Angola
Botswana
Democratic
Republic
of Congo (DRC)
Lesotho
Malawi
Mauritius

SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
SADC
TOWARDS A COMMON FUTURE

Mozambique
Namibia
Seychelles
South Africa
Swaziland
Tanzania
Zambia
Zimbabwe

Annual Report 1999-2000

Contents

Forward

The 1999/2000 SADC Annual Report has been prepared by the Secretariat with contributions from Member States and other relevant institutions. The Report covers the period from July 1999 to June 2000. This year the Report is presented in six parts. The first part reviews the world economy, the African economy, the Southern African economy and prospects for the region for the year 2000. Developments in the main sectors of SADC are covered in the second part while the third part deals with regional integration and poverty reduction in SADC. Policy implications come under spotlight in part four. Statistical data and charts are presented in parts five and six respectively.

The region was beset by heavy rains in January/February 2000 with cyclone Eline causing severe flooding in Southern Mozambique, Swaziland, South Africa, Botswana and Zimbabwe. The floods left millions of people displaced especially in Mozambique and disrupted economic activities, and this will have a negative impact on economic performance, particularly in Mozambique.

The prospects for the region in 2000 are brighter provided the climatic conditions are normal and there are stable world commodity prices. GDP is projected to average 3.5 percent in 2000 against a backdrop of 1.4 percent in 1999. This is attributed mainly to better performance in the agricultural sector and better prospects in export receipts from the East Asian and European Union markets, new mining projects and the implementation of the SADC Free Trade Area.

SADC continues to entrench a culture of democracy as evidenced by the number of countries that went to the polls in 1999. Botswana, Malawi, Mozambique, Namibia and South Africa held democratic elections in 1999 and Zimbabwe during the first half of 2000. However, the conflicts in Angola and the Democratic Republic of Congo continue to hamper peace and political stability in the region.

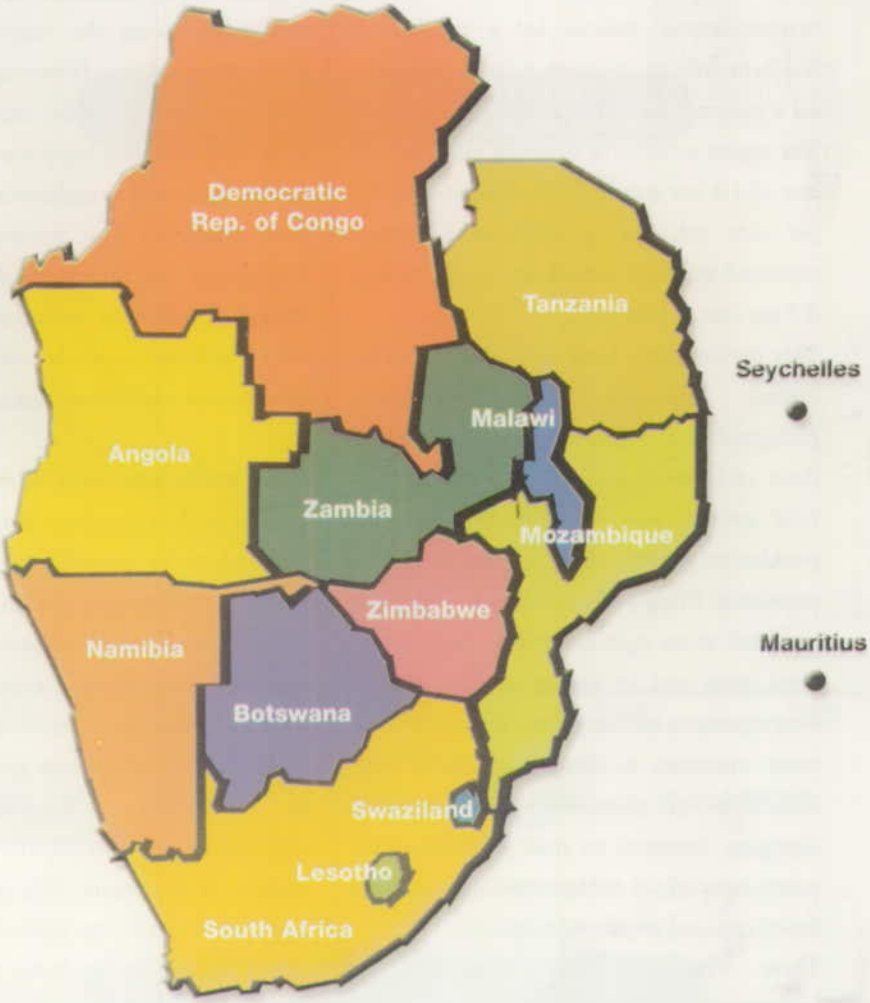
The Report highlights the problem of HIV/AIDS, the single largest threat to development in the region. The prevalence rate of HIV/AIDS in the region is estimated to be as high as one in five people or 20 percent in some countries.

The Report gives clear strategies for sustained growth and poverty reduction in SADC. It provides an in-depth analysis on the need to establish safety nets for addressing poverty and the adverse consequences of economic reforms especially on the poor segments of society.

It is my belief that this Report will provide valuable information to stakeholders and draw the attention of International Co-operating Partners to SADC's successful Programme of Action.

Prega Ramsamy
Acting Executive Secretary

Corporate Profile



The Southern African Development Co-ordination Conference (SADCC), the forerunner of the Southern African Development Community (SADC), was formed in Lusaka, Zambia on 1 April, 1980, following the adoption of the Lusaka Declaration – Southern Africa: Towards Economic Liberation by the nine founding Member States.

The Declaration and Treaty establishing the Community which replaced the Co-ordination Conference, was signed at the Summit of Heads of State or Government on 17 August, 1992, in Windhoek, Namibia.

SADC has 14 Member States namely: Angola, Botswana, Democratic Republic of Congo (DRC), Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. Each Member State has the responsibility to coordinate a sector or sectors on behalf of the others.

New Member States may be allowed to join by a unanimous decision of the SADC Summit and upon acceding to the SADC Treaty.

SADC headquarters are in Gaborone, Botswana.

The working languages are English, French and Portuguese.

Executive Summary

The implementation of credible macroeconomic policies led a number of Southern African countries to put themselves on a positive economic growth path in 1999. The region achieved a weighted GDP growth rate of 1.4 per cent in 1999, compared to 1.2 per cent achieved in 1998. It is further estimated that GDP growth rate would average 3.5 per cent in year 2000.

This performance, however, continued to be dismal. Aggregate regional economic performance in Southern Africa was behind those of other regions in the continent, and GDP growth was yet to keep pace with population growth. The proportion of the population living under conditions of poverty increased at an even faster rate, both in the rural areas and in the cities. The marked deterioration in human welfare that occurred in many countries is closely associated with difficulties in effectively mobilizing and deploying resources to meet essential social needs, especially in the key areas of education, health care and employment creation.

There were significant divergences in performance at the country level in 1999. Mozambique, Botswana and Mauritius remained high performers in GDP growth rates, which increased by 9, 6.5 and 5.4 per cent respectively. The other countries exhibited positive growth rates, which were, with the exception of Seychelles, South Africa and Zimbabwe, above the regional average. Only one country, the Democratic Republic of Congo, recorded a negative growth rate of 5 per cent during the year.

The region as a whole projects a minor cereal deficit, despite the incidence of floods, which affected such countries as Mozambique, Swaziland, Zimbabwe, Botswana and South Africa. Food shortages in such countries as Angola and the Democratic Republic of Congo remain a source of concern particularly in rural areas as a consequence of civil strife, population displacements and insecurity.

Member States continued to address major challenges facing the region, among the HIV/AIDS pandemic. However, unemployment and cutbacks in public expenditure often associated with debt repayments, among other factors, continued to undermine these efforts in most countries. This situation once again highlighted the critical need for Southern African countries to restructure and reorient their policies towards enhanced social development and poverty reduction.

Great strides were made in improving health policies in most countries. However, measures were yet to be grounded in preventive and primary health care (PHC), and a large proportion of public expenditure on health continued to go towards curative services. In the education sector, Member States continued to direct efforts towards the gradual realization of equivalence, harmonization and standardization of education and training systems in the region. The sector addressed particularly immediate and common concern issues facing Member States such as equity, access to education, quality, relevance and effectiveness of education, complementary modalities and capacity building. However, as public expenditure on education continued to be low, this compromised access and quality of education. The problem of unemployment remained critical in most countries. The implications of large numbers of unemployed educated youth and university graduates are serious for Southern Africa's social and economic development. Women are increasingly becoming the hub of development and the main income earners for a majority of households in Southern Africa, particularly in agriculture where they play a key role in food production activities as well as traditional domestic chores. Yet, in many countries, cultural traits and taboos continued to underpin the marginalization of women in the development process. This was manifested by

Chairperson of SADC and Namibian President, Sam Nujoma (right) paid a familiarisation visit to the SADC Secretariat late October 2000. He is seen having a relaxed chat with the SADC Acting Executive Secretary, Dr. Prega Ramsamy.

the low rate of participation of women in education and labour force, their relatively high unemployment rate in the formal sector as compared to men, as well as their lack of access to land and credit facilities for investment in self-employment generating activities.

There have been significant developments in economic sectors such as agriculture, telecommunications, tourism, mining and energy during the year under review. Tourism in particular is expected to have played a significant role in contributing to the overall regional economic growth.

Overall growth prospects for Southern Africa indicate that the region has began to gather momentum towards the recovery evident in the global economy. The capacity of Southern African societies and economies for real and sustained growth are being increasingly realized as most economic policies are now focused towards the creation of an enabling environment for private sector and business development as well as for the efficient operation of the market economy.

Barring adverse weather conditions, there are modest grounds for optimism for improved performance in 2000. On the one hand, the progress has been made in enhancing political and social stability in most countries and the benefits accruing from the impact of domestic economic policy reforms are beginning to be felt. On the other hand, improved commodity prices and world demand for mineral and metals, coupled with favourable developments in the international economic environment, regional output growth is expected to reach 3.5 per cent in year 2000 as against 1.4 per cent in 1999.

Efforts to implement more prudent fiscal and monetary management, so as to reduce macroeconomic imbalances, will contribute to lower inflation in several countries and the return of investors' confidence in the region.

Overview

Figure 1
World Economic Growth, 1996-1999

1.1 WORLD ECONOMY

World economic growth improved in 1999, led primarily by the easing of monetary policies in the major developed economies. Global output grew by an average of 2.9 per cent compared to 2.5 per cent in 1998. Among other factors, which contributed to the up-turn was the rise in demand in nearly all economies. Aggregate demand in industrialized countries, for example, increased by 7 per cent, while in the newly industrialized economies of Asia in particular, demand increased by nearly 15 per cent. Most noticeably, the financial contagion from the Brazilian currency crisis at the beginning of 1999 was contained and confidence in emerging markets was rebuilt, thereby bringing about some restoration of capital flows to a number of emerging markets. Figure 1 summarizes world output growth rates by main economic groupings for the period 1996-1999.

The majority of developed countries maintained or improved growth rates. Overall growth in developed countries increased from 2.2 per cent in 1998 to 2.9 per cent in 1999, with the G-7 economies posting a growth rate of 2.5 per cent, up from a 2.2 per cent in 1998. Japan's economy also resumed growth in the first quarter of 1999 as a result of a fiscal stimulus package, which increased government fixed investment spending by over 10 per cent.

With respect to the emerging market countries, the upturn was testimony to the resolute actions by policymakers to deepen reform efforts in response to the sharp decline of capital inflows experienced during the recent crisis. In Asia, for example, there was a resumption of confidence in the financial systems leading to remarkable recovery of the economy. In Latin America, reforms by Brazil managed to lessen the severity of the downturn and prepared the foundation for recovery in that subcontinent.

Africa's economy also showed signs of recovery, with a marginal increase in growth rate from 3.1 to 3.2 per cent in 1999, and is projected to reach 4.4 per cent in 2000. Economic performance in Africa in 1999 was not very different from that of other regions of the world. Compared to the world output of 2.9 per cent, that of Africa, at 3.2 per cent, was second in the world after Asia at 5.4 per cent. Developing countries as a group registered a growth rate of 3.7 per cent.

The positive turnaround of the global economy should be viewed in the context of serious challenges facing most of the economies that rely heavily on the commodity market developments. One such challenge was the more than doubling of oil prices to more than US$21 per barrel, since mid-1999, mainly due to production curbs by the Oil Producing and Exporting Countries (OPEC) and other producers.

With regard to non-fuel commodity prices, on average, prices rose by 46 per cent from mid-1993, and dropped by 30 per cent in late 1999. The production of many commodities continued to increase rapidly, however, leading to a price cycle. The cycle in primary commodity prices was driven by changes in global demand, weather related supply shocks and technological innovations that have reduced production costs and exchange rate depreciation. The main aggregate indices show, however, that the worst has come to an end, as they are now showing signs of firming up. Most agricultural products have started showing slight increases in prices mainly due to tighter supply conditions.

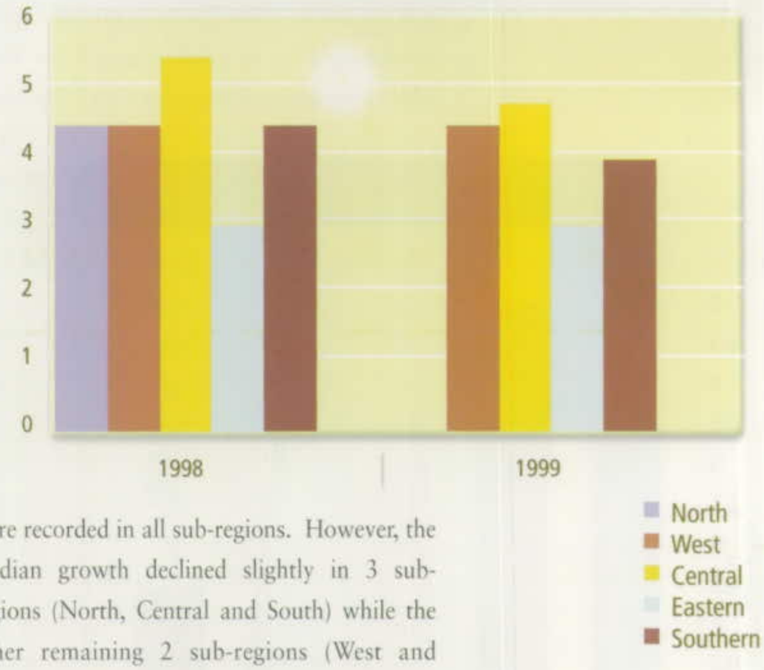
Metal prices tended to be driven by the cycle in world industrial production, which since mid 1999 continued to push up metals prices. This was supported by cuts in production as in the case of copper, and supply disruption as in the case of nickel. The price of gold firmed up after reaching its all time low in mid-1999 of US$257 per ounce. This firming up followed the suspension of forward sales by major producers and the attempt by Central Banks in Europe and the International Monetary Fund to auction their gold reserves.

1.2 AFRICAN ECONOMY

The positive growth performance in 1999 has been attributed solely to strong recovery in commodity prices, which reversed the negative effect from the agricultural sector. This was a clear departure from the last experience, where a combination of unpredictable weather and unstable world commodity prices defined the tone and pace of the African economy.

Despite the positive global development, however, declining external resource flows and external debt servicing continued to impose additional downward pressures on economic activity in the region. This demonstrated once again the fragile nature and external dependency of the African economies. Figure 2 shows economic performance in Africa by sub-region in 1998 and 1999.

Figure 2
Africa GDP Growth Rates by Subregion, 1998, 1999



Unlike in previous years, positive growth rates were recorded in all sub-regions. However, the median growth declined slightly in 3 sub-regions (North, Central and South) while the other remaining 2 sub-regions (West and Eastern) maintained the same level in 1999 with respect to 1998.

1.3 SOUTHERN AFRICAN ECONOMY

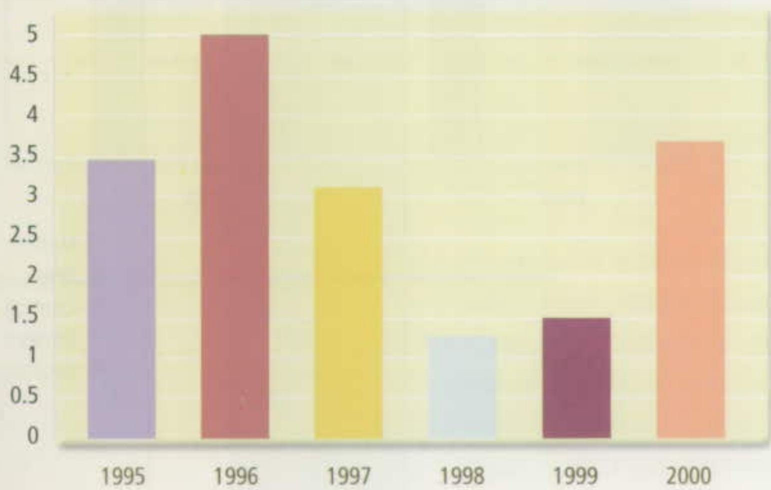
1.3.1 Overall Performance

In pursuance of their shared vision of creating a single economic space, through deeper economic integration that provides for cross border trade and investment, the free movement of factors of production, subscribing to a common set of social and political values, and promoting democracy and popular participation in the reduction of poverty, SADC countries continued to implement far reaching economic reforms. Through the implementation of credible macroeconomic policies, a number of countries managed to attain a positive economic growth rate. The region achieved a positive weighted GDP growth rate of 1.4 per cent in 1999, which was still below the average population growth rate. It is projected that in year 2000 the growth rate would reach 3.5 per cent.

