

# REPORT OF THE EXECUTIVE SECRETARY

ACTIVITY REPORT OF THE SADC SECRETARIAT

2010 - 2011



**SOUTHERN AFRICAN  
DEVELOPMENT  
COMMUNITY**



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## ABBREVIATIONS AND ACCRONYMS

<b>AfDB</b>	<b>African Development Bank</b>
<b>AU</b>	<b>African Union</b>
<b>CAADP</b>	<b>Comprehensive Africa Agriculture Development Programme</b>
<b>CCARDESA</b>	<b>Centre for Coordination of Agricultural Research and Development for Southern Africa</b>
<b>CTTTFP</b>	<b>Comprehensive Tripartite Trade and Transport Facilitation Programme</b>
<b>COP</b>	<b>Conference of Parties</b>
<b>CBRI</b>	<b>Capacity Building for Regional Integration</b>
<b>COMESA</b>	<b>Common Market for Eastern and Southern Africa</b>
<b>CSC</b>	<b>Climate Services Centre</b>
<b>CRASA</b>	<b>Communications Regulatory Association of Southern Africa</b>
<b>CCPIT</b>	<b>China Council for the Promotion of International Trade</b>
<b>DBSA</b>	<b>Development Bank of Southern Africa</b>
<b>EAC</b>	<b>East African Community</b>
<b>EAPP</b>	<b>Eastern Africa Power Pool</b>
<b>EPA</b>	<b>Economic Partnership Agreements</b>
<b>EC</b>	<b>European Commission</b>
<b>EMIS</b>	<b>Education Management Information Systems</b>
<b>EU</b>	<b>European Union</b>
<b>EDF</b>	<b>European Development Fund</b>
<b>FTA</b>	<b>Free Trade Area</b>
<b>FDI</b>	<b>Foreign Direct Investment</b>
<b>FARA</b>	<b>Forum for Agriculture Research in Africa</b>
<b>GDP</b>	<b>Gross Domestic Product</b>
<b>HE</b>	<b>His Excellency</b>
<b>HCPI</b>	<b>Harmonised Consumer Price Indices</b>
<b>HSGOC</b>	<b>Heads of State and Government Orientation Committee</b>
<b>IA</b>	<b>Institutional Assessment</b>
<b>IUMP</b>	<b>Industrial Upgrading and Modernization Programme</b>
<b>ICBT</b>	<b>Informal Cross Border Traders</b>
<b>IMTS</b>	<b>International Merchandise Trade Statistics</b>
<b>IWRDM</b>	<b>Integrated Water Resource Development and Management</b>
<b>JCA</b>	<b>Joint Competition Authority</b>
<b>JICA</b>	<b>Japan International Cooperation Agency</b>
<b>MPs</b>	<b>Members of Parliament</b>
<b>MDGs</b>	<b>Millennium Development Goals</b>
<b>MoU</b>	<b>Memorandum of Understanding</b>
<b>NTBs</b>	<b>Non-Tariff Barriers to Trade</b>
<b>NEPAD</b>	<b>New Partnership for Africa's Development</b>
<b>NPCA</b>	<b>NEPAD Planning and Coordinating Agency</b>
<b>NSC</b>	<b>North South Corridor</b>
<b>OSBP</b>	<b>One Stop Border Post</b>
<b>ODL</b>	<b>Open and Distance Learning</b>
<b>PPP</b>	<b>Purchasing Power Parity</b>
<b>PPP</b>	<b>Public Private Partnership</b>
<b>PPD</b>	<b>Public Private Dialogue</b>
<b>PPDF</b>	<b>Project Preparation and Development Facility</b>
<b>PMC</b>	<b>Programme Management Committee</b>
<b>RISDP</b>	<b>Regional Indicative Strategic Development Plan</b>
<b>REDD</b>	<b>Reducing Emissions from Deforestation and Forest Degradation</b>
<b>RVAA SADC</b>	<b>Regional Vulnerability Assessment and Analysis</b>
<b>RAP</b>	<b>Regional Agricultural Policy</b>
<b>RSAP</b>	<b>Regional Strategic Action Plan</b>

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<b>RSP</b>	<b>Regional Strategy Paper</b>
<b>RIP</b>	<b>Regional Indicative Programmes</b>
<b>REIS</b>	<b>Regional Economic Integration Support</b>
<b>RSDS</b>	<b>Regional Strategy for Development of Statistics</b>
<b>RPC</b>	<b>Regional Political Cooperation Programme</b>
<b>SADC</b>	<b>Southern African Development Community</b>
<b>SAPP</b>	<b>Southern African Power Pool</b>
<b>SIPO</b>	<b>Strategic Indicative Plan for the Organ</b>
<b>SEAC</b>	<b>SADC Electoral Advisory Council</b>
<b>STMS</b>	<b>Transit Management System</b>
<b>SQAM</b>	<b>Standards, Quality Assurance, Accreditation and Metrology</b>
<b>SRII</b>	<b>SADC Region Information Infrastructure</b>
<b>SAPRA</b>	<b>Southern African Postal Regulators Association</b>
<b>SAT</b>	<b>Southern African Trust</b>
<b>SPME</b>	<b>Strategy, Planning, Monitoring and Evaluation</b>
<b>TADs</b>	<b>Transboundary Animal Diseases</b>
<b>TVET</b>	<b>Technical and Vocational Education and Training</b>
<b>TB</b>	<b>Tuberculosis</b>
<b>TICAD</b>	<b>Tokyo International Conference on African Development</b>
<b>UACC</b>	<b>Upper Airspace Control Centre</b>
<b>UNFCCC</b>	<b>United Nations Framework Convention on Climate Change</b>
<b>UNCBD</b>	<b>United Nations Convention on Biological Diversity</b>
<b>UNIFEM</b>	<b>United Nations Development Fund for Women</b>
<b>VSAT</b>	<b>Via Satellite System</b>
<b>WEO</b>	<b>World Economic Outlook</b>
<b>WAN</b>	<b>Wide Area Network</b>

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## EXECUTIVE SUMMARY

This report gives an account of the activities undertaken by the Secretariat during the period August 2010 – July 2011. During the period, the Secretariat continued to implement activities based on the Southern African Development Community (SADC) regional integration agenda as well as on decisions of the Council and Summit often taken during their meetings which are also aligned to the broad objectives of SADC as contained in the Regional Indicative Strategic Development Plan. In the areas of peace and security, in general SADC continues to enjoy the necessary stability conducive for regional integration and development. {} Mediation efforts have also continued in support of the few Member States affected by internal political challenges notably Madagascar and Zimbabwe. {}.

Notwithstanding the challenges experienced in the area of economic development {} following the global economic and financial crisis, most SADC Member States, registered a turnaround in the major macroeconomic indicators. Relative to 2009, situation in 2010 indicated an improved overall picture for the region. In 2010 the region recorded an average real Gross Domestic Product (GDP) growth of 4.9 per cent compared to 2.4 per cent in 2009. Inflation averaged 7.5 per cent compared to 12.4 per cent. National savings improved from 13 to 15.6 per cent while investment as a percentage of GDP increased from 22 to 24.9 per cent. As a rebound from the global economic crisis, a number of Member States recorded improvements in government revenue. As a region, government revenue increased from 29.3 to 30.2 per cent of GDP.

In the medium term, it is projected that on average the major macroeconomic indicators will continue to improve. However, the prospects will only hold if some factors turnaround. These include the strength of the global economic recovery, developments in fuel prices against a background of political instability in the oil-rich regions, and a general rise in commodity prices particularly food.

In the area of trade, further efforts have been made to amongst others facilitate the consolidation of the SADC Free Trade Area. In the period under review, progress on establishment of the SADC Customs Union has not been significant. Significant strides have been made in facilitating trade through customs modernisation. Amongst others, One Stop Border Post has been piloted. As regards the activities in support of finance and investment in the region, the Trust for SADC Project Preparation Development Facility (PPDF) was registered in South Africa in October 2010 and the Board of Governors of the Trust started its activities since February 2011.

It is without doubt that infrastructure remains one of the key priorities in facilitating regional integration and contributing towards poverty reduction in the region. Although some progress has been registered during the review period, implementation of programmes in this field continues to face immense challenges mainly related to resource constraints. In order to address challenges in a holistic manner, a number of measures have been recommended. This includes developing a SADC Regional Infrastructure Development Master Plan which is underway.

In the area of agriculture and natural resources, it has been highlighted that diversification to other cereals other than maize is critical as the region continues to experience some food deficits and subsequent food insecurity despite the significant achievements in the production of maize over the past ten years. It is also worth mentioning that considerable progress has been made towards establishment of the Centre for Coordination of Agricultural Research and Development for Southern Africa (CCARDESA). This was marked by the approval of the Charter in November 2010 which has now come into force having been signed by eleven Member States. The launching as well as the appointment of Board Members for CCARDESA was done on 14 July 2011.

As regards social and human development, the focus of all activities continued to be on building human capabilities to, among others, contribute towards poverty alleviation in the Region. Considerable progress was recorded in 2010/11 with respect to the planned activities and the most vulnerable groups; children,

youth and women benefitted from the different interventions in education and skills development; health; HIV and AIDS; employment and labour. In order to measure progress made in the implementation of the Regional Indicative Strategic Development Plan (RISDP) from 2005 - 2010, a desk assessment was carried out by the Secretariat in collaboration with the SADC Member States. The assessment has indicated that estimates for the period under review, completion and implementation rates on expected outputs and targets set in the RISDP Implementation Framework have been varied with the following situation prevailing.

In the area of Trade, Industry, Finance and Investment - 65% of the targets have been fully achieved, 29% partially achieved and 6% not achieved; for Infrastructure and Services – 60% of Outputs have been fully achieved, 40 % partially achieved; for Food, Agriculture, and Natural Resources- 64% of the outputs targets been fully achieved, 28% partially achieved, whilst 8% have not been achieved; and for Social and Human Development and Special Programmes - 38% of the outputs have been fully achieved, 46% partially achieved and 15% not achieved. Out of 46 targets set in the RISDP Implementation Framework 2005-2010, under cross-cutting issues 14% have been fully achieved, 68% partially achieved and 18% not achieved. Due to some limitations of the desk assessment, the mentioned figures should be read with caution.

The Secretariat has continued to maintain stronger links with its development partners and efforts to source funding in order to broaden implementation of regional projects and programmes have been intensified.

Amongst other organizations, considerable support has been received from international organizations such as the European Union, African Development Bank, World Bank, Commonwealth, World Health Organization, and Food and Agriculture Organization. Regional institutions such as Forum for Agriculture Research in Africa (FARA) and Southern Africa Trust (SAT) have also played a big role in provision of both technical and financial resources. Significant support has also been received from individual countries such as Germany, France, Norway, Sweden, Switzerland and the United Kingdom.

Intensified efforts on investment promotion and resource mobilisation were marked by the visits of the SADC Chairperson His Excellency (HE), Hifikepunye Pohamba, President of the Republic of Namibia.

During the period, the Chairperson visited the People's Republic of China for the first China – SADC Business and Investment Forum. This Forum created an opportunity for SADC to present the business and investment opportunities that exist in the region as well as creating an opportunity for business match making between Chinese business people and their SADC counterparts. At this Forum, the SADC Secretariat and the China Council for the Promotion of International Trade signed a Memorandum of Understanding as a framework for cooperation. The highlight of the visit of the SADC Chairperson was marked by his meeting with HE, Hu Jintao, the President of the People's Republic of China which emphasised the strong relationship between SADC and China. HE, Hu Jintao indicated that China will continue to cooperate with SADC and will review the newly submitted SADC regional projects in order to determine how China can support them.

The Chairperson also visited London, United Kingdom to attend the seventh Africa Business Forum and Awards. The main focus of the Forum was the SADC region under the theme; "SADC – Regional Integration and Drivers for Growth". The Chairperson delivered a keynote address at this Forum outlining priority areas for regional cooperation and integration in SADC. To mark the focus of the Africa Business Forum on the SADC region, a special award for the best SADC infrastructure project was presented. The Chirundu One-Stop Border Post won the Best SADC Infrastructure Project Award.

In the context of institutional reforms the Secretariat has continued to address organisational rules and procedures in particular, in upgrading them to international standards. By the end of June 2011, we as an organisation were deemed to have achieved an overall rating of satisfactory. This rating will allow the Secretariat to shift the delivery of aid from existing project approach to contributions budget support agreements, thus achieving the alignment of the resource allocation plan to approved priorities. In order to sustain the application of these standards, I have extended an invitation to Council to reaffirm its commitment to sustain the institutional reforms by all means possible.

# 1.0

## INTRODUCTION

SADC has a variety of policies in place to promote regional cooperation and integration amongst the Member States. The motivation and outline of these policies is laid out in the RISDP as well as its Implementation Framework. Specific commitments by all parties concerned in implementing the RISDP are spelled out in various protocols.

In order to set in motion the implementation of SADC policies, the Secretariat prepares on an annual basis a corporate plan based on sectoral plans that are approved by Council of Ministers for the year under review.

This Report therefore accounts for the implementation of activities by the Secretariat for the period August 2010 – July 2011. It is essentially on policy and issues of strategic nature highlighting major achievements and challenges in the following key result areas:

- I. Peace and Security,
  - II. Trade, Industry, Finance and Investment,
  - III. Infrastructure Development,
  - IV. Food, Agriculture and Joint Management of Transboundary Natural Resources,
  - V. Social and Human Development,
  - VI. Cross-Cutting issues of Gender and Development, {} Statistics, and science and technology
  - VII. Policy, Planning, Monitoring and Evaluation,
  - VIII. Finance and Budget,
  - IX. Human Resources and Administration,
  - X. Public Relations, and,
  - XI. Institutional Reforms and Capacity Building
-

# 2.0

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

### 2.1 Political Developments

During the period under review, the peace and security in the region remained relatively stable. Successful elections were held in Tanzania.

In order to strengthen democracy and good governance within the region, the capacity of the SADC Electoral Advisory Council (SEAC) was enhanced and Council members were inaugurated and inducted.

Programmes and activities towards preventive diplomacy, mediation and security cooperation have been strengthened to consolidate the current peace and stability within the region. SIPO was successfully reviewed and harmonized to address the new political realities and security challenges within the region. Political Mediation efforts in the region continued in those Member States which were affected by internal challenges. These countries are Lesotho, Madagascar, and Zimbabwe.

In Lesotho, the political situation has improved. Stakeholders to the on-going mediation process have agreed that the mediation be formally concluded as the issues to the dialogue had been addressed thus paving the way for the next Local Government and National elections.

In Madagascar, the SADC Extraordinary Summit held on 20 May 2011 considered the report and roadmap for returning the country to constitutional normalcy. The Summit reiterated the need for an inclusive political process towards finding a lasting solution to the challenges facing the country and resolved that as a matter of priority a meeting of all stakeholders to the political conflict will be convened by SADC in Gaborone, Botswana.

On Zimbabwe, the Organ Troika Summit on Politics, Defence and Security Cooperation held in March 2011 resolved that the inclusive government in Zimbabwe should complete all the necessary steps for the holding of the national elections as well as the finalisation of the constitutional amendment and the referendum. SADC through its facilitator the President of the Republic of South Africa, H.E. Jacob Zuma is engaging the parties concerned to agree on a roadmap that will eventually lead to peaceful, free and fair elections.

### 2.2 Economic Developments

#### 2.2.1 Regional Economic Background

Updates provided by Member States in November 2010 and IMF World Economic Outlook (WEO) database in April 2011 indicate satisfactory economic performance for the region in 2010. Most Member States registered a turnaround in the major macroeconomic indicators in 2010 compared to 2009.

##### 2.2.1.1 Real GDP

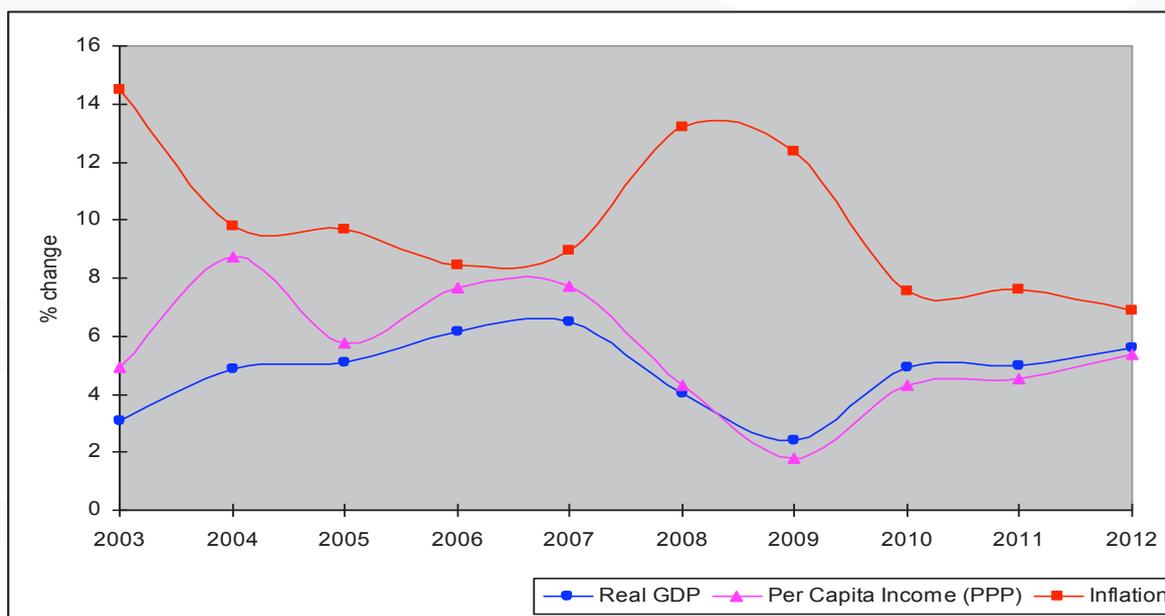
The region recorded an average real GDP growth of 4.9 per cent in 2010 compared to 2.4 per cent in 2009. However, this growth falls short of the 6.5 per cent increase recorded in 2009. Only five Member States Botswana, DRC, Mozambique, Zambia and Zimbabwe recorded real GDP growth above 7 per cent, a regional target set to achieve the overarching objective of eradicating poverty in SADC. Consequently, the per capita income (in purchasing power parity (PPP) terms) for the region increased by 4.3 per cent in 2010. This is an improvement on the marginal increase of 1.8 per cent recorded in 2009 (see Fig 1).

