt, Mauritius, and Seychelles have indicated their offers are ready for discussion.

- ii. Little progress has been on the movement of businesspersons because of divergent views on the interpretation of “separate track” (hence no agreement on the nature of legal instrument to be negotiated), the definition of businessperson and elements to facilitate movement of this businessperson.
  - iii. Being developed are the work programme and roadmap on the industrial development pillar, as directed by the 2011 Summit.
  - iv. Negotiations on the Tripartite FTA have stalled since January 2014, due to termination of sponsorship by the Dfid. The termination of support means the technical back up from Trade Mark Southern Africa to the Tripartite Task Force is no longer available. This has left the process under serious capacity problems.
45. Under exploration are sustainable funding and effective coordination mechanisms; the appropriate recommendations will be submitted to the tripartite policy organs in the near future.

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## CHALLENGES

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46. There are challenges in consolidating the SADC Free Trade Area. These challenges relate to reversal of tariff commitments, rules of origin, and production capacity, as outlined below:
- i. There are cases of Member State reversal of tariff commitments and in some cases, imposition of fees and charges whose effects are equivalent to tariffs. This may be due to economic difficulties or conflicting obligations as Member States belong to different trading arranging arrangements. This undermines efforts to enhance and make the SADC trade regime predictable.
  - ii. The rules of origin in certain sectors of key importance to most SADC economies, in particular, the textile and clothing sectors make it difficult to qualify products for preferential treatment. This continues to reflect a certain level of inflexibility and the lack of give and take spirit, which is essential to the process of regional integration.
  - iii. There prevail low levels of production capacity and the lack of diversification of economic production. The implementation of the Industrial Development Policy Framework is at a slow pace due to limited financial and human resources.

## B. INFRASTRUCTURE DEVELOPMENT

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### SADC DECLARATION ON INFRASTRUCTURE

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47. As directed by the Summit, finalized was the SADC Declaration on Regional Infrastructure Development. The Ministers responsible for Infrastructure adopted it and the Ministers of Justice and Attorneys General endorsed. It is ready for consideration by Summit during the meeting of August 2014. The specific objectives of the Declaration are to define common and key political, social, economic, and

technical goals, values, goals, principles, objectives, and outcomes that underpin and define the Regional Infrastructure Development Master Plan (RIDMP).

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## ENERGY STATUS OF POWER DEMAND AND SUPPLY IN THE REGION

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48. As at 31 March 2014, the Region had an installed generation capacity of 58,387 MW and available capacity of 52,543 MW against a demand of 56,821 MW that includes peak demand, suppressed demand, and reserves. This gives a generation capacity shortfall of 4,278 MW. Electricity demand increased by a weighted average of 2.5 per cent per annum.
49. In 2013, the Region commissioned generation capacity amounting to 1,361 MW from the following sources: Botswana (450 MW), DRC (55 MW), Malawi (64 MW), Mozambique (100 MW), Tanzania (60 MW), South Africa (402 MW) and Zambia (230 MW) from rehabilitation and new projects. About 25 per cent of that capacity was from Independent Power Producers (IPPs) and 10 per cent was from solar energy projects in South Africa.
50. The Region plans to install 6,026 MW in 2014, most of which will be in Angola (389 MW), Botswana (150 MW), South Africa (4,836 MW), Mozambique (175MW), Tanzania (450MW) and Zambia (195 MW). Expectation is that 33 per cent of this capacity would be from the renewable energy projects in South Africa. Also expected is that 685 MW will come from Angola and Tanzania, which are yet to connect to the Regional grid and therefore their output would be unavailable to the rest of the Region. Further efforts are ongoing under the framework of the RIDMP to accelerate implementation of the three key projects to interconnect Angola, Malawi, and United Republic of Tanzania to the regional grid.
51. The region will have sufficient generation installed capacity reserves after 2018 if all projects are commissioned as planned. Generation reserve margin will reach 14.3 per cent in 2017 and 20.6 per cent in 2018 against a best practise reserve margin of 15 per cent. A total of approximately 21,467MW of new generation capacity is expected to be commissioned between the period 2014 to 2017 of which 3 per cent will be renewable energy (wind and solar).
52. Approximately 4,561 MW savings were achieved from Demand Side Management initiatives from 2009 to 2013 with a bulk of the savings (3,461MW) emanating from the compact fluorescent lamps program and commercial lighting (700 MW). Envisaged is a regional saving of 6,000 MW by 2018, if the Demand Side Management (DSM) programme is implemented according to plan. Member States are expected to provide the necessary policy support to implement the DSM program, including banning of incandescent light bulbs.

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## ELECTRICITY REGULATION

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53. Of the fifteen (15) Member States, eleven (11) have introduced regulatory oversight in the form of an energy or electricity regulatory authority. Seychelles became the latest Member State to establish a regulator for the electricity industry. The remaining Member States (DRC, Botswana, and Mauritius) are at different stages of the process.

54. While none of the SADC Member States have been able to comply with the SADC Council decision to reach full cost recovery tariffs by end of 2013, significant progress has been achieved on migration towards cost reflective tariffs. The status is as follows:

- i. Madagascar, Seychelles, Swaziland, and Zambia have put in place tariffs that are able to provide the right signals for new investment and efficient use of electricity.
- ii. Botswana, Lesotho, Madagascar, Mauritius, Namibia, South Africa, Swaziland, and Zambia have determined overall cost reflective levels of tariffs.
- iii. Lesotho, Mauritius, Namibia, South Africa, Seychelles, Swaziland, and Zambia have determined cost reflective levels of generation, transmission, and distribution tariffs.
- iv. Member States that have set a target year for achieving cost reflectivity and achieving cost reflective tariff levels are Angola (target date is 2016), Botswana, Namibia (2018), Seychelles, Swaziland (2016) and Zambia (2016).
- v. Angola, Mozambique, Namibia, Seychelles, Swaziland, and Zambia have approved/agreed plans to achieve the targets.

55. While Member States are being encouraged to implement cost reflective tariffs in order to ensure the viability of the power supply industry, they also need to implement innovative pro-poor electrification support strategies including the tariff structures that allow for a minimum level of service as part of energy access drive.

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## ENERGY ACCESS AND RENEWABLE ENERGY

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56. Renewable energy is an integral part of the UN Sustainable Energy for All (SE4All) SE4ALL Initiative. The Secretariat is mobilizing resources to finalize the SADC Renewable Energy Strategy and Action Plan. The Governments of Austria, Britain, and Finland have expanded the Energy and Environment Partnership (EEP) Programme whose objective is to provide grants to increase uptake of renewable energy technologies in the Region. To date the EEP has expanded to Lesotho and Seychelles, raising the number of Member States participating in the programme to nine (9).

57. With the assistance of UNIDO, the Austrian Government, and the EU Energy Initiative, the Secretariat undertook a study on the feasibility of establishing a SADC Centre for Renewable Energy and Energy Efficiency (SACREEE). Due for finalization is a project document for presentation to the SADC Ministers responsible for Energy later in 2014 and subsequently to the SADC Council.

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## COMMUNICATIONS AND ICT

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### ***SADC Roadmap on Digital Broadcasting Migration***

58. Member States have achieved significant milestones on Digital Broadcasting Migration with support from the SADC Digital Broadcasting Migration Project Management Office, which has been operational since June 2013. Notably, 96 per cent

of SADC Member States have established a National Task Force; 86 per cent have developed a DTT Migration Policy; 93 per cent have adopted a DTT standard; and 86 per cent have enacted DTT regulations. Furthermore, implementation rollout is at 59 per cent and Consumer Awareness and Campaigns is at 46 per cent. As such, Ministers confidently reiterated their commitment to meet the International Telecommunication Union (ITU) Analogue Switch Over (ASO) deadline of 17th June 2015.

### ***SADC Home and Away Roaming (SHAR)***

59. Following the decision by Ministers responsible for ICT taken in November 2012, the SADC Home and Away Roaming (SHAR) Project is being implemented in three (3) phases as follows:

- i. Phase I: Liberalisation, Transparency, Information, and Data Collection.
- ii. Phase II: Roam Like a Local (RLAL) (International retail rate plus a fixed mark-up).
- iii. Phase III: Cost-Based Roaming Price Regulation.

60. The SADC Guidelines on Transparency in Roaming Tariff, which specifies the minimum information and transparency to be provided by operators to consumers regarding the regional roaming tariff became effective in June 2013, implemented under Phase I of the SHAR. Findings of the Adherence Report on the status of implementation of the Guidelines reveal that:

- i. 51.2 per cent of Mobile Network Operators (MNOs) provide the tariff on their website.
- ii. Fifty-eight (58) per cent of MNOs provide handy tips on roaming to prevent bill shocks as well as roaming coverage.
- iii. 6.9 per cent of MNOs provide Short Message Service (SMS) providing tariff information to a traveller upon entering a visited country.
- iv. Roaming information was not easy to find on some of the websites.
- v. Lack of indication of timelines on implementation of operator initiated SMS regarding tariff information.
- vi. Positive development of innovative roaming pricing such as the “one Airtel” and “Vodafone passport”.
- vii. Slow progress in implementing preferential roaming rate agreements.

61. Preparations for the introduction of Phase II are in progress and the draft report will be ready for consideration by the Member States at the end of May 2014. This will lead to the implementation of the Roam Like a Local Principle.

### ***Aviation/Air Transport: Establishment of the SADC Aviation Safety Organisation***

62. The Committee of Ministers of Justice/Attorneys General reviewed the draft Charter establishing the Southern African Development Community Safety Organisation (SASO) in June 2013. The Committee of Ministers responsible for transport are addressing the comments raised by the Ministers of Justice/Attorneys General. Meanwhile, the Committee of Ministers responsible for transport, through its last meeting held in October 2013 has initiated the following interim measures to implement the administrative arrangements required to operationalise SASO whilst the process of clearing the Draft SASO Charter is being finalised:
- i. To establish interim arrangements for the continuation of the SASO institutionalization process beyond the life of the COSCAP-SADC Project. This also entails the extension of the Project to support the interim arrangements.
  - ii. Authorized the COSCAP-SADC Project, in collaboration with the Secretariat, to proceed with the administrative and logistical processes of setting up an interim Secretariat of SASO. These entails recruitment of an Interim Executive Director and support staff and all the steps as contained in the Transition Plan.
  - iii. Directed the Secretariat, on behalf of the Member States, to develop, negotiate, and sign a Memorandum of Understanding (MoU) with the Host Member State. The MoU will be a legal instrument that governs the relationship between the parties, spells out the roles and responsibilities as well as the rights and obligations pertaining to the establishment of the Interim Secretariat of the SASO.
63. The Secretariat developed the two (2) Legal Instruments, namely, the Draft MoU between the Government of the Host Country and the Secretariat on the Establishment of the Interim Secretariat of the SADC Aviation Safety Organization (SASO), and the Draft Hosting Agreement. The two Legal Instruments, which were submitted to the Government of Swaziland as the Host in January 2014, were cleared and signed by the Minister of Public Works and Transport. The Secretariat has also signed the Legal Instruments, which means the Interim SASO Secretariat is now established.

### ***Surface Transport: Cross Border Third Party Motor Vehicle Insurance***

64. The Tripartite region has three different third party motor vehicle liability insurance schemes: Cash Payments, Fuel Levy System, and the COMESA Yellow Card. A draft MOU has been developed to recognise the COMESA Yellow Card Scheme as the Tripartite third party motor vehicle liability insurance scheme. The draft is now ready for validation and adoption. Adoption of a single Tripartite scheme will reduce transport costs and improve efficiency. It will also harmonise the schemes within the Region, as Member States are currently party to different schemes and some operate more than one scheme.
65. Draft Final Reports on Harmonisation of Vehicle Over-Load Controls and Vehicle Regulations and Standards were finalised and ready for validation and adoption. The

reports address the development of harmonised road transport policies, rules and regulations, based on both international best practice, as well as the existing REC (COMESA, EAC and SADC) instruments and experiences in implementation, that would lead to a more liberalised and efficient road transport sector.

66. The draft final report on the feasibility and engineering design for the Mwami/Mchinji and the draft final report Chiponde/Mandimba One Stop Border Posts (OSBPs) on the Nacala Corridor are ready for validation and adoption. They will form the basis for mobilising resources for the construction of the two OSBPs.

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## WATER

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67. The Water sector provides an enabling environment, leadership, and coordination in water resources strategic planning, use and infrastructure development through application of integrated water resources management at Member State, Regional, River Basin and Community level.
68. During the 2012/2013 and 2013/2014 financial years the sector scored major milestones in the implementation of the third Regional Strategic Action Plan on Integrated Water Resources (IWRM) (RSAP 3) which runs from 2011 to 2015. The Programme is currently undertaking a Mid-Term Review, which will inform the focus of the programme going forward, particularly taking on board priorities coming out of RISDP review.
69. The implementation of the various programmes in the RASP was exceptional, as reported in the Mid-Term Review Report. There are however still a few challenges particularly in the area of human capacity to manage the water resources.
70. The Zambezi Watercourse Commission (ZAMCOM) Permanent Secretariat: The long awaited policy organ of the ZAMCOM, the Council of Ministers, was constituted in May 2013, thereby completing all levels of the structure and enabling the establishment of a permanent commission. Recruitment of the Executive Secretary for the permanent ZAMCOM Secretariat, which will be based in Harare, Zimbabwe, is being finalised. ZAMCOM is a river basin organization established by the eight countries that share the Zambezi river basin, namely, Angola, Botswana, Namibia, Malawi, Mozambique, the United Republic of Tanzania, Zambia, and Zimbabwe. It aims “to promote the equitable and reasonable utilization of the water resources of the Zambezi watercourse as well as the efficient management and sustainable development thereof”, as stipulated in the 2004 ZAMCOM Agreement and in accordance with the revised SADC Protocol on Shared Watercourses of 2000.

