



ANNUAL 2014 - 2015 REPORT



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ACRONYMS

AfDB	African Development Bank
AFOLU	Agriculture, Forestry and Land Use
AMESD	Africa Monitoring of the Environment for Sustainable Development
ASO	Analogy Switch Over
AU	African Union
BOP	Budget Outlook Paper
BSE	Bovine Spongiform Encephalopathy
CAADP	Comprehensive Africa Agriculture Development Programme
CBD	China Development Bank
CFLs	Compact Florescent Lamps
CFTA	Continental Free Trade Area
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
DOS	Department of State
DRC	Democratic Republic of Congo
DSM	Demand Side Management
DTT	Digital Terrestrial Technology
EAC	East African Community
EC	European Commission
EDF	European Development Fund
EEP	Energy and Environmental Partnership
EMIS	Education Management Information System
EPA	Economic Partnership Agreement
EU	European Union
EVD	Ebola Virus Disease

FARA	Forum for Agriculture Research in Africa
FANR	Food, Agriculture and Natural Resources
FAO	Food and Agriculture Organisation
FNSS	Food and Nutrition Security Strategy
FTA	Free Trade Area
GDP	Gross Domestic Product
GIS	Geographical Information System
GEO	Group Earth Observations
HCPI	Harmonised Consumer Price Indices
HLEG	High Level Expert Group
IA	Institutional Assessment
ICAO	International Civil Aviation Organisation
IC	Investment Committee
ICP	International Cooperating Partner
ICT	Information and Communication Technology
IGAD	Inter-Governmental Authority on Development
IIASA	International Institute for Applied System Analysis
INDCs	Intended Nationally Determined Contributions
IOC	Indian Ocean Commission
IPPF	Infrastructure Project Preparation Facility
IPSAS	International Public Sector Accounting Standards
ITU	International Telecommunication Union
IUU	Illegal Unreported and Unregulated
JCA	Joint Competition Authority
JICA	Japanese International Cooperation Agency
LIMS	Livestock Information Management System
MDGs	Millennium Development Goals
MNOs	Mobile Network Operators
MoU	Memorandum of Understanding
MW	Mega Watt
NEPAD	New Partnership for Africa's Development

NIXPs	National Internet Exchange Points
NSC	North South Corridor
NTBs	Non-Tariff Barriers
OECD	Organisation of Economic Cooperation and Development
ODL	Open and Distance Learning
OVC	Orphans and Vulnerable Children
PAU	Project Acceleration Unit
PPDF	Project Preparation and Development Facility
PPR	Peste des Petits Ruminants
PPRM	Policy Planning and Resource Mobilisation
RAP	Regional Agricultural Policy
REDD	Reducing Emissions from Deforestation and Forest Degradation
REIS	Regional Economic Integration Support
RERA	Regional Energy Regulatory Authority
RICs	Regional Internet Carriers
RIDMP	Regional Infrastructure Development Master Plan
RIP	Regional Indicative Programme
RISDP	Regional Indicative Strategic Development Plan
RLAH	Roam Like At Home
RLAL	Roam Like A Local
RPC	Regional Political Cooperation
RQF	Regional Qualification Framework
RSA	Republic of South Africa
RSAP	Regional Strategic Action Plan
RSP	Regional Strategy Paper
RVAA	Regional Vulnerability Assessment and Analysis
SACREEE	SADC Centre for Renewable Energy and Energy efficiency
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAPP	Southern African Power Pool
SAPRA	Southern African Postal Regulators Association

SASO	SADC Aviation Safety Organisation
SAT	Southern Africa Trust
SE4ALL	Sustainable Energy for All
SEAC	SADC Electoral Advisory Council
SHAR	SADC Home and Away Roaming
SHDSP	Social and Human Development and Special Programmes
SIPO	Strategic Indicative Plan for the Organ
SIRESS	SADC Integrated Regional Electronic Settlement System
SPGRC	SADC Plant and Genetic Centre
SPME	Strategy Planning Monitoring and Evaluation
SPS	Sanitary and Phytosanitary
SQAM	Standards Quality Assurance Accreditation and Metrology
SRII	SADC Regional Information Infrastructure
SSA	Sub-Saharan Africa
STI	Sexually Transmitted infection
STI	Science, Technology and Innovation
STISA	Science, Technology and Innovation Strategy for Africa
TADs	Transboundary Animal Diseases
TB	Tuberculosis
TFCA	Trans-Frontier Conservation Area
TCP	Technical Cooperation Programme
TICAD	Tokyo International Conference on African Development
TNF	Trade Negotiating Forum
TTF	Tripartite Trade Negotiating Forum
TTF	Tripartite Task Force
TVET	Technical and Vocational Education and Training
UN	United Nations
UNECA	United Nations Economic Commission for Africa
UNFCCC	United Nations Framework Convention on Climate Change
UNODC	United Nations Office of Drugs and Crime
UNWTO	United Nations World Tourism Organisation

USA	United States of America
VAT	Value Added Tax
WEO	World Economic Outlook
ZAMCOM	Zambezi Watercourse Commission

EXECUTIVE SUMMARY

This Report summarises the main developments in the area of regional cooperation and integration and development in the SADC region during the period 2014/15.

The political situation in SADC remained relatively stable during the period under review despite some political and security concerns in the Kingdom of Lesotho and the Democratic Republic of Congo, respectively. The region has continued to cooperate in defence issues and the exchange of vital information for decision making. Defence establishments in the region have also continued to participate in peacetime military exercises.

In the period under review democratic, fair and transparent elections were held in six Member States, namely the Republics of Mozambique, Botswana, Namibia, Mauritius and Zambia, and the Kingdom of Lesotho

In terms of economic development, real GDP growth for the region averaged 4.7 per cent in 2014, representing a slight decline as compared to 4.9 per cent in 2013. The inflation rate for the region stood at 5.7 per cent in 2014, down from 6.6 per cent in 2013.

During the period under review, the SADC Secretariat finalised the Revised RISDP 2015-2020 which contains the re-organised SADC priorities for regional cooperation and integration. This revised RISDP has frontloaded industrialisation, in line with the decisions of Summit, at its meeting held in August 2014, in Victoria Falls, Zimbabwe.

The main priorities in the Revised RISDP 2015-2020 are as follows: (a) Industrial Development and Market Integration; (b) Infrastructure in support of regional integration, including energy, transport, tourism, ICT, meteorology and water; (c) Peace and security cooperation (as a pre-requisite for achieving the Regional Integration Agenda); (d) Special programmes of regional dimension under Education and Human Resource Development, Health, HIV and AIDS, Employment and Labour; Food and Nutrition Security; Trans-boundary Natural Resources; Environment; Statistics; Private Sector; Gender Equality; and Science, Technology and Innovation and Research and Development.

The Secretariat, in collaboration with the SADC Member States, developed the SADC Industrialisation Strategy and Roadmap, following the decision of the 2014 Summit to prioritise Industrial Development through beneficiation of, and value addition to, natural resources. The immediate focus is now to develop a detailed Action Plan and establish an appropriate institutional framework to support implementation of the Strategy.

In terms of implementation of regional programmes, the Secretariat had planned for 299 outputs in its 2014/15 Annual Operational Plan to contribute towards the objectives of the RISDP and SIPO. Of these outputs, 200 (67 per cent) were fully achieved, 73 (24 per cent) were partially achieved and 26 (9 per cent) are to be re-programmed for the next financial year.

In terms of trade liberalisation in goods and services, eight Member States, namely, Madagascar, Mauritius, Mozambique and the SACU Member States, have completed implementation of Category C tariff phase down. Eleven Member States have tabled initial offers in five or more of the priority trade in services sectors. At the same time, the SADC Member States continue to participate in the Tripartite Free Trade Areas negotiations,

where most of the Text of the Agreement for the TFTA has been agreed and twenty Member/Partner States have prepared tariff offers.

In the area of Finance and Investment, SADC has made considerable progress in the implementation of the SADC Integrated Regional Electronic Settlement System, with a total of nine Member States currently on the system, and transactions settled through the SIRESS system are on the rise.

With regard to the Project Preparation and Development Facility, notable progress has been achieved, with some project approvals being done and full bankability feasibility study and due diligence being carried out. The concerted efforts undertaken to market investment opportunities presented by the Regional Infrastructure Development Master Plan are beginning to yield results.

The World Bank has extended support, through a USD20 million facility, to strengthen project management capacity in the energy sector, by funding the establishment of a Project Acceleration Unit at the Southern Africa Power Pool Coordination Centre. The PAU which is expected to be operational by the second quarter of 2015/2016 will package bankable projects in the region.

Efforts are at advanced stage within the framework of the RIDMP, to accelerate implementation of the three key projects to interconnect Angola, Malawi and United Republic of Tanzania to the regional grid. It is expected that the Region will have sufficient installed generation capacity reserves after 2018, if all projects are commissioned as planned.

In terms of communication, there is considerable progress by the SADC Member States to achieve set milestones on Digital Terrestrial Television Broadcasting Migration. To date, 96 per cent of SADC Member States have established National Task Force/Committees; 89 per cent have developed a DTT Migration Policy; 100 per cent have adopted a DTT standard; and 89 per cent have enacted DTT regulations.

The SADC programme to develop transport corridors as a means to facilitate trade and economic liberalisation continued during the course of the year. These include Trans Kalahari Corridor; Walvis Bay-Ndola-Lubumbashi Corridor; Central, Beira, Nacala, and Mtwara Corridors; Constitution – (Dar es Salaam); and the Maputo Corridor.

The SADC Secretariat undertook efforts to fully develop Watercourse Commissions for the Zambezi Watercourse Commission and the Limpopo Watercourse Commission. The Secretariat is now facilitating resource mobilisation to establish the Cuvélai Commission Secretariat.

The launch of the Kavango Zambezi TFCA Pilot UNIVISA Programme in November 2014 marked a significant milestone towards facilitating multi-country tourism in the region. The progress made by Zambia and Zimbabwe builds on the success of the common visa regime established between both Member States during the hosting of the 2013 UNWTO General Assembly.

In the sector of food, agriculture, natural resources and environment, the Secretariat, in consultations with the Member States, developed a SADC Regional Agricultural Policy (RAP), as well as Investment Plan, which will operationalize the Policy.

In the area of livestock production, the region has been experienced an increase of about 4 per cent annually in the last 5 years. However, the region's demand still outstrips supply and, consequently, the region remains reliant on imports. As for the region's crop production, qualitative assessments based on the quality of the 2014/15 rainfall season and crop development indicated reduced crop production in Angola, Botswana, Lesotho, Malawi, Madagascar, Namibia, Zambia and Zimbabwe. South Africa, which usually produces approximately 40 per cent of the maize in the region, estimated a reduction of 33 per cent in its maize production. This reduction, combined with expected decreases in the other Member States, is foreseen to impact negatively on the food security situation in the region.

In the sector of human and social development, the region continues to record significant progress in access and equity in primary education and, for some Member States, there is also considerable progress in accessing secondary and tertiary education.

In the area of Health, the region continues to experience a huge burden of communicable diseases, with HIV and AIDS, TB and malaria remaining the largest contributors to morbidity and mortality across SADC. The region continues to experience the most severe HIV epidemics in the world, with the world's top nine most highly infected countries being SADC Member States. However, the Members States have made significant progress in tackling these communicable diseases. In the area of Gender and Development, progress has been monitored in women representation in politics and decision-making positions in Member States, especially at Cabinet and Parliamentary levels.

In order to combat trafficking of persons in the region, the Secretariat, in conjunction with the United Nations Office on Drugs and Crime, established a regional database on trafficking of persons to facilitate data collection and centralised management of data. The importance of statistics in the promotion of sustainable regional integration agenda cannot be overemphasised. In this regard the Secretariat, in collaboration with National Statistical Offices of the Member States, produced the SADC Statistical Yearbook 2012 which provides statistical data on various aspects of the SADC region and its individual Member States.

In order to enhance its image and identity, the SADC Secretariat finalised the SADC Corporate Identity Manual and the Concept and template for the SADC Communications Media Plan. The Secretariat also continued to facilitate the SADC Media Awards and the SADC Secondary School Essay Competition.

The consultative processes for the programming of the 11th EDF culminated in the conclusion and signature of the Joint Regional Indicative Programme for the Eastern Africa, Southern Africa and Indian Ocean Regional Organisations, namely, COMESA, EAC, IGAD, IOC and SADC. The signing took place on 4th June 2015, in Brussels, Belgium. The focal sectors under the 11th EDF are Peace, Security and Regional Stability; Regional Economic Integration; and Regional Natural Resource Management. The 11th EDF EA-SA-IO Regional Indicative Programme has been allocated 1.332 billion Euros, of which Sub-regional envelope was allocated €450 million. Of this amount SADC has been allocated €90 million.

In the area of general development cooperation and resource mobilisation, the Secretariat continued to engage the International Cooperating Partners in order to facilitate mobilization of resources for the implementation of the priority regional programmes and projects outlined in the RISDP and SIPO. In the sector of good governance and financial management, the Secretariat continued to implement strategies that were aimed at

strengthening internal controls. In this regard, the Secretariat embarked on a Change Management initiative aimed at ensuring behavioural change within the Secretariat to enhance efficiency and effectiveness. The change management process is on-going and is expected to bring a positive impact on the governance processes of the Secretariat. During the period under review, the Secretariat prepared, for the first time, the financial statements for the year ended 31 March 2015, in accordance with the International Public Sector Accounting Standards.

Although the Secretariat has registered positive results in a number of areas, there are challenges that affected the implementation of the SADC Programme of Action during the period under review. These challenges included inadequacies in the planning, monitoring, evaluation, reporting and project management which were caused by the Secretariat's plans not being properly matched with both the organisation's strategic objectives and the budget framework. Consequently, there is to narrow focus on the core coordination and facilitation mandates, as well as monitoring of the SADC regional integration agenda. The Secretariat is also beset by inadequacies in human resource management leading to the human resources are not properly aligned to the core needs of the organisation, duplication and weak performance management system.

The Secretariat is undertaking measures at different levels to mitigate against these challenges. For instance, the Secretariat is implementing measures to align and mainstream programmes and projects in line with the organisation's core priorities, as well as strengthen the performance-based budgeting, results-based management and create a robust monitoring and evaluation system. Thus, the SADC Policy on Strategy Development, Planning, Monitoring and Evaluation will be reviewed in order to rationalise the frequency of planning and reporting requirements. The Secretariat is also reviewing its organisational structure to align it to the provisions of the Revised RISDP 2015-2020 while the budget framework arising from the 2007 Lusaka Council Decision in Lusaka will be reviewed to make it more realistic and responsive to the revised priorities., The secretariat will also continue to implement a number of SADC policies and strategies, such as the Resource Mobilization Strategy and the Guidelines on Mainstreaming ICP-funded Projects into the SADC Programme of Action.

I. POLITICAL AND ECONOMIC DEVELOPMENTS IN THE SADC REGION FOR 2014-2015 AND FORECAST FOR 2015-2016

A. POLITICAL DEVELOPMENTS

CONFLICT PREVENTION MANAGEMENT AND RESOLUTION

1. During the 2014-2015 review period, the political situation in SADC, in general, remained relatively stable. Notwithstanding, there were some political and security challenges in the Kingdom of Lesotho and the Democratic Republic of Congo (DRC), respectively.
2. In order to restore political stability, the Kingdom of Lesotho held general elections in February 2015, and SADC deployed its Observer Mission. Similarly, the implementation of the Peace, Security and Cooperation Framework in the DRC and the Region resulted in the stabilisation of the Eastern DRC. Furthermore, as part of the implementation of the Nairobi Declaration signed on 12 December 2013, some elements of M23 ex-combatants are participating in the Reintegration and Resettlement Programme which has started in the country.

STRENGTHENING REGIONAL COLLECTIVE DEFENCE AND SECURITY

3. The region has continued to cooperate in defence issues, including the exchange of vital information for decision making. Defence establishments in the region have continued to participate in peacetime military exercises. The Republic of Botswana hosted a humanitarian relief exercise, Exercise Blue Okavango 2015, in July 2015.
4. On the enhancement of the capacity of the SADC Standby Force, preparations are advanced for SADC to participate in the African Standby Force Capacity Building Training Exercise codenamed Amani Africa II (AAII FTX) in October/November 2015 in the Republic of South Africa. FTX is sponsored by the African Union and participating Member States.

CONSOLIDATING DEMOCRATIC INSTITUTIONS IN THE REGION

5. During the period 2014-2015, the Republics of Mozambique, Botswana, Namibia, Mauritius and Zambia, and the Kingdom of Lesotho conducted peaceful, free and fair elections in October, November and December 2014, and January and February 2015, respectively. All elections were pronounced to have been conducted in adherence to the SADC Principles and Guidelines Governing Democratic Elections. The SADC Electoral Advisory Council (SEAC) played a critical role by undertaking goodwill missions prior to the elections in order to assess the level of preparedness and readiness for conducting the Elections in the said Member States.

B. ECONOMIC DEVELOPMENTS

6. 2014 Economic performance in the SADC region has been mixed but progressing. While most Member States experienced stagnated economic growth and deteriorating external sector, with dwindling or depleted foreign exchange reserves, the performance

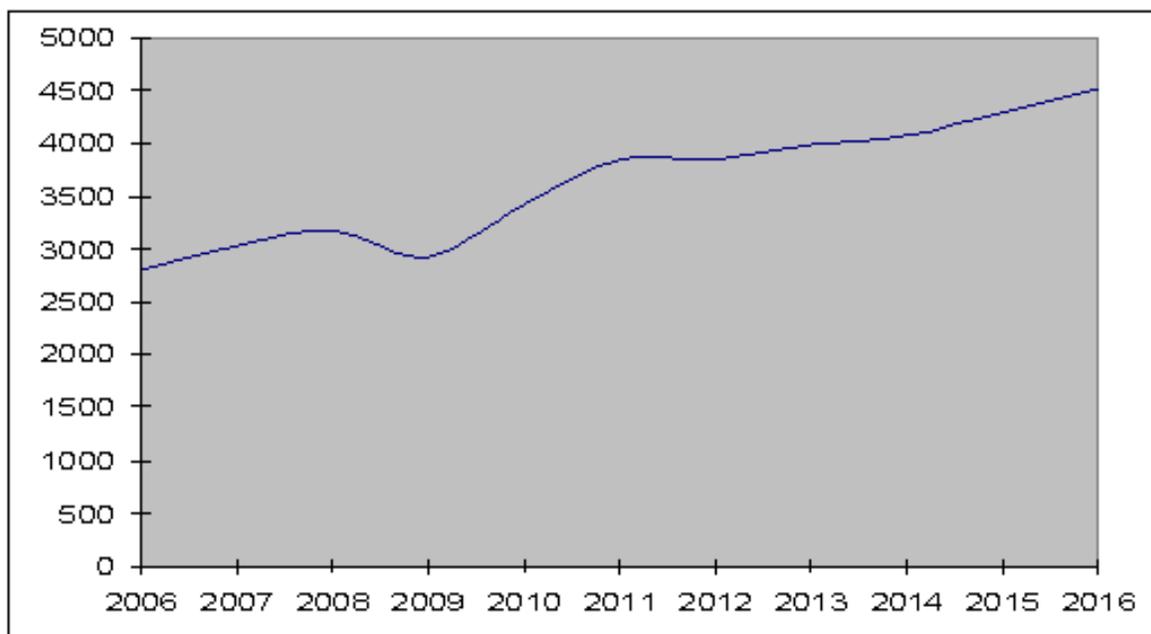
was largely caused by exogenous factors such as the fall in the oil prices, which were beyond the control of the Member States.

