Table of Contents

TABLE OF FIGURES i
LIST OF TABLES ii
ABBREVIATIONS AND ACRONYMS iii
EXECUTIVE SUMMARY 1

1.0 INTRODUCTION 3

2.0 OVERVIEW OF THE POLITICAL AND ECONOMIC DEVELOPMENTS IN THE REGION 4
  2.1 POLITICAL DEVELOPMENTS 4
  2.2 ECONOMIC DEVELOPMENTS 4
    2.2.1 Real GDP 5
    2.2.2 Inflation 5
    2.2.3 National Savings and Investment 6
    2.2.4 Fiscal Sector 7
    2.2.5 External Sector 10
    2.2.6 Medium - Term Prospects 10
    2.2.7 Policy Response: Diversification – Making Economies Resilient 11

3.0 IMPLEMENTATION OF PROGRAMMES OF REGIONAL COOPERATION AND INTEGRATION 13

3.1 TRADE AND ECONOMIC LIBERALISATION 13
  3.1.1 The SADC Free Trade Area 14
  3.1.2 Preparations for the Customs Union 14
  3.1.3 Harmonisation and Simplification of Customs Instruments 14
  3.1.4 SADC-EC Economic Partnership Agreement 15
  3.1.5 Enhancing productive competitiveness 15
  3.1.6 Finance and Investment 16

3.2 INFRASTRUCTURE DEVELOPMENT 16
  3.2.1 SADC Regional Infrastructure Development Master Plan 17
  3.2.2 Energy 17
  3.2.3 Transport 19
  3.2.4 Meteorology 20
  3.2.5 Communications and ICT 20
  3.2.6 Water 22
  3.2.7 Tourism 23
  3.2.8 Key Challenges to Implementation of Infrastructure Projects 23

3.3 FOOD, AGRICULTURE AND JOINT MANAGEMENT OF TRANSBOUNDARY NATURAL RESOURCES 24
  3.3.1 The Regional Food Security Situation 24
  3.3.2 Agricultural Input Supply 27
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.3.3 Crops and Livestock</td>
<td>28</td>
</tr>
<tr>
<td>3.3.4 Agricultural Research, Technology Development and Dissemination</td>
<td>29</td>
</tr>
<tr>
<td>3.3.5 Regional Agricultural Policy</td>
<td>29</td>
</tr>
<tr>
<td>3.3.6 Disaster Preparedness</td>
<td>30</td>
</tr>
<tr>
<td>3.3.7 Joint Management of Transboundary Natural Resources</td>
<td>30</td>
</tr>
<tr>
<td>3.3.8 Environment and Sustainable Development</td>
<td>31</td>
</tr>
<tr>
<td>3.3.9 Key Challenges to Implementation of Food, Agriculture and Natural Resources programmes</td>
<td>31</td>
</tr>
<tr>
<td>3.4 SOCIAL AND HUMAN DEVELOPMENT PROGRAMMES OF REGIONAL DIMENSION</td>
<td>32</td>
</tr>
<tr>
<td>3.4.1 Education and Skills Development</td>
<td>32</td>
</tr>
<tr>
<td>3.4.2 Employment and Labour</td>
<td>33</td>
</tr>
<tr>
<td>3.4.3 Health and Pharmaceuticals</td>
<td>34</td>
</tr>
<tr>
<td>3.4.4 HIV and AIDS</td>
<td>35</td>
</tr>
<tr>
<td>3.4.5 Special Programme: Orphans, Vulnerable Children and Youth (OVCY)</td>
<td>35</td>
</tr>
<tr>
<td>3.5 CROSS – CUTTING PROGRAMMES</td>
<td>36</td>
</tr>
<tr>
<td>3.5.1 Gender and Development</td>
<td>36</td>
</tr>
<tr>
<td>3.5.2 Statistics</td>
<td>40</td>
</tr>
<tr>
<td>3.5.3 Science, Technology, and Innovation</td>
<td>41</td>
</tr>
<tr>
<td>4.0 POLICY, PLANNING, AND MONITORING AND EVALUATION</td>
<td>42</td>
</tr>
<tr>
<td>4.1 POLICY AND STRATEGY DEVELOPMENT</td>
<td>42</td>
</tr>
<tr>
<td>4.1.1. SADC Medium Term Strategy</td>
<td>42</td>
</tr>
<tr>
<td>4.1.2 SADC Policy Analysis and Dialogue Programme.</td>
<td>42</td>
</tr>
<tr>
<td>4.1.3 Operationalisation of the SADC Regional Poverty Observatory (RPO)</td>
<td>42</td>
</tr>
<tr>
<td>4.2 PLANNING, MONITORING AND EVALUATION</td>
<td>43</td>
</tr>
<tr>
<td>4.2.1 Planning and Programming</td>
<td>43</td>
</tr>
<tr>
<td>4.2.2 Monitoring, Reporting and Evaluation</td>
<td>43</td>
</tr>
<tr>
<td>4.3 RISK MANAGEMENT</td>
<td>44</td>
</tr>
<tr>
<td>5.0 HUMAN RESOURCES AND ADMINISTRATION</td>
<td>45</td>
</tr>
<tr>
<td>6.0 INTERNAL AUDIT AND GOVERNANCE, AND BUDGET AND FINANCE</td>
<td>46</td>
</tr>
<tr>
<td>6.1 INTERNAL AUDIT AND GOVERNANCE</td>
<td>46</td>
</tr>
<tr>
<td>6.2 BUDGET AND FINANCE</td>
<td>46</td>
</tr>
<tr>
<td>6.2.1 Operating Priorities for 2011/12</td>
<td>46</td>
</tr>
<tr>
<td>6.2.2 Overview of the Budgetary and Financial Situation</td>
<td>47</td>
</tr>
<tr>
<td>6.2.3 Financial risks faced by the Secretariat</td>
<td>48</td>
</tr>
<tr>
<td>7.0 INSTITUTIONAL REFORMS AND CAPACITY BUILDING</td>
<td>50</td>
</tr>
<tr>
<td>Figure</td>
<td>Description</td>
</tr>
<tr>
<td>--------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1</td>
<td>SADC – Real GDP Growth (%) 2008 - 2012</td>
</tr>
<tr>
<td>2</td>
<td>SADC – Inflation (%) 2008 - 2012</td>
</tr>
<tr>
<td>3</td>
<td>SADC – Gross National Savings and Total Investment 200 - 2012</td>
</tr>
<tr>
<td>4</td>
<td>SADC – Government Revenue and Expenditure 2008-2012</td>
</tr>
<tr>
<td>5</td>
<td>SADC – Overall Fiscal Balance 2008-2012</td>
</tr>
<tr>
<td>6</td>
<td>SADC – General Government Debt 2008-2012</td>
</tr>
<tr>
<td>7</td>
<td>SADC – Current Account Deficit of the Balance of Payments 2005-2012</td>
</tr>
<tr>
<td>8</td>
<td>Trends on the Number of Women in Parliaments in SADC Member States</td>
</tr>
<tr>
<td>9</td>
<td>Types of Electoral Systems in SADC Member States</td>
</tr>
<tr>
<td>10</td>
<td>Women Representation in Cabinets of SADC Member States</td>
</tr>
</tbody>
</table>
List of Tables

TABLE 1: FOOD INSECURE POPULATION FROM 2005/06 TO 2011/12 MARKETING YEARS .............................................................. 27

TABLE 2: SUMMARY OF FINANCIAL RESULTS FOR 2011/12 (USD’000) ........................................ 48

TABLE 3: STATUS OF EDF 10 PROGRAMMING ........................................... 57

TABLE 4 AFDB PROJECT PORTFOLIO AT SADC SECRETARIAT ................................. 58

TABLE 5: OVERVIEW OF FUNDS COMMITMENTS UNDER SADC – GERMANY COOPERATION ........................................... 60
Abbreviations and Acronyms

AfDB  African Development Bank
AU   African Union
AUC  African Union Commission
BOP  Budget Outlook Paper
CAADP Comprehensive Africa Agriculture Development Programme
CBRI  Capacity Building for Regional Integration
CCARDESA Centre for Coordination of Agricultural Research and Development for Southern Africa
CDB  China Development Bank
CMT  Committee of Ministers of Trade
COMESA  Common Market for Eastern and Southern Africa
COP  Conference of Parties
CRASA Communications Regulatory Association of Southern Africa
CSC  Climate Services Centre
DBSA Development Bank of Southern Africa
DBSA Development Bank of Southern Africa
EAC  East African Community
EC  European Commission
EDF  European Development Fund
EPA Economic Partnership Agreements
EU  European Union
FARA  Forum for Agriculture Research in Africa
FTA  Free Trade Area
GDP  Gross Domestic Product
HCPI  Harmonised Consumer Price Indices
HE  His Excellency
HLEG  High Level Expert Group
HSGOC  Heads of State and Government Orientation Committee
IA  Institutional Assessment
IC  Investment Committee
ICP  International Cooperating Partners
IMTS International Merchandise Trade Statistics
IPA  Investment Promotion Agency
IPPF  Infrastructure Project Preparation Facility
IUMP  Industrial Upgrading and Modernization Programme
IUU  Illegal Unreported and Unregulated
JCA  Joint Competition Authority
MDGs  Millennium Development Goals
MIP  Minimum Integration Program
MoU  Memorandum of Understanding
NEPAD  New Partnership for Africa’s Development
NPCA NEPAD Planning and Coordinating Agency
NSC  North South Corridor
NSO  National Statistics Office
NTBs  Non-Tariff Barriers to Trade
ODL  Open and Distance Learning
PMTCT  Prevention of Mother to Child Transmission
PPDF  Project Preparation and Development Facility
PPR  Pestes des Petits Ruminants
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>RAP</td>
<td>Regional Agricultural Policy</td>
</tr>
<tr>
<td>REDD</td>
<td>Reducing Emissions from Deforestation and Forest Degradation</td>
</tr>
<tr>
<td>REIS</td>
<td>Regional Economic Integration Support</td>
</tr>
<tr>
<td>RIDMP</td>
<td>Regional Infrastructure Development Master Plan</td>
</tr>
<tr>
<td>RIP</td>
<td>Regional Indicative Programmes</td>
</tr>
<tr>
<td>RISDP</td>
<td>Regional Indicative Strategic Development Plan</td>
</tr>
<tr>
<td>RPC</td>
<td>Regional Political Cooperation Programme</td>
</tr>
<tr>
<td>RQF</td>
<td>Regional Qualifications Framework</td>
</tr>
<tr>
<td>RSAP</td>
<td>Regional Strategic Action Plan</td>
</tr>
<tr>
<td>RSDS</td>
<td>Regional Strategy for Development of Statistics</td>
</tr>
<tr>
<td>RSP</td>
<td>Regional Strategy Paper</td>
</tr>
<tr>
<td>RVAA</td>
<td>SADC Regional Vulnerability Assessment and Analysis</td>
</tr>
<tr>
<td>SACU</td>
<td>Southern African Customs Union</td>
</tr>
<tr>
<td>SADC</td>
<td>Southern African Development Community</td>
</tr>
<tr>
<td>SAPP</td>
<td>Southern African Power Pool</td>
</tr>
<tr>
<td>SAPRA</td>
<td>Southern African Postal Regulators Association</td>
</tr>
<tr>
<td>SASO</td>
<td>SADC Aviation Safety Organisation</td>
</tr>
<tr>
<td>SAT</td>
<td>Southern African Trust</td>
</tr>
<tr>
<td>SEAC</td>
<td>SADC Electoral Advisory Council</td>
</tr>
<tr>
<td>SIPO</td>
<td>Strategic Indicative Plan for the Organ</td>
</tr>
<tr>
<td>SPME</td>
<td>Strategy, Planning, Monitoring and Evaluation</td>
</tr>
<tr>
<td>SPS</td>
<td>Sanitary and Phytosanitary</td>
</tr>
<tr>
<td>SQAM</td>
<td>Standards, Quality Assurance, Accreditation and Metrology</td>
</tr>
<tr>
<td>SRII</td>
<td>SADC Region Information Infrastructure</td>
</tr>
<tr>
<td>SSA</td>
<td>Sub-Saharan Africa</td>
</tr>
<tr>
<td>STI</td>
<td>Sexually Transmitted Infection</td>
</tr>
<tr>
<td>TB</td>
<td>Tuberculosis</td>
</tr>
<tr>
<td>TICAD</td>
<td>Tokyo International Conference on African Development</td>
</tr>
<tr>
<td>TMSA</td>
<td>Trademark Southern Africa</td>
</tr>
<tr>
<td>TNF</td>
<td>Trade Negotiating Forum</td>
</tr>
<tr>
<td>TTA</td>
<td>Tripartite Trust Account</td>
</tr>
<tr>
<td>TTF</td>
<td>Tripartite Task Force</td>
</tr>
<tr>
<td>TTNF</td>
<td>Tripartite Trade Negotiating Forum</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNECA</td>
<td>United Nations Economic Commission for Africa</td>
</tr>
<tr>
<td>USA</td>
<td>United States of America</td>
</tr>
<tr>
<td>WEO</td>
<td>World Economic Outlook</td>
</tr>
<tr>
<td>REDD</td>
<td>Reducing Emissions from Deforestation and Forest Degradation</td>
</tr>
<tr>
<td>RVAA</td>
<td>SADC Regional Vulnerability Assessment and Analysis</td>
</tr>
<tr>
<td>RAP</td>
<td>Regional Agricultural Policy</td>
</tr>
<tr>
<td>RSAP</td>
<td>Regional Strategic Action Plan</td>
</tr>
<tr>
<td>RSP</td>
<td>Regional Strategy Paper</td>
</tr>
<tr>
<td>RIP</td>
<td>Regional Indicative Programmes</td>
</tr>
<tr>
<td>REIS</td>
<td>Regional Economic Integration Support</td>
</tr>
<tr>
<td>RSDS</td>
<td>Regional Strategy for Development of Statistics</td>
</tr>
<tr>
<td>RPC</td>
<td>Regional Political Cooperation Programme</td>
</tr>
<tr>
<td>SADC</td>
<td>Southern African Development Community</td>
</tr>
<tr>
<td>SAPP</td>
<td>Southern African Power Pool</td>
</tr>
<tr>
<td>SIPO</td>
<td>Strategic Indicative Plan for the Organ</td>
</tr>
<tr>
<td>SEAC</td>
<td>SADC Electoral Advisory Council</td>
</tr>
</tbody>
</table>
EXECUTIVE SUMMARY

This report provides an account on the implementation of activities by the Secretariat based on the Regional Indicative Strategic Development Plan (RISDP) and the Strategic Indicative Plan for the Organ (SIPO). Implementation of Summit and Council decisions also form an important part of the report.

The report documents considerable progress in many areas despite the slow economic growth in 2011 relative to 2010. With regards to political developments, the region has witnessed holding of democratic elections in DRC, Lesotho, Seychelles, and Zambia. These elections were predominantly characterised by democratic rule and smooth transition of power.

In 2011 the economic performance in the region was largely influenced by developments in the global markets, especially the euro area. Despite improved commodity prices in the region, economic growth slowed down in 2011 relative to 2010 and the fiscal position deteriorated due to pronounced worsening in the fiscal accounts of most Member States.

Relative to 2010, in 2011, the region performed as thus: a decline in the average real Gross Domestic Product of 4.7 per cent compared to 5.5 per cent; a modest improvement in Inflation which averaged 8.3 per cent, 0.1 percentage point below the 2010 average of 8.4 per cent; deterioration of the national savings to 14.9 per cent compared to 15.5 per cent; a decrease from 22.2 to 21.3 per cent of the total investment; and a modest decline in government revenue from 29.7 to 29.2 per cent.

In the area of trade and economic liberalization, efforts to make headway in the establishment of SADC Customs Union are beginning to yield results as the High Level Expert Group on the SADC Customs Union has received and adopted a report on the framework for the SADC Customs Union. Satisfactory progress has also been recorded in Standardization, Quality Assurance and Accreditation and Metrology. The SADC Cooperation in Standardization has so far harmonised a total of 94 standards with 19 of this being harmonised in 2011/2012.

A number of initiatives aimed at improving the SADC Investment Climate and promoting SADC as an investment destination were launched. One such initiative was the development of the SADC Investment Portal, serving as an information database on SADC investment climate and opportunities.

In order to address the immense challenges that have been facing infrastructure development in the region for a long time, the SADC Regional Infrastructure Development Master Plan has been finally completed. The development of the Master Plan entailed a comprehensive process of broad based consultation involving mainly the Member States, regional institutions, private sector and non-state actors. The Draft Plans were interrogated at two regional stakeholders’ workshops which validated the product.

The region is making progress on a broad range of social and human development frontiers. Major developments included, amongst others, development and approval of: the SADC Regional Qualifications Framework; SADC Labour market Information System; Framework for Sexually Transmitted Infections (STIs) and the Gender Mainstreaming Strategy and Guidelines for...
for Communicable Diseases. A Draft Telehealth Network for Diseases Surveillance to enhance surveillance systems for HIV and AIDS, TB and Malaria and for sharing information was also finalised during the year under review. With regards to cross cutting issues of regional dimension namely; gender and statistics, substantial progress has been made during the year under review. Highlights include expediting the process of harmonisation of national gender policies with the SADC Gender Policy and the SADC Protocol on Gender and Development; the Draft SADC Regional Strategy for Statistical Development, and the finalisation and approval of SADC Common Statistical Rules Manual on International Merchandise Trade Statistics.

Following the desk assessment of the RISDP conducted between March and October, 2011, and the approval by Council in February 2012 to conduct the External Mid-term Review, the Secretariat has undertaken all the processes leading to the award of the contract to the qualifying company. It is anticipated that the work on the external review will begin in August 2012 for a period of 6 months.

The Secretariat continues to implement the institutional reforms programme aimed at improving the efficiency of operations and effectiveness of aid as well as to assure Member States that their resources are managed in accordance with internationally acceptable standards. As advancement from the previous reporting period, in December 2011, the Institutional Assessment report concluded that the SADC Secretariat is compliant with all the four pillars criteria and therefore qualifies for a Contribution Agreement with the European Union (EU).

