Chr. Michelsen Institute

Report

Assessing the Restructuring of SADC - Positions, Policies and Progress

Jan Isaksen
Elling N. Tjønneland

R 2001:6

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A Report Commissioned by

the Norwegian Agency for Development Co-operation (NORAD)

December 2001

CMI Reports

This series can be ordered from:
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Price: NOK 90 + postage

ISSN 0805-505X
ISBN 82-8062-005-2

Indexing terms

Regional integration
Regional co-operation
Southern Africa
SADC
Development assistance
Peace
Democratisation
Security
Water
Power
Trade agreements

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Executive Summary

Norad commissioned this study as an input to their assessment of SADC and planning of future Norwegian assistance to regional co-operation in Southern Africa. The report is based on field visits in October-November 2001 to the SADC Secretariat and six Southern African countries. The team interviewed nearly 70 senior officials and other stakeholders and consulted a wide range of written documentation.

I

By the mid-1990s it was becoming clear that SADC was experiencing major difficulties and constraints. It was felt that the SADC Secretariat lacked the power, authority and resources required to facilitate regional integration. The sector co-ordinating units in member states were highly uneven in their ability to pursue and implement policies. It was also argued that SADC's work plan lacked a clear regional focus, it covered too many areas, and the majority of projects were found to be mainly national.

SADC was also highly dependent on external donor finance. The region's own resources, including the private sector, were insufficiently mobilised for the implementation of SADC projects and activities. Furthermore, SADC was characterised by growing political divisions and a failure to address governance, peace and security issues.

A high-powered SADC team submitted a comprehensive Report on the Review of Operations of SADC Institutions *in 2000. It recommended far-reaching changes in SADC's organisational structure, way of operations and policy focus. The report was approved at an extraordinary SADC Summit in March 2001. The August 2001 Summit further consolidated these decisions and amended the SADC Treaty to take account of the institutional changes.*

II

The institutional reforms revolve around the changing role and functions of the SADC Secretariat. SADC's sector co-ordinating units and commissions will be phased out and their functions moved to the

Secretariat. Four directorates will be established to take over the responsibilities. The process is scheduled to take two years and began with the Summit decisions in March 2001|. A Regional Indicative Strategic Development Plan is expected to be available by mid-2002. It is intended to provide an operationalisation of SADC's objectives. This includes shifting the focus of the Secretariat from project management to policy formulation and harmonisation, and resource mobilisation.

The August 2001 Summit also brought the SADC Organ on Politics, Defence and Security firmly under SADC control. An elaborate structure was adopted and it was decided to let the Secretariat also act as the secretariat for the Organ. A number of issues regarding the structure and operations of the Organ still have to be clarified.

The new SADC structure also includes a national committee in each member country. These committees are intended to be crucial in ensuring national ownership of the SADC project, in formulating national inputs to SADC and in implementing SADC policies at the national level.

The decisions regarding institutional reform also emphasise the role of non-state actors, especially non-governmental organisations and business. At all levels of the organisation, from regional governing structures to national committees, these stakeholders are to be involved.

This study concludes that the institutional reforms are major and significant attempts to address the weaknesses associated with the old SADC structure. All officials in member countries and other stakeholders interviewed by the study team supported the restructuring and were eager to see it work. However, there was uncertainty about the specifics of the institutional reforms, especially related to the closing down of sector co-ordinating units and commissions.

The team made a number of observations. One is that SADC in implementing the institutional reforms seems to have started with the organisational structure of the institution while the outlining of the specific functions of the organisational components, as well as the policies and work plans, are not yet available. One would have hoped that work plans and strategies would have been in place before major reorganisations of the Secretariat took place.

The team also noted that there are several uncertainties around the move to a more centralised and stronger Secretariat. Who will take care of the management and implementation of regional projects under the new structure? Another concern is capacity constraints. The management of complex regional co-operation efforts requires the availability of a pool of political and technical experts. Such expertise is scarce in the region. Furthermore, there are a host of practical problems and obstacles, which may slow down or hamper the restructuring.

There are no easy solutions to these problems. They underline the importance of a sharp focus and prioritisation of scarce resources. They also serve to underline the importance of speedy implementation of the organisational changes. Delays seem unavoidable, but if the restructuring is drawn out it may impact negatively on implementation and delivery.

SADC has a poor record in mobilising the region's own resources. This is recognised by the organisation. A first effort to improve resource mobilisation is the introduction of a new formula for membership fees and contributions. This is intended to make the running of SADC institutions independent of donor finance. However, SADC failed to reach agreement on a new formula at the August 2001 meeting of the Council of Ministers. It is however, expected that SADC will be able to reach an agreement on this.

III

The organisational challenges can be overcome. The main objective of the institutional reforms is to make SADC a more efficient and relevant organisation. The report makes a number of findings and observations. This is also based on case studies of SADC's work in the field of trade, energy and water as well as the organisation's role in promoting democratisation, governance, peace and security. The report also specifically discusses the role of South Africa and the new Nepad initiative as well as the challenges represented by the existence of overlapping economic integration efforts.

Member countries appear to be supporting not only the institutional restructuring, but also SADC's efforts to develop and harmonise policies in a number of sectors. It is significant that SADC has been in position to make progress in several policy areas despite the persistence of political divisions in the Southern African region. The cleavages in the region appear to be crosscutting; countries taking similar position in one area (e.g. trade) may be opposing each other in other policy areas (e.g. security issues).

Still, the obstacles ahead are significant. In particular the report highlights the importance of ensuring that all member countries benefit from the membership. This assumes a particular importance in a region as diverse as Southern Africa. The gains from increased regional co-operation must be widely spread in order to ensure that everybody remain committed to regionalisation. SADC must therefore continuously monitor the distribution of benefits of integration. The report notes that this has received limited attention in the current discussion and planning of policy harmonisation and institutional reform.

SADC's efforts to promote regional integration will not succeed only on perceptions of economic costs and benefits in individual member countries. Political will and commitment will in the final analysis determine whether regional integration is embarked upon with serious intent. SADC's efforts must bring with it not only the prospects of economic prosperity but also of security and stability.

The report emphasises that SADC needs to develop a focused approach to its development strategy and programme of action with an identification of targeted priorities for the medium term. Scarce resources must be prioritised in order to ensure that SADC shall be in position to deliver. SADC's Regional Indicative Strategic Development Plan is important for the future success in delivery and creation of a common understanding of SADC's role.

The report notes that South Africa's role is crucial for advancing regional co-operation. South Africa must take a leading role in this process, contribute resources required to make it work, and do so in a manner that does not increase tensions and divisions in the region. The utilisation of the South African government's African Renaissance Fund, the development of Nepad and South Africa's ability to play a role in facilitating democratisation and conflict management will be important indications of South Africa's commitment and capacity to promote regional co-operation in the region.

The study also notes that there is a number of overlapping regional integration efforts in Southern Africa. This is becoming more problematic with SADC's move to economic integration and away from project co-ordination. Whereas overlaps in project co-operation may entail waste of administrative resources, unclear and overlapping rules in the areas of trade may retard economic progress. The relation between SADC and Comesa is the most challenging and difficult one.

The report concludes by calling for cautious optimism. SADC should not be expected to make rapid progress in implementation and delivery in the short term. Progress will rather be an incremental process that will require time and astute management. Nor should we expect that all 14 SADC member countries should progress in union towards a common goal. Regional co-operation will also be enhanced and promoted trough a number of channels and institutions, both outside and inside SADC. It is also likely that some member countries will move more swiftly than others will and that the future evolution of SADC will be characterised by what is sometimes referred to as variable geometry and variable speed.

IV

Norway has historically been a firm political and financial supporter of SADC. However, the co-operation began to falter in the first half of the 1990s. In the late 1990s Norway began to devise a new approach and operational guidelines for assistance to regional co-operation and integration. The guidelines emphasise support to regional activities prioritising economic and political reform, contribution to peace and conflict management, and facilitation of increased economic integration and intra-regional trade.

In early 2001 NORAD adopted guidelines for regional assistance to the SADC-region. In these guidelines economic development; energy; environment and natural resource management; peace, human rights and democracy; social sector; and culture were emphasised as priority areas for assistance to regional development. A more focused programme will be developed for assistance to SADC. As a first step NORAD made NOK 10 million available to the SADC Secretariat in 2001-2002. This was intended as a contribution to the costs of implementing institutional reform.

The first main recommendation for Norway's support to SADC is that NORAD must continue to be prepared for flexibility and short-term assistance in its support. NORAD must provide continued support to institutional restructuring of SADC to ensure that the process is completed speedily and with a minimum of disruption to the implementation of programmes and projects.

A second recommendation is that NORAD must build capacity for monitoring and analysis. Pursuing regional co-operation in Southern Africa is multifaceted and challenging. It must encompass a range of different sectors, institutional reforms and capacity constraints, and sensitive political issues. An aid agency must have the capacity to monitor the co-operation and integration process and the activities of the wide range of actors involved. It must also be in a position to assess and analyse the implications of the unfolding events and processes.

The study team also makes recommendations for Norwegian assistance in the medium to long-term. Norwegian support should focus on SADC's core area of operations. Other areas may be supported at the national level or through other regional organisations or networks. Norway should also prioritise those sectors where it has the skills and resources required to make a strong contribution, and where the sector is also assisted through country programmes in the region.

Norway should follow closely SADC's efforts to facilitate conflict resolution and political stability. Norwegian support to these areas is significant in quantitative terms, but it is largely ad hoc, *uncoordinated and seemingly with little attention to what takes place at the regional level under the auspices of SADC and associated institutions. However, the report recommends that a significant share of funding for such purposes still may have to be channelled outside official channels.*

The report notes that South Africa's resources, institutional strengths and capacities are critical for the progress and achievements of SADC. These resources must be used within a capacity-building context. It is important to avoid a situation where South Africa's domination may lead to deterioration in intra-regional relations with detrimental effect on regional co-operation. This must also guide Norwegian support and co-operation with South Africa.

Finally, the report recommends that Norway in its bilateral assistance to individual SADC member countries support projects and programmes that build institutional capacities enabling the country to take part in and benefit from regional co-operation.

Acronyms and Abbreviations

ADB	African Development Bank
AGOA	US African Growth and Opportunity Act
ASCCI	Association of SADC Chambers of Commerce and Industry
AU	African Union
BIDPA	Botswana Institute for Development Policy and Analysis
BLNS	Botswana, Lesotho, Namibia, Swaziland
CBI	Cross Border Initiative
CMI	Chr. Michelsen Institute
COMESA	Common Market for Eastern and Southern Africa
DRC	Democratic Republic of Congo
EAC	East African Community
ECOWAS	Economic Community of West African States
EU	European Union
FANR	SADC Food Security and Rural Development Hub
FISCU	Finance and Investment Co-ordination Unit
FTA	Free Trade Area
GATS	General Agreement on Trade and Services
GDP	Gross Domestic Product
GSP	Generalised System of Preferences
ICM	SADC Integrated Committee of Ministers
IGD	Institute for Global Dialogue
IOC	Indian Ocean Commission
ISDSC	SADC Inter-State Defence and Security Committee
ISPDC	SADC Inter-State Politics and Diplomacy Committee
IUCN	The World Conservation Union
LDC	Less Developed Country
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organisation
NOK	Norwegian kroner
NORAD	Norwegian Agency for Development Co-operation
MMTZ	Malawi, Mozambique, Tanzania, Zambia
MoU	Memorandum of Understanding
OAU	Organisation for African Unity

PRIDE	IOC Integrated Regional Program for Development of Trade
ORGAN	SADC Organ on Politics, Defence and Security Co-operation
OSCE	Organisation for Security and Co-operation in Europe
PTA	Preferential Trade Area for Eastern and Southern Africa
REPA	EU Regional Economic Partnership Agreement
RERA	Regional Electricity Regulatory Association
RIFF	Regional Integration Facility Forum for Eastern and Southern Africa
RISDP	SADC Regional Indicative Strategic Development Plan
RPTC	SADC Regional Peacekeeping Training Centre
RSAP	SADC Water Sector Regional Strategic Action Plan
SA	South Africa
SACU	Southern African Customs Union
SADCC	Southern African Development Co-ordination Conference
SADC	Southern African Development Community
SADC-CNGO	SADC Council of NGOs
SAIIA	South African Institute of International Affairs
SAPP	Southern African Power Pool
SARDC	Southern African Research and Documentation Centre
SARPCCO	Southern African Regional Police Chiefs Co-ordination Committee
SATUCC	Southern African Trade Union Co-ordination Council
SEC-TU	SADC Energy Commission – Technical Unit
SPS	Sanitary and phytosanitary measures
TAU	SADC Energy Technical and Administrative Unit
UN	United Nations
UNDP	United Nations Development Programme
US	United States of America
WSCU	SADC Water Sector Co-ordinating Unit
WTO	World Trade Organisation

Preface

This report is the outcome of a study commissioned by the Norwegian Agency for Development Co-operation. The two authors of the study visited six countries in Southern Africa in the period from 14 October to 5 November to collect interview data and documentation for the study.

The Chr. Michelsen Institute (CMI) and the team have benefited from the help and advice of a number of people. Kennedy Mbekeani, senior research fellow at the Botswana Institute for Development Policy Analysis (BIDPA) was commissioned to prepare a background study on the implementation of the SADC trade protocol. He also provided much assistance during the team's visit to Botswana. Our research assistant, Ingrid Samset at CMI, helped locate literature and documents.

Our thanks also go to Hege Hertzberg at the Norwegian embassy in Harare, to Bertha Mokgoro at the Norwegian embassy in Pretoria, to Tone Tinnes at the Norwegian embassy in Dar es Salaam, to Harald Ekker at the Norwegian embassy in Luanda, and to Liengoane Lefosa in Lesotho's Ministry of Development Planning for facilitating our visits.

Above all, the team would like to take this opportunity to thank the numerous officials and other stakeholders in Southern Africa. They all gave patiently of their valuable time to provide information, analysis, interpretations and explanations.

A draft report was submitted to NORAD's Southern Africa Section on 19 November. The draft was discussed at a meeting between the team and NORAD staff on 30 November. The final report addresses comments received. The report has also benefited from comments by colleagues and staff at CMI, especially from senior research fellow Arne Tostensen and from Amin Kamete, visiting scholar from the University of Zimbabwe.

Needless to say, the flaws and omissions are entirely ours. The team also has the responsibility for the views and recommendations expressed in this report.

Bergen, 10 December 2001

Jan Isaksen   Elling N. Tjønneland

1: SADC - The Need for Change

Originally known as the *Southern African Development Co-ordination Conference* (SADCC), the organisation was formed in Lusaka, Zambia in 1980.[1] Its chief objectives were to mobilise and co-ordinate development assistance; facilitate regional co-operation through joint development projects, especially in infrastructure such as transport and communications; and to reduce the dependence on apartheid South Africa.[2] Significantly, the SADCC gave post-independence southern African governments their first platform for regional economic co-operation.

SADCC was formed as a rather loose form of co-operation built on concrete projects and programmes. A limited number of institutions was established and formalised according to a Memorandum of Understanding signed in 1981. In the late 1980s regional policy-makers identified a need for a more effective organisation, with legal status and powers. They were also increasingly confident that South Africa was moving towards democracy. Accordingly, they decided to formalise SADCC and to shift its focus from mere co-operation among member countries to more far-reaching regional integration.

After four years of preparatory work, regional heads of state signed a Declaration and Treaty establishing the *Southern African Development Community* (SADC) in Windhoek, Namibia in 1992. Namibia and South Africa became members in 1990 and 1994, respectively, and later Mauritius, the Seychelles and the Democratic Republic of Congo also joined the new Community.

---

[1] The founding members were Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe.

[2] Cf. the overview and analysis of the history of SADCC in I. Mandaza & A. Tostensen, *Southern Africa in search of a common future: From the Conference to the Community*, Gaborone: SADC 1994, and K. Lambrechts, "The SADC's Origins", pp- 17-28 in *The IGD Guide to the Southern African Development Community*, Johannesburg: Institute for Global Dialogue 2001.

SADC's objectives or Common Agenda as outlined in the 1992 Treaty revolves around

- Promoting development, poverty reduction and economic growth through regional integration;
- Consolidating, defending and maintaining democracy, peace, security and stability;
- Promoting common political values and institutions which are democratic, legitimate and effective;
- Strengthening of links among the people of the region; and
- Mobilisation of regional and international private and public resources for the development of the region.

The decentralised nature of the Co-ordination Conference was continued with the new SADC. Each member state was allocated the responsibility for co-ordinating one or more sectors. This involved proposing policies, strategies and priorities, and processing projects for inclusion in the sector programme, monitoring progress and reporting to the Council of Ministers. Today there are 21 sector co-ordinating units and commissions in 12 of the 14 SADC countries. Commissions, assisted by commission secretariats, are regional institutions, approved by Summit and supported by all member states. The secretariats have a regional staff and are funded directly by member states through separate contributions. The sector co-ordinating units are national institutions established in the appropriate line ministry by the member country responsible for co-ordinating the particular sector and staffed by civil servants of the particular country. They are guided by sectoral committees of ministers. Only DRC and the Seychelles are without sector responsibilities. Cf. the presentation in Table 1.

Table 1: SADC's sector co-ordinators (July 2001)

Angola	*Energy Commission*
Botswana	*Agricultural Research and Training; Livestock Production and Animal Disease Control*
Lesotho	*Environment and Land Management; Water*
Malawi	*Inland Fisheries; Forestry; Wildlife*
Mauritius	*Tourism*
Mozambique	*Culture, Information and Sport; Transport and Communication Commission*
Namibia	*Marine Fisheries; Legal Affairs*
South Africa	*Finance and Investment; Health*
Swaziland	*Human Resources Development*
Tanzania	*Industry and Trade*
Zambia	*Employment and Labour; Mining*
Zimbabwe	*Crop Production; Food, Agriculture and Natural Resources*

Note: The responsibility for the gender unit is located at the SADC Secretariat

SADC has aimed at developing common approaches and policies through protocols. A protocol is a legal instrument that commits member states to co-operate, co-ordinate, harmonise and integrate policies and strategies in one or more sectors.

Sectoral actors in collaboration with SADC agencies develop protocols. Next, they are scrutinised by SADC's legal sector before being submitted to the Council of Ministers for approval. Following this, they need to be signed by the Summit of Heads of State or Government. Finally, after being signed, they need to be ratified by two thirds of member states – typically in a parliamentary process – before coming into force. So far 20 protocols have been signed and eight have been ratified and entered into force.[3] Cf. also Table 2.

Table 2: SADC protocols signed and ratified

	Protocol	*Date of signature*	*Ratified*
1	*Immunities and privileges*	1992, August	x
2	*Shared watercourse systems*	1995, August	x
3	*Transport, communication and meteorology*	1996, August	x
4	*Energy*	1996, August	x
5	*Combating illicit drug trafficking*	1996, August	x
6	*Trade*	1996, August	x
7	*Education and training*	1997, September	x
8	*Mining*	1997, September	x
9	*Tourism*	1998, September	x
10	*Wildlife conservation and law enforcement*	1999, August	
11	*Health*	1999, August	
12	*Tribunal and the rules of procedure*	2000, August	
13	*Legal affairs*	2000, August	
14	*Revised protocol on shared watercourses*	2000, August	
15	*Amendment protocol on trade*	2000, August	
16	*Politics, defence and security co-operation*	2001, August	
17	*Control of firearms, ammunition and other related materials*	2001, August	
18	*Fisheries*	2001, August	
19	*Corruption*	2001, August	
20	*Culture, information and sport*	2001, August	

Source: Derived from information prepared for the Council of Ministers meeting in August 2001

SADC's Programme of Action now covers about 470 projects. SADC itself estimates that most of these, about 80 percent, have a strong national character and should have been implemented under the national programmes of member states. Only 20 percent of the present project portfolio would meet the criteria of being properly regional projects.