7. Falling and low commodity prices on the international market has also affected commodity exporting Member States in that they realised reduction in their export earnings. In turn, this has affected their levels of foreign exchange reserves as well as trade balances.
8. The power shortages in the SADC region during the review period have also affected the Member States negatively, because of the direct impact on agricultural and industrial production. Thus, the performance of the regional trade was negatively affected.

REAL GDP

9. In 2014, real GDP growth for the region averaged 4.7 per cent, the lowest since 2010. This trend is consistent with real GDP growth rates in most Member States with the exception of DRC, Mozambique, Tanzania and Zambia that have consistently recorded real GDP growth rates above the regional target of 7 per cent.
10. Despite the static growth in GDP, per capita GDP (at current market prices) for the region has been rising steadily. For the past decade, it rose from US\$2,559 in 2005 to US\$4,075 in 2014. Unique to Seychelles is a per capita GDP four times that of the regional average; followed by Mauritius which has over double the regional per capita GDP. Angola, Botswana, Namibia and South Africa are in the third class, with per capita GDP between US\$5,000 and US\$8,000. DRC, Madagascar, Malawi, Mozambique and Tanzania are at the bottom, with per capita GDP of less than US\$1,000 (see Figure 1).

FIGURE 1: SADC - PER CAPITA GDP (US DOLLAR CURRENT PRICES)

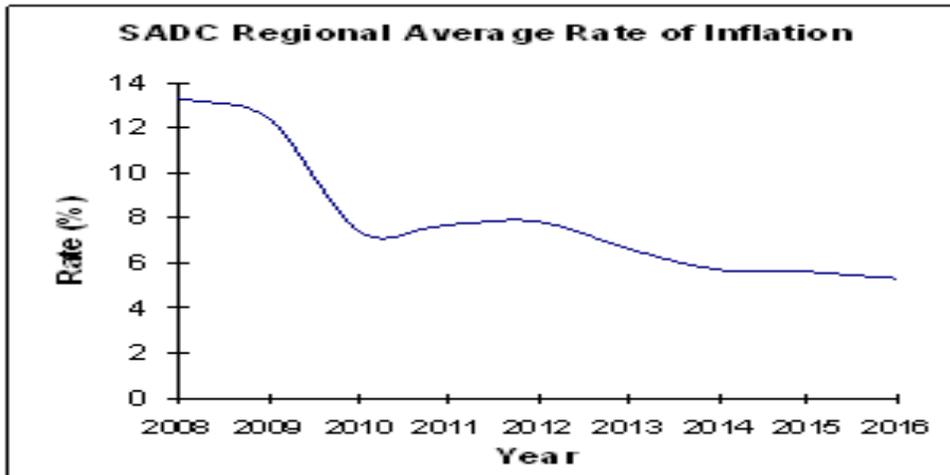


Source: Member States, March 2015 and IMF WEO, April 2015.

INFLATION

11. In 2014, inflation rate for the region averaged 5.7 per cent, down from 6.6 per cent in 2013, as depicted by the Figure 2.

FIGURE 2: SADC - AVERAGE INFLATION (PER CENT)



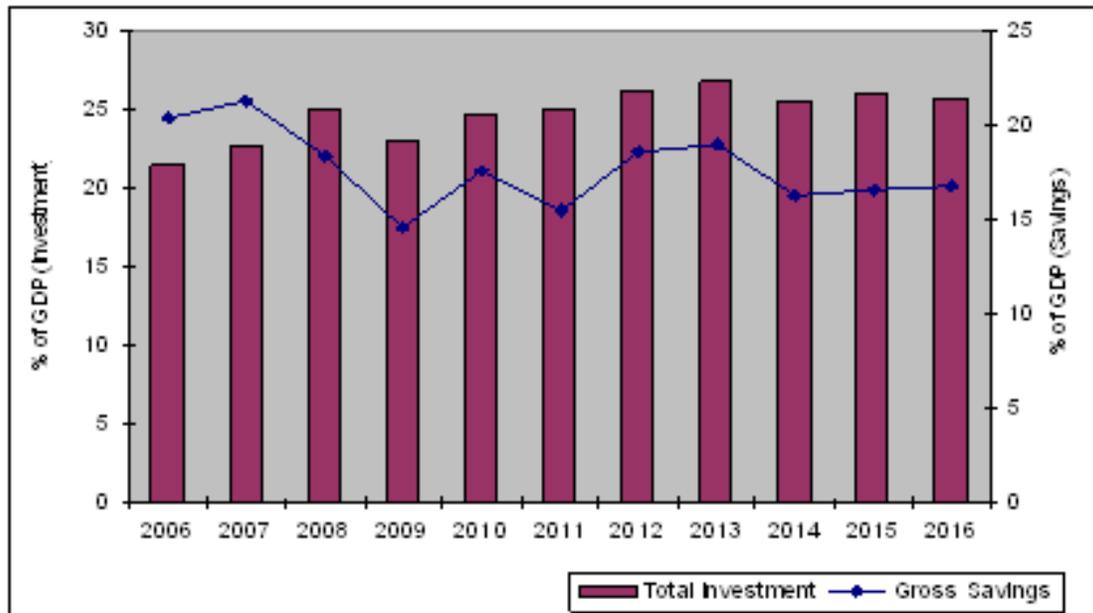
Source: Member States, March 2015 and IMF WEO April 2015.

12. All Member States, except Malawi (23.8 per cent), recorded single digit inflation. A total of 11 Member States with the exception of Angola, Madagascar, Malawi and Zambia, achieved the regional inflation target range of 3-7 per cent in 2014. However, Zimbabwe had a negative inflation rate of 0.2 per cent.
13. The deceleration in inflation is a good development for the region, as Member States can implement accommodative monetary policies, including reduction in interest rates. This, in turn, results in cheap capital and increased investment thus unlocking economic growth.

NATIONAL SAVINGS AND INVESTMENT

14. Both gross national savings and total investments, as a percentage of GDP, declined in 2014. The region recorded total investments of 26.6 per cent of GDP in 2014, a decline from 27.8 per cent of GDP in 2013.
15. Regarding savings, the region recorded an average gross national savings of 18.7 per cent of GDP in 2014. This was lower than the 20.4 per cent of GDP realised in 2013. Only Botswana, Lesotho and Zambia achieved the regional savings target of 30 per cent of GDP in 2014.
16. In terms of investment, Mozambique recorded an exceptionally high total investment of 50.1 per cent of GDP in 2014, followed by Seychelles at 36.0 per cent of GDP, and Lesotho at 35.6 per cent of GDP. On the other hand, Zimbabwe's total investments were almost half of the 25.5 per cent of GDP in 2013, at 13.7 per cent of GDP in 2014. A total of six Member States, namely, Botswana, Lesotho, Mozambique, Seychelles, Tanzania and Zambia, achieved the regional investment target of 30 per cent of GDP in 2014 (see Figure 3).

FIGURE 3: NATIONAL SAVINGS AND INVESTMENT (% OF GDP)



Source: Member States, March 2015 and IMF WEO April 2015

FISCAL SECTOR

17. The uneven recovery of the global economic activity, declining commodity prices on the international market, coupled with factors unique to some Member States, such as natural disasters, resulted in poor performance of the fiscal sector in 2014. The regional fiscal deficit deteriorated from 1.8 per cent of GDP in 2013 to an average of 2.2 per cent of GDP in 2014. Malawi, Mozambique and Zambia recorded fiscal deficits of over 5 per cent of GDP in 2014.
18. On public debt, the region improved in 2014. Public debt averaged 39.8 per cent of GDP in 2014, down from an average of 41.2 per cent of GDP in 2013. However, there were worrying trends for Angola, Lesotho, Malawi, Mozambique and Seychelles. Nonetheless, for Member States like Mozambique, increases in public debt were unavoidable to meet the investment needs of the country. Only two Member States, namely, Malawi and Seychelles, recorded public debt above the regional target of 60 per cent of GDP in 2014.

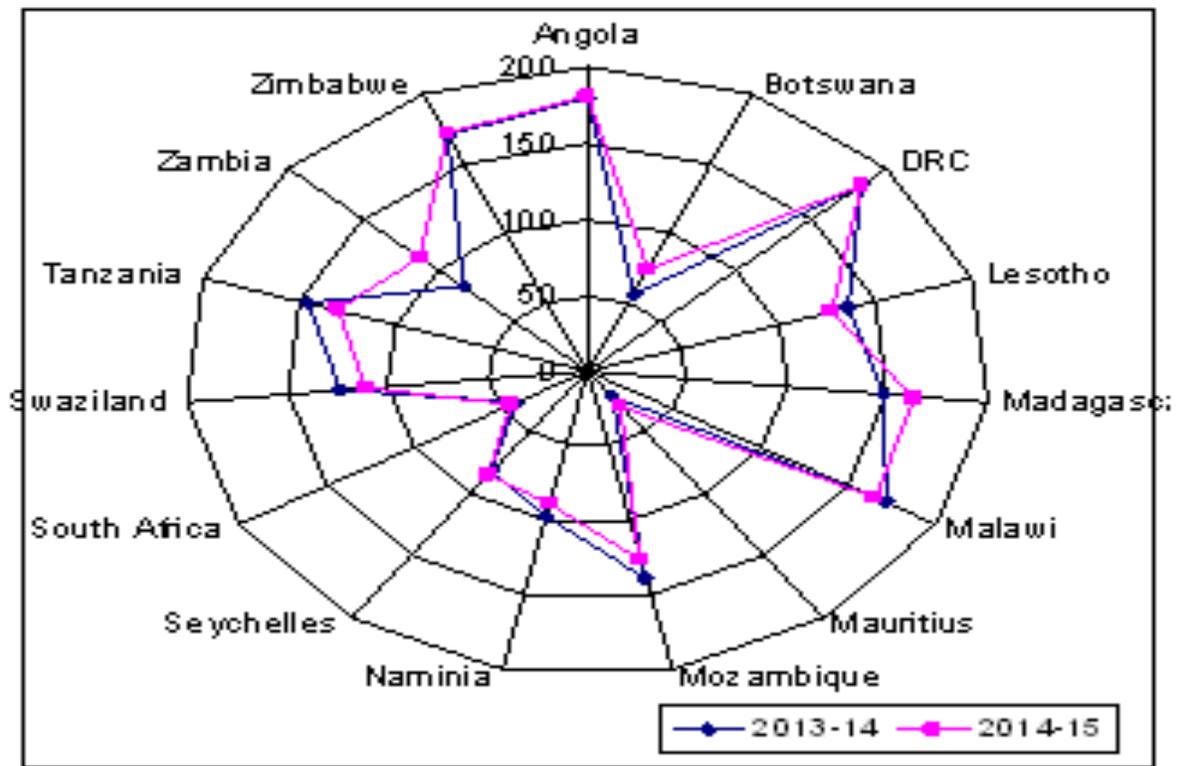
EXTERNAL SECTOR

19. Growth of export volumes slowed down generally in 2014 due to low demand for commodities as the global economy is still recovering from the effects of the economic crisis. On the import side, the appreciation of the United States Dollar affected the exchange rates of most SADC Member States which, in turn, affected the import bills by way of increasing them. As the import volumes increased and exports decreased, the external current account for the region deteriorated, from a deficit of 7.7 per cent of GDP in 2013, to a deficit of 9.4 per cent of GDP in 2014.

BUSINESS ENVIRONMENT

- 20. Data from the World Bank Ease of Doing Business 2015 and the World Economic Forum Global Competitiveness Index 2014-15, indicate that the SADC region is making progress in improving the business environment and its competitiveness, in general.
- 21. However, performance with regard to ease of doing business indicates a mixed outlook, with some of the Member States doing exceptionally well in terms of ranking while others are slipping in the ranking (see Figure 4). On one hand, Lesotho, Malawi, Mozambique, Namibia, Swaziland and Tanzania improved in their rankings by seven or more positions in 2014-15.
- 22. On the other hand, Botswana, Madagascar Namibia and Zambia slipped in their ranking by more than 10 positions, indicating a low rate of implementing the ease of doing business reforms. However, the slippage in ranking does not mean that the Member States are not making reforms. Rather, it is the pace of making those reforms, compared to the rest of the countries worldwide, which has generated the said trends.

FIGURE 4: SADC - RANK EASE OF DOING BUSINESS



Source: World Bank Ease of Doing Business, 2014-15.

C. REGIONAL OUTLOOK FOR 2015-2016

23. The SADC regional economy is not likely to grow significantly, primarily because of a number of factors under the global economic dynamics. While international prices of primary commodities have been on a downward trend in the past two years, with no measurable upturn projected for 2015-2016, the global demand will still be dismal due to slowdown of the Chinese economy, which is one of the major trading partner of many of the SADC Member States.
24. The appreciation of the US Dollar is most likely going to make imports more expensive in the region, lower investment and growth, and fuel inflationary pressures. It will also likely increase the debt service burden and may adversely impact balance sheets of banks and private entities.
25. The Brent price of oil is projected to continue softening in 2015 -2016, as the gap between demand growth and supply growth is expected to continue. However, oil exporters will be hit hard and, with limited buffers, they are expected to effect significant fiscal adjustment, with adverse implications for growth. Nevertheless, many Member States will benefit from the lower oil prices, but such positive effect will be partly offset by the decline in the prices of other exported commodities. At the same time, the continued economic crisis in the Euro Zone will adversely affect prospects for growth in the region due to depressed demand for commodities.
26. In terms of deepening the regional economic integration in SADC, the Secretariat will predominantly focus on the implementation of the Revised RISDP 2015-2020, with special attention being given to the implementation of the Industrialisation Strategy and Roadmap.

D. STRATEGY REVIEW AND POLICY DEVELOPMENT

REGIONAL INDICATIVE STRATEGIC DEVELOPMENT PLAN (RISDP)

27. The Task Force on the Review of the Regional Indicative Strategic Development Plan (RISDP), which was established by Council at its meeting in August 2013 in Lilongwe, Malawi to review the main recommendations of the Desk Assessment of the RISDP (2011) and independent Mid-term Review of the RISDP (2013), continued its work which led to the production of the Revised RISDP 2015-2020 and the Implementation Framework.
28. The Revised RISDP 2015-2020 contains the SADC priorities for regional cooperation and integration which were based on the ones contained in the original RISDP and streamlined in 2007. However, the SADC priorities were re-organised, industrialisation being frontloaded, in line with the decisions of Summit. The priorities in the Revised RISDP 2015-2020 are, thus, as follows: (a) Priority A – Industrial Development and Market Integration, including Sustainable industrial development, productive competitiveness and supply side capacity; Free movement of goods and services; Stability oriented macroeconomic convergence; Financial market integration and monetary cooperation; Intra-regional investment and foreign direct investment; and Deepened regional integration; Priority B – Infrastructure in support of regional integration, including energy, transport, tourism, ICT, meteorology and water; Priority C

- Peace and security cooperation (as a pre-requisite for achieving the Regional Integration Agenda); and Priority D – Special programmes of regional dimension under Education and Human Resource Development; Health, HIV and AIDS and other diseases of public health importance; Employment and Labour; Food and Nutrition Security; Trans-boundary Natural Resources; Environment; Statistics; Private Sector; Gender Equality; and Science, Technology and Innovation and Research and Development.
29. The Revised RISDP 2015-2020 Implementation Framework has indicative costings, which are classified as regional public coordination costs, national public coordination costs and investment costs, and these will guide the budgeting processes at both the regional and national levels between 2015 and 2020. However, what remains is for the Secretariat to undertake a comprehensive, consolidated organisational structure that will enhance the capacity of the Secretariat to deliver on the approved Revised RISDP 2015-2020.

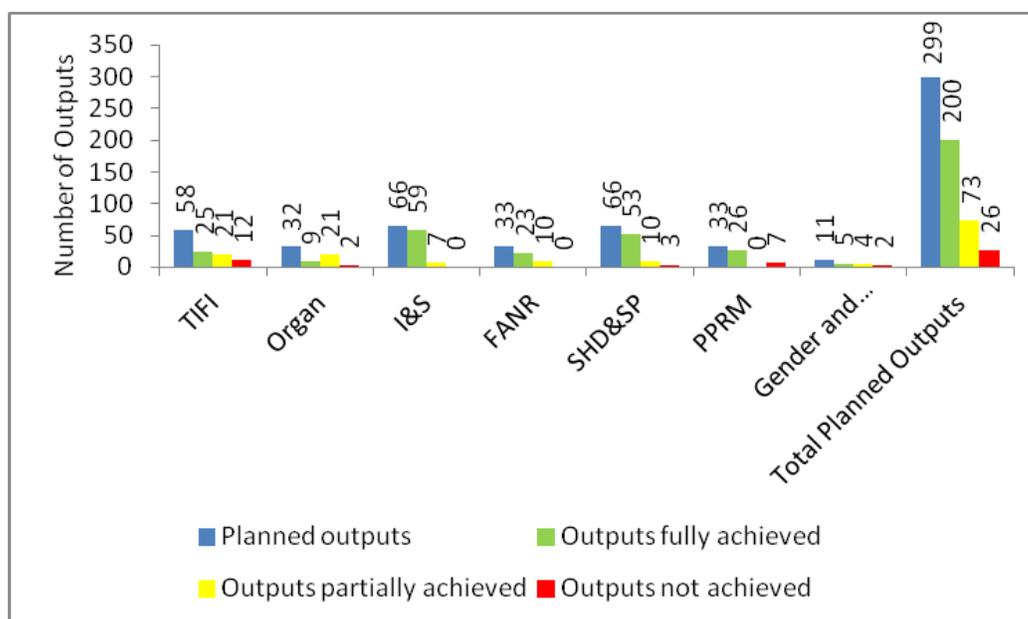
SADC POLICY ON STRATEGY DEVELOPMENT, PLANNING, MONITORING, AND EVALUATION

30. A Medium Term Strategy aligned to the draft revised RISDP was submitted to Council in August 2014, and was approved, in principle, pending the finalisation of the RISDP. This strategy has now been finalised in line with the approved RISDP 2015 – 2020.
31. Using a Planning and Budgeting Module of SADC Integrated Management System, the SADC Operational Plan for 2015/2016 was prepared. The Plan followed a Results-Based Management (RBM) approach which enhances accountability and enables measurement of performance. Training on this approach was conducted for all planning officers.
32. Step-by-step guidelines for monitoring SADC Protocols and associated legal instruments have been developed. The guidelines are designed to clarify, streamline and harmonize approaches applied by Directorates and Units in the SADC Secretariat, by explaining the guiding principles, approaches, critical steps and key issues to consider in performing Protocol monitoring functions.
33. The guidelines will also be used by relevant state and non-state bodies and entities in Member States involved in monitoring, reporting and disseminating the progress made in ratification, domestication and implementation of SADC Protocols and associated legal instruments.