Overview

Despite the modest increase in growth in 1999, the Southern African economy continued to lag behind those of other African sub-regions as was the case in 1998. The mean growth rate for Southern Africa in 1999 was 2.2 per cent, which compares unfavourably with 3.3 per cent in West Africa, 3.6 per cent in North Africa, 4.1 per cent in East Africa, and 4.5 per cent in Central Africa (see Table 3 in Annex). In addition, GDP growth was still far from the growth target of 6 per cent defined in the United Nations New Agenda for Development in Africa (UN-NADAF) as the minimum required for sustainable economic development. Worse still, only one country (i.e. Mozambique) succeeded in surpassing the GDP growth requirement of 6.2 per cent for reducing poverty by half in 2015, which was agreed to in 1995 at the World Summit for Social Development. This implies that the region has a fundamental economic problem that prevents it from benefiting from its abundant natural resources and economic potential. Figure 3 gives an evolution of GDP in Southern Africa for the period 1996-2000.

Figure 3
SADC GDP Growth Rates, 1995-2000



There were significant divergences at the country level in 1999. These divergences can be more readily attributable to some structural differences in the economies and in policy responsiveness among them, rather than to their being at different phases of the business cycle. This has resulted, and will continue to result, in varied performance.

Many of the factors that have accounted for the weak economic performance in SADC over the years were still once again at work in 1999, though to different extent and with varying intensities in individual countries. One underlying cause for the disappointing performance continued to be the failure to diversify the narrow production and export base.

The region experienced heavy rains in January/February 2000 with Cyclone Eline causing severe flooding in Southern Mozambique, Swaziland, northern and eastern South Africa, eastern and southern Botswana as well as some parts of Zimbabwe. These floods disrupted economic activities, which will have a strong bearing on economic performance in the year 2000, particularly for Mozambique. Moreover, close to 700 people lost their lives in Mozambique, over 70 in Zimbabwe, and 13 in Botswana. In addition, close to 1 million people were made homeless in Mozambique while in Zimbabwe and Botswana the numbers stood at 20,000 and 106,776 respectively.

There were strong inflationary pressures in a number of countries in the region in 1998-1999. The most striking cases were in Angola and the Democratic Republic of Congo (DRC). In the former inflation was reported at a high of 329 per cent in 1999 and a projection of 100 per cent in 2000. In the DRC inflation reached levels estimated at 243 per cent in August 1999. At the same time, there were significant reductions in inflationary pressures in Tanzania, South Africa and Zambia. The lowering of inflationary pressures was primarily a result of greater fiscal and monetary discipline, including the curtailment of salary increases, which contributed to a sharp reduction in budget deficits. In this respect, budget deficit as a percentage of GDP was below 5 per cent in most Member States.

High levels of external debt continued to exert a burden on economic growth in most countries in the region, where six of the countries are classified as severely indebted low-income countries. Aggregate data indicate total external debt for SADC at US$79.2 billion in 1998 the last year for which complete data is available compared to US$81.7 billion in 1997. Debt servicing requirements prevent many countries from making adequate investments in education and health care as well as from responding effectively to extreme poverty demands, natural disasters and other emergencies.

However, the aggregate data on total external debt conceals a wide variation at country level. With the exception of Lesotho, Malawi and Tanzania, where in 1998 external debt increased by 2.3, 0.7 and 1.2 per cent, respectively, most countries achieved an encouraging, albeit modest, decrease in the volume of their external debt. In Mauritius, for example, debt stock decreased by over 23 per cent while in Namibia the decrease was 12 per cent in 1998. In South Africa, the corresponding decrease was much more modest at 2 per cent. While Mozambique remained particularly dependent on external borrowing and development assistance, its external debt decreased by 2 per cent in 1998, which was mostly due to debt relief rather than net payment. As a result of strict debt management policies and the avoidance of new borrowing by Member States, it is expected that total outstanding debt of SADC countries would have declined in 1999 and 2000.

Poverty, by all accounts, continued to be a major economic and social problem in the region. The incidence of poverty, measured by a minimum level of consumption expenditure per head, remained remarkably high. The proportion of population living under conditions of poverty increased in the rural areas, where the economy continued to decline,

SADC Chairperson and Namibian President, Sam Nujoma (front, second from left), who paid a familiarisation visit to the SADC Secretariat late October 2000, is posing with some of the Secretariat staff. -

and in the cities, where there was a lack of dynamism in fostering growth and job creation in the industrial and service sectors.

In Mozambique, for example, the first comprehensive household data report published by the government indicates that the incidence of poverty country-wide is at 69.4 per cent, while in Malawi government estimates that 60 per cent of the population live below the poverty datum line. In Zambia, poverty incidence was generally estimated to exceed 70 per cent of the population.

The process of democratization was consolidated in the sub-region, with several countries holding democratic elections in 1999 such as Botswana, Mozambique, Namibia and South Africa and Zimbabwe during the first half of 2000. Although no new conflict situations emerged in the sub-region, the chronic flash-points continued, to be a cause for concern. Civil war in Angola continues to inflict considerable damage to the economy and to perpetuate the displacement of the rural population not only in the country but also into some neighbouring countries. Furthermore, the conflict in the Democratic Republic of Congo, which had only simmered with a negotiated cease-fire agreement, suddenly erupted in August 1999 into active war.

Commendable efforts to find solutions to the two ongoing conflicts affecting the region were made at regional and international levels. The United Nations, the Organisation of African Unity and other development partners made efforts to find peaceful solutions to the conflicts in Angola and the Democratic Republic of Congo. All SADC Member States played a crucial role in peace making efforts in the region with Zambia playing a pivotal interlocutor role.

1.3.2 Policy Focus and Issues in 1999/2000

Globalization and competitiveness are some of the greatest challenges facing African countries, including Southern Africa, in the new century. According to the World Economic Forum (2000), out of the 13 SADC member countries, which were surveyed, the competitiveness index indicates that four countries were ranked high (Mauritius tops the ranking, followed by Botswana, Namibia and South Africa). The remaining six countries were middle ranking and only one country, Zimbabwe, was low ranking. This suggests that "while some countries still seem caught in critical difficulties, most of them are changing swiftly for the better judging from the pace of democratic elections and economic reform programs. The perception that Africa is one entire quagmire of poverty, inefficiency and instability is not correct".

The majority of the countries succeeded in maintaining macroeconomic stability in 1999. While policies varied from country to country, the overriding objective comprised two major elements: macroeconomic stability and supply-side reforms. Fiscal consolidation, as indicated by the reduction and control of inflation and the lowering of general government budget deficits, has been the centrepiece of macroeconomic stability measures. Concrete measures focused on better expenditure control programmes and revenue collection measures. The supply-side policies concentrated on the deregulation of product and factor markets, the privatization of state-owned assets and the supply of services, and the liberalization of international trade and capital markets. The underlying assumption has been that the smaller the role of the state, whether in the actual production of goods and services or in its attempt to intervene in the workings of the market economy, the better would be the economic performance of the private sector and of the economy as a whole. This "mainstream" policy framework was the cornerstone of macro-economic policy stance in most countries in 1999.

Privatization continued to be another area of focus for economic reforms. The main goal is to cut waste, improve economic efficiency, stimulate the private sector, mobilize more foreign and domestic investment and revive economic growth. Although accepted as a major policy objective, privatization in Africa as a whole remains highly controversial and politically risky. In some countries, the process is fraught with many problems such as strikes against the proposed sell-off of state enterprises as unions fear for job loses or reduced benefits. As a result, governments have tended to proceed more carefully with the privatization programs in order to avoid the charges of "Selling the family jewel for a song."

There is, therefore, an understandable reluctance on the part of many African countries, including those in SADC, to dispose of public enterprises entirely to foreign investors at prices which are often seen as unfavourable. On the other hand, weak entrepreneurship, low domestic savings and small capital markets combine to preclude the participation of indigenous nationals in the privatization process. Furthermore, some governments want to proceed in a measured way, in order to avoid the pitfalls, conflicts and setbacks that marked many of the privatizations carried out in the late 1980s and early 1990s. This latter approach is becoming increasingly evident across the sub-region.

In recent years, the telecommunications sector has become a major focus for privatization. Many SADC countries realized that selling shares of their telecommunications enterprises to established foreign companies, the so-called strategic partners, was an easy way to gain access to new technologies and investment resources to modernize and expand their systems.

Progress was also made in other areas in 1999/2000, notably, capital markets and tax reforms geared towards the improvement of the investment climate for domestic and foreign investors. The capital markets in particular continued to undergo significant developments in the countries with stock exchanges. Harmonization of legal and regulatory framework, clearing and settlement systems, and listing requirements at SADC level contributed to improved performance of stock exchanges in the region. For example, the Mozambique Stock Market, the Bolsa de Valores de Moçambique (BVM), was opened in 1999 with the first listing being the beer producer, Cervejas de Moçambique (CDM). The listing of other privatized companies is expected to follow. Botswana and Mauritius have established themselves as financial services centres.

1.4 PROSPECTS FOR 2000

Prospects for 2000 would be driven by developments at the international as well as at the domestic levels. At the international level, the main factors include external debt and developments in commodity prices, such as oil, minerals and agricultural products.

A continued increase in oil prices could have serious implications for the global economy as a rise in inflation could lead to significant tightening of monetary conditions as well as fiscal policy, which could threaten the momentum of global growth. In Southern Africa, stronger oil prices would, no doubt, benefit Angola, the only oil producing country in the sub-region, but would adversely affect the terms of trade for the majority of countries that import oil.

Prospects for non-fuel commodity prices firming up in year 2000 are mixed mainly due to a high level of stocks of most agricultural commodities that are likely to slow down the price increases. In the case of metals, the world economic growth will increase consumption demand and therefore prices would be expected to rise. While prospects for 2000 appear somewhat positive for developing countries that depend on primary commodities for a substantial share of their export revenues, commodity price volatility poses real challenges particularly as these countries try to reduce poverty.

At the domestic level, a key factor will be the restoration and maintenance of political stability and peace that would be critical in establishing a conducive business and investment climate. Other factors at this level include weather conditions and effective implementation of sub-regional policies and programs.

Overview

SADC's Heads of State and Government, Ministers and SADC Acting Executive Secretary posing for a group photo during the Windhoek 2000 summit.

Therefore, in the absence of unforeseen exogenous shocks, including the vagaries of weather and unstable world commodity prices, the overall prospects for 2000 are bright and encouraging. Preliminary estimates, as reflected in Table 3 of the Annex, indicate some degree of recovery. GDP is expected to average 3.5 per cent in 2000, which compares positively with the growth rate of 1.4 per cent in 1999.

The expected relative growth improvement in 2000 and beyond is attributed to a number of factors. First, the recovery on export receipts as the East Asian and European Union markets revive their demand. Second, new mining projects coming on-stream in the sub-region, coupled with expected improvement in prices, will significantly improve the performance of the mining sector. Third, the development in trade and investment conditions in the region, particularly taking into account the launch after implementation of the SADC Free Trade Area. Fourth, some SADC countries (Malawi, Tanzania and Zambia) have qualified for the Second Heavily Indebted Poor Countries (HIPC-2) initiative, which would open up major opportunities for growth in the region as more resources will be channelled to social infrastructural development than is currently the case. Finally, a better rainy season in the first and second quarters of 2000 has given signs of improved food production in the sub-region as some good harvests are already being recorded in some countries, mainly in Malawi, Zimbabwe and Mauritius

2.1 FOOD AND AGRICULTURE

Agriculture continued to be the mainstay of economic activity in nearly all the SADC Member States despite its small share of the GDP. It employs 70-80 per cent of the region's population; provides raw materials to the industry sector, remains a major source of foreign earnings for most Member States; and above all, it supplies food which reduces food deprivation and ensures social and political stability in the region. There is overwhelming evidence that most economies in the region tend to be driven by agricultural conditions for stability and the control of inflation, in particular, on food prices.

The share of agriculture to the region's GDP declined slightly from 8.7 per cent in 1998 to 8.21 per cent in 1999 as other sectors such as tourism and services grew at a faster rate. At individual Member State level, the contribution of agriculture to the GDP varied from below 5 per cent (Botswana, Seychelles and South Africa) to over 25 per cent (DRC, Tanzania, Malawi and Mozambique) in 1999. Details are given in Table 1 below.

Table 1: Contribution of Agriculture to the GDP

	PERCENTAGE SHARE OF AGRICULTURE TO GDP				GDP IN US MILLION			
COUNTRY	1990	1995	1998	1999	1990	1995	1998	1999
Angola	17.90	7.70	13.00	6.90	9113	4939	6289	5606
Botswana	4.70	4.10	3.10	2.80	3494	4342	4568	5021
DRC	45.00	45.00	45.00	45.00	9348	9992	11039	10000
Lesotho	23.80	17.80	17.80	17.30	622	940	860	917
Malawi	39.80	30.80	37.40	38.90	1866	1399	1773	1816
Mauritius	12.10	9.70	8.80	5.90	2638	3881	4075	4230
Mozambique	28.00	29.00	27.50	26.90	2036	2326	3898	4068
Namibia	9.40	8.80	6.00	6.20	2339	3240	3001	2914
Seychelles	4.80	4.20	3.00	3.20	368	507	582	591
South Africa	5.30	3.90	3.80	3.70	95573	151117	133881	131049
Swaziland	11.20	12.40	11.60	11.60	860	862	1379	1281
Tanzania	47.20	48.00	44.70	45.80	3726	5010	7526	7667
Zambia	16.00	7.10	6.10	6.80	3637	3638	2809	3150
Zimbabwe	14.80	13.50	16.80	16.00	5568	8153	5485	3632
SADC	**10.43**	**8.38**	**8.70**	**8.21**	**141188**	**200346**	**187165**	**181942**

SADC Statistical Unit

Table 2: Agricultural Production Index (1988/89- = 100)

COUNTRY	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Angola	97.8	103.2	109.6	108.5	123.6	121.8	126.8	127.4	146.1	138.6
Botswana	99.7	107.2	103.3	103.4	89.8	105.7	105.5	93.9	95.8	98.3
DRC	100.9	102.4	104.4	104.3	106	107.8	94.9	93.7	93.5	90.1
Lesotho	111	84.7	96.4	107.4	114.7	97.7	111.8	115.9	95.3	99.9
Malawi	97.7	106.7	87.1	114.6	89.9	109.1	117.4	111.8	116.5	125.1
Mauritius	101.1	101.3	106	104.7	98.4	103.1	104.2	110.6	106.8	80.5
Mozambique	106.3	95.3	82.4	94	91.8	109.6	123.2	130.9	140.6	142.8
Namibia	96.3	102.5	104.9	107.6	114.5	110.1	118.3	85.8	96.3	97.6
South Africa	98	99.5	84.4	94.4	98.9	85.3	100.6	100.5	95.2	100.4
Swaziland	96.4	104.6	93.7	90.7	93.3	84.4	94.8	84.2	83.6	81.1
Tanzania	99.2	101.6	96.9	97.5	96.2	102.3	105.1	99.8	103.9	105.9
Zambia	92.8	97.9	80.1	118.2	99.5	93.5	111.8	95.9	91.2	100.2
Zimbabwe	100	99.6	74.4	96	101.1	82.8	112.4	116.7	111.9	109
SADC	**99.0**	**101.0**	**93.5**	**101.0**	**102.3**	**99.4**	**105.3**	**103.5**	**104.3**	**104.7**

Source: FAO Yearbook, 1999 and SADC Statistical Unit

2.1.1 Overall Performance of the Sector

Overall performance of agriculture sector in SADC remained stagnant as indicated by the production index in Table 2. The production indices of the individual Member States was rather mixed. Eight of the Member States (Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Tanzania and Zambia) recorded positive growths while the remaining (excluding Seychelles), recorded negative growths. Mauritius was the most affected with a drop of 19.9% followed by Angola (7.1%) and DRC (3.3%). The sharp drop in agricultural production for Mauritius was due to drought, which affected sugar

Prices of tobacco, tea, coffee and cotton were adversely affected by the world market forces. Cotton prices, for example, fell by 11 per cent in 1999 from their 1998 level. On a brighter note, sugar producer prices rose by 8.3 per cent. This could be a reflection of the reduced output due to the drought, which hit some of the main sugar producing countries.