As SADC moved into the latter half of the 1990s critical questions began to emerge about the organisations ability to promote regional co-operation and integration. SADC appointed a team of consultants, which submitted its *Review and Rationalisation* study in 1997.[4] This study recommended that the sector co-ordinating units and commissions be phased out and brought together in five planning and co-ordination directorates as follows:

[3] Cf. part 4 and 5 in *The IGD Guide to the Southern African Development Community* (*op.cit*.) for a presentation of the protocols and work plans of each of sector co-ordinating units and commissions.
[4] C. Chipeta: *Review and Rationalisation of the SADC Programme of Action*, Vol. I (*Executive Report*) and II *(Main Report*), CSIR and Imani 1997.

1. Human resource development, science and technology;
2. Agriculture, natural resources and environment;
3. Infrastructure, communication and information technology;
4. Trade, industry, investment and finance; and
5. Community development, culture and information.

However, SADC failed to reach agreement on the proposed restructuring, in part because of opposition from some member countries reluctant to close down their co-ordinating units and increasing the power of the Secretariat.

SADC had recorded important achievements, particularly in areas of infrastructural development and in fostering a sense of regional belonging. However, its difficulties continued to deepen. Growing political divisions over the conflict in SADC's newest member, the DRC, exacerbated it. SADC remained divided and failed to reach agreement about the role of the Organ on Politics, Defence and Security Co-operation, an institution established in 1996.

At the end of the last decade, the main difficulties and constraints identified in SADC documents and by analysts usually included[5]:

- The SADC Secretariat in Gaborone lacked the power, authority and resources required to facilitate regional integration;
- The sector co-ordinating units in the member states were highly uneven in their ability to pursue and implement policies;
- SADC's Programme of Action lacked a clear regional focus, it covered too many areas, and the majority of projects were mainly national;
- Limited capacity to mobilise the region's own resources, including the private sector, for the implementation of the Programme of Action and an over-dependence on external financial resources; and
- Growing political divisions within SADC and a failure to address governance, peace and security issues.

Senior officials in the SADC Secretariat also increasingly expressed this. The then acting executive secretary in the Secretariat, Prega Ramsamy, in a speech in delivered in June 2000 identified two critical issues for the organisation. The first was the inability of its present structure to adapt to changing circumstances and new challenges. The second was the need for a more focused approach with targeted priorities for the next 10-15 years.[6]

The SADC Heads of State and Government returned to the 1997 study at its 1999 Summit. It directed the SADC Council of Ministers to initiate a comprehensive review of the operations of SADC institutions, including the Organ on Politics, Defence and Security Co-operation. The Review Committee, composed of representatives from Namibia, Malawi, Mozambique, South Africa and Zimbabwe,

[5] In addition to the literature cited mention should also be made of the discussion of these issues in SAPES, UNDP & SADC: *SADC Regional Human Development Report 2000. Challenges and Opportunities for Regional Development*, Harare: SAPES Books 2000 and C. Clapham et al. (eds.): *Regional Integration in Southern Africa. Comparative International Perspectives*, Johannesburg: South African Institute of International Affairs 2001.

[6] See P. Ramsamy, "SADC: The Way Forward", pp. 33-41 in C. Clapham et al. (eds.) *op.cit.*

produced a comprehensive *Report on the Review of Operations of SADC Institutions* in 2000.

Three important meetings dedicated to the restructuring exercise were then held. The first was the extraordinary meeting of Council in Gaborone in November 2000. The second was another extraordinary meeting of the Council in Windhoek in March 2001 followed by the Extra-Ordinary Summit in Windhoek on 9 March to approve the Report. This will be discussed in the next chapter.

2: Institutional reform – assessing the new SADC

In March 2001, an extraordinary SADC Summit approved the proposed recommendations for far-reaching changes in SADC's institutional framework and the structure for executing its 1992 mandate. These included changes in SADC's governing structures at the regional and national level, but most importantly a plan for the abolishment of the 21 sector co-ordinating units and commissions located in 12 of its member countries. These units will, according to the approved plan, be brought together in four clusters in a strengthened SADC Secretariat in Gaborone. The intention is to implement these changes over a period of two years, beginning in March 2001.

At the Council of Ministers Meeting and Summit in Blantyre in August 2001 these changes in SADC structures were further consolidated. The SADC Treaty was amended to take into account these institutional changes. In addition the Summit signed a Protocol on Politics, Defence and Security Co-operation which provided for an Organ on Politics, Defence and Security Co-operation under the SADC Summit. The Organ has its own set of regional structures and mechanisms for policy formulation and implementation but the protocol also specifies that the SADC Secretariat shall be the Secretariat of the Organ.

The implementation of the changes is overseen and guided by a Review Committee. This committee was appointed by the Council of Ministers in 1999 and is composed of Ministers and senior officials from several member countries. Its report on the operations of SADC institutions, which provided the basis for the decisions at the Windhoek Summit, was published in April 2001.

This chapter provides an outline of each of the main elements of the new institutional reforms and an assessment of the implementation. It also seeks to identify main achievements and bottlenecks.[1]

2.1 Governing Structures

The Summit is the supreme policy-making institution of SADC. It is led by a Troika system consisting of the Chairperson, Incoming Chairperson and the Outgoing Chairperson. It will, according to the new Treaty, meet at least twice a year (under the previous arrangement it normally only met once a year). The first meeting will take place before 31 March each year and is intended to focus primarily on regional economic development matters and the SADC Programme of Action. The second will take place in August/September and is dedicated to political matters. Decisions will be taken by consensus and will be binding.

The Blantyre Summit also established an Organ on Politics, Defence and Security Co-operation. It also operates on a Troika basis. The Troika members are selected by the Summit from among the members of the Summit except that the Chairperson of the Troika cannot at the same time have the Chair of the Summit. Under the Organ a Ministerial Committee shall be established consisting of the Ministers responsible for foreign affairs, defence, public security or state security. See more on the Organ in section 2.3 below.

The Council of Ministers, which oversees the functioning of SADC, will meet at least four times year. It consists of one Minister from each member state, preferably the Minister responsible for the SADC National Contact Point. The National Contact Point is either the Ministry of Finance/Development Planning or, in most and in an expected growing number of countries, the Ministry of Foreign Affairs.

The Integrated Committee of Ministers (ICM) is, apart from the Organ, the main innovation in the governing structure of SADC. It will oversee the implementation of the core areas of integration, which include the four clusters (see below) and provide policy guidance to the Secretariat. The ICM has decision-making powers to ensure rapid implementation of programmes. According to the Treaty it shall however, only meet at least twice a year and consist of at least two ministers from each country. There are no guidelines and no indications of which those Ministers should be. They may vary depending on the items on the agenda and the concerns of the member states. The ICM can also appoint subcommittees of ministers when need arises. They may be constituted at cluster level and be serviced by the relevant Secretariat directorate. A standing committee of officials providing technical advice assists the ICM. It consists of one permanent secretary or an official of equivalent rank from each Member State.

ICM will replace the Sectoral Committees of Ministers which, however, will continue to meet until ICM has been properly established.

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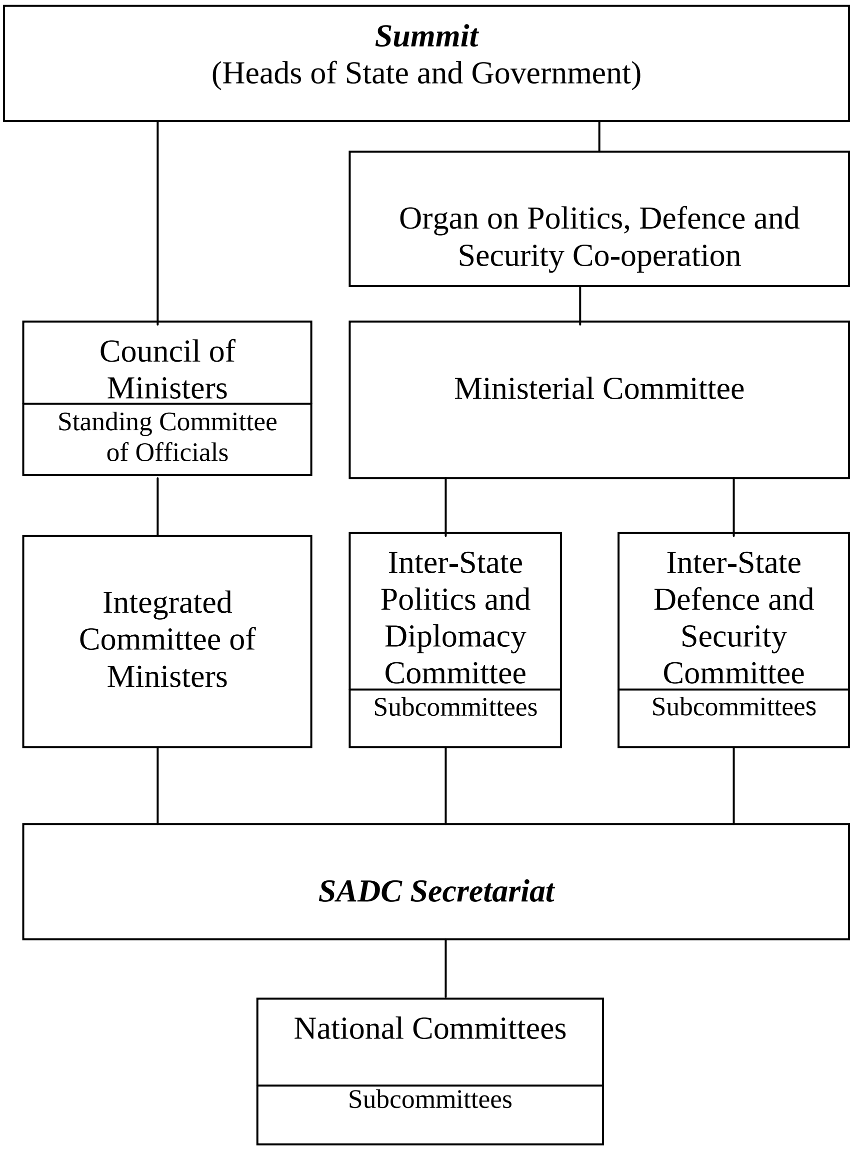
[1] This information in this chapter is unless otherwise stated derived from the restructuring study *Report on the Review of Operations of SADC Institutions March 2001* (n.p. (Gaborone): n.p. (SADC Secretariat) April 2001), documents and statements from the August 2001 Council of Ministers meeting and Summit, including the amended Treaty, and interviews conducted by the team.

The team did note some uncertainties concerning the function of the ICM. Some felt it would simply be an expanded duplication of the Council of Ministers. Others saw it as primarily an instrument set up to supervise the formulation and implementation of the Regional Indicative Strategic Development Plan (see below). One option indicated to the team was to set up the ICM with four Sectoral Committee of Ministers corresponding to each of the four directorates. It was also felt by some that powers of the ICM (and also the Council of Ministers) could be delegated to the Executive Secretary.

Fig. 1: The new SADC structure



The organogramme of the SADC structure is presented in fig. 1

The SADC Treaty is legally binding on members, and provides for sanctions against member states that fail to fulfil their obligations, or implement policies that undermine its principles and objectives. Tribunals shall be constituted to ensure adherence to and proper interpretation of the provisions of the Treaty, and to adjudicate upon such disputes as may be referred to it. The protocol (signed in August 2000) prescribing the composition, powers, functions, procedures and other related matters governing the Tribunal, is not yet ratified. No Tribunal has yet been appointed.

2.2. The Secretariat

Most of the institutional reforms revolve around the changing role and functions of the Secretariat in Gaborone. The Secretariat is the principal executive institution of SADC and the reforms intend to give it the power and authority to shape the form and content of the regional programme and be more effective in implementing it. The institutional reforms are also intended to ensure a more cost efficient and cheaper regional organisation. The Secretariat shall *inter alia*

- be responsible for strategic planning and management;
- implement decisions of the governing structures, including the Organ;
- co-ordinate and harmonise policies and strategies of member states;
- monitor and evaluate the implementation of regional policies and programmes;
- ensure gender mainstreaming in all programmes and projects;
- mobilise resources and co-ordinate programmes and projects with donors and co-operating partners; and
- do research on community building and the integration process.

The 21 sector co-ordinating units and commissions will be closed down. Their activities will be moved to the Secretariat in Gaborone. The process began in March 2001 and shall, according to the plan, be completed over a period of two years. Four directorates will replace the sector co-ordinating units and commissions. The first, the Directorate on Trade, Industry, Finance, Investment and Mining, was launched in August 2001 replacing the sector co-ordinating units on trade in industry (in Tanzania), finance and investment (South Africa), and mining (Zambia). As a temporary measure member countries have been requested to second personnel to the Secretariat. Member countries contribute their local salaries to the seconded persons while additional costs are covered by the Secretariat. Following a so-called job evaluation study (see below) and the finalisation of the transfer of functions from member countries it is expected that the Secretariat will appoint staff on a contract basis.

An organogramme of the new Secretariat is provided in fig. 2.

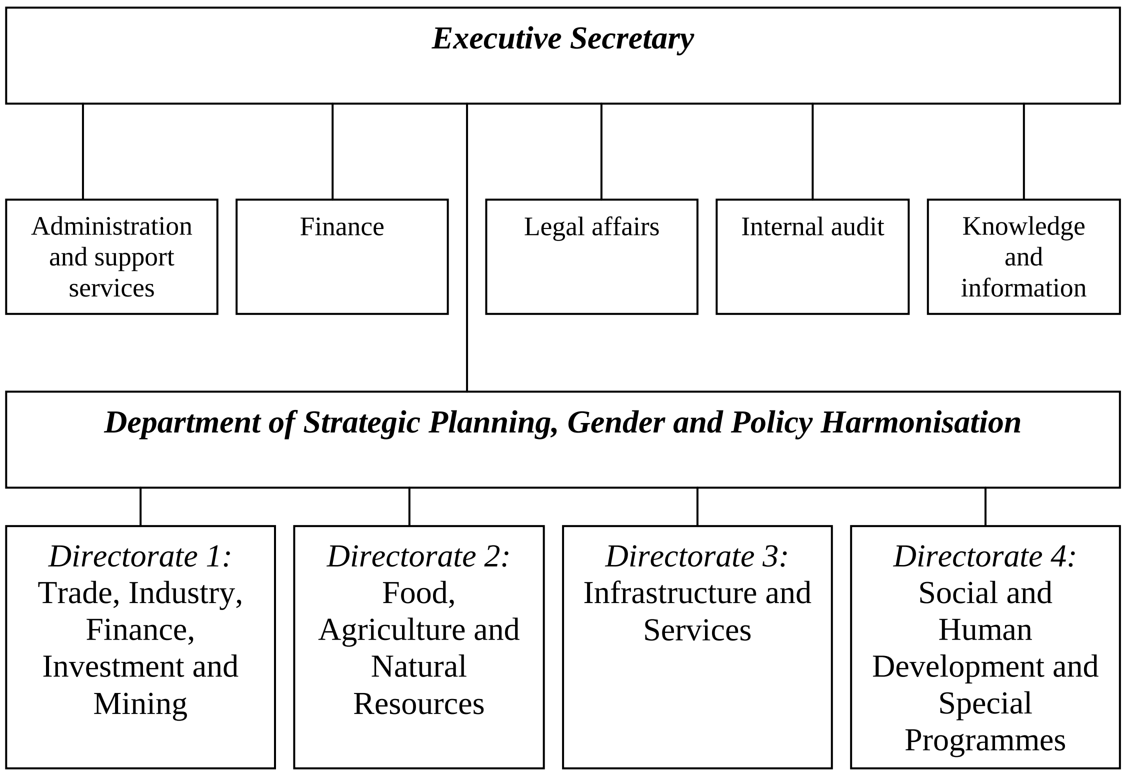
A job evaluation study to be undertaken will also provide answers to *inter alia* the staff requirements and grading, specific functions and modes of operation of the different units within the Secretariat. At the Secretariat it was expected that the study would be available by the end of the year and provide further clarity regarding the organisation of the new Secretariat. It was originally envisaged that this study should be undertaken by external consultants, but following the Blantyre meeting of the

Council of Ministers in August it was decided that the Secretariat itself should play a stronger role in the preparation of this study.

An audit of SADC Assets in member countries is also to be undertaken as a preparation of the transfer of staff and resources to Gaborone. It had not yet been undertaken at the time of the team's visit.

The Secretariat has also started the preparations of a Regional Indicative Strategic Development Plan (RISDP) to provide an operationalisation of SADC's objectives. The Plan is expected to emphasise the shift from a focus on project implementation to a focus on policy formulation and harmonisation. The RISDP shall, according to the plan, be completed by June 2002 (see more in Ch. 3.1).

Fig. 2: The structure of the new SADC Secretariat



The current costs of running the SADC institutions (Secretariat, Commissions and Sector Co-ordinating units) is, according to the March 2001 report from the Review Committee, about USD 16 million based on a total staff of 194 professionals and 190 support staff. The new structure, based on a minimum staff complement of 94 professionals and 40 support staff, is estimated in the same report to cost about USD 12 million. The staff requirement may, in the view of this team, be significantly higher than envisaged in this document. The immediate cost savings may not necessarily materialise. The cost of maintaining staff in Gaborone may also be higher than envisaged in the report. Under the old structure a significant part of the costs were also in local currencies (salaries for civil service working in the co-ordinating units). With the new Secretariat most expenses will be in foreign currency.

2.2.1 The Executive Secretary and the Department of Strategic Planning, Gender and Policy Harmonisation

The amended Treaty does not provide for an increase in the formal powers and authority of the Executive Secretary in relation to the governing structures of the institution. His office has however, been strengthened, *inter alia* through the establishment of a position of a Deputy Executive Secretary. The Deputy, a Zambian national, was appointed at Blantyre and has taken up his position.

The Executive Secretary's office will also provide the support services for the smooth operation of the Secretariat. The requirements will increase dramatically. The forthcoming job evaluation study is expected to provide further clarity regarding needs and positions to be filled.

The Department of Strategic Planning, Gender and Policy Harmonisation is a new Department set up to strengthen the Secretariat in executing its new functions, particularly strategic planning, gender mainstreaming, management and harmonisation of polices. A Chief Director heads the Department. A South African national took up this position in October.

A major urgent task for this Department is the preparation of the Regional Indicative Strategic Plan and – presumably in consultation with the job evaluation study – the specification of how the Secretariat will deal with functions not identified in the new organogramme. This includes issues such as monitoring and evaluation, co-ordination of donors and co-operating partners and regional operational activities.

2.2.2 The Directorates and Clusters

The four directorates each headed by a Director, falls under the Department of Strategic Planning, Gender and Policy Harmonisation. These directorates are

Directorate 1: Trade, Industry, Finance, Investment and Mining;
Directorate 2: Food, Agriculture and Natural Resources;
Directorate 3: Infrastructure and Services; and
Directorate 4: Social and Human Development and Special Programmes

According to the adopted report on the restructuring these directorates will essentially take over the policy functions of the sector co-ordinating units and commissions. All member states have been invited to second personnel to these directorates in the transitional phase. The selection will be made by the Secretariat based on merit.

The team's meetings with the Secretariat and sector co-ordinating units and commissions did reveal that there are still some uncertainties about this transfer. One concern is the staffing, composition and specific functions of the directorates. The directorates may in many instances appear as little more than black boxes. The job evaluation study and the RISDP are expected to give more clarity.