II. IMPLEMENTATION OF PROGRAMMES OF REGIONAL COOPERATION AND INTEGRATION

34. In its 2014/15 Annual Operational Plan, the Secretariat had planned to implement 299 outputs across the different programmes to contribute towards the objectives of the RISDP and SIPO. Of the 299 outputs 200 (67 per cent) were fully achieved, 73 (24 per cent) were partially achieved and 26 (9 per cent) were not achieved at all. A summary of the status of the planned outputs is illustrated in Figure 5 which highlights of achievements are elaborated under the various programmes in the subsequent sections.
35. It should be noted that the outputs which were partially achieved, or not achieved at all, and the allocated funds are still available, will be implemented as part of the 2015/16 Operational Plan.

FIGURE 5: PLANNED OUTPUT AND STATUS OF IMPLEMENTATION BY PROGRAMMES FOR 2014/15



A. TRADE, INDUSTRY, FINANCE AND INVESTMENT

INDUSTRIAL DEVELOPMENT

36. In August 2014, in Victoria Falls, Zimbabwe, Summit decided that in the Revised RISDP 2015-2020, SADC should prioritise industrial development through beneficiation of and value addition to natural resources. In this regard, the Secretariat, in collaboration with Member States, embarked on the process of developing a SADC Industrialisation Strategy and Roadmap. Through the support of development partners such as UNECA and the German Government, the Strategy and Roadmap were finalised and approved by the SADC Summit at its Extra-Ordinary Meeting held in Harare, Zimbabwe, in April

2015. Moving forward, the immediate focus is to develop a detailed Action Plan and establishing an appropriate institutional framework to support implementation of the Strategy.

MARKET INTEGRATION

37. SADC is focussing on enhancing the trading environment in the region in order to create a firm foundation for deepening integration in the region. This is being done through continuous effort to remove restrictions or barriers to trade and on financial markets, so as to facilitate free movement of goods, services and capital across the region. In terms of liberalising trade in goods and services, about 8 Member States (Madagascar, Mauritius, Mozambique and SACU) have completed implementation of Category C tariff phase down while 11 Member States have tabled initial offers in five or more of the priority trade in services sectors.
38. Regarding the Tripartite Free Trade Area (TFTA) negotiations, most of the Text of the Agreement has been agreed, except the Preamble, Article 1 (Interpretation) and Article 28 (Dispute Settlement) and 20 Member/Partner states have prepared tariff offers. Work is on-going to address other outstanding issues for the FTA including the rules of Origin. The TFTA was formally launched in June 2015, in Cairo, Egypt.
39. The Continental Free Trade Area (CFTA) was launched at the AU Summit in Johannesburg, South Africa, in June 2015. The Summit, among other things, considered and adopted the Declaration on the Launch of the CFTA Negotiations; the Draft Decision on the launch of the CFTA Negotiations as well as the Draft Indicative Road Map for the establishment of the CFTA.

FINANCIAL MARKET INTEGRATION

40. In terms of financial markets integration, most of the SADC Member States have liberalised their current accounts, while work is on-going to liberalise the capital accounts. Much progress has been made on the implementation of the SADC Integrated Regional Electronic Settlement System (SIRESS), with a total 9 Member States on the system. Transactions settled through the SIRESS system have been on the rise, reaching the ZAR 1 trillion mark in April 2015. Work on the harmonisation of the regulatory frameworks for payment systems in the region is on-going.

DEVELOPMENT FINANCE

41. Work on the operationalisation of the SADC Regional Development Fund is on-going. A study supported by the African Development Bank (AfDB) to investigate the outstanding areas of the Fund is underway. The SADC Ministers of Finance and Investment are expected to meet in October/November 2015 to consider the outcome and recommendations of the study.
42. With regard to the Project Preparation and Development Facility (PPDF), notable progress has been achieved. For instance, one project, namely, the Mozambique – Zimbabwe Interconnector, was approved and a full bankability feasibility study will be carried out with a grant of US\$ 4 Million from the KfW resources. Three projects: Phase 1 Inga 3 Transmission Integration Pre-Feasibility Study; Transmission Infrastructure Kudu

Power Station to South Africa and SAPP region; and RSA-Botswana Transmission Interconnector, are undergoing due diligence.

INVESTMENT AND TAX RELATED MATTERS

43. On investment and tax related matters, progress has been recorded on the development of the SADC Investment Policy Framework and development of a mechanism for monitoring foreign direct investment in the region.
44. Frameworks for effective cooperation in taxation and related matters have been developed including Value Added Tax (VAT), Excise Taxes and Tax Incentives Guidelines and their Commentaries. These will be submitted to the Ministers of Finance and Investment for adoption.

MACROECONOMIC CONVERGENCE PROGRAMME

45. Performance with regard to Macroeconomic Convergence indicators has been mixed but progressing. Performance of the real economy has been unsatisfactory with stagnated economic growth in most of the Member States. The external sector has deteriorated with dwindling or depleted foreign exchange reserves. External factors beyond the control of Member States have largely contributed to the current performance including falling commodity prices; gaining in strength of the US Dollar; and natural disasters mainly floods.
46. Consequently, all Member States except for Angola, Madagascar, Malawi and Zambia, achieved the regional inflation target range of 3-7 per cent in 2014. Eight Member States (except for Angola, Malawi, Mozambique, Namibia, South Africa, Tanzania and Zambia) achieved the regional fiscal deficit target of less than 3 per cent of GDP during 2014, with some such as Botswana, Democratic Republic of Congo, Seychelles and Swaziland recording fiscal surpluses. Public debt, usually the best performer, has maintained that feat with all Member States, except for Malawi and Seychelles, recording public debt within the regional target of 60 per cent of GDP. Only DRC, Mozambique, Tanzania and Zambia have consistently recorded GDP growth rates above the regional target of 7 per cent.

B. INFRASTRUCTURE DEVELOPMENT



SADC DECLARATION ON INFRASTRUCTURE

47. The Summit of Heads of State and Government signed the SADC Declaration on Regional Infrastructure Development in August 2014, in Victoria Falls, Zimbabwe. The specific objectives of the Declaration are to define common and key political, social, economic, and technical goals, values, goals, principles, objectives, and outcomes that underpin and define the Regional Infrastructure Development Master Plan (RIDMP). A process is underway to publish the Declaration.

PROGRESS ON THE ROLL OUT OF THE REGIONAL INFRASTRUCTURE DEVELOPMENT MASTER PLAN (RIDMP)

48. The concerted efforts to market investment opportunities presented by the RIDMP undertaken during the period under review are beginning to yield results. The 2014/15 year and the preceding financial year have been characterised by consultations with various partners and funding agencies to secure project preparation and investment finance. As a result, consultations are at an advanced stage with the EU to consider financing of the first indicative priority list of projects under the 11th EDF programme. Furthermore, the Development Bank of Southern Africa (DBSA) is also appraising another indicative priority list of projects for funding through the SADC PPDF. In addition, another indicative priority list of potentially bankable projects was received with interest when presented at the SADC DFRC-PPP Network Public-Private Dialogue held in Rosebank, South Africa, in March 2015.
49. Partners are responding positively to the demand for project preparation finance by either availing funding facilities and/or committing to capacity building for project preparation. KfW came forth and supported establishment of a Regional Fund for Water Infrastructure and Basic Sanitation worth EUR10 million for which DBSA was assigned as the Fund Manager. The Agency Agreement was concluded and signed in May 2014.
50. Similarly, the World Bank has extended support through a USD20 million facility to strengthen project management capacity in the energy sector, by funding the establishment of a Project Acceleration Unit (PAU) at the Southern Africa Power Pool (SAPP) Coordination Centre to package bankable projects in the region timely. This includes recruitment of key advisors and funding for the actual project preparatory

works for selected SAPP priority projects. The PAU is expected to be operational by the second quarter of 2015/2016 which begins in July 2015.

ENERGY STATUS OF POWER DEMAND AND SUPPLY IN THE REGION

51. As at 28 February 2015, the Region had an installed generation capacity of 58,608 MW and available capacity of 52,589 MW, against a demand of 48,216 MW that includes peak demand, suppressed demand and reserves. This gives a generation capacity shortfall of 8,247 MW, which includes a shortfall in reserves.
52. During 2014, the region commissioned generation capacity amounting to 1,999 MW from the following sources: Angola (150 MW), South Africa (1654 MW) and Zambia (195 MW), through rehabilitation and new projects. About 78 per cent of that capacity was from Independent Power Producers (IPPs), generated mainly from renewable energy resources, namely, solar, wind and hydropower technologies, especially in South Africa.
53. The Region plans to install 2,748 MW in 2015 most of which will be in the Democratic Republic of Congo (430 MW), Mozambique (205 MW), South Africa (1,828 MW), Tanzania (150 MW), and Zambia (135 MW).
54. More than 70 per cent of the planned capacity would be from renewable energy based power plants in the mentioned Member States, while the remainder will be generated from a coal-fired plant (Medupi) in South Africa. It is also expected that 780 MW of the planned generation capacity will come from gas-fired power plants, which indicates increased utilisation of this source of energy in the Region.
55. Furthermore, efforts are at advanced stage within the framework of the RIDMP, to accelerate implementation of the three key projects to interconnect Angola, Malawi and United Republic of Tanzania to the regional grid.
56. It is expected that the Region will have sufficient installed generation capacity reserves after 2018, if all projects are commissioned as planned. The generation reserve margin will reach 13.1 per cent in 2017 and 15.9 per cent in 2018 against a best practice reserve margin of 15 per cent. A total of approximately 24,067 MW of new generation capacity is expected to be commissioned between 2015 and 2019, of which 3 per cent will be renewable energy (wind and solar).
57. The Region has been implementing a number of Demand Side Management (DSM) programmes, which include the replacement of incandescent bulbs with compact fluorescent lamps (CFLs); installation of solar water heaters; improvement of commercial lighting; and hot water load control. Approximately 4,561 MW savings were achieved from DSM initiatives from 2010 to 2014, with a bulk of the savings (3,461MW) emanating from the compact fluorescent lamps programme and commercial lighting (700 MW). It is envisaged that the region will save 6,000 MW by 2018, if the DSM programme is implemented according to plan. Member States are expected to provide the necessary policy support to implement the DSM programmes, including banning of incandescent light bulbs.

ELECTRICITY REGULATION



58. A policy decision has been made to transform Regional Energy Regulators Association (RERA) into a Regional Energy Regulation Agency (RERA). In this regard, the RERA has embarked on a number of initiatives, with support from ICPS, to enhance its capacity to lead the strengthening of an enabling regulatory environment to attract investments into the energy sector within the region. The initiatives include a 2-year technical assistance support programme worth USD280,000 from the International Renewable Energy Agency (IRENA).
59. The U.S. Department of State through the Bureau of Energy and Resources (DOS/ENR) is also supporting three other regional initiatives namely “Independent Power Producers (IPP) and Investment Market Framework”, production of RERA Tariffs Publication and strengthening of RERA’s regional regulatory capacity.

ENERGY ACCESS AND RENEWABLE ENERGY

60. The Region continues to participate in the global processes of the UN Sustainable Energy for All (SE4All) Initiative whose principal objective is to achieve Universal Energy Access by 2030. This will be done by ensuring universal access to modern energy services; doubling the rate of improvement in energy efficiency; and doubling the share of renewable energy in the global energy mix. A number of Member States are now developing national action plans for SE4ALL using the SE4All African Response programme championed by NEPAD and the African Union Commission.
61. As part of the SE4ALL Initiative, the Secretariat through the assistance of UNIDO, the Austrian Government and the EU Energy Initiative, completed a study on the feasibility of establishing a SADC Centre for Renewable Energy and Energy Efficiency (SACREEE). The SADC Secretariat has evaluated Member States proposals to host the Centre and the final decision will be made by the committee of SADC Energy Ministers in their next meeting to be held during 2015. The Secretariat is also in the process of finalising the SADC Renewable Energy Strategy and Action Plan.
62. Implementation of Phase 2 (2013 – 2017) of the Energy and Environmental Partnership (EEP) Project which has a budget of EURO 35 million that supports renewable energy and energy efficiency initiatives in 13 countries in Southern and Eastern Africa, nine (9) of which are within the SADC Region has commenced. This follows Phase 1 of the EEP which started in 2010 with an initial investment of EURO 25 million. The partnership has shifted its focus from portfolio development to grant management, monitoring and evaluation, business development support as well as knowledge management. The

areas of focus are namely, inclusive innovations (grant between EURO 100.000 - 300.000, requiring beneficiary contribution of 30 per cent); and market creation (grants between EURO 300.000- 1 million, requiring beneficiary contribution of 30-90 per cent).

COMMUNICATIONS AND ICT

SADC Roadmap on Digital Broadcasting Migration

63. There is tremendous progress by Member States in achieving set milestones on Digital Terrestrial Television (DTT) Broadcasting Migration. To date, 96 per cent of SADC Member States have established National Task Force/Committees; 89 per cent have developed a DTT Migration Policy; 100 per cent have adopted a DTT standard; and 89 per cent have enacted DTT regulations.
64. Furthermore, implementation roll-out is at 59 per cent and consumer awareness and campaigns is at 46 per cent indicating that Member States are lagging behind in consumer awareness and campaigns. As such, Guidelines on Consumer Protection and Awareness on Digital Broadcasting Migration have been developed, approved and implemented as of June 2014.
65. Noting the DTT migration challenges, the SADC ICT Ministers in their extraordinary meeting convened in March 2014, in South Africa adopted a Resolution on DTT Migration intended to highlight their commitment and the support required to implement sustainable broadcasting platforms in the Region by the International Telecommunication Union (ITU) Analogue Switch Over (ASO) deadline of 17th June 2015 so as to ensure that the maximum benefit and opportunities are derived for SADC Citizens. Four SADC Member States, Malawi, Mauritius, Namibia and United Republic of Tanzania, have managed to meet the ITU ASO deadline.

SADC Home and Away Roaming (SHAR)

66. The Ministers responsible for ICT took a decision in November 2014 in Mangochi, Malawi, to transition from implementing the SADC Home and Away Roaming (SHAR) Project through the Roam Like A Local (RLAL) principle, to using the Roam Like At Home (RLAH) principle to facilitate reduction of international roaming of voice, messaging and data rates within the region. RLAH implies that the prices a subscriber faces when roaming in a foreign country are the same as, or similar to, the subscriber's home prices. A number of SADC Mobile Network Operators (MNOs) have started to offer RLAH plans or variants of it.
67. The SHAR is being implemented in three phases that will result in reducing international roaming tariffs to cost-based prices by setting price caps as from 1st January 2015. Phase I focuses on transparency, consumer awareness and an empowerment programme of action. The process involves information and data collection to effectively put in place Phase II of the Programme.
68. Phase II implements Retail and Wholesale tariff glide paths effective from the 1st of January 2015, by setting price caps (ceilings) for both the Retail and Wholesale prices on international roaming charges. The existing Retail international roaming price will be reduced in roughly three equal steps via price caps following the Retail tariff glide path to approach the RLAH price over a period of three years. The Wholesale tariff reductions will follow the same scheme.

69. Phase III is the Progressive Retail tariff glide path which will be effective from 1st January 2018, reducing the RLAH price in three steps via price caps to approach cost-based international roaming tariffs over a period of three years.
70. Once the reductions are implemented, it will be cheaper for consumers in the SADC region to communicate; it will also facilitate socio-economic development in the region and contribute to more affordable broadband access. This initiative complements the broadband infrastructure programme which will be rolled-out as part of the RIDMP.

NATIONAL AND REGIONAL INTERNET EXCHANGE POINTS

71. The SADC Region is part of the African Internet Exchange System (AXIS) initiative facilitated by the AUC to keep Africa's Internet traffic local to the continent through the establishment of National Internet Exchange Points (NIXPs), Regional IXPs (RIXP) and Regional Internet Carriers (RICs) in Africa. Setting up of NIXPs and RIXPs are ICT infrastructure initiatives that contribute towards reducing the cost of transiting Internet traffic and hence the cost of doing business in the region. Most SADC Member States have established at least one NIXPs and plans to grow NIXPs into RIXPs are underway and this programme will continue during the 2015/16 financial year.

SADC HARMONISED CYBER SECURITY LEGAL FRAMEWORK

72. Significant progress has been made in the area of improving cyber security in the Region, as more than eight (8) SADC Member States have transposed the three SADC Harmonised Cyber Security Model Laws (e-Commerce/e-Transaction Model Law, Data Protection Model Law, and Cyber Crime Model Law). These Laws are in line with the African Union (AU) Convention on Cyber Security

SADC PREPARATIONS FOR WORLD RADIO COMMUNICATION CONFERENCE 2015

73. SADC has finalised its Harmonised Common Positions to influence global decisions on Radio Frequency at the ITU and African Telecommunications Union (ATU) conferences leading towards the WRC-15 conference to be held in November 2015 in Geneva, Switzerland. It is important that the SADC Harmonised Common Positions are incorporated into the global decisions as the outcome of WRC-15 affects the deployment of ICT services in the Region

TRANSPORT

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

74. The Kingdom of Swaziland and the SADC Secretariat have signed the Memorandum of Understanding and Host Agreement on the establishment of the Interim SADC Aviation Safety Organisation (SASO) Secretariat. The Interim SASO Secretariat was launched in May 2015 in Mbabane, Swaziland.

Surface Transport: Cross Border Third Party Motor Vehicle Insurance

75. Under Harmonisation of Vehicle Over-Load Controls and Vehicle Regulations and Standards the Tripartite Vehicle Load Management Strategy and Implementation Plan adopted and the Tripartite Draft Vehicle Load Management (VLM) MoU was updated.

76. A study to define the Tripartite Transport Registers and Information Platform (TRIPS) system architecture, institutional model and related policy, legal and regulatory frameworks was launched in January 2015 of which the Inception Report has been validated and a Study to define a Tripartite Regional Weighbridge Location Plan was launched in March 2015.