### ***6th SADC Multi-stakeholder Water Dialogue***

71. In October 2013, the sector organised a successful sixth SADC Multi-stakeholder Water Dialogue under the theme, “Watering Development in SADC: Exploring the Water, Energy, and Food Nexus”. The dialogue was attended by 150 delegates from the Government Departments of Water, Energy, Agriculture, Economic Planning and Finance, private sector, media, civil society organizations and research institutions from within SADC and internationally. The aim was to create awareness and

understanding of the interrelatedness of water, energy, and food. The delegates noted that policy instruments that took cognizance of the nexus approach existed at the SADC regional level, such as the Regional Indicative Strategic Development Plan (RISDP) and the SADC Regional Water Policy. However, required were practical interventions that would break the practice of working in sector silos and that would enhance integrated planning and implementation of development programmes.

### ***Gender Mainstreaming in Transboundary Water Management (TWM) Project***

72. In August 2013, the sector launched a 24-month project aimed at supporting the water sector and River Basin Organisations (RBOs) in the region to mainstream gender in their management of transboundary water resources. This is in line with SADC policy instruments, which mandate all SADC programmes to integrate the principles, goals, and objectives of gender mainstreaming in their administration and implementation.

### ***Water Infrastructure Projects***

73. During the period under review, the sector made progress in implementing water projects aimed at facilitating construction, operation, and maintenance for water infrastructure to meet the requirements for irrigation, water supply and sanitation, hydro generation and flood management. These are in line with the recently approved SADC RIDMP. The highlights include feasibility studies for cross border project between Mozambique and Swaziland (the Lomahasha-Namaacha Water Supply and Sanitation Project) and progress in the Kunene Water supply and sanitation project between Angola and Namibia.

### ***Completed Regional Water Projects and New Projects***

74. Two of the projects in the RSAP, namely the Shared Watercourse Support Project for the Rovuma, Buzi, and Save River Basins, and the Regional Water Supply and Sanitation Project completed in June 2014. The Shared Watercourse Project has developed and delivered Basin Monographs and Strategies for the improved management and development of the three basins shared by Mozambique, United Republic of Tanzania, and Zimbabwe. It has also improved the capacity of the five institutions involved in the management of water resources in the basins. The Water Supply and Sanitation Project has developed the strategies and tools to support Member States efforts in improving access to these two basic services. This covers the areas of institutional development, financing, monitoring, and reporting as well as information management.

### ***Groundwater Management and Development***

75. The SADC Secretariat signed a financing agreement with the World Bank in June 2014, to support the region in the management and development of Groundwater resources, which is a follow up of the previous project in this area also funded by the World Bank. Planned project implementation is 5 years starting July 2014, with funding of USD 10.2 million.

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## **METEOROLOGY**

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76. The key activities in the Meteorology Sector include:

- i. Delivery of reliable climate information products and services for socio-economic development through the Southern Africa Regional Climate Forum (SARCOF-17).
- ii. Implementation of the Institutional Support to African Climate Institution Project (ISACIP).
- iii. The African Monitoring of the Environment for Sustainable Development (AMESD) Project, which is a forerunner to Monitoring of Environment for Security in Africa (MESA).
- iv. Support to National Meteorological Services (NMSS).

77. Furthermore, Member States aim to implement the Quality Management System (QMS) for Aeronautical Services in order to satisfy the requirements of the International Civil Aviation Organization (ICAO) for ISO 9001: 2008 certification for safety of Air Navigation. During the period under review, two additional Member States have complied with ISO 90001 on Quality Management Systems for Aeronautical Services.

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## CHALLENGES

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78. There are significant human capacity constraints and inadequate equipment in the infrastructure cluster, which affect delivery on its mandate. These are necessary for the efficiency and effectiveness of the Meteorology Sector.

## C. FOOD, AGRICULTURE AND JOINT MANAGEMENT OF TRANSBOUNDARY NATURAL RESOURCES

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79. Agriculture plays a major role towards fulfilling the SADC Vision of becoming an integrated region that is internationally competitive, with reduced poverty and improved living standards. It is a major social and economic sector in the SADC region, contributes on average 17 per cent of GDP and 13 per cent of overall export earnings. About 70 per cent of the region's population depends on agriculture for food, income, and employment. The performance of this sector has a strong influence on food security, economic growth, and social stability in the region.

80. The performance of agriculture in the SADC region has been positive at an annual growth rate of 2.6 per cent compared to a population growth rate of 2.5 per cent during the last decade. From 2003 to 2013, the production of staple cereals increased by 4.6 per cent and livestock by 4.2 per cent per annum. Forestry and fisheries production also grew, with substantial increases in aquaculture.

81. In spite of this positive performance, the Region experiences low productivity of land and labour, low intra-regional trade, and declining forest resources. As a result, the Region remains a net importer of most agricultural products including cereals and livestock. Furthermore, the proportion of the population that is food insecure, and the levels of malnutrition remain high. The level of stunting among children under the age of five is above 30 per cent in about half the Member States.

82. In contribution towards addressing these challenges, the Secretariat continued to develop, promote, coordinate and facilitate the harmonization of policies and programmes aimed at increasing agricultural and natural resources production and productivity; promoting agricultural trade; and ensuring food security in the region. The interventions for 2013-14 were guided by the RISDP, Dar-es-Salaam Declaration and Action Plan (2004), and the Protocols on Forestry, Fisheries and Wildlife Conservation and Law Enforcement.

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## THE REGIONAL FOOD SECURITY SITUATION

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### ***Rainfall Performance during the 2013/14 Season***

83. After a delay in the start of the 2013-2014 rain season in some parts of the Region such central and southern Malawi, eastern Zambia, central and southern Mozambique, northern and southern parts of Zimbabwe and central Tanzania, the rainfall performance improved significantly in the months of January to April 2014. Some areas received excessive rains that resulted in flooding, which caused damage to crops, livestock, houses, and infrastructure. The floods affected parts of Botswana, Malawi, Mozambique, Tanzania, and Zimbabwe. Other areas, including parts of Angola, Swaziland, Zimbabwe, Malawi, and north eastern Tanzania had below average rainfall.

84. Despite these challenges in the weather pattern, the season ended up being generally good and favourable for crop production. As a result of this, the food security situation in 2014/2015 is expected to be better than the previous year

### ***Cereal Production***

85. The estimated cereal production in the Region for 2013 was 35.11 million tonnes, representing a 0.2 per cent increase compared to the 35.02 million tonnes harvested in 2012. However, compared to the average for the previous 5 years (2008 to 2012), the 2013 cereal production was up by 5 per cent indicating an above average cereal production in the recent years (Table 2).

86. Overall, the Region faced an estimated cereal deficit of about 4.01 million tonnes in the 2013/14 marketing year. All countries in the Region except Malawi, South Africa, Tanzania, and Zambia faced cereal deficits (Table 3). Regarding specific cereal crops, the Region faced deficits in all the cereal crops (sorghum, millet, wheat, and rice) except maize, of which the estimated regional surplus was about 326,000 tonnes. The surplus was from the major maize producers in the Region, which are Malawi, South Africa, Tanzania, and Zambia.

TABLE 2: REGIONAL CEREAL PRODUCTION FOR 2012/13 CROP SEASON ('000 TONNES)

Country	2008	2009	2010	2011	2012	5-Year Average (2008 – 2012)	2013	2013 prodcn vs 5 - yr average	2013 vs 2012 harvest
Angola	738	1053	1178	1409	506	977	940	-4%	86%
Botswana	43	56	55	62	53	54	45	-16%	-15%
DRC	1473	1473	1474	1475	1474	1474	1476	0%	0%
Lesotho	72	72	172	103	58	95	106	11%	83%
Malawi	2989	3993	3610	4121	3838	3710	3894	5%	1%
Mauritius	2	2	2	2	2	2	2	0%	0%
Mozambique*	1486	1702	1709	1832	2176	1781	2218	25%	2%
Namibia	106	111	155	117	166	131	81	-38%	-51%
RSA	15550	14855	15094	13579	14794	14774	14104	-5%	-5%
Swaziland	62	71	75	84	76	74	82	11%	8%
Tanzania**	5587	5265	6940	6787	7558	6427	8314	29%	10%
Zambia	1640	2197	3096	3363	3197	2699	2890	7%	-10%
Zimbabwe	628	1557	1569	1656	1123	1307	953	-27%	-15%
<b>SADC***</b>	<b>30376</b>	<b>32407</b>	<b>35129</b>	<b>34590</b>	<b>35021</b>	<b>33505</b>	<b>35105</b>	<b>5%</b>	<b>0.2%</b>

\*Mozambique figures from 2009 to 2011 are an extrapolation

\*\*2013 figures for Tanzania are provisional estimates

\*\*\* Excluding Madagascar and Seychelles

Source: SADC National & Regional Early Warning Systems for Food Security

TABLE 3: SADC ALL CEREAL BALANCE SHEET BY COUNTRY FOR 2013/14 MARKETING YEAR ('000 TONNES)

Item	Ang	Bot	Les	Mal	Mau	Moz	Nam	RSA	Swa	Tan	Zam	Zim	SADC*
<b>A. Domestic Availability</b>	<b>1001</b>	<b>76</b>	<b>160</b>	<b>3897</b>	<b>7</b>	<b>2436</b>	<b>94</b>	<b>16598</b>	<b>86</b>	<b>8495</b>	<b>3522</b>	<b>1465</b>	<b>37837</b>
<b>A.1 Opening Stocks</b>	<b>61</b>	<b>30</b>	<b>54</b>	<b>1</b>	<b>5</b>	<b>218</b>	<b>13</b>	<b>2494</b>	<b>5</b>	<b>181</b>	<b>632</b>	<b>512</b>	<b>4206</b>
Formal/SGR	52	30	52	0	5	137	13	2494	5	80	632	512	4012
On Farm	9	0	3	1	0	81	0	0	0	101	0	0	195
Other	0	0	0	2	0	0	0	0	0	0	0	0	2
<b>A.2 Gross Harvest</b>	<b>940</b>	<b>45</b>	<b>106</b>	<b>3894</b>	<b>2</b>	<b>2218</b>	<b>81</b>	<b>14104</b>	<b>82</b>	<b>8314</b>	<b>2890</b>	<b>953</b>	<b>33629</b>
													<b>0</b>
<b>B. Gross Domestic Require</b>	<b>2406</b>	<b>420</b>	<b>405</b>	<b>3542</b>	<b>308</b>	<b>3808</b>	<b>268</b>	<b>14773</b>	<b>166</b>	<b>7581</b>	<b>2436</b>	<b>2389</b>	<b>38502</b>
													<b>0</b>
<b>C. Desired SGR Carryover</b>	<b>24</b>	<b>85</b>	<b>0</b>	<b>50</b>	<b>10</b>	<b>0</b>	<b>35</b>	<b>1782</b>	<b>8</b>	<b>150</b>	<b>500</b>	<b>700</b>	<b>3345</b>
<b>D. Domestic Shortfall/Surpl</b>	<b>-1429</b>	<b>-429</b>	<b>-245</b>	<b>305</b>	<b>-311</b>	<b>-1372</b>	<b>-210</b>	<b>44</b>	<b>-88</b>	<b>764</b>	<b>586</b>	<b>-1624</b>	<b>-4009</b>

SADC\*: Not including DRC, Madagascar, and Seychelles

Source: National and Regional Early Warning Systems for Food Security

### Non-Cereal Food Crop Production

87. Production of non-cereal food crops mainly cassava, plantains, and sweet potatoes continued to improve. Overall cassava production in Angola, Malawi, Mozambique, Tanzania, and Zambia showed a constant increase from 19.81 million tonnes in 2005 to 33.86 million tonnes in 2013. Similar increases occurred in the production of plantains and sweet potatoes. These food crops are significantly contributing to food security in the Region.

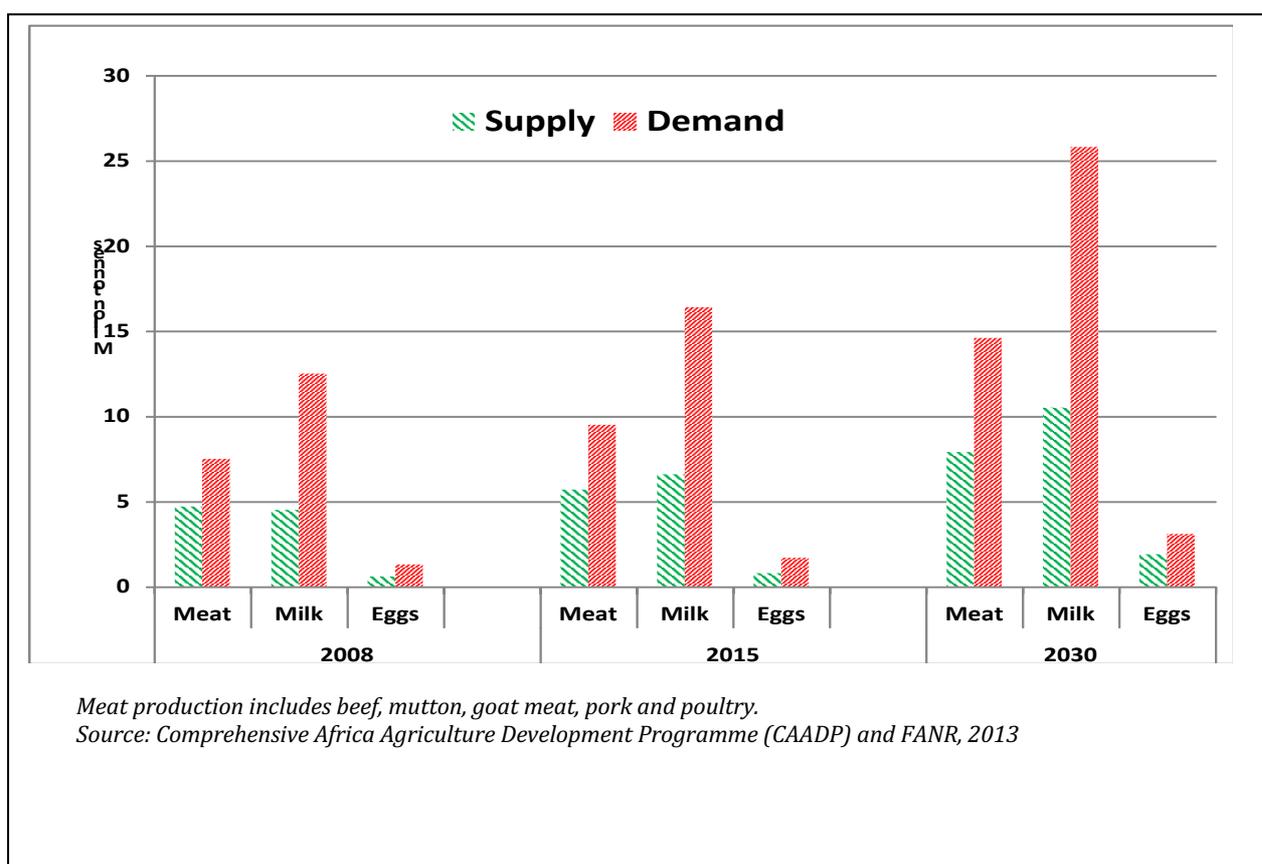
### Livestock Production

88. The Regional production of livestock products is increasing, albeit at a slow pace. Production of meat increased by 2.8 per cent from 5.68 million tonnes in 2012 to 5.84 million tonnes in 2013. Milk and eggs production increased by 2.0 per cent and 3.0 per cent from 5.08 million tonnes and 0.67 million tonnes to 5.18 million and 0.69 million tonnes respectively over the same period. **Table 4** shows the production trends for the various livestock products.