Agricultural production for the 1999/2000 growing season has been affected by floods that led to the loss of human lives, crops and livestock. Over 170,000 hectares of cropland was destroyed in Mozambique, nearly 30,000 hectares in Zimbabwe and 144,000 hectares in Botswana. Swaziland suffered similar losses with maize output estimated to have dropped by 37%. Livestock losses were estimated at 20,000 herds of cattle in Mozambique. In addition, animal health infrastructure such as cattle crushes and dip tanks were destroyed and there was a rise in the occurrence of animal diseases and vectors.

2.1.2 Food Situation

The food situation in the region is greatly influenced by weather, civil strife and national policies. In 1999/2000 growing season, the region experienced a delayed onset of rains followed by incessant rainfall which caused flooding in parts of Mozambique, Swaziland, South Africa and Botswana cyclone Eline, which hit Mozambique, worsened the conditions. The cyclone also hit the northern province of South Africa, the southern half of Zimbabwe and spread into eastern and southern Botswana.

Despite the devastation caused by floods, overall cereal production in the region improved due to above average rainfall in most parts of the region. The latest assessment put cereal harvest at 24.21 million tonnes for 1999/2000 growing season compared to 21.37 million tonnes in the previous year, reflecting a 13% increase. However, the regional cereal supply situation including strategic grain reserves (SGR) remained insufficient to meet the demand. Cereal supply is estimated at 27.04 million tonnes against a regional requirement of 27.72 million tonnes, leaving an overall cereal deficit of 679,000 tonnes.

Individual cereal production forecasts indicate an increase of 14 per cent in maize (at 19.48 million tonnes); an increase of 8 per cent in winter wheat (at 2.18 million tonnes), an increase of about 25 per cent in sorghum and millet (at 1.98 million tonnes) and a decrease of 7.5 per cent in rice (at 556,000 tonnes).

An assessment at individual Member State level shows a mixed picture. Surpluses for cereals were projected in South Africa (2.253 million tonnes), Malawi (654,000 tonnes), and Zambia (91,000 tonnes). This was due to the combined effect of carry-over stocks and good rains in these countries. On the other hand, highest cereal deficits were projected in Tanzania (1.317 million tonnes), Angola (754,000 tonnes) and Mozambique (515,000 tonnes). Botswana and Mauritius were also projected to have import requirements of 312,000 tonnes and 203,000 tonnes respectively. In the rest of the countries, minor deficits or import requirements were projected.

The deteriorating food situation continued to be a matter of concern in the war-affected countries of Angola and the Democratic Republic of Congo. In Angola, for instance, total cereal crop production was estimated to have dropped by 6 per cent over the previous year. Erratic rains, shortage of seeds and tools as well as the general insecurity prevailing in the country accounted for the fall in output. Maize, the dominant crop representing 80 per cent of the country's cereal production, dropped by 8 per cent, while cassava, which is a vital element in the consumption pattern of the northern province was projected to increase by 42 per cent.

At the end of the 2000 Summit held in Windhoek, the First Ladies issued a Declaration on the urgent need to redouble efforts aimed at improving the quality of life of rural women and their families. Above, some of the First Ladies who attended the Summit.

The food situation also deteriorated in other countries that were not affected by war due to less investment targeted for food production of the subsistence agriculture, which is predominant to women. The subsistence agriculture in comparison to large-scale commercial farming, suffered the most from less capital, credit, research and technological innovations, information and land reforms targeted to enhance capacity of women to improve food production.

2.1.3 Livestock Situation

Livestock sub-sector offers the region an opportunity for accelerated growth and diversification. Livestock products such as dairy products, skins and hides are of high value and have great potential for growth. In the past two decades, for instance, FAO estimates the Developing Countries' share in the global value of exports of skins and hides to have doubled.

Despite this potential, productivity of the livestock sub-sector in the region remained stagnant in the period under review. Estimated livestock population figures were at 43.381 million cattle, 33.409 million sheep, 27.839 million goats, 4.634 million pigs, 1.651 million horses and donkeys and 250 million poultry in

1999 compared to the previous year (44 million cattle, 38 million sheep, 26 million goats, 3.8 million pigs, 1.6 million horses and donkeys and over 170 million poultry). The region continued to face problems of managerial skills, low productivity of local breeds, shortage of grazing land and poor nutritive value of the region's natural pastures. The communal grazing system, which is closely associated with overstocking, poor breeding practices and poor control of trans-boundary animal diseases, remained predominant.

Recognising the need to control livestock diseases and improve production, the region has developed a regional strategy and a number of programmes to address these constraints, particularly, the control of epidemic diseases such as foot and mouth, contagious bovine pleuropneumonia (CBPP), new castle, African swine fever and lumpy skin.

2.2 HEALTH

The citizens of SADC, on average, appear to have better access to health services than those of other regions in the continent. However, there are wide variations within the countries. High rates of poverty, unemployment and poor physical infrastructure had different degrees of impact on the health status of the people.

During the period under review, health conditions in SADC did not show a significant improvement mainly due to inadequate resources being allocated to the sector. The Health Sector was generally characterized by high infant and maternal mortality rates, a high burden of transmissible diseases and poorly resourced and managed services. The prevalence rate of HIV/AIDS in the region is estimated to be as high as one in five people, or 20 per cent, in some countries. This makes the pandemic the single largest threat to development in the region.

The impact of HIV/AIDS worse in women compared to men due to several factors. Firstly, women are vulnerable to HIV/AIDS disease due to biological factors which make it easy for women to be infected through heterosexual means compared to men. Secondly, women's subordinate status on their sexual and reproductive rights denies them the right to protect themselves from being infected by their spouses/partners. Thirdly, the high incidence

Botswana-based Reetsanang Community Drama Group staging a play on HIV/AIDS during the 2000 SADC Day commemoration in Gaborone, Botswana.

levels of poverty act as push factors to some women and girls into sex work. In the light of this, the region has adopted a multi-faceted approach to dealing with HIV/AIDS and particularly as it relates to women.

Food and nutrition availability in the sub-region continued to be constrained by the high population growth rates. Despite overall improvement in food production in the sub-region, availability of food has shown a steady decline in recent years, with food shortages, high rates of child and maternal malnutrition, Vitamin A deficiency, nutrition anaemia and iodine deficiency disorders.

The proportion of people with access to safe water and sanitation continued to vary among countries. There were two countries, Angola and the DRC, with the lowest percentage of the population with access to safe water and sanitation in the region. While in Angola access to safe water and sanitation was at 31 and 38 percent respectively, it was 42 and 18 per cent respectively in DRC. Nearly 100 per cent of the people in Mauritius had access to safe water and sanitation (99.6 and 99 per cent, respectively), followed by Seychelles at 83 and 94 per cent, and Zimbabwe with 77 and 66 per cent, respectively. Table 10 in the Annex gives details at country level.

In order to address these and other issues related to the poor status of health in the region, SADC has adopted Policy Framework and Biennial Priorities. The Biennial Priorities address five priority concerns, namely HIV/AIDS, Communicable diseases, especially TB and malaria, standardization of health information system, resource mobilization and reproductive health. Furthermore, in order to provide coordination in the area of health, a Protocol was signed by the Heads of State and Government in Maputo in 1999. Other major developments recorded in the sector during the period under review include the formulation of a multi-sectoral program to combat the HIV/AIDS pandemic. In this respect, a SADC HIV/AIDS Strategic Framework and Program of Action was finalized and its implementation is expected to start before the end of 2000.

A major challenge faced by the region was the formulation of appropriate programs and projects that support the policies of the sector, as well as securing funding for their implementation and monitoring. In this respect, appropriate steps need to be taken in order to coordinate efforts being made by institutions such as WHO and FAO in health related activities in the region.

2.3 EDUCATION

All Southern African countries recognize the importance of education as a vehicle for successfully competing in the global economy. Over the past few years, many Southern African countries adopted international conventions on educational development and undertook policy reform measures, which put emphasis on, inter-alia, universal basic education. Meanwhile, inadequate higher and training education infrastructure, which goes together with science and technology, has also been recognized as a binding constraint to sub-regional development, particularly in this age of information technology. In addition, Member States have recognized the importance of and turned their attention to issues of quality, equity, relevance and special education. Special education remains one of the major challenges for educational development in the region, along with such issues as gender equity and the devastating impact of HIV/AIDS.

It is worth nothing that during the period under review, a significant number of SADC Member States have achieved net enrolment rates (NER) of over 90 per cent in primary education. This

The 2000 Summit in Windhoek witnessed the announcement of the winners of the 2000 Regional Secondary Schools Essay Competition, whose theme was HIV/AIDS. The first prize was awarded to Sibanesizwe Malunga (left) of Zimbabwe; the second prize to Yohane Kadalinga of Malawi (centre); and the third to Ashveen Kutowaroo of Mauritius (right). Seated in the forefront are Zimbabwean and Angolan Presidents, Robert Mugabe (left) and Eduardo dos Santos (right).

contrasts starkly with enrolment at both secondary and tertiary levels, which still remain significantly low in some countries, ranging from 1.5 to 53.3 per cent. This suggests that in some countries less than 50 per cent of students in primary education progress to secondary school level, while, on average, less than 1 per cent of students in secondary education progress to highereducation and training. It is also recognised that gender patterns at tertiary level have a bearing on the employment patterns and the type of jobs that women and men find themselves doing. Member States are, however, making great strides in widening access to education at all levels. In this respect, three quarters of SADC Member States have achieved net enrolment rates at primary level within the range of 80-100 per cent, with Seychelles and Mauritius achieving 100 and 99 per cent, respectively (Table 3).

Nevertheless, these imbalances are being addressed seriously in most countries and a significant number of countries have already achieved net enrolment rates of over 90 per cent in primary education. This indicator, coupled with the emphasis placed on education development by the Member States, as formulated in the SADC Protocol on Education and Training, suggests that most countries are likely to achieve universal primary education at least by the year 2005. In Namibia, for example, government indicated that it is committed to universal education, which features compulsory primary education.

Table 3: Primary School Enrolment Rates and Public Expenditures on Education

COUNTRY	TOTAL NER (%)	NER BOYS (%)	NER GIRLS (%)	PUBLIC EXPENDITURE ON EDUCATION AS % OF GNP
Angola	39	49	31	...
Botswana	96	95	97	8.5
DRC	...	...	...	...
Lesotho	67	62	72	4.8
Malawi	83	83	83	...
Mauritius	99	98	99	...
Mozambique	36	40	32	...
Namibia	95	93	98	8.7
Seychelles	100	100	100	7.4
South Africa	94	95	93	7.1
Swaziland	80	79	80	6.8
Tanzania	55	54	55	5.0
Zambia	81	85	77	2.6
Zimbabwe	86	...	...	...

Sources: UNICEF, Eastern and Southern Africa Office, "Progress in Social Sectors in Eastern and Southern Africa in the 1990s: A UNICEF Perspective", ECA/UNDP/WSSD/ESASR/1/3, paper presented at the Eastern and SADC regional Follow-up Conference to the World Summit for Social Development, Nairobi, Kenya, 15-17 March 1999.
... = Data not available.

Considerable progress has been made to increase enrolment in primary schools, although high dropout rates remain a major cause of concern. On the other hand Swaziland is reported to have achieved virtual access to primary education.

Despite these developments and great strides to provide Education for All by the year 2000, at the dawn of the year 2000 only a few countries were close to achieving this goal. As in other African countries, deteriorating economic conditions, unsustainable debt and high population growth rates hinder expansion and improvements in education. In addition, efforts to improve the education system in Southern Africa are being undermined by a number of factors including high pupil-teacher ratios, high classroom ratios, high proportion of unqualified teachers and inadequate textbooks and instruction materials. Very few countries meet the international standard of maximum 34 pupil-to- teacher ratio. This situation is even worse when only trained teachers are taken into consideration. In some countries such as Tanzania and Zimbabwe, the pupil/classroom ratios are as high as 72:1 and 58:1, respectively.

Furthermore, during the period under review, Southern African Member States continued to re-orient activities to improve education and training systems in the sub-region. An Implementation Plan was put in place for the operationalization of the SADC Protocol on Education and Training so it can be fully operational before end of year 2000.

2.4 LABOUR AND EMPLOYMENT

In 1999, Member States continued to address major employment and labour challenges facing the sub-region. Member States put in place appropriate economic and social policies to tackle the problem of declining productive employment opportunities, low levels of productivity and increased social insecurity and poverty levels. Particular attention was paid to the problem of combating child labour through the formulation of new standards on the most intolerable forms of child labour, with the assistance of ILO.

SADC Day (17 August) is commemorated throughout the region with wide-ranging activities that often include sport, drama, marches etc. (Above) Children in Gaborone, Botswana, held a procession from the SADC House (Secretariat) to the city centre where the SADC Day commemoration was held. Activities of the day included speeches by Botswana leaders, drama on HIV/AIDS, poetry recital and choral music.

Employment and unemployment data is not readily available in most countries. Although it is estimated that economic growth increased in some countries, yielding positive per capita income growth rates, the employment situation remained precarious, with absolute employment levels falling in some countries and unemployment rates increasing in most cases to above 20 per cent. This compares with single digit unemployment rates in developed countries as well as in Latin America and the Caribbean.

Lack of time series data makes it difficult to assess progress over time in the employment situation. Nevertheless, recent country reports prepared for a number of follow-up meetings to international and regional conferences, provide some indications on the employment and unemployment situation in some Member States. These indicate a gradual decline in formal sector employment as a result of the economic restructuring process and constraints being experienced by most Member States. Member States also continued to face urban unemployment and declining wages, particularly in the public sector.

2.5 GENDER AND DEVELOPMENT

Gender equality has become increasingly recognised as a matter of fundamental human rights, a democratic and economic imperative at global, regional and national levels. As a result, the attainment of equal rights and opportunities between women and men has been identified as a priority concern by all SADC Member States. This is reflected in the adoption of a number of global and regional instruments to which SADC Member States are signatories, which commit them to undertake measures aimed at addressing the gender gaps in various sectors. Examples of such instruments at the global level include the 1979 Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and its 1999 Optional Protocol, as well as the 1995 Beijing Declaration and Platform for Action for the Advancement of women.

In the area of gender policy and institutional frameworks, those SADC Member States that do not have explicit gender policies reported some progress in their formulation. Where gender policies exist, national action plans and programmes have been formulated, and are at different stages of implementation. National machineries to coordinate gender issues have been set up, strengthened and in some cases upgraded. In many Member States, gender focal points, who are responsible for overseeing the mainstreaming of gender issues in the various sectoral ministries have been established. NGO-government relations vary from one Member State to another, which results in a lack of consistency especially with respect to reporting national developments and attendance of SADC meetings.

As shown in Annex 11 and 12, in the five SADC countries that held elections in 1999, only one maintained the proportion of women parliamentarians while four witnessed an increase in the level of participation by women. This raised the SADC average for women in parliament from 15% to 17.9%, which is considerably higher than the African average of 11 percent; the average for sub Saharan Africa of 9 percent; and the global average of 13.4 percent.

In the area of access to resources and economic structures, poverty continues to pose a major obstacle for women's development in SADC. This is due to their generally subordinate legal status, limited access to productive resources such as land, technology, credit, education and training, formal employment, as well as their susceptibility to HIV/AIDS. Most Member States have put into place laws, policies and programmes to alleviate poverty, some of which target women as a special group. Both governments and NGOs in the region are making some efforts for women to access funding for micro-projects, at low interest or no interest. However, performance indicators show that a lot more effort is needed by most countries to improve the economic situation of women.

Some Member States have continued to institute legal reforms making provision for equality between women and men in law and in practice. Amendments of criminal laws to increase penalties for sexual offences were made in some countries, and in the field of civil law, legislation giving women equal rights in marriage has been enacted and strengthened. In others, reviews of gender discriminatory laws are being conducted, with a view to proposing amendments. In almost all countries of the region, NGOs conduct training programmes in women's human and legal rights, as well as provide free legal services for women who cannot afford to pay legal fees.

In spite of the commendable efforts by SADC Member States, a number of challenges remain. The major challenge facing most Member States is the slow pace at which laws, policies and plans are being translated into concrete programmes that will benefit ordinary women.

Ministers and Members of Parliament from Botswana, Malawi, Namibia, Seychelles, South Africa, Swaziland and Zimbabwe, who attended a workshop on Additional Empowerment Strategies on Women in Politics and Decision Making in SADC held at Whitesands Hotel, Dar-Es-Salaam, Tanzania, 22-24th September, 2000.