Continental integration continues to form an important part of the SADC Secretariat activities. The main areas being SADC – COMESA – EAC Tripartite and SADC - African Union/NEPAD interactions have made positive strides during the year. The highlight for the region has been the election of the new Chairperson of the African Union Commission, H.E Nkosazana Dlamini Zuma.

Development partners continue to play a critical role in the socio-economic development of the SADC region. This has been through budgetary support, projects/programmes and technical assistance. Consequently, the Secretariat continues to strengthen links with them. In particular, considerable support has been received from organisations such as the EU, African Development Bank (AfDB), World Bank, Commonwealth, World Health Organization, Food and Agriculture Organization, and the Global Fund. Regional institutions such as Forum for Agriculture Research in Africa (FARA) and Southern Africa Trust (SAT) have also continued to extend their support both technically and financially.

Individual countries such as Germany, France, Norway, Sweden, United Kingdom, and the United States continue to relentlessly offer support to the region through the Secretariat.

As part of on-going efforts to attract investment to scale up infrastructure development in the region, the first SADC-Japan Infrastructure Investment Seminar was held in Tokyo, Japan in March 2012. The address by Mr. Kato, the Parliamentary Vice Minister of Foreign Affairs of Japan encouraged Japanese firms to invest in the SADC region and to recognise the potential of the region which is one of the fastest growing regions in Africa. The SADC Delegation to the Seminar was led by the Chairperson of SADC Council, Honourable Mr Augusto Da Silva Tomas, Minister of Transport of the Republic of Angola.
1.0 INTRODUCTION

The RISDP and the SIPO remain the fundamental frameworks on which all of SADC’s regional integration agenda, peace and security are premised on. On a mid-term basis, three years in this instance, the Secretariat prepares a Planning and Budget Outlook (BOP) Paper within which I am provided with greater responsibility to ensure that there is balance between financial resources and set priorities presented in both the RISDP and SIPO.

Drawing from the BOP, the Secretariat prepares on an annual basis a corporate plan as well as a business plan. The Corporate Plan places emphasis on the contextualisation of strategy directions charted by the RISDP and the SIPO to explain the rationale of the interventions and thrust required to advance along those strategy directions while details on the activities that are foreseen to achieve targets are provided in the Business Plans.

This report therefore accounts for the implementation of activities as laid out in the SADC Secretariat Annual Business Plan for the fiscal year 2011 – 2012.

The report unfolds in eight chapters presented as follows:

a) Overview of the Political and Economic Developments in the Region,
b) Implementation of Programmes of Regional Cooperation and Integration,
c) Policy and Planning, and Monitoring and Evaluation,
d) Human Resources and Administration,
e) Internal Audit and Governance, and Budget and Finance,
f) Institutional Reforms and Capacity Building,
g) Continental Integration,
h) Development Cooperation and Resource Mobilisation

The last section of the report presents the main conclusion, challenges encountered during implementation as well as our recommendations on the way forward.
2.0 OVERVIEW OF THE POLITICAL AND ECONOMIC DEVELOPMENTS IN THE REGION

2.1 Political Developments

During the period under review, the peace and security situation in the region remained predominantly stable. Successful elections were held in DRC, Lesotho, Seychelles, and Zambia. All these electoral processes were endorsed as having been conducted in line with the SADC Principles and Guidelines Governing Democratic Elections.

In order to strengthen democracy and good governance within the region, the capacity of the SADC Electoral Advisory Council (SEAC) continued to be enhanced. The Inauguration of SEAC and induction of Council members was conducted in Gaborone, Botswana on 13-14 April 2011.

In the same spirit of strengthening democracy and good governance in the region, the establishment of a Mediation Unit has been approved. This structure will enhance the capacity for mediation, conflict prevention and preventive diplomacy within the SADC region.

This notwithstanding, the post-elections security situation in the Eastern part of DRC has deteriorated in the last 3 months, causing displacement of thousands of people and loss of lives and property. This situation calls for renewed and urgent attention by SADC.

Political Mediation efforts in the region continued in those Member States which were affected by internal challenges. These countries are Lesotho, Madagascar, and Zimbabwe. In Lesotho, the mediation efforts were formally concluded thus paving the way for the General Elections that were held on 26 May 2012. These efforts proved fruitful as the elections were declared credible, free and fair by the SADC Electoral Observer Mission.

In Madagascar, SADC through its facilitator former President of Mozambique, H.E. Joaquim Chissano, continues to engage all parties involved until a peaceful resolution to the conflict is established. The SADC Liaison Office in Madagascar has been established. The Office has been mandated with facilitating monitoring of activities relating to the implementation of the roadmap aimed at restoring constitutional normalcy through an electoral process that is free, fair, credible and transparent.

On Zimbabwe, SADC through its facilitator the President of the Republic of South Africa, H.E. Jacob Zuma continues to engage the parties concerned to remain committed to undertaking all the steps leading to peaceful, free and fair elections.

2.2 Economic Developments

Updates provided by Member States in November 2011 and IMF World Economic Outlook (WEO) for Sub-Saharan Africa (SSA) in October 2011, indicate that economic performance in the SADC region in 2011 was largely influenced by developments in the global markets, especially the euro area. Despite improved commodity prices, economic growth in the region slowed down in 2011 relative to 2010. The fiscal position of the region deteriorated due to pronounced...
worsening in the fiscal accounts of most Member States. The increase in global food and oil prices inflated import bills of food and oil importing Member States, thus sparking rising inflation.

2.2.1. Real GDP

The region recorded an average real GDP growth of 4.7 per cent, 0.8 percentage point down from 5.5 per cent in 2010 (see Fig 1). With the exception of Angola, Madagascar, Mozambique, South Africa and Zimbabwe, all Member States recorded slowdowns in real GDP growth in 2011. Economic slowdown was significant in Lesotho, Namibia, and Swaziland. In Lesotho, real GDP slowed down from 5.7 per cent in 2010 to 3.7 per cent in 2011 while in Namibia and Swaziland, real GDP growth slowed down by 3 and 4.1 percentage points from 6.6 per cent and 2.0 per cent in 2010, respectively. Although Angola, Madagascar, Mozambique, South Africa and Zimbabwe recorded increases in real GDP growth over and above their 2010 levels, in percentage points terms, their increases were less than 1 percentage point.

Only Mozambique recorded real GDP growth above 7 per cent, a regional target set to achieve the overarching objective of eradicating poverty.

Figure 1: SADC – Real GDP Growth (%), 2008 - 2012

2.2.2 Inflation

In 2011, the downward trend in inflation registered in recent years was reversed. Despite the region recording food surplus in 2011, the increase in both food and fuel prices on the international market continued to exert an upward pressure on prices in the region.

Regional inflation averaged 8.3 per cent in 2011, almost the same level of 8.4 per cent in 2010 (see Fig 2). This is the lowest recorded average inflation for the region in recent years. If the

inflationary pressure continues unchecked, the likelihood of most Member States meeting the regional target of inflation of less than 5 per cent by 2012 will be compromised. Currently, four Member States: Angola, DRC, Madagascar and Mozambique still have their inflation over 10 per cent. Only Namibia, Seychelles, South Africa and Zimbabwe had their inflation equal or less than 5 per cent in 2011.

Figure 2: SADC – Inflation (%), 2008 - 2012


2.2.3 National Savings and Investment

As a result of the slowdown in economic growth, national savings for the region averaged 14.9 per cent of GDP in 2011 compared to 15.5 per cent of GDP recorded in 2010 (see figure 3). However, on one hand, Angola, DRC, Namibia and Zambia recorded increases and high rates of national savings of over 20 per cent of GDP. On the other hand, national savings in Botswana, Lesotho and Malawi deteriorated from 25 per cent, 10.4 per cent and 24.8 per cent of GDP in 2010 to 17.9 per cent, 5.5 per cent and 14.5 per cent of GDP in 2011, respectively.
Similarly, total investment as a percentage of GDP also slowed down. It decreased from an average of 22.2 per cent in 2010 to 21.3 per cent in 2011. Over the past 30 years, the regional average of total investment has persistently remained around 21 per cent which is far below the regional target of 30 per cent of GDP. It is only Botswana, Lesotho and Seychelles that have recorded total investment close to the regional target of 30 per cent over the years.

2.2.4 Fiscal Sector

Since the advent of the global economic crisis in 2008, most Member States are experiencing pressure in their budgets. Revenues have tended to decline while expenditures have increased due, in part, to expanded obligations related to mitigating the impact of the global economic crisis on their economies. On average, the region recorded revenue of 29.2 per cent of GDP in 2011 compared to 29.7 per cent in 2010 (see Fig 4).
A total of eight Member States recorded an increase in revenue. These are Angola, Botswana, Namibia, Seychelles, South Africa, Tanzania, Zambia and Zimbabwe. The increase in revenue could partly be attributed to improvements in tax administration and not necessarily increasing economic activity.

On the expenditure side, the region recorded a total expenditure of 33.5 per cent of GDP in 2011 compared to 32.8 per cent in 2010. All Member States except for Botswana, Malawi, Namibia, South Africa and Swaziland recorded an increase in total expenditure. One explanation for the high levels of government expenditures is that most Member States are still implementing policies and programmes initiated during the global economic crisis aimed at mitigating its impact on their economies. As a result, overall fiscal deficit for the region averaged 4.8 per cent in 2011 compared to 3.2 percent in 2010 (see Fig 5).
With regards to average government debt, it remained at 2010 level of 39.2 per cent of GDP with only Seychelles and Zimbabwe recording general government debt above the regional target of 60 per cent of GDP in 2011 (see Fig 6).


### Figure 5: SADC - Overall Fiscal Balance, 2008-2012

![Figure 5](image)


### Figure 6: SADC - General Government Debt, 2008-2012

![Figure 6](image)

2.2.5 External Sector

The after-shock tremors of the global economic crisis, particularly the sovereign debt crisis in Europe have directly and indirectly affected the exports of the region. While the trading pattern for SADC has been changing since the current decade, developed economies, particularly the EU (European Union) and the United States of America (USA) remain major trading partners for SADC. In the recent years, SADC’s trade with the EU and the USA has slowed down while trade with the BRICS mainly China and India has increased. However, this encouraging development has not helped to increase the region’s exports as these new markets also depend on EU and USA markets which are reeling under the effects of the global economic crisis.

Consequently, exports volumes of goods and services for SADC increased by only 4.8 per cent in 2011 down from an increase of 5.7 per cent in 2010. Most Member States recorded a sluggish growth in exports in 2011 relative to 2010.

Similarly, imports volumes of goods and services only increased by 2.3 per cent in 2011 compared to 6.1 per cent in 2010. However, Botswana, Madagascar, Malawi and Swaziland recorded declines in imports volumes of 19.1 per cent, 1.2 per cent, 11.5 per cent and 12.0 per cent, respectively.

The current account deficit of the balance of payments improved slightly from 8.8 percent in 2010 to 8.3 per cent in 2011 (see Fig 7). This is partly attributed to the high import bills of strategic imports mainly oil. The region’s oil imports increased by 34.2 per cent from USD24.3 billion in 2010 to USD32.6 billion in 2011.

**Figure 7: SADC – Current Account Deficit of the Balance of Payments, 2005-2012**

![Figure 7: SADC – Current Account Deficit of the Balance of Payments, 2005-2012](image)

Source: IMF WEO SSA October 2011.

2.2.6 Medium Term Prospects

In the face of intensified downward risks, global economic activity is expected to be marginal in 2012 and the medium-term. Among the main downward risks are: chronic fiscal imbalances and failure to redress excessive debt obligations especially in the EU; chronic labour market i
mbalances resulting in sustained level of unemployment that is structural rather than cyclical, coinciding with rising skills gap and high underemployment, especially among the youth populations; extreme volatility in energy and agriculture prices with severe price fluctuations making critical commodities unaffordable; and major systemic financial failure.

Regional economic performance for 2012 and the medium-term will also largely depend on the food situation as this influences macroeconomic fundamentals such as inflation.

Regional real GDP is forecast to trend the SSA projection at 5.1 per cent in 2012. Contributing to this growth will be Angola, Lesotho, Madagascar, Mozambique, Namibia, South Africa and Swaziland. Only Angola and Mozambique are expected to record GDP growth above the regional target of 7 per cent. Per capita income is projected to increase by only 4.2 per cent in 2012.

Inflationary pressures are projected to subside in 2012 and the region is expected to record an inflation rate of 7.9 per cent. However, three Member States: Angola, DRC and Malawi are expected to record inflation above 10 per cent. Only Seychelles and Zimbabwe are expected to record inflation below 5 per cent which is the regional target set for 2012.

Gross national savings are projected to rebound to 2008 level at 16.6 per cent of GDP. With the exception of Swaziland, all Member States are expected to register gross national savings above 10 per cent of GDP in 2012. Nonetheless, investment as a percentage of GDP is projected to slow down to 20.9 per cent in 2012. Only three Member States: DRC, Lesotho and Namibia are expected to record investment above the regional target of 30 per cent of GDP in 2012.

In the fiscal sector, government total expenditures are expected to slow down slightly. In general, revenues and expenditures are projected to be stable and close to 2011 levels. This will result in a slight improvement in the fiscal deficit of 3.6 per cent of GDP. Similarly, general government gross debt is projected to remain close to the 2011 levels at 39.5 per cent of GDP in 2012.

On the external side, exports volume of goods and services are projected to rebound to 2005 level at 8.5 per cent with only Swaziland expecting to record a decline of 2.8 per cent in exports volumes. Imports volume of goods and services are projected to increase by 4.6 per cent in 2012. As a result, the current account deficit of the balance of payments is projected to improve modestly from 8.3 per cent in 2011 to 6.6 per cent in 2012.

2.2.7 Policy Response: Diversification – Making Economies Resilient

The effects of the recent global economic crisis have demonstrated that no economy is immune from such events. Uncertainty and rising levels of risk make it almost impossible to determine the future. In turn this ruffles the strength and sustainability of economies, the very basis for any nation to enhance the standard of living through the creation of wealth and jobs.

As a policy response, diversifying economies is one way of countering shocks and uncertainties experienced post economic crises. Economies which are narrow-based including natural resource dependent countries, the category which most SADC Member States fall into, have vulnerabilities stemming from a lack of diversification. It is therefore imperative that Members States diversify into non - natural based products. This should be a long-term objective of development strategies of the SADC Member States.

While diversifying, it is also important to look at the big picture and manage risks. A central element in this risk-management paradigm is the need for greater economic diversification,
which not only reduces the impact of external events but fosters more robust, resilient growth over the long-term. This diversification goes beyond the common definition. It is diversification across other dimensions including trade profile, concentration of human capital sources and use of investment capital, savings and consumption patterns, enterprise base and other parameters. The challenge for policymakers though, is to be continuously alert to potential areas of overconcentration, whether that may be an excessive percentage of foreign direct investment from one source; the emergence of a group of companies that are too big to fail; or an economic overreliance on consumption. Capital, labour and technology should be channeled from these temptingly easy areas towards others that can pay more profound long-term dividends.

In order to implement such form of diversification there is need for two significant steps. First, there is need for institutional regulatory reform, which necessitates a central economic policymaking entity. This entity should monitor and guide the national economies including areas such as investment, exports and innovation. Other functions should be to establish regulations, liaise with private sector, setting overarching economic policy and disseminating reliable information.

The other step is consideration of demographic trends. Diversification is not just an economic challenge. As such, policymakers need to look at human capital as the pivotal resource requiring potentially large-scale shifts in education policy and labour force development. SADC region, as is the case with a number of developing countries, has relatively young population compared to those in developed countries. This represents a significant opportunity for the Member States in the form of demographic dividend. But to reap this dividend, policymakers need to establish basic education and workforce-development initiatives. Particular attention should be given to the area of vocational training in order to harness the practical skills which industries need the most. In addition, Member States should invest in necessary hard and soft infrastructure: transportation, technology, and healthcare and social programmes, inorder to generate maximum benefits from an upgraded and educated workforce.
SADC has a range of programmes in place to promote regional cooperation and integration leading to the achievement of its development goals. The outline of these programmes is laid out in the RISDP while specific commitments are laid out in various protocols.

The 2011/12 Annual Corporate and Business Plans were guided by the strategic planning and budgeting framework, the Budget Outlook Paper for 2011/13. For the year under review, the implementation of business plans continued in line with the Council of Ministers directives that adhered to priorities that promote regional integration and development. The priority areas were as follows:

a) Trade, and economic liberalisation;

b) Infrastructure development in support of regional integration;

c) Food security, environment and joint management of trans-boundary natural resources;

d) Social and human development of regional dimensions;

e) Gender and development;

f) Statistics; and

g) Science and technology.

3.1 Trade and Economic Liberalisation

Trade and financial liberalisation, competitive and diversified industrial development, and increased investment remain critical aspects of the SADC integration agenda for poverty eradication.
During the period under review, programmes coordinated under Trade and Economic Liberalisation focused, among others, on consolidation of the SADC Free Trade Area (FTA), preparations for the Tripartite FTA and the SADC Customs Union; and assessment of progress with regard to the implementation of the commitments in the Protocol on Finance and Investment.

3.1.1 The SADC Free Trade Area

SADC has made significant progress in advancing towards a fully-fledged FTA which was launched in 2008. The region was geared to attain maximum tariff liberalization in 2012.

Since 2008, focus has been on consolidation of the SADC FTA to ensure its effectiveness in promoting intra-SADC trade and that a fully-fledged FTA is attained in 2012. A comprehensive audit for 2012 is therefore underway. This will be a particularly important audit which will look at all aspects of the Trade Protocol implementation, assess progress made and identify weaknesses as the region prepares to advance its integration process. The 2011 Audit noted that some achievements have been made in the implementation of the SADC FTA. The audit particularly noted large increases in intra-SADC trade, which was observed to have tripled in the last decade, although with a skewed pattern. Exports were noted to be mainly coming from South Africa. The audit also observed lack of diversification of the SADC manufacturing sector with only four broad sectors: unprocessed agricultural products, food manufactures, textiles, and clothing, accounting for about 98 per cent of intra-SADC trade.

As reported in my previous reports to Council, some Member States are still lagging behind in the implementation of tariff phase downs. These Member States must be encouraged to improve on implementation if SADC is to realise the benefits of the FTA.