Another concern is the clustering of the sectors in the directorates. How should they relate to each other? A sector like water was originally split into two directorates (2 and 3). Some consider that their sector unit is essentially crosscutting (e.g. environment, HIV/Aids) and are worried that these dimensions may get lost in the transfer. Gender is the only sector defined in the new set up as crosscutting and is therefore placed in the new Department of Strategic Planning.

There may also be a potential concern about member countries' representation in the new Secretariat. The Secretariat will need to balance the wish for individual qualifications and merit with a concern to ensure that all members feel that they have a presence in the new Secretariat.

The biggest unresolved issue may revolve around some of the functions of the old sector units and commissions not yet clarified in the new structure. Most important here are operational activities such as project formulation, management and implementation. While it is true that the focus of the "new SADC" will shift from project planning and implementation to policy formulation and harmonisation there will still be a need to manage planning and implementation of regional projects. Also: How will ongoing projects be affected in the transition? What will the relations be between the directorates and member states in this area? It was indicated to the team that it was expected that highly specialised technical institutions - such as the Southern African Centre for Co-operation in Agricultural and Natural Resources Research and Training, the Regional Early Warning Unit (food security) or the Regional Tourism Organisation - should continue to stay where they are and operate as before. For other operational aspects and project implementation it was expected that the new national committees (see below) should take over these responsibilities. While the majority of SADC projects (an estimated 80%) are national in character and therefore may be managed by national authorities, there are also many that are regional. This raises a number of difficult issues since these functions of particular sector units cannot automatically be divided and taken over by individual national committees. This will be further discussed in the case studies in the next chapter.

Directorate 1 was launched in August 2001. When the team visited in October it had a staff of five, seconded from Mozambique, South Africa, Lesotho and Zimbabwe in addition to three expatriate experts funded by aid donors. This group is essentially identical with the technical assistance team set up to work on the implementation of the trade protocol (see more on this in the next chapter). The trade and industry section expects to recruit an additional two-three people. Member countries have been invited to submit names for secondment. Tanzania, which hosts the Trade and Industry Sector Co-ordinating Unit, has submitted the names of five of the seven professionals in the present unit. No decision had been taken when the team visited and there had, according to the Sector Co-ordination Unit, not been any communication to them about requirements and when a decision are to be expected.

The Finance and Investment Co-ordination Unit (FISCU) is based at the National Treasury in South Africa. FISCU closed down on 2 August with the launch of directorate 1. It had a staff of four-five professionals. They were offered to move to

Gaborone on secondment from South Africa, initially for a period of six months. The staff found this little attractive and has opted to remain at the National Treasury in South Africa. They are now working on South African positions and policies in this area. The International Financial Relations Directorate in the Treasury is preparing for the establishment of a project management team of contracted staff to run with FISCU tasks in directorate 1. It will at the earliest be operational in February 2002. South Africa expects to secure funding for this from the European Union. These funds may still be channelled through South Africa. (The proposed management team was envisaged before the decision to relocate to Gaborone.)

FISCU is responsible for the development of the finance and investment framework for regional economic co-operation. Based on a series of Memoranda of Understandings to be completed by mid-2002 it is expected that a Protocol on Finance and Investment will be ready by mid-2003 and ratified in 2004. The protocol will *inter alia* address issues such as macro-economic harmonisation and development finance. The South African National Treasury does not expect that the transfer of functions from Pretoria to Gaborone will cause delays in this time schedule assuming that the project management team becomes operational as scheduled. A number of technical sub-committees continue to function uninterrupted by the transfer to Gaborone.

The team did not have access to information about the transfer of the mining sector co-ordination unit in Zambia.

Directorate 2 is expected to be launched in December 2002. The key components here are the functions located with the Food and Agriculture Sector Unit in Zimbabwe but functions from the Wildlife, Fisheries and Forestry and other units will also be incorporated. The main unit in Harare has however, not yet received any information about the details of the transfer or staffing requirements. A meeting between the Harare unit and the Secretariat was to be held shortly after the team's visit.

This cluster of sectors is the largest within SADC accounting for more than half of all SADC programmes of action. It also involves a complex array of technical aspects and institutional arrangements that have implications for the implementation of the institutional reforms.[2]

Directorate 3 will deal with transport and communication; water; energy; and tourism. It is scheduled to be launched in August 2002. Commissions manage the transport and energy sectors. The Luanda-based Technical Unit of the Energy Commission was established on 1 April 2001. A regional staff of four was envisaged in the Luanda unit, but following the decision to relocate to Gaborone it was decided to only hire one (the Director). The rest of the staff is Angolan civil servants who staffed the former sector co-ordination unit.

A first meeting between the four units comprising infrastructure and services and the Secretariat was to be held shortly after our interviews with the energy unit. See more in the discussion of energy and water in the next chapter.

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[2] See here also the unpublished report from *SADC FANR Sector Co-ordinators Retreat on the Restructuring of SADC Institutions, Kariba, Zimbabwe, July 19-20, 2001.*

Directorate 4 shall deal with human development issues; health and welfare; HIV/AIDS; disaster management; culture and sport; and special programmes (combating illicit drugs and small arms trafficking as well as demining).

The team noted reservations and uncertainties about the phasing out of the sector co-ordinating units and the transfer to an expanded Secretariat in Gaborone. It must however also be emphasised that the team was left with the impression that all those interviewed showed commitment and support for these changes. Many sector co-ordinating units and commission secretariats have also been active in submitting proposals to the Secretariat to find solutions to some of these uncertainties and unresolved issues.

2.3 The SADC Organ on Politics, Defence and Security Co-operation

The SADC Summit in Blantyre also adopted the long-awaited *Protocol on Politics, Defence and Security Co-operation*. (Angola was the only member not signing the Protocol. The team was assured that this was due to technical legality problems and that Angola welcomed the protocol and would be in a position to sign it shortly.) It now has to be ratified by two thirds of member states before coming into force.

In 1996 SADC decided to create an Organ on Politics, Defence and Security. It never became operational and a variety of problems erupted. The chairing of the Organ, the permanency of that position and its status *vis-à-vis* SADC became hotly contested issues.[3] At the Blantyre Summit, and after intense negotiations and pressure, it was decided to bring the Organ firmly under SADC control. A Troika composed of the new Chair (Mozambique) the outgoing Chair (Zimbabwe) and the incoming Chair (Tanzania) will lead it.

The Protocol also provides for an elaborate structure of the Organ. Cf. fig. 1 in Ch. 1. Under the Chair and the Troika there is a *Ministerial Committee* comprised of the SADC ministers responsible for foreign affairs, defence, public security and state security. It operates much like the SADC Council of Ministers and has a partly overlapping membership.

The *Inter-State Politics and Diplomacy Committee* (ISPDC) comprises the ministers responsible for foreign affairs. It shall perform such functions as may be necessary to achieve the objectives of the Organ relating to politics and diplomacy. It may establish such substructure as it deems necessary.

The *Inter-State Defence and Security Committee* (ISDSC) comprises ministers responsible for defence, public security and state security. It is an established committee formed more than 20 years ago as the Frontline States (it became ISDSC when South Africa, Malawi, Swaziland and Lesotho joined after 1994). It has a fairly elaborate substructure, especially under the Defence subcommittee and a range of sub-sub committees on functional areas of co-operation. Under the public security

[3] Cf. the presentation and analysis in Anthoni van Nieuwkerk, "Regionalism into globalism? SADC and Ecowas Compared", *Africa Security Review*, vol. 10, 2001, 2: 7-18

ministers there is the Southern African Regional Police Chiefs Co-ordination Committee (SARPCCO) which has a permanent secretariat hosted by the Secretariat of the Interpol Sub-Regional Bureau for Southern Africa located in Harare. The ISDSC itself has never had a permanent secretariat. These services are provided by the ISDSC Chair on a rotational basis (currently Lesotho).

The draft protocol proposed that the Chair of the Organ also should provide the Secretariat of the Organ. This was changed at Blantyre and a new paragraph was inserted stating that the SADC Secretariat in Gaborone should provide those services. The full implications of this are not yet clarified, but it is expected that the Secretariat primarily will provide administrative assistance and support and may not play any role in policy formulation and harmonisation. The Secretariat will dedicate personnel for this and the Terms of Reference for new positions as “political officials” was being prepared while the team visited Gaborone.

The section servicing the Organ will be in a different position compared to the other sections in the Secretariat considering the sensitivity of some of the issues they would be expected to deal with. It may also, as suggested to the team, be physically separate from the rest of the Secretariat. Furthermore, it was still to be decided whether to launch this section now or wait till the Protocol has been ratified. When the team visited it was expected that Mozambique as the Chair of the Organ would call a meeting to get a clarification on this matter.

There are also other dimensions of the SADC Secretariat’s work, which has to be clarified in relation to the Organ. Following the political dialogue between SADC and the European Union (since the launch of the Berlin Initiative in 1994) the Secretariat has started a number of Special Programmes (to be located in Directorate 4) focusing on issues falling under the SADC Organ. Directorate 4 also deals with disaster management and humanitarian assistance. These programmes and projects are also activities falling under the auspices of the Organ. In the discussion of the Special Programmes at the Blantyre meeting of Council of Ministers it was also decided that the Secretariat should work closely with SARPCCO. The Council of Ministers directed SARPCCO to consider reinforcing its Secretariat with personnel to work on these issues.

See Ch. 3.6 for an assessment of the Organ and its ability to achieve its objectives.

2.4 SADC National Committees

The amended SADC Treaty also provides for the creation of SADC National Committees consisting of key stakeholders. Apart from the government this is specified to be the private sector, civil society, non-governmental organisations, and workers and employers organisations. The composition shall, according to the Treaty, reflect the core areas of integration and co-ordination (i.e. the functions of the four directorates).

It is the obligation of each member state to create such committees. The committees shall according to the guidelines *inter alia*[4]

- provide input in the formulation of SADC policies, strategies and programme of action;
- co-ordinate and oversee the implementation of SADC programme of action;
- promote and broaden stakeholder participation in SADC affairs in member states;
- facilitate information flows and communication between member states and the SADC Secretariat; and
- co-ordinate the provision of inputs for the development of the Regional Indicative Strategic Development Plan and monitor its implementation.

Furthermore, it is envisaged the national committees shall fill the temporary vacuum which is expected with the phasing-out of Sector Co-ordinating Units from member states to the Secretariat (see 2.2.2 above).

The national committees will have a steering committee and a secretariat. Each national committee will also have sub-committees and technical committees, which may correspond to the directorates and its functions. Sub-committees and technical committees will operate at ministerial and officials level although other stakeholders will also be involved at this level according to the guidelines issued by the SADC Secretariat (and approved by the Council of Ministers).

The lines of communication and lines of authority between the national committees and the Secretariat and other structures are not clearly identified in the documents available to the team. Communication and authority may go through the SADC national contact point in the Ministry responsible for SADC Affairs, but it could also be directly.

The introduction of national committees is clearly motivated by a need to build knowledge, popular support and legitimacy for SADC and the regional project. This is considered crucial to achieve success, particularly following the closure of sector units in member countries. The team noted that the member countries visited were in different stages of preparation. One country had already established a committee, others were preparing for it and some had not yet addressed the issue.

It is also apparent that member countries visited approach the concept of the national committee differently. Some may envisage little more than an interdepartmental working group, while others seem to prepare for major national consultations and workshops. The success of these committees will obviously also vary and depend on country specific conditions. In some member countries there may be few traditions for this type of government-stakeholder relations, or the level of trust and conflicts may be such that it will be difficult to establish committees.

[4] Cf. the SADC Secretariat's *Draft Guidelines on SADC National Committees* (n.d. (2001)). The draft guidelines was approved at the Council of Ministers Meeting in August 2001.

Issues falling under the Organ (such as human rights, democratisation or defence) are not specifically included in the tasks of the national committees. Governments in some countries consider these issues too sensitive while others are receptive to a possible inclusion.

The role of parliament and parliamentary oversight are not addressed in the SADC documents discussing national committees. This is somewhat surprising considering that the SADC Parliamentary Forum (see more below) has defined a key role for itself in strengthening SADC and in facilitating SADC polices.

2.5 Other SADC-related institutions and stakeholders

Parallel to the growth of SADC there has been launches of a number of regional organisations and stakeholders pursuing principles and programmes consistent with SADC's Objectives and Common Agenda. SADC emphasises the participation of these stakeholders also at the regional level. This is formalised though either accreditation, memorandum of understanding or memorandum of association.[5]

It is envisaged in the amended SADC Treaty that stakeholders, including NGOs, civil society, workers' and employers' organisations, should take part in sub-committees of the Integrated Committee of Ministers (ICM). Employers' and workers' organisations shall also take part in ICM meetings and Ministerial meetings of the cluster of Social and Human Development and Special Programmes.

The participation of the above mentioned institutions are mainly regulated through a Memoranda of Understanding. Such MoU's are drawn up or in the process of being drawn up with institutions such as the *SADC Council of NGOs* (SADC-CNGO), the *Association of SADC Chambers of Commerce and Industry* (ASCCI) and the *Southern African Trade Union Co-ordination Council* (SATUCC). Others are *SADC Women in Business*, the *SADC Banking Association*, the *Electoral Commissions Forum of SADC Countries* and the *SADC Lawyers Association*.

However, many of these organisations remain weak and vulnerable and their capacity to participate and make input is often limited.

There are also a number of other public SADC institutions, which operates independently. Chief among these is the particularly interesting organisation, the *SADC Parliamentary Forum*. It was formally established in 1996 and approved as an autonomous SADC institution by the SADC 1997 Summit. It has a permanent Secretariat in Windhoek. The forum is made up of national delegations of four members of parliament, including the Presiding Officer and at least one member of the opposition. It meets twice a year.[6] DRC and the Seychelles are not members of the Forum.

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[5] See also pp 233 –240 in *The IGD Guide to the Southern African Development Community*, Johannesburg: Institute for Global Dialogue 2001.
[6] The SADC Parliamentary Forum maintains a particular informative website,www.sadcpf.org

The Forum's chief objectives are to promote democratisation in Southern Africa, involve parliamentarians in SADC activities, and facilitate implementation of SADC policies. Its main activities are focused on building capacities of parliamentarians through training and other means, and to facilitate free and fair elections through dispatching election observers to member countries.

The role of the SADC Parliamentary Forum or the role of parliaments in general has not been addressed in SADC restructuring documents available to the team.

The are also a number of overlapping and to some extent also competing initiatives promoting regional economic integration. They are discussed in the next chapter.

2.6 Resource mobilisation

The current funding arrangements reveal a high reliance on foreign donor funding for SADC projects and programmes. The donor-dependence has been a major concern for years, but not much has been achieved in terms of reducing this dependence. Major portions of the costs related to the planning and implementation of the restructuring process are also covered by foreign donors.[7] The restructuring report emphasises the need for changes both in relation to member state contributions and contributions of regional stakeholders and the private sector.

It is particularly important that SADC is in a position to fund the running of its Secretariat and other institutions. The membership fee is critical here. Currently all SADC countries pay an equal membership fee to the SADC Secretariat (and to the two commissions). Most member countries are however lagging behind in the payments. The outstanding contributions per July 2001 were over USD 9 million according to the Secretariat's report to August meeting of the Council of Ministers. The contributions from member countries will have to increase following the implementation of the new institutional framework. With the move to Gaborone member countries will save local currency, but they will have to allocate far more in foreign currency to run the expanded Secretariat. Recommendations for a new formula for membership contributions were presented to the Council of Ministers in August 2001. The proposed formula based on GDP and population size was not approved and the working group was asked to take additional criteria into account. The basic premise is however that the richer countries shall pay more than poor countries. One dimension mentioned in the team's interviews is also that no country shall pay more than 20-25% and no country less than 3-4%, so that no country will dominate financing and all countries will pay a sizeable share.

An agreement on a new formula is crucial to make the new institutional set up financially sustainable. It will not be possible to increase the equal rate to the level required to fund the costs of running the new Secretariat. Various regional levies and

[7] The most recent overviews of donor contributions available to the team are *Co-operation between the United Nations and the Southern African Development Community. Report of the Secretary-General*, New York: UN General Assembly July 2001 (A/56/134) and T. A. Ersdal & J. Claussen: *Overview of the SADC Program and Donor Cooperation*, Oslo: Nordic Consulting Group September 2001 (Report commissioned by NORAD). These reports are not up to date and have major gaps.

taxation schemes were also mentioned in the team's interviews, but no specific feasibility studies or preparations were to be undertaken in the near future.

Foreign aid donors are funding the bulk of SADC's projects and programmes. This is not likely to change significantly in the medium term, but it is strongly emphasised that more emphasis will have to be placed on mobilising investment from the private sector. This has also manifested itself in activities and work plans of some of the sector units, e.g. in the energy sector (the energy commission hosted an investment conference in September 2001). Private and foreign investment has also been mobilised for regional projects, especially in infrastructure such as the development corridor between South Africa's Gauteng province and Maputo in Mozambique, but this has not been under the auspices of SADC.

The March 2001 restructuring report also emphasises the need for the establishment of a *SADC Regional Development Fund*. This proposal was approved and also included in the amended Treaty adopted at the Blantyre Summit. A feasibility study will be undertaken under the auspices of the SADC Ministers of Finance to further explore this Fund.

SADC will organise a consultative conference with donors, co-operating partners and others in Gaborone in October 2002. The theme is *SADC Institutional Reform for Poverty Reduction Through Regional Integration* and it is expected that this may also be an occasion to start the mobilisation of support and funding for policy implementation of the new Regional Indicative Strategic Development Plan (cf. Ch. 3.1).

2.8 Conclusion: A more efficient SADC?

The new SADC structure is a major attempt to address the weaknesses, which have characterised SADC institutions since the establishment of the Community in 1992. The Secretariat was lacking sufficient authority and power, sector co-ordinating units were unable to pursue regional integration, and the SADC institutions were unable to adapt to the changing circumstances and challenges (cf. Ch. 1).

It is not possible to pass any final judgement of whether the restructuring will succeed – we are still in the early stage of its implementation. What can be concluded is that the restructuring is addressing the key issues and that its main components – the centralisation in Gaborone and the phasing out of sector units and commissions – appear to have the support of member countries and stakeholders. All officials in members countries and sector co-ordinating units and commissions interviewed by the team supported the restructuring and were eager to see it work. There may be uncertainties about the specifics of the changes and the shift to Gaborone, but also a great loyalty to the decisions made.

Solutions will however have to be found to a number of crucial issues. *One* revolves around the issue of SADC's operational capacity. It is essentially functions related to policy planning, strategy and harmonisation which will be moved to Gaborone, and it remains unclear how functions related to operationalisation will be taken care of with the phasing-out of sector co-ordinating units and commissions. Who shall be doing e.g. project formulation and implementation of regional projects under the new structure? SADC's restructuring report refers to the principle of subsidiarity and it is expected that national committees in individual member countries shall be responsible for implementation at the national level. What this will mean in practice is unclear, especially related to regional projects involving two or more countries. The team noted uncertainties in the sector co-ordinating units and commissions and a fear that project implementation and delivery could suffer - at least while restructuring was ongoing.

A *second* major challenge is the capacity constraints. The management of complex regional co-operation efforts requires the availability of a pool of political and technical experts. Such expertise is scarce in the region. This is one reason why many sector co-ordinating units have performed so poorly. The Secretariat is bound to experience difficulties in recruiting professionals. The technical capacity in most member countries to participate and to implement is also very limited. There is no easy solution to this, but it underlines the importance of a sharp focus and prioritisation of scarce resources.

Thirdly, there are a host of practical problems and obstacles, which may slow down and hamper the restructuring. One is the availability of accommodation and office facilities, another is the difficulty of getting suitably qualified personnel to come to Gaborone on short secondments.

Fourthly, SADC needs to agree on a new formula for membership fees and contributions. It is important that the members contribute what is required to fund the SADC Secretariat and other institutions.