At the regional level, a major challenge is the availability of accurate, up to date and comparable information on gender issues in Member States to enable the SADC Gender department to properly execute its mandate.

2.6 TRANSPORT AND COMMUNICATIONS

2.6.1 Road Transport

The arterial roads are generally in satisfactory condition in the southern tier of SADC countries, while those in Mozambique and the northern tier nations require major network rehabilitation some of which is ongoing. The secondary and tertiary roads throughout the sub-region require improvement and the assurance of adequate and timely maintenance. The widespread problem of heavy goods vehicle overloading needs to be addressed in order to reduce maintenance costs.

A number of measures have been taken to further improve the road network in SADC. These include payment of the full cost of maintenance in the entire public road networks; the establishment of road funds to be administered by a road fund board, or road board for which guidelines have been agreed upon; autonomous, streamlined roads agencies must be created to manage the road network in a cost-effective manner; minimisation of road network construction and maintenance costs.

The SADC Regional Trunk Route Network (RTRN) was agreed upon and incorporated into the Protocol in 1999.

Eight countries have established road funds and road boards (Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Tanzania and Zambia) while plans in other countries are at an advanced stage. Furthermore, five countries have established autonomous road agencies (Malawi, Mozambique, Namibia, South Africa and Tanzania).

Traffic counting on the regional trunk routes is underway to update the current transit charges and plans are underway to draft the implementation manual, which will include aspects of the charging system (including coupon system).

Road design standards and specifications have been produced and consultants and design engineers in Member States have been instructed to use the design standards, which will be reviewed in two years to check on progress.

Technical work for harmonization of road traffic signs was also finalized and will be incorporated into the SADC Protocol as an annex.

Road transport services were generally adequate in the region, as there were large numbers of small and medium-sized operators competing to serve domestic transport demand. In long-distance cross-border services however, there were still some constraints to market responsiveness, transport service standards, and service charges. These include restrictions to market entry, delays at border posts and operation limitation, especially for small operators who do not have facilities across borders or on long distance routes.

Despite the reported progress, the road safety situation in SADC needs to be addressed through special initiatives by Member States in consultation with other relevant stakeholders. Under this initiative, a SADC regional project has been designed. Discussions are ongoing with the African Development Fund and the European Commision to secure financial support for the project.

2.6.2 Railways

As in the road sectors infrastructure, the railway network in the southern tier of SADC nations is generally in a fair condition, while that in Mozambique and the northern tier nations is in an unsatisfactory condition due to deferred maintenance. The governments of these Member States are pursuing programs for private sector involvement in the rehabilitation and operations of these railways.

The Southern African railway network, comprising 14 railways, has been divided into 12 railway corridors. The establishment of these corridors is a requirement of the Protocol. An assessment of corridor performance indicates that the shorter Corridors (e.g. Swazi Rail /Richards Bay, Ressano Garcia, etc) seem to be picking up quite well on the concept of Corridor based Operations. The longer Corridors, on the other hand, (e.g. DRC/Zambia/Zimbabwe/South Africa) need to make concerted efforts to improve the establishment of seamless service. Total corridor coordination is visibly absent in the latter, thereby adversely affecting the efficiency of service delivery.

To correct this state of affairs, Corridor Management Groups (CMG) for each railway corridor were formed to monitor the performance. The CMG is coordinated by one of the railways in the corridor. This is in an effort to ensure the achievement of the Protocol provisions, which are encompassed in the railway Regional Action Plan, whose key elements are that the railways should provide a seamless and predictable service.

A significant development in the sector was the introduction of the Corridor Performance Indicators and Statistics by the Corridor Management Groups (CMGs). 36 indices were selected covering the key areas of Business Performance; Operations Efficiency; Safety of Operations; Infrastructure and Equipment; Finance and Accounting; and Human Resource Development. These were deemed pertinent for the initial and immediate kick-start to the new reporting format.

2.6.3 Maritime Ports and Shipping

In contrast to road and railway infrastructures, the maritime sub-sector is almost adequate to meet the current and immediate future needs of the sub-region. Although a few ports require maintenance dredging of the entrance channels, ports were generally adequate in terms of capacity and characteristics. Few exceptions were related to the ports of Durban, Maputo and Dar es Salaam, which had reached or are approaching their capacity limits for handling containers. A number of specialized terminals were efficiently operated by the private sector. Shipping services to the region were varied, reliable, and generally adequate. It was mainly in regard to maritime safety and protection of the marine environment where the region was still lagging.

SADC has a network of 15 ports, which were classified as "regional". Mauritius was served by Port Louis while Continental SADC was served by the Indian Ocean ports of Dar es Salaam, Nacala, Beira, Maputo, Richards Bay, Durban, East London, Port Elizabeth, and the Atlantic coast ports of Cape Town, Saldanha Bay, Walvis Bay, Luanda, Lobito and Namibe. The Tanzanian port of Mtwara, which is to be one of the terminals of the Mtwara development corridor, is a potential regional port.

The combined throughput of all the 15 SADC regional ports declined slightly from 203.29 million tons in 1998 to 201.32 million tons in 1999; a decline of some 1.97 million tons or 1 per cent. A substantial drop in the volume of containerized cargo at the ports of Beira, Durban and Port Elizabeth was a major contributor to this decline.

Restructuring of the port industry is ongoing in nearly all the Member States. This entailed creating adequate monitoring and regulatory capability to promote and oversee enhanced private sector financing, management and operation of port terminals and facilities as well as provision of port services. The emerging public/private sector partnership in the port industry meant that the region's port authorities will, as landlord port authorities, be now responsible for the promotional, monitoring and aspects of regulatory functions.

Port restructuring was proceeding in most of the coastal States of the region. In Mozambique, most terminals in the port of Maputo have now been concessioned out while the process to concession the remaining port functions are due to be finalized later this year. Meanwhile, in South Africa PORTNET was split into two autonomous divisions: a landlord port authority division and a port operations division. In Tanzania, the container terminal in the port of Dar es Salaam has been concessioned effective mid-2000 and plans are underway to concession other port business units.

Inland waterways consist mainly of the Zambezi and Congo River systems, including Lake Victoria, Lake Tanganyika, and Lake Malawi/Nyasa/Niassa. Data on recent development regarding operations and state of infrastructure was not available. However, the Congo River transport falls short of its potential largely due to aging equipment, lack of maintenance of the infrastructure and poor performance of the public waterway agencies.

The study on the navigability of the Zambezi and Shire rivers is still outstanding. Meanwhile, Mozambique has undertaken a preliminary survey of some 600 km. of the Zambezi River, which has shown that navigation along the river is possible up to the level undertaken in the 80's when 200 ton-barges were operated.

2.6.4 Civil Aviation

Air transport infrastructure serviceability improved considerably during the period under review, although further development would be required to cope with the current and expected rapid growth of air traffic. Institutional reforms were well underway in the sub-sector, and a regional, integrated air traffic safety system was developed. Most airports, however, still did not have adequate air cargo terminals. Entry into the air transport services market was in the early stages of liberalization, and many potentially viable services were not performed or were under-provided, in some cases at high service prices.

With regard to the status of the civil aviation sub-sector, good progress is being made in the legislative and institutional reform towards the separation of the government overseer and regulatory role from the role of system development and operation. Private sector participation in air transport infrastructure investment, management and operation is being promoted and steps have been taken to reduce air traffic accident risk. Principal airports of the region generally have adequate capacity for current levels of passenger traffic, and development programs are underway at some of the airports. However, the air cargo industry has been slow to develop due to a combination of factors, including particularly inadequate airport cargo terminals and general failure to liberalize market entry into the air cargo service industry. Intra-regional air passenger services did not respond to market demand, largely due to restricted market entry but also because some "early entries" into the private airline industry have performed poorly or have even failed to commence operations.

In terms of aviation policy liberalization initiatives, there was growing support and requirement from private sector airlines that national airlines wishing to participate in liberalized air transport policies should be privatized. There was need to establish a competitive environment where commercial principles and regulations are effectively enforced. In this respect, the attempts at cooperation made by the airlines of Malawi, Mozambique, Tanzania, Zambia and Zimbabwe revealed that proximity and interlining were some of the prerequisites for more cooperation and possible voluntary mergers. Such efforts should be encouraged to form a nucleus for strengthening the regional airline industry. Unfortunately, most of the time these attempts were short-lived.

Regarding air traffic safety, the region is in the process of developing an integrated Communications Navigation Surveillance/Air Traffic Management (CNS/ATM) system, and of integrating SADC air space in line with system design. VSAT terminals were established in most Member States and this improved communication tremendously among flight information centres. A SADC Upper Airspace Control Centre is being considered for establishment. Institutional issues associated with this arrangement include legislation, multinational recruitment on merit, creation of one regional organization, identification of the location of the Area Control Centre and setting and overseeing standards and safety oversight mechanisms.

2.6.5 Telecommunications

Good progress was made in the telecommunications sub-sector, although there exists "a long road ahead" before the region will have adequate telephone densities and good performance standards. Good progress was made in a number of areas including the following:

- Most exciting, perhaps, was the developing relationship between the information and telecommunications industries. The number of Internet Service Providers (ISPs) increased considerably in the sub-region, and the use of electronic mail (e-mail) grew at a fast pace as a direct result. In 1998, this service grew by 30 percent. In order to determine policies and strategies that will further accelerate development and use of information technology, the SATCC-TU prepared a discussion paper, which will be considered in the SATCC/SADC structures.

- Equally important, was the increase in the number of mobile telephone providers and users of cellular phones. In 1998 alone, the growth was 60 percent.

- Regional agreement was reached on telecommunications policy and model legislation, and on the need for legislative reform to permit implementation of policy. Legislative reform was completed in several Member States and was anticipated to be complete in all before the year 2001.

- The active participation of the private sector in the provision of basic telephone services began and decisions were made in most Member States to privatize, partially or wholly, the government-owned telecommunications entity. As of May 2000, South Africa and Seychelles were still the only Member States, which have already entered into a strategic partnership for basic telephone services. Tanzania was about to conclude a strategic partnership agreement with the private sector. Such agreements will probably be concluded in three other Member States (Lesotho, Malawi and Mauritius) this year or early next year.

- Independent telecommunications regulatory bodies were established in Botswana, Malawi, Mauritius, Mozambique, Namibia, South Africa, Tanzania and Zambia.

- Regional coordination and cooperation was strengthened through the transformation of the Southern African Telecommunications Association (SATA) into an industry association and the formation of the Telecommunications Regulators Association of Southern Africa (TRASA).

The impact of reform efforts in the telecommunications sub-sector was more impressive in 1998. The sub-region had a telephone density of just 4 per 100 persons in 1997 and reached over 5 per 100 persons in 1998.

2.6.6 Postal Services

The sub-regional postal network and systems are adequate in terms of coverage in rural and urban areas in the majority of Member States. However, the unit costs remain high and service delivery standards low throughout the sub-region. The industry is also facing intense competition from outside such as internet. In addition, the financial health of the industry, never particularly good, is more than ever before in jeopardy of worsening. In 1999, the number of parcels posted and delivered by the region's postal industry continued to decline, by an alarming 34 percent compared to 1998. The number of letters handled in ordinary mail service also decreased by about 12 percent.

For the above reasons, the industry was undergoing fundamental changes in policy, regulatory and operational framework as public and private operators were allowed to compete on equal footing. Postal operations were being separated from regulatory functions although the majority of Member States had not yet established independent regulatory bodies. At least five Member States had regulatory authorities (Malawi, Mozambique, Namibia, South Africa and Tanzania). A few other countries were in the final stages of doing so. It was anticipated that the remaining Member States would have regulatory framework incorporated into national laws on the basis of the Model Legislative Provisions on Postal Services. At regional level, the Postal operators and, to some extent, the Regulators were in the process of establishing their respective regional bodies.

2.6.7 Meteorological Services

There was significant progress in improving the region's meteorological services, although progress was uneven among Member States. Both Mozambique and Tanzania have established an independent body or executive agency for meteorological services, while the South African Weather Bureau (SAWB) and the Zimbabwe Meteorological Services are in the process of becoming executive agencies.

The region has established the Southern Africa Regional Climate Outlook Forum (SARCOF) to better utilize the meteorological services climatic cycle and variations analyses, with SAWB leading the effort.

The institutional transformation must be completed, with all Member States making their respective meteorological service entities independent executive agencies or institutes. Beyond this institutional change, however, there is a general need for government to give more support to the investment needs of the new agencies or institutes. Whereas government funding support is surely needed throughout the region, it is also the responsibility of the region's meteorological services industry to ensure that the region's system is fully integrated, with optimal investment programs, to minimize capital and recurrent budget requirements.

2.7 TRADE, INVESTMENT AND FINANCE

The overall macro-economic policy pursued by SADC countries led to fairly open investment and trade regimes in the region. Trade is the most prominent form of integration within SADC. The recent progress made in negotiating better market access between Member States is expected to encourage intra-regional trade thereby creating other substantial economic benefits for all Member countries. The implementation of the SADC Protocol on Trade is expected to be launched on the 1st of September 2000. Although the most recent data is not available, aggregate intra-SADC trade is estimated at 22 per cent and is expected to increase to about 35 per cent by 2008. It is anticipated that the launch of the Protocol will have a positive impact on trade among the Member States and will build business confidence in the region and beyond.

SADC Member States were involved in intensive and complex negotiations on tariff reduction schedules, rules of origin, harmonization of customs and trade documentation, non-tariff barriers, sanitary and phytosanitary and other trade measures since January 1999. While not all details have been resolved, agreement was reached on a critical mass of the technical issues so that

Member States were able to ratify the Protocol, which entered into force on 25 January 2000 and set a date for the start for the gradual liberalization of intra-SADC trade within eight years of implementing the Protocol.

In order to facilitate the flow of trade after the implementation of the Protocol, customs documentation and clearance procedures were harmonized. A project is being developed to modernize the computer equipment used at border posts to ensure compatibility in the systems used to clear goods and services.

The investment climate in much of SADC has improved dramatically in the 1990s as governments were active in trying to create a more attractive policy environment. SADC countries through the Finance and Investment Sector Coordinating Unit (FISCU) are in the process of drafting a Finance and Investment Protocol and specific sectoral agreements in the areas of investment, macro-economic convergence, development finance and the activities of the region's central banks. In this regard, SADC Finance and Investment Ministers in July 2000, endorsed the Principles Framework, which includes the Memorandum of Understanding on investment and cooperation between SADC Investment Promotion Agencies. They also identified four areas, namely macro-economic convergence, investment, development finance as well as finance and monetary policy as essential pillars to be incorporated in the Principles Framework. With this move, the SADC Ministers want to ensure synergy and close cooperation between the Finance, Trade and Investment Sectors.

All countries loosened barriers to foreign investment and introduced a mix of investment incentives, which vary from country to country. Due to these changes, foreign investment into SADC is looking rosier than it has for decades. However, the response to the opportunities created has not been very satisfactory. These opportunities have been created in the areas of infrastructure development, privatization of state enterprises and joint management of natural resources. For example, the first trans-frontier game park in Africa which combined Gemsbok National Park in Botswana and the Kalahari Gemsbok National Park in South Africa has been established. There are similar initiatives among Mozambique, South Africa and Zimbabwe.

A substantial increase in domestic and intra-regional investments is required to demonstrate greater confidence in the regional economy. This will attract foreign direct Investment flows.

In the finance sector, there has been remarkable liberalization of exchange controls in the region as the economies adopted market oriented exchange rate regimes. The current account in all the Member States has been liberalized. However, there are variances with respect to the capital account. Countries such as Botswana, Mauritius and Zambia have completely liberalized their capital accounts. In addition, Botswana and Mauritius have established themselves as international financial services centres. Other countries still maintain certain controls with benchmarks or thresholds below which there are no controls. It should be noted that for investments destined for the SADC sub-region, the threshold is higher than that obtaining for investment destined for third countries.

Following harmonization of listing requirements and the legal and regulatory framework of stock exchanges in SADC, there has been an increase in business activity on the various stock exchanges. There is now provision for cross or dual listing of companies on the stock exchanges in the region. The development of capital markets in the region especially the bond market, will accelerate support to the private sector-led growth which the region so aspires to. This move is expected to attract more portfolio investment into SADC.

2.8 MINING

Mining continued to be the major foreign exchange earner in most of the economies of the sub-region, contributing approximately 10 per cent of sub-regional GDP and over 60 per cent of foreign exchange earnings. However, the repercussions of the East Asian economic crisis of 1998 greatly affected the sector, particularly when the world's second largest mineral consumer, Japan, went into an economic recession. This situation resulted into low mineral commodity prices as consumption decreased while production of some commodities either remained static or even increased. The most affected commodity was gold, whose price after falling relentlessly during 1998 tumbled to a 20-year low of US$253 per troy ounce in the third quarter of 1999.