**2.2.1.2 Inflation**

In most Member States, inflation continued on the downward trend. Adequate supply of food in the region was the main catalyst in easing the pressure on prices. In addition, fuel prices especially in the first half of 2010 only increased moderately.

Regional inflation averaged 7.5 per cent in 2010 compared to 12.4 per cent recorded in 2009 (see Fig 1). This is the lowest recorded average inflation for the region in the past eight years. However, four Member States: Angola, DRC, Mozambique and Tanzania recorded double-digit inflation of 14.5 per cent, 23.5 per cent, 12.7 per cent and 10.5 per cent, respectively in 2010.

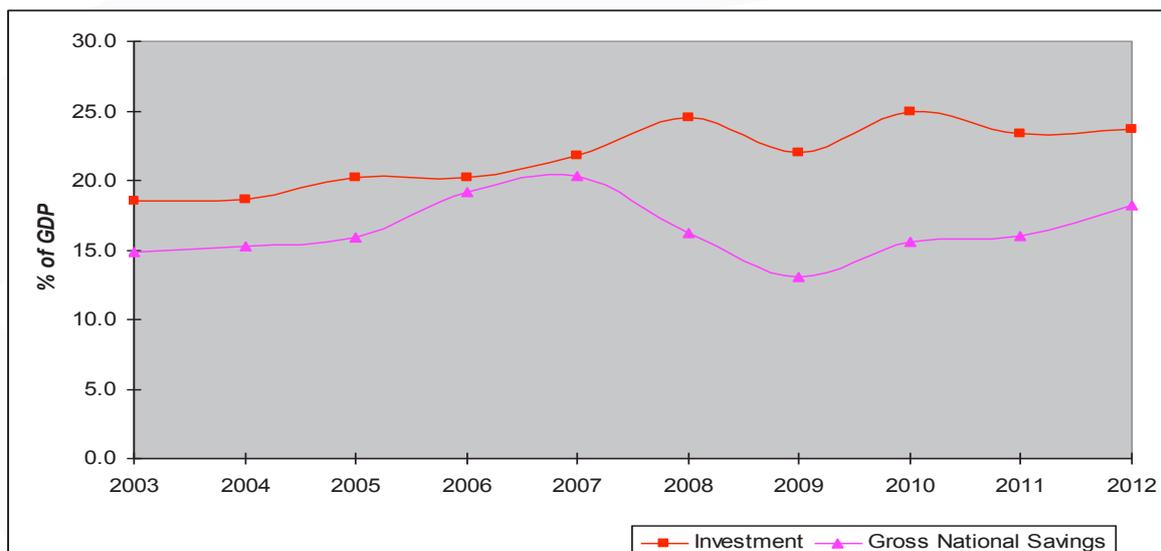
**Figure 1 Real GDP, Per Capita Income and Inflation, 2002 - 2012**



Source: National Authorities, November 2010 and the IMF WEO April 2011.

**2.2.1.3 National Savings and Investment**

As a result of the satisfactory economic performance, national savings of SADC member States improved in 2010 by 2.6 percentage points from 13 per cent of GDP in 2009 to 15.6 per cent of GDP in 2010 (see Fig 2). Botswana, DRC, Malawi, Mozambique and South Africa contributed substantially to this improvement.

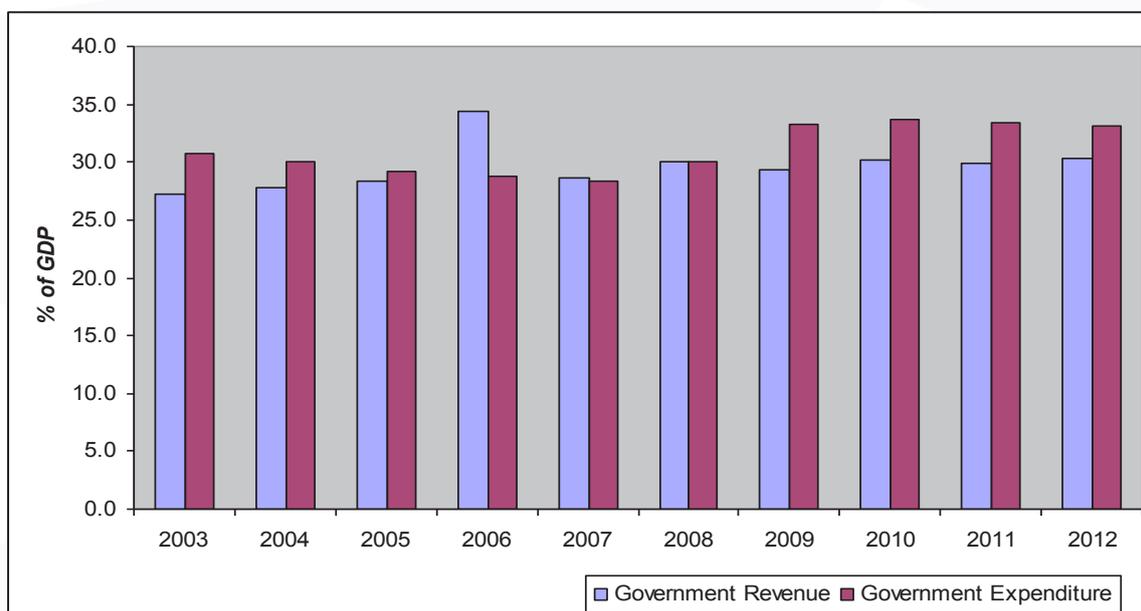
**Figure 2 Gross National Savings and Investment, 2003 - 2012**

Source: National Authorities, November 2010 and the IMF WEO April 2011.

Investment as a percentage of GDP improved from 22 per cent of GDP in 2009 to 24.9 per cent of GDP in 2010. However, this still falls short of the regional target of 30 per cent (see Fig 2). Three Member States: Lesotho, Malawi and Seychelles recorded investment ratios above the region target of 30 per cent, that is, 37.5 per cent, 30.1 per cent, and 54 per cent of GDP respectively.

#### 2.2.1.4 Fiscal Sector

Due to the impact of the global economic crisis, a number of Member States experienced reductions in revenue as indicated by a reduction in government revenue from 30 per cent of GDP in 2008 to 29.3 per cent of GDP in 2009, with Angola recording a substantial decline from 50.9 per cent of GDP in 2008 to 30.9 per cent of GDP in 2009. However, in 2010 a number of Member States recorded improvements in government revenue with Angola, DRC, Malawi and Zimbabwe contributing substantially to this improvement. As a region, government revenue increased from 29.3 per cent of GDP in 2009 to 30.2 per cent of GDP in 2010 (see Fig 3).

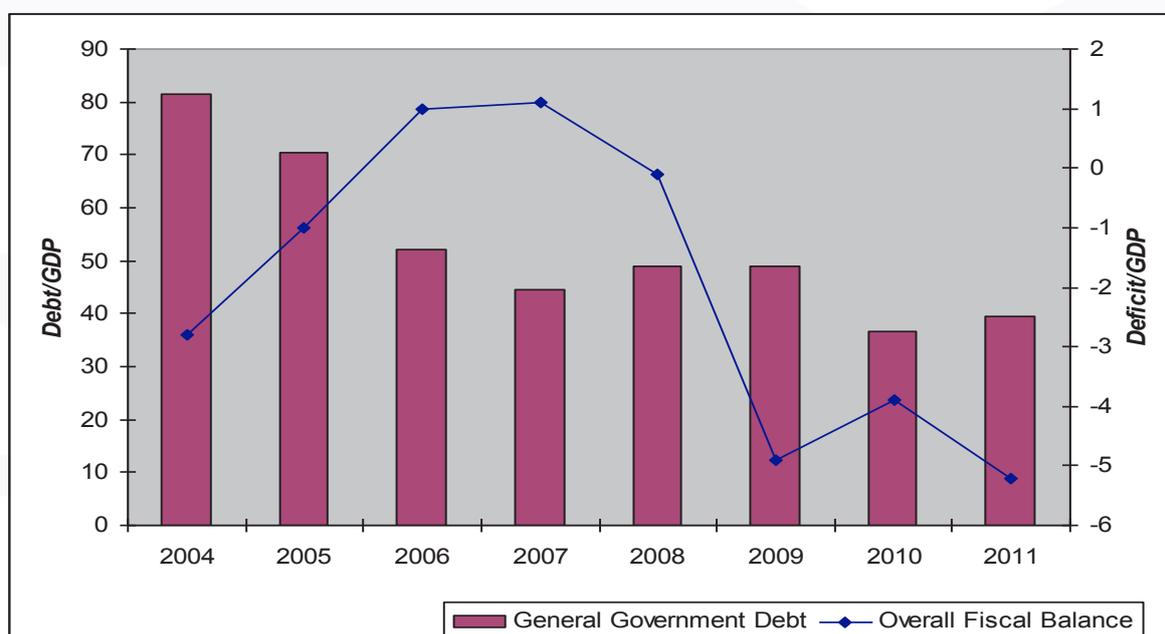
**Figure 3 Government Revenue and Expenditure, 2003 - 2012**

Source: National Authorities, November 2010 and the IMF WEO April 2011.

On the expenditure side, most Member States have maintained their expenditures at 2009 levels. As a region, government expenditures stood at 33.6 per cent of GDP in 2010, 0.3 percentage points higher than the 33.3 per cent of GDP in 2009. Most governments are still implementing policies and programmes initiated during the global economic crisis aimed at mitigating its impact on their economies and allow full recovery of the economies. This is one of the explanations for the high levels of government expenditures. As a result, overall fiscal deficit for the region averaged 3.9 per cent in 2010 compared to 4.9 per cent in 2009 (see Fig 4).

Consequently, general government gross debt, which rose from 44.5 per cent in 2007 to 49 per cent in 2008 and 2009, slowed down to 36.7 per cent in 2010. All Member States, except Seychelles, recorded general government gross debt below 60 per cent of GDP in 2010.

**Figure 4 Overall Fiscal Balance and General Government Debt, 2004 - 2011**



Source: National Authorities, November 2010 and the IMF WE

### 2.2.1.5 External Sector

After stagnating in 2008 and 2009 due to the impact of the global economic crisis, exports rebounded in 2010. This was largely a result of the increase in demand of commodities. Exports volumes of goods and services increased by 10.2 per cent in 2010 compared to a marginal increase of 0.8 per cent recorded in 2009. DRC, Swaziland and Zambia recorded substantial increases in export volumes of 52.9 per cent, 21.4 per cent and 19.9 per cent, respectively due to improved prices of copper and sugar on the international market.

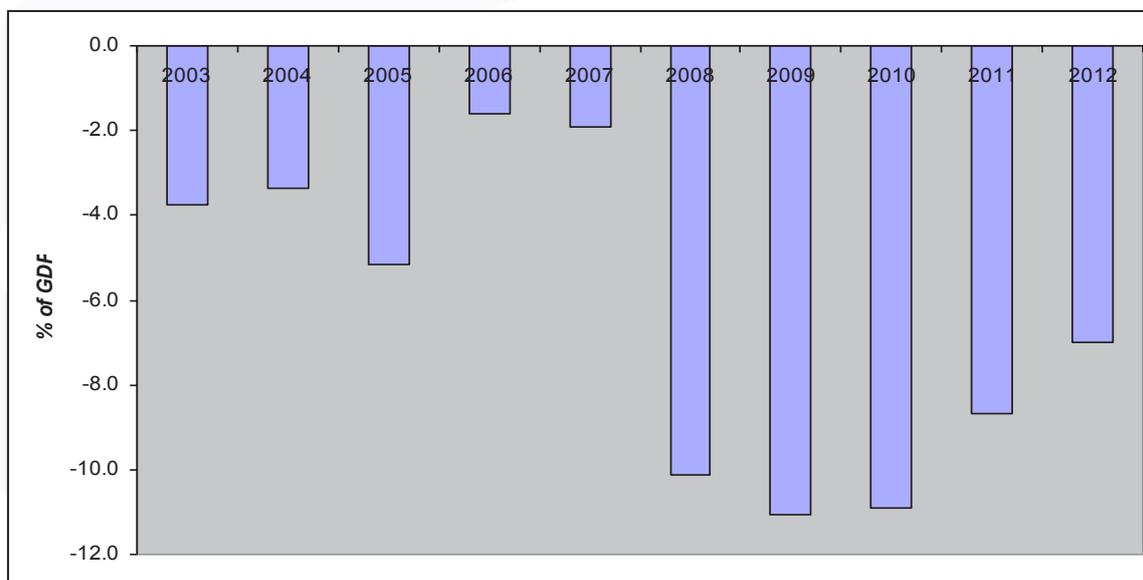
Similarly, import volume of goods and services increased by 6.7 per cent in 2010 compared to a decline of 1.1 per cent in 2009. However, this was just half of the 11.6 per cent increase in import volumes recorded in 2008. A rise in commodity prices particularly of fuel which forms a bulk of imports for developing countries including SADC contributed to the slow increase in import volumes in 2010. The value of oil imports increased by 26.9 per cent in 2010 compared to a decline of 12.5 per cent in 2009.

Consequently, the current account deficit of the balance of payments improved marginally from 11.1 per cent of GDP in 2009 to 10.9 per cent of GDP in 2010. Six Member States: Lesotho, Madagascar, Mozambique, Seychelles, Swaziland and Zimbabwe recorded current account deficits of over 10 per cent of GDP in 2010.

Increasing commodity prices particularly of food and fuel; and low demand as a result of the global economic crisis are the main causes of the sustained deterioration in the current account balance over

the past three years, 2008 to 2010 (see Fig 5).

**Figure 5 Current Account Deficits of the Balance of Payments, 2003-2012**



Source: National Authorities, November 2011 and IMF WEO April 2011.

### 2.2.1.6 Medium - Term Prospects

Regional real GDP is forecast to be about 5 per cent in 2011 and 5.6 per cent in 2012, marginal increases from 4.9 per cent in 2010. Contributing to this growth will be Angola, Botswana, DRC, Mozambique and Zambia who are expecting to record real GDP growth of above 6 per cent. Similarly, per capita income is projected to increase by 4.5 per cent in 2011 and 5.4 per cent in 2012.

The downward trend in inflation is projected to continue with inflation averaging 7.6 per cent in 2011 and 6.9 per cent in 2012. Only two Member States: Angola and DRC are expected to record inflation rates above 10 per cent by 2012.

Gross national savings are projected to rebound to 2006 and 2007 levels at 18.2 per cent by 2012. With the exception of Mozambique, Seychelles and Swaziland, all Member States are expected to register gross national savings above 15 per cent by 2012. Nonetheless, investment as a percentage of GDP is projected to slow down modestly to 23.4 per cent in 2011 and 23.7 per cent in 2012. Only two Member States: DRC and Lesotho are expected to record investment above the regional target of 30 per cent of GDP.

In the fiscal sector, government revenues and expenditures are projected to be stable at 2010 levels. This will result in a slight deterioration in the fiscal deficit of 5.2 per cent of GDP in 2011. Consequently, general government gross debt is projected to increase to 39.5 per cent of GDP in 2011 and 40.4 per cent of GDP in 2012.

On the external side, export volume of goods and services is projected to increase by 9.8 per cent in 2011 and slow down to 6.3 per cent in 2012. Import volume of goods and services is projected to increase by only 2.8 per cent in 2011 compared to an increase of 6.7 per cent in 2010. However, in 2012, import volumes are expected to increase by 5.1 per cent. As a result, the current account deficit of the balance of payments is projected to improve modestly from 8.7 per cent in 2011 to 7.0 per cent in 2012.

### 2.2.1.7 Factors Underpinning the Current Economic Prospects

The current economic prospects will only hold depending on how some factors play, notably: the

strength of the global economic recovery; developments in fuel prices against a background of political instability in the oil-rich regions; and a general rise in commodity prices particularly food.

### **I. The strength of the global economic recovery**

The recovery of the global economy is critical to the growth prospects for the region in the next two years. Recovery in the advanced economies will determine how the region's exports fair as they are the main export markets for the region.

According to the IMF World Economic Outlook April 2011, global economic recovery is gaining strength. World output is expected to increase by 4.5 per cent both in 2011 and 2012 with developed economies growing at only 2.5 per cent while emerging and developing economies growing at a much higher rate of 6.5 per cent.

However, there are fears that the recovery remains unbalanced. In most advanced economies, output is still far below potential. Unemployment remains high and will remain so for the next years. In the European Union, low growth, fiscal challenges and financial pressures are a concern. In the emerging market economies, the challenge is how to avoid overheating in the face of closing output gaps and higher capital flows. As such, the policy mix to navigate through these challenges will determine the pace and strength of the global economic recovery.

