
Whither Nordic/SADC Relations?

**Keith Atkinson and
Arne Tostensen**

R 1996: 6

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Summary

In 1986 the member states of the then Southern African Development Co-ordination Conference (SADC) and the five Nordic countries signed a joint declaration on expanded economic and cultural cooperation, referred to as the Nordic/SADC Initiative. This region-to-region collaborative venture was later prolonged through 1995, but the tangible results were meagre. Moreover, these ten years saw major changes in terms of the political and economic environment of both regions. Hence, it was time to reassess the Initiative with a view to finding alternative frameworks for continued collaboration. The report discusses the achievements and setbacks, and presents options for the future. It is recommended that the Initiative be scaled down to manageable levels by concentrating on three areas of cooperation: (a) business cooperation in trade and investment; (b) cultural collaboration; and (c) political dialogue. It is also recommended that the administrative mechanisms be rationalised and streamlined.

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1. Background

On 29 January 1986 the member states of the then Southern African Development Coordination Conference (SADCC) and the five Nordic countries signed a Joint Declaration on expanded economic and cultural cooperation, referred to as the Nordic/SADCC Initiative (NSI).¹ A concomitant Framework for a Programme of Cooperation 1986-90 was agreed to with a view to deepening and broadening the relations between the two regions. Towards the completion of the first phase of cooperation a Nordic review was undertaken in 1990 to assess experiences gained in the initial phase. An agreement for a second phase was signed by the parties in January 1991 to cover the period through 1995. At this juncture the Nordic countries and their counterparts in Southern Africa are considering the future of their relations anew.

The Joint Meeting of Nordic/SADC Ministers held in Lilongwe in February 1995 addressed the issue of the future of the Nordic/SADC Initiative. In his statement on behalf of the Nordic countries, the Deputy Minister of Foreign Affairs of the Government of Norway, Asbjørn Mathiesen, pointed out that the economic and political environment in the SADC region had changed considerably since the launching of the Initiative in 1986, and that the policies of the Nordic region were undergoing changes.

He recalled that the Initiative had strong political overtones: the desire on both sides to stand firm against apartheid. He argued that this was no longer a reason to maintain the Initiative along old lines. Furthermore, he urged that a number of obstacles to trade and investment meant to be overcome by the Initiative had in recent years been removed.

It was underscored that the Nordic countries were reexamining their policies towards the developing world in the light of experiences garnered from three decades of development cooperation, while at the same time taking cognizance of major political changes at the global level. It was also noted that Finland and Sweden had recently become members of the European Union, whereas Iceland and Norway had remained non-members. Notwithstanding these changes, Mathiesen assured the meeting that Nordic/SADC cooperation would continue.

¹ For the sake of simplicity the acronym SADC, as opposed to SADCC, will be used throughout the report.

In response, the SADC Ministers, while recognising the changes that have occurred, reaffirmed the need to maintain Nordic/SADC cooperation, albeit in a restructured form.

The Ministers approved the establishment of a Joint Working Group of Senior Officials to review and elaborate further the future cooperation framework between the two regions, taking into account recent political and economic changes.

This review has been commissioned by the Joint Working Group referred to above, with a view to providing a basis for decision-making about the future relations between the two regions (see terms of reference in Appendix 1). Hence, the review is looking to the future rather than dwelling on past performance. Even so, by way of introduction a retrospective account is provided in order to substantiate the claim that tangible output leaves much to be desired. Specific recommendations for the future are advanced in the concluding chapter.

The methodology and time constraints imposed on the consultants have precluded a thorough and comprehensive review of all substantive elements of the Initiative. Rather, emphasis has been put on policy issues relevant to future collaboration. They are based on previous reviews and recent discussions with a broad cross-section of interviewees in six SADC member states, as well as written documents and some submissions by countries not visited. A preliminary oral presentation was made before the Joint Working Group at its meeting in Gaborone on 28 September 1995, from which the consultants received valuable feedback. A questionnaire was elaborated and distributed in August 1995 with a view to soliciting assessments of past performance of the NSI and ideas with respect to its future scope and orientation. It should be pointed out, however, that the response rate has been disappointing. This report must be read with that caveat in mind.

2. Performance to Date

2.1 The Original Concept

The genesis of the Initiative must be understood in the context of the international situation which arose in the early 1980's after the North-South negotiations over the so-called New International Economic Order (NIEO) had reached an impasse due to the intransigence of major Western powers of the OECD on critical issues raised by the Group of 77. The international community had by then been involved in a protracted negotiation process known as the North-South dialogue. The challenge was to reform existing relationships between rich countries of the North and poor ones of the South.

In the Nordic countries there was at the time considerable frustration in political and bureaucratic circles about the meagre results of the NIEO negotiations. Already in the late 1970's the idea had been mooted to make an attempt to implement some of the principles of the NIEO on a limited scale between a group of industrialised countries and a corresponding grouping of developing countries. As a selective implementation of global NIEO principles on an inter-regional basis the concept was thus dubbed a 'Mini-NIEO'. At a meeting of the Nordic Council Presidium in Oslo on 30 November 1982 the then Prime Minister of Finland, Kalevi Sorsa, proposed to investigate the possibilities of establishing a special economic arrangement between the Nordic countries and a group of developing countries, albeit not specifying any particular group. He alluded to the Lomé Convention as a possible model to be emulated. The 'Mini-NIEO' and the 'Sorsa Initiative' were almost identical in substance, the only significant difference being that the former would probably extend beyond the Nordic group of countries if implemented. Hence the envisaged cooperation aimed at changing traditional international patterns of production and trade as well as other forms of interaction.

The NIEO reference in the Nordic/SADC Initiative should be seen, therefore, primarily as an indication of willingness to introduce more equitable forms of economic interaction between the Nordic and SADC regions within the North-South context. It was not then and is still not considered to be undermining multilateralism in international relations. On the contrary, the diffusion of multilateral intercourse has generated a demand for selective regional as well as bilateral arrangements. As such, the Nordic/SADC Initiative, like any Mini-NIEO scheme, was not seen as a substitute for, or an alternative to, a fully-fledged NIEO on a global scale.

The response by SADC was positive and saw the Initiative as:

... a political affirmation of solidarity... [and] ... a new model for North/South cooperative relations, moving away from a one-dimensional donor/recipient relationship to one covering the broad spectrum of the economies of the two partner groups and characterised by an open dialogue based on inter-dependence and mutuality of interest;

The innovative aspect of the Initiative, compared to conventional bilateral aid relations, was its regional character and its emphasis on expanded cooperation. Such collaboration was meant to include measures to promote productive activities and trade through financial mechanisms, as well as cultural exchange. It aimed at improving the coordination of Nordic support for SADC, as well as strengthening regional cooperation among SADC member states. At the time of the signing of the two documents expectations were raised to unrealistic levels which later proved difficult to fulfil.

The Initiative comprised three main substantive components:

- (a) support for the productive sectors and trade;
- (b) cultural cooperation; and
- (c) development assistance.

Overall, the Initiative cannot after ten years by any stretch of the imagination be termed a success in terms of tangible output such as trade volume, joint investment ventures, and cultural exchanges. The results are all the more disconcerting in terms of cost effectiveness, however measured.

Since its inception most energies of the Initiative have gone into creating conditions and mechanisms conducive to expansion of intra-regional and extra-regional trade and to promotion of joint ventures in productive activities. Achievements and setbacks are enumerated below.

2.2 Trade

It must be acknowledged that the results from efforts to promote trade between the two regions have been meagre and disappointing. With the exception of minerals and to a lesser extent agro-industrial and agricultural produce, the SADC region has little to offer consumers in the Nordic countries. This picture emerges from surveys conducted by Nordic import promotion agencies of the product range, and the situation has not changed appreciably over the past decade. To be true, there are a few isolated 'success stories'. In volume terms, however, they have had only marginal impact on trade statistics. Exports from the Nordic countries to SADC have until recently been hampered by foreign exchange constraints. Despite the removal of such constraints a lack of tradition in trading with the Nordics as contrasted to long established trade links with former colonial powers still persists. Many Nordic exports have been aid-driven or stimulated by various support schemes. It is questionable whether such exports would have been sustainable without aid-related support.

The prospects for increased Nordic/SADC trade in the near future are not good. The only possible exception is South Africa. At present South Africa has a tremendous comparative advantage in its trading infrastructure in relation to the other Southern African countries. Nordic traders are keenly exhibiting a renewed interest in trade with South Africa, which might have spillover effects on the region as a whole.

The counterparts in the SADC region of the Nordic trade promotion agencies are overwhelmingly public export promotion organs, and in a few cases chambers of commerce. It has been difficult to establish and maintain contact between them. Once communication has been established it has been an uphill struggle to generate interest on a sustainable basis.

Under the Initiative a joint Nordic/SADC trade advisory group (NSTAG) has been in operation since 1989 in order to serve as a source of analysis, counsel and inspiration for public authorities, organisations and market actors in the respective countries of the two regions, both in terms of trade policy work and trade promotion. Over the years the group has produced a number of studies and working papers intended for market actors and public bodies involved in trade promotion.

As an advisory group it is clearly not its function to pursue, follow up or implement the ideas and policy proposals it advances. Effective utilisation of the advice offered presupposes a distribution and implementation machinery. The will and capacity for follow-up and implementation seem to be largely lacking in both regions, but particularly in SADC. Within the institutional structure of SADC the administrative unit charged with trade issues is the SADC Industry and Trade Coordination Division (SITCD) based in Dar es Salaam, which has not adequately fulfilled its function with respect to distribution of the reports emanating from the trade advisory group, nor has it proved capable of following up proposals by other means or in other ways.

The logical actors to pursue and implement proposals in the trade sphere would have been the business councils at member state level or at the regional level. However, this also leaves much to be desired, partly because the effective functioning of the business councils at member state level is highly variable, and partly because the SADC business council at the regional level never really took off. The latter was, in fact, disbanded in 1993. The upshot of this is the deplorable fact that the ideas and policy proposals of the trade advisory group hardly reached beyond the report stage. There is hope, however, that the newly established Eastern and Southern African Business Organisation (ESABO) may prove an expedient vehicle in trade promotion.

