
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