Low commodity prices precipitated the closure of a number of mines in Southern Africa. This was accompanied by laying off of labour in some countries particularly in South Africa and Zimbabwe. Declining world demand of asbestos, for example, precipitated mine closures and job losses in the asbestos producing mines in South Africa. It is estimated that South Africa's asbestos industry's labor force declined from 1,003 employees in 1997 to 451 in 1998. Meanwhile, the closure of the Hartley Platinum Mine in Zimbabwe in June 1999 also caused loss of employment for over 3000 people.

Despite the adverse developments mentioned above, the mining industry continued to be attractive and to receive new investments. These include a US$300 million Scorpion zinc project near Orangemund in Namibia; the Ngezi project in Zimbabwe; the two Amplats projects in South Africa (Bafokeng Rasimone and Maandagshoek); the US$ 62.5 million nickel expansion project by Tati Nickel Mining in Botswana; and the privatization of ZCCM in Zambia, to name just a few.

These new investment projects coupled with the recovery in the industrialized and emerging countries in Asia will further boost the performance of the mines in the sub-region. More importantly, the new investments are expected to contribute to employment creation in the mining industry. The promotion of a jewelry fabrication industry in South Africa, for example, is expected to lead to creation of up to 250,000 jobs by the end of the first decade of the 21st century.

2.9 ENERGY

Member States continued to implement important economic policy measures to create a more enabling environment for energy development and trade in the sub-region. In the electricity sub-sector, for example, this has led to the participation by new actors and utilities have greater flexibility to fix tariffs and make decisions on investments based on market principles. Similarly, in the oil refining and marketing system, significant restructuring is under way in most countries. Although at different stages, the progress already made by some countries towards commercialization of utilities and increased scope for private sector participation is commendable.

The present era of globalization and liberalization poses, however, a set of challenges in the struggle to provide economically efficient, socially equitable and environmentally sustainable energy services in the sub-region. Such challenges include among others: the deregulation of the petroleum industry; the restructuring of the electricity supply sector; increasing environmental concerns; changing energy demand profiles; and access/generation of adequate capital to sustain the implementation of development projects. A scenario of unmatched supply/demand balance still prevails, although, in aggregate the resources and even the installed supply capacity do exist and largely cover the energy demand. There are surpluses of electricity, coal, and petroleum, which do not benefit all the areas when and where a situation of deficit of supply occurs.

Although Angola is the only oil producer, the sub-region is endowed with huge new and renewable energy resources (NRSE), such as solar energy for electricity generation and heating; wind energy for water pumping and electricity generation, especially on the coastal areas of the sub-region; mini and micro-hydro power potential for electricity generation and mill grinding. Despite this availability of energy resources, the great majority of the population in the sub-region lives in the rural and peri-urban areas with no access to electricity and are dependent on woodfuel. Thus, about

Table 4: World Tourist Arrivals and Receipts by Region, 1997-1998

	TOURIST ARRIVALS (THOUSANDS)		% CHANGE		TOURISM RECEIPTS (US$ BILLION)		%CHANGE	
REGION	1997	1998	96/97	97/98	1997	1998	96/97	97/98
SADC	**10.58**	**11.48**	**6.5**	**8.5**	**4.3**	**4.5**	**13.1**	**4.3**
Africa	23	25	6.1	7.5	9	10	3.3	5.9
Americas	118	120	1.3	1.4	119	121	5.6	2.1
East Asia/Pacific	88	87	-1.2	-1.2	77	74	-6.9	-3.8
Europe	362	373	3.2	3.0	218	226	-0.8	3.6
Middle East	15	16	5.3	5.3	9	10	10.8	6.4
South Asia	5	5	8.9	5.0	4	4	8.4	2.8
World	611	625	2.4	2.4	436	445	0.1	2.0

Source: World Tourism Organization, 1999

75 per cent of the total domestic energy consumption is woodfuel based, which contributes to environmental degradation.

In order to increase accessibility to this important factor of development at affordable prices with a sustained quality of service, important steps are being undertaken, mainly in the area of training, the establishment of fair energy tariffs and by strengthening the existing interconnections as well as by promoting new interconnections particularly to those countries that are not yet covered by the regional grid.

As of 1999, the total electricity net supply in the region amounted to about 207.285 GWh, a 4.2 per cent increase, over the 1998 figure. The total annual maximum demand in 1999 went up to 35.013 MW, exceeding the 32.117 MW registered in 1998 by 9 per cent, with an installed capacity of 46,020 MW.

The total energy consumption figures in SADC are still not an accurate reflection of demand. In most countries, low income prevents electricity supply utilities from expanding networks sufficiently to reach all customers. Besides the low income constraint, the inability of the majority of SADC utilities to meet demand is typically a reflection of financial weakness, the root cause of which is again the tariff policy.

On the other hand, recent world-wide concern about environment and climate change has stimulated an interest in NRSE technologies, as one way of mitigating against greenhouse effect caused by increased use of fossil fuel. These two facts combined with the huge NRSE potential in the region, if efficiently managed, can contribute significantly to the energy equation of the region and therefore contribute to reduction of greenhouse effects.

Table 5: Tourism in the SADC countries - 1997

COUNTRY	TOURISM RECEIPTS AS % OF		
	GNP	MERCHANDISE EXPORTS	COMMERCIAL SERVICES EXPORTS
Angola	0.2	0.2	3.4
Botswana	3.7	8.6	112.9
Congo D R	0.0	0.3	1.3
Lesotho	1.5	-	52.6
Malawi	0.3	1.5	31.8
Mauritius	10.9	29.4	51.7
Mozambique	n/a	n/a	n/a
Namibia	9.3	24.9	91.6
Seychelles	22.7	230.2	50.6
South Africa	1.8	7.7	45.3
Swaziland	2.9	4.5	35.7
Tanzania	5.9	54.6	81.0
Zambia	2.1	8.3	90.4
Zimbabwe	2.7	9.2	60.1

Source: *World Tourism Organisation, Tourism Market Trends, 1999*
n/a = Not Available

2.10 TOURISM

Tourism is increasingly becoming one of the world's fastest growing industries. On account of its socio-cultural and economic dynamics, it constitutes an excellent instrument for promoting economic development, understanding, goodwill and close relations between peoples.
World tourist arrivals maintained the same level of growth in 1998 as in 1997 (i.e. 2.4 per cent) and reached 625 million, while tourism receipts (excluding international transport) grew to US$ 445 billion. The African continent showed the strongest expansion in tourist arrivals in 1998, up by 7.5 per cent over the 1997 level, although receipts increased more moderately in Africa by 5.9 per cent (Table 4).

However, in 1998, Africa received only 4 per cent of international tourists and earned only 2 per cent of the global tourism receipts, as compared to other destinations. Hence, there is room for improvement. According to the World Tourism Organisation (WTO), total international arrivals would reach 692 million in the year 2000, 1 billion by 2010 and 1.6 billion by 2020. The growth rate of tourist arrivals in Africa is expected to be 5.5 per cent between 1995 and 2020.

Southern Africa has an immense untapped potential for tourism development – unique natural, cultural and historic resources. The tourist attractions include wildlife, rich variety of wilderness areas, natural wonders of the world, sandy beaches, mountain ranges and round-the-year sunshine.

The objectives of the SADC tourism sector portfolio are to bridge the gap in nature, quality and extent of tourism development of member countries in a phased manner and to harmonize policies to achieve higher economic growth in the sub-region. Tourism is one of the catalytic sectors for integration as it is linked to almost all other sectors and is increasingly becoming a major foreign exchange earner in the sub-region. However, member countries have very different levels of tourism development, as shown in Table 5.

In 1998, the SADC region received some 11.5 million tourists and tourism receipts increased from US$ 3,162 million in 1995 to US$ 4,448 in 1998, excluding Mozambique on which data are not available. However, no direct correlation exists between tourist arrivals and tourism receipts in the region, mainly due to different levels of tourism development.

The Protocol on the Development of Tourism was signed in Mauritius on 14 September 1998 during the SADC Summit. All Member States, with the exception of Angola, signed the Protocol. Its objective is to use tourism as a vehicle to achieve sustainable social and economic development through full realization of its potential and to ensure equitable, balanced and complimentary development of the industry throughout the sub-region.

The Regional Tourism Organization of Southern Africa (RETOSA) in line with its mandate of promoting SADC as a competitive tourist destination in the world, has carried out an economic impact study of tourism in the SADC region. The study reveals the untapped potential for tourism development in the region and that the sector could be a major source of employment.

SADC Member States have also agreed to introduce a single visa requirement (UNIVISA) System in the sub-region. A committee has been established to develop a model framework and design for the UNIVISA forms as well as drafting the guidelines for the implementation of the UNIVISA. Furthermore, SADC countries have agreed to exempt tourists from the main source countries effective 1st January 2001. These countries include: the UK, USA, BENELUX countries, Australia, Germany, France, Portugal, Spain and Japan.

3.1 POVERTY AND GROWTH IN SADC

As in the rest of sub-Saharan Africa (SSA), the greatest development challenge facing the economies of SADC is poverty reduction. The importance of this challenge has been underscored by the member countries as stated in the key objectives of the SADC Treaty. The Treaty identifies regional integration as the strategy through which these countries can attain the main objective of economic growth: poverty alleviation and enhancement of the standard and quality of life of their people. Official data provided by the countries themselves show that poverty levels are high in all the countries and are in fact increasing. For example, 53 percent of the population in South Africa is reported to be trapped in poverty, surviving on an average household expenditure of R301 per adult per month. In Zambia, about 73 percent of the households live below the poverty line; in Mozambique 70 percent; Swaziland 66 percent; Zimbabwe 61 percent; Malawi 60 percent; Namibia 47 percent and in Botswana about 40 percent (ECA 1999). The high levels of poverty are compounded by high population growth rates which, combined with low incomes, have resulted in low or negative per capita income growth rates and high dependency rates for most of the countries.

Members of the SADC Council of Ministers which met shortly before the Summit of Heads of State and Government in Windhoek in August 2000.

It is now widely agreed in the development community that high and sustained economic growth is essential though not sufficient for poverty reduction. In order for growth to be beneficial to the poor, it must be broad-based and must be coupled with policies specifically aimed at strengthening the capacity of the poor to participate effectively in economic activities and thereby reduce poverty. Broad-based growth entails investing in sectors and activities that utilize the poor's most important asset - labour. Also, broad-based growth requires investing in those activities that increase the quality and productivity of the poor's most important assets, especially investing in health and education as well as in infrastructure.

In the case of SADC economies, and taking into account the international goal of reducing poverty by half by the year 2015 , it is estimated that they will need to reduce poverty by an average rate of 4 percent per annum. This translates into a required GDP growth rate of 6.2 percent per year (ECA, 1999). Table 6 shows the required growth rates for each of the SADC countries where data were available. Comparing the actual average growth rate for the countries for the period 1995-99 gives an indication of their performance against these targets. The most striking observation from the Table is that, except for Mozambique, Botswana and Angola, none of the other countries been able to consistently register a growth rate close to the one required for reducing poverty by half by 2015. Although Angola has been able to record a high average growth rate over the last years, the benefits of this growth have not reached the majority of the people who remain poor largely due to starvation as a result of conflict. In the case of Malawi, while the actual growth rate over the period is close to the target, there was a lot of variability over the period, which is an indication of lack of sustainability. An important step in the fight against poverty in the SADC economies is, therefore, to attain high and sustained rates of economic growth while at the same time ensuring that the benefits of that growth are shared widely and gender inequalities are addressed.

Table 6: Estimates of Required GDP Growth Rate To Reduce Poverty by Half by 2015

COUNTRY	REQUIRED GDP GROWTH RATE	AVERAGE GDP GROWTH RATES 1995-99
Angola	7.02	8.1
Botswana	6.2	5.7
Lesotho	5.97	3.9
Malawi	8.06	7.6
Mozambique	8.88	8.5
Namibia	6.44	2.6
South Africa	5.44	2.3
Zambia	7.4	1.7
Zimbabwe	6.14	3.0

Source: ECA (1999)

Although SADC countries have since the mid-1980s undertaken substantial economic reforms aimed at achieving dynamic and poverty reducing growth rates, the results have only yielded modest benefits. The economies in the region continue to face critical growth and development constraints that must be addressed if SADC is to meet what has been termed the greatest development challenge - poverty reduction.

According to the current growth literature, the key constraints to economic growth in Africa include: low human capital development leading to the lack of managerial, entrepreneurial and technical skills; weak technological capacity and adaptive research; poor and inefficient infrastructure and other technical support institutions particularly for marketing inputs and outputs; conflicts and poor governance; as well as low levels of savings associated with the inability of the countries to generate sufficient resources for investing in alleviating the above constraints in order to enhance productive capacity. The removal of these constraints has been identified by SADC governments as the key to addressing the growth and development objectives of the region and, in this regard, they have developed a program of action comprising a regional framework and policies for growth and development. Why a regional approach?

Given the structure and characteristics of most of the SADC economies, the SADC countries have recognized that a regional growth and development strategy is the most effective and appropriate way to address these constraints and thereby lay the foundation for high and dynamic growth rates required for poverty reduction. The SADC region comprises 14 Member States 11 of which have a population of less than 20 million each, while 8 have a per capita income of less than $500. Even in countries where the per capita income is high, the degree of inequality is such that the majority of the population still lives below the poverty line. Moreover, 6 of the countries are landlocked with remote regions that are far from large markets.

The main objective of this chapter is to review the status of regional integration in SADC in terms of its contribution to poverty reduction. It examines the key strategies for growth and poverty reduction as outlined in the various protocols for integration and discusses how they would benefit SADC economies. It also identifies the main challenges that need to be overcome in order to ensure that countries derive maximum benefits from the implementation of the regional integration initiatives.

King Mswati III of Swaziland being introduced to delegates by the then Deputy Chairperson of the SADC Council of Ministers and Namibia's Minister of Trade and Industry, Hidipo Hamutenya at the SADC Consultative Conference held in Mbabane in February 2000. The King opened the conference.

3.2. STRATEGIES FOR SUSTAINED GROWTH AND POVERTY REDUCTION IN SADC

The structure and characteristics of SADC economies depict a situation where individual economies are too small to be economically viable and cannot therefore take advantage of economies of production that are necessary for establishing an internationally competitive industrial base. A strong and competitive industrial sector would enable these economies to overcome a key constraint that has prevented them from becoming key players in the global economic system. Through regional integration, the economies can also substantially reduce the costs of investment in the development of human capital, infrastructure, as well as in the management and utilization of natural resources. Regional integration, therefore, provides the opportunity for more efficient and cost effective use of the collective physical, human and natural resources that otherwise would not have been optimally utilized by individual states. At the global level, regional integration can substantially reduce the costs of negotiations and associated costs of meeting international obligations, further contributing to SADC's effective integration into the global system.

In order to benefit from the opportunities derived from regional integration, SADC countries have established protocols that are aimed at addressing the growth and development constraints in the region. Eleven protocols have been signed out of which seven have already entered into force. Some of the benefits to be derived from implementing these protocols through a regional approach are discussed below.

a) Industrialization and Economic Diversification

It is widely acknowledged that the growth and development of the region required for poverty reduction cannot occur without a diversified and competitive industrial sector. It is for this reason that governments have set as a priority the goal of establishing a diversified and dynamic industrial sector in order to diversify the export base and thus reduce dependence on primary commodity exports. With the exception of South Africa, the region continues to depend on the production and export of primary commodities and on traditional comparative advantage of raw materials and unskilled labour, which are increasingly less important in today's knowledge based global economy.

More important, intensifying regional integration would enable domestic firms to diversify and export to regional markets providing them with the opportunity to become competitive and to gain operational experience before entering into global markets. This would, therefore, facilitate the transition of domestic firms to competitiveness in the international market. Becoming competitive in the international market would enable the SADC countries to overcome one of the key impediments to Africa's effective participation in the global economy and thereby reverse the process of marginalization and de-industrialization that has contributed to poor economic performance in the region.

b) Common Infrastructure Development

The development of efficient and reliable infrastructure especially in transport, communication and energy is perhaps the single most important initiative that will unleash the growth potential of the region. Given the large geographical expanse of the SADC region and the dispersed markets, efficient transport and communications networks are important in linking markets and therefore promoting trade and investment. Moreover, transport costs constitute about 30 to 40 percent of total costs of imports and exports for most of the landlocked SADC countries. Efficient and reliable transportation systems, therefore, help to substantially minimize the cost of delays and thereby improve the competitive advantage in the production and marketing of goods and services. SADC governments have, however, recognized that the development of infrastructure in the region cannot be left to individual countries primarily because there are substantial economies of scales to be gained through a regional approach.