### **II. Developments in fuel prices**

Fuel imports are critical to the region and account for a larger proportion of the import bill. As such a rise in fuel prices will directly result in the deterioration of the external account. Indirectly, a rise in fuel prices will increase production costs through increases in transportation and agricultural (fertilizer) costs, just to mention a few.

According to the IMF commodity index, petroleum increased by 27.8 per cent from an index of 116.2 in 2009 to 148.5 in 2010. In March 2011, the index was at 204.4. With the instability in North Africa and the Middle East, spot price of Brent oil rose to above US\$123 per barrel in April 2011. While oil prices have come down in May 2011, several worse-case scenarios remain very likely. In April 2011, Reuters surveyed 32 major oil traders, bank analysts and hedge fund managers. There is a consensus that oil prices will fizzle out fairly but later in the year, oil will roar back above US\$130 per barrel.

The impact of the Tsumani in Japan which has resulted in a number of countries suspending their nuclear power projects will mean that countries will have to revert to oil-generated power to fill the gap of energy left by the suspension of nuclear power generation. This will entail a rise in demand for oil. Ultimately, a rise in oil prices will result in a rise in inflation.

### **III. A rise in commodity prices**

Commodity prices have increased more than expected, reflecting a combination of strong demand growth and supply shocks. However, a rise in commodity prices has a combination of different issues depending on the mix of commodities. For instance, the region would benefit from a rise in the prices of minerals (e.g. copper) and agricultural commodities such as coffee and tea.

The price of metals has been rising as indicated by an increase of 48.2 per cent in the index from 136.5 in 2009 to 202.3 in 2010. The metal index increased from 245.5 in January 2011 to 256.2 in February 2011 and down to 244.2 in March 2011. The beverages index increased by 14.1 per cent in 2010 from 154.4 in 2009 to 176.2. The trend is upwards with the index rising to 205.7 in January 2011 and 222.0 in March 2011. As pointed out above, commodity exporters in this region are expected to benefit from the increase in prices of these commodities.

However, increases in industrial inputs and agricultural raw materials are likely to affect the

manufacturing and agricultural sectors of the region. The index of industrial inputs increased by 43.2 per cent in 2010 from 118.7 in 2009 to 170. The index continued to rise with January 2011 recording 208, 215.8 in February 2011 and 213.4 in March 2011. Similarly, the index of agricultural raw materials increased by 33.4 per cent in 2010 from 94 in 2009 to 125.4. The index jumped from 156 in January 2011 to 170 in March 2011.

Lastly, an increase in food prices entails cost-push pressures on inflation, particularly for food importers in the region. Food prices have been on the rise in 2010 as indicated by a 11.5 per cent increase in the food index from 134 in 2009 to 149.4. In the first quarter of 2011, the food index has been in the range of 185.

Except for unfavourable patterns that affected Lesotho, Madagascar and Mozambique, the region has had generally favourable agricultural season. With large seed and fertiliser subsidy programmes in some Member States, the region is expected to have adequate food. According to the FAO Crop Prospects and Food Situation Report March 2011, maize import requirements for the region in the current 2010-11 marketing year will only amount to 900,000 tonnes. This compares well to the preceding five year average of nearly 1.7 million tonnes.

#### **2.2.1.8 Policy Implications**

Against a background of uncertainty in a number of fundamentals in the global economy; commodity markets especially for fuel and food, a number of policy considerations have to be made in order to sustain economic growth in the short to medium term.

##### **I. Proceeds from gains in improved commodity prices**

The gains from improved commodity prices should be invested aimed at reducing transaction costs of business, hence improving the competitiveness of the region. In addition, these proceeds can be invested to develop new sectors such as value addition in the mineral sector.

##### **II. Domestic resource mobilisation**

With uncertainty in the sources of revenue particularly international cooperating partners, efforts to improve domestic resource mobilisation need to be emphasised. This should include building capacity of tax administrations to ensure efficiency in tax collection and broadening the tax base.

##### **III. Rationalisation of government expenditures**

With limited resources on one hand and ever-increasing demands on the expenditure side, there is need for governments to rationalise expenditures by emphasising on investment expenditures and reducing on consumption expenditures.

##### **IV. Food security programmes**

So far the agricultural inputs subsidy programmes being implemented by some Member States are paying dividends in ensuring food security. While these programmes are expensive and may not be sustainable in the medium to long run, it may be early to phase them out now. An option would be to make them more targeted.

## 3.0

# IMPLEMENTATION OF PROGRAMMES OF REGIONAL COOPERATION AND INTEGRATION

### 3.1 2010/11 Secretariat Corporate Plan: Overview

SADC has a range of programmes in place to promote regional cooperation and integration. The outline of these programmes is laid out in the RISDP while specific commitments are laid out in various protocols.

The 2010/11 Annual Corporate Business Plan was guided by the strategic planning and budgeting framework, the Budget Outlook Paper for 2010/12. For the year under review, the implementation of corporate plans continued in line with the Council of Ministers directives that adhered to priorities that promote regional integration. The priority areas were as follows:

- Trade, economic liberalization and development;
- Infrastructure development in support of regional integration;
- Politics, defence and security cooperation;
- Food security, environment and joint management of transboundary natural resources;
- Social and human development of regional dimensions;
- Gender and development;
- Statistics; and
- Science and technology.

### 3.2 Overview of the Implementation of the RISDP

Based on Council decision of February 2011 that called for a desk study on the progress made in implementing the RISDP, the Secretariat undertook the assessment.

The assessment was based on the RISDP Implementation Framework 2005-2010 which provides the main intervention objectives by sector, key intervention areas, expected outputs, main activities for each output, and key performance indicators for the implementation of RISDP in all sectors.

The purpose of this desk assessment was to analyse the actual technical performance of the RISDP with regard to the implementation of the 2005-2010 Framework by SADC Secretariat, Member States and other key stakeholders. Emphasis was placed on actual results vis-à-vis the expected ones. The report of the assessment also helped to answer questions related to (1) the challenges encountered in the implementation of RISDP during the reporting period; and (2) lessons learned and recommendations for the ongoing implementation of the RISDP.

The report has indicated that estimates for the period under review, completion and implementation rates on expected outputs and targets set in the RISDP Implementation Framework have been varied with the following situation prevailing<sup>1</sup>: for TIFI - 65% of the targets have been fully achieved, 29% partially achieved and 6% not achieved; for I&S - 60% of Outputs have been fully achieved, 40 % partially achieved; for FANR - 64% of the outputs targets been fully achieved, 28% partially achieved, whilst 8% have not been achieved; for SHD and SP - 38% of the outputs have been fully achieved, 46% partially achieved and 15% not achieved. Out of 46 targets set in the RISDP Implementation Framework 2005-2010, under cross-cutting issues 14% have been fully achieved, 68% partially achieved and 18% not achieved.

The desk assessment has revealed that in the period under review important policies, protocols and frameworks have been developed, adopted and approved by various governing structures of SADC. In addition important Agreements to bind the implementation process by all Member States have also been put in place and have become an integral process of advancing the roadmap of SADC's common agenda. Further, a lot of institutions and committees that provide an oversight function in the

implementation process have been established and are functional. To a limited extent the work performed by these steering structures has increased ownership and visibility of SADC Programmes in the Member States.

Despite progress made, the Report indicated that the implementation of RISDP started late owing to human resources constraints. Member States implementation is still behind schedule. The majority of the Member States did not set aside resources for planning and implementation of RISDP programmes at national level. The SADC National Structures – where they were created – did not possess the requisite capacity to coordinate the implementation of the RISDP Programmes. The result has therefore been that commitments to implementing agreements, according to set targets in many instances, have been missed. For example, very important milestone in the Regional Integration Agenda, the Customs Union – which was envisaged to be set up in 2010 – was not established. The existence of multiple memberships by SADC Member States has complicated the efforts of attaining the Customs Union as planned.

A detailed report of the study is going to be presented to you and I am confident that it will be considered in depth so that both the Secretariat and Member States may take appropriate steps towards improving the status of regional integration

### **3.3 Trade and Economic Liberalisation**

Trade and financial liberalization, competitive and diversified industrial development, and increased investment remain critical for regional integration and poverty eradication. During the period under review, programmes coordinated under Trade and Economic Liberalisation focused on consolidating the SADC Free Trade Area (FTA) by mainly facilitating accession and joining of the FTA by the remaining Member States. Development of a framework for liberalization of trade in services, preparations for the SADC Customs Union, and the Tripartite FTA were also areas of focus.

#### **3.3.1 The SADC Free Trade Area**

In pursuit of our mandate to spearhead market integration in SADC through the establishment of the SADC Free Trade Area (FTA) and subsequently the SADC Customs Union, 2010-11 plans for trade focused on consolidating the FTA. This was primarily through drawing up of a more systematic plan for following up on activities arising out of the implementation process. The plan included facilitating accession and joining of the FTA by Angola, DRC and Seychelles, implementation of tariff reduction commitments, addressing Non-Tariff Barriers to Trade (NTBs), and reviewing rules of origin applicable under the FTA.

Furthermore, the plan also focused on simplification and harmonization of trade documentation and procedures, promotion and facilitation of trade, enhancement of Customs-to-Customs cooperation and Customs-to-Business partnerships, effective capacity building for the SADC Customs Administrations, and capacity building and technical assistance in support of competition policy development and implementation.

In the area of trade in services, Negotiating Guidelines for the first phase of the negotiations on liberalization of agreed sectors were approved by Ministers of Trade who also agreed that actual negotiations can only commence after ratification of the Protocol on Trade in Services.

#### **3.3.2 Preparations for the Tripartite Free Trade Area**

At Tripartite level, notable progress has been achieved in fulfilling the objective of establishing a broader Free Trade Area amongst Member States of COMESA, EAC and SADC. Negotiations for the FTA were launched during the 2nd meeting of the Tripartite Summit held on 12 June 2011 in Johannesburg, South Africa.

### **3.3.3 Preparations for the Customs Union**

Regarding the preparations for the SADC Customs Union I regret to report that little progress has been made. However, as per some of my recommendations last year, a High-Level Expert Group established to ensure agreement and common understanding on key elements of the Customs Union has been meeting and will submit its report to the Ministerial Task Force on Regional Economic Integration before the end of 2011.

Based on the observation that little or no progress is being made in this area of the establishment of the Customs Union, I would like to reiterate my call to Member States to reflect and pronounce themselves about this important issue.

### **3.3.4 Customs Modernization and Trade Facilitation**

Coordinated Border Management is a key factor in the success of cross-border facilitation initiatives, which require commitment and cooperation among all the border agencies. In this regard, a draft guideline on Coordinated Border Management has been developed and awaits approval. In addition, the legal instruments of the SADC Transit Management System (STMS) comprising common law and documentation have been developed and adopted. A pilot of the One Stop Border Post (OSBP) was undertaken at the Chirundu Border Post between Zambia and Zimbabwe. This pilot has been effective in enhancing cooperation amongst border agencies and in facilitating trade. It has also provided lessons to build upon as the concept is rolled out to other border posts in the region. Efforts to implement the same concept at other border posts are underway.

The establishment of a Wide Area Network (WAN) linking Customs administrations to enable sharing and exchange of information was not met as targeted. However, the SADC Organ on Peace and Security has commenced a project to connect contact points in SADC Member States through a 'Via Satellite System' (VSAT) which could also provide a backbone for creating a WAN that will link Member States Customs administrations. Consultation between the SADC IT Unit, Customs Unit and the SADC Organ has taken place with a view to ensuring implementation of this initiative.

### **3.3.5 Economic Partnership Agreements**

In the area of Economic Partnership Agreements (EPA) focus was on the conclusion of an all-inclusive EPA and the development of a framework on Services and Investment. However, negotiations for an all-inclusive EPA on goods was not concluded by the end of 2010 as agreed. This was on account of lack of agreement on the scope of coverage for the negotiations as the European Commission (EC) was proposing that trade related issues, including Geographical Indications, Intellectual Property Rights, Sustainable Development and Taxation be part of the negotiation agenda.

Nonetheless, progress was made in the following areas: finalisation of a draft text on investment, which was shared with the EC, finalisation of the draft text on services and joint modalities which are subject to national consultations, and a draft joint working text on cumulation. Progress was also made on developing new textual proposals on some of the provisions of the Interim Agreement which some of the Members of the SADC EPA group considered contentious and needed to be resolved. Furthermore, it was agreed that the texts agreed at Swakopmund in March 2009 on some of the unresolved issues be part of the final EPA.

### **3.3.6 Finance and Investment**

Finance and Investment focuses on four intervention areas, namely: financial and capital markets development; attainment of deeper monetary cooperation; tax coordination and related matters; and increasing levels of intra-SADC investment and foreign direct investment (FDI). To this end, the objectives for the year under review included facilitating the harmonization of policy and legal frameworks in the areas of banking, payment systems, and non-banks; facilitating the development of policy options for

the harmonization of the investment regimes, including a model framework for Bilateral Investment Treaties (BITs) and addressing barriers to FDI; and facilitating closer cooperation with regard to taxation and related matters in the SADC region, including a common approach to tax agreements, tax incentives indirect taxes and tax database.

As indicated in last year's report, an investment promotion programme under the theme '1 Team, 15 Nations for Sustainable Investment' (SADC 2010) was successfully implemented. As a follow up to this programme, a Public Private Partnership (PPP) Network was launched. This network is seen as a build up to the SADC Public Private Dialogue (PPD) series scheduled for this year. The launch of the network will ensure that there is a common communication and cooperation policy, which will govern the interaction between the SADC Secretariat and the Private Sector. With regard to the operationalisation of the SADC PPDF, the Trust was registered in South Africa in October 2010 and governance documents such as operational guidelines, procurement manual and financial management framework have been put in place. The Board of Governors of the Trust held their first meeting in February 2011 in Windhoek, Namibia.

### **3.3.7 Enhancing Productive Competitiveness**

During the year under review, activities carried out in order to enhance productive competitiveness focused on the development of the SADC Industrial Development Policy and Strategies, implementation of the Industrial Upgrading and Modernization Programme (IUMP), implementation of the plan for the Harmonization of Mining Policy, Standards, Legislative and Regulatory Framework, and development of an infrastructure for Standards, Quality Assurance, Accreditation and Metrology (SQAM).

A Memorandum of Understanding between the SADC Secretariat and United Nations Industrial Development Organisation (UNIDO) was signed in August 2010 to formalise and strengthen the relationship between the two parties and enhance collaboration on matters pertaining to industrial development.

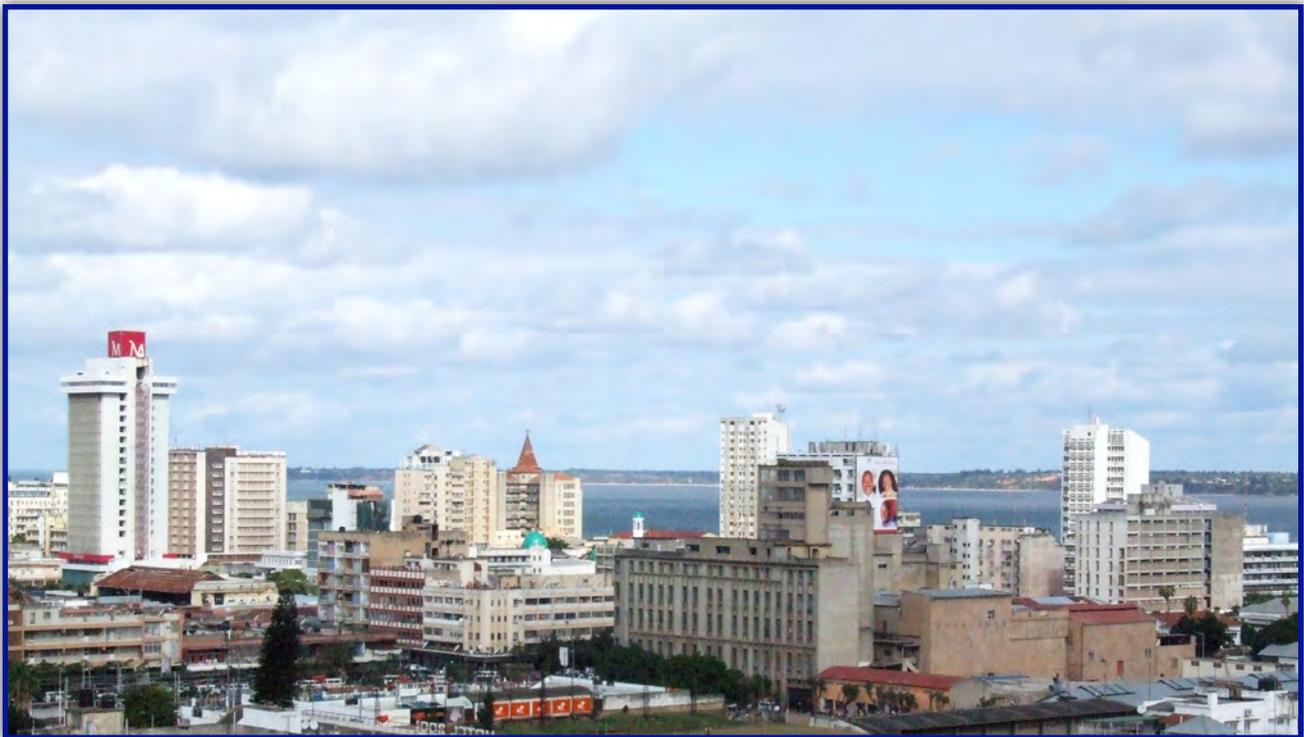
In the area of mining, a draft Security Framework for the major minerals produced in the SADC region was developed. The framework entails a comprehensive minerals tracking and certification system. This framework was developed to ensure that illegitimately acquired mineral products do not enter legitimate value chains both in countries where actual mining takes place and in those through which the minerals transit for export. A SADC New Geological Map was developed to harmonise geological data in the region.