Accession of Member States that are not yet participating in the FTA remains important to consolidation of the SADC FTA. Seychelles tabled an offer in October 2011 and the negotiations are still ongoing by the Trade Negotiating Forum (TNF). The remaining two Member States continue to be encouraged to join the SADC FTA.

3.1.2 Preparations for the Customs Union

Last year I reported to Council that not much progress was being made in this area. I am happy to report this year that in November 2011, the Ministerial Task Force received and adopted a report on the Framework for the SADC Customs Union from the High Level Expert Group (HLEG) on the SADC Customs Union.

The HLEG was established by Summit during its August 2010 meeting and directed it to review all the past work done on the SADC Customs Union, identify the milestones, parameters/benchmarks, propose a model for SADC Customs Union, and recommend implementation modalities. This work has now been completed and the Task Force will present its Report to Summit during this current session. The short message that comes from this report is that there is need to further prepare the ground for future integration milestones, in particular, ensuring that all the necessary elements to make the SADC FTA more effective and beneficial are addressed in order to ensure a smooth transition towards the SADC Customs Union.

3.1.3 Harmonisation and Simplification of Customs Instruments

Harmonisation and simplification of customs instruments remains key to enhancing customs operations and facilitating trade in the region. While this has remained an important focus area
within our trade agenda, it has become clear through the annual audits on the implementation of the Protocol on Trade that Member States are not taking on board and implementing these regionally agreed instruments. A number of challenges have been cited, in particular, the issue of overlapping membership and inadequate resources, both human and financial to implement commitments. These will continue to hamper progress in consolidating the FTA and preparing the ground for the next milestones if they are not addressed.

The 2011 audit has also noted that in addition to adopting regional instruments and measures, acceding and adhering to international customs protocols, such as the Revised Kyoto Convention, which lays down best practice standards in Customs could go a long way in enhancing customs operations, trade facilitation and reducing costs of doing business in the region. To this extent, Member States that are in the process of accession are being assisted by the Secretariat to meet accession requirements while those that have not acceded to these important Protocols are requested to do so.

Furthermore, it is important to observe that there are very clear disparities between the different customs administrations. As a result, some important goals in customs cooperation such as connectivity of customs administrations across the region have not been attained.

3.1.4 SADC – EC Economic Partnership Agreement

Like in other Economic Partnerships Agreements configurations in the continent, this remains a difficult area to conclude. Deadlines continue to be missed and efforts to close a number of outstanding contentious issues in the Interim EPA Agreements have not yet materialized. To date, however, some progress has been made in resolving some outstanding textual issues. Negotiations on market access are continuing on the Southern African Customs Union (SACU) non-agricultural and agricultural offers to the European Commission (EC), as well as on rules of origin and cumulation. The two parties continue to engage on the services chapter and are working towards having a joint services text.

It is important to point out that these missed deadlines continue to make it difficult to assess and make available the right level of resources to support the EPA process. I would therefore like to call upon the SADC EPA Member States, noting that the negotiations are still far from completion, to take the necessary measures to ensure that sufficient resources, both human and financial are put at the disposal of the SADC EPA process to provide the necessary capacity and ensure continuity in the negotiations.

3.1.5 Enhancing productive competitiveness

With the tariff liberalization process in the SADC FTA coming to an end, more attention should now focus on facilitating expansion, diversification and enhancing productive competitiveness of the SADC industrial sector to take advantage of both the SADC and the wider tripartite free trade area market opportunities.

During the year under review, focus was on the development of the SADC Industrial Development Policy Framework, preparation for implementation of the pilot phase of the SADC Industrial Upgrading and Modernisation Programme (IUMP), and enhancement of the infrastructure for quality across the region.

The Industrial Development Policy Framework was drafted and it is due to be presented to the next meeting of the Committee of the Ministers of Trade (CMT). The CMT identified the agro-
processing, mineral processing and beneficiation and pharmaceutical sectors as focus areas for the pilot phase of the IUMP and efforts are ongoing to mobilize resources for implementation. The IUMP is a strategy aimed at facilitating diversification and growth within selected industry sectors through promotion of production value chains.

Satisfactory progress has been recorded in the area of Standardisation, Quality Assurance and Accreditation and Metrology (SQAM). The SADC Cooperation in Standardization (SADCSTAN), which is responsible for harmonization of standards in the region, has so far harmonised a total of 94 standards with 19 of this being harmonised in 2011/2012. On the harmonisation of technical regulations, the draft policy paper for SADC Globally Harmonised System for the Classification and Labeling of Hazardous Chemicals (GHS) was developed and is due for consideration and approval by the Committee of Ministers of Trade. In the area of Sanitary and Phytosanitary Measures (SPS), a forum was established to among others bring together all relevant players at regional level to address SPS challenges in the region.

Efforts to create awareness and promote the use of standards continue and to this effect, the SADC (SQAM) Week and Annual Quality Awards presentation ceremony was held in March 2012 in Lilongwe, Malawi. The Quality Award system is gradually proving to be a useful mechanism to encourage the private sector and the business community in general to actively seek new ways and methods of improving the quality of their products.

### 3.1.6 Finance and Investment

Among major achievements during the year under review was the completion of the baseline study on the implementation of the Protocol on Finance and Investment and an assessment of the adequacy of the structures responsible for implementation of the Protocol in responding to their mandate following its entry into force in April 2010. The baseline study documented the status of implementation of the Protocol across Member States with a view to identifying priority focus areas for implementation. The prioritisation work is still ongoing and will be brought before the Ministers responsible for Finance and Investment for consideration once completed.

A number of initiatives aimed at improving the SADC Investment Climate and promoting SADC correctly as an investment destination were launched. One such initiative was the development of the SADC Investment Portal, serving as an information database on SADC investment climate and opportunities. Regarding Investment Promotion Agency (IPA) cooperation, a SADC IPA Forum was established. This will provide a platform for information exchange and learning from each other on best practices on improving investment climates and investment promotion in the region.

### 3.2 Infrastructure Development

The importance of infrastructure development in regional integration cannot be overemphasised. Integrated and efficient communication and transport infrastructure facilitate mobility and reduce production and transaction costs. It is acknowledged that reduction of poverty and economic growth in the region hinge on infrastructure development.
3.2.1 SADC Regional Infrastructure Development Master Plan

In our endeavours to strengthen the programme on Infrastructure Development Support, the Secretariat has completed the development of the SADC Regional Infrastructure Development Master Plan (RIDMP), with support from the Trademark Southern Africa (TMSA), the EU and the Development Bank of Southern Africa (DBSA), and the total cost of the study was USD 1.6 million. The development of the Master Plan entailed a comprehensive process of broad based consultation involving mainly the Member States, regional institutions of SADC, private sector and non-state actors. The draft plans were interrogated at two regional stakeholders’ workshops which validated the product, guided by Member States and were approved by the Infrastructure Cluster of Ministers.

The Secretariat pays tribute to the SADC Member States and related agencies for having fully cooperated and committed themselves to this process, successfully concluding one of the most protracted and demanding exercises the region has undertaken in recent years. If the commitment demonstrated in this process is anything to go by, there is no doubt that Member States will speedily implement infrastructure development projects elaborated in the SADC RIDMP.

3.2.2 Energy

The recognition that productive activities such as mining, manufacturing, commerce, industry, agriculture and transport are driven by access to energy, has remained the guiding principle in defining and reaffirming the SADC Energy Sector objective of “ensuring the availability of sufficient, least-cost energy services that will assist in the attainment of economic efficiency and the eradication of poverty, whilst ensuring the environmentally sustainable use of energy resources”.

 IMPLEMENTATION OF PROGRAMMES OF REGIONAL COOPERATION AND INTEGRATION

17
Currently the region has installed capacity of 55,996 MW of which 49,777 MW is available. The difference of 6,219 MW is due to the fact that some machines are still under rehabilitation.

The peak demand for the region in 2011 was at 45,557 MW, which required generation capacity amounting to 50,204 MW taking into account the need to meet the 10.2 per cent minimum reserve capacity requirements. With the available capacity at 49,877 MW, the region has a deficit of 327 MW, however if suppressed demand is taken into account, this shortfall grows to 6,000 MW. Between 2010 and 2011, demand in the region grew by a weighted average of 2.7 per cent with some Member States registering negative growth. If all the projects in the pipeline are implemented according to plan, the region is expected to achieve surplus capacity by 2015.

During the year under review, the Secretariat continued to facilitate the implementation of cross border transmission projects to: enable non-connected Members of the Southern African Power Pool to be connected (these are Angola, Malawi and Tanzania); relieve transmission congestion that hampers trade within the region; and facilitate evacuation of power from generation to demand centers. These projects include the Angola-Namibia Interconnector, the Tanzania-Zambia Interconnector, the Malawi-Mozambique Interconnector, the Central Transmission Corridor in Zimbabwe, the ZIZABONA project, the Mozambique Backbone and the DRC-Zambia Interconnector, among others.

The promotion of new and renewable sources of energy continues to be a priority in the SADC Region. The Region continues to positioning itself so that it can derive maximum benefits from the Africa-EU Energy Partnership (AEEP) which underscores energy as a prerequisite for reaching the MDG of halving the number of world’s hungry and poor by 2015. Work has commenced with the Finnish Government to develop a SADC Renewable Energy Strategy and a Plan of Action is to be finalised by the end of July 2012.
3.2.3 Transport

The Region continues to pursue initiatives aimed at addressing challenges arising from the lack of availability and access to cost effective and efficient transport networks necessary to strengthen intra-SADC trade. This is in line with the overall objective of the SADC transport initiative as contained in the SADC Protocol on Transport, Communications and Meteorology and the RISDP.

a) SADC Road Safety Programme in support of the United Nations Decade of Action on Road Safety 2011-2020

The SADC Road Safety Awareness Campaign Strategy and Action Plan that responds to the UN call on a Decade of Action on Road Safety 2011 – 2020 has been developed. The campaign will run for three years, 2011-2014, after which other focus areas will be considered. A champion for the campaigns for a period of two (2) years, 2011-2013, South African Minister responsible for transport, has been nominated by the SADC Committee of Ministers responsible for transport.

b) Feasibility Study on the Navigability of the Shire-Zambezi Waterways

The Governments of Malawi, Mozambique and Zambia through the SADC Secretariat have received a Grant from the AfDB - NEPAD- Infrastructure Project Preparation Facility (IPPF) and AWF towards the cost of conducting the Feasibility Study on the Navigability of the Shire-Zambezi Waterways in order to demonstrate its technical, economic, financial, social and environmental viability and sustainability.


The Governments of Malawi, Mozambique and Zambia through the SADC Secretariat have received a Grant from the AfDB managed by the NEPAD - IPPF towards the cost of conducting the Feasibility Studies, Engineering Designs, Bidding documents and development of Legal Frameworks for the Malawi/Zambia and Mozambique/Malawi One Stop Border Posts. The One-Stop-Border Posts component is part of the Nacala Road Corridor Project that entails civil works for: Rehabilitation of Luangwa-Chipata-Mwami Border (360 km) in Zambia; construction of the Lilongwe by-pass (13km) in Malawi; rehabilitation of Mangochi-Liwonde Junction Road (90km) in Malawi; and upgrading of Nampula-Cuamba-Mandimba Road (510 km) in Mozambique.

This project is designed to improve the efficiency of the Nacala Development Corridor and complements related projects on the Nacala port modernization and expansion and upgrading of the road and railway infrastructure. All these efforts are aimed at increasing options to global trade for landlocked countries.

d) North South Corridor (NSC) – Road Maintenance and Rehabilitation

The Pilot North South Corridor Aid for Trade Programme transport network, services eight SADC countries (DR Congo, Botswana, Malawi, Mozambique, South Africa, Tanzania, Zambia and Zimbabwe) and is the combined road and rail network linking Durban (South Africa) with Lubumbashi/Kolwezi (DR Congo) and Dar es Salaam (Tanzania).
As at April 2012, the status of progress on the development of this corridor was as follows:

i. Sections of the Mbeya-Dar es Salaam road (152.4 km) are being rehabilitated with finance from DANIDA and the World Bank

ii. The Serenje–Nakonde road of 613km has finance (USD5m) for design from the European Development Fund (EDF10) as part of the funds made available to the COMESA-EAC-IOC-IGAD Regional Indicative Programme (RIP). Total construction costs are expected to be approximately USD600 million.

iii. The Kitwe–Chingola road (50km) is being considered for funding from the EDF10 COMESA-EAC-IOC-IGAD RIP.

iv. Two of the three links of the Lusaka-Chirundu road (from Lusaka, 65.6km) will be financed by the World Bank. Designs were completed and tenders issued in May 2011 for construction. The reconstruction of the last link from Lusaka of the Lusaka-Chirundu road of 25km together with the rehabilitation and upgrade of the Kafue weighbridge will be financed through the Tripartite Trust Account and will shortly be tendered for construction. Together with the completion of the road link down the escarpment which was completed in 2009, when construction of these additional three links are completed the entire Lusaka – Chirundu road section will have been upgraded.

v. A 135 km section of the Nata -Kazungula road is under construction and it has been financed by the Government of Botswana.

e) Enhancement of flight safety

The Charter for establishing the SADC Aviation Safety Organisation (SASO) within the framework of the Principle of Subsidiarity and that of the SADC Treaty has been developed and recommended for approval by the Ministers responsible for Transport. The Charter provides the legal and institutional framework for establishing the SASO. The provisions of the Charter cover, among other things, objectives, functions, organisational structure, its governing body and sources of funding for SASO.

3.2.4 Meteorology

The SADC Climate Services Centre (CSC) has continued to provide services and timely outreach products in weather and climate monitoring and prediction for the benefit of the Member States and international institutions. In particular, those organisations dealing in Early Warning for Food Security, Disaster Preparedness, Health and Water Management Sectors benefit a lot from this intervention. The Southern Africa Regional Climate Outlook Forum (SARCOF) products and subsequent updates from CSC enable better planning for climate-driven disasters.

A notable achievement in the weather and climate monitoring arena, has been the strengthening of climate information systems. This includes the installation and upgrading of Satellite Receiving Stations and Advance Fire Information Systems in Ministries of Agriculture and Ministries of Environment. In addition, implementation of the World Meteorological Organisation’s Pilot Severe Weather Forecast Demonstration Project for SADC has been successful in forecasting severe weather events in the Region and has as such enhanced cooperation between NMHSs and national disaster management units within Member States.

3.2.5 Communications and ICT

The increased demand for ICT services has provided an opportunity for SADC to take advantage and accelerate the roll out of Infrastructure and provision of accessible services to
gain competitive advantage over other regions in Africa and globally. The region continues to adopt effective legal and regulatory frameworks that create the necessary enabling environment to support public and investor confidence in the ICT Sector.

The long term phase of the SADC Regional Information Infrastructure (SRII) Project which was the only remaining element of the project in the previous year is currently at an advanced stage with installation of Intelligent Nodes which include two submarine links per SADC Member State. Under Policy and Regulatory harmonisation, SADC is moving towards embracing the concept of convergence. A significant transition in this area was the launch of the Communications Regulators Association of Southern Africa (CRASA) following the merger of the Communications Regulatory Association of Southern Africa and the Southern African Postal Regulators Association (SAPRA) during 2011. The converged Regulatory Association convened its first Annual General Meeting in April 2012.

Significant progress has also been achieved on the implementation of the e-SADC Strategic Framework which was adopted by the SADC ICT Ministers in 2010. Two key activities were commenced in 2011 and validated during 2012. The SADC Harmonised Cyber Security Legal Framework was validated in February 2012 and the E-commerce Readiness Study, Strategy and Plan of Action was completed and validated in April 2012.

In October 2011, SADC convened the 3rd SADC Regional Digital Broadcasting Migration Forum whose key objective was to review the SADC Digital Broadcasting Migration Roadmap to 2013 in view of the decisions made by the ICT Ministers meeting in special Session in November 2010. The forum decided to maintain the SADC Switchover date of December 2013. The forum also made the following recommendations:

a) That a Project office should be set up in the SADC Secretariat with a Digital Broadcasting
Expert to drive the process leading on to the migration as per the SADC deadline of 2013 and the International deadline of 2015;

b) Setting up a steering committee with representatives from all SADC Member States; and

c) Convening a Digital Broadcasting Migration Forum twice a year leading on to the migration in 2015.

d) The meeting also came up with an Action plan to be implemented by Member States and overseen by SADC Secretariat.

3.2.6 Water

Properly managed water resources are a critical component of growth, poverty reduction and equity. Thus, water is critical for economic development of the SADC region.

In this regard, SADC continues to implement its Regional Strategic Action Plan (RSAP) on Integrated Water Resource Development and Management (IRWDM) which focuses on water resource management and development as central to sustainable growth and poverty eradication. Currently, the Secretariat is coordinating implementation of RSAP III [2011 – 2015] which was reviewed and approved in September 2011 by the Ministers responsible for water. The RSAP III serves as a work plan to guide the development and implementation of activities in the SADC water sector for the period 2011 – 2015. To ensure that it contributes to the SADC Agenda of regional integration and poverty eradication, the RSAP III focuses on the development of water infrastructure in the region to improve assurance of water supply for domestic, industrial, energy and food security purposes.

a) Regional Water Infrastructure Programme

The SADC Secretariat with full participation of Member States and financial support from the German Government under delegated cooperation with the United Kingdom and the Australian Government have in 2011, prepared a list of 23 prioritized water infrastructure projects. The Water Infrastructure projects are packaged into three categories, namely: regional; cross border; and priority national projects which contribute to the goals of regional integration, peace and stability, and poverty eradication.