All of these problems and challenges are likely to cause delays. This is likely to be aggravated by SADC's focus on the organogramme. Ideally, these organisational issues should have been addressed after the completion of a strategic plan of action, and after clarification of the specific functions of the organisation's components, and not at the beginning. This is bound to create difficulties and delays. At the same time the Secretariat has to move speedily. If the implementation of the restructuring gets drawn out staff morale may be weakened, the best people may no longer be available, and the delays may impact negatively on project implementation and delivery. There is also the danger that these problems spill over into the regional political sphere.

These challenges can, however, be overcome and solutions found which will create an efficient Secretariat in Gaborone. The main challenge is to make the engine run and to create an institution that is considered relevant for regional co-operation and integration. This will be addressed in the next chapter.

3: Making SADC work

This chapter will assess the ability of SADC to harmonise policies and to implement programmes and projects facilitating and deepening regional co-operation and integration. To do this the chapter first discusses SADC's efforts to formulate a plan of action. It will provide case studies of SADC's policies and activities within trade, water and energy as well as its role in defending democracy, peace and stability in the region. The chapter also provides a discussion of South Africa's role as well as the relation between SADC and other regional integration efforts in Southern Africa.

3.1 Planning for development: the Regional Indicative Strategic Development Plan

SADC has prepared a wide range of protocols in an effort to develop joint policies. So far 20 has been signed, including the five most recently adopted at the Blantyre Summit, although only eight are ratified. A full list of the protocols and their status are presented in Table 2 in Ch. 1.

The priority for the Secretariat now, apart from implementing the institutional reforms, is to focus on operationalisation of protocols and harmonisation of policies. The envisaged key instrument to achieve this is the development of a *Regional Indicative Strategic Development Plan* (RISDP).

The SADC Council of Ministers in at its August 2001 meeting in Blantyre noted that the main purpose of RISDP is to

> *provide member states, SADC institutions and key stakeholders with any coherent and comprehensive development framework for the operationalisation of SADC's Common Agenda and Strategic*

Priorities over the next decade (2002 - 2011), with clear targets and time frames. The plan will take into account relevant and priority programs, activities and projects currently being undertaken by various SADC sectors and institutions.

It was further noted that the Secretariat should play a leading role in the execution of the exercise, assisted as appropriate by member states and relevant regional and international organisations. The Secretariat has invited member countries to second staff to participate in the preparation of the Plan. The final report is expected at the end of June 2002.

It is also expected that the directorates, the remains of sector co-ordinating units and commission secretariats together with the SADC national committees will assist in this process. The supervision of planning and monitoring will be undertaken by the Integrated Committee of Ministers.

The *Report on the Review of Operations of SADC Institutions* provides further information about the intention for RISDP. It lists 15 priority areas. Six economic areas are identified.

1. Development of measures to alleviate poverty with a view to its ultimate eradication;
2. Development of agriculture and sustainable utilisation of natural resources;
3. Development of a common market through a step by step approach while restructuring and integrating the economies of Member States;
4. Harmonisation of sound macroeconomic policies and maintenance of an environment conducive to both local and foreign investment;
5. Development of deliberate policies for industrialisation; and
6. Promotion of economic and social infrastructure development

Two political priority areas are also outlined

1. Consolidation of democratic governance; and
2. Establishment of a sustainable and effective mechanism for conflict prevention, management and resolution.

In the social area the review report identifies four priorities.

1. Mainstreaming of gender in the process of Community Building through regional integration;
2. Development, utilisation and management of human resources;
3. Combating of HIV/AIDS and other deadly diseases; and
4. Development of programmes for the improvement of quality of Health and Social Welfare.

Finally, in the category “others” three priorities are listed.

1. Development of Science and Technology, Research and Development;
2. Development of effective disaster preparedness and management mechanisms; and
3. Consolidation of international co-operation with other regional groupings

The Review Report did envisage a five-year plan, but the Council of Minister at its August 2001 meeting decided to make RISDP a 10-year plan.

The RISDP exercise is very important at this stage of SADC's development. Interviews with officials in member states, civil society, donors and other stakeholders served to emphasise this. RISDP will provide SADC’s road map to the future. Ideally, however, the RISDP (and the job evaluation study) should have been prepared before the organisational restructuring

Based on the national planning experience of a number of countries in the region the team will make two additional comments. First, RISDP should address the need for *communication*, and second the need for *implementation and delivery*.

The new role that SADC plans to play, needs to be communicated and agreed upon by a number of constituencies. Study and analysis are important components of any plan, but without attention to consultation and consensus making, failure at the implementation stage is likely. The *process* of planning is more important than a final document. There are a considerable number of examples of well-written documents that have had no impact at all. It is important to think carefully through the various steps in the process and involve the political decision making level right from the outset.

- The member states themselves do not only need to agree with other member states what the real and concrete priories are, but they also need to *communicate* this to domestic stakeholders groups as well as to the public at large;
- A properly designed and agreed RISDP is needed for the *Secretariat* to function properly and efficiently and focus on implementation;
- Inter-regional organisations like AU and the Nepad (see 3.2) need to communicate and co-ordinate with SADC in a concrete and project oriented manner; and
- It was very clear from the donors interviewed that although they believed in the potential of the new SADC structure taking form, considerable contributions from them was contingent upon SADC having a realistic and timed plan where they could find appropriate areas of co-operation within the overall framework.

There are also several reasons why the plan will have to concentrate on *implementation and delivery*:

- Delivery means development that has a perceivable impact on common people's lives. The best way to build sustainable integration is to make it clear to the broad groups of SADC population that the organisation brings benefits;

- Member countries, which have gone through considerable changes in for example phasing out "their" sector co-ordination units, are now very keen on seeing the fruits of their sacrifices. Some demonstrable results in the first few years would boost SADC tremendously. It was apparent to the team that the concern for the distribution of benefits is now much less seen as a main problem for regional co-operation between developing countries than e.g. in the 1980s. Free trade, which is now the major project of SADC, does not have built-in distributive effects favouring the poorest countries. A well-conceived and well-implemented plan may contribute to correcting tendencies to skewness in the regional distribution of gains from integration; and
- SADC has the goal of freeing itself from the donor drivenness of earlier years. Reducing the donor drivenness is not primarily a matter of reducing the extent of donor funding. It is rather a matter of controlling donors and fitting them into a framework set by the organisation itself. The organisation needs somehow to "get in ahead of the game" and be able to *show* donors where they fit in instead of *reacting* to their ideas of projects without an internally agreed framework.

In view of the short time allowed for preparation of the RISDP, and the need to deliver, it would be necessary for SADC to focus on instruments and targets over which the organisation has some degree of control. It would be important to avoid the temptations of trying to produce a complete master plan for the entire region and all sectors. This would be a repeat of the past mistakes at the national level, where often both planning resources and administrative (implementation) resources have been all too scarce in comparison to ambitions. The failure of wide-ranging national plans is well recognised by now and it would be unfortunate to try the same on a regional basis.

The ten-year plan horizon ought to be considered on the background of the time available for preparing it. It is fairly normal for a national plan to have a "construction period" of one to two years. With a mid-2002 deadline for completion of the RISDP it is hardly possible to ensure that the necessary communication and consultation activities takes place. A stepwise approach might be devised whereby key (implementable) parts of the RISDP are first developed and properly consulted so that implementation may start, whereas a fully fledged plan may be produced over the ensuing one to two years.

It is also important that the Secretariat strengthens its capacity to monitor and evaluate the implementation of protocols and policies. This is also emphasised in the restructuring documents, but so far it has received limited attention in the ongoing institutional restructuring.

3.2 South Africa, Nepad and the region

In many respects South Africa holds the key to development of the region. Its economy accounts for three-quarters of the region's GDP; its infrastructure, institutions and skills supply are superior to the rest of Southern Africa; and it is *de facto* the regional "superpower". Like virtually every regional co-operation efforts dominated by one country, SADC's future is intimately tied to the role of the regional hegemon, South Africa. It will be difficult to make substantial progress in Southern Africa without South Africa taking a strong pro-active position.

The post-apartheid political leadership in South Africa has shown a strong commitment to SADC and the region, but for most of the time since the 1994 elections it has pursued an inward-looking policy focusing on domestic issues. The low regional profile in the early days was partly because of the need to consolidate power and capacity constraints, but also because South Africa lacked a clearly articulated foreign and Africa policy. The new South African leaders were also reluctant to be seen as taking a pro-active and dominant position in the region.

At the same time there has been a rapidly growing South African economic involvement in the region. This has mainly been through export promotion and investment, especially in mining, agriculture, infrastructure and services. This has also included a number of significant private-public partnerships in regional investment projects, especially the so-called spatial development initiatives and development corridors. There has also been a significant expansion of regional interaction from "below" – informal economic interaction, population movements and civil society networks.[1]

The later 1990s saw the emergence of a new and more pro-active South African foreign policy, also in relation to Africa and the SADC-region. This was intimately tied to Thabo Mbeki and his vision for an *African renaissance*.[2] This evolving ideology provided the platform for a more active Africa policy with South Africa asserting itself as a regional or even continental hegemon. However, at the same time South Africa strongly emphasised the need for consultation, dialogue and co-operation with its neighbours and other African countries. South Africa's more active position within SADC – evident through its strong role in pushing the current restructuring – may be interpreted as an expression of these emerging new attitudes.

The most important manifestation of South Africa's new role is however, the launch of Mbeki's *Millennium Africa Programme* in early 2001. In July the OAU adopted a merger of this plan and Senegal's Omega Plan under the name the *New Africa Initiative*. At the Abuja-meeting of the Implementation Committee in October 2001, the name was changed to *New Partnership for Africa's Development*, Nepad. It is now a continent-wide initiative, backed by the OAU/AU, calling for renewed efforts to take Africa out of poverty and halt the marginalisation of the Continent in the globalisation process.[3] Nepad calls for

[1] See e.g. B. Odén: "South Africa in Southern Africa: Revisiting the dynamo-albatross debate", pp. 116-142 in L. Thompson (ed.): *Development, Democracy and Aid in Southern Africa*, Cape Town: Centre for Southern African Studies, University of the Western Cape 2000 (*Monograph Series No 1*).

[2] See more about the background and visions in e.g., M. W. Makgoba (ed.): *African Renaissance*, Cape Town: Tafelberg 1999.

[3] Cf. the official Nepad document; *The New Partnership for Africa's Development (NEPAD*), October 2001, and the *Communiqué* from the NEPAD Implementation Committee meeting in Abuja, 23 October 2001.

- increased capital inflow through development assistance, debt relief, private and public investments;
- improved market access for Africa's products;
- prioritisation of efforts to bridge the infrastructure gap and to improve human resource development; and
- Africa countries to establish the conditions for sustainable development through peace, security, democracy and good governance.

Nepad has established a Heads of State Implementation Committee composed of three representatives from each of Africa's five regions. Botswana, Mozambique and South Africa represent the SADC region. The Implementation Committee intends to meet quarterly. It is assisted by a Steering Committee and a very small Secretariat located in Pretoria. Various African organisations will develop specific implementable projects and programmes. The OAU will identify and prepare projects within capacity-building on peace and security, and within agriculture and market access; the African Development Bank within the Central Bank and financial standards area; and the UN Economic Commission for Africa within economic and corporate governance. In addition, a specific subcommittee on peace and security chaired by South Africa was established.

South Africa is investing considerable resources into the initiative. Government departments are allocating officials and setting up task teams to work on Nepad. Funds are set aside for Nepad-projects. What are the implications for SADC? Will it reinforce the role of SADC? Or will it marginalise the regional project?

Nepad should not be seen as rival or competitor to SADC. Nepad will not be in a position to run its own development projects, but will have to work through sub-regional groupings and individual countries both for the formulation and implementation of projects. Nor are Nepad's priorities likely to differ significantly from SADC's own priorities as they are expected to emerge in the RISDP (see above).[4]

The main focus for Nepad is infrastructure and agriculture (and less on market integration and intra-regional trade compared to SADC priorities). Nepad has however, placed a strong emphasis on information technology which has been rather neglected by SADC. (At the Blantyre Summit in August 2001 a Declaration on Information Technology was adopted and the Transport and Communication Commission in Maputo was charged with the task of developing a SADC policy on this issue.)

Nepad does introduce the possibility of excluding countries not satisfying the political criteria for sustainable development (revolving around peace and security, democracy and good governance issues). These criteria and their implications are still to be developed. It must also been seen in relation to Nepad's South Africa-led subcommittee on conflict resolution (see also 3.6 below). The outcome cannot be predicted, but it will probably revolve around some emphasis on positive rewards and

[4] Cf. also the *Record of the meeting of SADC Ministers responsible for Foreign Affairs and Finance*, Blantyre, 13 September 2001. The meeting was convened to discuss the African Union and the New Africa Initiative (Nepad) and its implications for SADC.

less or no focus on negative sanctions or punishments for poor or non-performers. It may not be too deviant from the principles underlying the SADC Protocol on Politics, Defence and Security Co-operation. Still, it is a potential important deviation from previous OAU/African Union principles where the emphasis strongly has been on universal application and non-interference.

The potential negative impact of Nepad may lie in the possibility that South Africa's human and financial energies increasingly may be focused on continental rather than on sub-regional and SADC issues. Likewise, other SADC countries and the SADC Secretariat may also be forced to spend time and energy on Nepad rather than on their core business. Some donors may also be lured to believe that continent-wide approaches may make it possible to by-pass sub-regional solutions. These dangers must however, be balanced against Nepad as an avenue to reduce Africa's growing marginalisation and to give the continent a voice on the global scene. In the current situation this may be Africa's only – and certainly the best – platform to negotiate a better position for itself.

Finally Nepad's governing structures and the emphasis on working with existing institutions on the continent is also giving the project a stronger African ownership and reduces South Africa's dominance. This is especially evident after the Abuja meeting in October 2001. This way, South Africa's new and more pro-active role may be more beneficial also for Africa's future.

In November 2000 the South African Parliament passed a law establishing a special fund, the *African Renaissance and International Co-Operation Fund*.[5] The fund makes it possible for the South Africa Government through the Foreign Ministry to provide loans and other financial assistance facilitating South Africa's co-operation with other African countries. This shall be achieved through support to regional co-operation and integration; promotion of democracy and good governance; prevention and resolution of conflicts; humanitarian assistance; and human resource development.

The Fund is a continuation of previous facilities funding economic co-operation. The new Fund does however introduce some potentially very important new features. One is the broadening of the scope to include issues such as conflict management democratisation. The other is the intention to use the Fund more pro-actively, also involving organisations and parties other than governments (the previous fund could only be used reactively after receipt of formal government requests). A final element is the introduction of a mechanism through which foreign and domestic donor (third party) funds can be channelled to recipients and/or joint tripartite projects.

The more detailed terms of reference for the utilisation of the Fund still has to be developed. This includes a policy and regulatory framework, selection criteria for projects, mechanism for receipt of funds, etc. The Fund may become an important instrument for South African assistance to SADC and the implementation of the RISDP (and to Nepad projects), including the new focus on conflict management and democratisation issues. Alternatively, it may develop into simply a slush fund to

[5] Information on the Fund is mainly derived from the home page of South Africa's Department of Foreign Affairs, www.dfa.gov.za.

finance on *ad hoc* basis specific South African foreign policy activities. South Africa seems, however, to be ready to commit significant funding for the new Fund. Donors concerned with the future evolution of SADC must therefore closely monitor its utilisation.

3.3 Trade

One of the key obstacles to economic development and industrialisation in the SADC region lies in the size of the individual country markets.[6] This has long been recognised, although at the beginning of SADCC the prevailing idea was that industrialisation would logically *precede* trade. The present paradigm worldwide stresses the opening of trade and build-down of obstacles to trade as a key ingredient to promote industrialisation. The countries of the SADC region seem to have accepted this, which has led to a much more market oriented industrialisation strategy, far removed from the erstwhile planning of industries.[7]

The SADC Summit signed a trade protocol in 1996, which aims at establishing a SADC Free Trade Area (FTA) within eight years. On September 1, 2000 the SADC countries started implementing the Trade Protocol. The accord will cut tariffs on 12,000 defined product areas in the SADC region. By 2008, the intention is that 85 percent of intra-SADC trade will be freed from tariffs. From 2008 to 2012, the sensitive products will be liberalised creating a Free Trade Area by 2012. 11 of the 14 SADC members have ratified the Trade Protocol. Angola, DRC and the Seychelles will not do so although Angola has indicated that it is considering it.

The SADC Trade Protocol is considered a key instrument for forging regional integration in southern Africa. Within the SADC Secretariat considerable resources is spent on the implementation of this Protocol.

In the preamble to the Protocol, the member states reaffirm their commitment to "link the liberalisation of trade to a process of viable industrial development...". The article on elimination of tariff barriers states that "the process should be accompanied by an industrialisation strategy to improve the competitiveness of member states".

The objectives of the protocol are to:

- promote the liberalisation of intra regional trade in goods and services based on fair, mutually equitable and beneficial trade arrangements;
- insure efficient production within the SADC that reflects the dynamic comparative advantages of its members;
- create an enabling environment for domestic, cross-border, and foreign investment;

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[6] Cf. also the overview provided in SADC FISCU, *Regional Economic Review, Southern Africa Economic Summit 2001*, Pretoria: National Treasury 2001.

[7] The discussion in this section also relies on a paper prepared specifically for this study by the Botswana Institute for Development Policy Analysis (BIDPA), Kennedy Mbekeani: *Status of SADC Protocol on Trade and Regional Integration*, unpublished report prepared for CMI, November 2001. Cf. also the first background study for SADCC's attempt to develop a trade policy, *SADCC Intra-Regional Trade Study, A study prepared for the SADCC Secretariat by CMI*, Gaborone: SADCC 1986.

- enhance the economic development, diversification, and industrialisation of the region; and
- establish a free trade area in the SADC region.

The *areas of co-operation* identified by the protocol include eliminating obstacles to intra-SADC trade, customs procedures, trade laws, trade related investment matters, including measures for cross-border investment and other trade related issues such as trade in services and trade development. Article 25 deals with competition policy, and exhorts member states of an “to implement measures within the community that prohibit unfair business practices and promote competition.”

The differences in incomes and the degree of industrialisation between the SADC countries present major challenges for co-operation. There is a danger that the least developed and least industrialised countries will, at least in the beginning, benefit less from trade liberalisation than others.[8] The trade protocol recognises this asymmetry. The more developed countries – South Africa and the other members of the Southern African Customs Union (SACU) – will therefore cut their tariffs faster than the other SADC members.

3.3.1 Implementation and challenges

Along with the start of building down duties, there has been considerable progress achieved in negotiations of other fields included in the protocol. Further efforts are continuing on outstanding issues pertaining to the need to improve market access and to resolve the rules of origin for remaining chapters. These developments are expected to accelerate the process for enhancing SADC capacity to participate in regional and international trade.

There is clearly a danger that the extent of non-tariff barriers will increase as tariff barriers progressively go down. At Maseru (16 June 2000), the SADC Committee of Ministers of Trade reiterated its decision to eliminate core non-tariff barriers relating to cumbersome procedures and unnecessary measures which tended to impede intra-SADC trade. Much of the work since then has aimed at clearing the outstanding trade issues including the special arrangements for textiles and clothing and sugar, as well as improvement of market access for BLNS based on specific requests.

The core non-tariff barriers for which SADC has called for immediate elimination are as follows:

- cumbersome import and export licensing and permits;
- unnecessary import and export quotas;
- unnecessary import bans / prohibitions;

[8] This is also evident in two recent trade studies commissioned by Norwegian embassies in Southern Africa. See *Overview of Malawi’s trade relations both regionally and internationally*, Lilongwe: Imani Development 2001(Unpublished report prepared for the Norwegian embassy, Lilongwe, January 2001), and *Economic Integration of the SADC Trade Protocol in Norad’s Assistance to the Private Sector in Mozambique* (Unpublished draft report, Nordic Consulting Group, 28 September 2001).