TABLE 4: REGIONAL PRODUCTION OF LIVESTOCK PRODUCTS (MILLION TONNES)

89. The Region remains a net importer of livestock products as demand outstrips supply. Figure 5 compares projected supply and demand for livestock products.

FIGURE 4 PROJECTED REGIONAL SUPPLY AND DEMAND FOR MEAT, MILK, AND EGGS



90. According to vulnerability assessments conducted by the Member States in 2013, an estimated 15 million people were at risk of food insecurity in the 2013/14 marketing year as shown in Table 5.

TABLE 5: POPULATION AT RISK OF FOOD INSECURITY IN THE SADC

Country	2004/05	2005/06	2006/07	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2012/13 vs 2013/14
Angola								367 190	700 000	91%
Botswana										
DRC*				6 922 099	4 322 413	5 860 872	4 300 000	5 445 000	6 700 000	23%
Lesotho	948 300	541 000	245 700	353 000	450 000	200 000	514 000	725 519	223 055	-69%
Malawi	1 340 000	5 055 000	833 000	613 291	275 168	508 089	272 502	1 972 993	1 856 153	-6%
Mozambique	108 203	801 655	240 000	302 664	281 300	350 000	245 000	270 000	212 000	-21%
Namibia					224 795	42 100	243 474	74 711	778 504	942%
South Africa**	11 012 940	9 675 590	7 016 457	7 855 673	7 867 488	7 879 302	6 542 250			
Swaziland	600 400	634 400	465 900	238 600	262 000	160 989	88 511	115 713	289 920	151%
Tanzania	688 360	850 023	4 418 503	425 313	1 849 497	1 141 214	1 618 795	1 472 127	1 615 445	10%
Zambia	39 300	1 232 661	380 537	444 624	110 000	53 629	74 804	62 842	209 498	233%
Zimbabwe	2 300 000	2 884 800	1 392 500	5 100 000	1 400 000	1 287 937	1 390 000	1 668 000	2 206 924	32%
<b>SADC***</b>	<b>17 037 503</b>	<b>21 675 129</b>	<b>14 992 597</b>	<b>22 255 264</b>	<b>17 042 661</b>	<b>17 484 132</b>	<b>15 289 336</b>	<b>12 174 095</b>	<b>14 791 499</b>	<b>21%</b>

Source: Annual vulnerability assessments

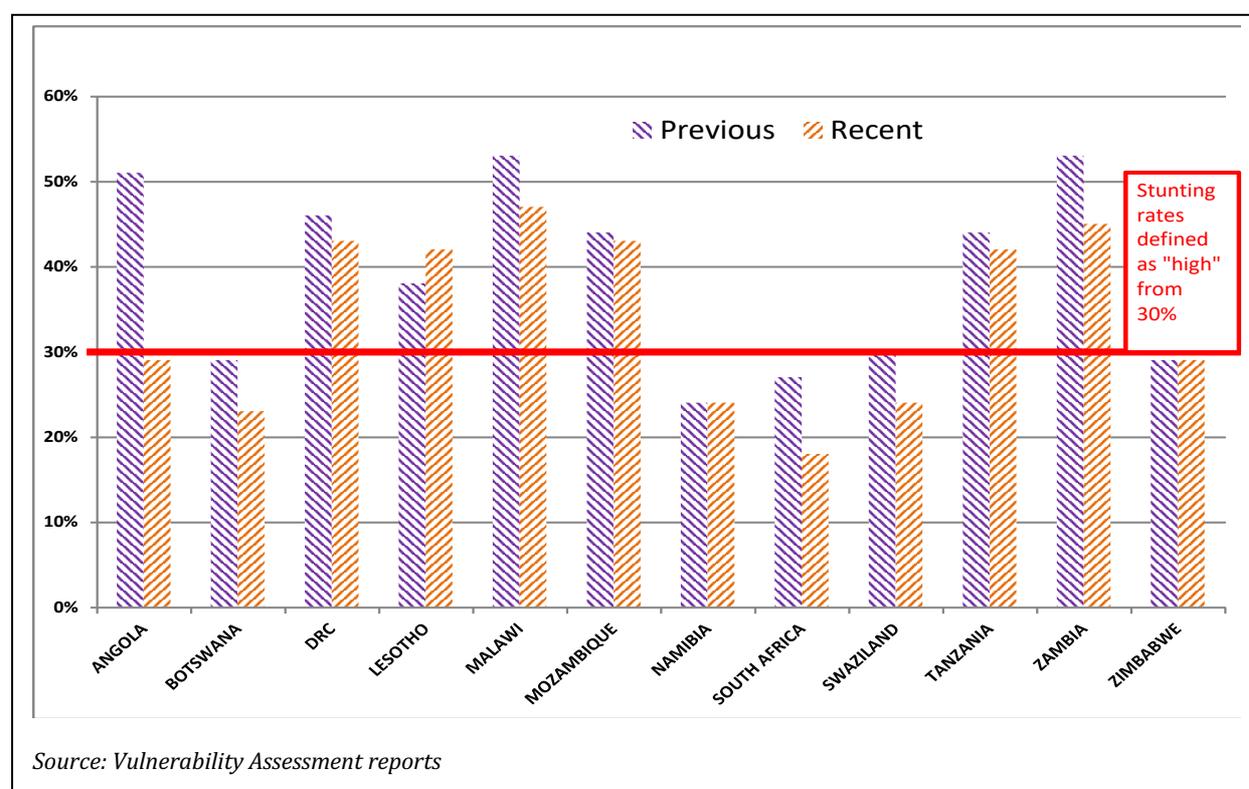
\*\* Figures from Stats SA, General household Survey (GHS).

\*\* Figures from DRC Integrated Phase Classification (IPC) Group

\*\*\* Not including Madagascar, Mauritius, and Seychelles

91. Although there was some progress in reducing malnutrition in the SADC Member States, the rates remain high. Stunting rate (Height-for-Age), which is an indicator of growth retardation and cumulative growth deficits due to inadequate nutrition over a long period, remains above 30 per cent in many Member States (Figure 5).

FIGURE 5 STUNTING RATES IN SADC REGION FOR SELECTED COUNTRIES IN THE LAST TWO MOST RECENT SURVEYS



92. The Secretariat facilitated the development of the SADC Regional Agricultural Policy (RAP), which is an instrument for the harmonization of the region's strategies in food, agriculture, natural resources, and environment. The RAP aims to:
- i. Enhance sustainable agricultural production, productivity, and competitiveness.
  - ii. Improve regional and international trade and access to markets of agricultural products.
  - iii. Improve private and public sector engagement and investment in the agricultural value-chains.
  - iv. Reduce social and economic vulnerability of the region's population in the context of food and nutrition security and the changing economic and climatic environment.
93. The Ministers responsible for Agriculture and Food Security approved the RAP in principle in June 2013. Developed is a MoU to provide the legal basis for the implementation of the RAP. In addition, development is ongoing for a RAP Investment Plan for its operationalization.

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#### AGRICULTURAL INPUT SUPPLY

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94. In facilitating the regional agricultural input challenges, the Secretariat has coordinated interventions to improve the availability and access to seeds through the implementation of the SADC Harmonised Seed Regulatory System (HSRS), which was approved by Ministers in 2008. Implementation of the HSRS is through the SADC Seed Centre, which is located at the SADC Plant Genetic Resource Centre (SPGRC) in Lusaka, Zambia. The objective of the harmonized system is to promote trade of high quality seed varieties between countries, in order to increase availability of such seed to farmers. The Secretariat has initiated the development of the Charter establishing the Seed Centre, the Seed Centre Strategic Plan and the protocol on Plant Breeders Rights.
95. To facilitate implementation of the harmonized seed regulatory system, a Memorandum of Understanding (MoU) was developed and two-thirds of the Member States have signed it, paving the way for the domestication of the SADC Harmonized seed regulations by Member States.

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#### LIVESTOCK AND CROP PRODUCTION

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96. Concerning livestock, the Secretariat continued to focus on management and control of animal diseases. These include tick borne diseases, Trypanosomosis, Foot and Mouth Disease, Contagious Bovine Pleuropneumonia, Pestes des Petits Ruminants, Rift Valley Fever, and Newcastle, which have adverse effects on livestock production, productivity, and the tradability of livestock products. The Ministers responsible for Agriculture and Food Security during their meeting in Maputo on 07 June 2013 agreed to allocate resources to control such diseases as Rift Valley Fever and Peste des Petits Ruminants, which threaten regional food security. The Ministers acknowledged a

need for working towards accreditation of veterinary laboratories in the Member States in order to boost trade in livestock products. This is one of the activities initiated under the SADC TADs Project funded by the African Development Bank (AfDB).

97. With regard to crops, the Secretariat has received support of US\$ 444,000 from the Food and Agriculture Organization (FAO) to coordinate the control of Asian Fruit Fly in the region. There is an outbreak of Banana Fuzarium Wilt Disease in some SADC States particularly Mozambique. The Secretariat has published an alert news article that appeals to all cross border travellers to declare plans and plant products for inspection by Phytosanitary Officers at entry points in order to control the spread of plant pests.

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#### AGRICULTURAL RESEARCH, TECHNOLOGY DEVELOPMENT AND DISSEMINATION

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98. The Centre for the Coordination of Agricultural Research and Development in Eastern and Southern Africa (CCARDESA) was established to provide a platform for regional coordination of Agricultural research and development. Its other responsibilities are to scale up access to and adoption of technologies and to facilitate increased agricultural production and productivity. The centre became operational in early 2013; thus paving the way for the Secretariat's hand-over of implementation of research activities to CCARDESA.
99. The Secretariat will continue facilitating policy development on research and development by Member States. Currently, policy efforts on agricultural research are on the development of SADC Framework on Safe handling and Transboundary Movement of Genetically Modified Organisms (GMOs). This is in response to Council Decision for the Secretariat to include in the SADC Seed MoU, a provision for GMOs

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#### DISASTER PREPAREDNESS FOR FOOD SECURITY

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100. Regarding disaster preparedness, the Secretariat continued to backstop early warning units and vulnerability assessment committees in the Member States through the project on Regional Vulnerability and Assessment (RVAA). Early warning updates and/ or reports were developed and discussed at Ministerial meeting in Maputo, Mozambique in July 2013. Additional updates were also developed for Council/Summit meeting in Lilongwe, Malawi in August 2013 and February 2014. Food and agriculture were pronounced the critical area of focus for the year 2013/2014.
101. The following results were achieved during the period under review:
- i. Institutionalisation processes in emerging National Vulnerability Assessment Committees (NVACs): The facilitation in Member States including the Democratic Republic of Congo (DRC), Seychelles, and South Africa.
  - ii. A total of 120 members of NVACs were trained in areas covering:

- a. Household Economy Approach;
- b. Geographic Information Systems;
- c. Integrated Phase Classification for food security;
- d. Marketing as a response tool to food insecurity;
- e. Nutrition assessment; food security analysis;
- f. Integration of early warning for food security into vulnerability assessments.

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## JOINT MANAGEMENT OF TRANSBOUNDARY NATURAL RESOURCES

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102. The trans-boundary natural resources are at the core of regional integration due to the collective responsibility of Member States in collaborative management. This principle cuts across all the SADC Protocols related to natural resources and a number of international instruments. Apart from national and regional significance, natural resources are also of global benefit and hence the entire world has stake in how trans-boundary natural resources are managed.

103. During the year under review, the Secretariat facilitated work in the following areas:

i. Implementation of Protocol on Fisheries:

The draft SADC Aquaculture Strategy was developed with the financial support from the Republic of Angola and the NEPAD Agency. Monitoring of the implementation of the SADC Protocol on Fisheries was also undertaken and a number of Member States submitted their reports to the Secretariat.

ii. Implementation of Forestry Protocol

Ministers responsible for Environment and Natural Resources approved the Regional Programme on Forest Law Enforcement, Governance, and Trade (FLEGT). Ministers responsible for Environment and Natural Resources also approved the documents for the formation of the SADC Timber Association. The implementation of the Monitoring, Reporting, and Verification (MRV) component of the SADC Support Programme on REDD+ is ongoing. The implementation is complete in Botswana and Malawi and is ongoing in Mozambique and Zambia.

iii. Implementation of Protocol on Wildlife Conservation and Law Enforcement

The regional position and negotiation strategy on the Seventieth Conference of the Parties to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) with the first meeting held in South Africa. Since South Africa will be hosting the meeting, it was agreed that the region should display its success story in sustainable management of wildlife. Work towards the development of the SADC Anti-Poaching Strategy was initiated. This Strategy will be a multi-stakeholder one due to the complexity of the escalating poaching problem in the region.

iv. Coordination of the Development of Transfrontier Conservation Areas (TFCA)

The SADC Regional TFCA Programme was approved by the Ministers responsible for Environment and Natural Resources.

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## ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

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104. The Secretariat continued to focus on the development of legal and regulatory frameworks on environment and sustainable development; mainstreaming of environment and sustainable development in all socio-economic activities; and implementation of Multilateral Environmental Agreements.