This is largely because infrastructure development requires large fixed investment outlays that are only economically viable in large markets capable of exploiting economies of scale. For example, the Southern Africa Power Pool (SAPP) has produced significant benefits, including reductions in costs of power generation by some member countries because of the availability of low cost electricity in some countries, postponement of new investment in new generation, as well as increased efficiency of generation (Box 3.1). Similarly, opening new road and railway networks such as the Trans-Kalahari Highway and the Maputo - Windhoek Corridor have resulted in cost savings by reducing the number of days it takes to transport commodities from the sea to interior areas of Botswana.

Cooperation in the development of common infrastructure has also played an important role in mobilizing financial resources by involving other important partners especially the private sector and the donor community. Most infrastructure projects involve risks and uncertainties that do not permit the private sector to undertake them without participation by the public sector. Moreover, the investment requirements are so high that external assistance may be required. A regional approach to infrastructure development can help overcome these constraints as has been demonstrated by the Maputo Corridor Development initiative.

Box 3.1: The Southern African Power Pool (SAPP): This project was inaugurated in 1995 and provides a good example of the potential benefits of regional integration in the SADC region. Power exchange in the southern part of Africa first arose because of distribution of power resources in the region: a large reserve of low-cost hydroelectricity in the northern part (especially in the Inga Reservoir); large reserves of cheap coal in South Africa; and the Kariba dam, which being in the middle of the system can play a "buffer" role. The benefits include reductions or postponements in new requirements in generating new capacity and reserves, reductions in fuels costs, and more efficient use of hydroelectricity. A SADC electric power study conducted in 1990-92 estimated that a saving of 20 percent in costs over 1995-2010 amounting to $785 million. These estimates could be larger if the Democratic Republic of Congo and South Africa—both of whom are members of SADC—had been included in the study. (Cadot, Jaime de Mello, and Olarreaaage (1999)).

c) Human Capital Development

Regional integration can also lead to the realization of economies of scale in the development of human capital through education and training, scientific research and technological development. One of the key constraints to Africa's growth and integration in the world economy is lack of well-educated and trained population that is also healthy. In the case of most SADC countries, the levels of education and training are insufficient to provide the foundation for growth and development as was experienced in South East Asia (SEA) or in some Latin American countries during their take-off to sustained growth and development. South Africa is one exception where the level of human capital development is more developed, although the distribution of these benefits to the majority of the population is highly skewed and thus prevents the utilization of a vast segment of the labour force that could substantially benefit the economy. Low levels of education and training are compounded by poor health and malnutrition particularly the HIV/AIDS pandemic and the associated diseases such as TB as well as other tropical diseases like malaria.

Investment in education can benefit from a regional approach through the economies of scale that reduce the cost of investment in the sector and thereby increasing the efficiency of resource utilization. Firstly, adopting common standards of education and training will provide the countries the opportunity to produce highly qualified labor force at lower cost. Secondly, this would facilitate the adoption of common standards and specifications for products, services and qualifications. Cooperation in this case can be in the following areas: rationalization of universities and other specialized higher learning institutions; regional collaboration in health care research, prevention and provision, exchange of information, training, production of teaching materials, etc.

d) Science and Technological Development

As noted above, in order to generate the level of growth required for poverty reduction, SADC countries are striving to diversify their economies to move towards manufacturing value added which is the foundation for industrialization. However, this is only possible if the regional educational systems are reoriented towards science and technology. In this regard, the policy should encourage the move away from promoting consumption of knowledge from the north to creating of knowledge to empower the south as emphasized in the SADC Protocol on Education and Training. Moreover, in today's globalized and knowledge-based world, African countries are at a disadvantage because competitive edge is increasingly determined by access to knowledge in both production and marketing. In this respect, the advantages of static comparative advantage such as natural resource endowments and cheap labour have been overtaken by knowledge-based dynamic comparative advantage.

As in other African countries, the growth and development of the SADC economies will, therefore, be strongly influenced by the capacity to harness and master technology. This will provide the competitive edge needed to integrate meaningfully into the global economic system and thus reverse the pace of marginalization that many African countries currently experience. Yet, SADC countries still lag behind in this respect, particularly in terms of the share of private and public investment allocated to research and development.

The most viable option for SADC countries, therefore, is to cooperate in the development of science and technology as called for in the Protocol on Education and Training. As with investment in other types of infrastructure, the development of a scientific and technological base is highly capital intensive and requires large public outlays that may not be forthcoming from the private sector. This is more so because certain aspects of science and technology are public goods and therefore are not attractive to the private sector. Given the generally low incomes, the countries stand to benefit a lot by sharing the costs of research and development in order to develop a solid science and technological base. By establishing mechanisms to pool resources together in order to effectively and efficiently produce the required technical, research and managerial personnel, SADC will benefit substantially in terms of reduced expenditures in areas such as research and development in agriculture, health and International Communications Technology.

e) Globalization

Attaining international competitiveness is one important way of effectively integrating SADC economies into the global economic system and thereby overcome the negative aspects of globalization. It is only by exporting manufactured goods and in particular, knowledge intensive manufactures that SADC countries can compete globally on an equal footing with the rest of the world. However, achieving international competitiveness alone is not sufficient to ensure effective integration into the global economic system as a full partner.

SADC countries have realized that as the process of globalization intensifies, the world economy is getting compartmentalized into large regional trading blocks - like in Europe, North America and Asia—and this threatens to further marginalize them from the global economy. In such an international economic system, regional integration is one way in which the SADC countries, and indeed, African countries can cooperate so as to confront the challenges of globalization.

In such a global equation, negotiation and bargaining power are an integral part of the response to the challenges of globalization and cannot be effectively addressed in a continent characterized by fragmented states acting individually. Integrating in the global system requires negotiated arrangements in terms of access to markets and finance as well as in the sharing and management of the global resources. The SADC region can contribute to their own growth and development and indeed that of Africa by coming together to negotiate collectively.

f) Peace and Stability

Conflicts and civil strife have severely set back development in many African countries including some in the SADC region. Just like in other parts of the world, conflicts in Africa are

Former President of South Africa, Mr. Nelson Mandela was awarded the Sir Seretse Khama SADC Medal by the then Chairperson of SADC and Mozambican President Joaquim Chissano at the 2000 Summit held in Windhoek, Namibia.

driven by poverty, underdevelopment and lack of diversification, as well as by political systems that exclude larger portions of society. While the potential causes of conflict and thus mechanisms for their resolution are many and diverse, the promotion of integrated economies through a coordinated regional framework can contribute substantially to preventing them. At the same time, conflicts perpetuate poverty thereby creating a vicious circle that can be

SADC's Acting Executive Secretary, Dr. Prega Ramsamy (right) and the President of the Association of SADC Chambers of Commerce and Industry, Mr. Cader Sayed-Hossen (left) jointly signing a Memorandum of Understanding between the two bodies at the August 2000 Summit held in Windhoek. Assisting them is the Legal Officer at the SADC Secretariat, Dr. Stephen Kokerai.

reversed only through special development efforts that can best be addressed through a regional approach.

In regionally integrated economies, it is in the interest of each nation to have stable and economically strong members because the welfare of each is to a large extent dependent of the welfare of the others. In this regard, each economy would have an interest in preventing the emergence of conflicts in their group. The recent initiatives to resolve the conflict in the DRC are in this respect a step in the right direction and need to be strengthened to include conflict prevention and post-conflict management.

g) Private Sector Investment

One of the key constraints to high economic development in the SADC region is insufficient investment, which is largely due to the low savings rates associated with low incomes. By integrating their economies the SADC countries are creating a large and uniform investment, trading and production environment that would provide opportunities to exploit economies of scale that could not be previously exploited due to small markets. As a result of integration, costs of production including marketing and transaction costs and provision of regional public goods fall, thereby increasing the rate of return on investment. This would increase the visibility of the SADC region to both suppliers and buyers making the region more attractive to both domestic and Foreign Direct Investment (FDI).

Moreover, as regional infrastructure projects are implemented, and as the paucity of managerial, entrepreneurial as well as technical skills are reduced through education and training, the SADC region will increasingly be able to attract foreign investors, thus intensifying integration in the SADC.

3.3 CHALLENGES FOR REGIONAL INTEGRATION IN SADC

Despite the potential benefits from regional integration, progress towards the integration of the SADC economies has only yielded modest results in the past largely due to implementation problems. As already noted, poverty still continues to be a serious development challenge. The unsatisfactory implementation record contrasts sharply with the popular and widespread support that many governments attach to economic integration. The SADC governments recognize the importance of regional integration as well as the benefits that could be derived as indicated by the protocols that have been established to meet the key development objectives set out in the Treaty. The protocols established are aimed at addressing the key development constraints that have been outlined elsewhere in the report. The question then becomes: why have integration efforts in SADC not attained the expected objectives?

The implementation record of the protocols has been very slow and yet, these protocols are the foundation for establishing an integrated SADC economy and without their ratification, the process is undermined. Eight of the protocols are now under implementation.

The main factor for the poor implementation record is that the regional integration initiative in the SADC region is founded on economic structures that were based on the import substitution model that emphasized production for the local market by protected industries that could not compete in the world markets. Moreover, most of the countries were economically dependent on the protected industries for employment and the fiscal revenues derived from the protective tariffs. Under such circumstances, implementing the protocols meant opening up their markets to outside competitors and most countries were concerned that this would lead to significant losses in fiscal revenues and employment. Partly for this reason, the implementation record has been slow as governments had to find alternative sources of revenue.

Moreover, there has been concern by some members that by opening up their markets to other Member States, weaker economies would be dominated by stronger ones and thereby result in uneven distribution of the regional integration benefits. In this regard, failure to address the distributional issues associated with integration has been another constraint to the success of the regional integration efforts. Moreover, regional integration was also constrained by structural factors especially the similar economic structures such as factor endowments, low incomes and small markets that have limited the scope for trade creation.

In addition to these constraints, the delay in ratifying key protocols was partly due to legislative and constitutional technicalities in some Member States that did not permit immediate ratification as countries need to consult with their respective parliaments. Moreover, effective implementation of some of the protocols involves the establishment of trust and binding commitment among contracting parties. For example, the implementation of the SAPP required that the suppliers risk investing large amounts of capital in excess generation capacity with the expectation that the energy deficit countries would abandon their costly policies of self sufficiency and enter into binding contracts to draw electricity from the surplus countries. Although this was overcome in the case of the SAPP, such arrangements are usually fraught with risks and uncertainties that could prevent early implementation of the energy protocols.

The importance of regional integration as a strategy for meeting SADC's objectives of growth, development and poverty reduction are well articulated in the various protocols that have been established to meet these objectives. Moreover, the economic and social benefits that have been summarized above are well known. The question for the SADC region is therefore not whether regional integration is important or beneficial to member countries. The main

The Executive Secretary of the Addis Ababa-based UN Economic Commission for Africa (UNECA), Dr. K Y Amoako (second from left) paid a visit to the SADC Secretariat where he held discussions with Dr. Prega Ramsamy (third from right) in October 2000. With them are from right: Mr. M. Moorad (right), Botswana's Ambassador to the OAU; Dr. Angelo Mondlane (second right), SADC Principal Economist; and on the extreme left is Dr Amoako's Special Assistant, Mr. Ali Todaro.

issue is how to ensure effective implementation in order to reap the full benefits for all the members. This constitutes the most important challenge for SADC governments in the quest to realize the goals and objectives of economic growth, development and poverty reduction.

As noted above, one of the key issues for the weak implementation of the protocols of the SADC integration program is the fear of domination by the relatively stronger economies, which would lead to marginalization of the smaller economies. As noted earlier, the widening of the trading and investment environment in the SADC region would attract increased investment as the rate of return on investment would be higher and the environment would be perceived as relatively more stable and predictable. Although FDI is expected to increase, there are concerns that as private investment flows into the region, industries would be drawn into the country with the larger market and away from the smaller countries as centripetal forces operating through demand and cost linkages will dominate the centrifugal forces. It is therefore important to ensure that regional integration benefits are widely spread in each country in order to enhance the chances of reducing poverty.

While the fears of domination and marginalization are not unfounded, this need not be the case in the SADC region. As evidence from the North American Free Trade Area (NAFTA) shows, all countries can benefit from integration even when there is a dominant partner. Following the creation of NAFTA, FDI flows into Mexico increased substantially from $ 4.3 billion in 1991 to 11 billion in 1994. In the case of SADC there are indications of increased FDI flows from the stronger economies especially South Africa and Mauritius to the weaker ones. The challenge here is therefore to devise policies that encourage investors to locate in the smaller disadvantaged countries. The Maputo Development Corridor project is an example of how the benefits of integration can be spread to all the participating countries. The Mozambique Aluminium Smelting Plant project worth over R4.0 billion, is expected to employ over a thousand Mozambicans when it is in full operation.

Another important challenge is to identify compensatory mechanisms for the losses that are likely to be incurred by some countries as they implement the protocols for cooperation. Of particular importance is the revenue loss that is likely to adversely affect some members as they remove tariffs. This is likely to destabilize their macroeconomic frameworks and therefore threaten the sustainability of the integration program. In the short to medium term, there is therefore need to identify mechanisms for compensation to help cushion the effects of these revenue shortfalls in the weaker economies while at the same time helping them to identify alternative sources of revenue.

Policy Implications

An uneven economic performance across the countries is the result of combined factors – domestic, external and natural which cannot be avoided. Annual economic improvement or deterioration should, therefore, not be regarded as an overall strength or weakness for a particular country in a particular year. This, however, calls for a serious review and assessment of past and present development policies as well as a thorough examination of new perspectives and possibilities with a view to promoting sustainable economic growth and development and structural transformation of the economy.

The overall policy stance should focus on laying the foundation for buttressing growth and poverty reduction. In this regard, SADC's policy framework should aim at sustaining the economic and structural reforms that have already been undertaken while at the same time addressing other impediments including institutional weaknesses, governance as well as the establishment of an enabling environment for domestic and foreign investment and for the private sector initiative. SADC economies will need to consolidate macroeconomic stability by continuing to undertake sound fiscal and monetary polices including realistic exchange rates and interest rates. In this connection, there will be a need for fiscal consolidation, which would, among other things, involve strengthening tax and customs administration as well as the rationalization of expenditures to social and development sectors such as education, health and infrastructure.

More important, there will be need to establish safety nets for addressing poverty and the adverse consequences of economic reforms especially on the poor segments of society. At the same time, and given the limited revenue resources, there will be need to develop incentives to attract the participation of the private sector in the provision of some of the basic social services such as infrastructure, education and health. In the provision of health and education, attention should be paid to the quantity, quality and the equity of these services. More specifically, the expenditure policies need to address the question of equity as regards women and children who bear the greatest burden of poverty.

At the regional level, it will be important to remove the remaining policy distortions and inconsistencies that influence the flow of trade and investment. Specifically, there will be need to speed up the harmonization of economic and financial policies towards the creation of a uniform trade and investment policy environment in the whole sub-region. In addition to harmonization, there will be need for continued coordination of economic policies in order to avoid any distortions that may adversely affect some of the Member States. The coordination and harmonization of such policies will be important in ensuring that resources are allocated efficiently across the whole sub-region.

As noted in Part III, one of the key impediments to integration in the sub-region is the fear of domination by the Member States who are economically stronger. These fears stem mainly from concerns that as the process of integration intensifies through the creation of a uniform investment and trade environment, investors will tend to be attracted to the larger economies and away from the weaker ones. This threatens the sustainability of the whole integration initiative. In order to address these concerns, there will be need to implement specific policies to ensure that the relatively weaker economies gain from the integration initiative. For example, Member States could consider cross-border investment from stronger to weaker economies.

Another impediment is the concern of some Member States regarding revenue losses that are likely to occur as a result of lowering duties within the region as well as the eventual establishment of a Common External Tariff (CET). This is in many ways a short-term problem because as the integration process takes root, there will be dynamic gains that will lead to increased output and thereby widen the revenue base of all the economies. While the revenue losses may not be a problem in the long run, the short term losses are indeed real for some members and therefore need to be addressed. In this regard, it will be important to explore some limited compensatory mechanisms that can be phased out as the benefits of integration spread to all the members.

Some Member States experience delays in implementing the agreed protocols partly due to constitutional and legislative technicalities. In this connection, where such constraints are an impediment to the process of integration, the respective members need to amend the relevant laws and constitutional provision in order to facilitate integration. For example, the SADC Protocol on Transport, Communications and Meteorology, which came into force in July 1998, sets forth the objectives of the Community with regard to transport, communications and meteorology, and specifies the policies and strategies by which these objectives are to be attained. Prompt ratification and effective implementation of the Protocol is required in order to bring those services up to international standards.

Given the increased labour and illegal migration in the sub-region, there is need for Member States to adopt common policies to address these issues.