- unnecessary services or charges not falling within the definition of import duties;
- single channel marketing;
- transit charges;
- visa requirements; and
- unnecessary technical regulations.

Under the SADC Heads of Customs meetings there are four working groups dealing with such issues as rules of origin, customs co-operation, customs systems and procedures and transit action plan.

Mozambique has submitted proposals seeking the SADC Protocol on Trade to allow *LDCs to take temporary safeguard or remedial measures* and also argued that technical and financial assistance should be given to LDCs to address the problem of costs that may arise from the dispute settlement process. This matter is not yet resolved.

Rules of Origin for wheat and wheat products
A particular obstacle has arisen in this area. The wheat producers in the region are in favour of strict criteria for regional origin because it will encourage the development of regional production of wheat. Non-wheat producers want less strict criteria for regional origin so that all countries could be able to trade in wheat flour and member states would be able to utilise the considerable excess milling with capacity in the region.

The SACU / MMTZ issue
The so-called arises because of the differences in the level of development between the least developed countries like, on one side Malawi, Mozambique, Tanzania, and Zambia (MMTZ) and, on the other side the more developed SACU region. It has been accepted that SACU will build down its duty barriers faster than the MMTZ, but the problem is that *within* SACU the smaller partners, Botswana, Lesotho, Namibia and Swaziland (BLNS) are much less industrially developed than South Africa. Some progress has been made in allowing the SACU countries greater access to MMTZ markets than South Africa, but there are still issues outstanding.

Textiles and Clothing
Since even the entire SADC region is a relatively small market, the consensus has been that exporters should look beyond the region for market access. Accessing the EU end US markets through the Cotonou agreement and the African Growth and Opportunity Act (AGOA) is of great importance (see more below). A regional strategy is needed to attract investment and increased production capacity in order to increase exports outside the region. Such a regional approach requires information sharing and strategic alliances between private sector companies. A roundtable meeting convened on the issue suggested that one should consider setting up a Regional Textiles and Clothing Information and Development Agency.

The issue of the balance between the MMTZ and SACU and the situation of the BLNS within SACU is particularly felt in the textile and clothing sector.

It is also a problem that South Africa has considerable capacity in man-made fibres whereas other countries have next to none.

Member states have been urged to accelerate their tariff phase-down for textiles and clothing. This is perceived to enhance the credibility of the entire trade protocol. It is also recognised that faster liberalisation will encourage both increased investment and inter regional linkages in order to supply first world markets under preferential access arrangements.

Most of the textile sector issues are more or less settled. The secretariat in Gaborone does not seem to think that these issues present obstacles to further implementation

Sugar

The world sugar market is highly distorted. This is an issue that SADC can hardly do much about and the conclusion has been to hold sugar outside the free trade agreement. South Africa produces about 2.2 million tonne sugar annually. The other substantial SADC producers are Zimbabwe, Mauritius and Swaziland that produce less in total than South Africa. These countries, unlike South Africa, have open access to the European market, sell most of their sugar there and import for domestic consumption from South Africa.[9]

Plastics

In the plastics sector, discussions over rules of origin are still going on. The parties are now apparently very close to an agreement. The outstanding issue is largely how to deal with recycled plastic.

Electrical and Optical Goods

South Africa can produce most types of electrical and optical good whereas other countries do not have much capacity. South Africa therefore stresses a strict local content criterion for such goods to be traded in the regional market whereas other countries, which have little to protect, are in favour of very liberal rules.

Motor vehicle industry

In this industry the situation is much the same as for electrical goods. South Africa wants to have rules supporting regional/South African production while other countries favour more liberal rules of origin.

Trade in services

Preparations for negotiations have started. A meeting in Mauritius in May 2001 made progress in the preparation for further negotiations for liberalisation of trade in services and integration into the multilateral trading system under GATS. Agreements were made on a number of mainly technical issues. Member states have been urged to formulate national positions by involving all stakeholders as an input to common regional positions.

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[9] Cf. also R. H. Thomas: *A SADC Sugar Agreement in the Context of the WTO and Global Sugar Trade*, Johannesburg: Institute for Global Dialogue 2001

Customs administrative matters
There are also a number of customs administrative matters where progress has been made or is planned: A number of countries have started printing of the SADC Certificate of Origin. Translation of customs documents into the other SADC languages (French and Portuguese) have also begun. Consideration has been given to draft guidelines for the SADC customs document. Ten countries have submitted their specimen signatures and stamp impressions. A project for modernisation of customs and trade facilitation has been set up under an agreement with the European Union that would supply experts on customs and transport. USAID has indicated readiness to assist national efforts for modernisation of customs and trade facilitation on the basis of direct requests from individual member states.

Sanitary end phytosanitary measures/food safety
A SADC consultative forum has been established in the area of sanitary and phytosanitary (SPS) matters. The forum has been asked to accelerate the implementation of their recommendations on:

- Identification of issues for immediate attention;
- The need for immediate stocktaking of SPS/food safety issues in the region;
- Establishment of information networks involving web-site and regular publication of SPS and food safety measures;
- Proposals for an institutional mechanism for dealing with SPS and food safety issues; and
- Developing a SADC protocol on SPS and food safety or as an annex to SADC protocol on trade.

Trade with third countries
The trade agreement between *EU and South Africa* causes SADC countries to loose some of their margins of trade preference *vis-à-vis* EU countries for export into the South African market. However, because the SADC FTA aims at a faster rate of tariff cuts and South Africa is giving more concessions to SADC countries at the early stage, the effect of this is dampened. It will however, as pointed out above, cause difficulties for the BLNS that they as part of SACU will have to eliminate their trade barriers to other SADC countries to the same extent as South Africa, although they are much less competitive and industrialised.[10]

Another important question to be resolved is the relationship between *SADC and EU* and in particular the question of Regional Economic Partnership Agreements (REPAs). REPAs will open for free trade between EU and developing countries while complying with WTO rules. SADC will have to decide, at an early stage, what position to take on this. If the decision to form REPAs is taken, negotiations should be completed before 2005. Thereafter would follow a transitional period of anything between five and 15 years for the implementation of the new arrangements.

A simplistic approach to the creation of a REPA for Southern Africa would be to extend the current EU-South Africa trade agreement. It is however unlikely that most

[10] See more on this in T. Bertelsmann-Scott et al. (eds.), *The EU-SA Agreement. South Africa, Southern Africa and the European Union*, Johannesburg: South African Institute of International Affairs 2000.

of the other SADC countries would see themselves benefiting from the same agreements with the EU as South Africa, mainly because of their very different economic structures. An establishment of a REPA would therefore entail considerable negotiations in order to reshape the EU-South Africa FTA so that the arrangement could be acceptable for the other and poorer countries. South Africa's weight in SADC would mean that it would be difficult to change the agreement fundamentally. If agreement were not reached, the LDCs would still receive Lomé treatment whereas non-LDCs probably would be left with some form of GSP, causing deterioration in their trade preferences with the EU.

The *WTO millennium round* will imply that all countries decide on their negotiation positions. In the negotiations SADC may have a co-ordinating or even negotiating role. At present it seems difficult to get a high degree of consensus among all SADC states. Such a consensus may be a considerable advantage in further negotiation and consultation with other developing countries concerning the scale and coverage of the round.

The *African Growth and Opportunities Act* (AGOA), which is part of the "US Trade and Development Act of 2000" provides beneficiary countries in Sub-Saharan Africa with liberal access to the US market. Basically the Act extends GSP status for qualifying African countries to September 2001 and expands the existing list of GSP products. The main effect should be to open the substantial US market to manufactured products from Africa. It also provides improved access to US credit and technical expertise, and establishes a high-level dialogue on trade and investment in the form of a US-Sub-Saharan Africa Trade and Economic Forum. A trade and investment framework agreement is negotiated with COMESA and it is hoped, at a later stage, with SADC.[11]

By mid-2001, 35 countries had been designated as beneficiary Sub-Saharan African countries under the AGOA. Of these 11 were SADC member countries: Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, and Zambia.

It is argued that the AGOA promotes regional economic co-operation and trade by allowing cumulation among AGOA beneficiary countries. AGOA beneficiaries may include imports from other AGOA beneficiaries in meeting the GSP requirement of 35 percent value added. However, when AGOA was introduced, several observers noted the danger that the bilateral agreements with US by participants in African regional groupings would tend to weaken these groupings. It was argued that the U.S. should enhance the ability of viable regional economic groupings to increase their trade, rather than to undermine them by setting up yet another layer of bilateral trade agreements. SADC's challenge for the future will be to actively use features of AGOA that may strengthen SADC's trade integration framework at the same time as it allows individual countries to benefit from the AGOA.

[11] See here *2001 Comprehensive Report of the President of the United States on US Trade and Investment Policy toward Sub-Saharan Africa and Implementation of the African Growth and Opportunity Act.* Washington, DC 2001 (A Report Submitted by the President of the United States to the United States Congress. Prepared by the Office of the United States Trade Representative. The First of Eight Annual Reports. May 2001).

The Secretariat
The Committee of Trade Ministers decided (on 22-23 July 2000) to set up a Trade Implementation Unit at the Secretariat in Gaborone as a matter of urgency. This unit co-ordinated the day-to-day implementation of the SADC Trade Protocol. It became the nucleus Directorate 1 when it was launched in August 2001 (Cf. Ch. 2.2.2. above). This suggests that the implementation of the trade protocol may be relatively uninterrupted by the institutional restructuring.

Challenges
Apart from the task of reorganising the secretariat at the same time as the trade protocol is implemented there are some major challenges ahead in the area of trade, finance and industry.

First, the implementation of the SADC Protocol on trade is the immediate challenge to trade based regional integration. Evidence of implementation problems is the fact that three months after the implementation of the Agreement only four countries (Botswana, Mauritius, South Africa and Swaziland) have lodged their implementation instruments for the Protocol. The speed at which the rest of the SADC countries will lodge their implementation instruments will depend *inter alia* on the respective governments' fiscal position.

Secondly, the different economic structures of the member countries and therefore their different abilities to take advantages of trade liberalisation will have to be handled. The SACU / MMTZ issue, the Mozambique proposal and the situation of the BLNS within SACU (see above) are all cases in point.

Thirdly, the dual membership of some SADC countries to both SADC and COMESA could produce distorted incentives and bureaucratic problems as a result of the possible adoption of inconsistent obligations.

Fourth, despite the agreements among the SADC countries that will deal with the *international* barriers to trade and industry, most of the countries have *domestic* barriers that may be considerable and may not be fully captured by the trade protocol. For an effective liberalisation of trade in the region, rules, regulations and various practices that are barriers to trade and investment must be resolutely dealt with by the member states within their individual jurisdiction.

Finally, it must be emphasised that progress in this area is also closely linked to political developments. It depends in particular on peace and political stability. Zimbabwe’s role is crucial. Its economic position gives the country a key role to play in regional integration. The political crisis and economic meltdown in that country threatens to undermine progress and implementation also of the trade protocol. It will seriously impact on the speed and nature of the SADC project.

3.4 Water

The activities in this sector are aimed at providing adequate water and sanitation, as well as protecting the environment that yields these precious and finite resources. The Southern African region is drought-prone and suffers periodic water scarcity but it is not uncommon to see water wastage at every stage of its management. Water harvesting techniques are generally poor; the delivery system is wasteful; the pricing regimes are generally not cost-effective; consumption levels are high, particularly in urban areas; pollution control is generally ineffective; and actual management is fragmented. The problem extends beyond water as a resource but to aquatic resources, both freshwater and marine. The water scarcity and the uneven distribution of the water resource have remained a source of tension and conflict between SADC member countries.[12]

Factors that are crucial for the sustainable use of water and need consideration in developing future strategies for the management of the region's water resources include:

- Growing demand due to population growth, improvement in the standard of living and economic development;
- Establishment of water supply infrastructure which is influenced by the availability of water and demand; and
- Legislation, policies, regulation, institutions and investment, which support the effectiveness of water resources management.

The SADC-region has two main river basins, the Zambezi and the Orange. Other river basins include the Save, Limpopo, Okavango, Ruvuma and Cunene. One of SADC's first efforts in this sector was therefore to adopt a *Protocol on Shared Watercourses System*. It was adopted and signed in 1995 and is now in force. A revised protocol on shared watercourses was signed in August 2000. The revisions where mainly done to bring the protocol in line with international regulations.

The main points of the protocol are:

- Sharing of watercourse system by the basin states or riparian states, observing existing general or customary international law for management of shared watercourse systems;
- Maintaining a balance between resource development and environment conservation;
- Exchange information on hydrology, water quality etc.;
- Utilise watercourses in an equitable manner, taking into account factors such as the social and economic needs of member state;
- The prescription of co-operation institutions at three levels, at the SADC level, at the river basin level and at the level of river authorities or boards;
- The objectives of the river basin management institutions which are to develop policies on monitoring water resource development projects, prepare joint development strategies for such systems, and supervise integrated water resource development plans; and
- Harmonisation of national policy and legislation, collaboration on research, information and data handling, mitigation of floods and droughts and controlling desertification, preventing environmental degradation and undertaking environmental impact assessment of

[12] See here also Munyaradzi Chenje & Phyllis Johnson (ed.*): Water in Southern Africa. A report by SADC, IUCN and SARDC*, Maseru and Harare 1996.

development projects.

The SADC Ministers of Water has also adopted a declaration of water security for all in the 21st Century. A Southern African Vision for Water, Life and the Environment was presented to the World Water Forum and Ministerial Conference in March 2000. The main points are

- Accessibility and provision of safe water for drinking and sanitation is ensured;
- Water supplies are adequate to support agricultural production in such a way that sustainability is attained in both agriculture and the water sector;
- The availability of water is not a constraint but serves to support industrial (non-agriculture) development objectives;
- The negative effects of droughts and floods are minimised;
- The use of water for human purposes takes care of and protects the environment and creatures that require water; and
- Conflicts over water do not develop.

SADC established a Water Sector Co-ordinating Unit (WSCU) in Lesotho in 1996. It has a staff of about 20 of which nine are professionals. WSCU developed a *Regional Strategic Action Plan* (RSAP) for integrated water resources development and management which was presented to donors and co-operation partners at a round table conference in 1998. The WSCU was then requested to further prioritise the projects in the plan and to develop appropriate project documents and put management facilities in place.

When the team visited the WSCU in October the number of RSAP had been scaled down from 44 to 31 prioritised projects.[13] Six projects are partly under implementation (mostly in a very early stage). A further 22 projects were approved for implementation at the Blantyre Council of Ministers in August 2001 and project documents for another six projects were under preparation. The development of one project is still pending.

The 31 projects in RSAP are placed in six strategic subgroups:

1: legislation, policy and strategic planning;
2: awareness creation, capacity building and training;
3: consultation and public participation;
4: information collection, analyses, management and dissemination and improved national and transboundary river basin management, planning and co-ordination;
5: infrastructure investment;
6: stand-alone (special priority areas)

[13] The information here is derived from *SADC Water Sector. Regional Strategic Action Plan for Integrated Water Resources, Development and Management. Progress Report September 2001*, Maseru: SADC WSCU 2001.

The main activity of the Sector Co-ordinating Unit has revolved around the development of project documents. This has included a substantial number of regional workshops and meetings in technical subcommittees.

The water unit was supportive of the move to Gaborone, but did express a number of concerns. One major concern was the original suggestion to divide the water unit between Directorate 2 and 3. Following objections from the unit it now seems likely that water will stay in Directorate 3 on infrastructure and services to be launched in August 2002.

No decision has been made regarding the staffing requirements in Gaborone. Member countries have been requested to submit names of officials for possible secondment. The WSCU expects that between one and three of their staff may move to Gaborone. They also expressed the feeling that donors were now holding back in their support for RSDP in anticipation for what might happen with the reorganisation of the Secretariat. They would like to be informed about what happened and be able to discuss matters of implementation with donors.

It was the impression of the team that a number of the stakeholders in Lesotho felt that the water co-ordination unit had done well professionally and also had served to link Lesotho to SADC. There was uncertainty as to what would happen and how it would affect Lesotho's position in SADC.

One concern of this team is also the linkages between water and other sectors. Water is a crosscutting issue and this has not yet been properly addressed in the plans for institutional restructuring. Water has e.g., industrial uses, it is linked to agriculture and natural resources and it is key issue in the health sector.

The case of the water sector in Lesotho may well be typical for the move to Gaborone of sector co-ordination units. Against a background of loyalty to the organisation and the decision taken, there was uncertainty about the specifics of the move, both at the level of professional staff and at the national policy level.

A seminar with the other sector units and commission secretariats forming the infrastructure cluster was to be arranged shortly after the team is a visit to Maseru. It would be important that the seminar is successful and that clear indications of intentions soon would emerge from Gaborone.

In the short run it will be important to not lose momentum in the further development of the regional strategic action plan. The responsibility for this lies both on the unit itself, the Lesotho authorities, the SADC secretariat, member countries and not least the donors.

3.5 Energy

Developing the energy sector is a major SADC priority. The exploitation of hydroelectric power, cola, natural gas and petroleum resources and the development of new and renewable sources of energy offer excellent opportunities for regional co-operation.

The energy situation within SADC is characterised by a number of imbalances and inequalities. Although resources and installed supply capacity can largely cover the energy demand in the region, there is a number of unmatched supply/demand imbalances. The surpluses of electricity, coal and petroleum are unevenly spread over the region. Also, about 75 percent of the population still rely on the use of wood fuel as their main source of energy. There are considerable differences in the industrial use of energy between the countries. The most industrialised country, South Africa uses more energy than all the others do together.

The region has two oil producers (Angola and South Africa). Angola produces about 650 000 barrels per day and South Africa 25 000 barrels. South Africa has a total refinery capacity of 650 000 barrels per day while Angola has next to none. Mozambique, Namibia and Angola have considerable gas resources and are planning to exploit these towards the middle of the decade. Africa as a whole has some 6.4% of total world coal reserves. South Africa has the majority of these resources but there are substantial coal deposits also in Botswana, Mozambique, Swaziland, Zimbabwe, Tanzania, and Zambia. Also, the potential for renewable energy use, such as solar energy and wind energy is considerable. The low population densities in many areas make grid electrification with conventional energy expensive.

The realisation of considerable inefficiencies in the energy sector, changing views about the roles of the public and private sectors as well as technological development has led to a need for a number of reforms in the power sector in the region. New policy frameworks will have to focus on competition and private sector participation. The industry structure and composition is changing. New regulatory frameworks will establish “rules of the game” in areas such as licensing and price regulation. The functions of producer, distributor and regulator, which before used to be vested in one power parastatal, are now seen as separate functions. There is a renewed emphasis on improving wide access to energy in a sustainable manner.

The SADC energy protocol was signed in August 1996 and is now ratified. Its key objectives are to:

- harmonise national and regional energy policies, strategies and programmes;
- promote co-operation on energy development and pooling;
- promote co-operation on regional development and utilisation of energy in a variety of sectors, including petroleum and natural gas, electricity, coal, new and non-renewable energy sources as well as in other areas of mutual interest;
- ensure the provision of reliable and sustainable energy services in an efficient and cost-effective manner;
- promote institutional and organisational capacity-building in the sector;
- promote co-operation on research and development, adaptation, dissemination and transfer of low cost energy technologies; and
- standardise appropriate energy applications.

The SADC 1996 *Energy Co-operation Policy and Strategy* identifies policies and strategies for the key areas energy trade; investment and financing; training and organisational capacity building; and information and experience exchange. This was followed by an operational *1997 Energy Sector Action Plan*. It recommended that energy unit should concentrate on priority programmes and projects which could be implemented more easily on a regional basis for the benefit of the entire region, and not on those roles and task which should be the domain of the individual member states. Most of the activities of the energy plan have however not yet been implemented.