Corridors Development

77. The SADC programme to develop transport corridors as a means to facilitate trade and economic liberalisation continued during the course of the year. This is done within the context of the Corridors Strategy which focuses on Instruments, Institutions and Infrastructure.
78. The conclusion of Legal Instruments for a number of Corridors in previous years provided a foundation for corridor institutions to be established and paved the way for joint infrastructure development. These included amongst others, Memorandum of Understanding for Trans Kalahari Corridor (TKC), Walvis Bay-Ndola-Lubumbashi [WB-N-L] (formerly known as Trans Caprivi Corridor), Central, Beira, Nacala, and Mtwara Corridors; Constitution – (Dar es Salaam) as well as Memorandum and Articles of Association for the Maputo Corridor.
79. Similarly, Corridor Management Institutions are already fully functional for the Trans Kalahari, Maputo, Dar es Salaam and Central Transport Corridors and Interim or transitional institutional arrangements are in place on the Trans Cunene and WB-N-L Corridors where the Walvis Bay Corridor Group is providing oversight and coordination. However, in addition to these, the Maputo institutional model is under review with the objective of strengthening the role of public sector institutions and to formally include Swaziland.
80. A key element of the Corridor transport and logistics infrastructure programme is the development of One Stop Border Posts which is implemented with the objective to reduce transaction costs for crossing a border. The “One Stop Border Post” (OSBP) is a concept for border management efficiency improvement which entails joint control and management of border crossing activities by agents of the adjoining countries, using shared facilities, systems and streamlined procedures.

North South Corridor (NSC)

81. The current development on the NSC is the construction of the Kazungula Bridge which includes a fixed road and a rail bridge to replace the ferry, OSBP facilities on both sides in addition to the trade and transport facilitation started in 2015 and it is projected to take 4 years to complete.
82. Furthermore, several road sections on the NSC are undergoing project preparation and procurement for construction under the coordination of the Tripartite Project Preparation and Implementation Unit (PPIU).

Western Cluster Corridors

83. Angola has completed rehabilitating and modernising all railway infrastructures along Namibe, Lobito and Malange Corridor. The project also includes new lines to integrate the rail network domestically and to interconnect with all neighbouring countries. Even though the Lobito Port and Benguela railway line are ready for international traffic,

through-traffic is hindered by the need to rehabilitate the DRC section between Kolwezi and Dilolo border post between Angola and DRC.

84. A feasibility study for the upgrading and construction of roads along the Lobito (Benguela) Corridor was completed. Construction is underway on both sides of the Zambia/DRC Copper Belt to Benguela and Lobito ports including alternative directing routing from the North Western Zambia to Angola.
85. Botswana and Zimbabwe have started construction of dry ports at Walvis Bay.
86. Botswana and Namibia are conducting a feasibility study on the Trans Kalahari Railway and options to connect Botswana by rail to Namibia and South Africa based on the premise of transportation of export coal from Botswana coalfields. Governance instruments have been signed and a project office has been established in Windhoek, Namibia.

Eastern Cluster Corridors

87. Upgrading of infrastructure to cater for the need to evacuate coal from the Zambezi coalfields (Moatize) includes rehabilitation of the Sena railway line on the Beira Corridor, construction of rail link between the Zambezi coalfields (Moatize) and the port of Nacala, dredging and modernisation of the Beira port as well as modernisation and expansion of the Port of Nacala. Construction of the Moatize-Nacala rail link is expected to be completed by the end of 2015.
88. The feasibility study for the construction of a heavy haul railway line from the Botswana coalfield in the south to a new deep sea coal terminal at Ponta Techobanine south of Maputo through Zimbabwe is still on-going.
89. Rehabilitation, expansion and modernisation of the Maputo, Beira and Dar es Salaam ports are on-going and various elements of port infrastructure and services have been placed under concessions.

WATER

90. The fourth Regional Strategic Action Plan (RSAP IV) is currently being developed using the outcome of the RSAP III Mid Term Review and evaluation of the implementation of the Protocol on Shared Watercourses and consultations with Member States.

Establishment of Water Commissions Secretariats

91. The Zambezi Watercourse Commission (ZAMCOM) has been established with a full staff complement and it is hosted by the Government of Zimbabwe in Harare, Zimbabwe.
92. The Limpopo Watercourse Commission (LIMCOM) Permanent Secretariat was officially launched by the four Water Ministers for the River Basin in Maputo, Mozambique in July 2014. The Permanent Secretariat is hosted in Maputo, Mozambique. The recruitment of the Executive Secretary for LIMCOM is now at an advanced stage.
93. Angola and Namibia have signed the Agreement to establish the Cuvelai Commission (CUVECOM) for the Cuvelai River Basin and the SADC Secretariat is now facilitating resource mobilisation to establish the CUVECOM Secretariat.

Water Infrastructure Projects

94. Community Development Plans have been developed for the Integrated Water Resources Management (IWRM) Pilot Projects in Botswana, Lesotho, Mozambique, Namibia and South Africa. The four Member States have endorsed their Plans whilst Namibia is currently reviewing its Plan and construction of the hard infrastructure water supply and sanitation and cross-border pilot projects has commenced.
95. The Draft Prefeasibility Study report for the Lomahasha/Namaacha Cross-Border Water Supply Project was produced in October 2014. The Project Financing Agreement to the tune of EURO 2.4 million was signed between KfW and SADC in 2012 for implementation of the Kunene Water supply and sanitation project between Angola and Namibia. The Channelling Agreement between SADC and Permanent Joint Technical Committee (PJTC; representing Angola and Namibia) was signed in April 2015 after the revised project scope was agreed upon by the parties. The consultancy contract has commenced and the consultant has submitted the Inception Report.

Groundwater Management and Development

96. A grant for US\$ 10.2 million has been signed between SADC and the World Bank (GEF and CIWA grant) together with the Project Financing and Implementation Agreements (Grant Agreement, Subsidiary Agreement and the Project Agreements for the Groundwater Management Project) to support the region in the management and development of Groundwater resources.

Support for Disaster Risk Reduction (DRR)

97. A Baseline Assessment of the SADC Region on DRR preparedness for flood risk management, Regional flood hazard/risk mapping and Implementation Plan for DRR activities for flood risk management in selected transboundary river flooding hot spots has been completed under the SADC HYCOS project implemented jointly by the Meteorological and Water Divisions through the Climate Services Centre (CSC).

METEOROLOGY

98. The Meteorology sector continued to deliver reliable climate information, products and services for socio-economic development through the Southern Africa Regional Climate Forum (SARCOF-17&18). In addition, support to National Meteorological Services (NMSs) in the form of strengthening the capacity of national climate experts continued through implementation of the Institutional Support to African Climate Institution Project (ISACIP) and the African Monitoring of the Environment for Sustainable Development (AMESD) Project which is a forerunner to Monitoring of Environment for Security in Africa (MESA).
99. In terms of the International Civil Aviation Organization (ICAO) for ISO 9001: 2008 certification for safety of Air Navigation, three additional Member States, namely, Angola, Mozambique and Zambia, have complied with ISO 90001 on Quality Management Systems for Aeronautical Services, raising the number of compliant Member States to eight out of the fifteen.
100. In line with the decision of the SADC Ministers responsible for Meteorology, and within the context of the Revised RISDP, focus is now on strengthening of the SADC Climate Service Centre (CSC) to adequately equip it to provide essential climate services which

contribute to improved disaster risk management in the region, and help to ensure Member States are better prepared for weather- and climate-induced disasters which constitute 90 per cent of natural disaster; and for the conservation and protection of natural resources.

TOURISM

101. The SADC Summit of Heads of State and Government endorsed the development and implementation of a common regional visa, deemed the UNIVISA in 1998. The purpose of the common UNIVISA is to ease the current bottlenecks posed by the need for tourists visiting Southern Africa to apply for separate visas for each country, each with its own visa regime. Member States acknowledged that this acts as a deterrent for multi-country travel across the Region.
102. The launch of the Kavango Zambezi (KAZA) TFCA Pilot UNIVISA Programme in November 2014 marked a significant milestone towards dismantling the bottlenecks. The programme involves six Member States, five of which are in the KAZA TFCA. Already significant progress has been made by Zambia and Zimbabwe, whilst the other pilot Member States stand to learn from these two countries to overcome some of the difficulties they are encountering currently related to implementation of the programme. The progress made by Zambia and Zimbabwe builds on the success of the common visa regime established between both countries during the hosting of the 2013 UNWTO General Assembly. Subsequently, both countries have implemented a common visa in close cooperation with the KAZA TFCA and RETOSA, with support from the World Bank and the German Development Bank KfW. So far this pilot has been successful; and it is anticipated that common visa can be established among all five KAZA TFCA countries. By eliminating the need for tourists to obtain multiple visas, cross-border travel will become seamless, easier and less costly. This will provide a major boost to tourism within the world's largest TFCA to the benefit of the entire SADC region.
103. The lessons learned and successes achieved from these pilots will be used to inform the development of the full UNIVISA Programme for the region and help Member States to make notable commitments towards its full implementation.
104. By undertaking the UNIVISA initiative, the region will become a more competitive tourism destination. This is in the sense that the added convenience and reduced costs will encourage more visitations and longer stays, thereby increasing tourist arrivals and receipts. This will undoubtedly broaden economic benefits of tourism to the region, countries and local communities. There are significant human capacity constraints and inadequate equipment in the infrastructure cluster, which affect delivery on its mandate. These are necessary for the efficiency and effectiveness of the Meteorology Sector.

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

105. In the sector 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 remains critical and a major social and economic sector in the region as approximately 61 per cent of the population depend on it for food, income, and employment. It contributes on average 17 per cent of GDP and 13 per cent of overall export earnings. The performance of this sector has strong influence on food security, economic growth and social and economic stability.
106. During the last decade, the annual agricultural growth rate has been above the population growth rate by 0.1 percentage point, at 2.6 per cent and 2.5 per cent respectively. On average, from 2003 to 2014, the production of cereals increased by approximately 4 per cent. Production of rice, wheat, sorghum and millet has remained relatively constant. Livestock production has increased by an average of 4 per cent per annum during the last 5 years. Forestry and fisheries production also showed positive growth during the same period with substantial increases in aquaculture.
107. In spite of this positive performance, the region remains a net importer of most agricultural products. Malnutrition and food insecure population remains high with children underweight exceeding 26 per cent in nearly all countries in the region. Challenges of the sector remain as:
- (a) Low labour productivity in smallholder agriculture which is 30 times lower than in developed countries though labour productivity in commercial agriculture is comparable to international standards;
 - (b) Low land productivity which has grown by a mere 1 per cent per annum from the 1990s;
 - (c) Low cereal yields which have remained between 1.5 and 1.7mt/ha on average since 2000. This is below the 8 mt/ha for developed countries; and
 - (d) Declining forest resources which have gone down by 0.6 per cent per annum due mainly to deforestation.

REGIONAL AGRICULTURAL POLICY



108. In order to harmonise strategies in food, agriculture, natural resources, and environment, the Secretariat in consultations with the Member States developed a SADC Regional Agricultural Policy (RAP). The Policy, which was endorsed by the SADC Council of Ministers in August 2014, is expected to:
- (a) Enhance sustainable agricultural production, productivity, and competitiveness;
 - (b) Improve regional and international trade and access to markets of agricultural products;
 - (c) Improve private and public sector engagement and investment in the agricultural value-chains; and
 - (d) Reduce social and economic vulnerability of the region's population in the context of food and nutrition security and the changing economic and climatic environment.
109. In order to operationalise the Policy, the Secretariat has initiated the development of an Investment Plan., which is expected to promote collaborative investments at the regional level to complement national investments, and to stimulate the competitive production of agricultural commodities. It is also expected to promote trade of agriculture-based products, enhance food and nutrition security for people living in SADC Member States and ensure the sustainable utilization of available natural resources and the effective protection of the environment.
110. The Investment Plan is further expected to support industrialization in the region by providing options and strategies for agro-processing and value addition and beneficiation for agricultural products.
111. The Plan is expected to be considered and endorsed by Ministers of Agriculture and Food Security later in the year.

THE REGIONAL FOOD SECURITY SITUATION

Overall Food Security Situation

112. The 2014/15 rainfall season was generally poor. This led to unsatisfactory overall Regional food security situation for the 2015/16 marketing year, with an overall cereal (maize, wheat, rice, millet and sorghum) deficit of 6.33 million tonnes (Table 1) compared to a surplus of 1.21 million tonnes in 2014/15 marketing year.

TABLE 1: CEREAL BALANCE SHEET FOR 2014/15 MARKETING YEAR**ALL CEREALS BALANCE SHEET****MARKETING YEAR (Vary by Country)****2015/16**

Thousands of Metric Tons

	Ang	Bot	Les	Mal	DRC	Moz	Nam	RSA	Swa	Tan	Zam	Zim	SADC
A. Domestic Availability	1806	54	167	3086	1533	2728	92	15646	97	9636	4297	1089	40232
A.1 Opening Stocks	61	31	82	19	0	218	25	3202	3	1150	1411	222	6425
Formal/SGR	52	31	75	0	0	137	25	3202	2	1150	1411	217	6301
On Farm	9	0	8	10	0	81	0	0	0	0	0	0	108
Other	0	0	0	8	0	0	0	0	2	0	0	5	15
A.2 Gross Harvest	1745	22	85	3067	1533	2510	68	12444	94	8486	2746	867	33667
B. Gross Domestic Requirements	2377	441	389	3607	2811	3903	292	15391	188	8258	3038	2276	42970
C. Desired SGR Carryover Stocks	0	85	0	150	0	0	35	1898	20	450	500	455	3593
D. Domestic Shortfall/Surplus	-571	-472	-222	-671	-1278	-1175	-234	-1643	-111	928	759	-1642	-6331

Source: Member States Early Warning Systems for Food Security (Data not available for other Member States)

113. Total cassava production in Angola, Democratic Republic of Congo, Malawi, Mozambique, Tanzania and Zambia amounted to 48.06 million tonnes in 2015. Although lower than the 2014 production of 44.80 million tonnes, this is still above the 5-year average, indicating the resilience of the crop to drought.
114. Livestock production indicate an average annual increase of 4% beef, 6% mutton and lamb, 0.7% pork, 4% poultry, 2 % milk and 3% for eggs (Vulnerability Assessment Report, 2014). The Region remains a net importer of most livestock products.
115. With regards to fisheries, there has been a steady annual growth rate of about 10% in overall fisheries production in the Region as a result of increases in aquaculture production in some of the Member States. Preliminary results of the SADC 2014 survey indicate a total aquaculture production of about 56,000 metric tonnes, valued at US\$339 million, up from 33,000 metric tonnes valued at US\$200 million in 2012 (FAO, 2013). Fish stocks both inland and marine continue to dwindle due to challenges with Illegal, Unreported and Unregulated (IUU) fishing and lack of capacity to effectively manage fish stocks.
- Humanitarian Food and Non-Food Requirements*
116. The number of vulnerable people who require both food and other humanitarian assistance during the 2015/16 marketing year has increased from 24.28 million people to 27.41 million this year, representing a 13 per cent increase (Table 2).

TABLE 2: TREND IN PEOPLE REQUIRING HUMANITARIAN ASSISTANCE

Member State	Marketing Year					2015/16 % change over 2014/15
	2011/12	2012/13	2013/14	2014/15	2015/16	
Ang		367,190	700,000			
Bot			28,936	29,306	30,318	3%
DRC	4,300,000	5,445,000	7,318,639	6,591,535	6,591,535	0
Les	514,000	725,519	223,055	447,760	463,936	4%
Mal	272,502	1,972,993	1,855,163	1,312,376	2,833,212	116%
Moz	245,000	270,000	212,000	150,000	137,784	-8%
Nam	243,474	74,711	778,504	117,662	370,316	215%
RSA	12,895,000	13,643,775	13,775,320	14,069,662	14,069,662	0
Swa	88,511	115,713	289,920	223,249	200,897	-10%
Tan	1,618,795	1,472,127	1,615,445	213,379	424,136	98%
Zam	74,804	62,842	209,498	351,267	798,948	127%
Zim	1,390,000	1,668,000	2,206,924	564,599	1,490,024	164%
SADC*	22,787,086	26,768,318	28,426,022	24,281,552	27,410,768	13%

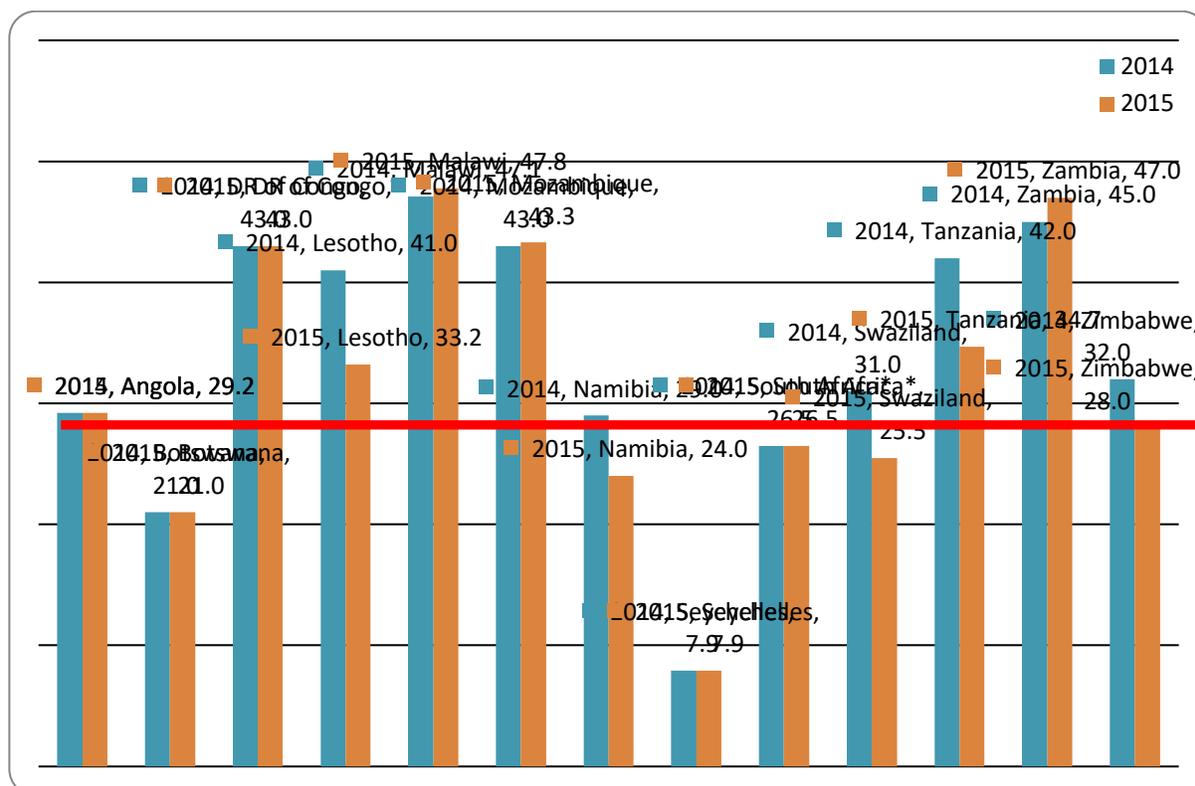
Source: Member States vulnerability assessments.