During the year under review satisfactory progress was recorded in the area of SQAM. To date there are more technicians to spearhead programmes in all areas of SQAM. This include: standards harmonization, regional accreditation operations, regulations harmonization, Proficiency Testing (PT) and inter-comparison schemes, and increased use of International Organization of Legal Metrology (OIML) documents in Member States.

## **3.4 Infrastructure Development**

### **3.4.1 Overview**

Infrastructure constitutes the key stimulus to economic development, regional integration and poverty reduction. The pace of implementation of regional infrastructure programs and current strategies being applied to develop infrastructure continue to be reviewed. The ultimate objective is to craft strategies aimed at scaling up the provision and access to better infrastructure in the Region. In our endeavours to strengthen the programme on Infrastructure Development Support, the Secretariat has strengthened the Project Implementation Unit with full time responsibility to coordinate and assist Member States with implementation of projects.



### 3.4.2 Energy

The Secretariat continues to develop and facilitate implementation of energy infrastructure that will deliver lowest-cost power to enhance regional economic and inclusive social development with minimal adverse impacts on the environment. Efforts still continue to coordinate and implement the Power Sector Development Roadmap aimed at addressing electricity shortfalls facing the Region by among other tasks accelerating the implementation of short, medium and long term power projects in Member States.

Currently the region has installed capacity of 55,996 MW of which 49,777 MW is available. The difference of 6,219 MW is due to the fact that some machines are under rehabilitation including 197 MW in Angola, 1,200 MW in DRC, 3,100 MW in South Africa, 228 MW in Tanzania, 597 MW in Zambia and 725 MW in Zimbabwe.

The peak demand for the region in 2010 stood at 45,721 MW, which required generation capacity amounting to 50,385 MW taking into account the need to meet the 10.2 per cent minimum reserve capacity requirements. With the available capacity at 49,777 MW this gives a deficit of 608 MW.

A total capacity equivalent to 1,100 MW was commissioned in 2010 as follows: in Angola (60 MW), Botswana (70 MW), DRC (160 MW), South Africa (640 MW) and Zimbabwe (180 MW) from rehabilitation and new projects against an annual target of 2,000 MW. The target could not be met as some projects did not secure financing on time.

The demand side management of power in the region remains the most realistic short term tool to conserve power and minimise load shedding. The Region is therefore implementing a number of demand side management programs which include the replacement of incandescent bulbs with compact fluorescent lamps, installation of solar water heaters, improvement of commercial lighting and hot water load control. In the year 2010 the region saved 750 MW from the compact fluorescent lamps program. As part of the short term measures, a number of rehabilitation and generation projects are being undertaken to address the generation supply gap. Up to 16,932 MW is planned between 2011 and 2015. This year, 2011, the region plans to install 1,248 MW most of which will be in South Africa and Zimbabwe. In



2012 the Region plans to install 1,592 MW with the bulk of it in Botswana and DRC while in 2013, 2014 and 2015 the Region intends to install 4,087 MW; 3,906 MW and 6,129 MW respectively with the bulk of it installed in Mozambique, Namibia, South Africa and Tanzania.

The Secretariat continues to facilitate the implementation of cross border transmission projects to enable non connected members of Southern African Power Pool (SAPP) to be connected. This include the Caprivi Link which was commissioned in October 2010. Other ongoing projects are the Gove- Huambo 80 km, 220kV line, the Lucala - Uige, 212 km, 220kV line, the Uige-Maquela do Zombo 191 km, 220kV line and the 242km Gabela-Kileva 220kV interconnector. All of this projects are in Angola.

The Malawi – Mozambique interconnector still remains as one of the challenges to be addressed. The Zambia-Tanzania-Kenya Interconnector Project has secured funding for the Singida to Nairobi Link on the Tanzania-Kenya phase. Zambia-Tanzania link ; funding is being sought for the Project Implementing Unit.

ZIZABONA Interconnector project secured project preparation funding from the Government of Norway, Development Bank of Southern Africa (DBSA) and African Development Bank (AfDB). A consultant was appointed in November 2010 for financial, legal, technical and market studies.

The Central Transmission Corridor remains one of the most critical transmission lines in the Region as it is used for wheeling power between north and south of the SAPP grid. This project aims to reinforce the transmission network in Zimbabwe especially the Alaska – Sherwood link, so as to enable more power to be transmitted to other SADC countries. The line as it is now is negatively affecting power trading in the Region.

### 3.4.3 Transport

The overall objective of the SADC transport initiative as contained in the SADC Protocol on Transport, Communications and Meteorology and the RISDP is to establish a multimodal transport system which provides efficient, cost effective and fully integrated infrastructure and operations, which best meet the needs of customers and promote economic and inclusive social development while being environmentally

and economically sustainable. The Region has embarked on initiatives aimed at addressing challenges arising from the lack of availability and access to sound, cost effective, efficient transport networks necessary to strengthen intra-SADC trade.

### **I. The Kazungula Bridge Project**

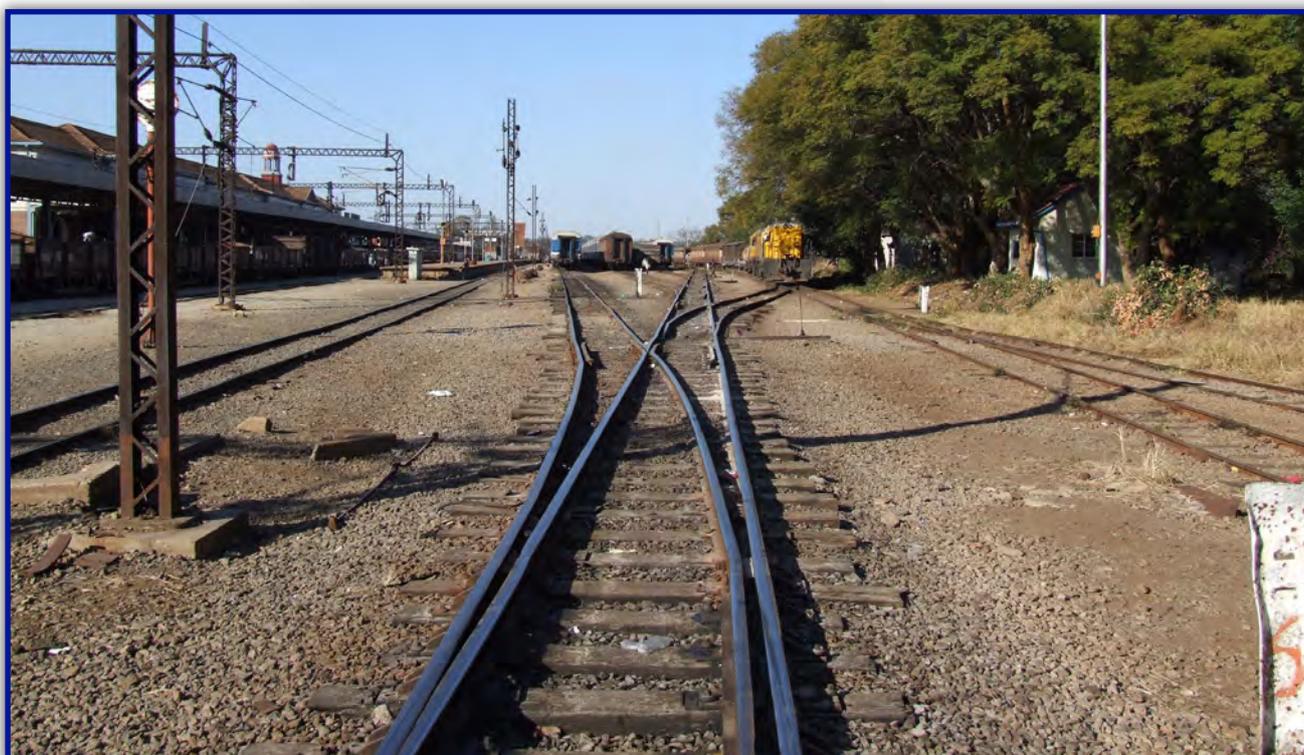
The Study on the Economic Feasibility and Detailed Design of the Kazungula Bridge including Border Facilities and Corridor Facilities has now been completed. All Reports for the Consultancy Services have been completed and adopted by the Governments of Botswana and Zambia. The Project will be moving to the next phase of implementation in 2012.

### **II. Ponta Techobanine Project**

Mozambique, Zimbabwe and Botswana signed a memorandum of understanding for a \$7 billion Ponta Techobanine - port and rail project. The countries have agreed to build a new deepwater port in southern Mozambique and a rail system linking the three southern African countries.

### **III. The Feasibility Study Trans Kalahari Railway**

Another key regional railway project is the Trans Kalahari Railway feasibility study, being implemented by Botswana and Namibia. The ongoing study is designed to explore the economic and financial feasibility of constructing a rail line connecting the railhead at Gobabis in eastern Namibia across the Kalahari to the Botswana Railway in Gaborone which links it to Transnet in South Africa or more directly through Lobatse and Zeerust to Johannesburg/Pretoria.



### **3.4.4 Meteorology**

The SADC Climate Services Centre (CSC), formerly Drought Monitoring Centre, has continued to provide services and timely outreach products in weather and climate monitoring and prediction for the benefit of the Member States and international institutions. In particular, those organizations dealing in Early Warning for Food Security, Disaster Preparedness, Health and Water Management Sectors benefit from this intervention. The Southern Africa Regional Climate Outlook Forum (SARCOF) products and

subsequent updates from CSC enable better planning for climate-driven disasters.

### 3.4.5 Communications and ICT

The Secretariat has continued to embark on a number of priority initiatives with a view to coming up with best practices for the region in terms of ensuring universal service access to the SADC citizens through policy and regulatory harmonization. The SADC Region Information Infrastructure (SRII) Project was apportioned into three stages and has progressed very well with short-term (digitalization of transmission links) and medium-term (expansion of the digitalized transmission links) being completed. The long-term implementation which includes all fibre regional transmission broadband highways is nearing completion. Under Policy and Regulatory front, the Region is moving towards embracing the issue of convergence. Two implementing Agencies that are responsible for Policy and Regulation in issues of Communications and Postal namely, Communications Regulatory Association of Southern Africa (CRASA) and the Southern African Postal Regulators Association (SAPRA), will be merged and a converged Regulatory Authority formed.



### 3.4.6 Water

Southern Africa's food production is often adversely affected by floods and droughts, particularly over the last two decades. Most of the economies of SADC countries are overly dependent on rain-fed agriculture. Southern Africa like the rest of Sub-Saharan Africa therefore needs to invest in the management and development of water resources including irrigation infrastructure technologies and efficient use of limited water resources.

SADC has identified water resource management and development as central to sustainable growth and poverty eradication and has made progress in the implementation of the Regional Strategic Action Plan on Integrated Water Resource Development and Management (RSAP-IRWDM). The RSAP was structured into four strategic thematic areas within which specific Projects and programmes were developed and implemented over a five year planning period (2005 – 2010). Five of the IWRDM demonstration projects have been implemented in the respective SADC Member States through the support of Danida.

During the reporting period, two projects that received support from the German and UK Governments were completed. The projects are: Economic Accounting of Water Use, and Dams Synchronization and Flood Releases in the Zambezi, which were completed in September 2010 and March 2011 respectively.



### 3.4.7 Tourism

The tourism sector undertook a Marketing, Communications, and Branding activity during the reference period. Positioning strategy redevelopment is 70 per cent complete. Two regional tourism and investment conferences were held in Zimbabwe and South Africa. Activities to promote the region as a MICE destination are under way at all travel fairs.

The secretariat is now working with member States to develop a regional calendar of events and running joint programs with them in promoting identified mega tourism national events.

### 3.4.8 Key Challenges to Implementation of Infrastructure Projects

The implementation of infrastructure continues to face immense challenges. The key challenges include:

- I. Human and Financial Resources constraints. continue to hamper effective programme implementation,
- II. Non functional project structures, particularly at all levels, national and regional and that there is generally high staff turnover at Member States level which affects continuity and causes delays in implementation of activities.
- III. Low levels of response from member States, particularly on project tracking, provision of information and data for a number of studies.

### 3.5 Food, Agriculture and Joint Management of Transboundary Natural Resources



#### 3.5.1 Overview

In the area of Food, Agriculture and Natural Resources, the Secretariat has continued to focus on achieving food security, reducing poverty, and promoting sustainable use of natural resources and the environment. As we all know, agriculture sector in the region remains critical as approximately 70 per cent of the population depends on it for food, income, and employment. The sector also contributes between 4-27% of Member States GDPs and about 13% of the total export earnings in the region. The performance of this sector has strong influence on food security, economic growth and social and economic stability. It is therefore in this respect that the Secretariat continues to strengthen its efforts in facilitating and monitoring the implementation of the RISDP, Dar-es-Salaam Declaration, and Action Plan on Agriculture and Food Security by Member States.

#### 3.5.2 Cereal Production

The SADC Secretariat has made an observation that for the past 10 years there has been an increasing trend in the production of cereals in the Region. Total cereal availability for the year was estimated at 39.38 million tonnes, made up of 34.64 million tonnes of production and 4.73 million tonnes of carryover stocks, while total demand was estimated at 38.64 million tonnes, leading to an overall cereal surplus of 730,000 metric tonnes. However, the increased food availability is due to the increase in production of maize. Production of the other cereals such as wheat, rice and sorghum/millet has remained stagnant posing a threat to the region as the world price of these cereals is expected to increase this year.

When we carried out Individual country analysis of the food security situation during the 2010/11 reporting period, the indication has been that that Malawi (1.12 million tonnes), South Africa (1.63 million tonnes), Tanzania (0.21 million tonnes) and Zambia (1.17 million tonnes) had overall cereal surpluses while the rest of the member States had deficits ranging from 0.73 million tonnes in Swaziland to 0.97 million tonnes in Angola. It is therefore my plea that Member States with surpluses give priority sales to members of the Region.

### **3.5.3 Implementation of the Dar-es-Salaam Declaration and RISDP**

#### **3.5.3.1 Agricultural Inputs Supply**

As I indicated last year, availability and access to inputs continue to be the main challenge to agricultural production in most Member States. In answering this call, the Secretariat has advanced its efforts to facilitate increased availability and accessibility of inputs.

During the year under review, the main focus has been on developing a harmonised system of labelling fertiliser in the region. The system is expected to facilitate trade in fertiliser among Member States. In addition, the Secretariat is facilitating the establishment of a SADC Seed Centre which will implement the Harmonized Seed Regulatory System which is already in place.

#### **3.5.3.2 Livestock and Crop Disease Control**

Livestock production has increased significantly in the region over the years despite its importance. Production of meat has increased by about 13% from 4.62 million tonnes in 2006 to 5.23 million tonnes in 2010. Milk and eggs production have also increased by 13% and 19% respectively from 4.40 million tonnes to 0.54 million tonnes and 4.98 million and 0.64 million tonnes respectively over the same period. However, the region still remains a net importer of these products.

The increase has mainly been brought about by pests and diseases, in particular, Tick Borne, Trypanosomosis, Foot and Mouth Diseases, Contagious Bovine Pleuroneumonia and Newcastle which are commonly found in the Region.

In order to address this, the year under review focussed on rehabilitation of veterinary services in the five Member States; improved capacity for diagnosis and surveillance of TADs; harmonisation of animal disease surveillance systems and establishing SADC Regional transboundary animal diseases (TADs) surveillance networks. The networks are meant to facilitate easy sharing of TADs information in the region. Moreover, plans are under way to establish the Southern African Commission for the Control of TADs (SACCT). The draft proposal for setting up the Commission is under consideration by the Member States. Capacity building in the area of disease surveillance has also been an area of focus.

In the area of crop protection, the Secretariat has facilitated development of guidelines for the registration of crop protection products. It is expected that trade as well as the use of these products will increase as a result.

#### **3.5.3.3 Agricultural Research, Technology Development and Dissemination**

During the review period, considerable progress has been made towards establishment of the Centre for Coordination of Agricultural Research and Development for Southern Africa (CCARDESA). The Charter which was approved in November 2010 has now come into force having been signed by eleven Member States. CCARDESA was launched by Ministers of Agriculture and Food Security at their Ministerial Meeting held on 14 July 2011. Board Members were also appointed in this meeting. The Secretariat has also initiated a process that would facilitate the establishment of an effective framework on safe handling and trans-boundary movement of GMOs by 2012.

#### **3.5.3.4 Joint Management of Transboundary Natural Resources**

With regard to the joint management of transboundary natural resources, the Secretariat continues to focus on Fisheries, Forestry, Wildlife and Trans-frontier Conservation Areas. The focus has been to ensure that these resources are sustainably managed and they benefit present and future local generations, as well as contribute to global well-being. The implementation strategies for Fisheries and Forestry Protocols have been approved by Ministers responsible for these sectors.

In the area of Fisheries, two programmes aimed at enhancing regional food security and economic growth in the region have been developed. The programmes center on strengthening co-management of shared fisheries in the Zambezi Basin and on Aquaculture. These programmes were approved by Ministers in 2010.

