



# Annual Report

2015 - 2016

## **Acknowledgements**

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## Acronyms

AfDB	African Development Bank
ART	Antiretrovirals
AU	African Union
AU-IBAR	African Union Inter-African Bureau for Animal Resources
CBT	Community Based Tourism
CFTA	Continental Free Trade Area
COMESA	Common Market for Eastern and Southern Africa
COP	Conference of Parties
CRASA	Communications Regulatory Association of Southern Africa
CRIDF	Climate Resilient Infrastructure Development Facility
CSTL	Care and Support for Teaching and Learning
DBSA	Development Bank of Southern Africa
DFID	UK Department for International Development
DRC	Democratic Republic of Congo
DSM	Demand Side Management
DTT	Digital Terrestrial Technology
EAC	East African Community
EDF	European Development Fund
EPA	Economic Partnership Agreement
EU	European Union
FANR	Food, Agriculture and Natural Resources
FARA	Forum for Agriculture Research in Africa
FAO	Food and Agriculture Organisation
FOCAC	Forum on China–Africa Cooperation
FTA	Free Trade Area
FTX	Field Training Exercise
GCI	Global Competitiveness Index
GDP	Gross Domestic Product
GIZ	German Development Cooperation
HPC	High Performance Computing
HSRS	Harmonized Seed Regulatory System
HTC	HIV Testing and Counselling

ICDP	Institutional Capacity Building Programme
ICP	International Cooperating Partner
ICT	Information and Communication Technology
IDA	World Bank International Development Association
IGAD	Inter-Governmental Authority on Development
IMF	International Monetary Fund
IOC	Indian Ocean Commission
I&S	Infrastructure and Services
ISACIP	Institutional Support to African Climate Institutions
JICA	Japanese International Cooperation Agency
JLMP	Joint Labour Migration Programme
KfW	Development Bank of Germany
LED	light emitting diodes
MDGs	Millennium Development Goals
MESA	Monitoring of Environment for Security in Africa
MOU	Memorandum of Understanding
MRG	Mediation Reference Group
MS	Member States
MW	Mega Watt
NEPAD	New Partnership for Africa's Development
NIXPs	National Internet Exchange Points
OIE	Organisation for Animal Health
OSBP	One Stop Border Post
OPEC	Organisation of the Petroleum Exporting Countries
PAU	Southern African Power Pool - Project Acceleration Unit
PMTCT	Prevention of Mother-To-Child Transmission
PPDF	Project Preparation and Development Facility
PPRM	Policy, Planning and Resource Mobilisation
PSC	Peace and Security Cooperation
RAIP	Regional Agricultural Investment Plan
RDC	Rapid Deployment Capability
RDF	Regional Development Fund
RECs	Regional Economic Communities

REIS	Regional Economic Integration Support
RETOSA	Regional Tourism Organisation of Southern Africa
RIDMP	Regional Infrastructure Development Master Plan
RIP	Regional Indicative Programme
RISDP	Regional Indicative Strategic Development Plan
RLAH	Roam Like At Home
RPC	Regional Political Cooperation
RPTC	Regional Peacekeeping Training Centre
RPL	Recognition of Prior Learning
RSA	Republic of South Africa
RSAP	Regional Strategic Action Plan
RSDS	Regional Strategy for Development of Statistics
SACREEE	SADC Centre for Renewable Energy and Energy efficiency
SABF	Southern African Business Forum
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAPP	Southern African Power Pool
SARCOF	Southern Africa Regional Climate Forum
SASO	SADC Aviation Safety Organisation
SDGs	Sustainable Development Goals
SE4ALL	Sustainable Energy for All
SEAC	SADC Electoral Advisory Council
SEOM	SADC Election Observation Mission
SHAR	SADC Home and Away Roaming
SHD&SP	Social and Human Development and Special Programmes
SIPO	Strategic Indicative Plan for the Organ
SIRESS	SADC Integrated Regional Electronic Settlement System
SMMEs	Small and medium-sized enterprises
SNC	SADC National Committee
SPGRC	SADC Plant and Genetic Centre
SSA	Sub-Saharan Africa
SSATP	Sub-Sahara African Transport Programme
STEM	Science, Technology Engineering, and Mathematics

STI	Science, Technology and Innovation
TADs	Transboundary Animal Diseases
TCF	Technical Cooperation Facility
TFCA	Trans-Frontier Conservation Area
TFTA	Tripartite Free Trade Area
TICAD	Tokyo International Conference on African Development
TIFI	Trade, Industry, Finance and Investment
TRF	Trade Related Facility
TSC	Technical Support Committee
UN	United Nations
USA	United States of America
USAID	United States Agency for International Development
WB	World Bank
WEO	World Economic Outlook
WHO	World Health Organization
WISET	Women in Science, Engineering and Technology
WWF	World Wildlife Fund