- i. Development of legal and regulatory frameworks on environment and sustainable development

The Protocol on Environment was finalized and approved by Ministers in October 2013. The Protocol aims to enhance the protection of the regional environment by promoting the equitable and sustainable utilization of natural resources and the environment in order to contribute to human health, wellbeing, and poverty alleviation for the benefit of the present and future generations.

- ii. Implementation of Multilateral Environmental Agreements

The SADC Region has prioritized implementation of a number of Multilateral Environmental Agreements for improved management of the environment in the region and these include:

- a. The United Nations Conventions on Climate change;
- b. Biological Diversity;
- c. Combating Desertification;
- d. Wetlands;
- e. CITES and the Basel; and
- f. Rotterdam and Stockholm Conventions.

105. In order to facilitate the implementation of these Conventions, the SADC region has developed the following programmes and Actions Plans:

- i. Regional Programme on Climate Change to facilitate a harmonized approach to implementation of climate change adaptation and mitigation across SADC Member States.
- ii. Regional Biodiversity Action Plan that aims to promote sustainable use of biodiversity for improved economic growth and poverty reduction.
- iii. Regional Programme on Waste Management that aims to improve the management of solid waste in order to promote sustainable economic growth, improvement of health and wellbeing and the reduction of poverty.

106. Ministers responsible for Environment and Natural Resources approved all the Programmes in October 2013. In addition, the Secretariat is in the process of developing Regional Strategies and Action Plans for Climate Change response and Green Growth for Sustainable Development, which should be finalized in mid-2014.

107. The Region is jointly implementing a 5-year programme on climate change with COMESA and EAC. The joint SADC-COMESA-EAC programme is supported with US\$90.0 million from the British Department for International Development (DfID), the Norwegian Ministry of Foreign Affairs, and the European Union. The programme aims to reduce the impacts of climate change by implementing innovative climate solutions.

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#### CONSERVATION OF PLANT GENETIC RESOURCES

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108. The Secretariat continued to facilitate the conservation and utilization of plant genetic resources in the region for the benefit of the present and future generations through the SADC Plant Genetic Resource Centre (SPGRC), located in Zambia. The following were achieved during the review period:

- i. Development, publication, and distribution of the Regional Guidelines for Plant Genetic Resources for Food and Agriculture (PGRFA).
- ii. Development of National Strategies for Plant Genetic Resources for Food and Agriculture (PGRFA) for six SADC Member States namely, Botswana, Lesotho, Malawi, Mozambique, Tanzania, and Zambia.
- iii. Enhanced national and regional capacities for the conservation and sustainable use of PGRFA through training of staff in pre-breeding, acquisition of laboratory consumables and equipment/facilities that included purchase and installation of a standby electric generator for SPGRC.
- iv. The regeneration program of maize, sorghum, beans, melons, and pumpkin species. This field regeneration from the gene bank is carried out at the SPGRC farm. It began in 2013 with the aim of increasing viabilities to be 85 per cent when the process comes to end in 2014.

#### D. SOCIAL AND HUMAN DEVELOPMENT PROGRAMMES OF REGIONAL DIMENSION

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109. In implementing the 2013/14 Operational Plan, the directorate of Social and Human Development and Special Programmes (SHD&SP) of the Secretariat continued to facilitate the implementation of initiatives guided by the RISDP, relevant Protocols and Declarations. The focus continued to be development and harmonization of policies; capacity building at national and regional levels; resource mobilisation; networking and partnerships; documentation of best practices; and monitoring and evaluation to deliver on specific outputs in line with identified outcomes. The key outputs attained and major developments and trends linked to specific outcomes under the six (6) Key Result Areas under SHD&SP are highlighted below.

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#### EDUCATION AND SKILLS DEVELOPMENT

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110. In order to contribute to the outcome on increased access to quality education and training in the region, the following was achieved:

- i. The Regional Open and Distance Learning (ODL) Strategic Plan to implement the Regional ODL Policy Framework was developed and approved. The Regional ODL Strategic Plan outlines some systematic implementation mechanisms of the Regional ODL Policy Framework at both national and regional levels. In particular, it underscores the need for domestication of the Regional ODL Policy Framework to national ODL Policies and Budgets.
- ii. ODL practitioners from ADF Member States were trained at Certificate, Diploma, and Masters Levels. At certificate level, seven (7) ODL practitioners were trained and graduated (three females and four males); at the Diploma level, 18 practitioners were enrolled (6 females and 12 males); and at Masters Level, 13 practitioners were enrolled (seven females and six males).
- iii. Seven hundred and twelve ODL practitioners were trained in the nine (9) ODL priority skill areas in the two Centres of Specialisation, as shown in the table below.

TABLE 6: TRAINING OF ODL PRACTITIONERS

Priority Area	Open University of Tanzania (OUT)			Malawi College of Distance Education (MCDE)		
	M	F	Total	M	F	Total
Learner Support	26	20	46	27	17	44
Research in ODL	27	20	47	24	21	45
ODL Curriculum	10	18	28	27	18	45
ODL Financing	12	19	31	26	18	44
ODL Management	14	18	32	26	20	46
Strategic Planning	29	16	45	17	11	28
Monitoring & Evaluation	21	25	46	18	13	31
e-Learning	17	28	45	22	8	30
Quality Assurance	26	21	47	20	12	32
<b>Total</b>	<b>182</b>	<b>185</b>	<b>367</b>	<b>207</b>	<b>138</b>	<b>345</b>

- iv. Conducted was an evaluation of the first phase of the Care and Support for Teaching and Learning (CSTL) Project, which started in 2008 and ended in 2013. The CSTL is an initiative to build the capacity of the education sector, working collaboratively with other sectors, to facilitate access to comprehensive services beyond the traditional teaching and learning that if not available, affects children and youth enrolment, retention and completion of school as well as the quality of education. The main findings of the evaluation indicate, among others, that the project was relevant at both national and regional levels. Where the CSTL programme was found to be mature and provided a wide menu of services, particularly at national level, there were signs of increased school enrolment, achievement and retention among orphans, thus contributing to the SADC region moving towards the realization of MDG1 on poverty and hunger. However, despite the noted achievements, the challenges such as child sexual abuse, early marriages, and teenage pregnancies negatively affect retention, even when the whole menu of CSTL services is provided. This indicates the importance of addressing issues of sexual reproductive health and rights amongst the youth, which informed phase 2 of the CSTL Project.

- v. The Monitoring Framework for Measuring the Education Response to HIV and AIDS was approved by Ministers of Education and Training in their meeting in September 2013. This will, among others, contribute to the reporting on HIV and AIDS to the United Nations General Assembly on HIV and AIDS (UNGAS). In addition, the Ministers noted that the implementation of the regional education agenda would not be possible without the contribution of Development Partners and commended them for their continued support. As a result, the Ministers endorsed the bid by Republic of Zimbabwe to host the UNESCO Multi-Sectoral Office in Southern Africa and Botswana to establish a UNESCO Category 2 Centre to promote skills for inclusive and sustainable development in the region.

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## EMPLOYMENT AND LABOUR

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111. To contribute to the improvement of human capacities and utilization, the following were achieved under employment and labour:
  - i. Formulated for implementation at both national and regional level was the SADC labour migration policy framework, which seeks to promote sound management of intra-regional labour migration for the benefit of both the sending and receiving countries as well as the migrant workers.
  - ii. Developed was the SADC Decent work Monitoring and Evaluation Tool to assist Member States and the region in assessing the implementation the SADC Decent Work Programme at both national and regional levels. The Decent Work Programme aims at promoting decent and productive employment, ensuring fundamental labour standards and rights at work, social protection, and social dialogue.
  - iii. As a step towards the implementation of the SADC Labour Market information System (LMIS) in the Region the following instruments were developed: a Template for Employment and Labour Report and Modules for Labour Migration and Disability at Work.
  - iv. Capacity building was undertaken through a training workshop aimed at strengthening the technical capacity of staff of national statistics offices and Ministries responsible for employment and labour in the use of labour force survey data for the production of labour market information and analysis; providing inputs for the development of national and regional labour market information databases in SADC based on the SADC Minimum list of indicators and definitions and concepts.

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## HEALTH AND PHARMACEUTICALS

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112. Linked with key outcomes such as strengthened capacities for Member States to implement harmonised policies, frameworks and guidelines on health and pharmaceuticals and increased access to medicines, the following was realised:

- i. E-platforms for information- and work-sharing on procurement of essential medicines were established. This will facilitate the provision of up to date information service on comparative medicine prices and properties (including dosage form and strength) as well as product supplier and manufacturer information.
- ii. Developed was the SADC Framework for African Traditional Medicines is subject for approval. The Framework centres on the development of a database of all medicinal plants; promotion of research for testing safety and efficacy of traditional medicines; formulating and harmonizing policies and guidance for legislation and regulation for traditional health practitioners; clinical evaluation of Medicinal Plants; botanical verification of Medicinal Plants; and developmental issues of traditional medicine.
- iii. Initiated was the Common Technical Document (CTD) format. The CTD will ensure the effective facilitation and ease of exchange of information among medicines regulatory authorities in the region. For a number of years, Member States, despite the availability of Regional Guidelines for Registration of Medicines have had a confidentiality arrangement in place allowing the sharing of confidential information.
- iv. Documented from the Member States were nine (9) regional best practices on children and adolescent centred programmes on HIV, TB and Malaria treatment and care. The best practices are a vital reflection of current thinking and working approaches that are making a significant impact in the lives of children and adolescents, and they have the potential for adaptation or replication elsewhere, and scaled up. Hope is that they will contribute to the experience-sharing process and help stimulate and guide action to mitigate the disproportionate threat posed on children and adolescents by TB, Malaria and HIV and AIDS.
- v. Contracted are six (6) regional institutions to ensure domestication of regionally agreed policies, frameworks, and minimum standards in the areas of HIV and AIDS, TB, Malaria, Surveillance, Sexually Transmitted Infections and Laboratory Health Services. Already, a critical number of experts have been trained in individual Member States as trainers. The next stage will be to assist trainers to train at national level.
- vi. Underway is the operationalization of Human Resources for Health Strategic Framework, which focuses on broad issues such as management of Human Resources for Health (HRH), training, and resource mobilization. However, more remains to be done to ensure its systematic implementation to meet the need of HRH in the region.
- vii. The SADC Sexual and Reproductive Health Programme is working with the Education sector, UNESCO and UNAIDS on a Regional Programme of Action for re-invigorating the education sector response to HIV and AIDS and sexuality education. The Programme focuses on strengthening strategies to equip young people with the knowledge and skills to make informed, responsible choices about

their health and support behaviours, which decrease risk factors for HIV transmission.

- viii. In collaboration with UNESCO and UNAIDS, the Regional Programme of Action for reinvigorating the education sector response to HIV and AIDS is on course. As a result, a regional report on the status of HIV and AIDS, sexuality education and sexual and reproductive health services for young people in East and Southern Africa has been completed.

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## HIV AND AIDS

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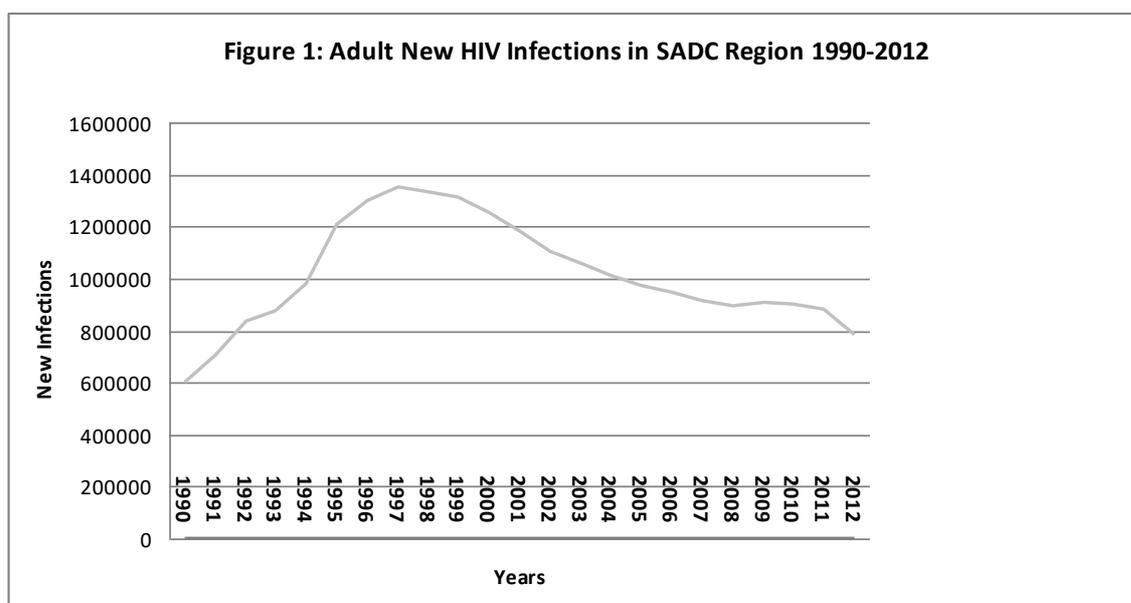
113. In line with one of the key outcome on effective, evidence-based, and coordinated responses to HIV prevention needs of men, women, youth, children and other populations at particular risk in the region, which is aligned to the Maseru Declaration on HIV and AIDS, continental and global commitments, the following was achieved and observed:

- i. HIV prevention and social mobilization

- a. HIV infections in adults

Now fewer new infections of adults aged 15-49 occur every year. The latest available data from the Member States shows that estimated new HIV infections of adults were 901,800 in 2010. That declined to 780,700 in 2012, implying a reduction in new HIV infections of 13.4 per cent. The trend in estimated adult new infections is persistently downward, as reflected in Figure 6.

FIGURE 6: ADULT NEW HIV INFECTIONS IN THE SADC REGION, 1990-2012



- b. HIV infections in children

Although the levels are still relatively low, reductions in new HIV infections among children have also been recorded. One of the targets of the Global Plan to eliminate new infections among children is to reduce new HIV infections among children by 90 per cent by 2015.

#### ii. AIDS Treatment

Although commendable progress has been made to achieve treatment coverage of 80 per cent by 2015 in the region, it is important to note that with the adoption of the 2013 new WHO treatment guidelines, the demand for treatment will increase substantially. The increased demand for treatment is associated with a number of critical challenges that need to be addressed, including the need for increased support to ensure adherence to treatment, and sustainability of antiretroviral drugs (ARVs) in the context of financial resource constraints.