2.3 Investment

Many of the efforts under the Initiative have been made at the behest of institutions in the public sector and with public actors in mind, especially in the initial stages. It has been claimed that the private sector was not allowed onto the scene as envisaged. To some extent this may have created an impression on the part of the business communities in the two regions, particularly in the Nordic countries, that the commercial elements of the NSI (trade and investment) were never really taken seriously. Whether such a perception is correct or not is beside the point. The reality of such perceptions may have acted as a deterrent on top of other disincentives.

At the outset it should be acknowledged that Southern Africa has not figured prominently in the minds of potential Nordic investors. If anything, the feeble interest in Africa encountered previously has waned during the 1980's due to the severe economic crisis in the region, bureaucratic inertia and red tape, comparatively poor infrastructure, foreign exchange constraints, shortage of skilled labour and middle management cadres and a host of other impediments. Hence, other regions of the world have been and are more interesting as investment outlets, particularly Asia at the present time. Given this situation it was not to be expected that investments would occur spontaneously without exogenous stimuli.

Against this backdrop expectations with respect to business cooperation between companies in the two regions were no doubt unduly exaggerated. With the benefit of hindsight it should have been recognised that the opportunities were limited. Policy shifts towards economic liberalisation are now contributing towards changing that. SADC has since the early 1990's definitely been playing a reinforced supportive role in that direction.

Even so, new competitors for investment capital have emerged. The recent developments in Eastern and Central Europe and the former Soviet Union have opened up possibilities for private enterprise, and the anticipated flow of funds eastwards from the West poses new and interesting challenges to Nordic companies. Eastern European markets are close to the Nordic borders. Previous trade barriers and other hindrances to economic cooperation appear to be quickly disappearing. The cultures and politics of Eastern Europe are after all more similar in nature to those of the Nordic countries than are those of Southern Africa.

The above picture must be qualified, though. A number of persons who have had technical assistance assignments in Africa, and who have developed an affinity for the continent and its peoples, have been active in investment promotion. They may either be entrepreneurs in their own right attempting to set up enterprises themselves or in partnership with local counterparts. Or they may have links with companies otherwise unlikely to cast their eyes on Southern Africa, which they

have been prodding into investment ventures. Perseverance has brought them success in some cases.

The single most important activity under the Initiative for promotion of joint ventures between Nordic and SADC companies was the establishment in 1989 of the NORFAD Fund and Agency, designed to ease or overcome foreign exchange constraints. The initial years of operation were turbulent and difficult, producing very little impact. But lately operations appear to be yielding results. A number of joint ventures are being supported and more are in the pipeline (see section 6.2.1 below for details).

Following the recent democratisation of South Africa a renewed interest in investment is discernable. But potential investors are still cautious due to political uncertainty and labour market unrest; they are not reassured that policy reversal can be ruled out. Initially trade with South Africa is seen to be less risky, but provided stability and predictability of the policy environment ensue investments may follow suit at a later stage.

In view of the perceived uncertainty about the situation in South Africa, it might be relevant for potential investors to consider locating production plants in neighbouring countries, e.g. Botswana, Namibia or Zimbabwe, where political stability may be ensured, labour costs are lower and the general investment climate on par with that of South Africa. In the cases of Botswana and Namibia, being members of the Southern African Customs Union (SACU), marketing to South Africa would not be hampered by customs tariffs. Despite the merits of the above arguments, the impression so far is that, in the calculations of potential investors, it would take much more to outweigh the comparative advantage of South Africa in infrastructure and proximity to the South African market. The only exception might be where raw materials of production or sources of energy are physically located in neighbouring countries (mining and tourism are cases in point). It appears that the South African outlet is still far more attractive. *Ceteris paribus*, political risk may be critical, otherwise not. In a longer term perspective the location of production plants in South Africa could still be used as a bridgehead for expansion northwards to the region at large. This is the more likely scenario.

2.4 Cultural Collaboration

Culture was originally envisaged as one of the pillars of the Initiative. Yet, most Nordic and SADC officials have paid little more than lip service to it. To be true, some exchanges of theatre, dance and musical groups have taken place, as have visits of football and other sporting teams, mostly on a bilateral basis, though. The funds set aside for cultural activities have been rather limited, and the approach to this field of activity has been *ad hoc* and somewhat haphazard, intermittent and without a clear sense of direction.

At the Nordic end governments have tended to finance cultural activities from different sources in no consistent manner, typically from bilateral budget lines, depending on the nature of the particular project in question. In many cases it is difficult to determine the regional relevance of cultural efforts, and activities could often have been handled better on a bilateral basis. The fact that the secretariat of the Nordic Council of Ministers for a while served as a focal point for cultural matters meant little more than a 'mailbox' function and no coordination proper. The envisaged fund for cultural cooperation, though financially modest, never materialised. Today, there is arguably hardly any need for the NSI umbrella unless activities are given a regional dimension.

Within SADC culture was until recently not considered a 'sector' proper with the consequence that no coordinating unit existed for cultural activities. As a result, it has been entirely up to each individual member state to take whatever action it wished. A SCU for information and culture does exist today, but it is starved of resources and has not managed to assert its coordinating role. Overall, it is probably no exaggeration to say that cultural cooperation has, in effect, although perhaps not deliberately, been treated as a residual category of activity under the Initiative. The signing in 1989 at the Luanda Annual Consultative Conference of a Memorandum of Understanding regarding a programme of action for cultural cooperation did not make much difference as its provisions were vague and general.

Senior officials and politicians have stated emphatically that cultural cooperation is important in bringing the Initiative out to the people in order to broaden the understanding of the concept. The Initiative has been too much the province of top politicians and officials. It needs to be democratised and grow popular roots. The peoples of Southern Africa and the Nordic region need to know more about the activities under the Initiative in order to understand its rationale and to appreciate its meaning to their daily lives. Whereas the realism of such notions may be questioned, the long-term visions towards such a future are certainly present.

2.5 Development Assistance

Since the Initiative was first and foremost intended to expand inter-regional collaboration beyond the aid relationship, the programmes of development assistance will not be dwelt upon here. Suffice it to say that each of the Nordic countries have continued their support for the SADC Programme of Action at a consistently high level since well before the Initiative was launched.

The launching of the Initiative appears to have had a positive effect on Nordic coordination of aid activities in the Southern African region. The frequency and intensity of liaison between Nordic aid agencies increased, preventing duplication

of effort and leading to a more rational division of labour and greater effectiveness. This has probably applied to the planning, financing and implementation phases alike.

The question of whether the Initiative has led to additional resources being furnished is indeed difficult to answer with accuracy. It is not possible to ascertain *ex post facto* whether history would have taken a different path had events and developments previously been different from what they actually were. In fact it is a counterfactual question which cannot be answered scientifically. However, one may merely reason around the issue and make inferences with some credibility about a probable causal relationship.

It is the considered view of the consultants that as far as the volume of development assistance is concerned the Initiative has to date hardly led to additionality. Rather, it has tended to dissipate resources to more areas of activity which have been added to the Initiative. Virtually all activities under the Initiative have been aid-financed. The hope for additional resources originally hinged on the involvement of the private sector in investment and trade. Since this has not materialised to any degree, additionality has been modest. In the 1990's the competition for aid resources from Eastern and Central Europe and the former Soviet Union may have led to a certain diversion of funds and a corresponding reduction of flows towards Southern Africa. The difficulties in some Nordic economies, especially that of Finland, have led to dramatic cuts in development assistance. Overall, after a decade of the Initiative the claim is not justified that aid resources have increased. Nonetheless, on balance Nordic aid to Southern Africa - bilaterally and multilaterally - has been maintained at a comparatively high level throughout the decade under review.

Principal weaknesses encountered *en route* in the implementation of aid projects and programmes have to do with the uneven capabilities of the Sector Coordinating Units. This problem has not been resolved and continues to thwart progress, more so in some sectors than in others. It is not a problem specific to the NSI but goes to the core of SADC's institutional structure.

The perennial problem in the implementation of the Programme of Action concerns operation and maintenance. Donor support, including that from the Nordic countries, is largely directed to installation of new capacity in infrastructure and production, or rehabilitation of structures which have fallen into disrepair. Due to the economic crisis or constraints of most SADC member states this problem also remains unresolved and threatens the long-term sustainability of the projects and programmes.

2.6 Differing Perceptions

The consultants have in the course of their work discerned differing perceptions of the nature and scope of the Initiative between regions and within regions. In the Nordic countries politicians and officials at various levels perceive differently of the Initiative. This is not only reflected in their thinking but also in the bureaucratic set-up and procedures applied.

In Norway and Sweden where the aid agencies charged with implementation of projects and programmes are distinct management units, separate budget headings have existed for basically three components: (a) bilateral support for individual SADC member states (specified by country); (b) support for SADC's Programme of Action; and (c) support for the Nordic/SADC Initiative. Headings (a) and (b) have normally fallen under the auspices of the aid agencies, e.g. NORAD and SIDA, whereas the latter has generally been managed by the Ministries of Development Cooperation or Foreign Affairs. Given the legacy of the genesis of the Initiative being driven by politicians and senior civil servants of the Ministries of Foreign Affairs this structure has caused operational frictions in implementation. In Denmark and Finland where the implementing aid agencies are departments of the respective Ministries of Foreign Affairs, frictions appear to have been fewer and the budget structure more flexible.

In the SADC region the conception of the Nordic countries as one entity has been commonplace. While it is true that there is a large measure of commonality among these countries in terms of history, language, culture, and economic and political forms, it should be fully recognised by SADC that they are five distinct states with separate identities and idiosyncracies. Likewise, while it is true that a large number of Nordic inter-governmental and public bodies and NGOs do exist on a regionwide basis, and that there has been virtual free movement of capital and labour across borders as an expression of a relatively high level of integration, the notion that these countries form one unified and homogeneous bloc and are capable of acting as such, is erroneous. The Nordic Council is a mere forum for exchange of opinions among parliamentarians with no decision-making authority. The Nordic Council of Ministers is a forum of consultation without supra-national powers of decision-making.