The prioritised strategic water sector projects were presented at the Water Infrastructure Investment Conference held in September 2011 in Maseru, Lesotho. The conference was attended by, among others, SADC Ministers responsible for Water, potential investors including Multi-lateral Banks, the Private Sector, International Cooperating Partners (ICPs), and representatives of the AU.

b) Kunene Transboundary Water Supply and Sanitation Project

The Kunene Transboundary Water Supply and Sanitation Project continued to make headways during the period under review. The project which is shared between the Governments of Angola and Namibia received financial support from the German Government through the SADC/German cooperation. Agreement to the tune of Euro 18 Million for the infrastructure components and additional Euro 2 million for the softer capacity building and facilitation components of the project. The initial contribution to the Project by Angola and Namibia is Euro 14 million and Euro 1.07 million respectively; the figures are expected to go up significantly as Angola will further finance the construction of the distribution network for the Ondjiva water and waste water systems. Namibia is
expected to fund the electrification of the pump station at Calueque Dam.

c) Facilitation of the Establishment of Shared Watercourse Institutions: ZAMCOM and LIMCOM Agreements

Progress continues to be made in the management of shared watercourses in the region through the establishment of requisite institutions. Two River Basin agreements, the Zambezi Watercourse Commission (ZAMCOM) and the Limpopo Watercourse Commission (LIMCOM) came into force in June 2011. The Zambezi River Basin Commission came into force after six of the eight countries that share the Zambezi river basin completed their ratification processes and successfully deposited their ratification instruments with the SADC Secretariat while the Limpopo acquired ratification by all the four riparian states. Following these developments, work is underway in both Basins to establish the requisite organs of the Basin Organisations including the move towards permanent secretariats.

d) Responding to Climate Change Effects on Water Availability

As part of the response to the increasing effects of climate change on the availability of water in the region, SADC launched Climate Change Adaptation Strategy for the sector during a SADC side event at the United Nations Framework Convention on Climate Change Conference of Parties (UNFCC COP) negotiations held in Durban, South Africa in December 2011. The Strategy will address, amongst other things, the three stages of disaster management namely preparedness, response and recovery.

e) Groundwater and Drought Management Project

The Groundwater and Drought Management project was completed during the period under review. The project produced several tools aimed at facilitating increased awareness and better management of groundwater resources in the region such as Groundwater Management Plans for Communities; Decision Support Guidelines; Awareness Materials; and Groundwater Vulnerability Maps. The Groundwater Vulnerability Maps will assist in guiding planners and resource managers in determining which areas are more susceptible to groundwater contamination within the region.

3.2.7 Tourism

Implementation of strategies relating to Joint Marketing of the Region as a single destination continues under the auspices of RETOSA. SADC Member States continue to showcase the region at reputed international exhibitions. The slow pace of the proposed UNIVISA continues to be seen as an impediment to tourism growth and the region’s competitiveness as an attractive and well facilitated destination.

Furthermore, the Ministers responsible for Tourism have embarked on a study to review the institutional positioning, resourcing and the mandate of RETOSA, which findings shall be submitted to Council in 2013.

3.2.8 Key Challenges to Implementation of Infrastructure Projects

The key challenges faced in implementing infrastructure programmes include:

a) Human and financial resources constraints which continue to hamper effective programme
implementation and coordination at both regional and national levels.
b) Non functional project structures, particularly at all levels, national and regional and the
general high staff turnover at Member States level which affects continuity and causes
delays in implementation of activities.
c) Low levels of response from Member States, particularly on project tracking, provision of
information and data for a number of studies.

3.3 Food, Agriculture and Joint Management of Transboundary Natural Resources

In the area of Food, Agriculture and Natural Resources, the Secretariat has continued to focus on
achieving food security, reducing poverty, and promoting sustainable use of natural resources
and the environment. The agricultural sector in the region remains critical as approximately 70
per cent of the population depends on it for food, income, and employment. The sector also
contributes between 4 per cent – 27 per cent of Member States GDPS and about 13 per cent
of the total export earnings in the region. The performance of this sector has strong influence on
food security, economic growthand social and economic stability.

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

3.3.1 The Regional Food Security Situation

3.3.1.1 Rainfall Performance

The 2011/12 rainfall season was generally poor in most parts of the region, with the southern
half of the region, including parts of South Africa, Lesotho, Malawi, Mozambique, Madagascar,
Zambia, Zimbabwe and unimodal areas of Tanzania receiving mostly below normal rains. The
erratic onset of the rains negatively affected crop performance in some areas, particularly where
crops were not able to reach full maturity under optimal conditions. In contrast, some of the
northern and central parts of the region received above normal rains in the first half of the
season.
3.3.1.2 The Regional Food Security Forecasts

Preliminary forecasts indicate a deteriorating overall regional food security situation for the 2012/13 marketing year compared to the previous two years. The Regional analysis indicates an overall cereal deficit of 3.80 million tonnes compared to a surplus of 0.73 million tonnes in 2010/11 and a small deficit of 0.95 million tonnes in 2011/12 marketing years. Country analysis of the food security situation in the 2012/13 marketing year indicates that only Malawi and Zambia have overall cereal surpluses of 0.56 million tonnes and 1.10 million tonnes respectively as presented in Figure 5.

**Figure 5: 2012/13 Cereal Surplus/ Deficit by Country**

In terms of maize, which accounted for 81 per cent of total cereal production in the previous marketing year, current forecasts indicate a marginal surplus of 0.19 million tonnes, the lowest since the 2007/08 marketing year. At country level, surpluses are only available in Malawi (0.57 million tonnes), Mozambique (0.18 million tonnes), South Africa (0.73 million tonnes) and Zambia (1.04 million tonnes), with the rest of the Member States indicating deficits, ranging from 0.06 million tonnes in Swaziland to 0.58 million tonnes in Angola. Cassava is expected to cover most of the maize deficit in Tanzania.

It is expected that maize deficit Member States will cover their requirement through imports from surplus countries of Malawi, Mozambique, South Africa and Zambia. However, this depends on each of the four maize surplus countries not imposing export bans as the Region has only marginal surpluses of the commodity.

3.3.1.3 Production of Non-Cereal Food Crops

Preliminary forecasts for Angola, Malawi, Mozambique, Tanzania and Zambia cassava production indicate a cassava production of 19.16 million tonnes which though lower than the previous
year’s production of 21.56 million tonnes is still higher compared to other years in the past. Cassava is expected to cover part of the cereal deficits in these countries.

### 3.3.1.4 Livestock and Fisheries

Although the region remains a net importer of all livestock and livestock products, production of meat has increased by about 3.4 per cent from 5.34 million tonnes in 2010 to 5.52 million tonnes in 2011. Milk and eggs production have increased by 2.2 per cent and 3.2 per cent from 4.86 million tonnes and 0.63 million tonnes to 4.97 million and 0.65 million tonnes respectively over the same period.

With regard to fisheries, the SADC region remains a net importer of fish and fish products despite the fact that the region is endowed with fisheries resources and great potential for aquaculture production. In addition, fish trade among SADC Member States is also limited and tends to be informal in nature. Handling and value addition in fisheries is an area that requires investments in order to enhance access to both regional and international markets.

The demand for fish is rising globally while the supply tends to be declining. Currently, the region consumes tilapia from Asian aquaculture farms and yet in the SADC region where tilapia exists naturally, there is very little fish farming activities. The capture of fisheries has been declining due to a number of challenges including uncoordinated fisheries policies among Member States sharing transboundary fisheries resources, inappropriate fishing methods, and illegal unreported and unregulated (IUU) fishing management strategies. Consequently, there is need to both increase fish production, sustainably manage existing fish stocks and add value to the limited fisheries resources in order for them to fetch higher prices. This should also be accompanied by harmonization of fisheries policies and full implementation of the SADC Statement of Commitment to Combat IUU fishing.

### 3.3.1.5 Trends in Food Insecure Population

Although Member States have yet to publish their 2012 vulnerability assessment and analysis results, current indications point to an increase in the number of people requiring humanitarian assistance (food and other non-food assistance) due to poor cereal production. The region faced a similar level of cereal deficit in 2007/08 and at that time the region had 7.89 million people requiring food assistance (refer to Table 1).
The trend shows a persistently high number of food insecure people, despite general increases in food supply and availability over the past few years. This is a manifestation of chronic vulnerability and high levels of poverty in the Region. Although most Member States have National Early Warning Units (NEWUs) for food security, these hardly produce early warning information due to inadequate financial and human resources. This state of affairs has weakened Member States’ ability to effectively forecast food security situations necessary for informed decisions to prevent food insecurity and hunger in the region. Only South Africa and Lesotho are currently producing timely early warning reports.

3.3.2 Agricultural Input Supply

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Botswana*</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,400</td>
</tr>
<tr>
<td>Lesotho</td>
<td>541,000</td>
<td>245,700</td>
<td>553,000</td>
<td>353,000</td>
<td>450,000</td>
<td>200,000</td>
<td>514,000</td>
</tr>
<tr>
<td>Malawi</td>
<td>5,055,000</td>
<td>833,000</td>
<td>63,200</td>
<td>673,498</td>
<td>147,492</td>
<td>1,061,000</td>
<td>201,854</td>
</tr>
<tr>
<td>Mozambique</td>
<td>801,655</td>
<td>240,000</td>
<td>520,000</td>
<td>302,664</td>
<td>281,300</td>
<td>350,000</td>
<td>350,000</td>
</tr>
<tr>
<td>Namibia</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>224,795</td>
<td>106,297</td>
<td>243,474</td>
</tr>
<tr>
<td>Swaziland</td>
<td>634,400</td>
<td>465,900</td>
<td>345,000</td>
<td>238,600</td>
<td>262,000</td>
<td>160,989</td>
<td>88,511</td>
</tr>
<tr>
<td>Tanzania</td>
<td>848,019</td>
<td>995,433</td>
<td>581,974</td>
<td>780,416</td>
<td>240,544</td>
<td>1,217,767</td>
<td>945,524</td>
</tr>
<tr>
<td>Zambia</td>
<td>1,232,700</td>
<td>380,537</td>
<td>440,866</td>
<td>444,624</td>
<td>110,000</td>
<td>53,629</td>
<td>74,804</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>2,884,800</td>
<td>1,392,500</td>
<td>4,100,000</td>
<td>5,100,000</td>
<td>1,400,000</td>
<td>1,287,937</td>
<td>1,390,000</td>
</tr>
<tr>
<td>SADC**</td>
<td>11,997,574</td>
<td>4,553,070</td>
<td>6,604,040</td>
<td>7,892,802</td>
<td>3,116,131</td>
<td>4,437,619</td>
<td>3,808,167</td>
</tr>
</tbody>
</table>

Source: SADC FANR Directorate – Member States Vulnerability assessment Committees.

* Figure from one livelihood zone.

** Including only countries where assessments were made.
In facilitating the input challenges, the Secretariat has been coordinating interventions to improve the availability and access to inputs. In this regard, the Secretariat managed to establish the SADC Seed Centre to implement the SADC Harmonised Seed Regulatory System which was approved by Ministers in 2008. The Centre is located at the SADC Plant Genetic Resource Centre (SPGRC) in Lusaka, Zambia. The overall objective of the harmonised system is to promote trade of high quality seed varieties between countries in order to increase availability of such seed to farmers. To facilitate implementation of the harmonised seed regulatory system, a Memorandum of Understanding (MOU) has been developed and signed by 9 Member States.

During the year under review, the Secretariat developed four sets of guidelines on: Registration of veterinary drugs; Management of national food control system; Food safety; and Registration of crop protection products with the aim of providing Member States with effective materials for strengthening their systems in the areas of agricultural chemicals and food safety.

3.3.3 Crops and Livestock

Transboundary crop and livestock pests and diseases continue to affect production and subsequent take-off despite the importance of crops and livestock in the economies of the SADC Member States. In pursuit of addressing the problem of these transboundary pests and diseases, the Secretariat has focused on putting in place harmonised policies, programmes and strategies that would contribute towards their eradication.

With regards to crops, the Secretariat has facilitated the development of common strategies for managing migrant pests in crops, publication of essential literature and coordinated the development of common positions in international phytosanitary fora for the control of plant pests. The Secretariat has also carried out effective advocacy work with Member States resulting in the adherence of more Member States to international treaties on plant protection, especially the International Plant Protection Convention (IPPC).
Two regional projects for the control of the ‘Asian fruit fly’, a serious pest of horticultural crops, were developed and approved by Ministers. The objective of the two projects is to effectively manage this pest in the region in a collaborative manner in order to protect the horticultural industry and prevent the spread of the pest. The Secretariat is currently collaborating with cooperating partners to finance the projects.

With regard to livestock, the Secretariat continued to focus on the pests and diseases such as tick borne diseases, Trypanosomosis, Foot and Mouth Diseases, Contagious Bovine Pleuroneumonia, Pestes des Petits Ruminants (PPR), Rift Valley Fever and Newcastle. These are considered to have adverse effects on livestock production and resultant take off. They critically affect the tradability of livestock products in lucrative markets.

The main successes have been on facilitating the sampling of buffaloes and cattle in selected national parks in Angola, Malawi, Mozambique, Tanzania, Zambia and Zimbabwe to establish the Foot and Mouth Disease (FMD) virus strains circulating in them. Ministers responsible for Agriculture and Food Security have approved that Member States consider integrating yearly buffalo and cattle sampling in the activities of the Veterinary Services. Ministers also requested Member States to make resources available for the progressive control and eventual eradication of PPR from the region. The Secretariat has procured equipment for veterinary laboratories and trained staff in appropriate technologies for eventual eligibility towards accreditation of the laboratories. Veterinary personnel of Member States have been trained in postgraduate preventive veterinary medicine and food safety.

3.3.4 Agricultural Research, Technology Development and Dissemination

The focus for the review period was towards the establishment of the Centre for Coordination of Agricultural Research and Development in Southern Africa (CCARDESA) which provides a platform for regional coordination of agricultural research and development and scale up access to and adoption of technologies as well as facilitating the region to increase agricultural production and productivity.

During the period under review, a Charter establishing the CCARDESA was completed, signed by Member States and came into force. The establishment of the Board of CCARDESA was completed and the hosting agreement of CCARDESA in Botswana was developed and the institution is now operational with the Board in the process of recruiting staff.

3.3.5 Regional Agricultural Policy

During the year under review, the SADC Secretariat continued to develop a SADC Regional Agricultural Policy (RAP), which is expected to be a binding legal instrument for the implementation of the region’s strategies in food, agriculture, natural resources and environment. This is in support of the RISDP which identified the need for such an instrument.

The Secretariat has managed to facilitate the drafting of SADC RAP Technical Background Document and the Policy Document which formalises the key policy directions for the region, i.e. the purpose, objectives, priority areas for intervention, potential intervention forms and general planning, implementation and financing mechanisms of the RAP. The policy document is currently under peer review towards submission to Senior Government Officials and key stakeholders by mid-2012 and for approval by the Ministers responsible for food, agriculture and natural resources by end of 2012. The approved Policy will be followed by the development of the RAP investment plan and the signing of the SADC Regional Comprehensive Africa Agriculture
Development Programme (CAADP) Compact.

3.3.6 Disaster Preparedness

SADC region continues to face multiple disasters which affect food security every year. These disasters include both natural and man-made ones. SADC has been addressing the issue of disaster awareness/alertness through efforts to improve forecasting, prevention, mitigation and recovery. This has resulted in the development of programmes and projects to deal with these focus areas. The main projects being implemented within SADC include Regional Early Warning System, Regional Vulnerability Assessment and Analysis (RVAA) Programme, the Drought Monitoring Centre (DMC) and the Drought Risk Reduction Unit.

During the period under review, the Regional Early Warning System managed to facilitate the continuous collection, analysis and dissemination of early warning information for food security through early warning updates and/or reports to Ministerial/Council/Summit meetings. Regional early warning systems have managed to develop and disseminate agro-meteorological reports during rainy season – October 2011 to March 2012. These have been used by Member States to plan crop production during the crop growing season and thereby limiting disasters associated with poor or excessive rains.

The Secretariat has continued to strengthen national and regional vulnerability analysis systems aimed at informing policy formulation, development programmes and emergency interventions that lead to a reduction in vulnerability in the SADC region. During the period under review the RVAA contributed towards the disaster alertness by facilitating annual livelihoods based assessments in nine Member States to inform decision makers about the vulnerability situation in their respective countries. The information from these assessments was used in planning, monitoring, disaster preparedness and response.

3.3.7 Joint Management of Transboundary Natural Resources

Natural Resources Management (NRM) focuses on Fisheries, Forestry, Wildlife and Trans-frontier Conservation Areas which are based on ecosystems. During the period under review, the Secretariat in collaboration with Member States has elaborated programmes and action plans based on the priorities set in the Implementation Strategy for the Protocol on Fisheries. These programmes and action plans will enhance capacity to safeguard its fisheries resources from external invasion, promote aquaculture production, improve access of fish and fish products in the region, and improve management of fisheries resources within the region.

With regard to Forestry, the focus of the Secretariat has been on operationalising the SADC Protocol on Forestry which came into force on 29 May 2009. Through the implementation of the SADC Protocol on Forestry, the Secretariat in collaboration with Member States has been implementing two programmes namely: Reducing Emissions from Deforestation and Forest Degradation (REDD+) and Fire Management. The REDD+ programme aims to assist the region to benefit from the carbon market through capacity building and adoption of an ecosystem approach to the implementation of REDD mechanisms. The Fire Management programme on the other hand, aims to assist the region to effectively manage forest fires and to collaborate in this effort. The programme also entails employing early warning and enhancing capacity at community, national and regional levels.

On Wildlife, the Secretariat, in collaboration with Members States continued to implement the SADC Wildlife and Law Enforcement which was ratified by Member States in November 2003.
The Directorate also continued to facilitate the operationalisation of the SADC Framework on Transfrontier Conservation Areas (TFCAs) that was approved by the Integrated Committee of Ministers in 2007. As part of the process of operationalising the TFCA Framework, the Secretariat has also initiated the development of a Draft Regional TFCA programme. The aim of the programme is to address capacity needs of TFCAs including that of communities living within the TFCAs. The programme also focuses on income generating projects, establishing a network of TFCAs for information exchange, document best practices, develop various guidelines for TFCAs, and establish a regional fund to support TFCAs in line with the Protocol on Wildlife.

3.3.8 Environment and Sustainable Development

The Secretariat's efforts in Environment and Sustainable Development interventions focuses on harmonisation of policies, mainstreaming environment, monitoring and reporting on environmental conditions as well as coordinating negotiations of multilateral environmental agreements. In order to promote harmonisation of policy and regulatory frameworks across the region, the Secretariat is facilitating the development of Protocol on Environment which is at a draft stage. The draft will undergo national legal reviews before it can be endorsed by the Ministers responsible for Environment and before approval by relevant SADC structures.