#### iii. Impact Mitigation

The number of AIDS-related deaths among adults and children in the region (although there was missing data from some Member States) was estimated at 756,200 and 556,200 in 2009 and 2012 respectively, implying a decline in AIDS-related mortality. Orphans encounter unique challenges that need deliberate efforts from all sectors of the regions. These range from need for food, educational requirements, shelter, psychosocial support, etc. SADC Member States are implementing a variety of interventions to address the needs of orphans, especially the implementation of the SADC Psychosocial Framework.

Developed has been a regional monitoring and evaluation framework to track orphan-specific indicators. This will go a long way in addressing data deficiency that is critical for planning and programming for orphans and other vulnerable children.

#### iv. Resource Mobilization

As resource mobilisation is becoming increasingly critical for the HIV and AIDS response, the region is in the process of establishing internal mechanisms for sustained health and HIV and AIDS financing systems. Examples of such systems being put in place to increase domestic funding include AIDS levy and National Trust Fund.

As of 31 March 2013, the SADC HIV and AIDS Fund to facilitate implementation of 12 approved projects from the first round of the Fund have disbursed a total of US\$ 4,428,251. The implementation of these projects across Member States has enhanced capacity to address HIV prevention. It has also generated knowledge, which will inform the region in developing evidence-based policies and interventions. For the second round of the Fund, Ministers Responsible approved 10 projects, representing a total of US\$ 3,990,000, in November 2013 for Health and HIV, with expected implementation from July 2014.

Phase I of the SADC HIV and AIDS Cross-border Initiative (CBI) project funded by the Global Fund ended in June 2013. A no-cost extension was granted up to June

2014 for US\$ 2,934,837. A proposal for Phase II of the CBI was developed and submitted to the Global Fund for approval.

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## SCIENCE, TECHNOLOGY AND INNOVATION

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114. The main objective of this sector is to foster cooperation and promote the development, transfer, and mastery of science, technology, and innovation in order to support all programmes that are meant to achieve sustainable and equitable socio-economic growth and eradication of poverty in the region through the implementation of the RISDP. There are a number of achievements, including:

i. Agreement on the secondment of official for STI finalized

As part of the on-going arrangements to replace the Technical Advisor for STI, whose contract ended in December 2011, an officer from the South African Department of Science and Technology (DST) was identified and appointed as effect from 1 October 2013. The Secondment Agreement between DST and SADC Secretariat was finalized and signed in February and April 2014 respectively. Plans are underway for the official to relocate to Botswana to be based at the SADC Secretariat.

ii. Policy development and harmonization

The SADC Secretariat hosted the SADC Women in Science, Engineering, and Technology (WISSET) Technical Working Group meeting in June 2013, Gaborone, Botswana to finalise the Draft SADC WISSET Charter with Legal Counsel. The Draft Charter is ready for approval by the ministerial meeting of 2014.

The technical meeting of experts was convened in early April 2014 to discuss and revise the Draft SADC STI Strategic Framework, which will be tabled at the joint SADC STI and Education Ministerial meeting scheduled for June 2014.

The SHD&SP through the STI Unit serves on the Southern Africa Innovation Support Programme (SAIS) Supervisory Board. It participated in various meetings in 2013 to provide strategic input and advice to the programme. The SAIS is a Finnish funded programme to develop innovation systems and STI policy capacities for the following four countries in the region: Namibia, Botswana, Zambia, and Mozambique. The programme duration is over four years (2011-2015) with a support grant of 6.2m Euros. The key focus areas are networking; capacity building; learning from best practices and institutional development. This is a first pilot of the project and will later expand to include other countries in the region.

The STI Unit played a key role in providing technical support to NEPAD Science, Technology and Innovation Hub (NSTIH) STI regional programmes (centre of excellence/networks) such as the Southern African Network for Biosciences (SANBio) and the Southern African Network of Water Centres of Excellence (SANWATCE). The STI Unit provided technical input and support to the finalization of the SANBio Business Plan 2013-2018 to be presented to the ministers meeting in June 2014 for approval. The Unit also facilitated engagements with the SADC Secretariat division responsible for Water to consider the endorsement and approval of the Draft

AU/NEPAD Southern African Network of Water Centres of Excellence (SANWATCE) Business Plan by the SADC Ministers of Water meeting held in Zambia in 2013.

iii. Capacity-Building

Successfully implemented the SADC STI Policy Training programme in partnership with UNESCO, Manchester Business School, and University of Zimbabwe, where 22 senior officials representing 10 SADC countries graduated from the 12-month training programme. The training programme was funded by AusAID (Australian Aid) and the South African Department of Science and Technology.

TABLE 7: SADC STI POLICY TRAINING PROGRAMME

Country	Completed	Male	Female
Botswana	2	2	
Lesotho	2	1	1
Malawi	2	1	1
Mozambique	2	2	
Namibia	1	1	
Seychelles	1	1	
South Africa	7	4	3
Swaziland	2	2	
Zambia	1	1	
Zimbabwe	2		2
<b>Total</b>	<b>22</b>		

Hosted the third SADC High Performance Computing (HPC) workshop in December 2013, Cape Town, South Africa, where member states convened to discuss the draft SADC HPC Framework. The Draft Framework will be presented and discussed during the planned sector ministerial meeting scheduled for June 2014.

The Secretariat successfully hosted the fifth SADC Indigenous Knowledge Systems (IKS) workshop in February 2014, Gaborone, Botswana. The key outcomes of the workshop were establishment of a technical working group, comprising of Botswana, Malawi, Zambia, Angola and South Africa, to develop the draft regional IKS Plan of Action and also prepare for the 2016 6th IKS Workshop to be hosted by Malawi.

115. Linked mainly to the outcome on enhanced capacity to integrate and implement SADC regional policies and strategies on Orphans, Vulnerable Children and Youth (OVC&Y), the key achievements include:

- i. A Strategic Framework and Business Plan was developed to facilitate regional co-operation in empowering the youth to participate and take effective leadership in socio-economic and political affairs; improve their access to decent jobs, entrepreneurial and business opportunities; be responsible citizens; and to live decent lives.
- ii. Work has commenced to develop Standards for Integrating HIV and AIDS, Sexual Reproductive Health, and other related challenges of the youth as well as those of children and adults. This will help to accelerate progress in addressing HIV and AIDS and challenges such as teenage pregnancies, child marriages, sexual abuse, maternal deaths among young women, sanitation, substance abuse among children and youth in the region in a more effective and holistic manner.
- iii. Conducted was a review on the implementation of the SADC Minimum Package Services (MPS) for OVC&Y. The results show that all Member States, excluding Madagascar, had initiated efforts to operationalize the MPS at national level through conducting national assessments and analysis on the situation and opportunities for accelerating service delivery for OVC&Y in a comprehensively as required by the MPS. Twelve Member States had nominated national focal persons in Ministries responsible for vulnerable children who were coordinating multi-sector engagement on the implementation of MPS. Other Member States were incorporating the requirements of the MPS in national laws and Programmes of Action for OVC&Y, while others were putting in place necessary systems and infrastructure to enhance service delivery for the worse-off children.
- iv. Plans to address the glaring gaps in data and adequate understanding of the situation of OVC&Y were taken to another level. Commitment was secured from International Cooperating Partners to support the strengthening of Monitoring, Evaluation and Reporting of the situation and progress in addressing issues of vulnerable children and the youth, including youth development and empowerment. Efforts are also underway to recognise some of the regional NGOs and related organizations as regional Centres of Specialization that can support Member States on different aspects of OVC&Y development.

116. The challenges encountered include:

- i. Absence and shortage of finance personnel leading to poor financial planning and management;
- ii. Reduced budgetary allocations for effective implementation of key outputs;
- iii. Inadequate management information systems to ensure that data are processed and received timely to facilitate decision-making.

117. Among the measures taken to militate against the highlighted challenges were:
- i. Fast-tracking the recruitment and replacement of finance personnel on key Projects, and hence ensuring that there are no discrepancies in financial expenditure information;
  - ii. Advocating for the increase in the level of resources to ensure effective implementation of programmes funded under Member States' contribution;
  - iii. Requesting the Member States to strengthen monitoring and evaluation systems as well as improving the capture and flow of information within the Secretariat.
118. Linked with the limited resources in the past two years to support key programmes to build human capabilities, it is recommended that allocations to the Secretariat for the social sectors for the financial year 2015/16 and beyond be reviewed, at least to the level it was in 2011/12, to contribute effectively towards poverty reduction in the region.

## E. CROSS-CUTTING PROGRAMMES

### GENDER AND DEVELOPMENT

119. The overall mandate of the SADC Gender Unit is to facilitate the achievement of substantive equality between women and men in the SADC region through mainstreaming gender into all national and regional policies, programs and activities, and the adoption of positive measures to accelerate progress in that regard.
120. The Secretariat's functions on gender and development are to facilitate, coordinate, and monitor the implementation of SADC Gender Commitments at both national and regional levels.
121. The key achievements in Gender and Development include:
- i. Policy development and harmonization

The SADC Protocol on Gender and Development was adopted and signed by 13 out of 15 SADC Heads of State and Government on the 19 August 2008. To date 11 SADC Member States, namely, Angola, Lesotho; Malawi, Mozambique; Namibia; Seychelles; United Republic of Tanzania, South Africa, Swaziland, Zambia, and Zimbabwe have ratified the protocol and submitted their instruments of ratification. The Secretariat is at advanced stages of ensuring harmonization and effective implementation of the Protocol and the SADC Gender Policy in all the Member States, through the facilitation of development of a SADC Plan of Action on Gender and Development (2011-2016). At national level, SADC Member States are currently reviewing their gender policies and action plans to align them to the SADC Protocol on Gender and Development.

- ii. Gender mainstreaming

Gender Mainstreaming is a strategy for ensuring gender equality in the SADC at the planning, implementation, monitoring, and evaluation levels of policy programmes and projects. It is on this background that the Gender Unit continues to undertake several initiatives including capacity building, awareness raising, and materials development to enhance gender-mainstreaming efforts necessary for regional integration policies, programmes, and projects.

### iii. Capacity Building

Within the period under review, a capacity-building workshop was conducted for the SADC Gender Focal Points on Gender Mainstreaming. A training workshop for the Gender focal Persons in the SADC Secretariat representing the different Directorates and Units were held from the 26-28<sup>th</sup> May 2014 in Rustenburg, South Africa targeting staff from Human Resources and Administration, Budget and Finance, Information, Communication and Technology, HIV and AIDS, Trade, Industry, Finance and Investment, Audit, Public Relations Unit, Infrastructure and Services, Social, Human Development and Special Programmes, Policy Planning and Resource Mobilization, Organ on Politics, Defence and Security Cooperation. The overall objective of the training was to sensitize the Gender Focal Persons (GFP's) on gender concepts and issues and to prepare them to systematically mainstream gender into their work programmes.



SADC Gender Focal Persons at training in May 2014

### iv. Gender Budgeting

As directed by the Ministers at their meeting held on 2nd June 2011, in Windhoek, Namibia, the Secretariat, in collaboration with all the SADC Member States facilitated the development of the Regional Gender Budgeting Guidelines as part of gender mainstreaming tools to guide efforts towards gender budgeting. The purpose of the gender responsive budgeting guidelines (“GRB Guidelines”) is to design a common reference framework for SADC Member States to facilitate the development of good public finance management practice that ensures that national budgets are practically addressing gender equality priorities and commitments. The SADC Member States are expected to implement the Regional Gender Budgeting Guidelines accordingly.

## v. Constitutional and legal rights

All SADC Member States have signed, acceded to, and ratified the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW). CEDAW is an agreement by governments to incorporate the principle of equality of men and women into their legal systems, abolish all discriminatory laws, and adopt appropriate legislation prohibiting discrimination against women. Twelve of the 15 SADC Member States have ratified and/or acceded to the Protocol to the African Charter on human and People's Rights on the Rights of Women in Africa. Even though Member States have ratified CEDAW, and other International, continental and regional instruments, domestication remains very slow.

Regarding Constitutional Rights, all the Member States in the region have constitutional provisions to ensure gender equality. Whereas some Member States are more explicit, others are more general. There have been debates on the following subjects: the clear protection of women, access to justice, and more engendered electoral systems, including affirmative action provisions for women's entry into political positions. All the SADC Member States, except Seychelles, have a dual legal system with formal/general law, operating in conjunction with customary and religious law. The plurality of the legal systems has meant that some social issues, such as crime or commerce fall exclusively under formal or general law, whereas family issues fall under both general and customary law. This means that some legal rights for women are available but some are not. Due to this view of customary law, there are problems in most of the Member States in the interpretation of customary law by courts to the disadvantage of women.

On Domestic Legislation, SADC Member States have identified laws that discriminate against women and in most cases, and these have been set aside for amendment. Among these laws are those governing marriage, inheritance, child custody, and maintenance. All SADC Member States with the exception of Swaziland have prohibited discrimination based on sex in their Constitutions. In most SADC Member States, there is still a need to address equality between women and men and gender more thoroughly in Constitutions. In countries like Namibia, Swaziland, Zambia, and Zimbabwe Constitutional reforms have taken place. Amendments in line with the SADC Protocol on Gender and Development need to be stressed with specific attention being put on claw back clauses and other discriminatory laws that limit equal opportunities for women and men.

On access to Justice, in the recent years, most SADC Member States are developing innovative means and ways for women to have easy access to justice, cases in point are South Africa, Namibia, and Botswana. However, women in Southern Africa still face various obstacles in accessing legal and judicial services. Even where there are gender sensitive laws, they may be ineffective in practice because they have not been communicated to people. Many women live in the rural areas where in most cases they experience poverty, lack of education and less access to information and materials on the law. When women are increasing becoming aware of their rights, they may not be able to afford legal costs or access mainstream courts.

Regarding Marriage and Family Rights in SADC, marriage is governed by parallel legal regimes of statutory, customary, and at times religious law. Most marriages in the region continue to be solemnized under customary law. Usually, customary and religious laws are not written, are therefore subject to a variety of interpretations and application. There is a mixed picture on equal rights within marriage in the region but in most cases, women married under customary law have fewer rights than those married under civil law. Women continue to suffer discrimination due to non-uniform marriage and divorce laws, polygamy, the application of customary property laws that still favour men's ownership of land, discriminatory and harmful cultural practices, violence against women and lack of equal access to education.