The Nordic countries, particularly as represented at the diplomatic level by their respective Ministries of Foreign Affairs, may have given some credence, by design or unwittingly, to the notion by Southern Africans that the Nordic region is more homogeneous and coordinated than it really is. The heterogeneity of the Nordic region has been further accentuated by the entrance of Finland and Sweden into the European Union.

There are differing perceptions of time involved as well. At the Nordic end the tendency is to see the Initiative in renewable time periods of five years each with

an implicit understanding that it may come to an end if the parties so decide. At the SADC end the emphasis is much more on the continuous nature of a region-to-region relationship with no implicit notion of a fixed time horizon. The five-year periods are seen merely as convenient planning and implementation phases of a very long-term relationship. Springing from these differing time perceptions are certain apprehensions, anxieties and expectations which have implications for the management and progress of the Initiative.

2.7 Administrative Mechanisms

The question of mechanisms of cooperation and consultation has generated much controversy and friction over the years. There is no doubt that procedural matters have received disproportionate attention relative to substantive issues. Both parties agree that the mechanisms have been less than satisfactory - both in terms of efficient decision-making and cost-effectiveness. Yet a solution has proved elusive. In pursuance of a recommendation made by the 1990 Nordic review of the NSI Jan Cedergren of SIDA was asked to make an in-depth review of these mechanisms. He submitted his report in November 1991 and made a number of suggestions for improvement. His report was discussed at the Joint Meeting of Senior Officials in Maputo in conjunction with the 1992 Annual Consultative Conference. After a heated debate no consensus was reached. The continuing wrangles over these matters have been frustrating and very taxing on the goodwill of the civil servants involved.

The main problem has been the Senior Officials Meeting which is simply too large and cumbersome. To hold three such meetings per year is wasteful. It is mandatory that the number of meetings be reduced, preferably to one, and attendance scaled down. Dispensing with this organ altogether is indeed an option. Not least it is important to improve preparation.

In late 1992 some sort of compromise was reached between the new Nordic coordinator and the chairmen of the SADC Council of Ministers and Standing Committee of Officials: a meeting of Nordic/SADC coordinators was instituted on an informal basis, principally to ensure preparation of agenda and documents for the Joint Senior Officials Meetings. In addition to the Nordic coordinator one designated person (in practice two or three have met) from the SADC Secretariat would meet, plus members of the joint advisory groups or others as required on an *ad hoc* basis. Ideally the coordinators of either side should have been delegated decision-making authority on specified matters, but this has been difficult to achieve given the nature of SADC as an organisation and the looseness of the Nordic side. A fresh look should be taken to rationalise and streamline procedures, no matter what form future cooperation may take.

3. Recent Developments in Southern Africa

3.1 General Developments

The Treaty of the Southern African Development Community (SADC) was adopted in August 1992 in Windhoek, Namibia. The Treaty represents the culmination of processes that have been underway in the region for some time. One of the central founding objectives of SADC's predecessor, the Southern African Development Co-ordination Conference (SADCC) established in 1980, was "the forging of links to create a genuine and equitable regional integration". Initially, and in the context of major deficiencies in the region's transport and communications infrastructure, the region agreed that the first priority should be accorded to cooperating in infrastructural projects. The emphasis later shifted from specific projects towards the coordination of sectoral plans and programmes, and also from the development of infrastructure to measures intended for the promotion of investment and production. All of this was seen not only as a step towards reducing dependence, but also as laying the foundation for genuine and equitable integration.

The 1992 Theme Document *SADCC: Towards Economic Integration* argued that the region had reached a point where steps towards regional integration were warranted. A higher level of cooperation would enable the countries of the region to address problems of natural development, and to cope more effectively with the challenges posed by a changing, and increasingly complex, regional and global environment. Increased regional trade and cross border investment in themselves could yield significant benefits. More importantly, the restructuring of productive sectors, as a basis for self-sustaining development and growth, and to respond effectively to changes in the world economy, would be more feasible on a regional than a national basis. Moreover, the countries of the region need to overcome collectively the sharp disparities in the performance of the various economies, as the only viable basis for fulfilling, in the long term, the principles of balance, equity and mutual benefit, which form the foundation for regional integration in Southern Africa.

Within SADC there have been two major development in the 1990's. The first is that SADC as a regional organisation is in the process of transforming itself from a fairly unstructured, one might even say informal, regional grouping of countries with common interests and purposes into a formal regional community with protocols and treaties. The SADC Treaty is a legally binding and all-encompassing framework by which countries in the region shall move towards integration.

Secondly, most of the SADC countries are in the throes of structural adjustment programmes. Considerable advances from an investment and trade liberalisation perspective have been made in countries such as Tanzania, Zambia and Zimbabwe from regimes which were highly centralised and controlled to open market economies with few price and foreign exchange controls in particular. Similar progress is being made in Malawi. Mozambique has liberalised but deep adjustment will only take place once capital resources are released for production. Angola is emerging from the agony of a civil war and while parts of the country such as Luanda operate a type of formal economy much infrastructure and trade is not functioning.

The southernmost grouping of countries, which belong to the Southern African Customs Union (SACU), i.e. Botswana, Lesotho, Namibia and Swaziland, have maintained fairly unrestricted trade and investment regimes even though they are heavily influenced by the activities in the South African economy. South Africa itself has a moderately liberal economy with few restrictions on current account transactions. Moves are afoot to unbundle its highly oligopolistic ownership structures in the private sector. Mauritius, the newest SADC member, has maintained a free market economy for a number of years, and it is the most advanced in terms of free zone activities.

Aside from the economic changes, there has been a steady shift towards political pluralism and democratisation in the SADC countries. The concept of multipartyism has been strengthened both by the changes in the international environment but also by popular movements demanding representation in the organs of government. Namibia emerged from illegal South African occupation as an independent state in 1990 after a transitional period under UN supervision culminating in general elections. Zambia held multi-party elections in 1991. The successful transition in 1994 to majority rule in South Africa was a formidable achievement in its own right and gave a boost to the democratisation process in the region at large. Malawi and Mozambique held multi-party elections in 1994 and Tanzania will be holding such elections at the end of October 1995. A democratic dispensation is also being formulated in Angola despite setbacks and a resumption of hostilities after the 1992 general elections which were declared free and fair by international observers.

Any framework for cooperation between the Nordic and SADC states should be based within the context of these changes.

3.2 Specific Developments

From a technical point of view there are two important current developments relevant to this analysis which will assist in placing any future cooperation on the same playing field. The developments refer to the drafting of protocols by SADC

as the specific binding agreements, and the signing of the Berlin Declaration with the European Union in September 1994.

3.2.1 Preparation of Protocols

The following protocols are being prepared to provide the legal framework for the integration of the industry and trade sector:

Protocol on Trade Cooperation

The main thrust of this protocol is to facilitate, increase and promote intra-SADC trade through the elimination of tariffs and non-tariffs barriers; and also to allow competition and free and fair trade amongst SADC countries.

The elements of this protocol include:

- simplification of trade procedures to facilitate and promote trade among SADC member states;
- promotion of intra-SADC trade through various schemes;
- promotion of industrial development;
- elimination of tariff and non-tariff barriers;
- encouraging cooperation in trade and customs administration;
- formulation of SADC rules of origin for goods and products produced in the SADC region;
- formulation of annexes relating to customs cooperation, trade facilitation, transit and transit facilities and trade promotion; and
- gradual application of common external tariff and common external trade policy.

Protocol on Finance and Investment

The main thrust of this protocol is to facilitate:

- development of financial and capital markets;
- cross-border investments; and
- coordination of economic policies.

Initial work on the preparation of this protocol was undertaken by the SITCD. However, further work in the development of this protocol will be continued by the new SCU for finance and investment.

Mention should also be made of the Protocol on Shared Watercourse Systems and the Inter-Governmental Memorandum of Understanding in Respect of the Formation of a Southern African Power Pool, both of which impinge on the development of productive capacities in the region.

3.2.2 *Berlin Declaration*

Some of the key operational elements of the Declaration are as follows:

Areas of Cooperation

- (a) **Political Dialogue**
To consist of a regular exchange of views on general matters of foreign policy, particularly with a view to promote peace and long-term stability in the Southern African region.
- (b) **Regional Integration**
The European Union offers to share experience in the field of regional integration and in this respect to assist SADC through, *inter alia*, exchange of personnel, training, assistance and advice on organisational matters.
- (c) **Trade and Economic Cooperation**
The two regions undertake to promote trade cooperation with each other, and within the Southern African region in order to foster its economic development, in full respect of the results of the Uruguay Round of GATT, and without prejudice to the Lomé Convention.
- (d) **Private Investment, Small and Medium-Sized Enterprises and Promotion of the Private Sector.**
- (e) **Development Cooperation**
The Parties declare their intention to closely coordinate the planning and implementation of regional development programmes and projects in the fields such as transport and communications, energy, trade promotion, livestock protection, poverty alleviation, population and social development, food security, education, training and health.

In this context, they note that under the terms of articles 157 and 164 of the Fourth Lomé Convention, it is possible to include a neighbouring non-ACP country in regional cooperation projects.

The Parties reiterate the importance of the coordinating role of the European Commission and the SADC Secretariat in this respect.

The particular areas for development cooperation include:

- Transport and Communication
- Energy
- Education and Training
- Health
- Food and Agriculture
- Mining

- (f) Natural Resources and the Environment
- (g) Science and Technology
- (h) Tourism
- (i) Cultural Cooperation
- (j) Cooperation in the Combating of International Crime.

4. Recent Developments in the Nordic Region

Some of the observed changes in the Nordic countries reflect global developments which have impacted on the smaller countries of the Nordic region. Others are country-specific or region-specific.