A programme on Climate Change is being developed. This follows the directive from the Integrated Council of Ministers 2008 which mandated SADC Secretariat to develop a Regional Programme on Climate Change to help Member States cope with the negative impacts of climate change. Alongside the SADC Regional Programme on Climate Change, the Secretariat in collaboration with COMESA and EAC have developed a tripartite “Programme on Climate Change Adaptation and Mitigation in the COMESA-EAC-SADC Region”. The programme has been jointly funded by the Norwegian Government, the EU and The British Department for International Development to the tune of about USD100 million and is ready for implementation.

The overall objective of the programme is to address the impacts of climate change in the COMESA-EAC-SADC region through successful adaptation and mitigation actions which also build economic and social resilience for present and future generations. The programme mainly focuses on Conservation Agriculture in order to increase the regions adaptation of the food security sector.

The Secretariat also participated and undertook a number of activities during and towards COP 17 of the United Nations Framework Convention on Climate Change which included facilitation of a regional position on climate change.

3.3.9 Key Challenges to Implementation of Food, Agriculture and Natural Resources programmes

The major internal challenge during the review period has been the budget which was reduced by 49 per cent. This affected the implementation of a number of activities. Poor participation of Member States in technical meetings also affected the formulation and implementation of programmes.

High dependency on rain-fed agriculture continues to pose real challenges in food production. This has meant that in any year where the region has had poor rains, cereal production has gone down as is the case this year. The poor production has now led to increased number of
IMPLEMENTATION OF PROGRAMMES OF REGIONAL COOPERATION AND INTEGRATION

vulnerable people requiring food assistance in most Member States. It is important that Member States properly assess the impact of the poor cereal production and instigate measures to support affected populations in the short term and foster production in the long term.

3.4 Social and Human Development Programmes of Regional Dimension

In the area of social and human development, the Secretariat continued to facilitate the implementation of initiatives guided by the RISDP, relevant Protocols and Declarations as well as the 2011/12 Business Plan of the Secretariat. Major developments and trends in the focus areas included the following:

3.4.1 Education and Skills Development

The education and skills development programme continued to focus on harmonisation of policies and implementation of common measures for increased access to quality education and for improving skills development approaches. A major achievement in the year under review is approval of the first phase of the Regional Qualifications Framework (RQF) as a reference framework with ten broad level descriptors. The RQF is a regional mechanism for facilitating comparability and recognition of qualifications, quality assurance within the region and creation of regional standards. The next phase entails further development to include quality descriptors and qualifications types.

Member States are expected to translate the ten level descriptors to their existing qualifications systems and to have referenced their national qualifications system into the RQF by 2014. The RQF will be benchmarked with other regional qualifications frameworks such as the Asia-Pacific, Caribbean, European and Trans-National Qualifications Framework of the Small States of the Commonwealth.

Another immediate outcome that has been achieved is the increased awareness of the use and potential of Open and Distance Learning (ODL) to improve access to quality education as well as upgrading of skills and qualifications. This has been facilitated by the development of the draft Regional ODL Policy Framework and Strategic Plan which are both awaiting approval by the Ministers of Education and Training and supporting Member States with their national advocacy and development of ODL policies.

A mid-term evaluation of the ODL Project was undertaken which noted that substantial progress has been made on the policy and strategic development component of the Project and there was need to focus more on the capacity building component. To this end, at least 54 ODL practitioners in various aspect of ODL are expected to be trained by December 2012. The evaluation also recommended the possibility of a one-year extension of the Project, if the disbursement rate reaches 80 per cent by June 2012.

The Secretariat continued to monitor progress in the implementation of regional, continental and global commitments. This include the development of the 2011 Progress Report on the implementation of the Protocol on Education and Training and the Second Decade of Education Plan of Action which has observed that the region will not achieve all the education targets of the MDGs and the Education for All goals by 2015. The region is lagging behind with enrolments for post primary education, especially tertiary education which stands at about 6 per cent against a global gross tertiary ratio of 30 per cent. This poses a threat to the economic and political stability of the region in view of the current population pattern which has a youth bulge that will continue to increase the demand for tertiary education and skills. Ministers of Education and
Training have agreed to prioritise Technical and Vocational Education and Training and Higher Education in the implementation of the Protocol on Education and Training.

The human and financial challenges continued to constrain effective implementation of the education and skills development programme.

3.4.2 Employment and Labour

In keeping up with the process of regional integration, the employment and labour sector continued to lay emphasis on adopting common policy approaches towards employment creation, integration of the labour market and improving conditions of employment and labour for poverty reduction and for enhancing social protection and labour productivity.

A SADC Labour Market Information System (LMIS) was developed and approved. In the face of growing economic activities in the region, the LMIS will facilitate labour market, thereby enabling stakeholders to make evidenced-based decisions, analyse labour market operations and identify the impact of labour policies and programming across the region.

A draft Protocol on Employment and Labour was also produced during the year under review. In view of the cross-cutting nature of the issues to be addressed by the Protocol, there is a need for further national and regional consultations and refinement of some provisions of the draft Protocol.

Significant progress was also made towards finalising a SADC Decent Work Programme which will enable Member States to develop and implement common standards and priorities for improving work and living standards of workers and their families. Additional consultations will be conducted with relevant stakeholders to refine and finalise the document for approval in 2013.
With respect to monitoring and evaluation of progress in the use of SADC instruments in promoting national and regional efforts, a piloting exercise of monitoring and evaluation instruments in the following areas was launched:

a) Occupational safety and health;

b) Social security for workers and their families;

c) Elimination of worst forms of child labour; and

d) HIV and AIDS care, support and treatment for workers and their families.

Despite the steady progress being made, one of the main challenges observed in this sector is the lack of consistency by relevant stakeholders in the sharing of information on developments regarding SADC policy instruments to, among others, facilitate their effective implementation.

3.4.3 Health and Pharmaceuticals

With regard to health and pharmaceuticals, significant progress has been made in the region in the area of policy development and harmonisation, particularly in disease control. In line with the SADC Protocol on Health, the Secretariat through the Communicable Diseases Project facilitated development and harmonisation of policies, frameworks and guidelines for HIV and AIDS, Tuberculosis and Malaria. To this end, the Framework for Sexually Transmitted Infections (STIs) and the Gender Mainstreaming Strategy and Guidelines for Communicable Diseases were finalised and approved through the SADC structures. In order to facilitate harmonisation in addressing HIV and AIDS, TB and STIs in SADC prisons, draft Guidelines were also developed and will be presented to SADC Ministers responsible for Health and HIV and AIDS for approval in November 2012. Furthermore, a framework to monitor domestication of regionally agreed policies was developed and approved during the review period.

The Secretariat facilitated national and regional consultations with representatives from Ministries of Health, Mines, Labour, Finance, the private sector, labour representatives, regional and global experts, civil society organisations and relevant partners on the “Dimensions of TB in the Mining Sector and other mobile populations in the SADC Region”. This process led to the development of a draft SADC Declaration and Code of Conduct on TB in the Mining Sector. These documents propose areas in the TB response in the mines that need urgent attention.

In the area of diseases surveillance, supranational laboratories for HIV and AIDS and TB were identified together with the corresponding Regional Centres of Excellence. The Memorandum of Understanding on the establishment of Supranational Reference Laboratories and Regional Centres of Excellence was approved by SADC Ministers to facilitate their operationalisation. A Draft Tele-health Network for Diseases Surveillance to enhance surveillance systems for HIV and AIDS, TB and Malaria for sharing information was also finalised during the year.

Significant progress has been made in the control of malaria in the region in terms of malaria morbidity and mortality reduction. The activities which can explain this progress are mainly the Indoor Residual Spraying with DDT, the use of the bed nets, the improvement in the case management with Artemisinin Therapy Combinations (ATCs) combined to Rapid Diagnosis Tests (RDTs) and the active case detection, especially in the Member States going for Malaria Elimination. SADC has expressed the need of still using DDT for the purpose of Malaria control and Elimination in the region. The possibility of local production of DDT has been noted and approved by Ministers of Health.
3.4.4 HIV and AIDS

In line with the Maseru Declaration on HIV and AIDS, the Secretariat continued to facilitate harmonisation of policies relating to HIV and AIDS. In the area of capacity building, 45 Focal Persons for mainstreaming HIV and AIDS and Human Rights were trained. Another 45 officials were trained from five sites of the SADC Global Fund Cross-Border HIV and AIDS Initiative on how to mainstream HIV and AIDS and Human Rights. These trained officers will cascade training on mainstreaming HIV and AIDS and Human Rights at the national level. These activities were conducted in collaboration with the UNDP and Global Fund. Work has also started in the preparation of training for experts from Member States to facilitate domestication of regionally agreed on policies and frameworks.

As from July 2011, the region started using the USD15 million received from the Global Fund to implement activities for the SADC Global Fund HIV and AIDS Cross-Border HIV and AIDS Initiative. Currently eight Mobile Population Clinics are operational at borders in 6 Member States providing Voluntary Counseling and Testing (VCT), treatment of sexually transmitted infections (STIs) and condom distribution services.

The Secretariat has also continued to track and report progress on regional, continental and global HIV and AIDS commitments. The SADC HIV and AIDS Epidemic Report for 2010 revealed that marked progress has been recorded in the provision of Prevention of Mother-To-Child Transmission (PMTCT) of HIV services with most of the countries having achieved more than 50 per cent coverage of PMTCT. All Member States have recorded increases in PMTCT coverage. The report also revealed that using the CD4 cut-off point of 200, the regional treatment coverage of 59 per cent is higher than global average of low and middle income countries of 52 per cent. Institutional capacity strengthening for monitoring and evaluation continued with the implementation of the SADC HIV M&E Capacity Building Plan.

Despite these positive achievements, the regional HIV and AIDS programme still faces challenges in financing the response. This is especially so given the global economic crisis. Thus, there is need to significantly increase domestic resources for the response, including but not limited to the Abuja Declaration targets, of allocating at least 15 per cent of national budget to the health sector.

3.4.5 Special Programme: Orphans, Vulnerable Children and Youth (OVCY)

Following the development of key regional guidelines that seek to harmonise a minimum package of basic services for orphans and other vulnerable children and youth (OVC&Y) across the region, a tool was developed in 2011 to support Member States to monitor and evaluate the implementation of the guidelines across different sectors that deliver services to children and youth.

Following the request by SADC Ministers responsible for vulnerable children and youth during their meeting in June 2011, and the decisions of African Head of States and Government during the July 2011 AU Summit whose theme was “Youth Empowerment and Sustainable Development”, a road map was outlined to guide regional consultations towards the development of a comprehensive SADC Youth Empowerment Strategy and Programme of Action.

Notwithstanding efforts by Member States and the Secretariat, the number of orphans and vulnerable children, and the challenges of the youth in the region increased largely due to the continued devastation of HIV and AIDS and other diseases, and growing poverty. This is
stretches the capacity of the Secretariat to effectively coordinate this growing problem in the region. Financial resources from development partners to support the programme have also reduced as a result of the global financial crisis, and the single officer coordinating the programme with funding from development partners is being overstretched. It is therefore imperative that Member States consider allocating a budget to support the activities under this programme, which will, among others, contribute in uplifting vulnerable children and youth in the region.

3.5 Cross – Cutting Programmes

3.5.1 Gender and Development

3.5.1.1 Policy Development and Harmonisation

Significant progress has been made to expedite the process of harmonisation of national gender policies with the SADC Gender Policy and the SADC Protocol on Gender and Development. The Secretariat facilitated the process of developing a Regional Plan of Action on Gender and Development (2012-2016) with a view to fast track coordinated implementation of the Policy and the Protocol commitments by SADC Member States.

There is continued advocacy and lobbying for the signing of the SADC Protocol on Gender and Development. On the 19 August, 2008 13 SADC Heads of State and Government signed the SADC Protocol on Gender and Development with the exception of Botswana and Mauritius. To date, 9 SADC Member States have ratified the Protocol namely: Angola, Democratic Republic of Congo, Lesotho, Mozambique, Namibia, Seychelles, South Africa, United Republic of Tanzania, and Zimbabwe and all have deposited their instruments of ratification except DRC and South Africa. Despite the slow ratification processes by other Member States namely Malawi, Zambia, and Swaziland, they have all reported positive progress on the ratification process.
3.5.1.2 Gender Mainstreaming

Secretariat continues to embark upon gender mainstreaming activities to ensure that a gender perspective is incorporated in all sectoral policies, strategies, programmes and interventions of the regional integration agenda. Through these efforts, visible and sustainable application of gender mainstreaming tools and gender analysis techniques are increasing across sectors. The following achievements in gender mainstreaming have been realized so far both at Secretariat and Member State levels:

- Enhanced capacity of experts to identify gender inequalities and integrate gender at all levels of the programmes;
- Increased acknowledgement of gender mainstreaming as a tool; acquired knowledge and application of the key gender planning concepts
- Strengthened knowledge and skill on gender mainstreaming for gender responsive programming in projects.

3.5.1.3 Women’s Empowerment Programmes

The women’s empowerment programmes bring together a set of initiatives to protect, uplift and enhance the quality of lives of women and girls taking cognizance of the fact that disparities between women and men still exist in the areas of legal rights, power sharing, decision making, access to and control over productive resources, violence against women, and health, among others.

3.5.1.4 Women in Politics and Decision Making Positions

SADC Heads of State and Government at their 2005 Summit held in Gaborone, Botswana upgraded the original 30 per cent target on the representation of women in political and decision making positions in all SADC structures and institutions to 50 per cent in line with the AU target. In realising the set target is very slow and inconsistent across the region, the Secretariat has developed a comprehensive framework and guidelines for enabling SADC Member States to achieve the 50 per cent target of women in decision-making positions by 2015. Below is an update on the status of Women Representation in Political and Decision Making Positions:
Figure 8: Trends on the Number of Women in Parliaments in SADC Member States

The figure above shows the trend between 1997 and 2011 of percentages of women in parliaments of the SADC Member States. From the graph, it is evident that there has been steady and upward trends in Angola; Mauritius; Mozambique, Seychelles, South Africa and the United Republic of Tanzania, while in the remaining Member States there has been a reduction in the percentages of women in parliaments over the years.

There is a correlation and direct link between the percentage of women in Parliament and the type of Electoral System that is used as shown in Figure 9 below. From Figure 8, it is illustrated that three of the five Member States which has an incremental trend in the number of women in Parliament i.e. Angola; Mozambique and South Africa are using Proportional Representation, while the other two i.e. Seychelles and Tanzania use a combination of different electoral systems.

Figure 9: Types of Electoral Systems in SADC Member States.

**Electoral Systems in SADC**

**Proportional**
- Angola
- Mozambique
- Namibia
- South Africa

**Constituency**
- Botswana
- DRC
- Malawi
- Swaziland
- Zambia
- Zimbabwe

**Combination**
- Lesotho
- Madagascar
- Mauritius
- Seychelles
- Tanzania
Based on Figure 9, it can be concluded that SADC Member States that use the Constituency (First-Past-the-Post) System have performed badly and have not been able to consistently maintain and/or increase the number of women in Parliament resulting in fluctuations. This is the opposite as compared to Member States that use Proportional Representation or have quotas in one form or the other.

**Figure 10: Women Representation in Cabinets of SADC Member States**

Figure 10 reflects the trends of women representation in Cabinets of the SADC Member states between 2006 - 2011. It indicates that there has been a steady and consistent upward trend of the number of women in Cabinet in Angola; Lesotho; Malawi; Mozambique; South Africa; Swaziland; Tanzania and Zimbabwe. However the number of women in Cabinet has decreased or remained dismally low in Botswana; DRC; Namibia; Seychelles and Zambia.

### 3.5.1.5 Other achievements under Women's Empowerment Programmes

- a) Enhanced coordination of Women’s Economic Empowerment priorities through the development of the SADC Women’s Economic Empowerment Strategy in October 2011;
- b) Creation of business opportunities for SADC women in business to identify new markets; enhanced sharing and exchange of information/knowledge and exposure to new and appropriate production technologies though the 2011 SADC Women In Business Trade Fair and Investment Forum which was held in Luanda, Angola, November 2011; and
- c) Enhanced coordination for Gender Based Violence priorities through the development of a SADC Regional Strategy to address Gender Based Violence.

### 3.5.1.6 SADC Bie-Enniel Gender and Development (2010-2012) Report

Monitoring and Evaluation is key in assessing progress made in the implementation of SADC Gender Commitments in line with the SADC Protocol on Gender and Development and other Continental and International gender instruments which SADC Member States are a party to. This year the Secretariat utilised the SADC Gender Monitoring Tool on Gender and Development
that is aligned to the SADC Protocol on Gender and Development to monitor progress in the implementation of all provisions of the Protocol to produce the SADC Bie-Enniel Report on Gender and Development (2010-2012). Information collected is useful baseline necessary for future Monitoring and Evaluation.

The SADC Gender Monitor 2012 was published in collaboration with SARDC—WIDSAA Centre in Harare, Zimbabwe. The Monitor is aimed at tracking the status of implementation of the SADC Protocol on Gender and Development, taking stock of where all the SADC Member States are in terms of implementing the SADC Gender commitments, as per the Protocol on Gender and Development. The monitor is instrumental in disseminating information on gender and women’s empowerment in the SADC region to as many stakeholders as possible to share good practices, and lessons learnt.

3.5.2 Statistics

Regarding Statistics, programme implementation during the year under review continued to focus on the priority intervention areas as identified and elaborated in the RISDP.

3.5.2.1 Strategic Partners

During the reference period, key activities undertaken in the area of statistics were financed mainly by the EU and AfDB through the implementation frameworks of the Statistics component of the Capacity Building for Regional Integration and the Statistical Capacity Building (SCB) II programs respectively.

3.5.2.2 Priority Areas

The SADC Statistics programme continued to focus on the following priority activities:

a) Harmonization of Statistics with particular focus on the following:
   - I. International Merchandise Trade Statistics (IMTS);
   - II. Consumer Price Statistics; and
   - III. National Accounts.

b) Building and enhancement of statistical capacity to monitor progress towards achievement of the MDGs;

c) Development of a Regional Statistics Strategy;

d) Development of statistical databases and data dissemination mechanisms including the SADC Integrated Trade Statistics Database and SADC Statistics Yearbook; and

e) Promoting internationally recognised statistical classifications and standards including best statistical practices among the Member States.