*Excluding Madagascar, Mauritius and Seychelles – data not available.

Nutrition Status for the Region

117. The Region faces a serious challenge of malnutrition, with the prevalence of stunting among children ranging from 7.9% in Seychelles to as high as 47.8% in Malawi. In fact, only Seychelles is below world acceptable rates of below 20% (Figure 6).

FIGURE 6: PREVALENCE OF STUNTING AMONG CHILDREN UNDER THE AGE OF FIVE



Source: Member States National Vulnerability Assessments, 2015 (data for South Africa is for under 3 years of age)

FOOD AND NUTRITION SECURITY STRATEGY

118. During the period under review, the Secretariat facilitated the development of the Regional Food and Nutrition Security Strategy (2015-20). This was in response to a directive by the SADC Heads of State and Governments at Summit in August 2013 in Lilongwe, Malawi for Ministers responsible for Agriculture and Food Security and Ministers of Health to jointly meet discuss and agree on strategies to increase food production, food fortification and nutrition.
119. The directive was based on the evidence presented to Summit indicating that food and nutrition insecurity in the Region is still high with the population experiencing food insecurity averaging 15 million people per year since 2004.
120. The SADC Food and Nutrition Security Strategy (FNSS) was developed and endorsed by Council and adopted by Summit in August 2014 following its approval at a Joint Ministerial Meeting of Ministers of Agriculture and Food Security and Ministers of Health in July 2014 in Malawi. The goal of the Strategy is to significantly reduce food and nutrition insecurity in the Region by 2025. This will be achieved by:
 - (a) Promoting availability of food through improved production, productivity and competitiveness;
 - (b) Improving access to adequate and appropriate food in terms of quality and quantity;

- (c) Improving the utilization of nutritious, healthy, diverse and safe food for consumption under adequate biological and social environment with proper health care; and
- (d) Ensuring stable and sustainable availability, access and utilisation of food.

121. The FNSS is being rolled out as part of the RAP Investment Plan.

AGRICULTURAL INPUT SUPPLY

- 122. The Secretariat continued with efforts to operationalize the Memorandum of Understanding (MoU) on the Harmonized Seed Regulations in the SADC Region. To date 11 Member States are party to the MoU.
- 123. The key achievements during the past year included the review of the draft Protocol for the Protection of New Varieties of Plants, also known as Plant Breeders Rights (PBR) in the SADC region and the Draft Charter establishing the SADC Seed Centre. These were endorsed by Ministers of Agriculture and presented to Ministers of Justice/Attorneys General for consideration.
- 124. Parallel to this, the SADC Seed Variety Release System was launched on 26 November 2014. The launching of the system allows breeders, including seed companies and national agriculture research systems from the SADC Member States, to submit applications for qualifying varieties to be listed under the SADC Harmonized Seed Regulatory System.

SURVEILLANCE AND CONTROL OF TRANSBOUNDARY PLANT AND ANIMAL DISEASES AND PESTS

Livestock

- 125. One major technical barrier that has been affecting trade of livestock and livestock products from SADC region has been the risk of Bovine Spongiform Encephalopathy (BSE). During the period under review, the Secretariat submitted proposals to the World Organisation for Animal Health (OIE) to consider certifying the SADC as a Bovine Spongiform Encephalopathy (BSE) free zone in order to boost livestock trade. A meeting of OIE General Session scheduled this year, 2015, will discuss this proposal, amongst others.
- 126. As part of this effort, the Central Veterinary Laboratories of Tanzania and Zambia were upgraded with laboratory equipment under the SADC Transboundary Animal Diseases (TADs) Project. These laboratories are making good progress in their endeavour to attain accreditation for tests of certain transboundary animal diseases (TADs). Member States such as Angola, DRC and Tanzania, which have areas affected by Peste des Petits Ruminants (PPR), are implementing the Regional Strategy for the Control and Eradication of PPR.
- 127. Animal diseases are also being monitored through reports from Member States submitted under the Livestock Information Management System (LIMS) format.

Crops

- 128. The Secretariat signed a Technical Cooperation Programme (TCP) with Food and Agriculture Organisation (FAO) on 4th August 2014, for the provision of technical support by FAO to SADC to control Asian Fruit Fly in the region. Capacity building

through training has been conducted for the Member States in surveillance and control of the Asian Fruit Fly. Furthermore, surveillance and control equipment has been provided for the first four Member States, namely Botswana, Namibia, Zambia and Zimbabwe.

DISASTER PREPAREDNESS FOR FOOD SECURITY

129. The Secretariat continued to collect, analyse and disseminate early warning information for food security from the Member States through early warning updates and/ or reports.
130. The following results were achieved during the period under review:
- (a) A National Vulnerability Assessment Committee (NVAC) was established in Seychelles, bringing the total number of Member States with NVACs to 13. Other Member States with NVACs are Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, South Africa, Zambia, and Zimbabwe;
 - (b) The Member States continued to facilitate institutionalisation of National Vulnerability Assessment Committees (NVACs) in Member States. For example, in Zambia VAA Committee was funded 100 per cent from domestic resources in 2014;
 - (c) The Secretariat supported the Member States to develop monitoring and evaluation systems to track the uptake of vulnerability assessment and analysis information in policy designs and decision making in order to reduce livelihoods vulnerability in the region; and
 - (d) The Secretariat facilitated the development of harmonised tools and frameworks for conducting livelihoods vulnerability assessments in urban areas. This was in response to the demands by the Member States for expanding vulnerability assessments from rural into urban areas. These tools are expected to be rolled out in the 2015/16 financial year;

JOINT MANAGEMENT OF TRANSBOUNDARY NATURAL RESOURCES

Implementation of Protocol on Fisheries

131. The draft SADC Aquaculture Strategy and the draft Aquatic Animal Health Strategy were developed. The Strategies will be finalized during the 2015-16 financial year. Furthermore the Secretariat collaborated with the African Development Bank (AfDB) to mobilise resources to facilitate establishment of the SADC Regional Fisheries Monitoring Control and Surveillance Centre (MCS) Project to curb Illegal Unregulated and Unreported (IUU) fishing in the region. The centre will be located in Mozambique.

Implementation of Forestry Protocol

132. In the area of implementation of SADC Forestry Protocol, a number of achievements have been attained, and these include:
- (a) Finalisation of the SADC/JICA Project on Sustainable Forest Management which will begin implementation phase in 201/16 financial year;

- (b) Development of a regional integrated fire management training programme designed to promote collaboration by stakeholders in fire management. The training programme was piloted at the African Wildlife Management College at Mweka in the Tanzania in April 2015, with participation from a number of the SADC Member States;
- (c) Development of the regional training programme on Reducing Emissions from Deforestation and Forest Degradation (REDD+) aimed at enhancing understanding of the subject matter by SADC Member States. The programme was piloted at Sokoine University of Agriculture in Morogoro, in Tanzania, in March 2015, with a number of SADC Member States participating; and
- (d) The SADC regional REDD+ MRV Project was piloted in Botswana, Malawi, Mozambique Namibia and Zambia. As part of the pilot activities field measurements for carbon were undertaken and a methodology for Measuring, Reporting and Verification of carbon emissions was developed.

ENVIRONMENT AND SUSTAINABLE DEVELOPMENT



Protocol on Environment for Sustainable Development

- 133. The Protocol on Environment for Sustainable Development was finalised and approved by Council and Summit in August 2014, in Victoria Falls, Zimbabwe. The Protocol has been signed by 9 out of the 15 SADC Member States. Efforts are currently underway to expedite ratification of the Protocol.
- 134. The main objectives of the Protocol are: (a) to enhance the protection of the environment in order to contribute to human wealth, well-being and poverty alleviation; (b) to promote equitable and sustainable utilization of cultural and natural resources and the protection of the environment for the benefit of the present and future generations; (c) promote the shared management of transboundary environment and natural resources; and (d) promote effective management and response to impacts of climate change and variability.

Implementation of Tripartite Climate Change Programme

- 135. The SADC Secretariat, jointly with the Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC), is implementing a 5 year

Programme on Climate Change, Adaptation and Mitigation in the Eastern and Southern Africa (COMESA-EAC-SADC) Region. The Secretariat, has through the programme, made the following achievements, among others, during the period under review:

- (a) Engaged Member States' Climate Change Negotiators to deliberate on issues aimed at enhancing the adoption of the SADC Position through the Africa Group, within the auspices of the Post-2015 Global Climate Change Agreement. The major output included the SADC Climate Change Negotiators' Declaration; the Regional Negotiation Consensus Position on Climate Change; the proposed indicative Work Plan for the SADC Secretariat, detailing its anticipated and possible activities on the road to COP 21, Paris, France, and Key Messages for the SADC Member States that were used during the United Nations Secretary-General's Climate Summit and the 20th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP20);
- (b) Brought Member States together to share experiences and lessons in the process of developing their Intended Nationally Determined Contributions (INDCs) as required under the United Nations Convention on Climate Change. Under the Climate Convention, countries agreed that every country Party should commit to reduce emissions of Green House Gases that cause climate change. INDCs are supposed to outline nationally determined areas and strategies for reducing carbon and other Green House Gas emissions that are based on national circumstances. These would include issues of mitigation, adaptation, and enabling measure such as capacity building, financing and technology transfer. Submissions of INDCs by Countries to the UNFCCC commenced in March 2015 and are due latest by 1st October 2015;
- (c) A Draft Monitoring and Evaluation framework has been developed, and this will be used to track implementation of the Programme. As part of this process the SADC Secretariat completed collection of baseline information for main indicators from 4 Member States, namely, Namibia, Lesotho, Botswana and South Africa. Other SADC Member States that are also COMESA and EAC Member States have been covered by COMESA and EAC, respectively. The information generated through the exercise will be used to identify gaps, set priorities, targets and refine indicators under the programmes Monitoring and Evaluation Framework;
- (d) The Secretariat sensitized SADC Journalists on Climate Change issues and they have since formed a network to promote information dissemination on Climate Change in the region. The network is known as the Journalists Network for Climate Change (JNCC) and the Secretariat has created an on-line platform to allow JNCC members to share information on Climate Change. To date the platform has 14 signed-up members from across the region;
- (e) Initiated research in Agriculture, Forestry and Land Use (AFOLU) and Bio-carbon issues through knowledge synthesis studies on Climate Change resilient practices. The research focuses on three thematic areas, namely, developing long-term mitigation scenarios in the AFOLU sector in Southern Africa (Cropping and Livestock); measuring Climate Change Mitigation

Potential in reducing vulnerability in Southern Africa; and setting the tone for a Southern Africa Voluntary carbon trading platform. These studies are all aimed at enhancing productivity at smallholder level within the changing climate.

CONSERVATION OF PLANT GENETIC RESOURCES

136. The Secretariat promoted the use of genetic resources to mitigate effects of Climate Change in Angola, Botswana, Namibia and Zambia. This involved the identification of climate change resilient traits in conserved germplasm using financial resources mobilised for pilot projects on identification of climate change resilient materials. Using these financial resources, a survey was done in Namibia to identify drought resilient crops and farming practices to cope with the challenges of climate change. In Angola, Botswana and Zambia, drought prone areas for further Climate Smart Agriculture activities have been identified.
137. The Secretariat provided technical support to Botswana, Mozambique, Swaziland, Lesotho and South Africa to promote the best gene-banking practices. This was done as part of the initiative to standardize gene-banking facilities in the Member States, and adhere to the objective of ensuring that conservation facilities and procedures in the region become compliant with International standards.
138. The Secretariat supported the development of national strategies for conservation and sustainable utilization of plant genetic resources for food and agriculture in the six participating Member States, namely, Botswana, Lesotho, Malawi, Mozambique, Tanzania and Zambia.
139. A Sustainability Strategy (2015-2025) for the SADC Plant Genetic Resource Centre (SPGRC) was finalized and approved by the Board of SPGRC. The Strategy will be presented to Ministers of Agriculture and Food Security later in the year. The 10 year strategy document proposes means by which the region can reduce plant genetic erosion and improve Plant Genetic Resources (PGR) and seed systems to enhance productivity and influence policy aimed at improving access to and use of PGR in the region. It also strives to promote generation of knowledge and exchange of information on PGR, as well as mobilise adequate financial resources for conservation and sustainable use of PGR.

D. SOCIAL AND HUMAN DEVELOPMENT PROGRAMMES OF REGIONAL DIMENSION

EDUCATION AND SKILLS DEVELOPMENT

140. The region continues to record significant progress in access and equity in primary education, secondary and tertiary education. This, to a great extent, is due to: the increasing use of ICT through implementation of open and distance learning and e-learning; programmes and strategies that address orphans, vulnerable children and youth, as well as those with disabilities; and reintegration of young mothers back into the school system. However, the low levels of participation in secondary education translate into reduced participation in higher education and persistent low

performance of learners, especially in mathematics and science, resulting in inadequate human capital with the relevant skills to contribute to technological advancement and socio-economic development.

Open and Distance Learning

141. During period under review, the Capacity Building Project Open and Distance Learning (ODL) Project supported by African Development Bank (AfDB) was successfully completed. The external evaluation, which was conducted, observed that significant achievements were made during the five years of the implementation of the Project. This include: development and implementation of ODL Policy, Framework, Strategic Plan; development and approval of regional Minimum Standards for Establishing and Accrediting ODL Institutions; regional Guidelines for Quality Assurance in Open and Distance Learning; mainstreaming gender; monitoring and evaluation in ODL; capacity building of ODL practitioners and equipping the Member States who were beneficiaries to the Project with ICT and Video Conferencing. It is expected that these achievements will have long lasting impact towards the provision of effective and harmonized ODL in the region in order to increase access to quality education and training.

Human Resources and Skills Development

142. The Secretariat continued to promote the re-invigoration of Technical and Vocational Education and Training (TVET) through the implementation of the SADC TVET Strategic Framework and Action Programme. This includes: the development the TVET Nomenclature Framework to facilitate harmonization of TVET in the Region; and undertaking studies on the use Recognition of Prior Learning or non-formal and informal learning to promote life-long learning and case studies on innovative practices of TVET and skills development.
143. In terms of capacitating Member States in monitoring and evaluation of HIV and AIDS in the education sector, 30 Education Management Information Management System (EMIS) personnel from Ministries of Education from all Member States were trained on the integration of Education HIV and AIDs Indicators into the Annual School Census to ensure periodic availability of data on the impact of HV and AIDS in the education sector.
144. The SADC Human Resources for Health Strategic Framework was developed, and this will serve as a guide to addressing: a) critical shortages of key human resources, in particular, doctors, nurses, pharmacists and laboratory technologists; b) the loss of critical masses of health workers in most SADC Member States due to brain-drain and circulation; and c) the need to improve remuneration and working conditions of health professionals in the rural areas.
145. In order to assist training institutions that are developing regional short term courses in Reducing Emissions from Deforestation and Forest Degradation (REDD), a quality assurance system that will ensure that the courses being offered are of the desired quality and fulfil certain standards under SADC Support Programme on REDD, was developed.

EMPLOYMENT AND LABOUR

146. The focus in the employment and labour sector continued to be placed on formulating strategic policy frameworks, standards and guidelines to promote the creation of decent and productive jobs, especially for the youth and women, social protection with a focus on vulnerable groups of the regional communities, and respect for fundamental principles and rights at work for all in order to enhance labour productivity in both public and private enterprises in the region.

Protocol on Employment and Labour

147. In order to further consolidate and deepen regional integration in the labour market and to foster economic development and create decent jobs for all, the SADC Protocol on Employment and Labour was finalised and approved by Council and Summit in August 2014 in Victoria Falls, Zimbabwe. The main objectives of the Protocol are to facilitate the attainment of:
- i) setting minimum standards on employment and labour, social security, safety and health at work place and related matters;
 - ii) providing a framework for harmonisation of policies and legislation on employment, labour and social security, safety and health standards at the work place and enhancing cohesion and common approaches to labour market challenges;
 - iii) Providing a framework for regional co-operation in the collection and dissemination of labour market information;
 - iv) promoting gender equality in the employment and labour sector, in particular equal treatment and opportunities for men and women;
 - v) promoting the development of institutional capacities, and vocational and technical skills in the Region; and
 - vi) promoting employment and income-generating opportunities for all, and in particular for vulnerable groups as a basis for achieving full, freely chosen, productive and decent employment within the Region.

148. The Protocol has been signed by nine Member States, and they are now being called upon to ratify the Protocol to facilitate implementation.

The Code of Conduct on Tuberculosis (TB) in the Mining Sector

149. The Code of Conduct on TB in the Mining Sector together with its Action, Performance Monitoring and Communication Plans Action were finalized and approved by the SADC Committee of Ministers of Health and those responsible for HIV and AIDS at their meeting in January, 2015 in Victoria Falls, Zimbabwe. The Code provides principles for operationalising the SADC Declaration on TB in the Mining Sector approved and signed by the SADC Heads of State and Government in 2012. The Action Plan gives details on how, by whom and when the strategic actions/activities of the Code will be undertaken. The Performance monitoring plan will facilitate the assessment of how efficient or otherwise various actors/implementers of the Code will be performing in their respective responsibilities/tasks. The Communication Plan provides how communications will

be managed during the operationalization of the Code of Conduct on TB in the Mining Sector by various stakeholders.

Youth Employment Promotion Framework

150. The average unemployment rate in the region is around 25% and it ranges among Member States from the highest of nearly 50% to the lowest of about 2%. The burden of unemployment is disproportionately higher among the youth (15-24 years) than in older age groups (25-64 years). In most Member States youth unemployment is more than double that of adult unemployment. Linked with the high levels of youth unemployment in the region, the Secretariat is in the process of finalizing the Draft SADC Youth Employment Promotion Policy Framework aimed at improving employment opportunities for the youth. The Policy Framework is expected to be approved by SADC Ministers and Social Partners responsible for Employment and Labour at their next meeting in 2015.

HEALTH AND PHARMACEUTICALS



151. The region continues to experience a huge burden of communicable diseases. The big three, namely HIV and AIDS, TB and malaria remain the largest contributors to morbidity and mortality across SADC. The region continues to experience the most severe HIV epidemics in the world, with the world's top nine most highly infected countries being SADC Member States. Tuberculosis is experiencing resurgence in the region as a result of the HIV epidemic, with eight SADC Member States being among the fifteen countries with the highest TB incidence rate in the world. Malaria is endemic in seven SADC Member States and 75 per cent of SADC's population is at risk of contracting malaria.
152. In order to address these worrying trends, the Secretariat continued to facilitate the development of minimum policy standards as well as capacity building to assist Member States to respond more effectively to disease control, as highlighted below.
153. Guidelines for Advocacy and Communication for Communicable Diseases were developed, validated by experts from Member States and approved by Ministers of Health and Ministers responsible for HIV and AIDS in November 2014. The Guidelines are to be used by programme managers for communicable diseases to enable them to systematically integrate the key elements of the regional minimum policy standards into national policies and guidelines. This will allow effective implementation of the regional minimum policy standards and effective harmonisation.