The success of the whole integration initiative depends on the establishment of peace and political stability in the entire region and indeed in the whole of Africa. As noted earlier, conflicts and instability affect the development of not only the states concerned but also their neighbours as well as their economic partners. In this regard, it will be important to intensify efforts conducive to the restoration of peace and stability in the context of the SADC initiative. At the same time there will be need to devise mechanisms for preventing conflicts by identifying the key triggering factors and dealing with them before they escalate into an all out conflict. Some of these triggering factors include land distribution, perceived discrimination (regional, ethnic, etc.), as well as perceived unequal share of development benefits especially from natural resources.

SADC Chairperson and Namibian President, Sam Nujoma, who paid a familiarisation visit to the SADC Secretariat late October 2000, had an opportunity to plant a mango tree at the Secretariat.

Statistical Annex

Annex Table 1: Basic Indicators

COUNTRY	LAND AREA (KM2)	POPULATION (MILLION)			POPULATION GROWTH RATE (%) AVERAGE
		1990	1995	1999	
Angola	1,247,000	10.02	11.56	12.94	2.8
Botswana	585,000	1.30	1.46	1.61	2.5
Congo D. R.	2,345,409	37.44	43.90	49.30	2.9
Lesotho	30,355	1.72	1.93	2.10	1.9
Malawi	118,484	9.14	9.37	10.00	1.6
Mauritius	1,865	1.06	1.12	1.18	1.2
Mozambique	790,380	14.80	15.40	16.84	2.4
Namibia	824,269	1.41	1.69	1.77	2.7
Seychelles	455	0.07	0.08	0.08	2.0
South Africa	1,223,201	33.27	39.48	43.05	2.2
Swaziland	17,000	0.77	0.91	1.02	2.5
Tanzania	945,000	24.30	28.40	31.60	2.6
Zambia	752,614	7.80	9.10	10.42	3.2
Zimbabwe	390,757	9.80	11.53	13.08	3.1
Total/Average	9,274,789	152.88	175.82	195.00	2.6

Sources: 1990 and 1995 CSOs of SADC Member States and ECA. 2000 UN, World Population Prospects, 1999 Revision.

Annex Table 2: GDP at Current Prices, 1995-1999 (US$ Million)

COUNTRY	1995	1996	1997	1998	1999
Angola	4939	6577	7502	6289	5606
Botswana	4342	3897	4589	4568	5021
Congo D. R.	9992	10257	10251	11039	10000
Lesotho	940	943	1013	860	917
Malawi	1399	2394	2575	1773	1816
Mauritius	3881	3922	4106	4075	4230
Mozambique	2326	2937	3560	3898	4068
Namibia	3240	3132	3262	3001	2914
Seychelles	507	503	570	582	591
South Africa	151117	143938	148388	133881	131049
Swaziland	862	1277	1228	1379	1281
Tanzania	5010	5796	6855	7526	7667
Zambia	3638	3095	3720	2809	3150
Zimbabwe	8153	6619	7819	5485	3632
SADC	**200345**	**195288**	**205438**	**187165**	**181943**

Sources: SADC Secretariat.

Annex Table 3: GDP Growth Rates, 1996-2000 (%)

COUNTRY	1996	1997	1998	1999	2000
Angola	11.9	3.6	4.0	2.7	7.0
Botswana	6.6	7.0	8.0	4.2	6.5
Congo, DR	0.9	-6.4	-3.5	-5.0	5.0
Lesotho	10.0	8.1	-4.8	2.0	4.0
Malawi	10.5	6.6	3.3	4.2	3.0
Mauritius	5.8	5.6	5.8	3.4	8.0
Mozambique	6.8	11.3	12.1	9.0	8.0
Namibia	2.1	2.6	3.0	2.9	2.5
Seychelles	4.9	11.7	5.5	2.9	2.0
South Africa	4.2	2.5	0.6	1.2	3.2
Swaziland	3.6	4.0	2.7	2.0	3.0
Tanzania	4.2	3.3	4.0	4.8	5.5
Zambia	6.6	3.3	-1.9	2.4	3.0
Zimbabwe	8.7	3.7	2.5	0.5	-3.0
SADC	**5.0**	**2.5**	**1.2**	**1.3**	**3.5**
Sub Sahara Africa	**5.1**	**3.5**	**2.5**	**2.2**	**4.2**
Africa	**5.6**	**2.9**	**3.1**	**3.2**	**4.4**

Sources: SADC Member States, Secretariat. 2000 estimates are from IMF, World Economic Outlook, May 2000.

Annex Table 4: Comparative Economic Indicators

COUNTRY	GDP PER CAPITA (US$) CURRENT PRICES			INFLATION (IN PERCENTAGE)			
	1990	1995	1999	1997	1998	1999	2000E
Angola	909	427	433	64.0	134.8	329.0	100.0
Botswana	2685	2976	3117	9.0	6.1	7.2	6.7
Congo D. R.	250	228	203	176.0	147.0	243.0	...
Lesotho	362	487	437	7.7	9.3	12.3	8.5
Malawi	204	149	182	9.2	29.8	44.9	15.0
Mauritius	2491	3459	3582	6.6	6.8	6.9	4.5
Mozambique	138	151	242	6.6	-0.4	6.2	5.0
Namibia	1660	2038	1647	8.8	6.2	8.6	6.5
Seychelles	5300	6737	7346	0.7	2.6	6.3	2.5
South Africa	2873	3828	3044	8.6	6.9	5.2	5.0
Swaziland	1119	949	1255	8.0	5.9	7.0	...
Tanzania	153	176	243	16.1	12.9	7.8	...
Zambia	466	400	302	18.6	30.6	20.6	23.0
Zimbabwe	569	707	278	18.8	31.7	58.5	...
SADC	**924**	**1139**	**933**	**8.9**	**8.1**	**8.2**	**...**

Sources: SADC Member States and SADC Secretariat. 2000 estimates are from IMF World Economic Outlook
SADC Inflation = Median

PART V

Statistical Annex

Annex Table 5: SADC Growth Rate of Real GDP Per Capita (1985 PPP), 1995-1999

Country/Region	1995	1996	1997	1998	1999	95-99
Angola	1.13	6.95	3.41	-2.97	-0.82	1.69
Botswana	19.63	1.60	4.21	4.22	3.53	6.64
Congo D. R.	-23.60	-1.65	-7.04	-5.84	-1.76	-7.98
Lesotho	5.64	3.87	4.22	1.37	2.19	3.46
Malawi	4.76	19.69	3.61	2.96	2.14	6.63
Mauritius	4.97	4.93	3.10	5.93	2.82	4.35
Mozambique	-4.26	-5.39	3.15	4.97	8.49	1.39
Namibia	16.52	9.23	3.46	2.81	-0.51	6.30
Seychelles	8.91	1.41	-0.25	0.45	2.09	2.52
South Africa	0.47	16.43	-0.05	-12.85	-1.56	0.49
Swaziland	-1.70	-5.02	2.11	2.91	-0.68	-0.48
Tanzania	4.35	5.01	0.53	2.21	1.36	2.69
Zambia	-10.25	6.81	0.01	14.66	0.23	2.29
Zimbabwe	-6.89	9.29	1.08	-0.29	-2.21	0.20
Southern Africa	-0.95	9.47	1.60	-2.48	0.79	1.69
North Africa	1.38	3.67	1.00	0.44	0.63	1.42
Central Africa	1.12	2.05	2.59	3.88	0.78	2.09
East Africa	2.94	4.80	-0.69	-1.73	1.03	1.27
West Africa	-0.13	10.05	1.25	-0.20	0.02	2.20
Average Africa	0.94	6.68	0.06	-0.70	0.59	1.51

Sources: E/ECA/MFC.2/4, Mid-Term Review of the World Summit for Social Development: The African Experience, Abuja, Nigeria, 4-5 May 2000.

Annex Table 6: SADC Current Account Balance, 1995-2000

COUNTRY	CURRENT ACCOUNT BALANCE (US$ MILLION)					
	1995	1996	1997	1998	1999	2000
Angola	-994	-323	-866	-965	-930	-670
Botswana	300	495	721	170	280	425
Congo D. R.	-630	-621	-871	...	...	...
Lesotho	-323	-303	-269	-280	...	...
Malawi	-410	-151	-65	-307	-248	-315
Mauritius	-22	34	-91	35	-103	-124
Mozambique	-680	-665	-711	-778	-1047	-836
Namibia	176	116	90	162	190	200
Seychelles	-53.9	-56.8	-63.2	...	...	...
South Africa	-2.2	-1.9	-2.3	-1.9	-07	-1.7
Swaziland	21	-46	-48	-7	-50	...
Tanzania	-590	-413	-545	...	...	...
Zambia	-139	-150	-206	-279	-232	-200
Zimbabwe	-368	-179	-827	-344	-360	-380

Sources: World Bank, Global Development Finance, 1999. EIU, Country Reports various issues. National sources.
... = Data not available

Annex Table 7: SADC External Debt Indicators, 1995-1999 (US$ Million or otherwise stated)

COUNTRY	TOTAL EXTERNAL DEBT					DEBT SERVICE RATIO (PAYMENT %)				
	1995	1996	1997	1998	1999	1995	1996	1997	1998	1999
Angola	11.3	11.5	10.5	10.2	10.5	11.7	15.1	15.5	26.2	19.5
Botswana	703	614	562	549	531	3.2	5.3	2.8	3.9	2.8
Congo D. R.	12.3	13.2	12.8	12.3	...	1.2	1.4	2.7	0.9	...
Lesotho	659	654	660	675	683	6.9	6.1	6.4	6.5	6.5
Malawi	2,242	2,312	2,206	2,222	...	26.2	16.2	12.4	24.5	...
Mauritius	1,756	1,818	2,472	1,894		9.4	7.1	10.9	7.0	7.7
Mozambique	5,751	5,842	7,300	7,150	7.7	27.5	28.1	24.9	33.5	...
Namibia	380	308	146	128	146	...	...	...	1.2	3.4
Seychelles	159	148	149	145	...	8.3	4.7	4.0	4.4	4.2
South Africa	25.4	26.1	25.2	24.7	27.7	9.5	11.6	12.6	12.7	12.3
Swaziland	235	222	368	251	290	1.8	2.9	2.7	2.1	2.5
Tanzania	7,447	7,412	7,177	7,253	...	21.0	19.5	...	...	...
Zambia	6.6	6.9	7.2	6.8	6.7	31.4	195	20.5	20.7	31.8
Zimbabwe	4,537	5,053	5,005	4,961	5,501	25.4	23.2	21.6	21.6	18.6
Total	79.5	82.1	81.7	79.2						

Sources: EIU, Country Reports various issues; Economic Report on Africa, 1999 and National sources.
... = Data not available.
a = US$ Billion

Annex Table 8: SADC External Trade (US$ Million unless otherwise stated)

COUNTRY	EXPORTS FOB					IMPORTS FOB				
	1996	1997	1998	1999	2000E	1996	1997	1998	1999	2000E
Angola	5095	5008	3510	...	...	2041	2477	2014	...	...
Botswana	2218	2820	2061	2651	2911	1468	1925	1983	2015	2050
Congo D. R.	592	533	604	...	...	424	318	322	...	...
Lesotho	187	196	193	200	...	999	1024	866	910	...
Malawi	518	546	455	476	492	618	597	537	503	560
Mauritius	1813	1639	1738	1723	1810	2293	2313	2184	2146	2287
Mozambique	226	234	255	280	307	802	855	965	1553	1234
Namibia	1404	1343	1278	1400	1575	1531	1615	1451	1500	1600
Seychelles	41	70	91	...	...	379	340	403	...	...
South Africa	30.3	31.2	29.2	28.7	31.5	27.6	28.8	27.2	26.6	30.3
Swaziland	850	864	790	825		1050	1041	941	1050	...
Tanzania	704	703	660	...	...	1350	1312	1273	...	...
Zambia	1093	1135	905	900	1000	965	1144	980	1020	1150
Zimbabwe	2496	2424	2047	2050	2200	2247	2654	1968	2010	2130

Sources: EIU, Country Reports various issues; ECA, ERA, 1999 and National sources.
E = Estimates.
a) = US$ Billion
b) = Imports cif.
... Data not available

Annex Table 9: FDI Flows to Africa by Sub-regions, 1991-1996 (US $ Million)

SUB-REGION	1991	1992	1993	1994	1995	1996
Central	659	442	362	355	477	423
Eastern	80	71	129	205	388	454
North	886	1,582	1,679	2,364	1,265	1,633
Southern	489	227	32	560	681	649
West	850	779	1,470	2,350	2,215	2,120
Africa	2,964	3,109	3,672	5,834	5,026	5,279
Developing Countries	41,696	49,925	73,045	90,462	96,330	128,741
World	158,936	173,761	218,094	238,738	316,524	348,227

Source: UNCTAD, World Investment Report, 1997

Annex Table 10: SADC Social Indicators (Continued)

COUNTRY	LITERACY RATE, 1995 (%)			POPULATION WITH ACCESS TO SAFE WATER 1990-1995 (%)	POPULATION WITH ACCESS TO SANITATION 1990-1996 (%)
	F	M	T		
Angola	...	...	49.7*	31*	39*
Botswana	70.3*	66.9*	68.9*	70	65
DRC	...	...	77	42	18
Lesotho	54*	34*	34*	62*	38*
Malawi	48	69	56	48.4	71.8
Mauritius	...	...	85*	99.6*	99
Mozambique	...	...	40	63	54
Namibia	76*	78*	76*	65*	42.9*
Seychelles	86.3*	87.3*	87.5*	83	94
South Africa	82.7	78.9	81	59*	53*
Swaziland	...	...	...	50	59
Tanzania	...	...	67	...	...
Zambia	...	...	78	46.8*	64
Zimbabwe	82.1*	90.3*	85.9*	77	66

... = Data not available

Annex Table 10: SADC Social Indicators

COUNTRY	LIFE EXPECTANCY, 1998 (%)			MMR PER 100 000 LIVE BIRTHS 1990-1996	POPULATION WITH ACCESS TO HEALTH SERVICES 1990-1995 (%)
	F	M	T		
Angola	...	...	47	770*	...
Botswana	69.8*	65.4*	67.3	326	87.0
DRC	...	51	...	...	26
Lesotho	62*	52*	56*	282	80
Malawi	42	41	41	620	80
Mauritius	74*	67*	71	52*	100
Mozambique	48	45	46	1500	39
Namibia	63	59	61	225*	59
Seychelles	73	67	71	51*	99*
South Africa	67	61	64	54*	...
Swaziland	71	56	58	214	70
Tanzania	52	49	50	530	...
Zambia	47*	44*	42	649*	...
Zimbabwe	57.2*	52.6*	55*	283*	91.2*

Annex Table 11: Women In Parliament And Cabinet In The SADC Region

COUNTRY	ELECTORAL SYSTEM	WOMEN / PARL.	% WOMEN PARL.	WOMEN CABINET	% WOMEN CABINET	WOMEN DEPUTY MIN	% WOMEN MIN
Angola	Pr	34/224	15.1 %	4/31	12.9 %	6/42	13.6%
Botswana	Const	8/44	18.0 %	2/15	14.5 %	2/4	50 %
DRC							
Lesotho *	Const	10/97	10.3 %	1/12	8.3 %	0/2	0.0 %
Malawi	Const	16/192	8.3 %	2/22	9.0 %	2/9	12.9%
Mauritius	Const	5/65	7.6 %	2/25	8.0 %		
Mozambique	Pr	71/250	28.4 %	3/21	14.2 %	4/33**	12.1 %
Namibia *	Pr-nat/ C/Reg						
Pr/Local	19/ 99	19 %	3/21	14.2 %	5/22	22.7 %	
South.Africa *	Pr/Nat; Pr & local	119/400	29.8 %	8/27	29.6 %	8/13	61.5 %
Seychelles	Const	7/33	21 .0 %	3/12	25 %	(No SuchPosts)	25%
Swaziland	Const	7/95	7.3 %	2/15	13.3 %		
Tanzania	Const	45/275	16.3 %	3/23	13.0 %	3/23	13 %
Zambia	Const	16/158	10.1 %	2/24	8.3 %	2/28	7.1 %
Zimbabwe**	Const	21/150	14.0 %	3/21	14.2 %	3/16	18.7 %

NOTE: * Upper and lower house;
** new figures not available;
CABINET: Minister's only
Source: SADC Secretariat, Member States