Comparable to trends in Southern Africa the Nordic region has also experienced economic liberalisation and restructuring of their economies, albeit not by far as dramatically and painfully. The welfare states which have been the hallmark of the 'Nordic model' have been pruned and are being pruned. Markets are being liberalised and parastatals are being privatised. The discourse and atmosphere of political life is different today from what it was only five years ago.

The collapse of the Soviet system has further dampened ideological differences. Political cleavages and realignments have changed. Not least have the events of 1989 in Eastern and Central Europe and the former Soviet Union caused attention and energies increasingly to be directed eastwards to the detriment of Southern Africa. This applies to the political establishment, the business community and the general public at large. Serious conflicts which have erupted in the wake of the demise of a long established state system have called for humanitarian, political and military intervention. The best known case in point is former Yugoslavia, but there are many others not quite as dramatic. The transformation of previously centrally planned economies to liberalised capitalist systems has attracted the interest of the business community which sees opportunities for trade and investment closer to home than Southern Africa.

Even though the point should not be overstated, recent years have seen an increasing heterogeneity in the Nordic region. This is reflected in domestic policies as well as in foreign policy orientation and affiliation.

Some economies have fared less well than others, notably those of Finland and Sweden, with high unemployment rates, huge budget deficits and heavy debt burdens. This has not surprisingly led to severe budget constraints, and in some cases drastic cuts, not sparing aid allocations. In an atmosphere of scrutiny of the public sector, which continues to be large in all Nordic countries, attention has been drawn to development cooperation. Politicians and civil servants are being asked hard questions by the mass media and the electorate about the effectiveness of aid. Much adverse media coverage recently about inefficiency, corruption, poor follow-up etc. has made it increasingly difficult to defend the size of aid budgets in absolute terms and as a percentage of GDP. Preoccupation with efficiency has

spurred a debate on the qualitative side of aid and a reexamination of aid policies. Politicians and civil servants are impatient to be able to account to the taxpayers for the money spent and to justify the expenditure in terms of tangible output and demonstrable beneficial effect in recipient countries. The upshot may be termed 'aid fatigue'.

Arguably the most significant change on the foreign policy scene is the entry into the European Union by two more members of the Nordic bloc: Finland and Sweden. Denmark became a member in 1972. Iceland has never even applied for membership, whereas Norway did apply and negotiated the terms of entrance. But in a referendum the Norwegian electorate said no to membership as it did in 1972. Corresponding referenda held in Finland and Sweden yielded a yes vote.

The ramifications of this differential Nordic relationship to the major European economic and political entity are likely to have profound effect on notions of Nordic identity and Nordic collaboration in the long run. Already these effects are being felt - up to a point. Finland and Sweden along with the earlier entrant, Denmark, are now clearly more orientated toward the EU than the Nordic region, even though affiliation to both is not mutually exclusive. Finland and Sweden as newcomers to the community of EU members are likely to devote the bulk of their capacity and energy to that relationship at the expense of the Nordic one. Norway and Iceland, on the other hand, take a keener interest in the continuation of Nordic collaboration.

The import of this in the context of the NSI is that Finland and Sweden (and Denmark) are currently less interested. As an EU veteran Denmark has, for instance, argued strongly that maintaining a two-track relationship to Southern Africa through the NSI and the Berlin Declaration is untenable, for capacity reasons if nothing else. Harder prioritisation is necessary. By contrast Norway and Iceland see Nordic/SADC collaboration as a vehicle for preserving some sort of Nordic commonality despite differing relationships to the EU.

5. Summary of SADC Views

The views on the past and future of the NSI listed below stem partly from responses to the questionnaire but mainly from interviews with a considerable number of officials in selected SADC countries. They should not be interpreted as necessarily reflecting an official SADC position. Rather, a considerable number of responses are views expressed by officials in their individual capacities but cannot be attributed to identified individuals.

The views cover a wide range at varying levels of specificity. They are not necessarily consistent because they have not been consolidated into a common position. The feasibility of proposals for the future has not been appraised.

5.1 General

The Nordic/SADC Initiative was established for the primary purpose of promoting and expanding cooperation between the Nordic/SADC regions and contributing to economic development by extending a foreign exchange facility to joint ventures between Nordic and SADC companies, with the objective of contributing to the economic development and self-reliance of the participating SADC countries. In addition to collaboration in the economic sphere and development cooperation, the Initiative also comprised cultural collaboration. It was expected that this kind of arrangement would provide yet another model of South-North cooperation.

The management of the Initiative appears to have suffered from lack of commitment on the part of some of the participants. The participation in meetings such as the Board of Governors of the NORSAD Fund left much to be desired in terms of the quality of representation, judged on the basis of continuity of attendance and constructive contributions. Quite often the necessary quorum was not achieved for meetings.

The role of the Nordic/SADC Initiative in terms of development cooperation is to involve the enterprise sector in the joint development ventures between the two regions. This would include ventures in both trade and investment.

There will always be interaction between the Nordic and SADC countries. The purpose of the NSI was to create a separate support mechanism for regional development. Despite the stated intention of a two-way interaction, this has never materialised as it was not clear what the SADC countries had to 'offer' the Nordic states.

The achievements of the Initiative so far have been very minimal and hence hardly significant except for a few SADC ventures which have benefitted from the NORFAD Fund and Agency.

As the only existing mechanism for consultation, the Joint Meetings of Senior Officials, have been satisfactory but not ideal; consultations etc. prior to Joint Meetings of Senior Officials have not been adequate because of delays in sending/receiving meeting working papers.

Some attribute the meagre results to the Initiative's lack of clarity of objectives and their operationalisation, indeed its entire mode of operation. In the future greater clarity should be ensured as well as better administrative arrangements. For instance, a small committee should be established to prepare the agenda and documentation for decision-making purposes.

With reference to the historical legacy of Nordic/SADC relations dating back to the anti-colonial liberation struggle it was a pervasive view that the relations between the two regions ought to be strengthened.

The Initiative was seen as a regional window of international relations complementary to bilateral relations.

Although it was conceded that there may be overlap between the NSI and the Berlin Declaration, it was not felt that they were mutually exclusive. They should be placed on a equal footing in terms of priority. It makes sense for SADC member states to take part in multiple arrangements of this sort, e.g. the UN, OAU, Global Coalition for Africa etc. In some circles there were no fears that the NSI would be overshadowed by the Berlin Declaration because SADC would accord higher priority to a larger, politically and economically more important grouping. Capacity to handle dual-track relationships of a similar nature was not seen as a major problem. It might be possible to arrive at some sort of division of labour between the two arrangements. Their respective comparative advantages and niches should be sorted out. Others took a different view, expressing apprehensions that the NSI could be marginalised.

Relating to the European Union was seen as more cumbersome in terms of mechanisms and modalities, with a political undertone stemming from the fact that not all EU members are equally sympathetic to SADC and some have their own political agendas.

5.2 Business Perspectives

The role of the Nordic/SADC Initiative in terms of development cooperation, taking into consideration the above overall objective, is intended to assist SADC

member states in sustaining their economies and accelerating economic growth through mobilisation of their own resources and by creating an enabling environment for private sector development.

The Nordic/SADC Trade Advisory Group (NSTAG) identified the shortage of trained manpower in export marketing as one of the main obstacles to increasing exports from the SADC region and therefore conducted a study on the above. The study is ready and proposals have been sent to relevant institutions for implementation. It is envisaged that this will help SADC member states increase their exports and thus improve their economies.

However, the meetings of the Nordic/SADC Trade Advisory Group (NSTAG) have encountered a number of problems. The group was facing financial problems and could therefore not hold successful meetings as often as deemed necessary. Other problems included lack of seriousness on the SADC side. The vacant SADC membership positions in the group have not been filled to date. Recommendations made by the group are also not implemented as expected. Delay in exchanging important documents is yet another problem. The dissolution of the SADC Regional Business Council (SRBC) worsened the situation because SRBC was the contact point for the group. In case the NSTAG arrangement is maintained, it is recommended that the coordinating sector for Industry and Trade (SITCD) be an observer member. This proposal could assist in follow-up action for the SADC side.

The Initiative can help facilitate the development of the private sector in Southern Africa through direct involvement of the business community in Initiative programmes. Structural rigidities that existed earlier in the SADC member states have largely been removed and the structural adjustment programmes towards liberalisation of the economies now provide an increasingly conducive environment for direct involvement of the business community.

There is a perceived risk that with the entry of South Africa into SADC, any new business approaches will be directed at that country to the detriment of the rest of the group. Some means of addressing this would be needed in any future framework of cooperation.

The NSI should be transformed into a business-driven relationship, with the governments facilitating the establishment of investment forums for the private sector.

The NORSAD Fund was held up as a success story under the Initiative (perhaps the only one). It was felt that there was every reason for NORSAD to continue its operations. The view was also voiced that new tasks could be tacked onto NORSAD as an already well functioning institution by expanding its mandate. Perhaps that would be all that needed to be done in the business sector.

5.3 Cultural Perspectives

The Nordic/SADC Initiative was meant to be a forum for pragmatic cooperation and a catalyst for an effective South-South cultural cooperation on the one hand and joint SADC exchange with the Nordic countries on the other.

The Initiative has barely laid the foundation for the creation of some form of awareness of the potentialities for bilateral and multilateral cultural cooperation. Joint and effective cultural cooperation projects in such areas as festivals, exhibitions, research and training are yet to be formulated, endorsed and implemented.

SADC wants to move in the direction of a 'cultural union' as well as an economic one, and much work still needs to be done in working out the strategies to achieve this aim. The term 'cultural integration' was also coined. The late Kwame Nkrumah was paraphrased: "Seek ye first the cultural kingdom, and all else shall follow". Culture was stressed as an important element in nurturing a regional consciousness and identity. It was seen as part and parcel of the community-building project. Dissemination of information is a key need and the Nordic countries were perceived as a resource that could help fill this gap.