In response to the urgent need to implement the SADC Protocol on Forestry, the Secretariat facilitated the finalisation of programmes in the areas of Reducing Emissions from Deforestation and Forest Degradation (REDD) and on Fire Management and Cross-border cooperation. The REDD programme is a mitigation measure for climate change as well as a mechanism for accessing resources for climate adaptation and development. The Fire Management Programme, on the other hand, is aimed at sustainable management of SADC forest ecosystems. The Programmes have been approved by Ministers and we are currently mobilizing resources.

In the area of Wildlife, the Secretariat, following the approval of the Implementation Strategy for the Protocol on Wildlife Conservation and Law Enforcement, initiated the operationalisation of the strategy.



### 3.5.3.5 Disaster Preparedness

Various disasters that adversely affect food security in the Region continue to occur. Such disasters include droughts, floods, cyclones, wild fires, pests, and diseases.

As a way of reducing or averting these disasters, the Secretariat engaged in a number of interventions including regular publication of food security updates, information on food crop yields and food supplies requirements, and provision of support to national early warning units through training and backstopping missions.

The Secretariat has continued to strengthen national and regional vulnerability analysis systems aimed at informing policy formulation, development programmes and emergency interventions that lead to a reduction in vulnerability in the SADC region. This initiative disseminates information on regional food security and vulnerability through the web, publications, and also through the Annual Food Security

and Vulnerability Assessment Dissemination Meetings.

The Secretariat facilitated the conducting of vulnerability assessments in 9 Member States and findings were disseminated to national governments and presented to senior policy makers at SADC Regional Vulnerability Assessment and Analysis (RVAA) Dissemination forum.

### 3.5.3.6 Environment and Sustainable Development

In the areas of environment and sustainable development, the Secretariat focused its efforts on the following:

- I. Facilitated the finalization of Protocol on Environment.
- II. Facilitated the development of Climate Change Strategy that outlines the response mechanisms to current and future climatic challenges.
- III. Initiated the development of a manual that is intended to facilitate mainstreaming of environment issues into socio economic development activities across the region.
- IV. Facilitated the development of Common Position on Climate Change in the Region. A Regional position paper was developed for the 16th Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC) and the Convention on Biological Diversity (UNCBD). These enabled Member States to speak with one voice during the COP negotiations.
- V. Mobilized resources for the development of a Climate Change Programme and Regional Climate Change Strategy. Additional resources have been realised for training in climate change negotiations and climate change positioning as well as for activities at the 17th COP of the UNFCCC).

### 3.5.3.7 Regional Agricultural Policy

As I reported last year, the Regional Agricultural Policy (RAP) is expected to be a binding legal instrument for the implementation of the region's food, agriculture, natural resources and environmental strategies in the region. The RAP intends to deal with challenges facing the region's agriculture value chain from the supply side (*production, productivity and competitiveness*), through to *trade and markets* of agricultural products on the demand side. The effective achievement of this approach is however dependent on the level of *financing and investment* attributed to agriculture. Conceptually, therefore, the RAP is framed around three inter-related and mutually re-enforcing core pillars, namely, RAP Pillar I, Production, Productivity and Competitiveness; RAP Pillar II, Trade and Markets; and RAP Pillar III, Financing and Investments.

This year, the Secretariat focused on the second phase towards the development of the RAP Policy Statement. This phase mainly concentrated on undertaking pre-feasibility assessment studies aimed at; strengthening the rationale of some policy issues identified in the scoping phase, identifying potential gaps (i.e., critical policy issues that would have been missed in the scoping phase), identifying possible intervention forms and strictly prioritizing the proposed interventions by taking into consideration existing formal commitments made by SADC (e.g., Protocols). The studies are on-going and once they have been completed consultative processes will commence. The purpose would be to consider the results of the studies and the proposed draft policy statement.

It is expected that the draft policy statement of the RAP will be ready for consideration by the Ministers responsible for Agriculture and Food security by December 2011.

## 3.6 Social and Human Development Programmes of Regional Dimension

### 3.6.1 Overview

In the area of social and human development, the Secretariat continued to facilitate the implementation of initiatives guided by the RISDP, relevant Protocols and Declarations as well as the 2010/11 Business Plan of the Secretariat. Major developments and trends in the Directorate's focus areas included the following:

### 3.6.2 Education and Skills Development

Progress has been made in the harmonization of policies and implementation of common measures for increased access to quality education and for improving skills development approaches. These were undertaken within the context of key regional, continental and global commitments, in particular the Protocol on Education and Training, the African Union Second Decade Plan of Action, Education for All and the MDG's. In line with the RISDP, priorities for the education and skills development sector focused on policy development and harmonization, capacity building, monitoring and evaluation and mainstreaming of gender and HIV and AIDS.

Regional frameworks that have been developed in the year under review include the Draft Strategic Framework for Technical and Vocational Education and Training (TVET) aimed at strengthening systems that produce relevant and required skills for the labour market and address unemployment especially among the youth. A draft Regional Open and Distance Learning (ODL) Policy Framework and Guidelines for mainstreaming gender in ODL have also been developed. To this end, four Member States were supported in the development of national ODL policies. Furthermore, research on cost barriers to quality higher education is currently underway to address impediments to student mobility in the Region.

The Secretariat has developed mechanisms and tools for monitoring progress in the implementation of regional, continental and global commitments. These include the Regional ODL Monitoring Framework and national reporting templates, indicators for monitoring the education sector's response to HIV and AIDS, and assessment framework for monitoring the implementation of the SADC Education Management Information Systems (EMIS) Norms and Standards.

With respect to capacity building and strengthening of institutional capacities, the ODL Centres of Specializations in Secondary Education and Teacher Education based in Malawi and United Republic of Tanzania respectively, were equipped and provided with additional capacity in the form of Technical Advisors. Two regional institutions were selected to offer long-term training in ODL studies, starting in the later part of 2011. In addition, about 70 ODL practitioners were able to participate in study tours in the region to attend regional and continental ODL conferences and to facilitate benchmarking.

Despite the above mentioned progress, the Region continues to face a number of challenges in the implementation of its commitments. These include low knowledge levels of learners in primary school on HIV and AIDS issues, barriers to access to education especially in higher education and TVET, inability to reach consensus on hosting of Pan African University Institute on Space Science.

### 3.6.3 Employment and Labour

The Region continued to place emphasis on adopting common policy approaches towards improving the conditions of employment and labour for poverty reduction and for enhancing social justice.

Relevant tools and policy instruments were developed to enable Member States to monitor and evaluate progress in the implementation of policies and programmes. The main purpose of these instruments is to facilitate collection and analysis of data regarding the implementation of the provisions of the SADC

Policy instruments in the following priority areas:

- I. Social Security,
- II. Child Labour,
- III. Occupational Safety and Health and
- IV. HIV and AIDS and employment.

Three policy/legal documents to facilitate productivity improvement in the Region have been developed. These are:

- I. the Charter establishing the SADC Productivity Organisation (RPO),
- II. Memorandum of Understanding between SADC RPO and SADC Secretariat, and
- III. a Host agreement for the RPO. In this context, the issue of productivity is being approached through the principle of subsidiarity.

Steady progress is being made towards the establishment of labour market information systems in the region. A draft document presenting a Prototype Labour Market Information System has been completed and is under consideration. Implementation structures in the sector have been enhanced through the establishment and operationalisation of Tripartite Technical Sub-committees on Social Protection, and Employment and Labour. These committees which involve workers, employers and government representatives, are now fully operational and spearheading implementation of employment and labour sector programmes in the Region.

### **3.6.4 Health and Pharmaceuticals**

With regard to health and pharmaceuticals in Region, significant progress has been made in the area of policy development and harmonization, particularly in disease control, reproductive health, information, education and communication and health systems development. The Region has also developed mechanisms for monitoring progress in the implementation of the SADC Protocol on Health in line with regional, continental and global tools to demonstrate the sharing of Best Practices among Member States. These include the development of Regional Strategic Frameworks, with core indicators and analytical annual reports, for Disease Control targeting both communicable and non-communicable diseases.

In the area of Communicable Diseases, Tuberculosis (TB) particularly the Multi-Drug Resistant and Extensively Drug Resistant TB and HIV/TB, co-infection has become a major cause of morbidity and mortality. The drug resistance TB is fuelled by many factors that include high default rate among migrants, limited capacity to diagnose and general failure to adhere to international standards for management of TB patients. Malaria on the other hand, has been under control and this is attributed to a number of Regional initiatives such as the trans-Zambezi Cross Border Initiative and the Lubombo Malaria control programme involving Mozambique, Swaziland and South Africa, which successfully managed to reduce and sustain cases by 70 per cent.

To address non-communicable diseases which are increasingly causing premature deaths, the region has agreed to commemorate SADC Healthy Lifestyles Day during the last week of February every year. Despite progress made, the region still faces many challenges which could be met successfully through appropriate regional frameworks and minimum standards in the following areas: mainstreaming gender in regional public health policies and programmes; supporting migrant population in the region to access health services; facilitating the mobility and prudent use of scarce health professionals; pooled procurement and production of essential medicines and supplies; combating the trading of counterfeit and sub-standard medicines; enforcing compliance to agreed protocols and minimum standards; and coordinating regional responses for health emergencies and emerging and re-emerging epidemics. In its current plan addressing Public Health, the SADC Secretariat in collaboration with relevant stakeholder is developing Strategic Frameworks and Plans addressing areas of Food and Nutrition; Non-Communicable

Diseases; African Traditional Medicine; Pooled Procurement of Essential Medicines; and Regional Production of Generic Medicines.

### **3.6.5 HIV and AIDS**

In line with the Maseru Declaration on combating HIV and AIDS, the Secretariat continued to facilitate the harmonisation of policies and approaches relating to HIV and AIDS. To this end, a Regional Framework for the Prevention and Control of Sexually Transmitted Infections (STIs) was developed and approved by the Ministers of Health and Ministers responsible of HIV and AIDS in Lubumbashi, Democratic Republic of Congo, in November 2010. The Framework will, among others, facilitate the reintegration of STI management with HIV and AIDS control.

With regard to capacity building and mainstreaming of HIV and AIDS, a review of the education sector response to HIV was carried out and the report was disseminated in all Member States. The report identified priority areas for regional intervention to strengthen the education sector's response. This was a collaborative effort between the Secretariat, UNESCO, UNICEF and MIET Africa.

In terms of tracking progress on agreed commitments on HIV and AIDS, the Epidemic Update Report of 2010 reveals that there is continued improvement in making antiretroviral drugs accessible to people with AIDS to keep them alive and productive. Due to the fact that HIV infection rates remain very high particularly among young people aged 15-24 years, additional efforts were made to accelerate the delivery of HIV and AIDS, TB and Malaria treatment, care and support services among children and young people in the Region. However, more needs to be done as most Member States remain far from attaining the MDG targets pertaining to HIV and AIDS.

As for resource mobilization, the main focus was to follow-up on the implementation of the SADC HIV Regional Fund as well as the SADC HIV Cross-Border Initiative supported by the Global Fund. A sum of US\$15 million has been received from the Global Fund to implement Phase 1 of the Initiative. These efforts are complementing those supported by Member States at national level, and ICPs to provide prevention and treatment services along regional migration routes and across national borders.

Notwithstanding the above positive developments, the region remains overly reliant on external funding from development partners, which is significantly reducing as a result of the global economic and financial crisis. In order to address some of these challenges, the Secretariat has put in place mechanisms to support Member States in scaling up the empowerment and participation of children and youth as agents of change in the HIV prevention.

### **3.6.6 Special Programme: Orphans, Vulnerable Children and Youth (OVCY)**

Special focus has been directed to address the needs of orphans, other vulnerable children and youth in the region. Following the Council directive of August 2010, a joint meeting of SADC Ministers was convened for the first time in Windhoek, Namibia from 1-3 June 2011. The Ministers discussed and developed a clear road map for addressing child and youth vulnerability in the region. The road map prioritises the establishment and strengthening of structures for empowering children and youth, it promotes voluntarism and emphasises the imparting of leadership capabilities as well as the creation of employment and entrepreneurial opportunities to improve on their lives.

Key regional guidelines were developed, which seek to harmonise a minimum package of basic services for OVCY across the region, to ensure that they can survive and grow up to become responsible and productive citizens. The guidelines which place emphasis on the coordination of efforts between sectors, the establishment of referral systems and collaboration to ensure that comprehensive services are holistically delivered, are of particular importance to the functions of government and service delivery systems in Member States.

During the review period, the Secretariat worked closely with the African Union Commission (AUC) and the Pan African Youth Union (PAYU) to prepare recommendations that were considered by Heads of States and Government during the July 2010 African Union Summit whose theme was “Youth Empowerment and Sustainable Development”.

## **3.7 Cross – Cutting Programmes**

### **3.7.1 Gender and Development**

In the period under review progress was made in the area of Gender and Development as follows:

#### **3.7.1.1 SADC Protocol on Gender and Development**

The Protocol was adopted and signed by 13 of 15 SADC Heads of State and Government on the 19th of August, 2008. To date, eight Member States, namely, Angola, DRC, Lesotho, Mozambique, Namibia, Seychelles, United Republic of Tanzania and Zimbabwe have ratified the protocol and deposited their instruments of ratification. Ratification processes are underway in the remaining Member States that have already signed.

#### **3.7.1.2 Gender Mainstreaming**

The Gender Unit continues to undertake several initiatives including capacity building, awareness raising, and materials development to enhance gender mainstreaming efforts necessary for regional integration.

A Training of Trainers Regional Workshop was held in December 2010 with a total of 45 participants from 14 SADC Member States. The participants were drawn from Government Ministries of Gender/Women, other line ministries, as well as individual gender training experts and civil society gender activists. The training aimed at rolling out the usage of the Resource Kit to national level. In this way the training had a ‘multiplier effect’ in that there would be a pool of trainers, who in turn would undertake training at the national level. During the workshop, National Action Plans for rolling out the Gender Mainstreaming Programme were developed. and with funding mobilized from ICP’s, the identified activities in the National action Plans will be carried out. In order to ensure implementation of the identified activities in the action plans, the Secretariat is going to mobilize resources.

With the support from United Nations Economic Commission for Africa (UNECA), Trade Policy Centre (ATPC), the Secretariat has embarked upon a study to assess the gendered impacts of trade in SADC. The purpose of the study is to gain a better understanding of the status of women in the economy and trade related development processes, as well as their differential impacts on women and men. The study results will facilitate efforts to mainstreaming gender within economic, investment, finance and trade policies, laws and programs within SADC in a more informed and coordinated manner. Areas of assessment included: tariff phase down, rules of origin, trade liberalization, non tariff barriers, external trade policies, customs cooperation and trade facilitation, WTO Doha development agenda negotiations, SADC Economic Partnership Negotiations, mineral resources, macro economic convergence, taxation and related issues, financial and capital market development.

A validation workshop of the study results is scheduled for September 2011 and will be attended by all SADC Member States representatives from Ministries of Trade and Gender/Women’s Affairs, and experts from the Secretariat. In the area of gender, peace and security, a regional policy seminar was held in March 2011. The seminar attracted participation of all SADC Member States, representatives international organisations, civil society, and experts from the Secretariat in the areas of gender, peace, and security.

The aim of the workshop was to develop a regional strategy for dealing with sexual violence, particularly in conflict and post conflict zones and to develop a framework for mainstreaming gender in the peace

and security architecture. These important frameworks were developed within the context of the UN Resolution 1325 and Article (28) of the SADC Protocol on Gender & Development. The workshop also unpacked the status and magnitude of violence against women in conflict and post conflict zones in the region and deliberated on possible measures to deal with sexual violence in these areas.

### 3.7.1.3 Women in Political and Decision Making Positions

In January 2011 the Secretariat conducted a capacity building workshop for Members of Parliament (MPs) from different Member States. The workshop focused on enhancing leadership capacity of the MPs in the different decision making spaces and in particular leading gender equality and equity at the highest levels of decision making.

The MPs were taken on a journey of self-discovery and understanding, not only in their role as agents of change, but locating themselves in the gender equality discourse both as women and as key decision makers.

### 3.7.1.4 Women Economic Empowerment Programme

The 2010 SADC Women in Business Trade Fair and Investment Forum was held in August 2010. The Forum brought together a total of fifty 50 SADC women in business each of the 14 SADC Member States. During the Investment Forum, capacity building and information sharing sessions were facilitated by SADC Experts in the areas of: SADC FTA, Customs Union, Non-Tariff-Barriers, Trade- Regional Measures for their Elimination; Rules of Origin and how they impact on cross Border Trade and Customs Documentation and Clearance Procedures. In addition, in a skills building session, Women in Business were trained in the program called *How to Improve Your Exhibition Skills*, focusing on promotion of their business and on the four P's of marketing i.e. Product, Price, Place and Promotion. Women in Business made the necessary business contacts and connections necessary for expanding their markets.

The Trade Fair followed the Forum and became a success as participants were able to expose their products to regional and international markets as well as creating a forum for exchange of ideas, knowledge and experiences for business expansion and networking. An example of this success is the case where some participants were able to secure business deals involving substantial amounts of money to supply products to Namibia.

With regards to Informal Cross Border Traders (ICBT) of which the majority is women, a High Level Advocacy Policy Meeting was held in November 2010. The workshop was attended by representatives from 14 Member States with a total of 60 participants drawn from Government Ministries of Gender/ Women Affairs and Trade, Business Women's Associations, the private sector, and the development partners. The objectives of this Workshop were to:

- I. Disseminate the research findings, particularly the recommendations of the study by United Nations Development Fund for Women (UNIFEM) on Informal Cross Border Trade in Southern Africa to policy makers;
- II. Advocate and raise awareness on the importance of integrating Informal crossborder trade issues in national development programmes, policies, laws, budgets and protocols;
- III. Sensitize and solicit support from Government Ministries to enforce implementation of the recommendations emerging from the study at the national level; and IV. Develop a Regional Advocacy Strategy and Action Plan for ICBT's which include clear policy and legislative action areas at both national and regional levels necessary to create an enabling environment for ICBT.