3.5.2.3 Achievements and Activities Undertaken

The following constitute the major achievements and activities facilitated by the Secretariat in the area of Statistics during the review period:


b) Consultative meeting on Harmonization of IMTS for SADC Member States successfully conducted.
c) Stage I Harmonized Consumer Price Indices (HCPIs) for SADC and its Member States launched and disseminated monthly since October 2011.
d) Development of the first draft SADC Statistical Year Book finalised.
e) Systems development including installation, testing and training of core Secretariat staff for the SADC Integrated Trade Statistics Database undertaken.
f) Zero Draft SADC Regional Strategy for Statistical Development produced;
g) Selected regional indicators including Gross Domestic Product (GDP), Inflation, Annual growth rates, aggregate on exports and imports, Population, Exchange rates and country profiles for data series relating to period 2000 to 2010 compiled and validated.
h) Statistical capacity relating to various subject matter in statistics areas with focus on Consumer Prices statistics, National Accounts, and Foreign Trade Statistics for Member States built and improved through statistical capacity building initiatives.
i) Annual SADC Statistics Committee meeting to provide strategic and policy direction to the implementation of statistics projects in SADC conducted.
j) Coordination of data collection and submission of requisite prices and national accounts data to the AfDB within the implementation framework of the 2011 International Comparison program for SADC Member States undertaken.

3.5.3 Science, Technology, and Innovation

The focus of this sector in 2011/12 continued to be on policy harmonisation and strengthening of partnerships with key stakeholders. Among the key outputs achieved during this period were:

a) the updated draft Strategic Framework on Science, Technology and Innovation;
b) the draft Action Plan on Indigenous Knowledge Systems,
c) a draft Implementation Plan of the Science and Technology Climate Change; and
d) a draft Charter on Women in Science Engineering and Technology.

The holding of the Ministerial Meeting on Science, Technology and Innovation in 2011 also acted as a platform to clear a number of key issues since this sector held its last meeting in 2008. The lack of availability of human and financial resources to drive the regional initiatives continued to be the main challenges that hampered progress in this sector.
The Policy, Planning, Monitoring and Evaluation functions have a key role in ensuring strategic alignment of operations with SADC objectives and goals. They moreover contribute to achieving higher levels of efficiency in the performance of activities.

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

4.1 Policy and Strategy Development

4.1.1. SADC Medium Term Strategy

The SPME Policy underscores the importance to consolidate the strategy development function of the Secretariat and makes provision for the development of a SADC Medium Term Strategy (MTS) that would enable a better alignment and coordination of SADC programmes. The MTS should itself be developed in line with the RISDP and SIPO, while at the same time taking into account contextual changes and incorporating knowledge gathered from past interventions.

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

4.1.2 SADC Policy Analysis and Dialogue Programme: Regional Integration “Think - Tank” Events

In view of the need to strengthen policy analysis and dialogue both within the SADC Secretariat and at regional level, in January 2012, we introduced regional think-tank seminars/workshops. The overall objective of this activity is to bring together experts in different areas of regional cooperation and integration and provide them with a platform for dialogue and contribute to the SADC policy making process. This initiative has received an overwhelming support from the relevant stakeholders in the region. To date, we have managed to hold two main thin-tank seminars, on climate change, in April 2012, and on regional integration, in August 2012, in Gaborone and Maputo respectively. The results of these seminars are published in the SADC Policy Issues Paper Series launched also in the course of this year.

4.1.3 Operationalisation of the SADC Regional Poverty Observatory (RPO)

Following the adoption of a decision to establish the SADC Regional Poverty Observatory in August 2008, a proposal on technical and institutional frameworks of the Observatory was
approved by council and endorsed by Summit in August 2010. However, the operationalisation of the Observatory has experienced delays owing to lack of capacity within the Secretariat. I am pleased to report that work on the operationalisation of the RPO commenced in January 2012 with the support of the Southern Africa Trust.

The first meeting of the RPO steering Committee was held in May 2012. Among other things, the Steering committee approved a Roadmap to operationalise the RPO which includes the launch of the RPO targeted for September 2013. The meeting also agreed that a Regional Workshop be convened in September 2012 to develop the SADC Common Poverty Matrix.

4.2 Planning, Monitoring and Evaluation

4.2.1 Planning and Programming

In order to discharge its mandate on the operational efficiency and effectiveness, the SADC Secretariat has developed Planning Guidelines. The main purpose of the Guidelines is to ensure that the planning processes within the Secretariat are standardised, professional, well-coordinated and linked to other key management processes such as strategy development, budgeting, resource mobilisation, monitoring and evaluation, procurement and management information.

The annual Corporate Plan for 2012/13 as well as the consolidated Secretariat’s Business Plans and Budgets for 2012/2013 were prepared. These plans were adopted by Council in February 2012 and they set out the overall strategic focus, objectives, and expected results for the Organisation to achieve during the fiscal year. They built on the challenges and successes experienced in the previous financial year.

As it is usually the case, in June 2012, a team of Planning Experts from the Secretariat convened in a workshop to prepare the Budget Outlook Paper for 2013-2016. This strategy will be presented before you for approval.

4.2.2 Monitoring, Reporting and Evaluation

4.2.2.1 Review of the RISDP

As Council is aware, the desk study undertaken by the Secretariat to measure progress made in implementing the RISDP was undertaken and presented for approval in the August 2011 Meeting held in Luanda, Angola. Subsequent to the incorporation of the comments made on the study at the August Meeting, the final report was submitted to the Extra Ordinary Council meeting in November 2011. The major findings of the study were still as indicated in my previous year Report.

The process of independent mid-term review as approved by Council in its February 2012 Meeting held in Luanda, Angola, has begun. A consulting firm that will undertake the review is being procured following SADC Procurement Guidelines. It is expected that on 26 and 27 July 2012, the SADC External Tender Committee will convene to review the Technical Evaluation Report of the bidder and officiate the public opening of the financial proposal as well as approve the award of the contract. It is anticipated that the exercise will be completed in a period of 6 months.
4.2.2.2 Development of Monitoring Guidelines

It is my pleasure to report to you that the Secretariat has made big strides in strengthening its monitoring and reporting function. SADC Guidelines for Monitoring Operational Plans have been developed. These guidelines represent a step-by-step approach to streamline and improve the monitoring function of the SADC Secretariat as it relates to monitoring execution of operational plans.

The guidelines have been developed for staff within the various organisational units of the Secretariat whose responsibilities include monitoring of and reporting on progress made in meeting the regional development agenda as articulated in the RISDP and SIPO.

The guidelines for monitoring of the implementation of protocols by Member States are also being finalised.

4.3 Risk Management

Following Council’s approval of the Risk Management Policy in February 2012, the Secretariat has begun the process of developing the risk management system. The system aims at mainstreaming risk management in all decision making processes on a continuous basis. Hence, risk identification and assessment will mainly be embedded in the planning and monitoring processes that will be undertaken by the entire Secretariat. The plan to develop and operationalise the system, comprised the Secretariat wide induction course in order to facilitate the internalisation of basic concepts. Furthermore, recognising the need to drive the process from the top, the Management Team was the first target group of the induction programme.

It is foreseen that the main components of the system will be in place by November 2012. Sustained interventions will be required subsequently to bring the levels of skills at an adequate level to achieve sustainability.
During the year under review, the Secretariat embarked on the development of the following human resources policies which shall be presented to this Council for approval:

a) Recruitment, Selection and Appointment Policy;
b) Conduct, Discipline and Grievance Policy;
c) Employee Relations Policy;
d) Performance Management Policy and
e) Training and Development.

With regards to recruitment, the Secretariat has continued to conduct regional and local recruitment. 10 Regional Staff, 14 Local Staff and 28 Project Staff were recruited during the period under review. 14 positions remained frozen due to the financial constraints.

As per Council’s Decision of November 2011, a number of appeals from staff members of the Secretariat regarding job evaluation which were not resolved internally shall be referred to the Independent Appeals Committee.

In the quest to improve working conditions at the Secretariat, the Functional Counseling Framework and Referral System has been developed for the employees of the Secretariat. Furthermore, the draft work place Safety, Health and Environment Policy is being finalised.

In the area of general administration, austerity measures have been taken to review the current situation pertaining to office accommodation and the use of telephones. Deliberate efforts are being undertaken to address records and fleet management through the development of related management systems. The exercise to review Administration Rules and Procedures is also underway.

In the area of procurement, Council will recall that they approved the new SADC Secretariat Procurement Policy, Guidelines and Procurement Unit structure in August 2011. Consequently, procurement training needs analysis, capacity building strategy and training plan were developed and training was executed in different Directorates, Units and the Management on the new procurement system.
6.1 Internal Audit and Governance

During the period under review the Secretariat continued to consolidate its efforts towards improved governance set up at the Secretariat within the context of ongoing institutional reforms. In line with Council decision made in February 2011 in Windhoek Namibia to establish the Audit Committee, it is with great pleasure that I report to you that the establishment of the Committee was facilitated to ensure that it commences its duties immediately.

The Audit Committee comprised of five members from United Republic of Tanzania, Zambia, Republic of South Africa, Zimbabwe and Swaziland held its first meeting in July 2011 and four other subsequent meetings were held up to July 2012 to deliberate on various matters submitted to it by Management, Internal Audit and Board of Auditors.

On inauguration of the Committee in October 2011, a two day workshop was held. The purpose was to equip members with the necessary knowledge of SADC business to allow them to discharge their mandate effectively.

In April 2012, all members of the Committee were invited to attend a management workshop on governance. The workshop was organized to bring together all structures charged with responsibility to oversee governance process with the objective of forging a way forward to further improve on governance process at the Secretariat.

During the period under review the Audit Committee accomplished the following tasks in line with their mandate:
a) Worked closely with the Management to ensure that all risk reported through Board of Auditors and Internal Audit reports are timely managed and mitigated.
b) Reviewed Audited Financial Statements of the Secretariat and ES report on annual accounts for 2010/11 and recommended to Council for approval
c) Reviewed the Risk Management Policy and Audit Committee Operational Handbook and recommended to Council for approval.

The Executive Secretary commits to continue to create conducive environment and support to ensure that governance principles are upheld in the management of the Secretariat affairs.

6.2 Budget and Finance

The Secretariat has continued to observe the highest standards that reflect adherence to principles of sound and transparent public finance management. Improvements recommended by external auditors and other independent evaluations are promptly implemented.

6.2.1 Operating Priorities for 2011/12

For the year 2011/2012, the Secretariat established the following priorities:
a) Efficient and effective internal control environment

The main implementation strategies aligned to international standards and best-practice in this area included the following:

I. Development and issuance of guidelines and manuals on the preparation of medium term revenue and expenditure forecasts, budgets and accounts.
II. Automation of budgeting and accounting processes.
III. Coordination of the medium and annual budget development processes.
IV. Development of annual performance contracts.
V. Reviewing of financial regulations.
VI. Proposing internal control procedures, user guidelines and manuals.

b) Efficient and effective accounting and reporting services

Strategies included:

I. Managing working capital.
II. Application of aid delivery instruments.
III. Application of international standards and development of relevant accounting policies.
IV. Processing of financial transactions.
V. Provision of budget expenditure reports.
VI. Issuance of annual accounts and financial statements.

c) Advisory services

Implementation strategies included:

I. Management and technical advisories.
II. Compliance with applicable financial regulations and procedures.
III. Risk register.
IV. Clients’ satisfaction

d) Governance

I. Statutory audits’ reports
II. Sound corporate governance

6.2.2 Overview of the Budgetary and Financial Situation

The activities of the Secretariat during the year under review were funded by budgetary appropriation of USD88.7 million approved by the SADC Council of Ministers through a resolution made at its meeting held in February, 2011 in Windhoek, Namibia. Table 2 below gives a summary;
Table 2: Summary of financial results for 2011/12 (USD’000)

<table>
<thead>
<tr>
<th>COMPONENT</th>
<th>2011/12</th>
<th>2010/11</th>
<th>CHANGE FROM 2010/11</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original Budget</td>
<td>Adjustment</td>
<td>Revised Budget</td>
</tr>
<tr>
<td>Member States – Annual Contributions</td>
<td>26,039</td>
<td>(1,789)</td>
<td>24,250</td>
</tr>
<tr>
<td>Member States – Other Funds (SADC House, Hashim Mbata)</td>
<td>6,010</td>
<td>(486)</td>
<td>5,524</td>
</tr>
<tr>
<td>Member States – roll over of balance from 2010/11</td>
<td>1,243</td>
<td>1,243</td>
<td>-</td>
</tr>
<tr>
<td>Member States – Withdrawal from Reserves</td>
<td>-</td>
<td>2,810</td>
<td>2,810</td>
</tr>
<tr>
<td>Sub-total – Member States funding</td>
<td>32,049</td>
<td>1,778</td>
<td>33,827</td>
</tr>
<tr>
<td>Development Partners funding</td>
<td>51,474</td>
<td>3,440</td>
<td>54,914</td>
</tr>
<tr>
<td>TOTAL BUDGET</td>
<td>83,523</td>
<td>5,218</td>
<td>88,741</td>
</tr>
</tbody>
</table>


The net funding from Member States contribution was USD32.5 million which was 10 per cent higher than the funding in 2010/11. The following also ought to be noted regarding the funding from Member States during the year:

a) Extra-budgetary activities

USD2.8 million had to be withdrawn from the Reserve Fund to pay for the unforeseen and unavoidable expenditure relating to the implementation of decisions of the Summit. While in 2010/11 the amount withdrawn from the Reserve Fund to pay for the unforeseen and unavoidable expenditure was USD1.8 million.

b) Non-remittance of annual Member States contribution

An amount of USD1.8 million due from Madagascar remains unremitted. Relating to the income of 2010/11 financial year, an amount of USD1.4 million has also not been remitted. Full provisions have been made for these amounts. Madagascar is in arrears of USD4.5 million as at 31 March 2012 and the Secretariat continues to engage on the remittance of this outstanding amount.

6.2.3 Financial risks faced by the Secretariat

The Secretariat faces a number of financial risks. The current funding mechanism comprising of funds from Member States and development partners does not allow for movement of funds between actions funded by either source. This situation has created financial risks impacting on funding sustainability and absorption of ICP funds as follows:
a) Scope of Member States funded actions not sustainably matched against available level of funding from Member States.

Financial resources required from Member States to meet the scope of approved activities are significantly higher than the ceiling of the funding to be provided by Member States.

b) Lack of budget flexibility

A significant portion of the Member States funded costs are fixed in a financial year. This has resulted in the failure of the Secretariat to meet requirements that were not included in the budget. The RISDP Evaluation is expected to examine an appropriate cost structure (fixed to variable costs) commensurate with the nature of the organization.

c) Low absorption of ICP funds

Implementation capacity on ICP funded projects is established by the institutional capacity funded by Member States. With the financial resources from Member States being unable to establish the institutional capacity at the current level of donor funding, the RISDP evaluation will also determine an appropriate baseline of funding proportion between Member States and ICPs.

The Secretariat has addressed its obligations under the Windhoek Declaration on SADC – ICP Partnership by up-grading its rules and procedures to the level of international standards and best-practice. This may enable ICPs to provide direct support to the Secretariat’s budget in the form of contributions agreement. This aid delivery mechanism is expected to address the current low absorptive capacity on ICP funds.
7.1 Alignment to International Standards

The institutional reforms programme aimed at improving the effectiveness of aid provided by the Region’s International Cooperating Partners as well as to assure Member States that their resources are managed in accordance with internationally acceptable standards continues to be implemented. As you will recall, the reforms programme have been categorised under 4 pillars namely: Accounting Standards, External Audit Standards, Internal Control, and Procurement.

Up to date, the Secretariat has gone through three Institutional Assessments (IA). In 2007, 2009 and 2011. The third IA conducted in 2011 was divided into two phases. The first phase took place in May 2011 and the second phase in November 2011.

It is my honour to report to you that on 02 December 2011, the Auditors’ findings report concluded that the SADC Secretariat is compliant with all the four pillars criteria and therefore qualifies for a Contribution Agreement with the EU.

Let me highlight that this attainment would not have been possible except by your support, especially in approving several strategic policies and documents that have elevated SADC Secretariat’s operations to a level of internationally accepted best practices. Passing the institutional assessment has opened the way for the EU and SADC Secretariat to commence negotiations on signing contribution agreements in support of SADC’s Regional Integration Agenda as foreseen in the SADC-EU Regional Indicative Programme (2008-2013). Thus, the EU will provide direct financial support to agreed programmes under the 10th EDF which SADC Secretariat will implement using its own procedures and processes thereby giving SADC Secretariat more liberty to programme EDF resources into its own programming cycle.

7.2 Capacity Building for Regional Integration

During the year under review, the EU supported Capacity Building for Regional Integration (CBRI) Programme continued to play a vital role in assisting the Secretariat to achieve compliance with the EU four pillar criteria and attain joint management through contribution agreements.

In cognisance of the need for the Secretariat to sustain the reforms and compliance with the 4 pillar criteria as well as perform its functions efficiently and effectively, and in view of the continued constraints faced by the Secretariat with regards to human capacity, discussion between the Secretariat and the EU culminated on the following:

a) The EU will provide funds in the Technical Cooperation Facility II Project which could be used for extending contracts of CBRI supported staff to 31st December 2012.

b) The EU will support an Institutional Capacity Development Programme (ICDP), which is anticipated to begin in January 2013 with up to €12.75 million for a period of three years in order to consolidate and strengthen the SADC Secretariat capacity to sustain the reforms and compliance achieved.
The coordination of key integration programmes between the SADC Secretariat, the African Union Commission (AUC) and other RECs has continued to be an important part of SADC Secretariat activities. The main objective of this coordination is to ensure that SADC programmes are aligned to the overall Continental Integration Agenda as provided for in the AU Constitutive Act and in the Abuja Treaty. The main activities in this area include the SADC-COMESA-EAC Tripartite processes and the SADC-African Union/NEPAD interactions based on the Minimum Integration Programme and on the Strategic Plan 2008-2012 of the AUC.