#### vi. Gender based violence

Gender violence continues to be the single most important impediment to the attainment of gender equality in SADC. However, most Member States in the region have developed legislation and policies that cover a whole range of issues including sexual violence, domestic violence, and sexual harassment and trafficking, among other issues. Nine SADC countries have legislation on domestic violence and seven SADC countries have legislation pertaining to sexual offences. One area that little attention has been paid to is marital rape. South African law is the only system that labels it explicitly as an offence. Various Member States have different penalties for perpetrators of violence against women.



Violence against women on the increase

However, despite all these positive advances, the prevalence of GBV remains very high in SADC. More robust programmes and initiatives to combat violence at all levels must be developed by member States to prevent violence, and offer support services in an integrated approach in line with the SADC protocol on Gender and Development. The Secretariat in collaboration with SARPCO is currently implementing an on-going project to support SADC Member States to train law enforcement officers to deal with Gender Based violence in a more gender responsive way.

#### vii. Trafficking of Persons in SADC

The phenomenon of trafficking in persons, especially women and children is growing in the SADC Region. This represents a new, sophisticated, and aggressive form of slavery. The secrecy of this illegal trade in persons makes it difficult to obtain data on the patterns, levels, and trends of the practice. Although debated is the precise extent of trafficking in persons, it is clear that a high level of trafficking in persons, especially women and children is occurring in the SADC Region. These offences are criminal activities and require clear and comprehensive legislation to prevent and combat. Furthermore, there is a need for programmes and legislation to protect and assist victims of such trafficking, with full respect for their human rights, and to promote cooperation among Member States in order to address this problem.

In response to the anticipated increase of trafficking in persons, especially women and children in the SADC region during the 2010 FIFA World Cup, SADC Ministers responsible for combating trafficking in persons, met on the 28th May 2009 in Maputo, Mozambique to deliberate, consider and approve a SADC Ten Year Strategic Regional Action Plan on Combating Trafficking in Persons, especially Women and Children was adopted by SADC Council of Ministers in August, 2009.

The Secretariat is currently implementing a Regional Project to combat Human Trafficking under the Regional Peace Cooperation to implement the SADC Ten Year Strategic Regional Action Plan on Combating Trafficking in Persons, especially Women and Children.

viii. Access to and control of resources

Poverty continues to pose a major obstacle for women's development in SADC. This is due to the general subordinate women's legal status, limited access to productive resources such as land, technology, credit, education and training, formal employment, as well as susceptibility to HIV and AIDS. Although SADC Member States have made advances including putting in place enabling policy and legislative framework and other measures to address poverty and enable the effective participation by women in the economy, a lot still requires to be done in this area.

It is imperative that measures be developed by SADC Member States to create multi-dimensional programmes for women's economic empowerment with potential for life changing and sustainable poverty reduction among women.



## Woman in agriculture

### ix. Women in politics and decision making

On Women's equal access to political and decision-making positions at all levels, the SADC Member States have made some progress in ensuring that women occupy positions of power as follows:

- a. Malawi was (between April 2012 and May 2014) the only SADC Member State with a woman President.
- b. Mauritius and Zimbabwe are the only two Member States with women Vice Presidents.
- c. Botswana, Mozambique, South Africa, and Tanzania have women Speakers of Parliament/National Assembly. Zimbabwe and Swaziland have women Presidents of the Senate. Angola, Namibia, South Africa, Swaziland, and Zimbabwe have women Deputy Speakers of Parliament/National Assembly. Namibia has a Deputy Chairperson of the National Council.
- d. At Cabinet level, there has been a steady and consistent upward trend in the number of women representation in Angola, Lesotho, Mozambique, South Africa, Swaziland, Tanzania, and Zimbabwe. However, the number of women representation in Botswana, DRC, Namibia, Seychelles, and Zambia has decreased or remained low.
- e. At Parliament level, there has been a steady and upward trend on women's representation in Angola, Mauritius, Mozambique, Seychelles, South Africa, and the United Republic of Tanzania while in the other Member States, there has been a reduction in the number of women in parliament.

### 122. The major challenges for gender equality in SADC are:

- i. Slow domestication of international, continental, and regional gender instruments at national level.
- ii. There are conflicts between customary law and common/statutory law. Some customary laws are in conflict with statutory laws and run at variance with the gender agenda.
- iii. There have been regressions in women's representation in political and decision-making positions. With a few exceptions, recent elections have decreased women's representation both at national and local level in Zambia last year; persistent low levels of women's representation in the DRC, and the marginal increase in women's representation in the Lesotho national elections in May 2012.
- iv. Lack of comprehensive affirmative Action Plans and appropriate electoral laws and policies.

- v. Limited technical capacity and gender mainstreaming competencies and awareness by most experts in Directorates at regional level and in sectoral Ministries at national level.
- vi. Women have limited access to productive resources, including credit facilities and land, especially in the rural areas.
- vii. Gender based violence remains high in almost all SADC Member States.

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## STATISTICS

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123. During the period under review, the focus of the SADC Statistics programme centred on:

- i. Harmonisation of statistics;
- ii. Finalisation of the Regional Strategy for Development of Statistics (RSDS);
- iii. Consolidation of the development of statistical data dissemination mechanisms;
- iv. Promotion and facilitation of building and enhancement of statistical capacity.

124. The key achievements were as follows:

- i. Compilation, printing, and dissemination in web based and print versions of the SADC Statistical Year Book 2012.
- ii. Compilation and dissemination of the monthly SADC Harmonised Consumer Prices Indices, which are posted onto SADC website.
- iii. Finalisation of the SADC Regional Strategy for the Development of Statistics (RSDS), which was approved in principle by the Council.
- iv. Conduct of the annual SADC Statistics Committee meeting for the formulation of strategic and policy direction for implementation of statistics projects in SADC.
- v. Compilation of updated and validated selected regional indicators for data series relating to period from 2000 to 2013.
- vi. Coordination of data collection and submission to the African Development Bank of validated prices and National Accounts statistical data for SADC Member States for the 2011 International Comparison program.
- vii. Promotion of statistical capacity building with focus on Consumer Prices, National Accounts, and Foreign Trade statistics.

125. The SADC Statistics Programme encountered a number of challenges during the period under review, the most notable of which included:

- i. Non-disbursement of program grant funds for the Statistical Capacity Building program financed by the Africa Development Bank due to administrative bottlenecks.
- ii. Inadequate resources from Member States for regional statistics activities to sustain projects' results achieved through Development partners support.
- iii. Low statistical capacity at the Secretariat to coordinate regional statistical activities.

### III. IMPLEMENTATION OF CORPORATE ACTIVITIES: HUMAN RESOURCES AND ADMINISTRATION, PUBLIC RELATIONS, AND PROCUREMENT

#### A. HUMAN RESOURCES AND ADMINISTRATION

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126. In the area of Human Resources, the main achievements aligned to planned activities were in the following areas:

##### REVIEW OF HUMAN RESOURCES POLICIES

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127. As part of institutional reforms and continuous improvement, the SADC Secretariat developed the Long Term Fixed Employment Contract Framework, which aims to ensure the retention of skilled and competent staff and stability of the institution, and enable a comprehensive Training Needs Assessment. Also commenced was the review of SADC Administration Rules and Procedures.

##### RECRUITMENT AND STAFF DEVELOPMENT

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128. The Secretariat recruited through a competitive process, the positions of the Executive Secretary and Deputy Executive Secretary-Regional Integration.

129. Other recruitment was of one regional staff and three local staff under the approved SADC structure; four regional staff and four local staff in the Regional Political Cooperation (RPC) Programme; two regional officers in the Regional Economic Integration Support (REIS) Programme; four regional staff and one local staff under Climate Change Programme.

130. Anticipated is that six (6) of the 20 vacant positions on the establishment will be filled before the end of the financial year in March 2015, while 14 positions are frozen due to financial constraints.

131. As part of the staff development initiative, the Secretariat conducted a number of training sessions in the areas of Public Finance Management; Corporate Governance; Fleet Management; TRADOS (Translation programme); Protocol and Diplomacy; Procurement Plan/Procedures, and Risk Management, amongst others.

132. Regarding the facilitation of meetings, the Secretariat has provided interpretation and translation services to 155 SADC meetings including the Ordinary and

Extraordinary Summits of the Heads of State and Government, and Sector Ministerial and Technical meetings.

## B. PUBLIC RELATIONS

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### CORPORATE BRANDING

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133. The Public Relations Unit produced on time and distributed promotional items, namely, diaries, calendars, Christmas cards, corporate souvenirs, the SADC Day Poster, and pull up banners. The pull up banners were produced in partnership with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.
134. For the standardisation and uniformity in positioning of the SADC brand, the Unit has revisited the draft SADC Corporate Identity Manual for submission to Council for consideration.

### PUBLICITY AND PUBLICATIONS

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135. Produced and distributed via email on the last day of each month was the monthly in-house journal "Inside SADC". Also reproduced and widely distributed were several protocols and the information flyer SADC In Brief.
136. The Unit also provided public relations support to other offices, directorates, and stand-alone units of the SADC Secretariat including to the SADC Electoral Observer Missions (SEOM).

### PROTOCOL AND DIPLOMATIC RELATIONS

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137. Regarding protocol and diplomatic relations, the Unit facilitated the operationalization of the SADC Committee of Ambassadors and High Commissions in Botswana.
138. The Unit organised and managed several events as well as provided diplomatic relations by issuing of several Notes Verbales and rendering protocol services to a host of dignitaries who visited the Secretariat during the period under review.
139. The Unit also designed and produced the official opening and closing ceremonies of the Summit of SADC Heads of State and Government. In this regard, the Unit also rendered protocol services in terms of seating arrangements at the Head Table during Summit official opening and closing ceremonies as well as procured accreditation badges for the Heads of State and Government, SADC institutional VIPs and VVIPs invited to the Summit ceremonies

### PUBLIC AFFAIRS

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140. In the area of public affairs, the Unit continued to host school briefings and respond to all public queries as well as proactively disseminated information to the SADC stakeholders. Also held were exhibitions in two Member States.
141. The Unit also successfully organised and managed two annual public outreach programmes, namely the, SADC Media Awards and the SADC Secondary school Essay Competition.

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## MEDIA RELATIONS

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142. Besides the press briefings, several media advisories, press statements and releases, the Unit held a journalist training workshop on the margins of the 2013 Summit in Lilongwe, Malawi.
143. Over and above these, the PRU has successfully organised the SADC Executive Secretary's Introductory and Consultative meeting with Editors-in-Chief of Gaborone-based media houses. This served as a launching pad for improved relationships with the media where the two parties shared views on how best to facilitate access to and use of SADC information.

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## LIBRARY SERVICES

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144. The library services, during the period under review, included the procurement of publications for the Library, cataloguing, classification of new acquisitions and re-classification of some collections to align them to current entries.

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## PROFESSIONAL LINKAGES AND NETWORKS

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145. With the aim to maintaining its established relationships with major partners in communication, the Unit participated in the Annual General Meeting of the Southern African Broadcasting Association (SABA AGM) as well as maintained ties with the Public Relations Institute for Southern Africa (PRISA) and the Media Institute of Southern Africa (MISA). The outcome of the SABA connection is that work is under way to revive the regional radio-broadcasting programme "SADC Calling" that used to be a major tool for SADC information flow, but which stopped due to the unavailability of sponsorship. Anticipation is that the programme will resume before the end of 2014, with the participation, in co-production and broadcasting, by all the national broadcasters as before.

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## C. PROCUREMENT

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146. In August 2011, the SADC Council of Ministers approved the Procurement Policy, whose implementation date was 01 April 2012. The policy provides direction for the procurement of goods works and services for the Secretariat, with respect to contract approval, authority limits, contract signing authority, establishment of the Tender Committee, and incorporation of sustainable and ethical procedures into the procurement process.
147. The Procurement Structure is evolving and the Management is committed to its continued improvements. The reporting period saw more involvement of Member States Tender committee members in the adjudication process for procurements over US\$250,000.00.
148. In conjunction with Budget and Finance, the Procurement Unit initiated ongoing monitoring of procurement activities in Directorates and Units across the Secretariat to ensure compliance with the procurement policy at all the stages of the approval process. The Procurement Unit developed and implemented key training material such as Preparation of Terms of Reference, Preparation of Technical Specifications, How to develop Procurement Plans, in the quest of improving service delivery.

149. The Procurement Unit provided procurement management support to key projects at the Secretariat, apart from two projects that had procurement specialists recruited for the projects. Established during the reporting period were standardized procurement processes and procedures across all Directorates and Units, which align with the procurement policy and best procurement practices.
150. Article 46 (Monitoring and Auditing of Procurement Activities) of the Procurement Policy requires that the Board of Auditors annually report to the Council of Ministers for their information and endorsement. Management has ably supported the auditing process on all procurements done.
151. The year 2013/14 marked a significant shift in the Secretariat's procurement practices. Procurement activities are now flowing through the Procurement Unit; thus enabling strategic decision making on significant expenditures, leveraging of the Secretariat's wide spending, and institutionalizing standardized systems and controls, with overall benefits of improved pricing and cost savings, increased compliance to policies, and improved transparency.
152. Contracts for goods, works, and services with an estimated cost of about US\$4.0 million were entered into in 2013/14 financial year. Compared to the 2012 profile, this represents a 50 per cent reduction in the overall expenditure on procurement related matters. There were direct cost savings achieved primarily through the consolidation of SADC expenditure, competitive bidding, and negotiation.
153. The Secretariat procurement spend represents approximately 27 per cent of total Member States budget expenditures based on the procurement profile developed in the 2012/13 financial year. Table 8 shows the SADC procurement profile.