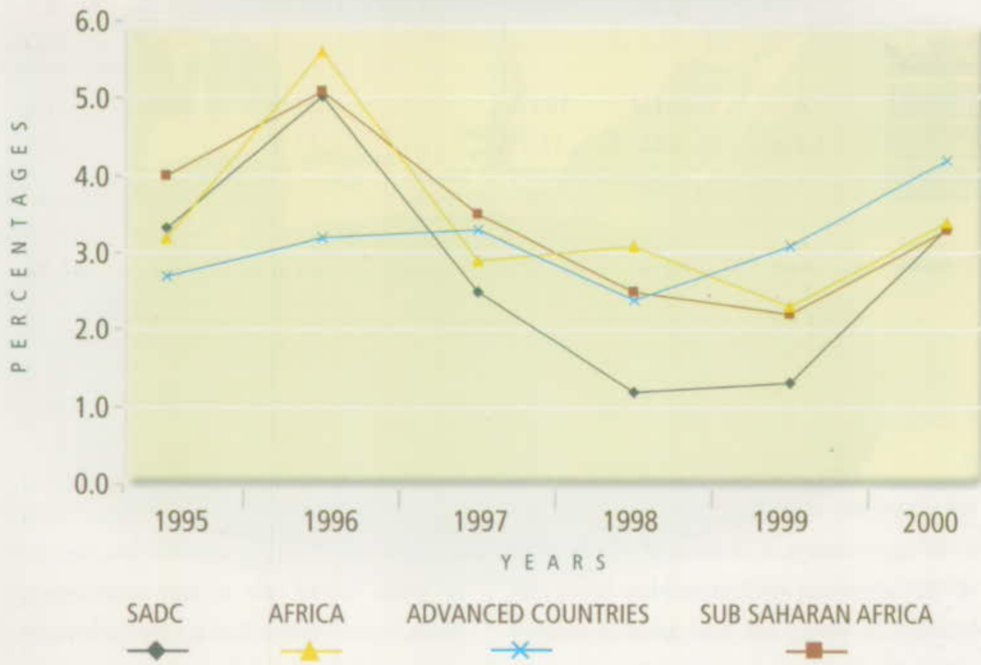
Annex Table 12: Representation Of Women In SADC Countries That Held Elections In 1999

COUNTRY	PRE ELECTION		POST ELECTION		INCREASE
	NUMBER OF WOMEN AND MEN MPS	PERCENTAGE WOMEN MPS	NUMBER OF WOMEN AND MEN MPS	PERCENTAGE WOMEN MPS	
Botswana	4/44	9 %	8/44	18 %	100 %
Malawi	9/171	5.2 %	16/192	8.3 %	59 %
Mozambique	71/250	28.4 %	71/250	28.4 %	0 %
Namibia *	14/99	14.1 %	19/99	19.1 %	5 %
S Africa *	128/490	26.1 %	137/490	28 %	7 %

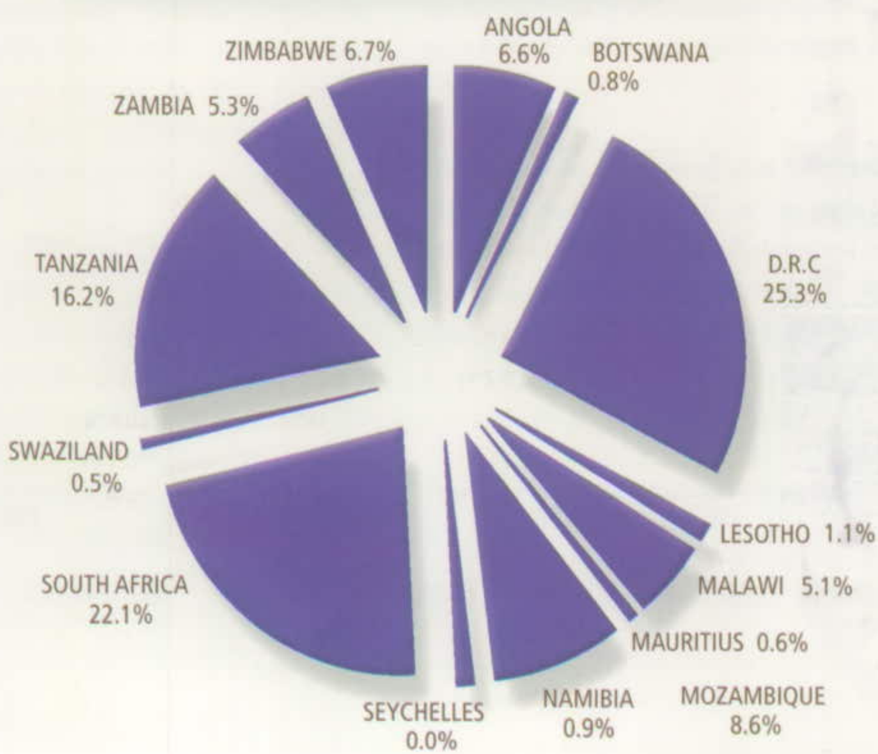
Source: SADC Secretariat, Member States

Charts

GDP Annual Growth Rates, 1995 -2000

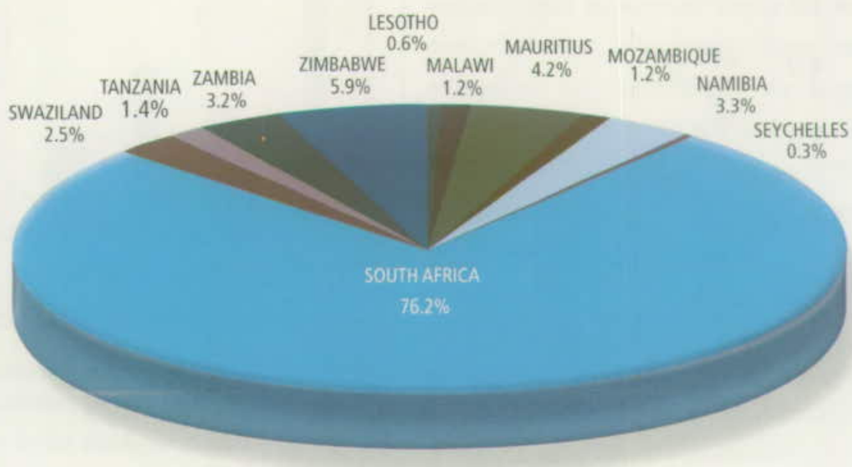


Population Share in SADC, 1999



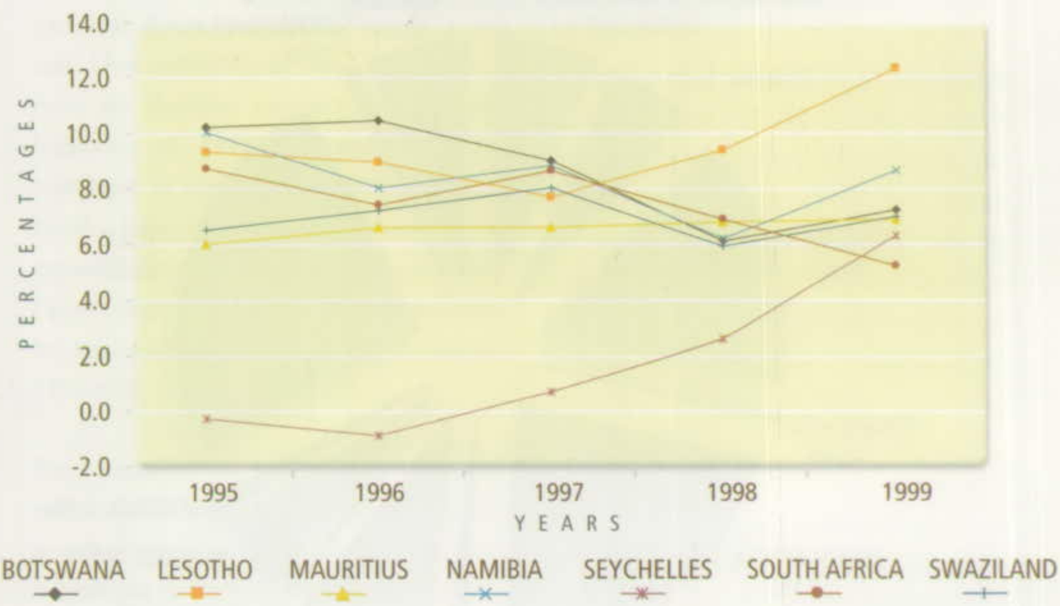
Charts

Share of Exports in SADC, 1999

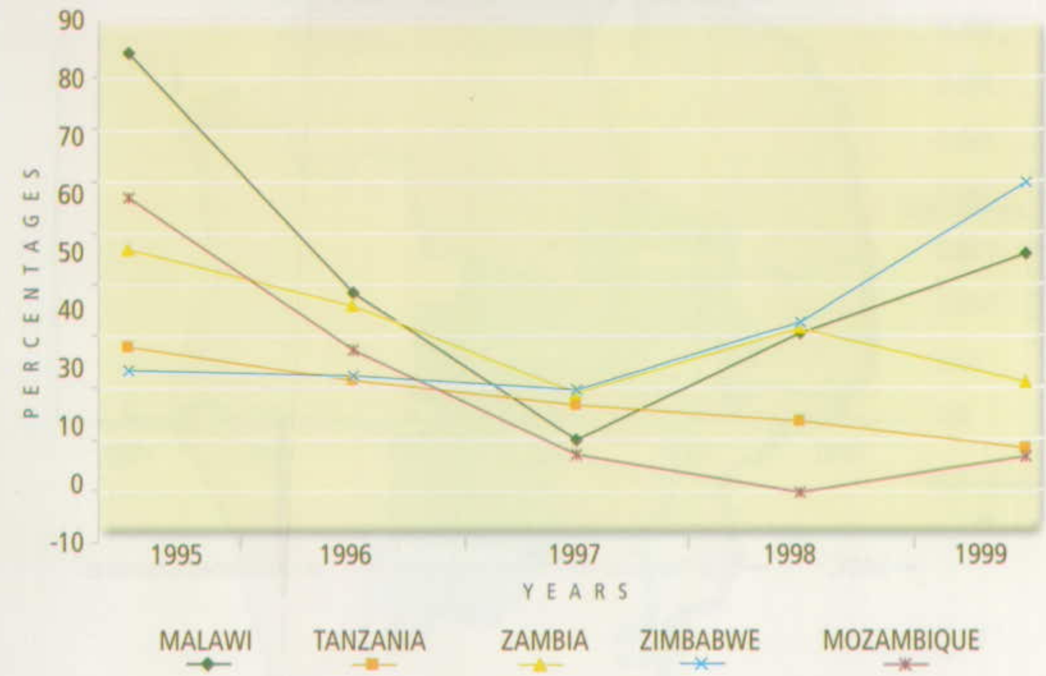


Inflation Rates in SADC, 1995-1999

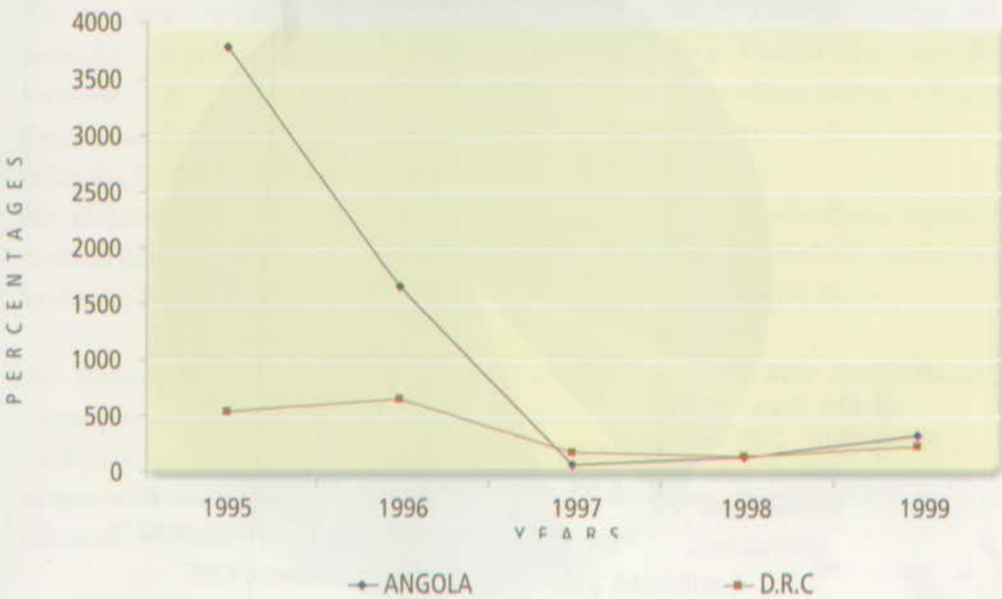
Botswana ,Lesotho, Mauritius, Namibia, Seychelles, South Africa and Swaziland



Rates of Inflation in SADC, 1995-1999
Malawi, Mozambique, Tanzania, Zambia, and Zimbabwe

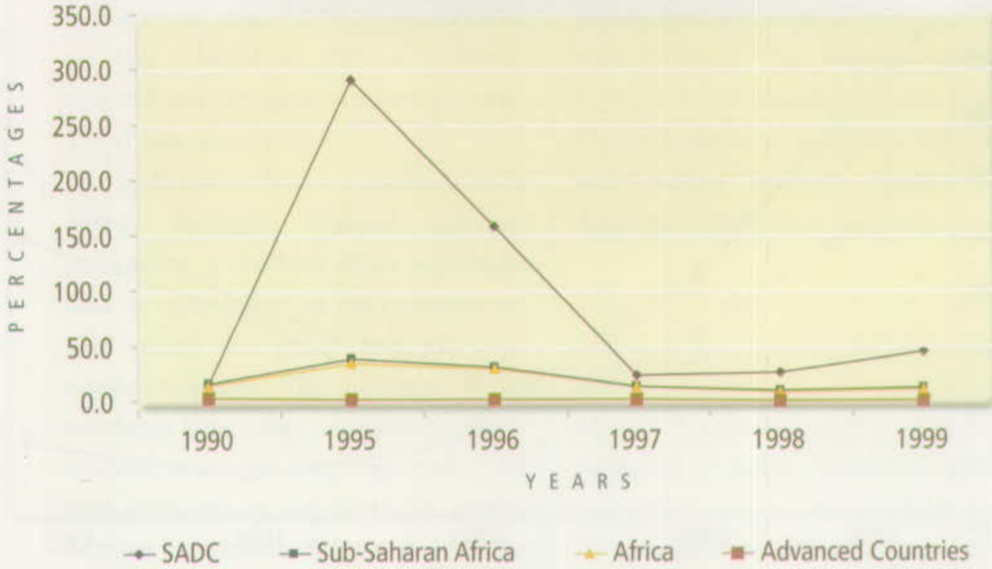


Rates of Inflation in SADC, 1995 - 1999
Angola and DRC

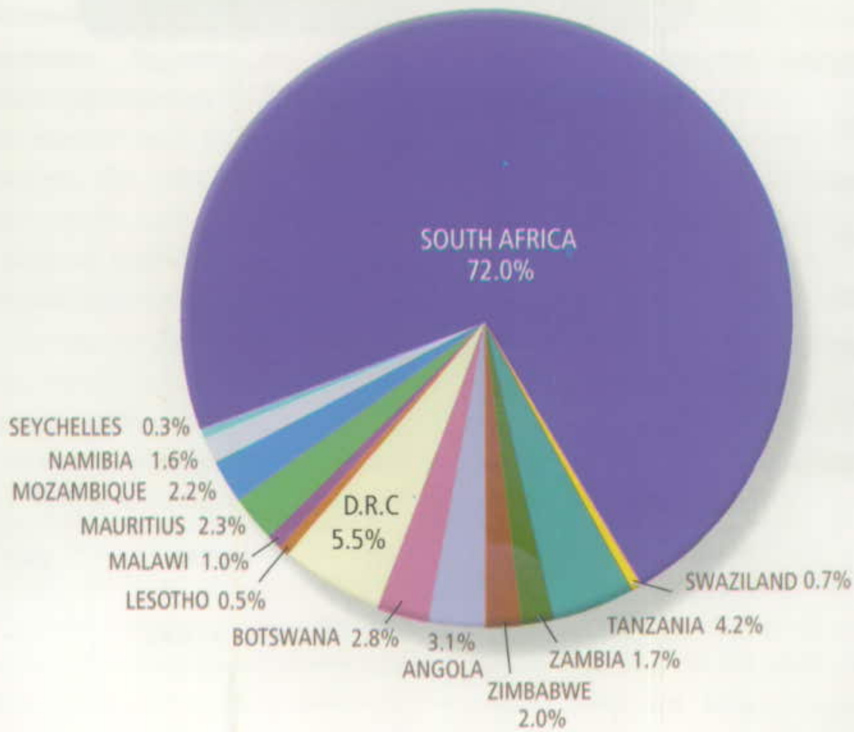


Charts

Rates of Inflation in SADC
SADC, Sub Sahara Africa, Africa, Advanced Countries



Share of GDP, 1999



Notes

SADC Secretariat
Private Bag 0095
Government Enclave
Gaborone
BOTSWANA

ISBN No. 99912-80-57-K

Design and Printed by Cathay Printing Ltd.