All the above-mentioned objectives were met and one of the urgent recommendations made in the Advocacy Strategy was the formalization of Women in Business Associations at both the national and Regional levels. The Regional Women In Business Association was formalized in March 2011.



### 3.7.2 Statistics

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

#### 3.7.2.1 Strategic Partners

During the reference period, most of the key activities were undertaken and financed within the implementation frameworks of the Statistics component of the Capacity Building for Regional Integration (CBRI) funded by the European Union, the Statistical Capacity Building (SCB) II programs funded by the African Development Bank (AfDB), and the SADC Development Account Project with financial and technical support from the United Nations Statistics Division.

#### 3.7.2.2 Priority Areas

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

I. Harmonization of Statistics with particular focus on the following:

- (a) International Merchandise Trade Statistics;
- (b) Consumer Price Statistics; and
- (c) National Accounts.

II. Building and enhancement of statistical capacity to monitor progress towards achievement of the Millennium Development Goals (MDGs);

III. Development of Statistical Databases and Data dissemination mechanisms including the SADC Statistics Programme website and;

IV. Coordinating and promoting internationally recognized statistical classifications and standards including best statistical practices among the Member States.

### **3.7.2.3 Achievements and Activities Undertaken**

In line with the prioritized activities, the following constitute the major achievements and activities facilitated by the Secretariat in the area of Statistics:

- I. Draft Common statistical standards and draft service level agreements for International Merchandise Trade Statistics (IMTS) for SADC formulated and agreed on by Member States.
- II. Capacity of Customs and National Statistical Offices staff in Member States in Eurotrace computer applications for processing and analysis of International Merchandise Trade Statistics data further enhanced.
- III. Capacity at the Secretariat for processing and analysis of Trade data from the Member States enhanced by attending the advanced Eurotrace training course.
- IV. Technical guidance notes for the compilation of the Harmonised Consumer Price Indices (HCPI) for SADC/COMESA considered and adopted.
- V. Pilot Harmonised Consumer Price Indices (HCPI) for SADC countries for the months of September – December 2010 produced.
- VI. SADC Statistics Programme website developed to promote data management, and dissemination.
- VII. Selected regional indicators including Gross Domestic Product (GDP), Inflation, Annual growth rates, aggregate on exports and imports, Population, Exchange rates and country profiles for data series relating to period 2000 to 2009 compiled and validated.
- VIII. Draft road map for the development of the Regional Strategy for Development of Statistics (RSDS) produced.
- IX. Capacity relating to various subject matter statistics areas especially Prices, National Accounts, Foreign Trade statistics for Member States built and improved.
- X. Conduct of the annual SADC Statistics Committee meeting to provide strategic and policy guidance to the implementation of statistics projects in SADC.

### **3.7.3 Science, Technology, and Innovation**

Progress has been made on the ratification of the Protocol on Science Technology and Innovation by Member States. To date, three Member States, namely Botswana, Mauritius and Mozambique have ratified the Protocol. Mauritius and Mozambique have deposited the instrument of ratification with the Secretariat. Other Member States such as Malawi, Namibia, South Africa and Zimbabwe are at an advanced stage on the ratification process and are expected to deposit the instruments of ratification by the end of the year.

Mainstreaming of gender in science, technology and innovation in line with the Protocol is ongoing. The region is progressing in establishing an association for Women in Science, Engineering and Technology which should be instrumental in taking the agenda further. Meanwhile the region is coordinating the African Union Kwame Nkrumah regional scientific awards for women. This programme which has been running for the past two years, identifies and rewards best women scientists in the SADC region.

A project focusing on policy development and capacity building is being undertaken in collaboration with UNESCO. It will provide policy training for senior officials in October 2011.

# 4.0

## POLICY & PLANNING, BUDGETING & FINANCE, AND HUMAN RESOURCES & ADMINISTRATION

### 4.1 Policy, Planning, Monitoring and Evaluation

#### 4.1.1 Overview

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

In order to effectively capacitate the function, several officers were recruited through the CBRI Project. The officers commenced work from October 2010.

#### 4.1.2 Policy and Strategy Development, Planning, and Monitoring and Evaluation

The Policy and Strategy development, Planning, Monitoring and Evaluation functions combine up to form the backbone of the management system of the secretariat. These interrelated functions set the objectives, determine the best delivery methods and ensure feedback for re-adjustment and learning, so that the strategy development and planning are continuously improved.

During the reporting period, the Secretariat designed a comprehensive plan towards the enhancement of the Policy and Strategy Development, Planning, Monitoring and Evaluation. The comprehensive plan comprises the following key steps:

- I. Development of a Strategy, Planning, Monitoring and Evaluation (SPME) Framework
- II. Development of a Strategy review process;
- III. Development of SADC Integrated Planning and Budgeting System;
- IV. Review of Job Description of posts related to the Strategy, Planning and Monitoring, and Evaluation functions

The SPME framework will be linked with systems of other management functions, such as Budgeting, Resource Mobilisation, Human Resource Management and Risk Management.

#### 4.1.3 Corporate Business Plan and Budget Outlook Paper

The Secretariat has continued to develop annual business plans based on the Secretariat's three years corporate plan to guide the implementation of and management of its activities.

As part of the preparation of the 2012-2015 Budget Outlook Paper, the Management Team of the Secretariat started the process by setting the objectives and priorities for the period in order to improve our focus and scope. This objective setting workshop was held in May 2011.

#### 4.1.4 Risk Management

Risk management is a critical component for the effective management and decision making for SADC on the road to regional integration. It is for this reason that the Deputy Executive Secretary – Regional Integration commissioned a task team at the Secretariat to develop a framework for establishing the risk management system and undertaking the first SADC risk assessment process. I am confident that in its next meeting, Council will receive substantial progress in this area.

## 4.2 Budget and Finance

### 4.2.1 Operating Priorities for 2010/11

In the area of budget and finance management, the Secretariat has continued to achieve the objective of facilitating sound and transparent budget and finance management as measured by adherence to principles of economy, efficiency and effectiveness. To achieve this objective, the Secretariat established the following operating priorities for 2010/11 by undertaking the indicated activities and strategies.

#### **I. Compliance with financial regulations, procedures and implementation guidelines in the area of budget.**

Activities that delivered on this priority included:

- (a) Facilitating up-grading of existing rules and procedures;
- (b) Management and technical advisories on budget and finance management and control;
- (c) Providing financial reporting and information, including retrieval services; and
- (d) Processing budget management and financial transactions.

#### **II. Service beneficiary satisfaction**

Activities included:

- (a) Client management and communications: major developments include the development of service level agreement;
- (b) Client training, coaching and mentoring: series of workshops were held in the year on budget execution rules and procedures.

#### **III. Continuous development of human resources' capacity to apply the principles of budget and finance management.**

Strategies included:

- (a) Clarity of individual roles and responsibilities; and
- (b) Strengthening individual competences to effectively and efficiently achieve the key results of the role: activity technical advisories are issued and these serve as a basis for coaching and mentoring; and
- (c) Training of service delivery processes and systems: series of workshops were held to train staff on the existing finance management, accounting and financial reporting software.

The key performance indicators that demonstrate continued excellence in budget and finance management include:

- (a) Clean external audit reports. During the reporting period, the Secretariat has facilitated over 50 individual external audits on projects funded by development partners in addition to the mandatory external audit conducted by the SADC Board of Auditors;
- (b) Rating of satisfactory and above on the processes and systems relating to budget and finance management, control, accounting and financial reporting by auditors;

(c) Adequate segregation of roles and responsibilities within Budget and Finance, with the Director focusing on providing direction control, Senior Officers on risk management and Officers on delivery of key outputs including delivery of products to service providers. This has enhanced the transparency and integrity of financial operations; and

(d) A number of high-performing individuals as reflected by the results of the performance appraisals.

#### 4.2.2 Overview of the Budgetary and Financial Situation

The activities undertaken in the context of the implementation of the corporate plan for 2010/11 were funded by the budgetary appropriation approved by the SADC Council of Ministers through a resolution made at its meeting held in February, 2010 in Kinshasa, the Democratic of the Congo. In this resolution, the SADC Council of Ministers approved an appropriation of US\$77.8 million to be funded by Member States and Development partners at US\$31.4 and US\$46.4 million, respectively.

At the end of the year 2010/11, the actual realized contribution came to US\$59.0 million (i.e a shortfall of 24% on the total budget) vis-à-vis the actual realized in 2009/10 of US\$58.6million. The short-fall is analysed below in Table 2.

US\$29.6 million of the actual realized contribution in 2010/11 was provided by Member States (actual for 2009/10: US\$30.5 million), i.e. representing a reduction of 3%. The reduction was achieved in accordance with austerity measures in place aimed at reducing the overall cost of activities, paid for by Member States.

Included in the Member States' contributions:

- I. are contributions made in these years towards specific projects funded by Member States, such as Hashim Mbita and HIV and AIDS. This amounted to US\$511,843 in 2010/11 (actual for 2009/10: US\$4.9 million). Contributions towards special projects are recognised on an accrual basis in accordance with the International Accounting/Reporting Standards. This accounting requirement results in normal accounting differences between actual amounts paid by Member States and amounts recognised as income relating to Hashim Mbita and HIV and AIDS;
- II. is US\$1.8 million withdrawn in 2010/11 from the previous year's surplus fund (actual withdrawn from the surplus fund in 2009/10 was US\$360,824). These drawings paid for extra-budgetary requirements relating to activities of the organ for peace and security cooperation; and
- III. other income of US\$1.3 million was realized in 2010/11 largely from the sales of assets at the time of relocating to the new SADC Headquarters. In 2009/10, the Secretariat realised US\$216,802 in other income from interest and sales of assets.

US\$29.4 million was contributed by development partners in 2010/11 (actual contributed by development partners in 2009/10: US\$28.1 million), i.e. representing a 5% increase.

The Secretariat's capacity is to some extent assessed by its absorption of the approved budgetary appropriation. This has continued to improve, with clear differences between actions funded by Member States and development partners. These differences can be analysed in Table 1 as follows:

**Table 1: Rate of absorbing the budgetary appropriations (US\$ 000)**

Source of Funding	2010/11			2009/10		
	Budget	Actual	Rate of absorbing the budget	Actual	Budget	Rate of absorbing the budget
Overall situation	77,778	58,998	-24%	63,790	58,560	-8%
<b>Analysis</b>						
Member States	31,344	29,608	-6%	27,552	30,489	11%
Development partners	46,434	29,390	-37%	36,238	28,071	-23%

Source: SADC Secretariat, Budget and Finance

The capacity relating to the absorption of the approved budgetary appropriation can be explained by examining each source of finance as follows:

### I. Activities funded by Member States

In 2010/11, the non-utilised budgetary appropriations at the rate of 6% relates to the late commencement of the implementation of the projects in the area of HIV and AIDS. As in 2009/10, the high-rate of budget utilisation can be attributed to the:

- (a) positive impact of financial budgetary controls allowing operational stakeholders to spend strictly within the approved budget;
- (b) accuracy of budgeting on activities funded by Member States, which matched implementation capabilities with the level of funding; and also
- (c) to the fact that funding from Member States largely pays for expenditure on contracted (e.g. personnel emoluments) discretionary activities; statutory actions (e.g. SADC Policy Meetings); and discretionary corporate services that are fairly fixed in the short-term;

The limited un-utilised contribution from Member States in 2010/11 relate to discretionary expenditure on programme services. Late disbursements on these occur due to late and or adjustments in the implementation plan of programme services, e.g. technical studies and consultancies delayed on account of need to secure policy direction first.

In this regard, such un-utilised contribution from Member States should be seen as nonimplementation of the planned actions in a financial year.

### II. Activities funded by Development Partners

- (i) Use of a project mode as an aid delivery instrument on actions funded by development partners has resulted in running an additional planning, programming and budget system (for actions funded by development partners). Plans and Budgets signed with development partners are reformulated in the context of the SADC Secretariat corporate plan and budgetary appropriations. These are approved by the SADC Council of Ministers;
- (ii) At budget execution, two processes are also followed, starting with the normal processes of the SADC Secretariat and then intervention of the development partner at each stage of budget execution. This additional requirement continues to impose delays in the budget execution rate;
- (iii) Notwithstanding the above, it is in the interest of SADC to be generous in programming and

budgeting on actions funded by Development Partners due to the operation of clauses indicating commitment deadlines for programming and budgeting. Without adopting this approach, significant resources will be returned to the development partners as these may not be committed by the deadline dates of such clauses. In circumstances affected by this clause, it is not uncommon to have projects' financial yearend different from SADC Secretariat financial year-end date;

(iv) The non-satisfactory utilisation of funds provided by development partners is attributed to this lengthy process and having two systems dealing with planning, programming and budgeting on actions funded by development partners; and

(v) The Secretariat is addressing this situation which limits the effectiveness of the planning, programming and budgeting process on actions funded by development partners. Contributions/ Budget Support Agreements are seen as addressing this limitation.

The extent of achieving the results and outputs planned for 2010/11 and explanations is presented in the subsequent paragraphs. In this section, it may suffice to show the overall classification of expenditure amongst the different programmes and corporate services of the SADC Secretariat. This classification is shown on Table 2 below:

**Table 2: Expenditure (funded by Member States and Development Partners) on programmes and corporate services in 2010/11 (US\$000)**

Classification of Expenditure	Source	2010/11	Summary Explanations [Actual vis-à-vis Budget]	2010/11	Proportion	2009/10	Proportion
		Budget		Actual		Actual	
Discretionary programmes services	Member States	(11,259)	Late commencement on the implementation of projects funded by special contributions [HIV and AIDS] & nonavailability of cash [due to nonpayment of Madagascar]	(6,396)	11%	(7,156)	12%
Discretionary programmes services	Development partners	(45,927)	Non - implementation of planned activities	(29,390)	50%	(28,071)	48%
Total - Programme (Variable Expenditure )Services		(57,186)	(35,786)	61%	(35,227)	(35,227)	61%
Contracted discretionary services [personnel emoluments]	Member States	(13,898)	Filling-up positions earlier than planned	(14,445)	25%	(14,548)	25%
Contracted discretionary	Member States	(6,694)	SADC Headquarters	(8,521)	15%	(8,139)	14%

Classification of Expenditure	Source	2010/11	Summary Explanations [Actual vis-à-vis Budget]	2010/11	Proportion	2009/10	Proportion
		Budget		Actual		Actual	
services [corporate and general administrative services]							
Total - Fixed Expenditure [within the current scope of activities]		(20,592)		(22,966)	39%	(22,687)	39%
Total - Expenditure on Activities		(77,778)		(58,752)	100%	(57,914)	100%
Total - Funding		77,778		58,998		58,560	
Non-remittance by Madagascar		0		(2,937)		0	
(Deficit)/Surplus for the year		0		(2,691)			646

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

### 4.3 Human Resources and Administration

In the area of Human Resources, a special report on the implementation of the Job Evaluation Exercise as approved by Council in 2008 will be presented to this Council. This report examines: the objectives of Job Evaluation; the status of implementation of the outcome of the Job Evaluation including implementation guiding principles; extend of implementation; challenges faced in the process; skills gap; remuneration issues; institutional continuity, operationalisation of the performance management system; and change management.

With regards to recruitment, the Secretariat {} has continued to conduct regional and local recruitment {}. {}Out of the 56 vacant positions in 2009, 85 per cent has been filled and the remaining 15 per cent will be recruited within the financial year 2012/2013.

In the area of procurement, the policy has been developed and as you will recall, you approved it in the February 2011 Meeting held in Windhoek, Namibia. Subsequent to this approval, the guidelines were developed with the participation of experts from the Member States. The guidelines have been presented separately for your consideration and approval. A set of SADC Standard Bidding Documents have also been produced and are presently being finalised to conform to the Policy.

A Travel Management Policy has been developed and it is being finalised with a view to introduce austerity measures at the Secretariat in light of budgetary constraints. It is my pleasure to report that following the completion of the new SADC Headquarters, mainstream employees were moved from satellite offices and relocated to the new building. The Headquarters were officially opened at a function attended by Heads of State and Government.

## 4.4 Public Relations

Efforts to promote the image of SADC and its activities as well as increasing its visibility have continued during the year under review.

### 4.4.1 Corporate Promotions and Branding

The Secretariat continued to ensure promotion of the SADC corporate image through the production of corporate branding items and other promotional publicity material such as the Summit Brochure, Inside SADC newsletter, diaries, posters, banners, flags, and corporate souvenirs amongst others.

Several documents including legal instruments such as the amended SADC Treaty were produced in all SADC working languages and distributed to all Member States as well as posted on the SADC website.



### 4.4.2 Public Affairs

In this area, at least 20 presentations as a means of social marketing activities on the SADC mandate have been made to students, researchers, visitors to SADC Headquarters to the general public, public institutions and private sector organisations.

Similarly, SADC publicity materials to the public continue to be distributed, thus, protocols, SADC agreements, reports, posters, information flyers etc. The upgrading of the SADC website contents has commenced with some of the contents already sent for translation into Portuguese. Negotiations for an agreement to translate the same into French are ongoing.