8.1 SADC – COMESA – EAC Tripartite

Following the rotational scheme adopted by the three RECs in managing the business of the Tripartite, SADC Secretariat is, as from April 2012, the Chair of the cooperation processes.

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

8.1.1 The Tripartite Free Trade Area

As Council will recall, the SADC – COMESA - EAC Tripartite Summit held in June 2011 in Johannesburg, South Africa launched the Tripartite FTA negotiations. The preparatory phase that followed the launch was spent in preparing the ground for the negotiations. The Tripartite Trade Negotiation Forum (TTNF) has adopted its Terms of Reference, Rules of Procedure and established Technical Working Groups to provide technical support to the negotiations in key areas of the FTA, namely, Rules of Origin; Customs and Trade Facilitation matters as well as Sanitary and Phytosanitary (SPS) Measures, Technical Barriers to Trade (TBT) and Non-Tariff Barriers (NTB’s). Information and data to support the negotiations has also been compiled by the Tripartite Task Force. Negotiations on Modalities for Tariff liberalization are expected to start at the next meeting of the TTNF scheduled for end of August 2012.

8.1.2 Infrastructure Development

The SADC – COMESA – EAC Tripartite Infrastructure Pillar Programme made significant progress during the past 12 months as follows:

8.1.2.1 Tripartite Structures for Facilitating Infrastructure Development in place and operational

a) the Tripartite Trust Account (TTA) and Investment Committee (IC) are now fully operational and 2 Grant Agreements have been signed between the TTA and Zambia for works on the North - South Corridor road network. The Tripartite Task Force (TTF) is preparing a pipeline of bankable projects for consideration by the TTA IC and other financing institutions;
b) the Project Preparation and Implementation Unit (PPIU) has been established and is based in Lusaka;
c) joint financing and implementation mechanisms for infrastructure development are now in
place and ICPs have honoured the pledges they made at the High Level NSC Investment Conference held in April, 2009; and
d) the framework for financing infrastructure projects has been developed and the Tripartite/IGAD Conference was held in September 2011 as part of the initiative of convening Joint Corridor Investor Conferences.

8.1.2.2 North South Corridor Aid for Trade (NSC-AfT) Infrastructure Programme

A portfolio of road, energy, rail, border posts, ports, ICT, and Energy projects has been developed for the NSC, from which a number of road and energy projects for Botswana, Kenya, Malawi, Tanzania, Zambia and Zimbabwe have either been approved or under consideration. As at April 2012, progress on maintaining the worst sections of the NSCAid for Trade (AfT) network was as follows:

a) Sections of the Mbeya-Dar es Salaam road (152.4 km) are being rehabilitated.
b) The Serenje–Nakonde road of 613km has finance (USD5m) for design. Total construction costs are expected to approximately USD600 million, for which finance is required.
c) Reconstruction of the Kitwe–Chingola road (50km) is being considered for funding.
d) Designs for two of the three links of the Lusaka-Chirundu road have been completed and tenders for construction issued. Finance has been secured for the reconstruction of the last link of the Lusaka-Chirundu road of 25km (together with the rehabilitation and upgrade of the Kafue weighbridge) and will shortly be tendered for construction.
e) A 135 km section of the Nata-Kazungula road is under construction. Discussions are ongoing regionally and nationally on how to finance road maintenance, including use of tolls. On the majority of sections that comprise the NSC-AfT road network there is insufficient traffic to allow tolling to finance the costs of construction, maintenance, financing and profit and the toll operation. Outside of South Africa, although there are tolls such as in Zimbabwe, the NSC-AfT road network is dependent on financing from a combination of contributions from the government budget, grant funds coupled with soft loans and funds raised through the fuel levy. However, it is the case that financing, even from these sources is inadequate for the upkeep of the NSCAfT road network.

Proposals on how to ensure costs of maintenance of the NSC-AfT road outside of South Africa are met in full with the establishment of a NSC-AfT road maintenance fund (NSC-RMF) are being finalised.

8.1.2.3 Corridors Development Programmes

Programmes have been developed and implemented to:

(a) address infrastructure constraints along the corridors and at border posts;
(b) address bottlenecks and operational inefficiencies including coordination and development of air transport services and railway construction plans for the cluster;
(c) improve policies and procedures;
(d) establish and capacitate Corridor Management Institutions; and
(e) improve coordination to ensure a regional approach is taken.

The Mozambique Regional Gateway Project which will support transport and related initiatives on some Eastern cluster corridors involving Mozambique has commenced.

8.1.2.4 Border Posts
Efforts are underway to improve border operations and management efficiency at several border posts, including roll out of Coordinated Border Management programmes and refinements at Chirundu One Stop Border Post to further improve its operational efficiency. The “One Stop Border Post” model is being rolled out to several border crossings.

8.1.2.5 Revitalisation of Regional Railways

Initiatives are being undertaken to address the challenges relating to operational inefficiencies of regional railways and to facilitate a process of managing the railway systems as one integrated network:

a) Development of the Regional Railways Revitalisation Strategy and Implementation Plan;

b) A Track Assessment Study for the NSC and linked railways; and

c) Business and Strategic Plan which has been developed for TAZARA which is yet to be adopted and implemented.

8.1.2.6 Ports

a) Phase 1 of the PMAESA project to develop a common system of capturing port statistics was completed and buy-in and support for the phase 2 is being sought; and

b) the Maritime Corridors are now part of the Tripartite agenda, commencing with the South West Indian Ocean Maritime Corridor, for which a scoping study is being undertaken and port infrastructure projects, at all major SADC regional ports, that have been identified for financing.

8.1.2.7 Air Transport Liberalisation – Establishment of the Joint Competition Authority (JCA)

Following the Tripartite Summit in Kampala, Uganda in 2008, the Tripartite Task Force has developed a strategy for operationalising the JCA through the establishment of legal and institutional frameworks.

A consultancy to operationalise the JCA and develop its institutional structure, legal framework and funding mechanism has commenced and will be completed by the end of 2012.

8.1.2.8 Joint Energy Programmes

The development and implementation of Joint Energy programmes within the Tripartite is ongoing with considerable progress made in relation to Electricity Transmission Lines. These include:

a) The Zambia – Tanzania - Kenya Interconnector for which COMESA and the Government of Zambia have signed the Implementing Agreement;

8.1.3. Climate Change

Alongside the SADC Regional Programme on Climate Change, the Secretariat in collaboration with COMESA and EAC have developed a tripartite “Programme on Climate Change Adaptation and Mitigation in the COMESA-EAC-SADC Region”. The programme has been jointly funded by the Norwegian Government, the EU and The British Department for International Development to the tune of about USD100 million and is ready for implementation.
The overall objective of the programme is to address the impacts of climate change in the COMESA-EAC-SADC regions through successful adaptation and mitigation actions which also build economic and social resilience for present and future generations. The programme mainly focuses on Conservation Agriculture in order to increase the regions adaptation of the food security sector.

b) The Zambia - DRC Interconnector, for which the TTA-IC is considering funding for the Zambian component to complement the DRC side which is already funded by the World Bank.

8.2 African Union (AU) and NEPAD

8.2.1 African Union

During the period under review, SADC Secretariat continued to implement most activities in the AU Minimum Integration Program (MIP). In fact the RISDP and SIPO which are the basis for SADC medium term and short term plans are much more comprehensive integration agendas than the MIP.

The SADC Secretariat has attended the annual statutory meetings of the AU namely the January and July 2012 Executive Council and Assembly Meetings as well as the annual AUC, RECs and strategic partners meetings in November 2011, in Zanzibar, United Republic of Tanzania.

SADC Secretariat played an active role in assisting and facilitating SADC member States in their quest for contesting as a region the positions of Chairperson of the AUC and those of Commissioners.

I am pleased to recognise as an important achievement for our organization the election of Hon. Nkosazana Dlamini Zuma, Minister of Home Affairs of South Africa to the position of Chairperson of the African Union. Indeed this is the first time that Southern Africa has the opportunity to steer the destiny of our Continental Organisation. It is also pleasant to recognise that this is the first time that the AUC as well as its predecessor the OAU has elected a female as its Chairperson.

On behalf of the SADC Secretariat and indeed on my own behalf I wish to congratulate the SADC Region and Hon. Dlamini-Zuma for this historic milestone.

8.2.2 NEPAD

NEPAD activities continue to be focused in two main areas of action, namely the implementation of its programmatic activities and the process of establishment of the structures of the Agency and integration in the AUC processes as the technical arm of the Commission. In this context, during the reporting period, major programmatic accomplishment of NEPAD were concentrated in the areas of Agriculture and Food Security, Climate Change, Natural Resources Management and Sustainable Development, Regional Integration and Infrastructure, Human Development, and Capacity Development.

NEPAD program has largely benefited from the active role of the Heads of State and Government Orientation Committee (HSGOC) which includes 20 Member States of which 5 are from the SADC region, namely South Africa, Namibia, Lesotho, Malawi and DRC. In its leadership role, the HSGOC has introduced a number of initiatives directly championed by Heads of State. In this context, H.E Jacob Zuma, President of South Africa is championing Continental Infrastructure Development. This initiative is proving very instrumental to stepping up an integrated programme
of infrastructure development across the Continent, in line with the Program for Infrastructure Development in Africa (PIDA).

In the area of institutional development, following a proposal from the NEPAD Steering Committee, endorsed by the HSGOC, the NEPAD Planning and Coordinating Agency (NPCA) has had its structure approved by the Assembly of the African Union in its 19th Ordinary Summit of July 2012 in Addis Ababa, Ethiopia. While still operating from Midrand South Africa, the operations of the NPCA are now more coordinated with those of the AUC.

Visible efforts have been made to ensure coordination between NEPAD and the RECs. This coordination needs, however, to be strengthened and aligned with the AUC in order to avoid duplication. We are of the view that there is need for a structured and effective cooperation and coordination between the operational structures in charge of regional integration at all levels. This presupposes joint planning, monitoring and evaluation and effective coordination. As SADC Secretariat we stand ready to continue to play an active role in the implementation of the NEPAD framework of development of the African Continent.
In an effort to mobilise resources for the implementation of regional programmes and projects, the Secretariat has continued to intensify strategic links with development partners in the context of the Windhoek Declaration (2006). All regional programmes supported by the development partners and other International Cooperating Partners are derived from the SADC RISDP and SIPO.

Amongst other organisations, considerable support has been received from international organisations such as the European Union, AfDB, World Bank, Commonwealth, World Health Organization, Food and Agriculture Organization, and the Global Fund. Regional institutions such as FARA and SAT have also continued to extend their support both technically and financially. Significant support has also been received from individual countries such as Germany, France, Norway, Sweden, and the United Kingdom. Further information on support from ICPs, is contained in the Progress Report on the Implementation of Donor Funded Projects for 2011/12 financial year.

9.1 SADC – EU Cooperation

Implementation of programmes under SADC’s cooperation with the EU under the 9th Regional Strategy Paper/Regional Indicative Programmes (RSP/RIP) continued while programming for the 10th RSP/RIP was in progress. Implementation of projects under the 9th EDF as well as progress on programming of the 10th RSP/RIP has been presented in detail in the Report on SADC-EU Cooperation.

9.1.1 9th EDF Regional Indicative Programme

The focal areas for the 9th EDF programming were regional integration and trade, and transport and communication.

All but three of the 17 projects, under the RIP worth €146.67 million, have been completed. The three on-going programmes whose operational implementation phase will end on 31 December 2012 are:

a) Support to the Implementation of the Finance and Investment Protocol (FIP);
b) Food Safety Capacity Building on Residue Control (FSCBRC); and
c) Capacity Building for Regional Integration (CBRI).

At the end of May 2012, the levels of cumulative individual commitments (contracts and Programme Estimates within Financing Agreements) and disbursements for 9th EDF projects had reached €77.83 million and €70.56 million respectively. This represents 69 per cent and 63 per cent respectively of the SADC Secretariat managed 9th EDF RIP allocation of €112.8 million.

9.1.2 10th EDF Regional Indicative Programme
Following the Secretariat’s satisfactory performance in institutional reforms, implementation of programmes under EDF 10 will be done through Contribution Agreements.

The initial allocation for the 10th EDF RIP for SADC is €116 million for the two focal areas of Regional Economic Integration Support (REIS) and Regional Political Cooperation (RPC). The allocation is €77 million (66.4 per cent) for the RIP and €18 million (15.5 per cent) for the RPC. €11 million (9.5 per cent) has been allocated to a non-focal sector while €10 million (7.2 per cent) of the RIP contributes towards continental projects, namely the IMF’s African Technical Assistance Centre for Southern Africa (AFRITAC South) and the Monitoring of the Environment and Security in Africa (MESA) project.

On one hand, programmes under the focal area of Regional Economic Integration are intended to provide broad-based support to the deepening of SADC economic integration trade policies, including investment promotion, regional infrastructure and food security. On the other hand, programmes under the focal area of Regional Political Cooperation are intended to accelerate the regional integration process by supporting capacity building for democratic governance. The non-focal area is intended to increase the level of coherence between EDF support at both national and regional levels, and to support the inclusion of Non-State Actors in the process of developing strategies and measures for deepening regional cooperation and integration. The status of programming for EDF 10 resources is outlined in Table 3 below:

Table 3: Status of EDF 10 Programming

<table>
<thead>
<tr>
<th>No.</th>
<th>Project</th>
<th>€ m</th>
<th>Status</th>
<th>Implementation Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Focal Sector 1: Regional Economic Integration</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Project Preparation and Development Facility</td>
<td>12</td>
<td>Submitted; approval expected</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Regional Economic Integration Support</td>
<td>20</td>
<td>AF submitted</td>
<td>2013-2017</td>
</tr>
<tr>
<td>3</td>
<td>SADC Trade-related Facility</td>
<td>30</td>
<td>AF to be submitted in December 2012</td>
<td>2013-2016</td>
</tr>
<tr>
<td></td>
<td><strong>Focal Sector 2: Regional Political Integration</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Regional Programme</td>
<td>18</td>
<td>Approved by EU</td>
<td>2013-2016</td>
</tr>
<tr>
<td></td>
<td><strong>Non-focal Sector</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Technical Cooperation Facility 1</td>
<td>6</td>
<td>Operational</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Technical Cooperation Facility 2</td>
<td>5</td>
<td>AF submitted</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Support AFRITAC South</td>
<td>5</td>
<td>AF to be submitted by July 2012 (revise end of July to capture status)</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Support to MESA</td>
<td>5</td>
<td>FA signed</td>
<td></td>
</tr>
</tbody>
</table>

*Note: AF = Action Fiche  
FA = Financing Agreement*
Programming of the 10th EDF resources gained momentum after the Mid-Term Review (MTR) of the SADC-EU 10th EDF RSP-RIP, in September 2011. The Joint Progress Report, the main reference document for the MTR process, recommended no changes to the underlying strategy of the 10th EDF SADC RSP and to the initial resource envelope of €116 million.

However, the EU has since de-committed a total of €32 million from the SADC 10th EDF RIP. This amount was targeted for the SADC Trade Related Facility. The decommitted resources would be directed to a planned “Sustainable Energy for All” a programme which will benefit SADC countries.

9.2 SADC – African Development Bank

The African Development Bank (AfDB) is one of the long standing Cooperating Partners supporting the implementation of economic development programmes in the SADC Region through cooperation with the Secretariat for regional programmes and through bi-lateral cooperation with individual SADC Member States.

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

Table 4 AfDB Project Portfolio at SADC Secretariat

<table>
<thead>
<tr>
<th>No</th>
<th>Project</th>
<th>Sector</th>
<th>Amount AU (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Strengthening of Institutions for Risk Management for Transboundary Animal Diseases (TADs) Project</td>
<td>Agriculture</td>
<td>13.7</td>
</tr>
<tr>
<td>2</td>
<td>Shared Watercourses Support Project</td>
<td>Water</td>
<td>9.4</td>
</tr>
<tr>
<td>3</td>
<td>Support to SADC Water and Sanitation Program</td>
<td>Water</td>
<td>1.8</td>
</tr>
<tr>
<td>4</td>
<td>SADC Capacity Building Project in Open and Distance Learning</td>
<td>Education</td>
<td>15.0</td>
</tr>
<tr>
<td>5</td>
<td>Support to the control of Communicable Diseases; HIV/AIDS, Malaria and Tuberculosis Project</td>
<td>Health</td>
<td>20.0</td>
</tr>
<tr>
<td>6</td>
<td>Technical Assistance - The Kazungula Bridge Study</td>
<td>Transport</td>
<td>0.4</td>
</tr>
<tr>
<td>7</td>
<td>Technical Assistance – North South Corridor Improvement Study</td>
<td>Transport</td>
<td>2.1</td>
</tr>
<tr>
<td>8</td>
<td>Multinational Program for Statistical Capacity Building for MDGs, (SCB) III</td>
<td>Statistics</td>
<td>Under negotiations</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>62.4</strong></td>
</tr>
</tbody>
</table>
In general most of the projects are behind their initial implementation schedules as a result of delayed start of the projects and some problems that persist are linked to noncompliance with the programming of activities as set forth in the appraisal reports, weaknesses in the design of some operations at the time of appraisal and the late transmission of documents between the Bank and the Project Implementation Units (PIUs).

Following the Mission to Tunis in June 2012 by the SADC Secretariat, the AfDB and the Secretariat have agreed on the way forward in addressing the challenges experienced in project implementation. The solutions include strengthening of SADC Secretariat structures in areas related with AfDB project coordination, training and institutional development, both at the SADC Secretariat and staff in the AfDB Project Implementation Units in Member Countries.

9.3 SADC – Germany Cooperation

The SADC-Germany Bilateral Negotiations were held on 27 October 2011 at SADC Secretariat Headquarters in Gaborone Botswana. The consultations reaffirmed the goal of the SADC - German development cooperation which seeks to contribute to peace and security and the achievement of the MDGs in the SADC region by supporting the regional integration agenda. Three priority areas of cooperation were confirmed to be:

- a) transboundary use and protection of natural resources;
- b) regional economic integration; and
- c) transboundary water management.

The Federal Republic of Germany will provide a total of €47.58 million to be utilised before December 2019 to support implementation of SADC priority programmes under SADC-Germany Cooperation. This amount comprises €21 million for Financial Cooperation projects/programmes, €23.21 million for Technical Cooperation projects/programmes provided through the Federal Ministry for Economic Cooperation and Development, and €3.37 million provided through the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety.