Others expressed scepticism about cultural collaboration as a priority under the Initiative. Although recognising the importance of culture, it was felt that prioritising culture would be tantamount to putting the cart before the horse. Expanding productive capacity should take precedence over culture. Cultural activities need an economic base to be meaningful and sustainable.

The issue of ethnic tolerance needs to be explored to the fullest.

The arts and crafts must be given more room and provided with more resources and expertise in order to:

- (a) Positively influence socio-cultural, political and economic development;
- (b) Facilitate better and more harmonious understanding amongst the people of the region;
- (c) Stimulate common political and economic concerns and hence the need for a common approach;
- (d) Stimulate ethnic, religious and clan tolerance.

The Initiative should sponsor more exchanges of performing artists, traditional and pop musicians, athletics and soccer teams.

Joint arts and crafts exhibitions should be considered; travelling exhibitions; joint research projects; mobile theatres; mobile museums. Investment in exhibition facilities including the founding of 'house of culture' projects, open air theatres; open air museums are further examples of future activities.

Joint training of cultural animators from all SADC countries would most likely have a multiplier effect in the region. Similarly, the training of trainers in the field of management of cultural affairs would have ripple effects throughout the region.

Construction and/or support of a SADC school or college of arts in order to make use of performing artists and instructors who share some common aspirations and who, therefore, would be sympathetic to the SADC cause.

There is a great need for a freer flow of information and, therefore, the need to intensify the screening of materials from SADC countries through the television stations of the various countries. SADC countries must train their own programmers and stage more of their own shows on their TVs as well as play more of their own music on both television and radio. The Nordic/SADC Initiative could assist in the production and recording of local music and the performing arts of an indigenous nature.

The Sector Coordinating Unit for Information and Culture has been engaged in the implementation of projects which will facilitate active involvement of regional artists and people. From this year several art festivals will be held, as follows:

- * Music Festival in Harare, Zimbabwe, in September 1995;
- * Theatre Festival in Maputo, Mozambique, in 1996;
- * Arts and Crafts Regional Expo in Windhoek, Namibia, in 1997; and
- * Dance Festival in Tanzania in 1998.

All of these festivals will engage artists, technicians and journalists from all SADC countries. The music festival is financially supported by NORAD and the EU.

The idea of a quarterly regional publication in the cultural sphere was mooted. But its feasibility was doubted in light of the economic difficulties encountered by the *Southern African Economist*.

Regionwide cultural associations should be encouraged and supported, including the strengthening of national chapters. Existing cases in point are the Southern and Eastern African Library Association and the Federation of Women in Media in SADC (FEMSADC). There are many others and still scope for more.

Regional harmonisation of copyright legislation is in progress. Piracy has become a problem of considerable proportions, especially music cassettes. Even after completing the harmonisation exercise, an effective enforcement machinery would be lacking. The Nordic countries have expertise in this regard and a wealth of experience to draw from.

In the promotion of music a regional recording studio with state-of-the-art equipment would go a long way in enhancing the quality of music output. Similar

facilities could be established in other areas of cultural activity. Regional training institutions would be particularly useful. Apart from its cultural nature, a recording studio could be a joint business venture between Nordic and SADC investors.

A SADC cultural data bank was also contemplated as a networking device. It was envisaged as containing information on who's who in SADC cultural life; cultural infrastructure such as location of facilities; training programmes; as well as a calendar of major cultural events. This cultural data bank would be operated via Internet as PC technology is increasingly common in the region. However, inputting of information would be critical, not least maintaining it over time by continuous updating of information.

5.4 Political Perspectives

The political dimension is rather new in Nordic/SADC relations. Only recently did SADC adopt a new 'sector' under the rubric of *Political Cooperation, Democracy, Peace and Security*. No coordinating state has been designated as yet. Therefore, there is no basis for retrospection in this regard. The views espoused refer to the future only.

In security matters the UN Security Council is the reference point for all Southern African states. However, a shift of UN attention away from African affairs has been noted in recent years, even to the point of marginalising Africa - except in dramatic cases of crises and disasters. Hence, there is a need for sub-regional arrangements, beyond the purview of the OAU. Such arrangements should not, however, be seen to be absolving the UN of its responsibility.

Political dialogue could address sub-regional and continent-wide concerns, as well as global issues such as disarmament, UN reform and the environment. It might be possible to evolve a common stance on certain questions in a spirit of likemindedness, e.g. on reform of the UN system. The latter would be more difficult to achieve under the Berlin Declaration because it would impinge on the position of European permanent members of the UN Security Council.

Political dialogue between Nordic and SADC states should be conducted with some regularity to ensure continuity. SADC's Annual Consultative Conferences could be used as venues. But there is also need for flexibility and *ad hoc* action to allow for timely and pro-active responses to acute problems which may arise. A certain degree of informality is preferable in exchanges of views and experiences. In some cases confidentiality may be required by the situation at hand.

Others warn against institutionalising political dialogue further. It is claimed that the mechanisms for political dialogue already exist. They are there to be used

whenever needed. The embassies of SADC states in the Nordic countries and vice versa could be used more imaginatively, constructively and pro-actively in political dialogue.

A prevalent view is that political dialogue should be conducted at ministerial level, with the assistance of senior civil servants. Some would also welcome participation by representatives of civil society, depending on the subject matter under discussion. They see such participation as a useful mechanism for popularisation and democratisation of SADC beyond the restricted circles of politicians and civil servants. Others take a cautious line in this regard and point out that civil society is generally weak in Southern Africa.

The concept of 'limited sovereignty' in international relations is by now accepted, which would make extra-regional involvement in conflict mediation and settlement a welcome addition to regional efforts.

The concept of conflict resolution and political dialogue is new for SADC. In this respect there is a possible overlap with the thrust of the Berlin Declaration and the Nordic/SADC Initiative. Capacity-building and training could be elements of assistance from the Nordic states, e.g. in peace-keeping diplomacy and mediation. The most efficient and effective route would be taken by SADC when sourcing outside assistance.

Thus Nordic assistance would ideally be demand-driven in order not to preclude ownership of resolution by the parties concerned. SADC would soon have a mechanism for handling conflict resolution and related issues, and it does not make sense to duplicate this by having a separate mechanism with outsiders. Instead they could participate by offering their assistance through the SADC mechanism (i.e. the Sector Coordinator). On the other hand, in certain circumstances Nordic involvement in mediation could add impartiality; Southern African states would be likely to sympathise with either party, or be seen to be partial.

The Nordic countries would have a lot to offer in the areas of good governance, democratisation and human rights.

There is an African culture of reconciliation and forgiveness which has manifested itself after settlements of disputes. On the other hand, there is also a 'tradition' of armed struggle dating back to the recent past of liberation wars and further back in pre-colonial history. This apparent contradiction calls for reflection as to its implications for contemporary conflict resolution.

6. Future Constraints and Opportunities

This chapter addresses the future constraints and opportunities facing a new framework for Nordic/SADC cooperation. As a background reference is made to the previous chapters which have discussed past performance - achievements and setbacks - both in terms of substantive output and administrative mode of operation. These should be recalled when reading this chapter and the final one.

While acknowledging the fact that achievements after ten years have not matched expectations, care should be taken not to base decisions about the future on experiences of the past. This applies, *a fortiori*, when significant changes for the better have occurred since the mid-1980's, particularly in the Southern African region.

The purpose of this chapter is not only to enumerate constraints and opportunities but also to set the tone and lay the premises for the concluding chapter with specific recommendations.

6.1 Constraints

SADC has a formal institutional structure with a functioning secretariat, while the Nordic states do not have a comparable structure. On a number of occasions the view was expressed by SADC officials that "there was no counterpart on the Nordic side" to discuss proposals.

At the Nordic level much of the dialogue takes place on an 'informal' basis between development organisations and government departments. There is coordination of views, but there are signs that this may be fragmenting with some states having joined the EU, and Finland reducing its development assistance role within a Nordic framework. Even so, a measure of likemindedness is still present, which is important if future relationships with SADC are going to work at the practical level.

Even though SADC has a formal institutional structure the Sector Coordinating Units (SCU) have faced problems of capacity and funding. They have also faced difficulties in knowing who they should be dealing with when a Nordic/SADC activity needed coordination. Usually it ended up as a SADC to bilateral donor dialogue. SCUs are often heavily committed with their day to day work and face problems in coordination of the NSI. Capacity-building and financial resources were often stated as essential needs.

It should also be noted that there are no apparent institutions that represent the Nordic business community as opposed to the national level. This again can be problematic in coordinating a joint Nordic private sector approach. On the SADC side the recently formed Eastern and Southern African Business Organisation (ESABO) which includes most SADC members, and in which South Africa is actively involved, means that there is a serious move by the business community itself to have a regional structure. Indeed, in the transport and tourism sectors similar regional business structures are already in place.

Most programmes are covered by bilateral support, while there is a project by project approach to the NSI, and not a broader long-term programme which would enhance planning.

SADC countries have not seen concrete examples of additionality except in a few specific cases such as NORSAD. The working examples of a Nordic/SADC activity are NORSAD and the Nordic/SADC Journalism Centre. In both cases success is built around a formal institution that has a budget and technical resources.

There have been few concrete examples of cultural cooperation that could be labelled SADC/Nordic. A music festival was held in Sweden, and a series of SADC arts festivals have just begun. As with other areas, the key concern is more to establish a SADC identity within SADC itself before looking at extending into inter-regional relations. Strength in diversity nevertheless needs to be based on a homogeneous vision of the future and this is what SADC is still trying to build.

In the political sphere there appears to be considerable overlap with possible structures evolving with the European Union, under the terms of the Berlin Declaration. There are also other regional cooperation initiatives under discussion. One is with the ASEAN countries and the other is with Latin America. Some loss of focus is a risk with all these activities taking place.

6.2 Opportunities

SADC is still evolving and the move to binding protocols and treaties may help in defining the type of activities which a new framework of cooperation may support and facilitate. This is particularly relevant in the business sector where considerable progress has been made in preparing the SADC Trade Protocol, and secondly in the creation of the new sector of Finance and Investment.