In 2001 the SADC Energy Commission was established. The Commission now comprises SADC Ministers responsible for energy with the Angolan Minister for Petroleum as Chairman for the first two years. The Commission replaces the former Sectoral Committee of Ministers. The energy sector co-ordination unit in Luanda has been replaced with a SADC Energy Commission Technical Unit (SEC-TU), also in Luanda, but answerable to the Energy Commission.

The director for SEC-TU, an Angolan citizen but regionally recruited, took up his position 1st April 2001. It was originally envisaged to recruit an additional three regional staff, but following the decision to move to Gaborone the recruitment was put on hold. Angolan officials from the previous sector co-ordinating unit presently staff SEC-TU. SEC-TU also relies on consultants to carry out its tasks.

The chief activity of the Energy Commission is the further development and implementation of a regional energy activity plan. A new plan was approved at the Council of Ministers meeting in Blantyre in August 2001. It is basically identical with a consultancy report submitted to the Luanda-secretariat in November 2000.[14] The report is a further development of the 1997 plan and seeks to detail a programme of prioritised activities than can be implemented over a 3-5 year period. A total of 30 projects are identified. The plan also seeks to remove a substantial number of the 43 projects in the existing energy programme, as their regional justification is weak or non-existent.

The *regional energy trade* is given a high priority, on the background of the inequalities and imbalances mentioned above. Four of the six proposed projects in this area deal with various aspects of the *Southern African Power Pool* (SAPP)[15] which is at the centre of the regional trade in electric energy. The two other projects are the establishment of the *Regional Electricity Regulatory Association* (RERA)[16] which was approved in May 2000 and a project on harmonisation of policies, regulation and legislation in the petroleum sector.

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[14] Cf. *SADC Energy Sector Activity Plan 2000-2005, Final Report 20 November 2000.*

[15] The *Southern African Power Pool* (SAPP) was inaugurated in 1995. While the utilities of southern Africa have been importing and exporting electricity for four decades, these trades occurred through bilateral contracts that were complex and often difficult to administer. The objective of shifting to the pool is to create a more efficient regional market. Confidence in the market and mutual trust between the members are being strengthened and sector co-ordination is dramatically improved.

[16] The *Regional Electricity Regulatory Association* (RERA) will engage in regional co-operation in electricity regulation. This will through building regulatory understanding, capacity and skills; promoting the establishment of independent regulators; assisting the harmonisation of legal and regulatory systems and practises governing electricity markets in the region; and regulation of interconnection and trade between SADC member states.

Twelve projects are listed under the heading *Investment and Finance*. Five of the projects relate to interconnection of national grids which will benefit the Southern African Power Pool, three of them deal with new forms of energy as well as the traditional energy sector. There are also projects for setting up a SADC energy forum and an Investment and Finance Co-ordination Task Force. The only energy *development* programmes are a joint SADC petroleum exploration programme and a joint hydropower development on the Cunene River.

A major part of the resources for the plan is supposed to be mobilised from private sector commercial funding. Donor funding and self-financing will be used strategically to supplement commercial financing. Funds for financing of the elaboration of priority investment programmes, task force activities, expert assistance and studies proposed in the action plan will be sourced from SADC governments' contributions, regional and international energy industry and donor agencies. The plan also considers it feasible to mobilise funds for the biomass energy sector and from climate change funding.

Under the heading of *Training and Organisational Capacity Building*, the seven projects comprise the petroleum sector, capacity utilisation, rural and environmental matters, biomass energy conservation, an energy management and efficiency programme as well as regional integrated energy planning.

The *Information and Experience Exchange Activities* include regional training activities, information management, regional energy planning network, the rural electrification initiative, and the establishment of a regional petroleum and gas association.

The activity plan also lays out timeframes, priorities, responsibilities and resource requirements and sources, activities requiring co-ordination with others SADC sectors as well as linkages between focus areas.

Officials in Angola and in SEC-TU interviewed by the team were supportive of the institutional restructuring. The Director of SEC-TU also indicated that it might be sufficient with three officials dedicated to energy issues in the new Gaborone Secretariat. They would work on policy development, harmonisation and resource mobilisation. The other SEC-TU activities related to the implementation of the energy activity plan might not necessarily have to be located at the Secretariat.

Considering the projects listed in the SADC energy sector activity plan, it is clear that the role of SEC-TU in implementation is considerable. For all projects in the plan, apart for interconnection projects where relevant member states will have primary responsibility, SEC-TU is expected to take the role as an initiator, mobilise finance, monitor and/or organise activities. It is unlikely that only a few staff members in Gaborone can manage this. The expected size of the *entire* directorate for infrastructure and services which will cover development, maintenance and administration of energy as well as transportation, communication and water is 11 staff members and one Director. At the same the capacity within the present SEC-TU is limited and early decisions regarding transfer of functions and size of staff is important to avoid further delays ion the implementation of the new energy activity plan.

3.6 Defending democracy, peace and security

SADC's 1992 Treaty strongly emphasised that consolidating, defending and maintaining democracy, peace, security and stability are among the organisations main objectives (Cf. Ch. 1). After years of controversy and debate the SADC Summit in August 2001 finally signed a *Protocol on Politics, Defence and Security Co-operation.* The protocol provided a framework for SADC policies and activities as well as providing an elaborate institutional structure for the *SADC Organ on Peace, Defence and Security Co-operation* (Cf. Ch. 2.3).

The protocol lists 12 specific objectives

- Protect the people and safeguard the development of the Region against instability arising from the breakdown of law and order, intra-state conflict, inter-state conflict and aggression;
- Promote political co-operation among State Parties and the evolution of common political values and institutions;
- Develop common foreign policy approaches on issues of mutual concern and advance such policy collectively in international fora;
- Promote regional co-ordination and co-operation on matters related to security and defence and establish appropriate mechanisms to this end;
- Prevent, contain and resolve inter- and intra-state conflict by peaceful means;
- Consider enforcement action in accordance with international law and as a matter of last resort where peaceful means have failed;
- Promote the development of democratic institutions and practices within the territories of State Parties and encourage the observance of universal human rights as provided for in the Charters and Conventions of the Organisation of African Unity and United Nations respectively;
- Consider the development of a collective security capacity and conclude a Mutual Defence Pact to respond to external military threats;
- Develop close co-operation between the police and state security services in order to address cross border crime and promote a community based approach to domestic security;
- Observe, and encourage State Parties to implement United Nations, African Union and other international Conventions and treaties on arms control, disarmament and peaceful relations between states;
- Develop peacekeeping capacity of national defence forces and co-ordinate the participation of State Parties in international and regional peacekeeping operations; and
- Enhance regional capacity in respect of disaster management and co-ordination of international humanitarian assistance.

The new preoccupation with security and governance issues is typical for many regional organisations in Africa. Many – with Ecowas being a prime example – has seen the conversion from an organisation for economic integration to a provider of a diplomatic framework for military intervention. This should perhaps come as no surprise given the importance of political developments in accounting for Africa's economic malaise. Nothing destroys economies as fast and as effectively as warfare or really bad government! Peace and good governance have therefore become the objective of almost any conception of current regional co-operation and integration efforts.[17]

To what extent has SADC played a role in building and consolidating peace and democracy in Southern Africa? There are no shortages of conflicts and poor governance in the region. Most SADC countries are now formal democracies (the exception being Swaziland and DRC; the only SADC countries not ruled by governments chosen in multi-party elections). The reality is however, more contradictory and fluid. Probably not more than half the region's states can be said to have their democratic credentials intact and even in those countries, stresses are evident. In two SADC countries there is continued war. Internal conflicts remain a serious problem in several member countries and may trigger real and threatened conflict also between states.

In the past SADC has been incapacitated in dealing with the big political issues and to act as a manager of regional conflicts. The conflict in SADC's newest member state, the DRC, even polarised SADC into two regional blocs.[18] One group led by Zimbabwe comprised Angola, Namibia and the DRC itself. This group deployed military forces to assist President Kabila's regime in DRC. They also adopted a collective security agreement in 1998. The other bloc led by South Africa comprised Tanzania, Mozambique and Botswana, but also relied on implicit support of Zambia, Swaziland and Malawi. This group was disparate and less coherent compared to the other group. They were nevertheless united by a common desire to resolve conflict in general, and that in DRC in particular, by diplomatic and political means. Three of these countries, South Africa, Botswana and Mozambique, had also since 1994 been involved in finding a solution to the constitutional and political crisis in Lesotho. A failed military intervention in Lesotho in 1998 probably served to reinforce their wish to seek political solutions.[19]

The divisions between these two camps persisted almost right up to the Blantyre Summit in August 2001. The main manifestation in the preceding months was the issue of a *SADC Mutual Defence Pact*. Angola and Zimbabwe wanted a defence pact obliging SADC members to also assist member countries in internal conflict while the South Africa-dominated group wanted to limit the defence pact to external threats. It

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[17] Cf. C. Clapham: "The Changing World of Regional Integration in Africa", pp. 59-69 in C. Clapham et al. (eds.): *Regional Integration in Southern Africa. Comparative International Perspectives*, Johannesburg: South African Institute of International Affairs 2001.

[18] Cf. Rocklyn Williams: "Managing Regional Security", pp. 114-122 in *The IGD Guide to the Southern African Development Community*, Johannesburg: Institute for Global Dialogue 2001.

[19] See S. Santho: "Lesotho: Lessons and challenges after a SADC Intervention, 1998", pp. 61-73 in D. Philander (comp.): *Franco-South African Dialogue. Sustainable Security in South Africa*, Pretoria: Institute for Security Studies 2000 (*ISS Monograph No 50*).

was eventually agreed to go for the last option as reflected in the specific objectives of the Protocol (cf. above). A Draft Mutual Defence Pact has also been agreed as a first operationalisation of the Protocol. The Pact further reaffirms the principle of collective defence in the event of an armed attack against any member.[20]

Further clarification of the protocol is required. In particular, SADC ought to develop manageable sub-strategies in areas such as democracy and human rights; security sector reform; peace missions; and humanitarian assistance and disaster relief. SADC may here draw on the experiences from the Organisation for Security and Co-operation in Europe (OSCE), perhaps more so than the experiences of NATO.

There is also the danger that SADC's efforts in this field instead may focus on organisational issues and the structures of the new Organ. Such issues are important but should ideally flow after development and agreement of common approaches to the issues covered in the Protocol.

The Blantyre Summit mandated SADC to immediately address two political issues. The first was a review of the member countries' efforts to tighten oil sanctions against Unita with recommendations for further action. A draft report was being finalised for submission to the Chair of the Organ when the team visited in October. The second issue was the deepening political and economic crisis in Zimbabwe. The Summit decided to send a team of SADC Heads of State to Zimbabwe. The Presidents arrived for a meeting in Harare on 11 September. The meeting was significant. For the first time in SADC History the SADC members publicly criticised another member. Apparently no member country, not even Zimbabwe's traditional allies, defended the position of the government in Zimbabwe.

However, not much happened after the visits by the Presidents. When the team visited in late October the envisaged follow-up initiatives had not yet taken place. Among the political opposition and political observers in Zimbabwe there was a widespread perception that SADC had failed "once again" and the SADC diplomatic missions in Harare came in for strong criticism for their passivity in the situation. To the extent the international community put pressure on Zimbabwe it was primarily, it was argued, through the European Union and the Commonwealth with SADC playing a peripheral or no role at all.

The lack of the ability to enforce is one strong criticism levelled against SADC. They make good statements, but lack the political will to ensure that members abide by the adopted policies and guidelines. A second criticism is that SADC's positions and policies are not always consistent and sometimes contradictory. This is also the case with their commitment to democratic principles. Thus the Protocol on politics, defence and co-operation says the right things about democracy and human rights, but the Protocol on culture, information and sport signed at the same Summit has come under strong criticism for falling far behind international standards on freedom of

[20] Cf. *SADC Mutual Defence Pact*, Draft Text 9 August 2001. The Pact was not signed at the Blantyre Summit as expected. The team was informed that more time was required on the technical and legal aspects of the Pact.

expression. It has also been suggested that the Protocol may even be used to curtail media freedom.[21]

The criticism for SADC's shortcomings and failures can make a long list. It should however, be noted that despite this the institutions falling under the SADC Organ has managed to build functional co-operation in a number of areas. This has made an important contribution in building confidence and trust among members, often also cutting across political divisions. The case of SARPCCO in crime prevention is an example[22]. Another is the SADC Regional Peacekeeping Training Centre, which fulfils an important function in preparing the basis for joint operations and participation in peace missions.[23] The RPTC falls under the ISDSC but is managed by the Zimbabwe Ministry of Defence. In 2001 its staff became multi-national with staff seconded from six SADC countries. The role of the autonomous SADC institutions, such as the Parliamentary Forum, is also very important in this context.

The key challenges for SADC's operations in this field are implementation and enforcement. This is also evident with the existing ISDSC structure. Its many committees make a number of excellent decisions, but lack of a permanent secretariat has helped ensure that many of the decisions remain just decisions – they are never implemented. A permanent secretariat in Gaborone may help solve that particular problem. We should, however, not expect rapid progress. There are political divisions in the region and many member states are weak and vulnerable and reluctant to reduce its power by transferring it to regional or supra-national bodies. The problem is, however, recognised by an increasing number of SADC countries.

The concern with the ability to enforce is also evident within Nepad. At the Nepad Implementation Committee meeting in October 2001 it was decided to establish a sub-committee on peace and security to focus on conflict management, prevention and resolution in Africa. The committee is chaired by South Africa with Algeria, Gabon, Mali and Mauritius as members. It remains to be seen what kind of recommendations will emerge from this committee.

SADC's work in this area will most likely be an incremental process that will require time and astute management. The experiences so far suggest that we may be cautious optimists.

3.7 SADC's relations to overlapping regional groupings

A number of regional country groupings pursue economic integration strategies and see themselves as building blocks towards the establishment of an African Economic Community. Several of them have overlapping membership with SADC as is evident from Figure 3 below. In cases where activity areas are overlapping there may well

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21 Cf. the statement from the Media Institute of Southern Africa as presented in their journal *free press*, September 2001.

22 See e.g. M. Shaw: "The Foreign Policy of Crime Control", pp. 91-98 in *South African Yearbook of International Affairs 2000/01*, Johannesburg: South African Institute of International Affairs 2000.

23 Cf. J. Cilliers: "Regional Security Organisations in Africa: An overview", pp. 219-45 in *South African Yearbook on International Affairs 2000/01*, Johannesburg: South African Institute of International Affairs 2000.

arise contradictions between the policies and projects of two organisations. This section will briefly review the major initiatives, which overlaps with SADC and highlight the key challenges.

The Common Market for Eastern and Southern Africa (COMESA)
COMESA has its roots in the early 1980s with the establishment of the Preferential Trade Area for Eastern and Southern Africa (PTA).[24] PTA became Comesa in 1994. It has 20 member countries and a Secretariat in Lusaka. Its chief objective has all the time been to promote trade liberalisation and the eventual establishment of a Comesa free trade area. The Comesa Free Trade Area is a duty free, fully reciprocal arrangement on all goods, which confirm to Comesa rules of origin. 11 Comesa members (Djibouti, Eritrea, Egypt, Kenya, Madagascar, Malawi, Mauritius, Sudan, Uganda, Zambia and Zimbabwe) are members and have committed themselves to reducing intra-Comesa tariffs to zero. (Tanzania was originally a member of Comesa, but has withdrawn. Namibia and Swaziland are also members also of SACU (see below) but have been granted a derogation not to reduce intra-Comesa tariffs.)

Comesa has made considerable progress in a number of areas. This include:

- Removal of *tariff barriers*: As at 1s May 1999, three countries had published the 90% tariff reduction, seven countries had published the 80% tariff reduction, one country the 70% reduction and three countries the 60% reduction;
- Elimination of *non-tariff barriers*: The classic non-tariff barriers (quantitative restrictions, licensing, import permits and restrictive foreign exchange controls) have been largely eliminated;
- *Rules of origin* have been simplified, with more scope for import content, by the adoption of a 35 percent local value added criterion.
- The adoption of a single *COMESA Customs Document* to replace the previous multiplicity of documents (up to 32 in some countries) and to also serve for clearance of customs, warehousing, re-export and transit purposes;
- Installation of efficient *customs management systems* to facilitate data and revenue collection and establish the basis for a harmonised tariff: the Automated System of Customs Data installed in 12 countries, Eurotrace in 19;
- A *Customs Bond Guarantee Scheme* to facilitate transit traffic and reduce the cost of financing transit goods;
- Establishing the *Trade Information Network*, which now has some 47 computerised focal points set up in 20 Member States. These focal points provide information on all export and import opportunities available in each country including trade flow analyses, company registers, comparative COMESA tariffs and national tariffs, non tariff barriers, and macro economic profiles of Member States.

[24] See here also an article by Comesa's Assistant Secretary-General, Sindiso Ngwenya, "Reviewing the differences and common goals of SADC and Comesa", pp. 43- 50 in C. Clapham et al. (eds.): *Regional Integration in Southern Africa, Comparative International Perspectives*, Johannesburg: South African Institute of International Affairs 2001.

The histories of both Comesa and SADC have been characterised *inter alia* by complex issues of overlapping membership in both institutions involving several members in the region; tensions and threats generated in the playing off of one organisation against the other; and severe capacity and organisational problems. SADC's new focus on trade liberalisation has reinforced the overlap between the organisations, but at the same time the relations between the two have improved. One would expect increased co-operation, especially at the technical level, in the implementation of trade polices.

A main difference between the two organisations is the fact that South Africa is a member of SADC and not Comesa. The main intra-regional trade flows in Southern Africa is between South Africa and the rest of SADC. Another very significant factor is the principle of asymmetry in which the largest and most powerful economies make more extensive tariff cuts more rapid than the smaller and weaker. This is established in SADC's trade policy, but not within the Comesa Free Trade Area. Thus South Africa (and the members of SACU) will cut their tariffs faster than the other SADC members will. No similar arrangement applies to Egypt, the economic power within the Comesa Free Trade Area.

The dual membership of some SADC countries to both SADC and COMESA could produce distorted incentives and bureaucratic problems as a result of the possible adoption of inconsistent obligations. With the introduction by both bodies of free trade areas, with different initial tariff structures and rules of origin, trade between countries that are joint members of SADC and COMESA will be governed by competing conditions. Existing bilateral agreements will compound the problems. Differences in external tariffs among the countries may provide perverse incentives for trade and opportunities for rent seeking. Although these could be reduced by the adoption of common external tariffs by the regional trading arrangements (such as COMESA is planning for 2004), they will result in mutually inconsistent obligations, unless both adopt identical structures.

The Southern African Customs Union (SACU)

The 1969 agreement establishing SACU is entitled *The Customs Union Agreement between the Governments of Botswana, Lesotho, South Africa and Swaziland*. It is in some respects a continuation of a 1910 agreement between the same four countries. After independence in 1990 Namibia joined SACU and became the fourth member of the so-called BLNS.