The SADC Secretariat delegation for the consultations was led by the Executive Secretary, Dr. Tomaz Augusto Salomão while the German delegation was led by by Dr. Ingolf Dietrich, Head of the Southern Africa Division at the Federal Ministry for Economic Cooperation and Development.

Table 5 below illustrates the overview of the commitments made towards programmes under SADC-Germany Cooperation.
9.4 SADC – Japan Cooperation

9.4.1 First SADC – Japan Infrastructure Investment Forum

As part of on-going efforts to attract investment to scale up infrastructure development in the region, the first SADC-Japan Infrastructure Investment Seminar was held in Tokyo, Japan on the 14th and 15th March 2012. The objectives of the Seminar were to create awareness within the Japanese business community on the existing opportunities in the SADC Region in the area of infrastructure and ICT and to present the portfolio of regional infrastructure projects to the Japanese business community.

The Seminar directly engaged the Government and business community in Japan and showcased the SADC infrastructure portfolio of projects, particularly in the priority areas of energy, transport, communications/ICT and water.

Over 250 delegates with two thirds of them from the Japanese Business Community and the rest from SADC Member States attended the seminar. SADC Member States gained an opportunity to engage the Japanese Business Community on bilateral basis to discuss areas of mutual interest and opportunities for investment in one-on-one networking sessions.

The SADC Delegation to the Seminar was led by the Chairperson of SADC Council, Honourable Mr Augusto Da Silva Tomas, Minister of Transport of the Republic of Angola. Honourable Tomas is also the current Chairperson of the SADC Cluster of Ministers responsible Infrastructure. In delivering the keynote address at the seminar, Honourable Augusto Da Silva Tomas underscored...
the investment opportunities that are at the disposal for both Japanese public and private sector investors in the SADC Region as well as in the context of the COMESA-EAC-SADC Tripartite Framework.

The Seminar was opened by Mr. Kato, the Parliamentary Vice Minister of Foreign Affairs of Japan who re-affirmed Japan's support for infrastructure development in the SADC region, within the framework of TICAD IV and the Yokohama Declaration and Action Plan of 2008. Mr. Kato further encouraged Japanese firms to invest in the SADC region, recognising the potential of the region which is one of the fastest growing region in Africa and the opportunity for SADC and Japan to benefit through trade and investment.

9.4.2 Framework for cooperation between SADC and Japan

SADC Secretariat and the Government of Japan concluded negotiations on formalising their cooperation, culminating into the signature of a Memorandum of Cooperation (MoC) in April 2012 at the SADC Secretariat. The objective of the MoC is to provide a framework for cooperation between SADC and the Government of Japan, and to strengthen relations towards attaining common goals. The areas of cooperation under this Memorandum include infrastructure, trade, investment, tourism, energy, ICT, agriculture, environmental issues and political dialogue.

The signatories to the MoC are SADC Executive Secretary, Dr. Tomaz Augusto Salomão, and the Japanese Ambassador to Botswana and to SADC, H.E. Mr. Hiroyasu Kobayashi. This occasion marked a momentous moment between SADC and Japanese relations as H.E Kobayashi hailed it as a first that the Japanese Government has signed with SADC.

In order to effectively monitor developments under the implementation of this MoC, the Secretariat will develop a follow-up mechanism in collaboration with the SADC Chambers of Commerce and Industry, and the Group of SADC Ambassadors in Tokyo.

9.4.3. Fourth TICAD Ministerial

The Fourth TICAD Ministerial took place in Marrakesh, the Kingdom of Morocco on 5-6 May, 2012. The meeting reviewed progress in the implementation of the Yokohama Action Plan (YAP). While acknowledging progress in the process, the meeting underscored the need for creating a greater synergy between Africa's own development initiatives and support provided by a wide range of development partners including Japan.

In recognising the need to promote infrastructure development in Africa through Public Private Partnership (PPP) arrangements, the meeting welcomed the success of the Japan - SADC Infrastructure Investment that took place in March 2012, in Tokyo, Japan. The participants encouraged that such initiatives be replicated in other RECs.

Other issues discussed at the Fourth TICAD Ministerial included the current economic situation in Africa, Climate Change and the MDGs.

9.5 SADC – Emerging Market Economies

9.5.1. SADC - China

In my Report to Council in August 2011, I indicated that the visit of H.E. President Pohamba of Namibia and then the Chairperson of SADC, to China to mobilize capital investment to finance
SADC infrastructure projects had represented a milestone in our relationship with that emerging economy, currently the second largest economy in the World.

The SADC Secretariat has sought to follow up on the work initiated by the Chair as directed by Council and Summit. In this context, in April 2012, SADC Secretariat initiated dialogue with China Development Bank (CDB), a public institution in charge of China’s investment interests in Africa and other parts of the world. CDB is the organisation which funded the construction of TAZARA railway and is currently contemplating its rehabilitation.

The dialogues concluded that CDB is interested in funding more infrastructure development projects in the SADC region, including but not only the rehabilitation of TAZARA, the grand Inga project in the DRC. CDB indicated to the SADC Secretariat that the regional platform, SADC-CDB as opposed to CDB and specific Countries, mode of cooperation needs to be explored within the overall context of Forum on China - Africa Cooperation. Nevertheless China recognised SADC as a strategic partner which they would cooperate with.

The two parties agreed to develop an MoU highlighting the modalities and main areas of cooperation. This MoU is expected to be signed before the end of the year 2012. In order to ensure consistency in our resource mobilisation efforts, the Secretariat will keep Member States informed about the developments in cooperation with China. The SADC Ambassadors in China will also play a critical role in this respect.

9.5.2 SADC and other Emerging Market Economies

Discussions with other emerging economies, such as India and Brazil have also been initiated in a bid to implement Council and Summit decisions on diversifying ICPs with particular emphasis on this group of countries. It is our considered view that in an era when the region has been increasingly discovering enormous reserves of mineral resources, SADC should organise itself to maximise the benefits originating from these discoveries both, from national and regional perspectives.

While SADC Secretariat is intensifying contacts with the new emerging market economies as directed by Summit and Council, it is important to note that there is an urgent need to establish policy dialogue platforms on cooperation modalities with this category of partners as some of them use modalities which are not necessarily in the best interest of SADC.

9.6 SADC – United Nations Cooperation

Since the signing of an MoU between SADC and United Nations Economic Commission for Africa (UNECA) in 2008 to provide a framework of cooperation in addressing regional integration and special needs of Southern Africa as articulated in the RISDP and SIPO, the two parties have agreed to implement a Multi-Year Programme (MYP), then planned for 2007 – 2009.

Priority areas of cooperation under the MYP include: Trade, Industry, Finance and Investment; Infrastructure and Services; Food, Agriculture and Natural Resources; Social and Human Development; Cross-cutting and Special Programmes. While some of the activities of the MYP have been implemented, a number of challenges have been experienced including inadequate financial resources to implement the activities of the Programme and the need to match the MYP activities to the existing capacity to implement the Programme.
The Secretariat and UNECA are exploring ways to improve on the implementation of programmes, starting with the revision of the MYP to ensure results-based programmes and clarify the specific roles and responsibilities, including the reporting mechanisms. At the request of SADC, UNECA has provided support for the preparation and finalisation of the HDR for SADC.

9.7 Review of Windhoek Declaration

The Windhoek Declaration (WD) (2006) on a New Partnership between SADC and ICPs has been reviewed to assess the efficacy of the partnership and also to ensure that the cooperation remains aligned with international developments on aid effectiveness, such as Paris Declaration, High Level Accra Plan for Action, and the outcome of the Busan 4th High Level Forum on Aid Effectiveness.

The review of the WD was jointly undertaken by SADC and ICPs. It assessed progress achieved in the implementation of the five partnership commitments of ownership, alignment, harmonisation, managing for results and mutual accountability as well as the structure of SADC/ICP dialogue.

The conclusion of the review was that progress on the implementation of the five partnership commitments has been modest but that notable progress has been registered on harmonisation in two sectors, namely the Water and the HIV and AIDS sectors. The Review also concluded that the WD remains a valid partnership framework to support SADC regional development.

Recommendations made towards improving the partnerships include amongst others, the development of a Partnership Strategy to give a new boost to the WD partnership framework as well as a revised structure of dialogue with only two levels i.e. the Core Group and Thematic Group Coordination. Under the proposed revised structure of dialogue, the Consultative Conference would no longer be a joint responsibility of SADC and ICPs, SADC would continue to organise for Consultative conferences as was the case prior to the adoption of the Windhoek Declaration. The Secretariat, in consultation with ICPs is therefore developing an action plan for implementation of the outcome of the review.
This report presented a broad picture of the implementation of activities embarked upon by the Secretariat guided by the RISDP and the SIPO as well as frequent guidance and leadership of Summit and Council.

Peace and security without which the region would not make headway in socioeconomic development remained at the top of the regional agenda. Consequently, political mediation efforts in Lesotho, Madagascar, and Zimbabwe were sustained with Lesotho conducting credible, free and fair elections on 26 May 2012.

Albeit modest, progress has been made in preparing for the SADC Customs Union. A report which has identified all the critical elements to be addressed in the set-up of the SADC Customs Union has been prepared. In order to avoid the stalemate that had been reached in this area, I would like to once again urge that Member States make a firm commitment and apply concerted effort to implement the action plan leading to the establishment of the customs union. The entire process must have strong participation of all the Member States. It is vital to note that all Member States are indispensable in the achievement of the establishment of the SADC Customs Union. Satisfactory progress has been recorded in Standardisation, Quality Assurance and Accreditation and Metrology. The SADC Cooperation in Standardisation has so far harmonised a total of 94 standards with 19 of this being harmonised in 2011/2012. The crucial function of improving the SADC investment climate and promoting it as an investment destination was well performed by the Secretariat with the launching of the SADC Investment Portal.

The development of the RIDMP has been completed. This plan will guide the implementation of efficient, seamless and cost-effective trans-boundary infrastructure networks in an integrated and coordinated manner in all the six sectors: Energy; Transport; Tourism; ICT and Postal; Meteorology and Water. This completion marks the attainment of a critical milestone in strengthening the infrastructure development programme in the region and it is my strong conviction that the commitment by all stakeholders demonstrated during the development phase shall extend to the implementation phase.

The regional food security situation report has indicated that in 2011/12 the rainfalls were generally poor in most parts of the region thereby affecting crop performance in some areas in a negative manner. The 2012/13 forecasts have also indicated that overall, the regional food security situation is deteriorating relative to the previous two years.

The preliminary vulnerability assessments indicate that a persistently high number of people in the region are food insecure. It is therefore my plea that the National Early warning Units be strengthened in terms of human and financial resources such that they can produce timely early warning information. Timely information will in turn facilitate proper planning and apt response towards the vulnerable in the region.

A decisive role has been played by all relevant stakeholders to foster social and human development in the region. It can be observed that there have been major achievements in facilitating increased access to quality education and improvement of skills. In respect of HIV...
and AIDS, it is encouraging to note that some Member States have achieved more than 50 per cent of the provision of Prevention of Mother-To-Child Transmission HIV services. However, financing interventions in the regional HIV and AIDS programme still face challenges, thus, there is need to significantly increase domestic resources for the response, including but not limited to the Abuja Declaration targets, of allocating at least 15 per cent of national budget to the health sector.

The Policy Analysis and Dialogue Programme designed to bring together experts in different areas of regional cooperation and integration in the SADC region, has received an overwhelming support from the relevant stakeholders in the region. I am therefore confident that the results of the programme will continue to enable the Secretariat to discharge its mandate of, among others, strategy development, planning and monitoring of regional cooperation and integration in a proper manner.

The support by Member States to the Secretariat, especially in among other things, approving several strategic policies and documents, has enabled the Secretariat’s to pass the institutional assessment which has in turn opened the way for the EU and the Secretariat to commence negotiations on signing contribution agreements in support of SADC’s Regional Integration Agenda.

The coordination of key integration programmes between the SADC Secretariat, the AUC and other RECs continued to be an important part of SADC Secretariat activities. As presented in the Report, the Secretariat played a critical role in facilitating for SADC to contest the position of Chairperson of the AU as a region. The successful candidature of Hon. Nkosazana Dlamini Zuma has therefore proven that a united SADC can make a great difference.

Efforts to mobilise resources for the implementation of regional programmes and projects, continued to yield positive results. Strategic links with development partners in the context of the Windhoek Declaration (2006) were strengthened. Moreover, the Secretariat continued to receive financial and technical support from international organisations as well as individual countries.

Financial as well as human resources continued to pose great challenges to the efficient and effective implementation of the regional projects and programmes. Delayed and non-remittance of financial obligations by some Member States compounded the problem during the year under review.

Despite the challenges faced during the facilitation of implementation of projects and programmes of regional integration, the Secretariat remained committed to the culture of attaining good results, good governance, and transparency.

Going forward, the Secretariat reaffirms its commitment in the context of facilitating implementation of regional integration projects and programmes, and remains at the disposal of the Member States in making sure that the region collectively addresses emerging economic challenges.
## APPENDIX 1: SELECTED INDICATORS FOR SADC MEMBER STATES, 2011

<table>
<thead>
<tr>
<th>Member State</th>
<th>Population (Mid-Year, '000)</th>
<th>GDP (at current prices, millions USD)</th>
<th>GDP Per Capita (USD)</th>
<th>Real GDP Growth Rate (%)</th>
<th>Annual Inflation Rate (%)</th>
<th>Average Exchange Rate (Per USD)</th>
<th>Exports of Goods &amp; Services (millions USD)</th>
<th>Imports of Goods &amp; Services (millions USD)</th>
<th>Total External Debt (millions USD)</th>
<th>International Reserves (excl. gold, millions USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>17,982</td>
<td>104,044</td>
<td>5,783</td>
<td>3.9</td>
<td>11.4</td>
<td>95.27</td>
<td>67,088</td>
<td>20,228</td>
<td>16,204</td>
<td>27,684</td>
</tr>
<tr>
<td>Botswana</td>
<td>2,025</td>
<td>17,727</td>
<td>8,754</td>
<td>5.1</td>
<td>8.5</td>
<td>6.80</td>
<td>6,820</td>
<td>7,725</td>
<td>4,007</td>
<td>8,824</td>
</tr>
<tr>
<td>DRC</td>
<td>75,259</td>
<td>23,700</td>
<td>315</td>
<td>6.9</td>
<td>12.6</td>
<td>919.44</td>
<td>10,133</td>
<td>11,501</td>
<td>4,518</td>
<td>1,273</td>
</tr>
<tr>
<td>Lesotho</td>
<td>1,879</td>
<td>2,366</td>
<td>1,259</td>
<td>4.3</td>
<td>5.0</td>
<td>7.30</td>
<td>1,157</td>
<td>1,986</td>
<td>786</td>
<td>1,344</td>
</tr>
<tr>
<td>Madagascar</td>
<td>20,696</td>
<td>10,025</td>
<td>484</td>
<td>0.5</td>
<td>9.5</td>
<td>2,025.10</td>
<td>2,657</td>
<td>4,110</td>
<td>2,637</td>
<td>1,263</td>
</tr>
<tr>
<td>Malawi</td>
<td>14,389</td>
<td>5,811</td>
<td>404</td>
<td>4.3</td>
<td>7.6</td>
<td>156.50</td>
<td>1,421</td>
<td>2,432</td>
<td>1,081</td>
<td>190</td>
</tr>
<tr>
<td>Mauritius</td>
<td>1,286</td>
<td>11,251</td>
<td>8,749</td>
<td>4.0</td>
<td>6.5</td>
<td>28.80</td>
<td>6,086</td>
<td>7,463</td>
<td>1,367</td>
<td>2,577</td>
</tr>
<tr>
<td>Mozambique</td>
<td>23,049</td>
<td>12,259</td>
<td>532</td>
<td>7.3</td>
<td>6.1</td>
<td>29.06</td>
<td>3,453</td>
<td>5,659</td>
<td>6,337</td>
<td>2,304</td>
</tr>
<tr>
<td>Namibia</td>
<td>2,105</td>
<td>12,704</td>
<td>6,035</td>
<td>4.9</td>
<td>5.1</td>
<td>7.15</td>
<td>5,499</td>
<td>6,643</td>
<td>4,385</td>
<td>1,775</td>
</tr>
<tr>
<td>Seychelles</td>
<td>87</td>
<td>1,014</td>
<td>11,602</td>
<td>5.0</td>
<td>2.6</td>
<td>12.38</td>
<td>478</td>
<td>876</td>
<td>461</td>
<td>279</td>
</tr>
<tr>
<td>South Africa</td>
<td>50,586</td>
<td>406,063</td>
<td>8,027</td>
<td>3.1</td>
<td>5.0</td>
<td>7.30</td>
<td>117,033</td>
<td>119,501</td>
<td>111,462</td>
<td>42,595</td>
</tr>
<tr>
<td>Swaziland</td>
<td>1,068</td>
<td>3,860</td>
<td>3,614</td>
<td>1.3</td>
<td>6.1</td>
<td>7.26</td>
<td>2,643</td>
<td>2,965</td>
<td>382</td>
<td>576</td>
</tr>
<tr>
<td>Tanzania</td>
<td>44,485</td>
<td>23,850</td>
<td>536</td>
<td>6.4</td>
<td>12.7</td>
<td>1,573.69</td>
<td>7,460</td>
<td>14,004</td>
<td>8,960</td>
<td>3,761</td>
</tr>
<tr>
<td>Zambia</td>
<td>13,459</td>
<td>19,207</td>
<td>1,427</td>
<td>6.6</td>
<td>8.7</td>
<td>4,797.00</td>
<td>7,459</td>
<td>3,830</td>
<td>372</td>
<td>664</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>12,754</td>
<td>10,068</td>
<td>789</td>
<td>9.3</td>
<td>2.5</td>
<td>1,00</td>
<td>3,645</td>
<td>7,047</td>
<td>14,317</td>
<td>n.a</td>
</tr>
</tbody>
</table>

**SADC**  
281,119  663,948  2,362  3.8  7.4  244,620  219,778  180,550  96,611

*Source: NSOs of SADC Member States*