Potential future Nordic/SADC cooperation under a new framework could, as indicated in the terms of reference, include the following broad areas:

I Business

- (a) An enhanced NORSAD which includes a promotional work plan for investment, technology transfer and management expertise input;
- (b) Assistance in creating a better investment environment in SADC through Nordic technical assistance;
- (c) Creation of an information interchange mechanism, particularly for business and culture;
- (d) Addressing the weak links between the private sector and government in the SADC region. In particular there is the need for analytical capacity-building within the private sector organisations.

II Culture

- (a) Continuation of support to the Journalism Centre;
- (b) Cultural interchanges under a formal work programme;
- (c) Support to activities aimed at creating a SADC regional identity, e.g. regional associations and training facilities for various cultural areas.

III Politics

- (a) Political dialogue focusing on regional issues such as conflict resolution;
- (b) Assistance for training in peace-keeping diplomacy and mediation;
- (b) Addressing global issues in a spirit of likemindedness with a view to arriving at a common stance in international fora.

6.2.1 *Business*

Particular attention needs to be given to the NORSAD Fund, as it is often cited as the key area of cooperation that has been implemented under the NSI. Much of the following is drawn from the evaluation of NORSAD that was completed earlier this year.

It is important to note the statements and agreements which emanated from the 1995 SADC Annual Consultative Conference, in terms of its impact on NORSAD. Resource mobilisation was seen as a critical constraint. There was a need to hasten regional integration and to stimulate the private sector amongst other measures. It was agreed that the establishment of a regional development bank was not presently advisable due to the competition for scarce resources. This conclusion supports the continued existence of a Development Finance Institution (DFI) such as NORSAD which is a) bringing new capital resources to private sector development and b) has a regional orientation.

The 1995 SADC Theme Document *SADC: Resources, Institutions and Capacity for Integration* also highlights these issues with statements such as:

Resources from outside the region will continue to be necessary to supplement the region's own resources. However, it must be emphasised that foreign resources to the region can only supplement and not replace our own efforts.

The above viewpoints implicitly support the continuation of a reformed NORSAD that can broaden the range of medium to long-term financial instruments available, that can provide credit guarantees to projects, and that can also move the aid paradigm along the route of mutually beneficial investment relations between the Nordic and SADC business communities. NORSAD's current liquidity position, its tight and cost effective administrative structure and its potential to tap into a broader resource base through the Nordic Development Fund (NDF) is important in restoring some faith in development finance.

Specifically reinforcing this view is the statement in the 1995 Theme Document that:

The region will continue to need the support of the international community for some time to come ... This will require a level of transparency and predictability that can only be bestowed by an agreement between SADC and its partners based on the principle of reciprocity. Predictability is important for any significant investment flows to take place. In this regard the Nordic/SADC Initiative should be reinvigorated...

The recent evaluation of the NORSAD Fund found that since the change in statutes and appointment of new Chief Executive Officer (CEO), it has been operating efficiently and is fulfilling a proven and fast expanding demand. The projects evidence positive developmental aspects. NORSAD is cooperating with other Nordic DFIs in keeping with the principle of complementarity. NORSAD is therefore an appropriate and relevant facility.

However, the evaluation also found that NORSAD management is presently working in an atmosphere of equivocation. This must be rectified.

The decision-making structure for the NORSAD Fund and Agency is overly cumbersome and costly given the size and nature of the Fund. This results in duplication and conflict between the various levels and requires considerable time and effort from all sides to administer. The structure does not give the CEO full responsibility and accountability for the operations and results of the Agency, as is done in the private sector.

The guiding philosophy behind NORSAD is one of enterprise development and joint venture linkages between the Nordic and SADC states. The 'Nordic link' was fundamental to the rationale for a fund such as NORSAD. Despite Finland and Sweden recently joining the European Union, in addition to Denmark having been

a member since 1972, the concept of such a link is still valid. With peace and stability returning to the SADC region, South Africa joining the grouping, and signs of Western Europe being more interested in Eastern Europe, there is a need for a financial mechanism to facilitate Nordic/SADC business ventures.

It has been recommended that NORSAD be linked with and managed by a Nordic DFI such as the NDF. The NORSAD financial services will be marketed together with the private sector services - or the business to business services - of a financial institution, including both equity and loans. It is proposed that the parent institution should maintain the SADC-based NORSAD office. This will ensure continuity and a focus on the region, as well as giving the NDF a window into the region for its other operations.

In order to maintain a close link at the policy level between the SADC and Nordic sponsors, a new Advisory Council should be established to replace the existing Boards of Directors and Governors. The new council should comprise four representatives from the Nordic states and four SADC representatives. The new council would elect a chairman who would have a casting vote. It would provide guidance and facilitation to the NORSAD operations.

The SADC markets are generally not known to businesses in the Nordic countries and without promotion it is not expected that many new initiatives will emerge.

At present, no alternative seems to exist for NORSAD promotion. It is either NORSAD promotion or no promotion of the Nordic/SADC business opportunities. The national development finance institutions plan to use their funds for promotion differently - promoting business opportunities in other places of the world. This state of affairs is likely to change somewhat as South Africa is entering the market for international investments.

Under the NSI, joint ventures and other investment were to be promoted not only by the NORSAD Fund, but also by strengthening and rationalising development financing mechanisms in the SADC region, by increasing awareness in the SADC region of facilities available from Nordic DFIs and other concessionary mechanisms offered by Nordic countries, and by increasing awareness of banks and corporations of investment opportunities. The NSI does not specify, however, who is responsible for implementing these various initiatives, nor how they are to be funded. Progress has been limited, therefore, with the exception of NORSAD.

The future opportunities for NORSAD can be summarised by the following:

Clients' Needs

The clients would like to see a different NORSAD - a NORSAD that would be able to:

- (a) assist with a total financial package, including equity and loans, and take securities/mortgages directly;
- (b) give practical assistance including financial engineering;
- (c) provide an umbrella for foreign exchange over a longer period.

The investors need a reliable partner that has full backing by its promoters, including availability of funds.

Promoters' Needs

The Nordic promoters are ideally looking for a successful, efficient organisation with a portfolio of good projects with 'developmental' aspects.

Therefore the current option under consideration is summarised as follows:

- (a) NORSAD will be placed with and managed by the NDF. The NORSAD financial services will be marketed together with the private sector services - or the business-to-business services - of NDF, including both equity and loans. If and when the NORSAD services are no longer in demand by investors the facilities can be phased out;
- (b) Effectively NORSAD is linked with NDF as a special SADC window;
- (c) Promotion should be integrated with the promotional efforts performed by NDF;
- (d) NDF could efficiently market NORSAD's services along with its own facilities aimed at the Nordic and SADC business communities. The NORSAD facilities could be integrated in the financial package offered;
- (e) Working in close co-operation with NDF would allow NORSAD to draw formally on its capabilities and existing NDF networks;
- (f) An office in the SADC region could be developed as a focal point for all - national and regional - Nordic/SADC business to business activities.

If and when NORSAD's mandate is extended, one must be aware of possible budget implications. At present NORSAD operates as a revolving fund. If new tasks are added beyond extending repayable loans, new expendable resources may have to be made available for such purposes.

In order to disseminate better and more updated information about business opportunities a computerised information interchange could be set up, exploiting the Internet and corresponding commercial networks in a business world which is increasingly sophisticated in terms of electronic communication. This interchange - in effect a data bank for business purposes - would contain information relating to changes in the business environment such as legislation and regulation; major events such as trade fairs and conferences; foreign exchange data; stock exchange information; addresses, phones and faxes of key actors and companies. Electronic

bulletin boards could be organised for branches of industry or categories of companies.

Initially, a study could be done to appraise the economic, technical and practical feasibility of such a project, and to investigate whether similar interchanges exist elsewhere or are being set up. It is recognised that such a project is ambitious and would require considerable input in the initial stages. And the continuous inputting of up-dated information would be critical for its viability and usefulness. But the long-term dividends could be worth it.

An interchange of this nature would surely not obviate the need for direct contact between companies and partners. Its primary function would be that of a catalyst stimulating interest to be followed up by the parties concerned.

Another far less ambitious venture of promotion would be to exploit the experiences of Nordic companies already operating in the region on their own or in partnership with entrepreneurs from the region. They would be ideally placed to impart knowledge to others who might be considering moving into the region. What hurdles have they had to overcome? What are the constraints and problems today? What are the marketing opportunities? These and a host of other questions could be answered - at least partially for potential traders and investors, without divulging business secrets.

Small technical groups could be established to address problems of mutual interest. One area which presents itself is how to establish a workable relationship between states and their respective business communities based on respect rather than antagonism. Such groups must comprise representatives of the private and public sectors alike.

While tourism is not currently envisaged as a priority area for a new framework of cooperation, it is nevertheless useful as an illustrative example of how the SADC SCU and a quasi-private sector body have joined forces to further develop this important sector. In the context of future Nordic/SADC cooperation these developments would appear to augur well for developing linkages to the tourism sector in Nordic countries.

SADC tourism ministers decided to combine private and public sector efforts to promote the region as a world class tourist attraction. The tourism SCU will join hands with the privately run Southern African Regional Tourism Council (SARTOC), whose members include South Africa, Lesotho, Malawi and Swaziland to set up the Regional Tourism Organisation for Southern Africa (RETOSA).

Private sector operators will play a prominent role in the management of RETOSA, while Lesotho will remain the coordinating country for tourism. The

new institution will assist member states to formulate tourism policies and strategies that will induce growth in this promising area.

A board of 22 directors, made up of an even number of business and government representatives, will run RETOSA along commercial lines. It is hoped that bureaucratic red tape will be limited and that the institution will be given enough flexibility to keep up with business demands.