TABLE 8: SADC PROCUREMENT PROFILE, 2013-2014

	<b>Description of Goods</b>	<b>Estimated Amount USD</b>
1	Airfares	2,102,067.00
2	Goods	701,610.00
3	Consultancy Services	2,745,350.00
4	Conference Costs & Conference Package	652,930.00
5	Equipment Hire	323,900.00
6	Interpretation & Translation fees	263,470.00
7	Security Services	413,920.00
8	Computer Repairs & Expenses	147,550.00
9	Office Furniture & Equipment Repairs	34,744.00
10	Building Repairs	101,500.00
11	Office Rent	393,000.00
12	Honorarium Fees	769,920.00
<b>Total Procurement Spend</b>		<b>8,649,961.00</b>

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## IV. CONTINENTAL COOPERATION

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### A. AFRICAN UNION (AU) AND NEPAD

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154. The SADC joined the African Union and other RECs in the continental celebration of the 50<sup>th</sup> anniversary of the AU (OAU). The AU Heads of State and Government adopted a Solemn Declaration, which rededicated the African counties to the continent's development. The African leaders pledged commitment to progress, which should focus on eight key areas, which they pledged to integrate into the Continental Agenda 2063, and in regional and national development plans. The ideals and goals of the Agenda 2063 are:

- i) African identity and renaissance
- ii) Continue the struggle against colonialism and the right to self-determination of people still under colonial rule
- iii) The integration agenda: implement the continental free trade area to ultimately establish a united and integrated Africa
- iv) Agenda for social and economic development
- v) Peace and security agenda
- vi) Democratic governance
- vii) Determining Africa's destiny
- viii) Africa's place in the world

155. The Revised RISDP 2015-2020 aligns with the African Union Agenda 2063, whose vision is to "build an integrated, prosperous, and peaceful Africa, an Africa driven and managed by its own citizens and representing a dynamic force in the international arena". Therefore, the SADC supports the AU vision's aspirations.

156. The Secretariat participated in the 14th Session of the Regional Coordination Mechanism for Africa (RCM-Africa) of United Nations agencies and organizations working in Africa in support of the African Union and its NEPAD programme, which was from 21 to 22 November 2013 in Addis Ababa, Ethiopia. The theme of the meeting was “United Nations Support to the African Union Agenda 2063”, with principal focus on effective support for the implementation of the African Union Agenda 2063.

157. Following from the Extraordinary Session of the Conference of African Union Ministers of Trade (CAMOT) of 23 to 28 April 2014 in Addis Ababa, Ethiopia, a SADC consultative meeting regarding the agenda for boosting intra-Africa trade was held from 30 to 31 May 2014 in Gaborone, Botswana. The meeting agreed to use the SADC programme for consolidation of the SADC Free Trade Area as a basis for developing a Regional Action Plan on Boosting Intra-Africa Trade.

## V. DEVELOPMENT COOPERATION AND RESOURCE MOBILISATION

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### A. SADC – EU COOPERATION

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

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158. The SADC 10th EDF Regional Strategy Paper (RSP) and Regional Indicative Programme (RIP), which were signed in November 2008, allocated Euro 116 million earmarked for two focal sectors, namely, Regional Economic Integration and Regional Political Cooperation. The main objectives of the support programme are Poverty Reduction; Acceleration of Economic Growth and deeper levels of Regional Economic Integration; and Political Cooperation. These focal areas are in line with SADC priorities outlined in the Regional Indicative Strategic Development Plan (RISDP) and the Strategic Indicative Plans for the Organ (SIPO), as well as the aims of the AU-EU Strategy for Africa.

159. The 10th EDF Mid Term Review (MTR) resulted in an initial transfer of EUR 32 million to the Sustainable Energy for all facility (SE4ALL), but the resources have been fully transferred back in order to finance the pilot programme of the Trade Related Facility.

160. The key milestone and observations across all the 10th EDF can be summarized as follows:

- i. All 10th EDF projects are now fully committed (100%).
- ii. Only one project remains to be contracted. This Trade Related Facility still stands at zero % level of contracting. The Action Fiche for the TRF has been approved by the EU headquarters and the process of finalizing the documents for TRF Contribution Agreement and other enclosed documents is on-going for a signature planned before the end of July.

- iii. Most projects are now at 80% in terms of Contracting. The rates of payments are still low, which reflects the low absorption capacity for projects such as RPC. The overall level of payment is at 21.5 per cent, and as directed by Council in February 2014, the SADC Secretariat is working on strategies to enhance the absorption rate under the 10th EDF.
- iv. Following the approval of the PPDF Contribution Agreement in December 2013, work is on-going with the DBSA on the finalization of the first year work plan and the request for proposals for projects. The DBSA has nevertheless requested to be paid for the management of this facility although the current Memorandum of Understanding between DBSA and SADC signed in 2008 stated that DBSA would not request any fees. Current discussions are on-going to ensure that the situation is sorted out quickly.
- v. After facing delays in start-up, the RPC is now on track after finalization at the beginning of the year the recruitment of the Project Coordinator and other staff members. The project has had success in facilitating election observations and monitoring in countries such as Zimbabwe, Madagascar, South Africa, and Malawi.
- vi. The implementation of REIS is ongoing, and has contributed towards the prioritization by Member States of the SADC Regional Action Programme for Investment (RAPI) and the implementation of the SADC Integrated Regional Settlement System (SIRESS). Double Taxation Avoidance Agreements (DTAAs) are on the increase among member states. Progress has also been made in the implementation of provisions under the Technical Barriers to Trade (TBT), Sanitary and Phytosanitary (SPS), Quality Assurance, Accreditation and Metrology (SQAM). Works is also progressing well under EPA negotiations.
- vii. There has been some progress in the implementation of ICDP activities, with the recruitment of an Interim Management Coordinator and a Short Term Expert to assist in change management. Progress made include the formulation of a communication and visibility plans, facilitation of the drafting of resource mobilization guidelines and checklists, contribution to the review of RISDP, training for none finance managers, implementation of knowledge sharing mechanism under SIMS, monitoring and reporting on 10th EDF projects, programming of the 11th EDF, Training on risk management, procurement and development of technical specifications for tenders. ICDP has also assisted in the review of a number SADC HR and Administration policies.

161. Presented in Table 12, below, is the overall progress of contracting and payments under the 10th EDF RIP.

TABLE 9: FULL LIST OF 10<sup>TH</sup> EDF PROJECTS (INCLUDING PROGRESS ON CONTRACTING AND PAYMENTS)

No.	Project Title	Duration	Amount	Contracted	Paid	Comments	%-Contracted	%-Payment
i	Project Preparation and Development Facility (PPDF)	2013-2017	12,000,000	11,750,000	1,989,000	CA signed Dec 2013.	97.92	16.6
ii	Institutional Capacity Development Programme (ICDP)	2013-2015	12,000,000	10,438,889	3,937,688	Financing Agreement signed in November 2012.	86.99	32.8
iii	Regional Economic Integration Support (REIS)	2013-2016	20,000,000	19,600,000	4,126,400	Financing Agreement signed in March 2013 during the EU-SADC Ministerial Political Dialogue.	98	20.6
iv	Trade Related Facility	2014-2018	32,000,000	0	0	10th EDF MTR resulted in the transfer of EUR 32 million to the SE4ALL. CA to be prepared	0	0.0
v	Regional Political Cooperation (RPC)	2012-2016	18,000,000	17,600,000	5,140,158	Financing Agreement signed in November 2012.	97.78	28.6
vi	Technical Cooperation Facility I (TCF)	2011-2015	6,000,000	5,442,584	4,649,377	FA signed in January 2011	90.71	77.5
vii	Technical Cooperation Facility II (TCF)	2012-2016	6,000,000	1,411,687	575,582	Financing Agreement signed in November 2012.	23.53	9.6
Viii	MESA - Environmental Monitoring	2012-2017	5,000,000	4,295,991	0	Financing Agreement signed in February 2012. SADC contribution to all Africa programme	85.92	0.0
ix	Support to Africa Regional Technical Centre (SADC Contribution)	2013-2016	5,000,000	5,000,000	4,500,000	Financing Agreement signed in April 2013. CA with IMF signed in July 2013.	100	90.0

No.	Project Title	Duration	Amount	Contracted	Paid	Comments	%-Contracted	%-Payment
x	SE4ALL	2013-2035	32,000,000	26,300,000	0	10th EDF MTR resulted in the transfer of EUR 32 million to the Sustainable Energy4All facility.	82.19	0.0
	Total amounts	with 10th EDF reserves	148,000,000	101,839,151	24,918,205		68.81	16.8

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## PROGRAMMING FOR THE 11TH EUROPEAN DEVELOPMENT FUND (EDF)

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162. During the SADC Council of Ministers meeting held from 10 to 11 March 2014 in Lilongwe, Malawi, the Council received and noted a number of background information on 11th EDF Regional Programming process for the EA-SA-IO region. In particular, the Proposed 11th EDF Regional Indicative Programme (RIP) configuration for the EA-SA-IO region; Analysis of available options for the SADC; Governance of the RIP through a High Level Committee (HLC); Direct access by other stakeholders to the Regional Envelope; Focal Sectors under the 11th EDF; and the Proposed Financial Allocations for the 11th EDF.
163. The Council also noted at that meeting the June 2014 deadline for concluding the 11th EDF RIP, and mandated the Secretariat to negotiate a position that best serves SADC interests. Following an invitation by the EU, a SADC Secretariat delegation headed by the Executive Secretary attended an 11<sup>th</sup> EDF regional programming meeting in Brussels, Belgium from the 13 to 14 March 2014. Also attending the meeting were the COMESA, EAC, IGAD and IOC.
164. The SADC took this opportunity to lobby the EU to take into account its interests in programming the 11th EDF RIP. The EU largely maintained its policy position for the proposed 11th EDF Regional programming guidelines including the joint RIP for the EA-SA-IO region. This stance was based on their belief that this approach will address some of the challenges related to multiple memberships that can partly be addressed through joint projects covering all the five Regional Organizations in the EA-SA-IO region.
165. However, there were some amendments made to the EU's original proposals. The Mandate of the HLC and the rules of procedures for HLC meetings were amended to accommodate SADC concerns.
166. The following summarizes other areas of agreement at the EA-SA-IO region-EU meetings:
- i. A new inter-Regional Economic Community (REC) coordination framework for use under the 11th EDF to replace the Inter-Regional Coordination Committee (IRCC) that was used under the 10th EDF by other sister regional organizations namely COMESA, EAC, IGAD, and IOC was agreed.
  - ii. At operational level, programming should be based on each Regional Organization's institutional systems and processes of Regional integration and should respect each Regional Economic Community (REC)'s Treaty Provisions and other Strategic documents. Programming and management of the joint RIP should take into account each REC's legal and institutional systems. This approach is meant to ensure that political and technical mandates for each REC are not compromised. To date, the programming process has respected this process.

- iii. The Secretariat agreed with the EU that potential implementers under direct access should be those endorsed by Regional Organizations and that the project is owned by Member States through agreed Regional Indicative Strategies and Programmes. Issues related to equity, fairness and equal participation should also be preserved under direct access both at programming and actual identification of projects. During the implementation stage, RECs should remain responsible for coordination, receive reports on implementation progress, carry out regular monitoring and reviews of the direct access projects.
  - iv. On the Sub-Regional Envelope, the Secretariat has ensured that the projects under this envelope have their basis on each REC's long term, medium term development objectives, and strategies. While part of the resources under this envelope will be channelled through other stakeholders, the Secretariat has managed to ensure that RECs also play a role and that the other implementing stakeholders become accountable to the peoples of the Eastern and Southern Africa through working closely with the Regional Organizations.
  - v. On programming the infrastructure envelope, the Secretariat reiterated the need for transparency and equity in the allocation of EU blending resources by involving all the relevant stakeholders. In addition, the infrastructure to be supported is drawn from the SADC Regional Infrastructure Development Master Plan (RIDMP) and the priority infrastructure Project list under the Tripartite and the Programme for Infrastructure Development in Africa (PIDA).
167. In terms of progress in programming, the SADC Secretariat working closely with the EU has been involved in the programming process since March 2014 to date. Feasibility studies have been done in all the chosen focal areas of Peace, security and regional stability; Regional Economic Integration; Regional natural resource management (Food Security and Agriculture); Regional natural resource management (Environment and Sustainable Development); and Infrastructure (To be financed under the Infrastructure envelope).
168. The outcome of the feasibility studies were discussed with member states civil society, the private sector and the EU during the months of May and June 2014. The outcomes of the feasibility studies and the workshops were used to draft the SADC- Sub-envelope RIP jointly with the EU while at the same time taking into account the RISDP review process and SIPO. Council is invited to consider approving this draft RIP.
169. In terms of the programming of the Cross-Regional Envelope, EU produced zero concepts notes in March 2013. SADC provided comments to these concepts notes in May 2013. There-after a technical meeting of all RECs in the EA-SA-IO region met in Djibouti from 2 to 5 June to discuss these Concepts notes. The draft concept notes have been revised to include inputs from all the RECs and the EU. The Concept notes have been used to come up with the following Indicative list of projects to be considered under the cross-regional envelope:

- i. Great Lakes Initiative;
- ii. Maritime Security;
- iii. Migration;
- iv. EPA Implementation;
- v. Sustainable fisheries;
- vi. Wildlife conservation and
- vii. River Basin and Aquifer Management.

170. The Djibouti technical meeting also considered a draft concept note under the Infrastructure Blending Envelope that has a bearing to all the five RECs in the EA-SA-IO region. The concept note has been used to come up with an Indicative list of projects under the infrastructure envelope.

171. The draft RIP for the EA-SA-IO region comprises the three envelopes mentioned above. That is:

- i. The SADC Sub-Envelope RIP
- ii. The Cross-Regional Envelopes
- iii. The Infrastructure Envelope

172. The Secretariat organized two Regional planning workshops, in November 2013 and February 2014, to facilitate consultations with the SADC Member States on the programming of 11th EDF and to discuss the linkages between the Regional programmes and national programmes.

173. The Secretariat continues to consult with the other EA-SA-IO Regional Organisations and the EU during actual programming process.

## **B. SADC-EU POLITICAL DIALOGUE**

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174. Implementation of the Review of Windhoek Declaration: During the meeting of the SADC/ICPs Dialogue Platform held in Gaborone, Botswana on 14 February 2014, the SADC and International Cooperating Partners (ICPs) re-iterated their commitment to cooperation in the implementation of the SADC Common Agenda and the Windhoek Declaration of 2006. The Declaration sets out the principles of cooperation, the partnership commitments, and priority areas of cooperation, and the structure of dialogue between SADC and ICPs. The Windhoek Declaration was reviewed in 2012 to assess progress and make recommendations for improvements in the Partnership.