154. Five (5) training institutions, namely the Mauritius Institute of Health; the University Research South Africa; the University of the Witwatersrand; the National Institute of Communicable Diseases (South Africa); and the University of Malawi, were contracted to facilitate capacity building for domestication of all regionally approved minimum policy standards, frameworks and guidelines relating to communicable diseases. All regional trainings for regionally approved minimum policy standards and frameworks on communicable diseases were conducted for the English-speaking Member States. Contract negotiations for Training Institutions for both French- and Portuguese-speaking SADC ADF MS were successfully negotiated and signed.
155. Delivery of GIS equipment and software to all eight (8) SADC ADF Member States and the Secretariat was facilitated. More specifically, delivery of GIS equipment and software was completed in Lesotho, Zambia, Zimbabwe and the Secretariat. In spite of operational challenges, such as processing Tax Exemptions and confirmation of places to deliver and install the equipment, work is on-going for suppliers to deliver in Mozambique, Angola, Malawi and Tanzania.
156. The Malaria Report documenting achievements, implementation challenges and emerging issues for the 2013 Calendar Year was produced. The Report was validated by experts in the region, and was approved by Ministers of Health and Ministers responsible for HIV and AIDS in November 2014. Following endorsement of the Report by Council in August 2015, work will commence to develop a Strategic Plan for Malaria.
157. In the area of Emerging and Re-emerging Disease, Member States have adopted internationally advocated state of preparedness and response in particular for Ebola Virus Disease (EVD) and have continued to adhere to International Health Regulations. Member States are at various level of preparedness to detect, investigate, and manage Ebola cases. Measures being taken include assured access to a qualified diagnostic laboratory for EVD and treatment of cases, where appropriate, and the capacity to manage travellers originating from known EVD infected areas that arrive at international airports or major land crossing points with unexplained febrile illness.
158. An infant and Maternal Mortality Survey that would evaluate the Maternal, New Born and Child Health sector in all SADC Member States for the period 2015 – 2019 was facilitated. This undertaking will enable the region to have a better appreciation of the prevailing challenges. The Surveys will be aligned to the AU Strategy on Infant and Maternal Mortality Surveys to avoid duplication.

HIV AND AIDS

159. Approximately one third (34%) of the 35.3 million people living with HIV globally live in SADC (approximately 12 million people). About 92% of infections occur through heterosexual transmission, thus sexually active adults aged 20 to 39 are the most affected, while vertical mother-to-child transmission accounts for 7% of new infections. The very high (current and historical) rates of population mobility and migration in the region serves to increase the risk of HIV infection and the spread of disease – not just among high risk groups such as commercial sex workers and long-distance truck drivers, but also among migrant populations, communities close to border sites and communities with high levels of in- and out-migration.

160. Young working age adults are at particular risk, given that they make up the largest proportion of mobile populations, as are young women involved in periodic transactional sex. Among the worst affected countries, HIV and AIDS related deaths are responsible for the greatest proportion of orphaning as follows: Botswana (74%), Lesotho (68%), Mozambique (39%), Malawi (66%), Namibia (64%), South Africa (67%), Swaziland (73%), Tanzania (42%), Zambia (43%), and Zimbabwe (81%).
161. The Secretariat continues to support Member States in fighting against the HIV and AID epidemic through policy development and harmonisation, capacity building and mainstreaming, facilitating sustainable responses and monitoring and reporting on progress made.
162. During the period under review, progress has been made in the following areas:
- (a) The Secretariat, at the request of Member States, applied for a Phase 2 of the Cross Border HIV and AIDS programme from the Global Fund, whose goal is to reduce the HIV incidence and morbidity associated with HIV and AIDS, HIV/TB co-infection among LDTDs and Sex Workers and mitigate their associated impact in the SADC region. Following the negotiations conducted in January 2015 between the Secretariat and the GF Fund, the approval for funding of Phase 2 was granted for an amount of US\$ 11,373,458. The duration of the project is April 2015 to June 2017.
 - (b) The implementation of the First Round of SADC HIV Fund was coordinated, and a total amount of US\$ 6,206,282 was made available by Member States for the implementation of 12 projects. The implementation of these projects across Member States has enhanced capacity to address HIV prevention. It has also generated knowledge which will inform the region in developing evidence-based policies and interventions. The disbursement for the Second Round of the SADC HIV and AIDS Fund started in November 2014. Ten (10) projects with a total of US\$ 4,777,785 will be implemented in Member States for a period of 2 years.
 - (c) The development and adoption of a Framework of Action on Sustainable Financing for Health and HIV in the SADC region was facilitated. The Framework recognises that the integration of health and HIV, both at the policy, planning, financing and operational levels have high synergetic potential, and are therefore mutually reinforcing towards achieving Universal Health Coverage targets alongside Ending AIDS in 2030. The policies, strategies and activities developed out of this Framework will be integrated into broader social protection, social development and economic policy frameworks, duly taking the determinants of health into account. This Framework commits Member States to achieving Universal Health Coverage for a basic package of services by 2025. Alongside other priority health conditions, a basic package will include HIV, TB and malaria reflecting the specific characteristics of the region's epidemiological profile.
 - (d) The Secretariat facilitated the development and approval of technical policy documents. The policy documents aim to provide guidance in the implementation of various aspects of HIV and AIDS. The documents approved during the reporting period are as follows:
 - (i) 2014 SADC HIV and AIDS Epidemic Report;

- (ii) SADC Framework of Action for Sustainable Financing for Health and HIV and AIDS;
- (iii) Regional Communication and Advocacy Strategy for HIV, TB and Sexually Transmitted Infections (STIs);
- (iv) Regional Social and Behaviour Change Communication (SBCC) Strategy; and
- (v) SADC Core Mainstreaming Indicators for HIV.

SCIENCE, TECHNOLOGY AND INNOVATION

163. The focus in the Science, Technology and Innovation (STI) sector continues to be placed on strengthening and building of national and regional systems of innovation to support socio-economic development and growth. STI in the region is affected by a number of factors, such as, low levels of investments for Research and Development; limited human resources in science, technology, engineering and mathematics within the education pipeline; and low levels of innovation and technology development to support industrialisation.

164. During the period under review, the following key outputs were implemented:

Development and domestication of STI Guidelines and Frameworks

165. Linked with this output, the following was approved by the Ministers responsible for STI in June 2014, Maputo, Mozambique:

- The Strategic Plan on STI;
- The STI priorities for the Revised RISDP 2015-2020;
- The Draft STI Climate Change Implementation Framework (in principle), pending further consultations with concerned sectors;
- Strategic engagements to be pursued with the OECD, Group on Earth Observations (GEO) and with the International Institute for Applied Systems Analysis (IIASA) to support the regional STI agenda.

166. The 4th SADC High Performance computing technical experts' workshop was convened in December 2014, and the development of a draft SADC Cyber-Infrastructure Framework has commenced.

167. National Focal Points were nominated during the SADC Research and Innovation Management Consultative Stakeholders Workshop in February 2015 in order to effectively implement agreed upon projects on research and innovation in the region.

Ratification of Protocol on STI by Member States

168. The challenge and concern still remains with the slow ratification of the SADC Protocol on Science, Technology and Innovation. The Ministerial meeting in June 2014 urged those Member States who have not ratified the Protocol on STI to do so. Currently only four Member States have ratified the Protocol on STI.

Functional Partnerships and Networks

169. The Secretariat continues to forge strategic partnerships and networks to leverage technical and financial resources to support regional programmes in STI, and participated and contributed to the following strategic engagements:
- (i) The African Union Fifth Extra Ordinary Ministerial Meeting of Ministers responsible for Science and Technology which was held in Brazzaville, Congo in April 2014. The Ministerial meeting endorsed the Draft Science, Technology and Innovation Strategy for Africa 2024 (STISA) as part of the Africa Unions' Agenda 2063 which was approved by African Union Summit in July 2014 in Equatorial Guinea. A number of other policy instruments were also discussed and considered by the meeting.
 - (ii) The Southern Africa Innovation Support Programme (SAIS) Supervisory Board meeting which was held in May 2014 in Maputo, Mozambique. The meeting considered the outcomes of the SAIS Mid-term Review Report and Report on the Regional Innovation Study.
 - (iii) The first Southern Africa Innovation Forum was successfully hosted in partnership with the SAIS. Member States proposed key recommendation to be taken forward in support of the development of national and regional systems of innovation.
 - (iv) The launch of the Project on "Assuring Agricultural and Food Safety of Genetically Modified Organisms" (GMASSURE) was held in July 2014, Pretoria, South Africa. The "GMASSURE" Project is an African Caribbean Pacific-European Union funded project to facilitate knowledge and awareness amongst policy-makers and stakeholders on the use of Genetically Modified Organisms (GMOs) in agriculture and food. The launch was attended by various partners, stakeholders, beneficiaries, and 11 SADC Member States.
 - (v) The African-European Joint Collaboration for Science and Technology (ERAfrica) conference was held in September 2014, Pretoria, South Africa. The ERAfrica project is funded by the European Union to foster close collaborations between Europe and Africa in science, technology, research and innovation for sustainable development.

SPECIAL PROGRAMME: ORPHANS, VULNERABLE CHILDREN, AND YOUTH (OV CY)

170. The region's population has remained very young with over 75% below the age of 35 years, while 19 million children 0-17 years are orphans. Member States continued to grapple with high levels of youth poverty and unemployment, and the large numbers of orphans and vulnerable children (OVC) who become vulnerable youth, mothers and fathers, who have vulnerable children of their own – reinforcing a cycle of poverty and vulnerability. Efforts to break this cycle continued in all Member States with progress registered in the domestication of the agreed upon SADC Minimum Package of Services (MPS), which defines the requirements for optimum development and well-being of the region's millions of OVC.

171. Some Member States translated the MPS into national standards, policies and legislation; while others strengthened mechanisms for multi-sectoral coordination and collaboration in the delivery of comprehensive services for OVC. These efforts will require some time to produce impact on the lives of children and youth, and the Secretariat will continue to monitor progress and support efforts by Member States. A regional initiative to strengthen national and regional systems and capacity for monitoring, evaluation and reporting on OVC and youth commenced and will be implemented until January 2019.
172. The large proportion of youth in SADC provides an opportunity for empowering them to participate in accelerating the region's development and progress. A "Strategy and Business Plan 2015-2020 on Youth Empowerment and Participation for Sustainable Development" in SADC was developed and approved by Ministers responsible for Youth in October 2014. Priorities of the youth strategy have been integrated into the Revised RISDP 2015-2020, in particular to empower youth in aspects of skills development in key areas of socio-economic development; promoting and building capacity for youth innovation, entrepreneurship, and wealth creation; enhancing youth leadership capabilities and participation in socio-economic development; promoting youth health, responsibility and volunteerism; strengthening structures for youth coordination at national and regional levels; and building capacity for monitoring, evaluation and reporting on youth issues.
173. Political commitment is now required to support a full implementation of the regional youth development and empowerment agenda. As such, SADC Ministers responsible for youth at their meeting in Victoria Falls, Zimbabwe in October 2014 endorsed a draft Declaration on Youth Development and Empowerment which will be presented for consideration and signature at this Summit (August 2015).
174. Youth and orphans and vulnerable children's issues are cross cutting and require collective efforts by all sectors to address them comprehensively. During 2014, child and youth development and empowerment were integrated in the SADC Food and Nutrition Strategy 2015-2020, and in SADC standards for integrating sexual and reproductive health and HIV and AIDS interventions. In the education sector, the second phase of the Care and Support for Teaching and Learning Programme (CSTL), with the addition of two Member States (Malawi, and Zimbabwe), commenced and will be implemented until 2018. This is aimed at improving access, retention and performance of orphans and vulnerable children and youth within the schooling system.
175. Moving forward, the region is called upon to provide the necessary resources and build capacity at the Secretariat and in Member States to coordinate and support orphans, vulnerable children and youth development and empowerment, and to ensure that these are integrated across all priority sectors of development.

E. CROSS-CUTTING PROGRAMMES

GENDER AND DEVELOPMENT

176. During the period under review, progress has been monitored in women representation in politics and decision making positions in Member States, especially at Cabinet and Parliamentary levels. The monitoring results indicated that:
- (a) Mauritius is the only Member State with both female President and a vice President while Zambia has a female Vice President.
 - (b) Namibia has both female Prime Minister and Deputy Prime Minister.
 - (c) At Cabinet level, the number of female Ministers continues to remain very low in most of the Member States.
 - (d) Significant progress has been made specifically in the Legislature, with Botswana, Lesotho, Madagascar, Mauritius, Mozambique, South Africa and Tanzania having female Speakers of Parliament/National Assembly; while Angola, Malawi, Mozambique, Namibia, Swaziland and Zimbabwe have female deputy Speakers of Parliament/National Assembly.
 - (e) Namibia has a female Deputy Chairperson of the National Council, South Africa also has a female Chair of the National Council of Provinces; and Zimbabwe has a female President of the Senate.
 - (f) Overall the trend of women in Parliament is generally consistent and has been moving upward over the years in eight of the Member States i.e. Angola, Lesotho, Mozambique, Namibia, Seychelles, South Africa, Tanzania and Zimbabwe.
 - (g) Currently, only three Member States, namely, Namibia (46 per cent); Seychelles (43 per cent), South Africa (41.5 per cent) have reached more than 40 per cent female representation in Parliament, followed by Angola (36.8 per cent), Tanzania (36 per cent), Mozambique (32.4 per cent) and Zimbabwe (31.5 per cent).
177. On combating trafficking in persons, the Secretariat, in conjunction with the United Nations Office on Drugs and Crime (UNODC), established a regional database on trafficking in persons, which aims to facilitate data collection and centralised management of data on the crime of trafficking in persons in the SADC Region. A Regional Trafficking in Persons Data Collection and Database Management Training was conducted in where about 30 trafficking in persons focal persons and information technology experts from Member States were introduced to and trained on the usage of the regional database. A server was installed at the Secretariat to host the regional database, which, once deployment to all Member States has been completed, will be linked to the national databases in all the Member States. A research on trafficking in persons is currently underway collecting data that will be fed into the database.

178. The Secretariat, in collaboration with the Southern African Regional Police Chiefs Cooperation Organisation (SARPCCO), conducted a regional training for law enforcement officers on trafficking in persons which was aimed at building the capacity of law enforcement officers to effectively combat trafficking in persons; equip law enforcement officers with skills to conduct trainings at national level; enhance law enforcements officers' skills and expertise on trafficking in persons investigations; and share experiences and cases on dealing with trafficking in Member States through presentations of existing modus operandi and case studies. The key recommendation of the regional training was the need to support and cascade country level training of law enforcement and immigration/border control in order to strengthen capacity at Member State level to effectively combat Trafficking in Persons.

STATISTICS

179. The Secretariat, in collaboration with National Statistical Offices of the Member States, produced the SADC Statistical Yearbook 2012. The Yearbook, which provides statistical data and information on various aspects of the SADC and its Member States, is aimed at promoting use of official statistics pertaining to the Member States by various stakeholders. The yearbook was also launched during the 34th Summit of Heads of State and Government in Zimbabwe in August 2014.
180. Updated selected social and economic indicators up to 2013 for SADC and the Member States were also compiled to provide a snapshot of the changes occurring in the macroeconomic variables of the region.
181. During the reference period, production and dissemination of the monthly SADC Harmonised Consumer price indexes for SADC and the member States was sustainability undertaken. The index enables comparative analysis of levels of inflation at regional and Member states levels.

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

A. HUMAN RESOURCES AND ADMINISTRATION

182. The main achievements in the area of Human Resources and Administration, covering also conference services, included:
- (a) The recruitment of the Deputy Executive Secretary for Finance and Administration as well as six (6) Regional Staff;
 - (b) Employees have been insured with Group Life Assurance and Occupational Disability cover;
 - (c) Training of staff in-house and outside, where 72 per cent of the budget for this activity was utilized;
 - (d) Printing of Human Resources Policies (200 copies) and Induction Handbook (100 copies);
 - (e) Employees have submitted their Performance Agreement and Appraisal and summaries were compiled and submitted for approval;
 - (f) Provision of adequate office space and implemented austerity measures on utilities such as telephone usage, switching off air conditions and unnecessary lights over weekend and public holidays;
 - (g) Servicing the contracted commitments of the unitary fee for SADC Headquarters;
 - (h) Commencement of the review of the SADC Administration Rules and Procedures;
 - (i) Implementation of the new records management classifications system and enforcement of continuous use of Registry Files; and
 - (j) Provision of interpretation, translation and other services for one hundred and fifty three (153) policy and technical meetings.

B. PROCUREMENT

183. The following are the highlights of some of the major achievements under the Procurement Unit in 2014/15:
- (a) Establishment of a comprehensive Procurement Plan;
 - (b) Improvement in service delivery through more efficient processing of requests for procurement services, leading to the realisation of savings; and
 - (c) Increase in the frequency and detail of contract award reporting to Monthly reports to the Management.

C. PUBLIC RELATIONS

184. The Public Relations Unit (PRU) achieved, among others, the following during the period under review:
- (a) Approval of the SADC Corporate Identity Manual and the Concept and template for the SADC Communications Media Plan (CCP);
 - (b) Procurement of various materials for SADC corporate branding and memorabilia;
 - (c) Production of the in-house SADC Monthly Newsletter;
 - (d) Strengthening of partnerships to, among others, produce the Summit Brochures, electronic SADC pictorial exhibition and SADC Success Stories;
 - (e) Launching of the 2014 Media Awards and the SADC Secondary School Essay Competition; and
 - (f) Publishing of the SADC Elections Observer Diary and a daily publication on the SADC website.