The framework set out in the Customs Union Agreement provides for the following areas of integration and co-operation:

- Absence of duties and quantitative restrictions within the common customs area and a common external tariff;
- South Africa may unilaterally decide on the common external tariff and also, (exceptional to any customs union) the level of *excise taxes*;
- The BLNS may impose duties against South African imports as infant industry protection for a period limited to eight years. They may also be afforded protection in the entire common customs area if their production of any infant industry commodity covers at least 60 percent of demand in the entire common customs area;

- Any SACU member may enter into a trade agreement with outside parties, but it must be agreed with the other members;
- All customs and excise revenue collected within SACU is paid into a pool that is held as part of the Consolidated Revenue Fund of South Africa. The formula used for sharing revenue between the member states contains some compensation for the disadvantages of the BLNS being SACU members;
- The agreement extends beyond the area of trade in that it contains articles on freedom of transport and on mutual non-discrimination in transportation; and
- The Customs Union Commission, consisting of civil servants from the five countries is the main consultative body. There are our also technical committees as the Customs Technical Liaison Committee, central in the technical work on revenue distribution, the Trade and Industry Liaison Committee, and the Transport Liaison Committee.

Over a long period the countries have conducted negotiations over a restructuring of SACU. At the time of the team’s visit to the region, the final legal texts were under preparation. It was expected to reach a final conclusion of the new agreement early in 2002.

It is likely that the new SACU agreement will be different from the original one in two main aspects:

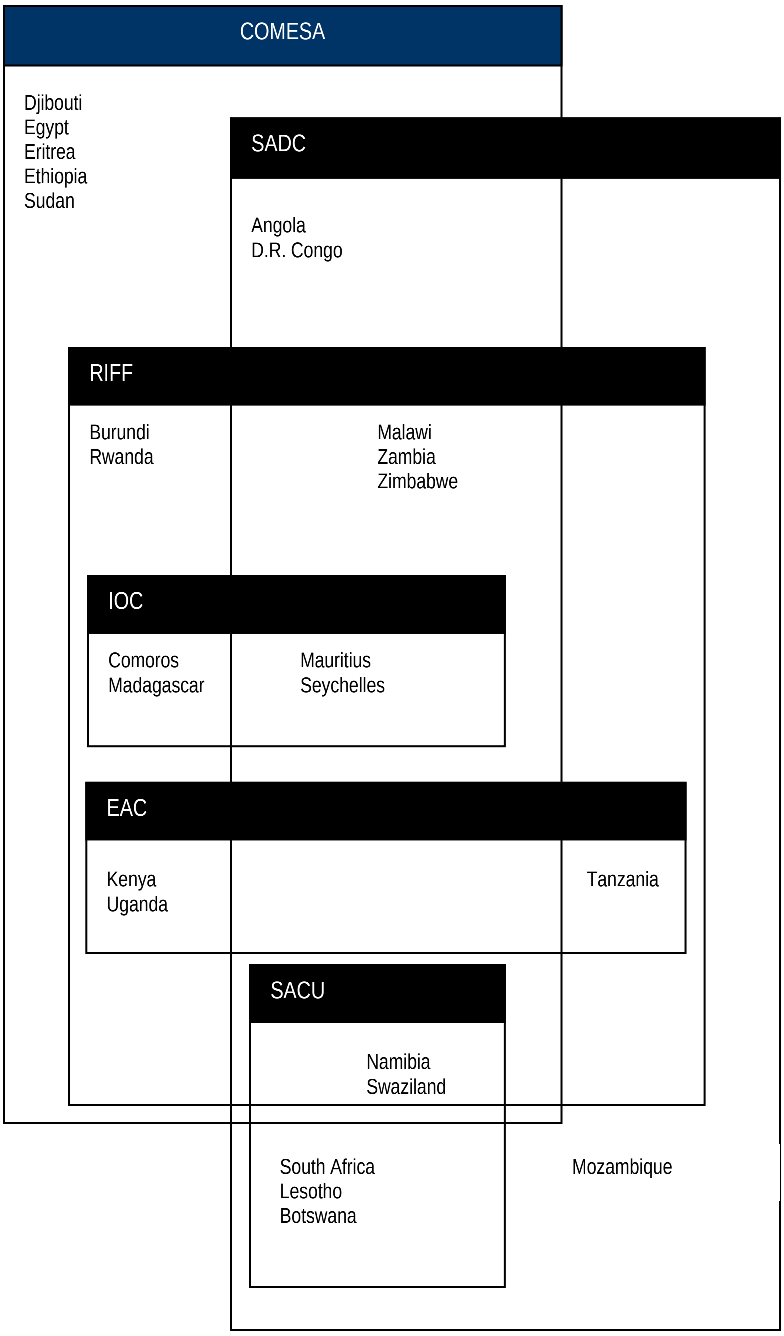
(a) The new SACU will be set up as an international organisation with an international secretariat whereas before it was under the control of South Africa; and
(b) The formula for distribution of revenues will be changed. One portion (the import duty portion) will be distributed to members in relation to their trade. A second portion, coming from excise duties, will be divided according to the size of GDP. A third portion, the so-called ”development portion” will be divided on the basis of incomes per capita in such a way that the countries having a lower income per capita receives a higher share.

SACU has gone in as a block in the SADC free trade area. In a somewhat similar way, the BLNS are part of the EU - South Africa agreement. Both these positions create difficulties for the BLNS. They are much less industrialised than South Africa. They have tried to remedy this by negotiating special clauses for the poorer countries within SACU.

At present some countries, particularly Lesotho and Swaziland, depend on the SACU for a very high portion of their government revenues. As duties are reduced according to the countries’ membership in the EU-South Africa trade agreement, general WTO cuts, and the cuts in SADC duties start to bite, SACU will be less and less important and the BLNS will have to look at other sources of government revenue.

When duties between SACU and the other SADC countries in the future approach the zero level, perhaps with some movements towards a common external tariff, it is not unlikely that SACU converges with SADC.

Fig 3: Regional Integration Organisations in Southern Africa



RIFF	Regional Integration Facility Forum for Eastern and Southern Africa
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
IOC	Indian Ocean Commission
SADC	Southern African Development Community
SACU	Southern African Customs Union

The implementation of the SADC FTA and the EU-South Africa FTA are likely to have a dampening effect on the BLNS' advantage of their easy access to the South

Africa market.[25] As members of SACU, the BLNS states trade freely with South Africa and with each other (even though the levels between the BLNS states is very low), but tariffs with other countries have been high. Tariff structure and policy have been largely determined by South Africa, which pursued fairly protectionist policies until the early 1990s, when it begun to significantly lower tariff rates. Between 1990 and 1998, average tariff rates on manufactured goods fell from about 32 percent to 10 percent.

The trade liberalisation initiatives now under way are likely to significantly lower the BLNS' competitive advantage in the South African market. The countries that will be mainly affected are the non-mineral economies, Lesotho and Swaziland. Botswana and Namibia whose dependence on the South African market for their exports is not as large, will only be affected through the labour market since South Africa is the largest market for their manufactured exports which takes the bulk of the non-government employment.

The Indian Ocean Commission (IOC)
Madagascar, Mauritius, and Seychelles established the IOC in December 1982. The fourth member, Comoros subsequently joined. France is a member through the Reunion Department. The organisation covers a community of 16 million inhabitants and over 595 000 square kilometres of insular land.[26]

The objective of IOC is to promote co-operation in trade, agriculture, fishing and ecosystem conservation, as well as co-operation in the cultural, scientific, technical and educational areas. The IOC has developed a wide variety of regional programs, co-operation in the economic sector has been a priority, as reflected in the implementation of an Integrated Regional Program for Development of Trade (PRIDE).

The objective of PRIDE is to strengthen regional trade integration by lifting the technical and financial constraints on the private sector by increasing competitiveness and quality of traded goods. Two important components are (a) a general framework of action to liberalise trade in goods and services, investment, capital movements, and the movement of people and (b) facilitation of business contacts and partnerships through, e.g., trade exhibitions and trade missions.

All IOC member states are also members of COMESA, and subscribe to the trade integration strategy of COMESA. Mauritius and Seychelles are members of SADC. The IOC is also involved in the RIFF in areas within its purview.

Regional Integration Facility Forum for Eastern and Southern Africa (RIFF).
RIFF (formerly the *Cross Border Initiative, CBI*) is based on a common policy framework developed by fourteen countries in Eastern and Southern Africa and the

[25] Cf. also the study from the Botswana Institute for Development Policy Analysis as summarised in C. Harvey: "The Impact of the EU-SA Agreement on Botswana, Lesotho, Namibia and Swaziland", pp. 83-94 in T. Bertelsmann-Scott et al. (eds.), *The EU – SA Agreement. South Africa, Southern Africa and the European Union*, Johannesburg: South African Institute of International Affairs 2000.
[26] See more on the IOC website http://www.coi-info.org/anglais/presenta/r-bot.htm

Indian Ocean[27]. All countries, except Tanzania are members of COMESA and eight of them are SADC members. The Group has the support of four co-sponsors, the IMF, the World Bank, the European Union, and the African Development Bank.

The CBI "constitution" was a "Concept Paper", which was adopted at the First CBI Ministerial Meeting in Uganda in August 1993. Subsequent meetings, (Mauritius 1995, 1999 and Zimbabwe 1998) agreed on a "Road Map" for further trade liberalisation such as the elimination of tariffs on intra-regional trade and the convergence of external tariffs to a trade-weighted average of 15 percent. The organisation also deals with investment facilitation issues, including harmonisation of national and regional policies towards a conducive environment for efficient investment and trade flows.

At the May 2000 Ministerial meeting in Mauritius the Steering Committee decided that CBI could not be said to be merely an "initiative" and should be renamed the Regional Integration Facilitation Forum (RIFF). It was decided that with effect from May 2000 activities should be administered through the COMESA Secretariat; and that the main focus for RIFF should be the implementation of the Investment Facilitation Road Map.

RIFF has avoided the creation of new institutions, placing responsibility for the design and implementation of measures to support the agreed policy framework at the national level. The RIFF governing structure consists of the ministerial meeting that brings together the Ministers of Finance of the participating countries. The Steering Committee is composed of six selected participating countries, together with the co-sponsors and the Chief Executives of the participating regional organisations. Each participating country is expected to establish a Technical Working Group and a Policy Implementation Committee. Each country has also prepared a Letter of Policy, specifying the steps that the country would take to implement the various measures. A regional technical working group brings together all the national working groups for the purpose of reviewing progress in the implementation of the RIFF agenda and the execution of work programmes.

Some progress has been made toward the aims set by the various countries. In the area of *foreign exchange systems*, most countries have removed restrictions on current account transactions by end-1998 and some progress had been made towards liberalising the capital account. Most countries met the objective of introducing a flexible exchange rate system within the context of a unified inter-bank foreign exchange market.

On *trade liberalisation and facilitation*, virtually all countries implemented preference margins for other participants ranging between 60 and 80 percent. Three countries met the target of reducing their average tariff rates to no more than 15 percent. The pace of trade reform partly reflected concerns about the potential adverse impact on fiscal revenue. Notable progress was achieved in reducing non-tariff barriers to imports and trade facilitation through implementation of harmonised road transit charges, and the customs declaration form.

[27]See more on RIFF on the ADB website http://www.afdb.org/cbi. RIFF member states are Burundi, Comoros, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe.

In the *financial sector*, most countries have moved to the use of indirect monetary instruments to control monetary aggregates, and administered interest rates were phased out and replaced with market-based mechanisms. The number of both local and foreign banks increased. However, in some countries the degree of competition in financial markets was still limited to a few operators.

In the area of *investment promotion*, ten participants completed the publication of investment codes, and substantive progress has been made in the remaining countries. There was slow progress in concluding double taxation agreements, in the cross listing of stocks, and in *facilitating labour mobility* (visa protocol, residence/work permits, and short-term entry permits).

The Commission for East African Co-operation (EAC)
Economic co-operation in East Africa goes back to 1900 when Kenya and Uganda started operating a Customs Union, which was later joined by Tanzania. Since then, there have been a number of other co-operation attempts such as the East African High Commission (1948-1961), the East African Common Services Organisation (1961-1967). The former East African Community was established in 1967 but collapsed in 1977.

The present EAC was established in 1993 through an *Agreement for the Establishment of the Permanent Tripartite Commission for East African Co-operation*. Full operations of the East African Co-operation, however, started only in 1996 with the establishment of its Secretariat. The *Treaty for the Establishment of the East African Community* was signed on 30 November 1999 and entered into force on 7 July 2000. The *East African Community* was formally launched on 15 January 2001.[28] Kenya and Uganda are members of COMESA. Tanzania is outside COMESA but a member of SADC. All countries are members of RIFF.

The treaty covers a wide range of activities. Progress in economic development has included activities *within trade, industry, investment and customs*. In the area of trade, tariff reduction has been implemented in a way slightly biased against the stronger partner so that Kenya applies 90% and Tanzania and Uganda 80% of the agreed tariff reductions. All non-tariff barriers on cross border trade have been removed. EAC trade has also been facilitated by the adoption of a standardised single entry document, harmonisation of Customs Classification Code. During its meeting in April 2001 the Council of Ministers directed that a Draft Protocol establishing the Customs Union be finalised by end of 2001. The Customs Union will provide for zero internal tariff regime, removal of non-tariff barriers and establishment of a common external tariff.

Harmonisation of standards and specifications of goods and services is ongoing. A study on the EAC Industrial Development Strategy has been completed. 1998 saw the establishment of the East African Association of Investment Promotion Agencies, an Investors Guide to East Africa has been published and the partner states investment incentives and investment codes are being harmonised.

[28] See more on EAC and development assistance in A. Tostensen, *Supporting East African Integration: Assessing the Potential for Norwegian Support to the East African Community*, Bergen: CMI 2001 (Commissioned report for Norad, June 2001).

Convertibility of EAC currencies has been achieved and harmonisation of banking rules and regulations, VAT rates, and pre-shipment requirements are being undertaken. A particularly interesting area, not included in other groupings in the region is the institutionalisation of Finance Ministers' pre- and post-budget consultations, regular sharing of information on budgets, tax proposals, trade and economic performance. Part of the harmonisation includes the reading of Budget Statements on the same day, and implementation of a Tripartite Agreement on Avoidance of Double Taxation.

Under the auspices of the East African Securities Regulatory Authorities, capital markets policies, trading practices and regulations in the three Stock Exchange have been harmonised. A Capital Markets Development Committee has been established to oversee development of the capital markets, particularly cross-listing of stocks.

In addition, progress have been made in a number of other fields such as confidence building measures and harmonisation of Partner States' policies in the priority sectors; easing of border crossing; identification of various regional infrastructure projects; revival of regional co-operation in research; and human resource, science and technology development.

EAC officials stress that a strong foundation has been laid for strategic partnership development with the rest of the continent. Close co-operation and co-ordination of activities take place with OAU, COMESA and SADC, among others.

Conclusions

As SADC turns its attention from co-operation towards integration, the overlaps with other groupings may become more problematic. Whereas overlaps in co-operation may entail waste of administrative resources, unclear and overlapping rules in the area of trade may retard economic progress in a more substantive way.

All the non-SADC groupings described above have programmes that focus trade. However, since all countries within RIFF, IOC, and EAC (except Tanzania) are all members of COMESA and have adopted the COMESA trade integration framework, the more important overlap issue in the region is the relation between COMESA and SADC. By having SACU member countries joining the SADC FTA *en bloc* the possible problem of SACU has been solved although the differences in economic structure between South Africa and the BLNS may be problematic.

The challenge for SADC will be to relate to the various overlapping integration and co-operation groupings in the region in such a way that its own efforts are not impaired and that it does not present obstacles for the other groupings. This may entail joint diplomatic efforts from SADC countries and occasionally place countries with overlapping memberships in difficult positions.

3.8 Conclusion: A more relevant SADC?

The team concluded in Ch. 2 that SADC's institutional reforms are addressing the main weaknesses and shortcomings characterising SADC's old structures. If successfully implemented it will put the SADC institution in a position to facilitate increased regional co-operation and integration in the sub-region.

In the final instance, however, an institution's success depends on its work, on its performance in achieving its objectives. This chapter has reviewed and analysed SADC's performance in several crucial areas. The conclusion calls for cautious optimism. A number of key issues and challenges have been identified.

First, the team has noted that member countries have supported not only institutional reform, but also the efforts to develop and harmonise policies in a number of sectors. It is significant that SADC has been in position to do so in a period characterised by growing political divisions in the region. The lines of division within SADC appear to be crosscutting. Countries taking common positions relating to, e.g., defence issues, may take opposing or competing positions in, e.g., trade issues.

Second, politics and shared history play an important role in tying SADC together. Many, but far from all countries, also benefit significantly in an economic way from the co-operation. Some recent member countries have mainly economic interests in joining and have limited political identity with SADC. One member country may have neither strong political or economic interests in SADC. On the other hand, countries, which today may have limited economic benefits from its membership, may become very important member countries in the future (e.g., Angola and DRC in relation to energy and water). This has important implications for SADC's work.

Thirdly, SADC must deliver. It must prioritise and focus its work with clear targets and timeframes. The SADC project is vulnerable and if the institution fails to deliver the project may also collapse.

Fourthly, the team has noted that SADC in its current phase and with its emphasis on market integration has de-emphasised the importance of distribution of benefits. SADC must monitor the impact of its polices and help ensure that everybody gains from the membership. Member countries must have economic benefits and SADC's efforts must also bring with it prospects of security and stability. It is also important that member countries get the assistance required to develop institutional capacities necessary to benefit from the membership.

Fifthly, this study notes the overlap between a number of regional integration institutions. This presents administrative and institutional problems, particularly taking the weak capacities into account. With the shift to market integration this overlap may also create more substantial obstacles. The main overlap is the relation between Comesa and SADC. The introduction of free trade areas by both groupings requires the adoption of common external tariffs and identical structures.

Sixthly, South Africa's role is crucial for the success or failure of SADC. South Africa must take a leading role, contribute resources required to make it work and do it in a manner that does not increase tensions and divisions in the region. This also includes the utilisation of South Africa's African Renaissance Fund and the implementation of Nepad. Foreign donors should encourage this through monitoring and dialogue.

Finally, the team concludes that SADC should not be expected to be able to make rapid progress in implementation and delivery in the short run. It will rather be an incremental process that will require time and astute management.

4: Conclusions and recommendations

What then are the conclusions emerging from this review of the ongoing restructuring of SADC? Will the restructuring succeed? Will SADC be relevant for the achievement of future regional co-operation and integration in Southern Africa? Will SADC member countries support and implement SADC policies?

The team interviewed over 70 senior officials, NGO and business representatives and other stakeholders in six Southern African countries. Most of those interviewed were also asked what they thought should be the most important thing that SADC should do. The team got a variety of responses and answers, but a concern with "delivery" and "enforcement" was a recurrent theme. Many also emphasised the importance of values rather than economic progress and delivery. It was also clear from the team's interviews that SADC enjoyed a solid historical and political legitimacy. Several of those interviewed questioned the current organisation's ability to make a difference that was felt among the people of the region and move beyond a "leadership club".

These responses capture some of the dilemmas SADC's grapples with and the challenges that lie ahead. It is however, also important to emphasise that the ongoing restructuring and changes within SADC appear to have the support of the member states. Reservations and uncertainties were noted regarding the specifics of the phasing out of the sector co-ordinating units and commissions, but those interviewed showed support and commitment for the envisaged changes and displayed loyalty to the organisation and the decisions taken.

It may therefore be concluded that SADC has the legitimacy and the potential to play the role envisaged. There are also uncertainties about the organisation's ability to deliver. At the same time it also has to achieve both a deepening of economic co-operation and integration and facilitate political stability and cohesion in the region.

A number of specific challenges can be identified. For SADC to succeed it has to address and find workable solutions to all of them.

First, SADC needs to ensure a rapid completion of its institutional reforms. This implies not only a rapid phasing out of the old structures and the smooth functioning of a new centralised Secretariat. It includes finding solutions to a number of difficult issues, which currently remain unresolved. This includes the management of regional operational activities and implementation, and establishing and implementing a new formula for membership contributions to fund the new SADC institutions.