175. The meeting adopted a new name for the dialogue, namely, the “SADC/ICP Dialogue Platform” that replaced the previous name, Core Group. In this platform, the SADC is represented by Senior Officials from the Double Troika Member States and the Secretariat.

176. Adopted at the February 2014 SADC/ICP Dialogue Platform were the following partnership instruments, whose objective is to foster effective cooperation between SADC and ICPs for the implementation of the SADC Common Agenda:
- i. SADC/ICPs Partnership Statement, re-affirming the principles of the Windhoek Declaration and emphasizing the need to strengthen alignment of support to the SADC Medium Term Strategy and Five-Year Corporate Plan as well as encourage adherence to the SADC Resource Mobilisation Strategy.
  - ii. The Generic Terms of Reference for the SADC/ICPs Dialogue Platform (formerly known as the Core Group) and the Thematic Groups, whose objective is to facilitate effective dialogue and thematic group coordination.
  - iii. The Windhoek Declaration Action Plan, which outlines outcomes, outputs and activities required to operationalise the Windhoek Declaration.
177. The SADC and EU Senior Officials met in Brussels, Belgium on 16 June 2014 to prepare for the EU-SADC 2015 Ministerial Political Dialogue. Representing the SADC were senior officials from the Double Troika Member States and the SADC Executive Secretary.
178. The SADC-EU Senior Officials meeting of June 2014 discussed the following issues:
- i. Outcome of EU-Africa Summit: Continental dimension – issues of relevance for EU-SADC relations in the areas such as peace and security; climate change and energy; and maritime security including piracy.
  - ii. Political developments in the SADC and EU regions.
  - iii. Economic developments and regional co-operation and integration in the EU and SADC regions.
  - iv. Development Cooperation under the 10<sup>th</sup> and 11<sup>th</sup> EDF.
  - v. Preparation for the 2015 EU-SADC Ministerial Political Dialogue Meeting.
179. The SADC-EU Senior officials will meet again in 2015 to update the status of developments in the two regions as they prepare for the SADC-EU Ministerial Political Dialogue that will be held in Brussels, in 2015.

### **C. SADC – AFRICAN DEVELOPMENT BANK**

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

181. The current support provided by the AfDB amounts to AU62.4 million for 8 projects. The SADC Secretariat is the Implementation Agency for five projects in the areas of agriculture, water and sanitation, education, transport, and health. Table 13 below indicates the status of the AfDB supported projects.

TABLE 10: STATUS OF AFDB PROJECTS AS AT DECEMBER 2013

Name of project	Approval Date	Closing date	Physical Implementation as at Dec 2014
Strengthening of Institutions for Risk Management for TADS Project.	13.12.2006	30.12.2013	Completed
Shared Watercourses Support Project	25.01.2006	30.06.2014	In progress
Capacity Building Project in Open Distance Learning (ODL)	20.12.206	31.07.2014	In progress
Support to the control of Communicable Diseases Project	31.05.2006	31.12.2014	In progress
SADC-Technical Assistance (Kazungula Bridge Study)	1.12.2006	30.06.2012	Completed
SADC North-South Corridor Improvement Study- Botswana/Zambia	5.02.2006	30.06.2013 31.12.2013	Completed
Support to SADC Water and Sanitation Program	4.06.2009	30.06.2014	In progress

182. Implementation of some of the project activities was adversely affected by bottlenecks, among others, delays in providing African Development Bank's "no objection".

#### D. SADC – CHINA COOPERATION

**[Input to follow the ES's visit to China in June 2014]**

## VI. AUDIT AND GOVERNANCE, AND BUDGET AND FINANCE

### A. BUDGET AND FINANCE

#### BUDGET AND FINANCE

183. The SADC Secretariat continues to observe the highest standards that reflect adherence to principles of sound and transparent public finance management. The SADC Board of Auditors commenced on schedule the audit of the financial statements of the SADC Secretariat for the period 2013/2014 financial year. The Secretariat continues to ensure that the improvements recommended by external auditors and other

independent evaluations are promptly implemented, with progress reports reviewed by Council as advised by its Technical Committees.

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## OPERATING PRIORITIES FOR 2013/14

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

- i. Efficient and effective internal control environment
  - a. Guidelines and manuals on the preparation of medium term revenue and expenditure forecasts, budgets, accounts and financial statements and reports.
  - b. Automation of budgeting and accounting processes.
  - c. Coordination of the medium and annual budget development processes.
  - d. Development of annual performance contracts.
  - e. Obtaining Council approval for the revised Financial Regulations.
  - f. Working capital management.
  - g. Application of aid delivery instruments.
- ii. Efficient and effective financial monitoring, accounting and reporting services
  - a. Application of international standards and development of relevant accounting policies.
  - a. Processing of financial transactions.
  - b. Provision of budget expenditure reports.
  - c. Issuance of annual accounts and statutory financial statements.
- iii. Governance and advisory services
  - a. Research into improvements in the area of financial management.
  - b. Advisories to all levels of management and oversight structures.
  - c. Compliance with applicable financial regulations and procedures.
  - d. Strengthening capacity of management to apply financial regulations and other related policy instruments approved by Council.

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## OVERVIEW OF THE BUDGETARY AND FINANCIAL SITUATION

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185. The activities of the Secretariat during the year under review were funded by budgetary appropriation of US\$70,36 million approved by the SADC Council of Ministers through a resolution made at its meeting held in March 2012 in Luanda, Angola. The final funding allocations for the Secretariat for the year 2013/14 are as shown in Table 9 below:

TABLE 11: FUNDING ARRANGEMENT FOR 2013/14 BUDGET (US\$'000)

	<b>Member States Funded Programs</b>	<b>ICP Funded Programs</b>	<b>Total</b>
Annual Member States contributions	33,856	47,490	81,346
Member States Special Programmes	1,153	1,153	1,153
<b>Total Final Budget</b>	<b>35,009</b>	<b>47,490</b>	<b>82,499</b>
Original budget	33,718	31,296	65,014
Budget movement: (reduction)/increase	4%	52%	27%

186. Table 10, below, gives a summary of financial results for the period ended on 31 March 2014.

TABLE 12: FINANCIAL RESULTS (SUMMARY) (US\$'000)

	<b>2013/ 2014</b>	<b>2013/ 2014</b>	<b>2012/ 2013</b>	<b>2012/ 2013</b>	<b>2011/ 2012</b>	<b>2011/ 2012</b>	<b>2010/ 2011</b>	<b>2010/ 2011</b>	<b>2009/ 2010</b>	<b>2009/ 2010</b>
	<b>Actual</b>	<b>Proportion</b>								
<b>Income</b>										
Member States	31,376	44%	29,487	49%	27,320	49%	26,550	49%	29,911	49%
Accumulated fund	-	-	385	3%	2,810	3%	1,800	3%	360	3%
Grants	37,157	53%	26,334	46%	24,709	46%	29,390	46%	28,071	46%
Other Income	2,102	3%	1,405	1%	2,402	1%	1,257	1%	218	1%
<b>Total Income</b>	<b>70,635</b>	<b>100%</b>	<b>57,611</b>	<b>100%</b>	<b>57,241</b>	<b>100%</b>	<b>58,998</b>	<b>100%</b>	<b>58,560</b>	<b>100%</b>
Change (%), year-on-year	23%		1%		-3%		1%		24%	
<b>Operating expenditure</b>	<b>24,899</b>		<b>25,281</b>		<b>26,346</b>		<b>26,172</b>		<b>21,383</b>	
Change (%), year-on-year	-2%		-4%		1%		22%		20%	
<b>Programme expenditure</b>										
Member States	5,854	14%	5,987	19%	5,758	19%	6,395	18%	7,156	20%

	2013/ 2014	2013/ 2014	2012/ 2013	2012/ 2013	2011/ 2012	2011/ 2012	2010/ 2011	2010/ 2011	2009/ 2010	2009/ 2010
	Actual	Proportion								
Development partners	37,151	86%	26,334	81%	24,722	81%	29,927	84%	28,976	80%
<b>Sub-Total</b>	<b>43,005</b>	<b>100%</b>	<b>32,321</b>	<b>100%</b>	<b>30,480</b>	<b>100%</b>	<b>36,322</b>	<b>100%</b>	<b>36,132</b>	<b>100%</b>
Change (%), year-on-year	33%		-4%		1%		22%		20%	
<b>Surplus/(deficit) for the year</b>	<b>2,234</b>		<b>29</b>		<b>421</b>		<b>-2,691</b>		<b>646</b>	

187. Table 11, below gives a summary of financial position for the period ended on 31-March-2014.

TABLE 13: STATEMENT OF FINANCIAL POSITION (SUMMARY) (US\$'000)

Funds Employed	Description of the Fund	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09
<b>Members States Funds</b>							
Reserve Fund	Funds set aside by Council from surplus funds	2,589	2,367	2,915	5,462	5,383	5,070
Accumulated Fund	Excess of Member States Income over expenditure over the years.	6,254	3,900	3,836	4,487	8,179	10,039
Member States Special Funds	Funds meant for special projects as approved by Council from time to time	9,834	10,212	8,906	10,813	12,839	13,404
Staff Loan Fund	Funds meant for staff loans	861	831	856	812	726	367
Asset Replacement Fund	Funds set aside by Council to provide resources towards replacement of assets	-	-	-	0	1,728	
<b>Total - MS Funds</b>		<b>19,538</b>	<b>17,310</b>	<b>16,513</b>	<b>21,574</b>	<b>28,856</b>	<b>28,880</b>
Change (%)							

<b>Funds Employed</b>	<b>Description of the Fund</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2011/12</b>	<b>2010/11</b>	<b>2009/10</b>	<b>2008/09</b>
Year-on-year		13%	5%	-24%	-25%	0%	-
<b>Other Funds</b>							
Gratuity fund	Funds set aside for staff in lieu of staff	4,530	4,589	4,232	3,138	2,626	2,272
Payables	Amounts owed to suppliers of goods and services	4,608	4,027	4,352	3,036	9,414	4,419
Development partners	Funds advanced by development partners	18,695	19,787	11,952	12,716	15,173	24,937
Finance lease obligations	The lease entered into with Bongwe Investments for the construction of the new SADC House under through the Build, Operate, and Transfer arrangement.	29,446	31,858	34,035	35,947	37,658	
Deferred capital grants	These are capital gains relating to capital items donated by development partners. These grants are amortised over the useful life of the capital items related.	17,123	13,737	9,986	5,362	2,028	2,076
<b>Total other funds</b>		<b>74,403</b>	<b>74,179</b>	<b>64,557</b>	<b>60,200</b>	<b>66,901</b>	<b>33,704</b>
Change (%)							
Year-on-year		0%	15%	7%	-10%	98%	-
<b>Total</b>		<b>93,940</b>	<b>91,491</b>	<b>81,069</b>	<b>81,775</b>	<b>95,757</b>	<b>62,585</b>
Change (%)							
Year-on-year		3%	13%	-0.1%	-15%	53%	-
<b>Proportion (%)</b>							
Member States		21%	19%	20%	26%	30%	46%
Others funds		79%	81%	80%	74%	70%	54%
<b>Total</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: SADC Secretariat Draft Financial statements for the period to 31 March 2014

188. During the year 2013/14, the Secretariat used US\$30.895 million for Member States funded programmes, which is 88 per cent of the final budget of US\$35.009 million, and US\$37.080 million for ICP funded programmes representing 78 per cent of the final budget of US\$47.490 million.
189. Due to non-remittance of Member States Contributions by Madagascar, the Secretariat continues to operate with a limited budget to meet its programme expenditure activities. This constraint has been prevalent since 2008/09.
190. There were no withdrawals from the Reserve Fund during the 2013/14 financial period.

## **B. AUDIT AND GOVERNANCE**

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191. The SADC Secretariat continued to implement strategies that are aimed at strengthening internal controls, risk management, and governance processes. These efforts ensured that the management of the Secretariat is in line with international standards and best practices on good governance, transparency, and accountability, particularly with respect to the utilization of the resources provided by the Member States and International Cooperating Partners.
192. The Executive Secretary established an Audit and Risk Management Committee (ARMC), comprising of members of the Management Team, to strengthen internal controls at the Secretariat. The Committee has the responsibility of overseeing implementation of Audit recommendations from Internal Auditors, External Auditors and other reviewers from outside the Institution as well as the rolling out of Risk Management policy as per Council directive.
193. During the financial year 2013/14, the Secretariat continued to provide support to the Audit Committee established by Council for reviewing compliance with the financial, regulatory, corporate governance, accountability, and transparency framework. The Committee held its three ordinary meetings in line with its Terms of reference and annual plan. The Secretariat will continue to provide support to the Committee to ensure that it performs its duties according to the mandate given to it by the Council of Ministers.
194. The Audit Committee continued to work closely with the Management of the Secretariat to ensure that timeously managed and mitigated were all risks reported through the Board of Auditors and Internal Audit reports.
195. During the reporting period, the Executive Secretary continued to implement a number of recommendations, in particular those in the Forensic Audit Report, the Board of Auditors on the audit of 2012/13 accounts, and from the Internal Audit Unit, with the aim of improving the SADC internal control environment and management systems to

the level of international standards. There were a few outstanding recommendations, which could not be fully implemented due to financial resources limitations in the 2013/14 Secretariat budget. The Executive Secretary will continue to engage Council and explore alternatives to ensure the allocation of adequate resources in the forthcoming planning cycle for full implementation of the recommendations.

196. As the SADC Executive Secretary, I am confident that there has been a significant improvement in the management systems and in particular, the strengthening of internal control environment at the Secretariat because of addressing audit recommendations. These improvements place the Secretariat in a better position to pass the next Institutional Assessment planned to take place in September 2014, which will be a basis for the SADC Secretariat's access to resources from EU funding in the 11th EDF.
197. The Executive Secretary is committed to continue to create an environment that is conducive to providing support to all structures responsible for oversight and governance of the Secretariat, to ensure that governance principles are upheld in the management of the SADC Secretariat affairs.

## 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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