### 4.4.3 Photography Services

Photographic records of SADC events are archived and used for publicity purposes when need arises. One such an historic and highly appreciated photograph is the group photograph of the Secretariat staff with the SADC Chairperson, H.E. Hifikepunye Pohamba, President of the Republic of Namibia taken

during his visit to the Headquarters in April 2011.

#### **4.4.4 Media Awards and Essay Competition**

SADC Media Awards and SADC Water Media Awards Were conducted and prizes awarded to five winners each from Mozambique, Seychelles, South Africa, and Zambia. On the SADC Secondary Essay Competition, 30 entries were received from 10 Member States and was won by three entrants, from Malawi, Angola and Tanzania respectively. All the winners received their prizes during the 30th Jubilee Summit in Windhoek, Namibia 2010.

With regards to the review of the media awards and essay competition, consultations have commenced and it is anticipated that a proposal will be made to the Ministers responsible for education and those responsible for media during their biennale sectoral meeting in 2012.

#### **4.4.5 Library Services**

The library at the Secretariat continues to avail information to a wide range of users as well as integrating documents from relevant sources into its main collection.

Visitors have also been hosted and presentations made on the functions of the library. Of prominence were visits by H.E. Lt.Gen. Seretse Khama Ian Khama, President of the Republic of Botswana, H.M. King Carl XVI Gustaf of Sweden and SADC Chairperson, H.E. Hifikepunye Pohamba, President of the Republic of Namibia.

## 5.0

# INSTITUTIONAL REFORMS AND CAPACITY BUILDING

### 5.1 Alignment to International Standards

In its ongoing pursuit for excellence, the Secretariat initiated an institutional reforms programme with the view of improving the effectiveness of aid provided by the Region's International Cooperating Partners as well as to assure Member States that their resources are managed in accordance with internationally acceptable standards. As I mentioned in last year's report, institutional reforms are being undertaken by the Secretariat in its core functional areas in order to comply to the EU Joint Management criteria which are categorized under 4 pillars namely: Accounting Standards, External Audit Standards, Internal Control, and Procurement.

As you will recall, the Secretariat has already gone through two Institutional Assessments (IA) by the EU in 2007, and 2009. The third IA was conducted in May 2011.

The first IA conducted in 2007 found that the Secretariat was not compliant with any of the 4 pillars. The second IA conducted in 2009 assessed that the Secretariat was compliant to only one pillar, that is Accounting Standards.

Subsequent to the second IA, the Secretariat up scaled its efforts in the implementation of the Institutional Reforms Programme. The SADC Institutional Reform Coordinating Committee (SIRCC) comprising of Secretariat senior staff and representatives of the EU and GIZ was established to coordinate actions at the level of Directorates and Units. An Institutional Reforms Road Map defining the measures that needed to be undertaken to address the findings of the IA was developed. Technical working groups were established to develop appropriate systems and procedures underpinning the reforms.

The first phase of the third IA was conducted in May this year and the preliminary report assessed that Secretariat is now compliant with 3 Pillars: Accounting Standards, External Audit Standards, Internal Control Standards – Part I (Internal Control Framework). Internal Control Part II which is Internal Audit has been flagged as an area that needs improvement. With regards to Procurement Pillar, the IA report has indicated that the Policy and Procedures are effective. However, in order to fully comply there is need to operationalise the Policy and the Procedures.

The second phase of the 2011 IA is scheduled for November this year and the Secretariat is confident that in view of the foregoing results, it will comply in all the 4 Pillars by then.

Let me indicate that once the Secretariat complies with all the Pillars, SADC and EU will be in a position to sign the first Contribution Agreement by December 2011 and be able to commit all the funds allocated in the 10th EDF Regional Indicative Programme, in support of SADC's Regional Integration Agenda.

### 5.2 Capacity Building for Regional Integration

On capacity building, 12 officers have been recruited to support and strengthen the policy, planning, monitoring and evaluation, statistics and resource mobilization functions in the technical Directorates of the Secretariat. In addition, 9 staff members have been recruited to support the improvement of service delivery in Human Resources and the Budget and Finance Directorates in the areas of accounting and audit of EDF resources. The recruitment of officers was done under the CBRI Project.

A Mid-Term Evaluation of CBRI was undertaken from March – May 2011. The main conclusions drawn

were that the CBRI has a considerably reduced implementation time-frame which adversely affected project impact and sustainability. {}This delay has therefore resulted in activities being delivered in an accelerated manner which means reduced scope for capacity building and minimal sustainability.

Arising from the fact that the Secretariat is still in the pre Institutional Assessment Compliance phase, the Evaluation observed that most of the efforts carried through the project are primarily focused on implementing the recommendations of the previous assessments in order to achieve full compliance by December 2011.

Overall, the Evaluation concluded that CBRI can not address all of its requirements by December 2012 which is the date for the end of the project. Consequently, reprioritisation is required to ensure greater impact and sustainability improvements in key result areas. The Secretariat has therefore embarked on the reprioritisation exercise.

Aggressive efforts to consolidate the SADC capacity building issues were marked by a SADC - EU Regional Strategy Meeting that was held in November 2010 in Gaborone. In this meeting, the representatives of SADC Member States, the EU Ambassadors in the SADC region and other ICPs such as GIZ shared and discussed amongst others, the Road Map of the institutional reforms at the Secretariat and the 10th EDF resources.

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# 6.0

## CONTINENTAL INTEGRATION

### 6.1 African Union

Following Summit decision of August 2010 SADC has intensified its efforts to coordinate positions particularly in regard to the way decisions are taken and implemented in order to make the African Union (AU) a more effective instrument for integration and development of the Continent.

SADC is currently in the process of coordinating the submission of candidates for the positions of Chairperson and Commissioners in the AU Commission on the basis of the principle adopted by the Organisation to present candidates of consensus following agreement on regional candidates.

The Secretariat has continued to participate in all AU mandatory activities to allow it to align the Organisation's agenda to the Minimum Integration Program (MIP) as approved by the AU policy organs.

### 6.2 New Partnership for Africa's Development (NEPAD)

2011 marks the 10th anniversary of the adoption of NEPAD as the flagship programme of the AU) for the socio-economic transformation of the continent, by African Heads of State and Government in Lusaka, Zambia in July 2001. In 2003, the Second AU Assembly agreed to integrate NEPAD into the structures and processes of the AU. The integration process was finalized with the Decision of the 14th AU Assembly of February 2010. In particular, the integration of NEPAD into the AU, led to the establishment of the NEPAD Planning and Coordinating Agency (NPCA) as the technical body of the AU with specific mandate, thereby re-energizing the implementation of the NEPAD Programme.

The transition from the NEPAD Secretariat to the NPCA has been progressing smoothly under the supervisory authority of the Heads of State and Government Orientation Committee (HSGOC) and the AU Commission Chairperson. The change management is giving opportunity space for the new NEPAD institutional entity to focus on delivering the AU-NEPAD vision and its implementation-focused mandate. Likewise, the Agency's Strategic Direction based on the AU Commission Strategic Plan 2009 – 2012 has been endorsed by the NEPAD HSGOC, while NPCA has formally adopted and now utilises AU rules, regulations and practices for the Human Resources, Finance and Administration systems.

NEPAD, through the HSGOC and the Steering Committee has continued to provide a crucial dialogue platform for resource mobilization with the G8 and OECD Group of developed Countries in order to expand and sustain global support for Africa's integration and development agenda. The AU Minimum Integration Program, the AUNEPAD African Action Plan, and their related sectoral action plans are the basis of NEPAD's dialogue with these and other development partners.

SADC has continued to play an active role in the revitalization of the NEPAD Programme. In this context, HE President Zuma of South Africa, is championing the Infrastructure development area, including resource mobilization, in an effort aimed at scaling up the development of infrastructure in the Continent.

SADC Secretariat has continued to participate in the steering Committee of the NEPAD Programme alongside with other African Regional Economic Communities.

SADC collaboration with NPCA is currently concentrated in the Areas of Agriculture and Food Security and Infrastructure Development. In the Area of Agriculture and Food Security the Comprehensive Africa Agricultural Development Programme (CAADP) initiative is the center of attention where a number of SADC member States have signed or are in the process of signing up CAADP Compacts. In the area of

Infrastructure Development SADC continues to work with other RECs in the framework of the NEPAD Infrastructure Project Preparation Fund.

SADC, through the Member States represented in the NEPAD Steering Committee and the Secretariat, has also continued to participate in the African Partnership Forum (APF), the G8/OECD-Africa policy dialogue on partnership and resources for Africa integration and development.

## 6.3 COMESA – EAC – SADC Tripartite

### 6.3.1 Overview

Pursuant to the broader objectives of the African Union to accelerate economic integration of the continent, Tripartite Partner States of COMESA, the EAC, and SADC, continue to collaborate on working towards a programme of harmonisation of trading arrangements amongst the three RECs, free movement of business persons and joint implementation of inter-regional infrastructure programmes.

The second COMESA, EAC and SADC Tripartite Summit of Heads of State and Government was held in Johannesburg, South Africa on 12 June 2011. The Summit launched negotiations for the establishment of a Free Trade Area between Members of COMESA, EAC and SADC. In launching the negotiations, the Heads of State and Government signed on to a Declaration, which amongst other issues:

- I. Committed the Tripartite Members to adopt a developmental integration approach built on three pillars of industrial development, infrastructure development and market integration;
- II. Directed that a programme of work be prepared on the industrial development pillar;
- III. Noted progress made, and encourage further work, on the programmes on the infrastructure pillar;
- IV. Noted that the negotiations for the Tripartite FTA shall be Regional Economic Community and/or Member and Partner State driven and shall be in two phases. The first phase will focus on core issues of Trade in Goods and the second phase will focus on Trade in Services and trade-related areas.
- V. Issues of movement of business persons would be negotiated under a separate track concurrently with Phase I.
- VI. Agreed on the principles for the negotiations; a Roadmap providing the timelines for key activities relating to the negotiations and their conclusion; and the implementation of the outcomes as well as the institutional framework for the negotiations.

Draft Rules of Procedure to guide the working procedures of all the organs of the Tripartite and the Tripartite Trade Negotiating Forum, are to be submitted for consideration by Tripartite Senior Officials before the end of 2011. A draft Vision and Strategy for the Tripartite, guided by the AU vision, as contained in the African Union Commission's (AUC) Strategic Plan for 2009-2012, was also considered by the Tripartite Council. The Tripartite Council noted that the draft Vision and Strategy needed to be further considered by Member/Partner States and thereafter comments submitted to the Tripartite Task Force for consolidation and finalisation of the draft Vision and Strategy for consideration by the Tripartite Committee of Senior Officials by the end of 2011.

### 6.3.2 Tripartite FTA

In pursuance of the Summit's decisions, the Tripartite Task Force comprising the Secretariats of the three RECs, commissioned a study to examine options on the establishment of a Tripartite FTA and to provide input into the draft FTA Agreement. Following from the study, the Tripartite Task Force prepared a Draft FTA Roadmap and a Draft Agreement establishing the Tripartite FTA, including annexes on tariff liberalisation, non-tariff barriers, rules of origin, customs co-operation and related matters, transit trade and transit facilities, trade remedies, competition policy and law, technical standards, sanitary and phytosanitary measures, movement of business persons, Intellectual Property Rights, trade development,

trade in services, and a dispute settlement mechanism.

These documents, upon circulation to Member States, formed the basis of Member States' national and regional consultation on the proposed FTA. A number of country missions in the SADC region to explain the contents of the draft Agreement and the benefits were undertaken by the Secretariat. Regional consultations were also undertaken at individual REC level and technical workshops organised at the Tripartite level.

### **6.3.3 Trade and Customs**

Parallel to the work on the proposed Tripartite FTA, the Tripartite Task Force has been implementing a work programme aimed at harmonising trade facilitation and customs procedures as well as a number of issues that complement the draft FTA Agreement. This work has included the following:

- I. Training workshops were conducted for Member States, focusing on creating awareness on the proposed Tripartite FTA Rules of Origin.
- II. The operational efficiency of key border posts on the North South Corridor is being improved through the adoption of coordinated approaches to border management which ensure that all border agencies work closely in a structured manner.
- III. Rationalisations of the COMESA and SADC customs bond guarantee schemes. In this regard, COMESA and SADC Secretariats have signed a Memorandum of Understanding for the joint development of a Tripartite Transit Information Management System.
- IV. Identification, removal and monitoring of non-tariff barriers. The Tripartite Task Force, together with the Member States, established a framework and a web based mechanism for identifying, monitoring and eliminating NTBs in a transparent and structured manner. This mechanism enables Governments, traders, organised business and service providers involved in trade facilitation to report NTBs as they encounter them.

### **6.3.4 Infrastructure Development**

#### **6.3.4.1 Joint Competition Authority on Air Transport Liberalisation**

The Joint Competition Authority (JCA) is in the process of being put into operation. The temporary Secretariat of the JCA is hosted by the SADC Secretariat. The JCA comprises seven members, two members each from East African Community (EAC), COMESA and SADC plus a chairperson on a rotational basis. The nomination of the members has been completed. The members of the JCA are: Malawi and Sudan, and Kenya as Chair, (representing COMESA); Burundi and Uganda (representing EAC); and South Africa and Zimbabwe (representing SADC). The implementation roadmap for JCA has been adopted by the Tripartite Task Force and it includes the development of the legal and institutional framework, organisational structure for the JCA Secretariat, sustainable mechanisms for funding the JCA and a Multilateral Air Services Agreement for the implementation of the Yamoussoukro Decision within the Tripartite framework.

#### **6.3.4.2 Implementation of a Single Seamless Upper Airspace**

SADC and EAC Upper Flight Information Region studies have been completed and the on-going COMESA study will address the issue of harmonisation of the three studies so as to arrive at a single project proposal for the implementation of a single seamless upper airspace. The COMESA study also covers countries which were not covered by SADC and EAC studies. EAC is undertaking a follow up study on the sustainability of the lower airspace without the revenues from the Upper Airspace and review of the safety oversight aspects of the unified airspace. In addition, COMESA signed a Grant Protocol Agreement with the AfDB for US\$8.6 million in February 2011 for funding the Tripartite Communication, Navigation, Surveillance/Air Traffic Management (CNS/ATM) system project. A roadmap for

implementation of the CNS/ATM system project has been adopted by the Tripartite Task Force.

#### **6.3.4.3 Joint Programme on ICT**

Considerable progress has been made in developing broadband ICT infrastructure for Africa. Within the Tripartite, the backbone ICT infrastructure is being developed based on the SRIL, COMTEL and EAC-BIN which are interconnecting the landlocked countries and linking them to the undersea cables. The implementation of undersea and terrestrial fiber cables has increased the availability, accessibility and capacity of ICT services in the region. In terms of cost of the ICT services, there has been a remarkable reduction of cost of both the data and voice services.

#### **6.3.4.4 Harmonisation of Infrastructure Master Plans**

COMESA and EAC have completed their Transport Master Plans. The EAC is also finalising a regional Transport Strategy and Road Sector Development Programme. COMESA has prepared its Transport and Communications Strategy / Priority Investment Programme (TCS/PIP) and this has been adopted by COMESA's Policy Organs in 2010. Work on the SADC Infrastructure Master Plan has resumed, using different contractors and financiers and it is expected that the process will be completed by end-2011. During the process of completing the SADC Infrastructure Master Plan, the process of preparing a comprehensive Tripartite Transport Infrastructure Master Plan will commence.

#### **6.3.4.5 Comprehensive Tripartite Trade and Transport Facilitation Programme**

The Tripartite has developed a Comprehensive Tripartite Trade and Transport Facilitation Programme (CTTTFP) comprising a series of initiatives from different RECs that are being rolled out as a pilot on the North South Corridor. The CTTTFP includes customs procedures, Integrated Border Management systems, regional customs bond, transit, simplification and harmonisation of cross-border procedures and regulatory requirements for commercial vehicles; regional 3rd party motor vehicle insurance scheme, vehicle overload control system, and harmonisation of vehicle dimensions and standards, road user charges, self-regulation- regional road transport management system and establishment of corridor management institutions.

#### **6.3.4.6 Energy and Power Interconnectors**

The Tripartite is fast-tracking the implementation of electric power interconnection projects including the Zambia-Tanzania-Kenya (ZTK) interconnector, which will link the Eastern Africa Power Pool (EAPP) and SAPP and will enhance power trade within the Tripartite. The sponsors of this project are committed to the Project and have reached agreement on the supply of power, the project structure and the establishment of a Project Implementation Unit.

The other interconnectors that are being fast-tracked by the Tripartite are the Ethiopia-Kenya, Eritrea-Sudan and Uganda-Sudan interconnectors. The World Bank, AfDB, European Investment Bank and Japan International Cooperation Agency (JICA) have expressed interest in supporting the Ethiopia-Kenya interconnector project but have stressed the need to complete the on-going environmental and social impact assessments and supplementary robustness study before financing of the project can be considered. Draft Project Information Memoranda (PIMs) for Eritrea/Sudan and Uganda/Sudan (South Sudan) power interconnection projects have been prepared by the AfDB and draft Inter-Government MoUs and draft Inter-Utility MoUs of the two projects have been prepared by the COMESA Secretariat.