IV. CONTINENTAL COOPERATION

A. AFRICAN UNION (AU) AND NEPAD

185. Following the approval by the AU Assembly of the main concept of the Agenda 2063 in January 2015, the African Union Commission (AUC) in consultations with Member states, the RECs and other relevant Stakeholders developed the First Ten-Year Implementation Plan 2014-2023 which was approved by the Assembly in June 2015. The Plan includes the following main areas:
- i) Goals and Priority Areas for the First Ten Years;
 - ii) Plan Framework for the First Ten Years;
 - iii) Implementation Plan;
 - iv) Monitoring and Evaluation;
 - v) Financing the Ten Year Plan; and
 - vi) Partnerships.
186. A Ministerial Retreat on the implementation of the Agenda 2063 was held at the margins of the AU Assembly meeting of June 2015 in Johannesburg, South Africa. The meeting brainstormed on the importance of putting in place a robust institutional mechanism to ensure efficient implementation of the Agenda 2063. Such framework should be based on the coordination on the principles of additionality and subsidiarity between Member States, RECs and the African Union.
187. The Secretariat has been participating regularly in coordination meetings between the AU Commission and other African RECs on planning the alignment of regional strategies, policies and plans to Agenda 2063. In this regard, the development of the Revised RISDP 2015-2020 already took into account the main pillars of Agenda 2063. The Revised RISDP Implementation Framework contemplates the issue of alignment of SADC long term development strategy with that of Agenda 2063.
188. The Secretariat also continues to take advantage of the NEPAD framework to mobilise resources and support for implementation of SADC programmes, particularly in the areas of agriculture, infrastructure development and capacity development. The most significant NEPAD-supported project for SADC is in the area of agriculture through CAADP project/initiative. With a budget of US\$ 3.9 million, the objective of the SADC Child Trust Fund (CAADP) Programme is to develop an enabling environment for African agricultural programs and policies at national and regional levels.
189. In the area of capacity development, the NEPAD Planning and Coordinating Agency has undertaken a needs assessment to all African RECs aimed at supporting the latter in their endeavours to implement the AU integration agenda based on the Agenda 2063.

B. THE SADC – COMESA – EAC TRIPARTITE AGENDA

190. Following four years of negotiations, COMESA, EAC and SADC finally concluded and launched the Tripartite Free Trade Area with the signing of the TFTA Agreement by 16 Member/Partner States on 10 June 2015 during the 3rd Tripartite Summit held in Sharm el Sheikh, Egypt. It is expected that once the TFTA fully becomes fully operational, the Member/Partner States will have an additional platform to deepen their regional integration and address challenges caused by duplication of integration programmes.
191. Notwithstanding this significant milestone, efforts need to be doubled to ensure that more Member/Partner States sign the TFTA Agreement, and in particular, that the TFTA Agreement is ratified by at least 14 countries to enter into force within 12-24 months. To this end, SADC, been the current Chair of the Tripartite Task Force, together with the COMESA and EAC, have called on all Member/Partner States to expedite the resolution of unfinished business on tariff offers, rules of origin and trade remedies, as well as facilitating progress on the Tripartite pillars of industrial and infrastructure development and the parallel track on movement of business persons. At the same time, work needs to start on preparations for the negotiations on Phase II issues of trade in services and other trade-related areas. It is to be noted that the Tripartite region faces resources and prioritisation challenges to effectively fund and support the implementation of its entire Tripartite agenda.

V. DEVELOPMENT COOPERATION AND RESOURCE MOBILISATION

192. Cooperation between SADC and International Cooperating Partners (ICPs) is guided by the Windhoek Declaration (2006) which outlines the partnership objectives, guiding principles, partnership commitments and the structure of dialogue under the partnership. In the period under review, the Secretariat has continued to engage the International Cooperating Partners (ICPs) in order to facilitate mobilization of resources for the implementation of the priority regional programmes and projects outlined in the RISDP and SIPO.
193. Development partners that have continued to contribute considerable resources include the European Union through the European Development Fund (EDF), AfDB, World Bank, Commonwealth, World Health Organization, Food and Agriculture Organization, USAID, UN Agencies and the Global Fund. Regional institutions such as FARA and SAT have also continued to extend their support both technically and financially.
194. Significant support has also been received from individual countries such as Germany, and the United Kingdom.

A. SADC – EU COOPERATION

195. Details of the status of projects under the 10th EDF and the 11th EDF are presented in the Progress Report on SADC-EU Cooperation.

10th EDF Regional Indicative Programme

196. The 10th EDF envelope of Euro 116 million is fully committed and formulated into projects under the two focal sectors of Regional Economic Integration; and Regional Political Cooperation. Implementation of the four key 10th EDF programmes directly managed by the Secretariat is on-going. These projects include the Regional Political Cooperation Programme (RPC); the SADC Institutional Capacity Building Programme (ICDP); the Regional Economic Integration Support Programme (REIS) and SADC Project Preparation and Development Facility (PPDF) and the Regional Trade Related Facility (TRF). All these programmes except ICDP are implemented through Contributions agreements signed between the EU and the SADC Secretariat. ICDP is implemented through a Financing Agreement.
197. The REIS programme is progressing as planned in assisting with the negotiation and implementation of the SADC Finance and Investment Protocol, implementation of the regional trade agenda as well as the finalization of the SADC- EPA with the EU. This support will help SADC achieve its overall regional economic integration strategy include movement towards a Common Market with integrated rules and standards, free movement of production factors, labour, capital, goods and services.
198. The RPC has assisted in facilitating election observations in various SADC Member States. The project has also financially assisted the mediation efforts in the region in

countries such as the Republic of Madagascar, the Kingdom of Lesotho and the Democratic Republic of Congo including the establishment and operationalization of the Mediation Reference Group (MRG).

199. The Secretariat is benefiting a lot from the ICDP programme in terms of a number of capacity building initiatives covering Directorates dealing with Planning and Resource Mobilisation, Human Resources as well as Budget and Finance.
200. The implementation of the Contribution Agreement for TRF started at the beginning of 2015. In this regards not much activities have been done as the project is currently dealing with logistics that will allow the transfer of resources from the SADC Secretariat to Member States to assist them in implementing their regional commitments.
201. The PPDF has started receiving application from member states under its project preparation facility. The PPDF Secretariat launched a request for proposals on 1 September 2014 inviting all Member States to apply for the project preparation funds through an online application which closed on 30 October 2014. The results of this online application are as follows: A total of 54 applications were received; of these 54, only 34 fulfilled all the requirements under the first stage at the level of the SADC Secretariat, while 8 fulfilled the requirements under the second stage at the level of the Development Bank of Southern Africa (DBSA). During its meeting of 12 June 2015, the PPDF Steering Committee the first project for funding amounting to USD 3.5 million to fund a pre-feasibility study on the North West Rail Project Phase 2. This project will develop a railway line from the copper mines areas of Chingola to Kalumbola and further to Jimbe (within Zambia) to connect with the Angola's Bengualaline at Lucano (Angolan border).

TABLE 3: PROGRESS ON 10TH EDF PROGRAMMES

No	Name of Project	Duration	Amount Allocated (€ mil)	Summary progress remarks
1	Regional Economic Integration Support (REIS)	2013-2017	20,000,000	Contribution Agreement (CA) signed in March 2013. Implementation is progressing well
2	Regional Political Cooperation	2013-2017	18,000,000	Contribution Agreement (CA) signed in December 2012. Implementation in progress
3	Trade- Related Facility	2014-2019		CA signed in July 2014. The Projects is in its start-up phase.
4	Project Preparation & Development Facility	2013-2017	12,000,000	CA signed in December 2013. Implementation has commenced
5	Institutional Capacity Development Programme	2013-2015	12,000,000	FA signed in Nov 2012. Implementation progress.
6	Technical Cooperation Facility (TCF I)	2011-2015	6,000,000	Financing Agreement (FA) signed in Jan 2011; Implementation completed
7	Technical Cooperation Facility (TCF I)	2011-2015	6,000,000	Financing Agreement (FA) signed in Jan 2011; Implementation completed
8	MESA	2012-2017	5,000,000	FA signed in Feb 2012. Implementation in progress through the AUC.
9	Sustainable Energy for All (SE4ALL) initiative	2014-2018	32,000,000	Directly managed by the EU in Brussels
10	Support to Africa Regional Technical Centre	2013-2016	5,000,000	FA signed in April 2013. CA with IMF signed in July 2013. Implementation in progress through IMF.
	Total		116,000,000	

Programming for the 11th EDF

202. The consultative processes for the programming of the 11th EDF culminated in the conclusion and signature of the Joint Regional Indicative Programme (RIP) for the Eastern Africa, Southern Africa and Indian Ocean (EA-SA-IO) Regional Organizations (ROs) namely COMESA, EAC, IGAD, IOC and SADC. The Joint RIP for the EA-SA-IO region was signed on 4th June 2015 in Brussels, Belgium. The SADC Executive Secretary signed the Joint RIP on behalf of SADC.
203. The focal sectors under the 11th EDF are (i) Peace, Security and Regional Stability, (ii) Regional Economic Integration; and (iii) Regional Natural Resource Management. The 11th EDF EA-SA-IO Regional Indicative Programme has been allocated 1.332 billion Euros.
204. The above 1.332 billion is allocated as follows:
1. Sub-regional envelope: €450 million
 2. Infrastructure financing envelope: €600 million
 3. Other cross-regional regional projects €205 million
 4. Technical cooperation facility (TCF): €15 million
 5. Reserve: €62 million
205. From the above sub-regional envelope of Euro 450 million, SADC has been allocated 90 million Euros with the balance going to other RECs (COMESA, EAC, IGAD and IOC)
206. Table 4 shows a full list of SADC sub-envelope projects of 90 Million Euros.

TABLE 4: LIST OF SADC PROJECTS OF EURO 90 MILLION

Priority Area/sector	Specific Objectives	Allocation (M€)
Peace, Security and Regional Stability	Strengthen the infrastructure for peace, security and regional stability	5
	Promote regional stability through increased respect for rule of law and enhanced public security across the SADC region	10
Regional Economic Integration	Support for the Consolidation of the SADC Free Trade Area (FTA) and Implementation of the SADC-EU Economic Partnership Agreement (EPA)	15
	Support towards industrialisation and the productive sectors	18
	Support to intra-SADC investment and foreign direct investment through improving the business and investment environment	14
Regional Natural Resource Management	Operationalize SADC's Regional Agricultural Policy (RAP)	9
Cross-Cutting Institutional Capacity Building	Strengthen the capacity of the SADC Secretariat to harmonise policies and strategies, coordinate, monitor and evaluate the implementation of RISDP and SIPO	7
	Strengthen National and Regional Linkages	7
	Technical Cooperation Facility (TCF)	5
Total		90

207. The Infrastructure Joint EA-SA-IO support of Euro 600 million will complement the support under Regional Economic Integration priority Sector through hard and soft infrastructure projects as indicated under the Table 5.

TABLE 5: INFRASTRUCTURE JOINT EA - SA - IO SUPPORT OF EURO 600 MILLION

Priority Area	Specific Objectives	Allocation (M€)
Regional Economic Integration	Hard Infrastructure projects that improve connectivity and efficiency and resilience of regional infrastructure networks	525
	Soft infrastructure projects to improved enabling environment e.g. strategic and regulatory framework to sustain and maximize utilization of physical infrastructure particularly in the area of transport, energy, ICT and water)	40
	Capacity development for infrastructure	35
Total		600

208. The actions foreseen under the cross-regional envelope of Euro 205 million are summarized in Table 6.

TABLE 6: OTHER SUPPORT AREAS FORSEEN FOR EURO 205 MILLION

Priority Area	Specific Objectives/Actions	Allocation (M€)
Peace, Security and Regional Stability	Peace and security in the Great Lakes region	30
	Migration	25
	Maritime situation, security and safety	30
Regional Economic Integration	Implementation of the <i>EU-East and Southern Africa interim Economic Partnership Agreement</i>	40
Regional Natural Resource Management	Trans-boundary water management	20
	The contribution of sustainable fisheries to the blue economy	30
	Wildlife conservation	30
Total		205

209. The SADC Secretariat in collaboration with the EU has started the process of the identification and formulation of the projects to be funded under the 11 EDF. Implementation of the projects will in start in 2016 for some projects in accordance with the tentative programming Annual Action Plan that has been agreed with the EU and is attached to the signed Regional Indicative Programme (RIP).

B. SADC-EU POLITICAL DIALOGUE

210. The second Senior Officials Meeting (SOM) of the SADC-EU Political Dialogue was held at the SADC Headquarters in Gaborone, Botswana on 07 July, 2015. The objective of the meeting was to continue discussions in preparation to the 2015 SADC-EU Ministerial Political Dialogue to be held in October 2015.

211. The SOM was co-chaired by Ambassador James Manzou, Director for Regional Cooperation & Integration of the Ministry of Foreign Affairs of Zimbabwe, and by Mr. Koen Vervaeke, European External Action Service (EEAS) Director for Southern Africa, Eastern Africa, Indian Ocean and Horn of Africa and Senior Coordinator for the Great Lakes Region.

212. Among other issues the two parties updated each other on the status of economic developments and regional integration as well as political developments in both the SADC and the EU regions. The meeting also shared views on other issues of interest, including migration; the status of Economic Partnership Agreement (EPA); programming of resources under the 11th European Development Fund (EDF) and investment.
213. On the part of SADC, the practice is that the SADC Double Troika and the Secretariat convene to prepare the SADC position on issues on all issues in agenda for the SADC-EU Political Dialogue. In this context, the SADC Double Troika Senior Officials and the Secretariat convened on 6th July 2015 to prepare for the SOM.
214. The Ministerial Dialogue between SADC and the EU was established in 1994 at the SADC/EU Ministerial Conference held in Berlin, Germany in September 1994, where the Berlin Declaration was adopted. This Dialogue (the Berlin Initiative) is operationalised through SADC/EU Ministerial meetings held once every two years while Senior Officials from both sides prepare for the Ministerial meeting. The last Ministerial Meeting of the SADC/EU Dialogue under the Berlin Initiative was held in Maputo, Mozambique on 20 March 2013. The next SADC/EU Ministerial Political Dialogue will be held in 2015 and hosted by the EU region.

C. SADC/GERMANY COOPERATION

215. The Federal Republic of Germany has continued to provide for the implementation of SADC priority programmes through financial cooperation mainly provided through KfW and technical cooperation mainly provided through GIZ.
216. High Level policy consultations between SADC and the Federal Republic of Germany were held from 25 to 26 November 2014 in Gaborone, Botswana in preparation for the bilateral consultations to be held in July 2015. The current main areas of SADC/German cooperation are:
 - (i) Regional Economic Integration;
 - (ii) Transboundary Water Management;
 - (iii) Peace, Security and Good Governance;
 - (iv) Transboundary Use and Protection of Natural Resources and Resilience to Climate Change; and
 - (v) SADC Organizational Capacity Development.
217. The status of commitments and disbursements for programmes under SADC/German cooperation is indicated in Table 7 below.

TABLE 7: SADC - GERMAN COOPERATION COMMITMENTS IN 2014 AND 2015

Project/Programme	FC/ TC	BMZ project number	Commitment in 2014 in €	Commitment in 2015 in €	Reprogramme d funds in €	Total €	Replenish- ment Yes/no	Continuation Yes/no	FC instrument
Transboundary Water Management									
Transboundary Water Management in SADC	TC	2015.2076.6		6 million		6 million	No	Yes	
Regional Fund for Water Supply and Basic Sanitation II	FC	2014.6819.8	5 million			5 million		Yes	Grant
<i>Sub-total: Transboundary Water Management</i>			5 million	6 million		11 million			
Regional Economic Integration									
Strengthening Quality Infrastructure for Trade and Consumer Protection in the SADC	TC	-		1.5 million		1.5 million	No	Yes	
Strengthening Economic and Trade Policy Capacity and Competence in the SADC	TC	2015.2077.4		4.5 million		4.5 million	No	Yes	
Project Preparation and Development Facility	FC	2004.7045.0			6 million		Yes	Yes	Grant
<i>Regional Economic Integration</i>				<i>6 million</i>		<i>6 million</i>			
Transboundary Use and Protection of Natural Resources and Resilience to Climate Change									
Transboundary Use and Protection of Natural Resources in the SADC region	TZ	2014.2453.0	8 million		95.000 (2014)	8 million	Yes	Yes	
Transfrontier Conservation Area Great Limpopo VI	FC	2014.6874.3	10 million			10 million			
<i>Sub-total Transboundary Use and Protection of Natural Resources and Resilience to Climate Change</i>			<i>18 million</i>			<i>18 million</i>			

D. SADC – RUSSIA COOPERATION

218. While the Russian Federation has continued to cooperate with individual SADC Member States under bilateral cooperation, at regional level, the relations between SADC and the Russian Federation have been governed by the 2003 Memorandum of Understanding (MoU) between SADC and the Government of the Russian Federation. A SADC/Russia Ministerial Meeting between SADC Ministers responsible for Foreign Affairs and the Russian Minister of Foreign Affairs was held in September 2014 in New York, USA, on the Margins of the 69th UN General Assembly. The two sides agreed to review the existing MOU in order to revitalize and scale up cooperation.
219. A draft revised MOU between SADC and Russia has been developed and consultations are still underway to finalise the revised MOU. The Executive Secretary of SADC undertook a mission to the Moscow from 11 to 12 February 2015 to further consult with the Government of the Russian Federation the way forward in operationalizing the partnership between SADC and the Russian Federation.

E. SADC – WORLD BANK COOPERATION

220. The World Bank continued to support the implementation of SADC programmes mainly through support to individual SADC Member States under bi-lateral cooperation and also at regional level through cooperation with the SADC Secretariat.
221. Main current support to the SADC Secretariat is under the World Bank grant of \$3.9 million to SADC Secretariat to facilitate mainstreaming of the Comprehensive Africa Agriculture Development Programme (CAADP) into SADC programmes and as well as support to the Water Sector. This programme supports capacity development in the SADC Secretariat and the member states on CAADP processes as well as support for activities aimed at enhancing agriculture-based economic growth in the region through policy formulation and harmonisation, strategy development and implementation.
222. During the period under review, the SADC Secretariat and the World Bank held consultations on 5th November 2014 in Gaborone, Botswana and on 17 April 2015 in Washington D.C. to discuss collaboration on key priorities to enhance cooperation between SADC and the World Bank on regional integration. In line with the revised RISDP, the main aspects of collaboration were identified to include industrialization; infrastructure development; measuring for results as well as agriculture/environment/natural resources. A work plan on collaboration on regional integration was developed to provide a way forward on each of the areas of collaboration. Consultations also continued to develop a framework of cooperation.

F. SADC – USAID COOPERATION

223. USAID continues to provide support for the implementation of the SADC programmes through its support for programmes implemented at the national level in individual SADC Member States.
224. In 2013 the SADC Secretariat USAID signed a grant agreement for a total estimated USAID contribution of seven hundred million two hundred fifty-seven thousand nine hundred eighty-nine U.S. Dollars (\$700,257,989), which is provided in increments over the period from October 2013 to September 2018. Programmes supported are in the main areas of cooperation which include economic growth; agriculture and food security; environment; HIV and AIDS; and youth.
225. It should be noted that the main mechanism for USAID in providing resources to the SADC programmes at regional level is through Channel II resources where most of the resources are channelled through to selected implementing agencies. The programme activities are implemented in the SADC Member States through implementing agencies.