Funding for the running of RETOSA will be sought from governments and the private sector. Donor agencies will mainly be asked to support specific projects. All RETOSA members will be required to pay the same contribution during the first years but later on the private sector may be asked to contribute in accordance with their levels of earnings. This move towards self-sustainability is an important theme to be developed in the context of any future SADC/Nordic framework. In this regard linkages to promotion agencies and tour operators in the Nordic countries could prove an impetus.

It has been proposed that RETOSA be located in a freely accessible business centre with good communications and that it should commence operations around April 1996.

Tourism also has a significant spin-off potential in terms of cultural exchange between the two regions.

6.2.2 Cultural Collaboration

In August 1995 the SADC Council of Ministers adopted a Declaration on Information and Communication which could form the basis for Nordic cooperation in these particular aspects of cultural cooperation. For the purposes of this report the key sections of the Declaration are as follows:

All member states, in their effort towards Community-building, shall encourage the production and distribution of radio and television programmes and press features about the Community and disseminate productions of the other member states in their respective countries.

All member states shall through their respective media contribute to the organisation and promotion of cultural and sports events to allow greater interaction, exchange and understanding between the peoples of the Community.

Specific attention needs to be paid to the Nordic/SADC Journalism Centre which promotes exchanges between media practitioners in the SADC region and the Nordic countries. The Centre serves as a coordinating factor for Nordic assistance in the media field in Southern Africa and as a contact point for media relations between the two regions.

The Centre has strong links with the Nordic countries. From the very outset, the Danish School of Journalism was asked by Danida, the sole funding agency, to serve as implementing agency and thus the main institutional back-up for the Centre. Through this channel the NSJ Centre is well connected to a network of journalism training institutions in Europe.

The NSJ Centre has a budget of some US \$2 million to cover the first three years of operation. These funds are all provided by Danida on behalf of the Nordic countries. On top of this, Danida covers the costs of the two Nordic advisors attached to the Centre. The Commission for Coordination of Information and Culture Programmes for SADC (CCPIC) under the auspices of the Mozambican Ministry of Information provides office space for the Centre in Maputo. The bulk of the current three-year budget is being spent on courses for an annual intake of some 100 journalists from the SADC countries. Through six courses per year the Centre will run an annual total of 28 course-weeks. With 16-18 students on each course, the centre will conduct approximately 480 student-weeks annually.

The cost of establishing and running the NSJ department of external projects for a year is covered by a special grant of US\$ 145,000 from Danida. After this initial year, the Department is expected to generate its own income. After a six year period from the start in 1993 it is envisaged that SADC will gradually take over the financing of the NSJ Centre. In the media sector the Media Institute of Southern Africa, headquartered in Namibia is also a possible beneficiary.

Serious work is currently in progress on regional harmonisation of copyright legislation, though much work remains to be done. The Nordic countries could assist in this drive, particularly when it comes to enforcement machineries to curb piracy activity. Nordic experience in this field is considerable.

In efforts towards community-building the promotion of regional associations is critical. This would involve support for independent Southern African culture institutions, materially and organisationally, vis-à-vis the transnational cultural industry. Examples might be support for creating a SADC regional chapter of the African Publishers Network; supporting co-production of feature films; promoting regional collaboration between radio and TV networks; setting up a SADC university press; assisting regional associations in other cultural fields such as performing arts, visual arts, writers, museums and libraries. There is a plethora of organisations in the Nordic countries capable and probably willing to enter into collaborative relationships with counterparts in Southern Africa.

Since past cultural projects under the NSI have been prone to become bilateral undertakings, in the future all projects should have a clear regional dimension in order to be eligible for support under a new Nordic/SADC framework.

6.2.3 *Political Dialogue*

It is to be expected that there is a certain unease within the SADC region about engaging more deeply in political dialogue with Nordic counterparts regarding democratisation, human rights, peace and security. Not only is it a new element in Nordic/SADC relations but there are also sensitivities involved which touch on national sovereignty.

A certain reticence has been detected about extra-regional involvement, particularly as far as conflict resolution is concerned. A prevalent view appears to be that SADC member states ought to be able to handle such problems on their own. This view not only stems from a sense of pride but also from an understanding that 'ownership' of resolutions of disputes is critical to their workability. Those closest to the problems are more likely to appreciate the sensitivities and hurdles to be overcome in implementing negotiated settlements.

On the other hand, there is a sense of ambivalence. A notion exists that Southern African states are likely to be so close to the problems at hand that their analytical objectivity may suffer. As a corollary, the parties in direct dispute may not consider a Southern African mediator impartial. As a result, extra-regional actors could add impartiality. In this respect the Nordic states could arguably have a comparative advantage. First, they have no colonial past in the region. Second, they have, on the contrary, been staunch supporters of the anti-colonial struggles of the Southern African peoples, carried over into post-independence aid programmes. Third, they are not suspected of pursuing great power hidden agendas. Granted this comparative advantage, it should be noted, nevertheless, that any involvement by Nordics in conflict mediation should be demand-driven. Nordic assistance in this regard should be seen as a stand-by facility to be called upon if and when needed.

Besides responses to conflicts through mediation there would be wide scope for discussion of democratisation and human rights as part of a political dialogue. As long established democracies and pioneers in human rights promotion the Nordic countries would be an interesting discussion partner.

Apart from regional questions of peace and security, the prevailing attitude towards political dialogue on global issues is far more forthcoming. Suggested themes include disarmament, UN reform, the environment, peace-keeping, lessons from regional integration in other parts of the world, and global trade regimes including regionalisation of trade in blocs. Beyond dialogue, attempts to evolve, in a spirit of likemindedness, a common stance on global issues in international fora are welcomed. A case in point is UN reform in which the Nordic countries have been active for some time. A Nordic/SADC voting bloc on such issues in the UN General Assembly, perhaps with the addition of other likeminded states like

the Netherlands and Canada, would be noticed. By contrast, the chances of such likemindedness evolving under the Berlin Declaration are minuscule.

The question of level and range of representation in a dialogue should be treated as a matter of expediency. In most cases ministerial level would be appropriate, with civil service support. In other cases, representatives of civil society could take part. They are not mutually exclusive, but should be considered on a case by case basis. Certain sensitive issues would not be amenable to civil society participation. But on democratisation and human rights civil society could have a major role to play. A spin-off of civil society involvement might be popularisation of SADC throughout the region.

There should be a certain regularity to Nordic/SADC political dialogue. It is suggested that the Annual Consultative Conferences are suitable for a start. But other venues and periodicities may be considered as well.

It should be pointed out that political dialogue as a new area of cooperation is different in nature from those of business and culture. Political dialogue does not fit into the fixed-term project format with specified outputs. Rather, a political dialogue is a continuous process through which positions and views mature and evolve. As such, political dialogue is a long-term undertaking and somewhat amorphous compared to undertakings in business and cultural collaboration. As long as this fact is acknowledged and fully appreciated at the outset it should not be allowed to cause frustrations over lacking tangible results. On the other hand, political dialogue does not preclude tangible success, e.g. in terms of breakthroughs in international negotiations or more modestly in conflict resolution. Similarly, prevention of problems is equally important, even if not creating CNN headlines.

In order to make political dialogue somewhat more tangible, it should be linked to training and capacity-building. Courses could be developed in the field of peace-keeping diplomacy, mediation techniques, human rights instruments and reporting etc.

7. Options for a Future Framework

This concluding chapter will present a number of options for a new framework of cooperation between the Nordic and SADC regions. Issues addressed include the scope and range of cooperation as well as the administrative mechanisms of consultation.

7.1 Points of Departure

The point of departure as far as both parties are concerned is that Nordic/SADC cooperation should be continued in one form or another. That is as far as the consensus extends. There is some disagreement as to the precise form of a new framework - both in substance and administratively.

The Nordics are adamant that the NSI has outlived its usefulness in its present form. Past performance attests to that. On that understanding the Nordic preference seems to be a quiet winding down of the NSI.

The SADC side, on the other hand, while acknowledging that meagre results have been achieved, place greater emphasis on a changing environment which gives grounds for optimism and a better basis for future cooperation than was the case in the past decade. SADC would, therefore, like to see the continuation of a reinvigorated yet amended NSI.

There is a general consensus on the SADC side that there is a need for some form of ongoing relationship with the Nordic states that is over and above the bilateral relationships with individual countries. This is based not only on the historical context of the past relationship but also on a perception that there is a special relationship between the two regions which can help SADC build itself into a truly integrated region. The key to success is to define a niche for this relationship which complements other initiatives.

Below two sets of options are presented - one dealing with the substantive content of a new framework in terms of areas of cooperation, and the other addressing administrative arrangements for consultation and implementation of whatever is agreed upon in substance. The two sets of options are, of course, inter-related, but are kept separate for the sake of clarity of presentation.

7.2 Options: Substance

With regard to the substance to be covered by a future framework of cooperation four options present themselves:

- (1) Discontinuation of the Nordic/SADC Initiative altogether, while preserving the NORSAD Fund under a separate agreement;
- (2) Discontinuation of the Nordic/SADC Initiative altogether in its present form and replacing it with political dialogue only, while preserving the NORSAD Fund under a separate agreement;
- (3) Scaling down the current NSI framework to manageable levels, i.e. sharpening the focus by reducing the number of areas of cooperation to three: (a) business cooperation in trade and investment; (b) cultural collaboration; and (c) political dialogue;
- (4) Continuation of the present framework with minor adjustments.

The preferred option by the consultants is the third one, mainly because it represents a reasonable compromise that would serve to preserve the goodwill between the two regions. This option would accommodate the Nordics' concern about the unmanageable volume of relations to date, while at the same time satisfy SADC's wish to continue a relationship which has not been put on the backburner.

The preference for option (3) must be seen in conjunction with the preferred option on the administrative side.

7.3 Options: Mechanisms

It is essential that there is a streamlined mechanism by which activities under a new framework of cooperation can be initiated and implemented. Whether it is a forum for dialogue or an actual project, it is essential that the coordination task is specific and functional on both sides.