#### **6.3.4.7 North South Corridor (NSC) Aid for Trade Programme (Durban and Dar es Salaam Corridors)**

The following have been notable achievements in the implementation of the NSC Aid for Trade Programme:

- I. The Tripartite Trust Account (TTA) has been established at DBSA with DBSA as a Fund Manager and the TTA Investment Committee has been established and is now operational. The fund has a total of GBP67 million (from DFID) and US\$1 million (from DBSA). Other donors to the TTA are being sought.
- II. Nine road infrastructure projects have been packaged and assessed by the Investment Committee and have been submitted to the Fund Manager for funding.
- III. Design of the Kazungula bridge and one-stop border post has been completed and preparations for implementation, including sourcing of funding, is on-going.
- IV. Tenders for the Detailed Design and Environmental and Social Impact Assessment of the Serenje-Nakonde road have been launched and will be funded through the 10th EDF.
- V. Preparatory studies on the development of navigational facilities on the Shire – Zambezi waterways under funding from AfDB are at an advanced stage.
- VI. A draft MoU on the establishment of corridor management institutions has been discussed by the North South Corridor states and should be ready for signature by the end of 2011. The corridor states have also adopted a draft action plan.
- VII. An assessment of what needs to be done on all regional trunk roads on the North South Corridor, in terms of works and finances required, to maintain them in good condition for the next 20 years has been done.
- VIII. Railways have been assessed and proposals for improvement prepared, including a strategic and business plan for TAZARA, which is in the process of being prepared.
- IX. Terms of Reference for a Tripartite Project Preparation and Implementation Unit (PPIU) have been prepared and the establishment of the PPIU is underway. The PPIU will be hosted by COMESA and will be responsible for preparation of Project Information Memoranda, liaising with project preparation facilities, monitoring project implementation, and implementing small projects on behalf of the Tripartite.

### **6.3.5 Legal and Institutional Framework for the Tripartite**

As a follow up to a decision by the 2008 Summit for the RECs to *consider and approve the Memorandum of Understanding on inter regional cooperation and integration*, the three Chairs of COMESA, EAC and SADC, signed the MoU in January 2011. The MoU addresses the following areas of Cooperation: Harmonisation of Trade and Investment Regimes; Harmonisation of Infrastructure Programmes; Cooperation in the Programme on Facilitation of Movement of Persons; Cooperation in Other Policies; Establishment of the Tripartite Coordination Mechanism and Meetings; Consultations and Exchange of Information and Expertise; Financial Responsibilities; Programming; Reciprocity; and Dispute Settlement.

In order to support this development, COMESA, EAC and SADC Secretariats have established a Tripartite Coordination Mechanism comprising their respective tripartite coordination units that, together, will act as the interim Secretariat for the Tripartite Task Force.

# 7.0

## DEVELOPMENT COOPERATION AND RESOURCE MOBILISATION

### 7.1 Overview

The Secretariat has continued to maintain a strong link with development partners and efforts to source funding in order to broaden implementation of regional programmes and projects have been intensified. Cooperation with these partners has been premised on the SADC strategic planning frameworks of RISDP and SIPO and in the context of the Windhoek Declaration (2006).

Amongst other organizations, considerable support has been received from international organizations such as the European Union, African Development Bank, World Bank, Commonwealth, World Health Organization, Food and Agriculture Organization, and the Global Fund. Regional institutions such as Forum for Agriculture Research in Africa (FARA) and Southern Africa Trust (SAT) have also played a big role in provision of both technical and financial resources.

Significant support has also been received from individual countries such as Germany, France, Norway, Sweden, and the United Kingdom. Details on support from ICPs are contained in the Progress Report on the Implementation of Donor Funded Projects for 2010/11 Financial Year.

### 7.2 SADC – EU Cooperation

Cooperation between SADC and the European Union (EU) has continued with the implementation of programmes under the 9th RSP/RIP (Regional Strategy Paper/ Regional Indicative Programmes). At the same time, the programming for the 10th RSP/RIP is underway. Comprehensive details of all projects implemented under the 9th EDF as well as progress on programming of the 10th RSP/RIP are indicated in the Report on SADC-EU Cooperation.

#### 7.2.1 9th EDF Regional Indicative Programme

The total allocation for the 9th European Development Fund (EDF) RIP for SADC was €146.7 million and the main focal areas were Regional Integration and Infrastructural Support. At the end of June 2011 the levels of cumulative individual commitments, that is contracts, programme estimates within Financing Agreements, and disbursements for 9th EDF projects reached €79.3 million and €63.49 million respectively.

Major 9th EDF supported projects that have completed their planned implementation phases include support to Customs Modernisation, support to SADC Member States in Standards, Quality Assurance, Accreditation and Metrology (SQAM), and support to the Implementation and Coordination of Agricultural Research and Training.

The CBRI project, whose main aim is to support the Secretariat to attain internationally recognised standards in accounting, procurement, internal control and external control as well as strengthening its institutional capacity to a level where it can qualify for a Contribution Agreement under the 10th EDF has made considerable progress, as it can be attested by the first phase of the third IA which has given a positive assessment to most of the pillars under review.

#### 7.2.2 10th EDF Regional Indicative Programme

The mechanism for accessing the 10th EDF funds is through Contribution Agreement, which is subject to the Secretariat qualifying for direct budget support. In preparing for this, progress has been made

through the CBRI project. To this end, three institutional assessments have been undertaken in order to assess if the Secretariat qualifies for the contribution agreement or not. The first phase of the third Institutional Assessment of the Secretariat commenced in May 2011 and the second phase is scheduled for November/December 2011. The allocation for the 10th EDF RIP for SADC is € 116 million focusing mainly on two focal areas of Regional Economic Integration Support (REIS) with a nominal resource allocation of approximately 80 per cent (approximately € 93 million) and Regional Political Cooperation (RPC) allocated approximately 15 per cent (approximately € 17 million) with the remaining 5 per cent (€5 million) being allocated for Technical Cooperation Facility.

Significant steps have been taken in the programming of the 10th EDF with the approval of the Financing Agreements for the Project Preparation and Development Facility (12 million Euro), and the Technical Cooperation Facility (5 million Euro). The Identification Fiche for the RPC (18 million Euro) has also been approved. The RPC is designed to provide financial assistance to SADC Member States towards: promoting peace and security in the region, democratic governance, conflict prevention, and combating human trafficking.

Work on the programming of REIS is underway. The identification phase of the design of the REIS programmes commenced in 2010 with a number of scoping studies already undertaken. A SADC/EU Regional Seminar was also held in November 2010 to consider the way forward in programming of the REIS programme.

## 7.3 SADC – China Cooperation

### 7.3.1 First SADC - China Business Investment Forum

The first SADC - China Business and Investment Forum was held in Beijing, China on 4 June 2011. {} The main objective of the Forum was to strengthen cooperation between China and the SADC Region within the context of South-South Cooperation and to create opportunities and avenues for cooperation between Chinese Business People and SADC Business People. {}

The forum created an opportunity for the SADC Region to present the business and investment opportunities that exist in the Region, particularly in the priority areas of energy, transport and communication, agriculture and trade. It also created an opportunity for business match-making between Chinese business people and their SADC counterparts, focusing on developing business deals and partnerships.

His Excellency Hifikepunye Pohamba, President of the Republic of Namibia and Chairperson of SADC led the SADC delegation to this Forum and delivered a Keynote Address in opening the Forum. In his address, the Chairperson of SADC encouraged investors and entrepreneurs from China and SADC to expand the existing ties and to explore new investment opportunities through win-win partnerships of mutual benefit.

The highest momentum of the SADC Chairperson's visit to the Peoples Republic of China was marked by his meeting with His Excellency, Hu Jintao, the President of the People's Republic of China emphasizing the strong relationship between SADC and China. The SADC Chairperson outlined the potential for investment in SADC, particularly in the areas of trade, infrastructure, construction, roads, railways, energy and tourism. To concretize his statement, the Chairperson of SADC handed over to his Counterpart, regional project profiles identified by Member States under the coordination of SADC Secretariat. HE, Hu Jintao indicated that China will continue to cooperate with SADC and will review the newly submitted SADC regional projects in order to determine how China can support them.

### 7.3.2 Framework for cooperation between SADC and China

The Secretariat and the China Council for the Promotion of International Trade (CCPIT) concluded and signed a Memorandum of Understanding (MoU) as a framework of cooperation between the two parties.

The objective of the MoU, is to facilitate cooperation between the industrialists and businessmen of China and SADC countries in order to explore new opportunities for economic and industrial cooperation aimed at developing existing and planned projects as well as to expand cooperation and encourage investment.

The secretariat is developing a follow-up mechanism in collaboration with the SADC Chambers of Commerce and Industry, in order to effectively monitor developments under the implementation of this MoU.

#### **7.4 Consultative Meeting of Secretary Generals of Regional Economic**

Communities of Africa and the Government of India Pursuant to the continued promotion of cooperation between the India and Africa, a meeting of Secretary Generals of Regional Economic Communities (RECs) of Africa and the Government of India was held on 14-16 November, 2010 in New Delhi, India. The key objectives of the meeting were to:

- I. brief the Regional Economic Communities (RECs) on the initiatives agreed between the Government of India and the African Union;
- II. bring the RECs up to speed with the new developments which might necessitate review of the previously agreed programmes and strategies; and
- III. exchange information and for appreciation of developments made by India which could benefit Africa.

While in New Dehli, the SADC Secretariat held bi-lateral consultations with the Government of India to review progress on the implementation of the Agreed Memorandum of Understanding between SADC and India, signed in 1997, and on the SADC-India Forum, following-up of the SADC project proposals that had been submitted to India for consideration.

Following these discussions, the Secretariat has submitted five regional priority projects for consideration by the Government of India. The projects submitted are in the areas of agriculture; small and medium enterprises; and water resources management.

#### **7.5 SADC – Japan Cooperation**

Negotiations between the Secretariat and the Japan International Cooperation Agency (JICA) have been successfully concluded with the placement of a JICA Advisor to SADC in June 2011. This arrangement is expected to assist the SADC Region in:

- I. accessing support to the SADC region under Tokyo International Conference on African Development (TICAD) IV Yokohama Declaration and Yokohama Action Plan (2008) and implementation of programmes outlined under the TICAD IV Yokohama Action Plan (2008) with regards to infrastructure; trade investment and tourism; agriculture and rural development; achieving the MDGs; broadening partnership; and addressing environment/climate change issues;
- II. identifying and formulating programmes/projects proposals in the SADC region for possible financial and technical assistance by JICA and make necessary coordination with relevant stakeholders in order to implement the programmes and projects; and
- III. facilitating the implementation, monitoring and evaluation of JICA-supported programmes and projects in the SADC region.

The JICA support to the Secretariat is for an initial period of two years.

At the invitation of Mainich Newspaper and the SADC Ambassadors in Tokyo, Japan, SADC Secretariat participated in the 2011 Southern African Forum in Tokyo, Japan. The Forum is an annual event attended by more than 300 Japanese business people and the general public interested in Southern Africa. Secretariat participation consisted in presentation of the key note address on the investment and business climate in the SADC region.

## **7.6 Africa – Business Forum and Awards 2011**

The seventh Africa Business Forum and Awards was held on 22 and 23 June 2011 at the Commonwealth Club in London. The Forum focused on the Southern Africa region under the theme: “SADC: Regional Integration and Drivers for Growth”. The Forum was organized by Commonwealth Business Council and SADC and was held in collaboration with the private sector, a key stakeholder in future growth of the region.

His Excellency Hifikepunye Pohamba, President of the Republic of Namibia and Chairperson of SADC delivered a Keynote Address in opening the Forum, outlining the priority areas for regional cooperation and integration in SADC as articulated in the RISDP and the SIPO.

To emphasise the focus on the SADC Region, a special award for the “Best SADC Infrastructure project” was presented during the Gala and Dinner that was organized in collaboration with African Business Magazine. The objective of the Awards is to recognize individuals and companies who are driving Africa’s rapidly transforming economy.

The Chirundu One-Stop Border Post project won the Best SADC Infrastructure Project Award. Chirundu Border is on the North – South Corridor and is the main entry point for commercial traffic entering Zambia from South Africa and other commercial ports to the South, also proceeding through to Central and Eastern Africa to the north. On a typical day, Chirundu handles an average of 270 trucks, bringing the total to 8,000 trucks cleared per month for both north and south bound. This makes Chirundu one of the most utilised inland border points in the Eastern and Southern Africa region.

The criteria used to select the best project for the Award included infrastructure projects that have been completed on time and/or under budget or where a project has been of great benefit to the community.

## 8.0

# Conclusions, Challenges and Recommendations

This report presented progress made in the different areas of regional integration from August 2010 to July 2011. It highlighted on issues of strategic nature and policy in all sectors that are relevant to the achievement of the SADC regional integration agenda. It should be noted that the execution of projects and programmes by the Secretariat was carried out in partnership with SADC Member States.

Peace and security continued at the top of SADC Agenda. To this effect, mediation efforts particularly in Zimbabwe and Madagascar have been scaled up in order to assist this Member States to overcome the current political difficulties they are faced with. Progress has been made in the area of trade, financial liberalization and industrial competitiveness. Notable efforts have been made to facilitate accession and joining of the FTA by the remaining Member States; implementation of tariff reduction commitments; addressing non tariff barriers; and reviewing of rules of origin applicable under the FTA. This is in pursuit of the FTA consolidation objective. With regard to finance and investment, noticeable progress has been made in facilitating harmonization of policy and legal frameworks in the areas of banking, payment systems, cooperation in taxation and related matters including common approach to tax agreements, tax incentives and indirect tax.

The challenges to be addressed relate mainly to the undeveloped industrial structure of the region. There is need to address the supply side constraints by diversifying the industrial structure and exports to ensure that the region realizes the benefits of liberalization and integration so far achieved.

Infrastructure development has the potential to contribute significantly to achieving the SADC objectives of regional integration and poverty eradication especially transport, energy and water infrastructure. The development corridor approach has the potential to impact on poverty because it opens a variety of development opportunities along a corridor. In particular, regional cross-border infrastructure in the transport, communications, energy, and water sectors can facilitate intra-regional trade and investment, unlock national and regional comparative advantages, and address the special needs of landlocked countries with regard to access to the rest of the world.

There is a need to develop the proposed SADC Regional Infrastructure Development Master Plan and its key components. There is also a need to manage the contribution of infrastructure to poverty eradication by prioritising rural access roads, connectivity of the poor to electricity including rural electrification, access to water and sanitation by the poor, and increasing agricultural productivity through irrigation to improve food security for the poor. However, the financing of regional infrastructure development remains a key constraint to realising that potential. In order to make meaningful progress the Region needs to identify more creative and innovative approaches to address the gap in the financing of regional cross-border infrastructure.

The report on food, agriculture and natural resources has shown that the region still experiences some food deficits and subsequent food insecurity despite the significant achievements in maize production by most Members States over the past ten years.

The region therefore needs to improve the production of other cereals such as wheat, rice and sorghum/ millet in order to address the food insecurity challenges in the light of ever increasing world prices for these important commodities. We also need to strengthen our efforts in improving livestock and fisheries production.

The Regional Indicative Strategic Development Plan and the Dar-es-Salaam Declaration and Action Plan

remain SADC's guiding frameworks in our efforts to achieve sustainable food security. We need to continue strengthening the monitoring and implementation of these two strategic frameworks in order to ensure adequate supply of food to Member States and access to food and affordable prices.

Global warming and its implications on food insecurity in the region continue to warrant adequate attention and development of adaptation and mitigation interventions in order to minimize its effects on the region.

The current efforts to develop the Regional Agricultural Policy (RAP) continue to deserve special attention from the Secretariat and Member States. RAP is expected become an integrated common agricultural policy framework for the purpose of harmonizing and integrating policy objectives, strategies and programmes of Members States with the view to providing opportunities to Member States to capitalise on the trade benefits of improved resource allocation and greater competition and to permit a wider range of projects to be implemented under the RISDP.

Efforts to establish Centre for Coordinating Agricultural Research and Development in Southern Africa (CCARDESA) also deserve adequate support and attention from our side. CCARDESA will be the research wing of the region in the areas of agriculture and natural resources.

In the area of social and human development, the focus of all activities continued to be on building human capabilities to, among others, contribute towards poverty alleviation in the Region. Considerable progress was recorded in 2010/11 with respect to the planned activities and the most vulnerable groups; children, youth and women benefitted from the different interventions in education and skills development; health; HIV and AIDS; employment and labour.

As for the previous years, a number of challenges have impacted negatively on the smooth implementation of the different programmes. Delays encountered in the release of funds by both Member States and International Cooperating Partners have resulted in a number of activities not being implemented. In one way or another, the economic recession also continued to adversely affect initiatives at the Secretariat and Member State levels, especially in the delivery of planned outputs.

In light of the financial as well as human resource constraints, activities are being and will be further prioritized in line with existing Protocols and regional, continental and international commitments.

From our part, the Secretariat has continued to address organisational rules and procedures in particular, in upgrading them to international standards. By the end of June 2011, we as an organisation were deemed to have achieved an overall rating of satisfactory. This rating will allow the Secretariat to shift the delivery of aid from existing project approach to contributions budget support agreements, thus achieving the alignment of the resource allocation plan to approved priorities.

To sustain the application of these standards, the Secretariat's organisational structure has to be adjusted to provide for additional competency and capacity requirements. Council is therefore invited to reaffirm its commitment to sustain the institutional reforms.

As presented in the report, the initiatives by the Chairperson of SADC, HE, Hifikepunye Pohamba on investment promotion and resource mobilisation in China and in the United Kingdom have given SADC a much needed impulse in this areas. I am therefore confident that the momentum generated by HE, will be maintained such that the Secretariat continues to pursue those important avenues for harnessing resources to implement the SADC integration agenda.

Once again, the Secretariat commits to take its mandate of promoting regional integration agenda and serving the interests of the SADC Member States seriously and has no doubt that Member States will also continue to perceive their role and assume their responsibility for a Secretariat that best meets their needs.

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