Second, SADC needs to develop a focused approach to its development strategy and programme of action with an identification of targeted priorities for the medium term. It needs to prioritise its scarce resources and concentrate on its core business. SADC's efficiency and focus can hardly be improved without a clear, prioritised and agreed plan for the organisation's activities in the future. Such a plan will be important for member states' common understanding of SADC's future, for SADC citizens as well as for external donors. It will also be important as guidance for the Secretariat. Whereas the RISDP is of paramount importance for future success in delivery, the experience in preparing such plans is limited and the time allotted to the planning exercise extremely short. SADC will have to build on relevant experience from successes and pitfalls of national planning exercises and find ways to meet deadlines without impairing the quality of the planning process both in terms of communication, consensus building and the focus on delivery.

Thirdly, SADC must continuously monitor the distribution of benefits of integration and co-operation between member countries. This assumes a particular importance in a region as diverse as Southern Africa. The gains from increased regional co-operation must be widely spread in order to ensure that members to whom the immediate benefits are not obvious in the short to medium term remain committed to regionalisation. Trade liberalisation and the play of market forces may result in an enhancement of the advantaged position of more developed economies such as, and especially, South Africa and Mauritius, to the detriment of the other and especially the smaller, weaker ones of Lesotho, Malawi and Swaziland, and to those such as Angola or DRC which has little to gain from the implementation of the trade protocol.

Fourthly, SADC's efforts to promote regional integration will not succeed solely on perceptions of economic costs and benefits in individual member countries. In the final analysis it is political will and commitment that will determine whether regional integration is embarked upon with serious intent. SADC's efforts must bring with it not only prospects of prosperity but also of security and stability. In the current context this implies in particular an end to the war in the region, and a respect for the basic values of democracy, human rights and good governance.

The obstacles ahead are significant. The member countries are highly uneven, the capacity to manage complex policy and technical issues are limited, the government is unstable and vulnerable in several member countries, and the political divisions on several key issues are manifest. Despite this the history of SADC also reveals a strong political commitment to the organisation and willingness to seek workable solutions.

This is perhaps most clearly evident in the efforts to negotiate and implement a trade protocol in the midst of the deep intra-regional political conflicts.

The launch of the New Partnership for Africa's Development (Nepad) may open up new opportunities also for SADC and regional co-operation in Southern Africa. Without a properly functioning SADC Nepad may simply not be able to deliver. Benefits for SADC are however not likely to materialise in the short-to-medium term and Nepad's main impact may then primarily be related to the external environment and not on internal conditions in the region. The main danger lies in unintended consequences: a strong focus on Nepad and South Africa may lead to a situation where regional concerns are neglected and bypassed. This is already evident in some donor circles.

The team would emphasise South Africa's crucial role for advancing regional integration. South Africa should also be pro-active in this process, but this must be done in a way that does not increase tensions and divisions in the region. Further polarisation and marginalisation of weaker countries must be avoided and benefits must be distributed to ensure that all countries gain something from co-operation. This must also guide aid donors in their approach to South Africa and regional development.

One should not expect that all 14 SADC member countries will progress in union towards a common goal. It is more likely that member countries that share common purposes and demonstrate the will and the ability to progress more swiftly will do so. Hence, what is sometimes referred to as "*variable geometry and variable speed*" is also likely to be a feature of the future evolution of SADC.

The "southern core" of SADC – the members of the Customs Union – has reached a much higher level of economic integration than the rest. Combined with South Africa's economic dominance this may lead to a situation where the SACU countries and others with accelerating economic ties to South Africa (especially Mozambique) may move more rapidly than the others. On the other extreme we find countries such as Angola and DRC and partly Tanzania with less direct and immediate economic benefits of accelerating the economic co-operation. Their commitment and policies will also depend much more on relations to countries outside SADC. Zimbabwe's role is also crucial to the future evolution of SADC. Its economic position gives the country a key role to play in regional integration. The political crisis and economic meltdown in that country threatens to undermine progress in regional integration. It will seriously impact on the speed and nature of the SADC project.

Cutting across these economic patterns is political allegiances and divisions. These have also seriously impacted and slowed down the speed of regional co-operation. Shared historical memories and political loyalties have, however, proved to be stronger and helped ensure that SADC has been able to move forward. These political ties and regional identities are one of SADC's major assets and have helped ensure that the organisation and the regional project can move forward also in difficult times. However, these political ties are fragile and depend also on SADC's ability to deliver.

4.1 Implications for Norwegian support

Norway has been a firm financial and political supporter of SADC since its establishment as SADCC in 1980. Together with the other Nordic countries a special *Nordic – SADCC Initiative* was also established in the mid-1980s intending to provide a framework for an expanded economic co-operation as well as political dialogue between the two regions.[1]

However, the co-operation began to falter in the 1990s and eventually the Initiative was formally dissolved in 1995. Norway has continued to fund projects in certain sectors, especially in natural resource management, environment and agriculture, but the direct communication between Norway and the SADC Secretariat had almost faded away by the late 1990s.

Recognising the importance of regional co-operation Norway initiated a process to devise a new approach and operational guidelines for assistance to regional co-operation and integration. Norwegian policy guidelines generally emphasise support to regional activities prioritising economic and political reform, contributions to peace and conflict management, and facilitation of increased economic integration and intra-regional trade.

In 2000 NORAD established a working group to formulate a strategy for Norwegian regional assistance to the SADC-region. This led to the adoption of set of guidelines in early 2001.[2] In these guidelines economic development; energy; environment and natural resource management; peace, human rights and democracy; social sector; and culture are defined as the priority areas for Norwegian assistance to regional development in Southern Africa. A more focused programme will be established for assistance to SADC. This will include support for the institutional restructuring.

The first manifestation of the new strategy was the allocation of NOK 10 million to the SADC Secretariat in mid-2001. This was as a contribution to the costs of implementing institutional reforms.[3] This grant made Norway, according to the SADC Secretariat, the financially most important donor behind SADC's 2001-2 restructuring.[4]

Below the team has identified the key implications of its assessment of SADC's restructuring for a further operationalisation of NORAD's assistance.

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[1] See more on this in Arne Tostensen et al., *The Nordic/SADCC Initiative: A Nordic Review*, Bergen: Chr. Michelsen Institute 1990 and Arne Tostensen & Keith Atkinson, *Whither Nordic/SADC Relations?* Bergen: Chr. Michelsen Institute 1996 (*Report R 1996:6*).

[2] Cf. *Norwegian regional assistance to the SADC region. Report from the working group* (in Norwegian), Unpublished report, NORAD 2001, and *Guidelines for Norwegian Regional Assistance to Southern Africa, 28 February 2001* (in Norwegian), Unpublished, NORAD 2001.

[3] See *Agreement between the Norwegian Agency for Development Co-operation ("Norad") and the Secretariat for the Southern African Development Community ("SADC") regarding financial assistance to the restructuring of the Southern African Development Community*, Harare 24 July 2001.

[4] According to the information prepared by the SADC Secretariat for the Council of Ministers meeting in August 2001 the Norwegian grant accounted for over 80% of the foreign donor funding available to fund the institutional restructuring.

1: Prepare for flexibility and short-term assistance

SADC will be spending a considerable portion of its time and energy on the institutional restructuring. It is important that this process is completed speedily and with a minimum of disruption to the implementation of programmes and projects. This has several implications for Norwegian financial assistance to SADC over the next couple of years.

First, it may be required to provide additional financial support to the institutional restructuring. It is unlikely that SADC will be able to mobilise sufficient funding from member countries in the short to medium term. Such assistance will however, have to take into account support and priorities of other donors.

Second, Norway should closely monitor programmes and projects currently supported and be prepared to offer assistance to ensure uninterrupted implementation of the activities in the transition phase. This includes also assistance to development and preparation of pipeline projects.

Thirdly, Norway should refrain from proposing new initiatives and projects to be undertaken by SADC and its Secretariat. There is limited capacity within SADC structures to undertake additional tasks at this point.

2: Build capacity for monitoring and analysis

Pursuing regional co-operation in Southern Africa is a challenging and multifaceted process. It encompasses a range of different sectors, institutional reforms and capacity constraints, and sensitive political issues. This has implications for donors like Norway wishing to assist the process. An aid agency must have the capacity to monitor the co-operation and integration process and the activities of the wide range of actors involved. It must also be in a position to assess and analyse the implications of the unfolding events and processes.

The appointment of a Councellor at the Norwegian embassy in Harare as a regional advisor is crucial to achieve proper monitoring and analysis. He or she must spend considerable time in Gaborone and also in the other SADC countries. With the overall co-ordination located with the Southern Africa Section at the NORAD Headquarters in Oslo it also important that NORAD has the capacity and competence to undertake this task. To facilitate both the work of the Councillor and NORAD’s Section for Southern African the team strongly recommends that the Norwegian resource milieu be mobilised to assist in this process.

3: Guidelines for a Norwegian profile

The team will make some recommendations for assistance in the medium to long-term.

First, it is important that the Norwegian assistance focuses on the core business of SADC which essentially revolves around economic integration (including improvement of physical infrastructure) and support for peace and political stability in the region. SADC's priorities as it emerges through the Regional Indicative Strategic Development Plan and the dialogue between Norway and SADC must inform and guide the selection of priority areas for support. Areas falling outside the prioritised core activities should not be actively pursued through SADC. Such areas should, when prioritised by NORAD, in stead be assisted at the national level or through other regional channels.

Second, Norway must take into account areas and sectors where it has the skills and resources required to make a strong contribution. This may be an areas such as energy where it both has the professional and management skills within the aid agency and in the Norwegian resource milieu, and where the areas is also assisted through country programmes in the region. It is also recommended that areas also prioritised in the assistance to individual countries be selected.

Thirdly, SADC needs to develop and strengthen the Secretariat's capacity to co-ordinate donor assistance to regional co-operation in the region. Norway should be prepared to offer its assistance in building this capacity within SADC.

Fourthly, Norway must follow closely SADC's efforts to facilitate conflict resolution and political stability in the region. The current Norwegian support to these areas is significant compared to the other regional assistance from Norway to Southern Africa. This assistance is however, largely *ad hoc*, uncoordinated and seemingly with little attention to what takes place at the regional level under the auspices of SADC (incl. associated organisations such as the Parliamentary Forum). The team expects, considering the nature of this area that a significant share of funding for such purposes still will have to be channelled outside official channels.

Fifthly, South Africa's role remains crucial to the progress and achievements of SADC. This must be reaffirmed in the Norwegian support to and co-operation with South Africa, including also Nepad. This implies that one should actively seek to make use of South Africa's resources, institutional strengths and capacities both in the private and public sphere to facilitate regional co-operation. However, these resources must be used within a capacity-building context. It is important to avoid a situation where South Africa's dominance may lead to deterioration in intra-regional relations with detrimental effect on regional co-operation.

Sixthly, Norway should in its bilateral country programme support projects and activities that can strengthen national institutions and enable them to take part and benefit from regional co-operation, and reduce obstacles limiting implementation of, e.g., the trade protocol. The role of the SADC's national committees in member countries should be closely monitored with a view to offer assistance if required. Norway should also prioritise sectors and projects where there is a potential that Norwegian assistance may help to mobilise investments from the private sector such as the spatial development initiatives.

Annex

List of persons interviewed

Norway

Jon Lomøy, Head, Section for Southern Africa, Norad
Jan Einarsen, Section for Southern Africa, Norad
Frøydis Aarbakke, Section for Southern Africa, Norad
Øystein Glømmi, Technical Assistance Department, Norad

Botswana:

Scott Allen, Senior Policy Advisor, USAID Regional Centre for Southern Africa
E. S. Mpofu, Permanent Secretary, Ministry of Foreign Affairs
Robert Kirk, Trade Advisor, SADC Secretariat
Kennedy Mbekeani, Senior Research Fellow, Botswana Institute for Development Policy Analysis
Ernst Gunnar Ring, Counsellor, Delegation of the European Commission in Botswana
Tom Robert, Economic Advisor (Regional), Delegation of the European Commission in Botswana
W. Aaron Tarver, Political/Economic Advisor, Embassy of the USA
Alice Mogwe, Director, Ditshwanelo, The Botswana Centre for Human Rights
Pamela Rodney, Ditshwanelo, The Botswana Centre for Human Rights
Gaogakawe Phorano, Executive Secretary, Botswana Council of Non-Governmental Organisations
Serwalo S. G. Tumelo, Permanent Secretary, Ministry of Finance and Development Planning
Wilfred Mandlebe, Deputy Secretary of Economics, Ministry of Finance and Development Planning
Tebelo Seretse, Minister of Trade, Industry, Wildlife and Tourism
Mosadinyana G. Nthomiwa, Principal Commercial Officer (Foreign Trade), Ministry of Trade, Industry, Wildlife and Tourism
A.E. Mondlane, Principal Economist, SADC Secretariat
Dr. Pamacheche, Principal economist for trade integration, SADC Secretariat
Balefi Tsie, Independent Electoral Commission and Department of Political Studies, University of Botswana

Lesotho:

Liengoane Lefosa, SADC Co-ordinator, Chief Economic Planner, Ministry of Development Planning
Motlatsi Ramafole, Principal Secretary, Ministry of Foreign Affairs
Pheko J. Makhetha, Director, Political Affairs, Ministry of Foreign Affairs
Mr Mphale, Ministry of Foreign Affairs
Mr Thoahlane, Ministry of Foreign Affairs
Mr Kanetsti, Director, Department of Energy
Mr Phuroe, Department of Energy
Thuso N. Thokoa, Deputy Executive Secretary, Lesotho Chamber of Commerce and Industry
Simon Phafani, Vice-President, Lesotho Chamber of Commerce and Industry
Lawrence Kolobere Ramoseou, Acting Director, SADC Water Sector Coordination Unit
Staff, SADC Water Sector Coordination Unit
Sehoai Santho, Independent Electoral Commission and the Lesotho Network for Conflict Management

Zimbabwe:

Arild Eik, Norwegian Ambassador,
Ingebjørg Støfring, Minister Councellor, Norway
Emmie S. Wade, Deputy chief and knowledge networks co-ordinator, Southern Africa Sub-Regional Resource Facility, UNDP
Vusumuzi Ntonga, SADC National Contact Point, Ministry of Foreign Affairs
Frank J. Msuto, Head of Sub-Regional Bureau for Southern Africa, Interpol-SARPCCO
Reginald T. Mugware, Director, SADC Food, Agriculture and Natural Resources Sector Development Unit
Howard K. Sigwele, Co-ordinator, Food, Agriculture and Natural Resources Policy Analysis Network
Brian A. C. Raftopoulos, Associate Professor, Institute of Development Studies
Martin Rupiya, Director, Centre for Defence Studies
Wilson Chapata, Trade Economist, Confederation of Zimbabwe Industries
Sam Mutanhaurwa, Principal Administrative Officer, External Trade Division/Regional Organisations, Ministry of Trade and Commerce
Barbara P. Seremwe, Senior Administrative Officer, External Trade Division/Regional Organisations, Ministry of Trade and Commerce
James Jowa, Depty Chief Economist, Zimbabwe National Chamber of Commerce

Tanzania:

Margo James Kassaja, Assistant Director, SADC Industry and Trade Co-ordination Division
Zakaria J. Masanja, Principal Industrial Economist, SADC Industry and Trade Co-ordination Division
Mary Mwingira, Executive Director, Tanzania Association for Non-governmental organisations
Prof. Amani, Senior Research fellow, Economic and Social Research Foundation
Per Olaf Svarvar, Executive Co-director, Tanzania Chamber of Commerce, Industry and Agriculture
Tone Tinnes, resident economist, Norwegian embassy

South Africa:

Wiseman L. Nkuhlu, Economic Advisor, the Presidency
Phemelo Marishane, Deputy Director, International Financial Relations, National Treasury

Muzi Khumalo, Economist, Regional Integration Unit, International Financial Relations, National Treasury
H. Pringle, Economic Policy, International Financial Relations, National Treasury
Anthoni van Nieuwkerk, Senior Lecturer, Graduate School of Public and Development Management, University of the Witwatersrand
Gavin Cawthra, Director, Centre for Defence and Security Management, Graduate School of Public and Development Management, University of the Witwatersrand
Jon Bech, Ambassador, Norwegian Embassy
Katja Nordbø, Minister Councellor, Norwegian Embassy
Steinar Hagen, Councellor, Norwegian Embassy
Svein Baera, First Secretary, Norwegian Embassy
Sifiso Ngwenya, Director, Southern Africa/SADC, Department of Trade and Industry
Liezel Castleman, Sub-Directorate: Social Programmes, Chief Directorate: Africa, Multilateral Department, Department of Foreign Affairs;
Ajay Bramdeo, Sub-Directorate: Security, Chief Directorate: Africa, Multilateral Department, Department of Foreign Affairs;
Siyabulela Tsengiwe, Sub-Directorate: Trade, Finance and Investment, Chief Directorate: Africa, Multilateral Department, Department of Foreign Affairs;
Leanna Hattingh, Nordic Desk, Department of Foreign Affairs

Angola

Joao S. Caholo, Director, Technical Unit, Energy Commission (interviewed in South Africa)
Euclides Morais de Brito, Technical assistant to the Director, Technical Unit, Energy Commission (interviewed in South Africa)
Rui Jorge Carneiro Mangueira, Director, Economic and Regional Integration Department, Ministry of Foreign Affairs
Jose P. da C. Barroso Mangueira, International Coordinator, Ministry of Petroleum
Eleuterio Verrissiomo C. Mavela, Ministry of Petroleum
Franscisco Talino, National Director of Energy, Ministry of Energy and Water
Harald Ekker, First Secretary, Norwegian Embassy
Bjørg Leite, Ambassador, Norwegian Embassy
Joao Lusivikueno, Director, Department of International Exchange, Ministry of Trade
Mbumba Chico, Head of Multilateral Trade Relations Department, Ministry of Trade
Francisco Tunga Alberto, Secretary General, Forum of Angolan NGOs (Fonga) and other Fonga representatives
Abel Fonseca, National Director, Water Resources, Ministry of Energy and Water Affairs

Summary

This study was commissioned by Norad. The Report provides an assessment of the institutional restructuring of SADC and an input to the planning of future Norwegian assistance to regional co-operation in Southern Africa.

The institutional reforms mainly revolve around the changing role and functions of the SADC Secretariat but also include the sector co-ordinating units in member states which have been found highly uneven in their ability to pursue and implement policies; the establishment of SADC National Committees in member countries; greater emphasis on the role of non-state actors; a SADC Organ on Politics, Defence and Security which became part of the SADC structure; and the preparation of a Regional Indicative Strategic Development Plan (RISDP) intended to make SADC's objectives more operational. The report finds the reforms major and significant steps to address the weaknesses associated with the old SADC structure.

It is found significant that SADC has managed to make progress in several policy areas despite political divisions in the Southern African region. Looking at the future, the report concludes that it will be important to ensure that all member countries benefit from the membership to some degree; points out that regional integration will not succeed only on perceptions of economic costs and benefits in individual member countries but also depends on political will and commitment; argues that the RISDP is extremely important for the future success in delivery and creation of a common understanding of SADC's role; emphasises South Africa's crucial role in advancing regional co-operation; and finds that overlapping regional integration efforts in Southern Africa, like the relation between SADC and Comesa, may become more problematic with the move to economic integration. SADC should not be expected to make rapid progress in implementation and delivery in the short run. Progress will rather be an incremental process that will require time and astute management.

Norway must be prepared for continued flexibility and short-term assistance in its support, and build capacity for monitoring and analysis. In the medium to long-term, Norwegian support should focus on SADC's core areas of operations. Norway should follow closely SADC's efforts to facilitate conflict resolution and political stability and, in its assistance to individual SADC member countries, support projects and programmes that enable the countries to benefit from regional co-operation.

ISSN 0805-505X
ISBN82-8062-005-2