It is essential that the context of the new cooperation vis-a-vis the changes in SADC and its relationships with the EU and the Nordic countries be fully understood, to avoid overlap and duplication of effort. To that end the two parties should deliberate at an early stage on a possible division of labour between the two region-to-region arrangements.

It is important that internal financial commitments be made on the Nordic side in order to fulfil any obligations that would be implied by a new framework of cooperation.

It is important that the SADC countries fully appreciate the changing nature of policies of development aid, and in the Nordic context the falling away of Finnish involvement in such a joint approach. In fact, to arrive at a better mutual

understanding in this regard, the changing development aid policy environment could be an early item on the agenda of the envisaged political dialogue.

A key element of a new mechanism for cooperation should be sustainability. This can be achieved if the Nordic partners do not perceive an excessive administrative burden compared to the output. The SADC side need a clear focus on what is to be achieved, and the resources they can expect to be brought to bear to achieve success.

The SADC partners must allocate administrative resources to ensure that activities under a new agreement are clearly defined and implemented with measurable results. The SADC Secretariat should be fully involved in this process, as well as the SCUs concerned.

Attendant to the substantive options above three options are presented with respect to mechanisms of consultation and implementation of the new framework.

- (1) *Ad hoc* handling of the new framework by the respective ministries of foreign affairs with a bare minimum of administration;
- (2) A trimmed down administrative arrangement with clearly defined responsibilities on either side. This would entail the establishment of a small joint Nordic/SADC management committee charged with preparing agendas and documentation for decision-making by the Nordic/SADC ministers' meetings in conjunction with the Annual Consultative Conferences. Such a joint committee should consist of 2-3 members from each party plus one observer from the SADC Secretariat. On the SADC side the members of the joint committee could be drawn from the countries holding responsibility for the areas of cooperation selected under the new framework. Also on the SADC side, the Secretariat should serve as the overall coordinating point; a particular staff member should be designated as desk officer for the Nordic/SADC framework. At the Nordic end a system of rotating coordinatorship should continue and the 2-3 Nordic members of the joint management committee should be drawn from different countries. This option would altogether do away with the wasteful and cumbersome joint meetings of senior officials. The NORSAD Fund should be allowed to continue operations under a new mandate with more autonomy along the lines suggested in section 6.2.1 above. (Alternatively to Secretariat representation on the joint management committee from the SADC side, the new framework could be treated as a 'sector' within the SADC structure, whose responsibility could be allocated to a member state);
- (3) Continuation of the present administrative arrangement with minor adjustments.

The preferred option by the consultants is the second one because it is deemed workable in relation to the portfolio of tasks to be performed. Efficacy is its preoccupation. Its guiding principle is placing responsibility squarely with already existing institutions. Spontaneity as an organisational principle is no good. Things don't get done unless someone is tasked to do them. If something is thought to be everybody's business in an administrative structure, it tends to become nobody's business. Option (2) accepts the view that the joint meeting of senior officials is unsuitable as a decision-making organ or clearing house, and that, as a corollary, it can be dispensed with. The suggested joint management committee would satisfy demands for minimal administration and enhanced efficiency.

7.4 Commitment

Given the disappointing performance of the NSI in the past decade, it is essential that no new framework of cooperation be adopted without explicit statements of commitment by both parties to make it work. It would be destructive for future relations between the two regions if, some years hence, the results would still be meagre because of lack of commitment to the objectives of the new framework. A second blow of disappointment would be most unfortunate and perhaps cause irreparable damage.

The Nordic side would be expected to take seriously their current policy discussions about 'new models of development cooperation' and 'development contracts' and be prepared to persevere in long-term endeavours, even in the face of disappointments and setbacks. After all a decade is not a long time in the development perspective of a developing region. To give up at this stage would be too easy. Nordic credibility is at stake.

The SADC side for its part must be prepared to make renewed efforts in the implementation of the new framework agreed upon, whatever its content. The centrifugal forces of 12 member states does indeed constitute a challenge of coordination. But that is what the regional integration project is all about.

Appendix 1

Terms of Reference

1. Tasks

The consultants will undertake the following tasks:

- (a) sum up:
 - original objectives of the Nordic/SADC Initiative
 - past achievements and lessons learned, including constraints
 - recent political and economic developments in the SADC region
 - relevant changes in the development co-operation patterns of the Nordic countries
 - the total Nordic/SADC co-operation
- (a) identify - based on an analysis of the above - the various options and instruments for the scope and content of future Nordic/SADC co-operation within:
 - overall political dialogue (including peace and conflict resolution)
 - support to the private sector (including the NORFAD Fund as well as relevant aspects of science and technology)
 - culture co-operation
- (c) recommend a limited number of models for the future framework

2. Methodology

The Senior Officials inter-governmental working group has suggested that the consultants carry out their tasks as follows:

- sum up existing documentation etc.
- elaborate a standard questionnaire to be sent to all member states
- undertake visits to selected countries
- carry out their tasks according to a contract based on this document and approved by the chairman of the working group
- present a report to the working group according to the timetable. The report should contain their findings as well as a limited number of options for consideration by the working group

3. *Work Plan*

End September 1995

Preliminary draft report to be presented to Working Group

End September 1995

Working Group meeting (in the SADC region)

15 October 1995

Final draft presented to the Working Group

1-3 November 1995

Senior Official's meeting in Oslo.
Presentation of Working Group's final report.

Appendix 2

Questionnaire on the Future of the Nordic/SADC Initiative

Preamble

On 29 January 1986 the member states of the then Southern African Development Coordination Conference (SADCC) and the five Nordic countries signed a Joint Declaration on expanded economic and cultural cooperation, referred to as the Nordic/SADCC Initiative (NSI). A concomitant Framework for a Programme of Cooperation 1986-90 was agreed to with a view to deepening and broadening the relations between the two regions. Towards the completion of the first phase of cooperation a Nordic review was undertaken in 1990 to assess experiences gained in the initial phase. An agreement for a second phase was signed by the parties in January 1991 to cover the period through 1995. In late 1994 another review was undertaken with a view to considering the future of this collaborative venture after ten years of operation by the end of 1995. At the Annual Consultative Conference in Lilongwe the Nordic and SADC ministers on 1 February 1995 agreed to establish a joint working group of senior officials to review and elaborate the future framework for cooperation between the two regions.

This questionnaire forms one element in an effort by consultants commissioned by the above-mentioned working group to solicit views from SADC member states with regard to the future direction of the Initiative - its scope and substance as well as its administrative mechanisms. The intention is to coalesce divergent positions into a common stand with respect to future activities under the NSI umbrella.

Against the backdrop of mixed experiences since 1986 the working group is determined to scale the Initiative down to manageable size. Hence it will be necessary to make a strict order of priorities. It should also be borne in mind that the region has in the past 3-5 years undergone substantial changes which raise new and reinforce old concerns of economic and political liberalisation as well as security matters.

The priorities arrived at should fall within the three following areas of cooperation:

- overall political dialogue (including peace and conflict resolution);
- support to the private sector (including the NORSAD Fund as well as relevant aspects of science and technology);
- cultural cooperation.

In offering responses to the questions below SADC member states should look to the future rather than dwell on the past. Since the NSI is a region-to-region cooperative venture it must also be stressed that activities proposed should have a regional character.

All questions are open-ended for purposes of flexibility in order to allow respondents to formulate responses suited to their specific circumstances. In the same vein questions have been formulated rather broadly. However, the answers should preferably be as specific and operational as possible to give guidance for future action. Respondents are also encouraged to give forthright replies, all of which will be treated confidentially. Responses should be recorded on separate sheets of paper as the need for variable space is likely to arise.

- Question 1: **What is your understanding of the role of the Nordic/SADC Initiative in terms of development cooperation?**
- Question 2: **In your assessment what have been the achievements and disappointments to date of the Nordic/SADC Initiative?**
- Question 3: **In what way have activities under the Nordic/SADC Initiative benefited your country?**
- Question 4: **To what extent have activities carried out under the Nordic/SADC Initiative been of a genuine regional nature (i.e. involving at least two countries or more) as distinct from bilateral?**
- Question 5: **What do you believe have been the established priorities of the Nordic/SADC Initiative?**
- Question 6: **Have the activities you are aware of under the Nordic/SADC Initiative been undertaken according to the established priorities (cf. preceding question) or have they been undertaken in a haphazard manner? Please give examples, if possible.**
- Question 7: **If activities have not, in your view, been undertaken according to established priorities, why do you think that has been so?**

- Question 8: **Have the administrative arrangements (especially the Joint Meeting of Senior Officials) of the Nordic/SADC Initiative been satisfactory?**
- Question 9: **Have consultations and communication prior to the Joint Meetings of Senior Officials been adequate within the region?**
- Question 10: **Do you have any specific suggestions as to how the administrative mechanisms may be improved to enhance efficiency and ease of communication?**
- Question 11: **In view of recent changes in Southern Africa how can the Nordic/SADC Initiative be used constructively to address new issues of peace and security?**
- Question 12: **How can the Nordic/SADC Initiative help facilitate the development of the private sector in Southern Africa?**
- Question 13: **How can the Nordic/SADC Initiative be used as a vehicle for cultural cooperation between the two regions?**
- Question 14: **Are there any other important priority areas, in your view, which should be considered? If so, please state which ones as specifically as possible?**

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial statements. This includes not only sales and purchases but also expenses, income, and transfers between accounts.

Secondly, the document highlights the need for regular reconciliation. By comparing the company's internal records with bank statements and other external sources, discrepancies can be identified and corrected promptly. This process helps to prevent errors from accumulating and ensures that the books are balanced at all times.

Thirdly, the document stresses the importance of proper classification of transactions. Each entry should be recorded in the correct account to ensure that the financial statements provide a true and fair view of the company's financial position. This requires a thorough understanding of the accounting principles and the nature of the transactions.

Finally, the document concludes by stating that maintaining accurate records is not just a legal requirement, but also a key to the success of any business. It provides the information needed for management to make informed decisions, for investors to assess the company's performance, and for tax authorities to verify the company's tax obligations.