G. SADC – ICP DIALOGUE PLATFORM

226. Cooperation between SADC and ICPs is guided by the 2006 Windhoek Declaration on a New Partnership between SADC and International Cooperating Partners for the implementation of the SADC priority programmes that are outlined in the RISDP and SIPO. The Windhoek Declaration stipulates that structure of dialogue between SADC and ICPs, at two levels i.e. the SADC/ICP Dialogue Platform and Thematic Group Coordination.
227. In 2014, two meetings of the SADC/ICP Dialogue Platform were held with the second meeting held on 4th December 2014 in Gaborone Botswana. The meeting provided a forum for SADC to present the status of the revision of the RISDP and the development of the SADC Industrialization Strategy and for ICPs to provide their input into the process. The meeting adopted the following documents prepared following the 2013 Review of the Windhoek Declaration:
- (i) The SADC/ICP Partnership Statement whose objective is to reaffirm the commitment of SADC and ICPs to continue working together in the implementation of the SADC Common Agenda;
 - (ii) Generic Terms of Reference for SADC/ICPs Dialogue Structures whose objective is to guide the overall coordination and functioning of the SADC/ICP Dialogue Platform and the Thematic Groups; and
 - (iii) Indicative Action Plan for Implementation of the Windhoek Declaration whose objective is to concretise SADC - ICP commitment towards an effective partnership dialogue based on the Windhoek Declaration, the SADC SPME policy, the SADC Medium Term Strategy, the SADC Resource Mobilisation Strategy (RMS) and Plan, and the SADC-ICP Partnership Statement.

228. The next meeting of the SADC/ICP Dialogue Platform will be held in the second half of 2015.

VI. CHANGE MANAGEMENT

A. GOOD GOVERNANCE

229. Good governance continued to be an agenda of high priority by the Executive Secretary. During financial year 2014/15 the Executive Secretary, continued to implement strategies that were aimed at strengthening internal controls. Continued improvements in the governance processes and management systems by ensuring that all recommendations from the Board of Auditors' report, Institutional Assessment Audit report, Internal Audit reports as well as Audit Committee and Task Force on Internal Control reports were adequately, timely and comprehensively addressed. These efforts ensure that the management of the Secretariat is in accordance with international standards and best practices on good governance, transparency and accountability in particular with respect to the utilization of the resources provided by Member States and International Cooperating Partners.

B. ORGANISATIONAL HEALTH AND CHANGE MANAGEMENT

230. During 2014/15 the Executive Secretary also embarked on Change Management initiative aimed at ensuring behavioural change within the Secretariat that will enhance efficiency and effectiveness of the Secretariat in delivering its mandate. The change management process is on-going and is expected to bring a positive impact on the governance processes of the Secretariat.
231. More specifically, an Organisational Health Assessment was conducted to establish a baseline and identify key causes to poor health in the Secretariat, and the key outcomes achieved to date are:
- i) A draft report of the assessment, which details:
 - a) system and procedural efficiencies;
 - b) competence and capacity;
 - c) policy and procedural functionality; and
 - d) compliance and management systems;
 - ii) Staff attitudes to change have been assessed within the framework of the Organisational Culture Assessment, which included the use of a survey, focus groups and informant interviews. The survey was undertaken to assess staff perceptions of organisational well-being. Strategies to improve staff wellness, participatory management practices and improve organisational health have been proposed; and
 - iii) A Road map to support an organisation-wide transformation process for effective performance and improved accountability.

C. RISK MANAGEMENT

232. The Executive Secretary through the Audit and Risk Management Committee continued to demonstrate commitment towards embedding risk management into the organisational culture, processes and structures to ensure proactive management of the potential opportunities and adverse effects of significant risks faced the by the Secretariat.
233. To this end, significant progress has been made in the operationalization of SADC Risk Management Policy. During the review period, the following outputs were delivered: Risk Management Implementation Procedure; Risk Management Strategy; Risk Management Guidelines; and Risk Register Template. Risk registers, strategic and operational, were prepared and actions required to address the risks were indicated by respective business units.
234. Further work has been undertaken too as part of risk management. The Secretariat has begun the process of developing a business continuity plan. Once fully implemented, the Secretariat, would have built organisational resilience with the capability for an effective response that safeguards the interests of Member States and other key stakeholders, its reputation and value creating activities.

D. AUDIT

235. The Secretariat continued to provide support to the Audit Committee, established by Council for the purpose of reviewing compliance with financial, regulatory, corporate governance, accountability and transparency framework. Support was also provided to the Task Force on Strengthening Internal Controls established by the Council of Ministers during its meeting of August 2014 to ensure that it performs its duties as per mandate given to it by Council. The Audit Committee and the Task Force held their meetings in accordance with their Terms of reference and their plans.
236. As a result of addressing audit recommendations from external audit, internal audit and institutional assessment audit there has been significant improvements in the management systems of the Secretariat and in particular strengthening of internal control environment.
237. The Executive Secretary is committed to continue to create a conducive environment to provide support to all structures responsible for oversight and governance of the Secretariat to ensure that governance principles are upheld in the management of the SADC Secretariat affairs.

VII. BUDGET AND FINANCE

238. The financial statements of the Secretariat for the year ended 31 March 2015 was for the first time prepared in accordance with the International Public Sector Accounting Standards (IPSAS). In 2013/14 and prior years, the SS financial statements were prepared in accordance with International Accounting and Financial Reporting Standards (IAS/IFRS). The adoption of IPSAS required a holistic review of the business processes of the Secretariat and management of significant organization-wide change initiatives, involving both internal and external stakeholders. More specifically, the Secretariat formulated and adopted new accounting policies, plans to implement a number of system changes and reporting tools to capture new, as well as improved management information.
239. Other required adjustments in structural and staffing, will be informed by the forthcoming alignment of the organisational structure of the Secretariat with the Revised RISDP 2015-2020 and SIPO, as well as ensuring adherence to financial and administrative regulations, standing orders and rules for the management of the affairs of SADC. As IPSAS standards evolve over time, the Secretariat will monitor those changes to ensure that it continues to comply with and benefit from having implemented best international practice, which will require additional future investments.
240. Reporting standards and the conversion to full accrual accounting, as prescribed by IPSAS, have resulted in significant changes to accounting policies and in the type and measurement of revenue, expenses, assets and liabilities reported in the financial statements.
241. Revenues from voluntary contributions are referred to as non-exchange transactions. Those contributions are recorded as revenue when cash is received, where there is no financing agreement and or accrued where there is an agreement and based on conditions having been met.
242. The Secretariat also receives revenue from charges on institutional overheads, sales of assets and investment services. Those are referred to as exchange transactions, and revenue is recorded when the goods or services have been delivered by the Secretariat.
243. Expenses are recorded in the financial statements of the only when goods and/or services have been received and/or rendered and accepted by the Secretariat and not when commitments have been made. Nevertheless, commitments are disclosed in a note in the draft financial statements.
244. The financial statements of the Secretariat under IPSAS now comprise five statements, which are statements of: financial performance; financial position; changes in net assets; cash flow; and comparison of budget and actual amounts.
245. The budget of the Secretariat continues to be presented on a modified cash basis. As the accounting basis for the budget differs from the accrual basis applied to the financial statements, reconciliation between budget expenditure, which include revenue and capital expenditure amounts, and accounting expenditure, is provided.

Revenue Analysis

246. The total revenue of SS in 2014/15 was US\$68.5 million, of which US\$67.6 million, or 98.7 per cent, was from contributions and US\$0.9 million, or 1.3 per cent, was from exchange revenue, as outlined in Table 8.

TABLE 8: REVENUE BY NATURE IN 2014/15

Revenue by nature	2015	Adjusted 2014	Proportion		Change
			2015	2014	
Revenue from non-exchange transactions	67,556,522	74,837,284	98.7%	100.0%	-9.7%
<i>Member states contributions</i>	35,364,657	34,107,919	51.6%	45.6%	3.7%
<i>Development partners contributions</i>	32,191,865	38,860,795	47.0%	51.9%	-17.2%
<i>Grant revenue</i>	-	1,868,570	0.0%	2.5%	-100.0%
Revenue from exchange transactions	923,902	17,061	1.3%	0.0%	5315.3%
<i>Other income</i>	881,967	17,016	1.3%	0.0%	5083.2%
<i>Finance income</i>	41,935	45	0.1%	0.0%	93089.0%
Total revenue	68,480,423	74,854,345	100.0%	100.0%	-8.5%

Expense Analysis

247. The total net expenses of SS in 2014/15 were US\$61.3 million, a reduction of 15.7% from 2013/14 financial year. Considering that the mandate of SS is to facilitate and coordinate strategic planning, policy advisory and advocacy, mobilisation of resources and technical support to Member States and other implementing partners, the largest expense item in 2014/15 was staff costs of US\$16.4 million, or 26.7 per cent.

248. Proportions and changes in expenses in 2014/15 vis-à-vis 2013/14 are outlined in Table 9.

Table 9: expense analysis for 2014/15

Expenditure	2015 Adjusted 2014		Proportion		Change	
	2015	2014	2015	2014		
Operating expenditure	26,089,302	27,425,124	42.3%	38.0%	-4.9%	
Staff costs	17,713,847	16,682,254	28.7%	23.1%	6.2%	
Transport, subsistence and conferences	1,336,450	1,243,541	2.2%	1.7%	7.5%	
Lease expenditure	351,232	399,199	0.6%	0.6%	-12.0%	
Contingent rental on finance leases	489,926	380,033	0.8%	0.5%	28.9%	
General expenses and supplies	2,186,029	1,930,697	3.5%	2.7%	13.2%	
Communications	313,882	302,422	0.5%	0.4%	3.8%	
Audit and professional fees	229,178	264,688	0.4%	0.4%	-13.4%	
Bad debts provision	-	1,604,000	0.0%	2.2%	-100.0%	
Depreciation	1,393,074	2,262,024	2.3%	3.1%	-38.4%	
Finance cost	2,075,684	2,356,266	3.4%	3.3%	-11.9%	
Programme Expenses	35,643,914	44,711,660	57.7%	62.0%	-20.3%	
Member states funded	3,822,525	5,856,384	6.2%	8.1%	-34.7%	
Development partners funded	31,821,389	38,855,276	51.5%	53.9%	-18.1%	
Total expenditure	61,733,216	72,136,784	-	100.0%	100.0%	-14.4%

Surplus for the period (total revenue less total expenses)

249. An operating surplus of US\$6.9 million has been recognised in the period to March 2015 compared to US\$2.2 million for 2013/14. The surplus in 2014/15 is attributed to the following:

- Cash:	US\$5,074,879
⇒ SADC Tribunal:	US\$ 55,132
⇒ SADC RPTC:	US\$ 139,996
⇒ Staff costs and related work plans:	US\$3,234,544
⇒ Non-budgeted receipts (Madagascar):	US\$1,645,207
- Non-cash (attributed to accounting standards):	US\$1,874,828
⇒ SADC House	US\$2,073,606
⇒ Capital expenditure (Member States)	US\$ 579,385
⇒ Capital expenditure (ICP)	US\$ 370,476
⇒ Depreciation	(US\$1,393,074)
⇒ Gains (exchange and asset disposal)	US\$ 244,435

250. Key issues regarding cash surplus, are as follows:
- SADC Tribunal: positive cash flow of US\$533,129 as operations ceased after all termination of all staff employment contracts in August 2014.
 - SADC RPTC: positive cash flow of US\$250,636, as property was under-going refurbishment.
 - Staff costs and related work plans: positive cash flow of US\$3,234,544 due to lengthy recruitment processes.
 - Receipts from Madagascar on SADC House and HIV and AIDS are not part of Member States contribution in 2014/15.

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253. Budget utilisation rates for 2014/15 are outlined in Table 10.

TABLE 10: BUDGET UTILISATION RATES FOR 2014/15

Expenditure	Original 2015	Adjusted final budget 2015	Actual 2015	Utilisation 2015
Programme activities	58,014,000	45,077,637		79.4%
<i>Member States funded</i>	4,818,000	6,038,114	35,792,532	61.2%
<i>Development partners funded</i>	53,196,000	39,039,523	3,694,669	82.2%
			32,097,863	
Support activities	11,908,000	12,463,796		78.1%
<i>Support activities Member States funded</i>	5,158,000	5,523,796	9,730,033	87.7%
<i>Capital expenditure Member States funded</i>	5,742,000	5,932,000	4,844,669	82.4%
<i>Development partners funded</i>	1,008,000	1,008,000	4,885,364	0.0%
Staff costs activities	19,421,000	19,421,000		91.2%
<i>Programme staff costs Member States funded</i>	10,300,000	10,300,000	17,713,847	84.0%
<i>Support staff costs Member States funded</i>	9,121,000	9,121,000	8,655,016	99.3%
			9,058,831	
Total	89,343,000	76,962,433	63,236,412	82.2%

254. Key issues to note regarding budget utilisation in 2014/15 are as follows:

(1) Programme activities: 79.4% budget utilisation is accounted for:

(a) Member States funds: 61.2% budget utilisation achieved due to the following:

- No operations were carried out at the SADC Tribunal, with last Officials departing in August 2014;
- Number of positions budgeted for in 2014/15 financial year, were not filled-up;
- Savings were recorded travel related activities across all programmes reflecting improved cost efficiencies;
- Partners implementing cross border HIV and AIDS are yet to submit mandatory reports, which will lead to replenishment of their accounts; and
- Adjusting for the above issues, which resulted in low levels of budget utilisation, all budget lines reflected budget utilisation in excess of 80%, which is a target of the Secretariat.

(b) Development Partners funded 82.2% budget utilisation is accounted for:

- Delays were experienced in replenishment of projects;
- Lengthy delays continue to be experienced over procurement on projects;

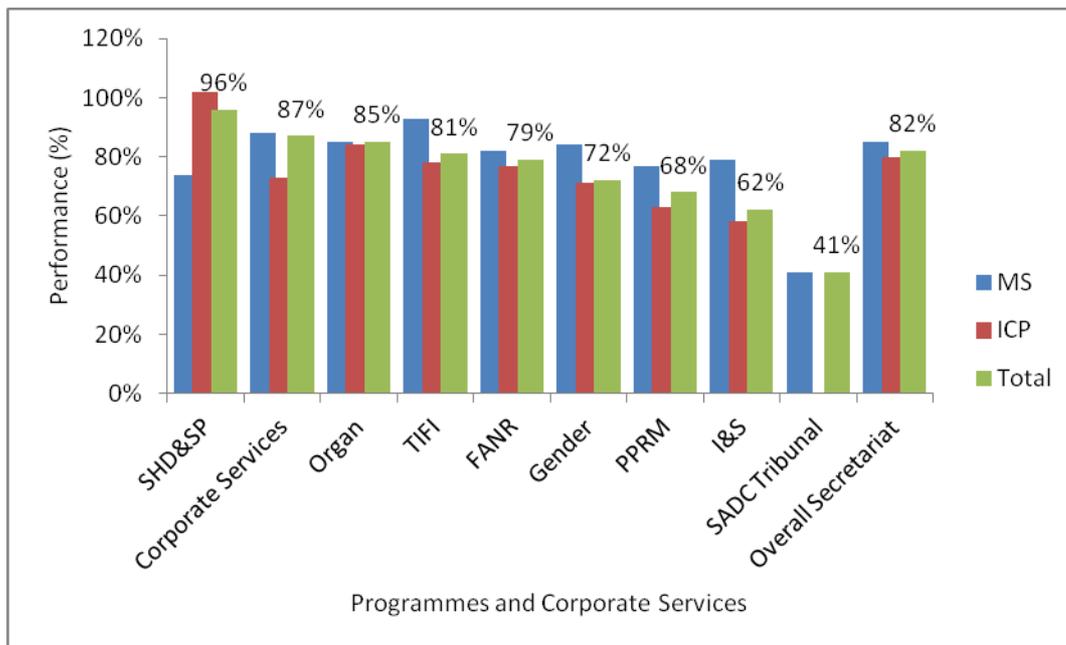
- Partners implementing cross border HIV and AIDS are yet to submit mandatory reports, which will lead to replenishment of their accounts; and
- Adjusting for the above issues, which resulted in low levels of budget utilisation, all budget lines reflected budget utilisation in excess of 80%, which is a target of the Secretariat.

(2) Support activities: 78.1% budget utilisation is accounted for as follows:

- Unitary charges on SADC Headquarters were significantly lower than budgeted in 2014/15; and
- Number of positions budgeted for in 2014/15 financial year, were not filled-up, including those which became vacant during the year – following completion of review of the RISDP, these positions will now be filled.

255. The overall utilisation of the 2014/15 Secretariat budget is further presented according to the various programmes in Figure 7.

FIGURE 7: OVERALL RESOURCE UTILISATION BY SOURCE OF FUNDING FOR APRIL 2014 - MARCH 2015



VIII LESSONS, CHALLENGES AND RECOMMENDATIONS

A. PRIORITISATION OF PROGRAMMES

256. The limited resources available for implementation of the SADC programmes on economic cooperation and integration suggest that there is need for the organization to concentrate on priority programmes of regional dimension and impact.
257. In order for SADC to remain focused, there is need to ensure that the Revised RISDP 2015-2020 and its Implementation Framework remains at the centre of the Secretariat's resource mobilization and allocation.
258. It is also important that in the process of implementation of programmes of regional cooperation and integration SADC should effectively apply the principles of additionality, subsidiarity and effectiveness. In this regard, a clear division of labour between the Member States and the secretariat is of essence. In this context, improvements in the governance systems and internal controls are of extremely important.
259. A robust monitoring and evaluation system should also be developed to allow both the monitoring of the strategic objectives of the organization and the performance on the Member States and the Secretariat in the implementation of the regional agenda.

B. INSTITUTIONAL REVIEW

260. On the institutional framework, it is important that, on one hand, SADC should accelerate the review of the structure of the Secretariat to make it more responsive to the current needs and priorities of the organization. On the other hand, SADC should ensure that coordination between national and regional development objectives is as effective as possible. In this context, there is also need to pursue capacity development and strengthening of national structures in charge of coordinating regional integration initiatives.

C. CONCLUSIONS

261. This Report has presented main developments in the main areas of regional cooperation and integration as defined in the RISDP.
262. The Report shows that overall the process of implementation of 2014/15 Plan led to significant achievements as demonstrated by the fact that most of the planned outputs were fully achieved and others were the process of being completed in which case they were rolled over to the 2015/16 operational plans.
263. The achievements for 2014/15 were the result of intensive work done to respond to the decisions of Council and Summit; and they were made possible through the financial as well as technical support from Member States and ICPs.

264. A number of challenges were encountered in the implementation of SADC Programme of Action. However, measures that have been put in place are expected to address them. Efforts will also be made to ensure that lessons learnt in overcoming challenges during the year under review will continue to be taken into account for future actions.
265. In the immediate to long term, human resources challenges will be addressed through the ongoing review of the Secretariat's Organizational Structure, as well as SADC Institutional Infrastructure.
266. As part of the implementation of the Revised RISDP 2015-2020, greater attention will be given to ensure that results-based planning, monitoring and reporting to ensure that there greater value derived from the financial resources received from Member States and ICPs to implement the SADC Programme of Action.



ABOUT SADC

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

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