## EXECUTIVE SUMMARY

1. This Report summarises key developments in the area of regional cooperation and integration in the SADC region for the period 2015/16.
2. The **political situation in SADC**, in general, remained relatively stable for the period under review, despite some political and security challenges in the Kingdom of Lesotho and the Democratic Republic of Congo (DRC). As a result of steps taken by SADC, the Kingdom of Lesotho will, in August 2016, report on progress on the implementation of recommendations made by a SADC Commission of Inquiry and Summit. Efforts continued in the engagement of all partners concerned to resolve the conflict in the DRC, while in Madagascar, the SADC Special Envoy continues to assist in the reconciliation process and implementation of the SADC Roadmap.
3. As a consequence of the weakening of global economic recovery, **economic performance for 2015 for the SADC region** presents a depressed scenario. The external position of most Member States is deteriorating and factors beyond the control of Member States continue to affect the performance of the region. Economic growth in the region is expected to increase by an average of 3.5 per cent in 2016, same level as 2015, while savings at regional level are projected at 13.3 per cent of GDP in 2015, a decline from 14.7 per cent of GDP in 2015.
4. In terms of **implementation of regional programmes**, based on its mandate, which is mainly strategic planning; coordination and harmonisation of policies and strategies; monitoring and evaluation; resource mobilisation; and research, the Secretariat had planned for 293 outputs in its Operational Plan for 2015/16 to contribute towards the objectives of the RISDP and SIPO. Of these outputs, 208 (71 per cent) were fully achieved and 85 (29 per cent) were partially or not achieved. The outputs which were not completed have been re-programmed in the Operational Plan for 2016/17, where resources are available.
5. An overview of key outputs achieved or on-going are summarised below according the priority areas of the Revised RISDP.

### **Industrial Development and Market Integration**

6. Implementation of major milestones for the Industrialisation Strategy and Roadmap is on-going, and the costed Action Plan for the Strategy has been developed and remains to be approved.
7. To create a firm foundation for market integration in the region, SADC is focussing on enhancing the trading environment through continuous effort to remove barriers to trade and on financial markets in order to facilitate free movement of goods, services and capital. Most of the SADC Member States have liberalised their current accounts, while work is being done to liberalise capital accounts.
8. Work on the operationalisation of the SADC Regional Development Fund is also on-going while the Project Preparation Development Facility is now fully operational with three approved projects.

9. The macroeconomic convergence surveillance/peer review mechanism is operational with two pilot Member States (Lesotho and Malawi) having been reviewed in 2014, and review reports presented to the Peer Review Panel in August 2015 in Bulawayo, Zimbabwe.

#### **Infrastructure Support for Regional Integration**

10. Partnerships forged with other project preparation facilities have resulted in some projects of the Regional Infrastructure Development Master Plan receiving grants for project preparation or expertise to support project preparation activities.
11. Four (4) Member States (Malawi, Mauritius, Namibia and United Republic of Tanzania) have already achieved Analogue Switch-Over in 2015 for migration to Digital Terrestrial Television Broadcasting, Zambia and some other Member States have switched on the digital platform, and Lesotho, Seychelles, Zambia and Zimbabwe will complete the migration process by December 2016. Efforts to improve cyber security in the region gained momentum during the year and all Member States now have either transposed the three (3) SADC Harmonised Cyber Security Model Laws or have a cyber-security legal framework in place.
12. Overall access to electricity in the region increased from 30% in 2013 to 36% by the end of September 2015, and is projected to increase to about 43% by the end of 2016. The approval of the establishment of SADC Centre for Renewable Energy and Energy Efficiency and the selection of Namibia as the Host Country will support scaling up small scale renewable energy initiatives to fulfill the objectives of the SE4All Initiative.
13. Development of the Western and Eastern Clusters Corridors: the construction of a container terminal on artificial reclaimed land at Walvis Bay to expand capacity is at an advanced stage; construction of the Moatize-Nacala rail link was completed and train operations commenced in 2015. Feasibility studies, designs and legal frameworks for One-Stop Border Posts along the Nacala Corridor were completed in December 2015. A feasibility study for the Navigability of the Shire Zambezi Waterways has also been completed.
14. As a result of the region's commitment to cooperate in the water sector, the region has recently earned SADC the highest rating in the world with a score of 100 out of 100. This global comparison of indicators on water cooperation, termed the Water Cooperation Quotient Index 2015, was prepared and released by the international think-tank, Strategic Foresight Group.
15. Notable achievements made in the implementation of the Tourism Growth and Development Strategy included development of a Regional Sustainable Tourism Development Strategy Framework and Action Plan and implementation of high visibility branding activities through fairs and events, regional website enhancement, RETOSA's electronic newsletter, the RETOSA microsite on WAYN.com branded "Experience Southern Africa" (active since January 2016) and social media platforms.
16. Through the SADC Climate Services Centre, the delivery accurate, reliable early warning climate information, products and services for socio-economic development continued, and in the process the capacity of Member States to generate and apply reliable information at national level was also enhanced.

### **Peace and Security Cooperation**

17. The SADC Mediation, Conflict Prevention and Preventive Diplomacy Structure became operational with the inauguration of the Mediation Reference Group (MRG). The MRG approved and adopted its Strategic Plan (2015-2017) and a Work Plan (2015-2017).
18. The SADC Electoral Advisory Council held an awareness raising seminar for electoral stakeholders in the region in order to sensitise them on the revised SADC Principles and Guidelines Governing Democratic Elections.
19. AMANI AFRICA II Field Training Exercise (AA II FTX), which aimed at validating the capacity of the African Union to mandate, deploy and employ a Rapid Deployment Capability of the African Standby Force as a start-up operation and to run a full multidimensional Peace Support Operation, was successfully hosted by SADC.
20. The Counter Terrorism Strategy is in place and will enhance the capacity of Member States to fight the terrorism threat collectively and the implementation of the Regional Intelligence Training Plan will continue to facilitate the harmonization of skills in the region.
21. The evaluation of SIPO II was initiated, and its outcome is expected to guide the design of a future Southern African Peace and Security Architecture.

### **Special Programmes of Regional Dimension, including Cross-Cutting Issues**

22. In the area of **Agriculture, Food Security and Natural Resources**, the Regional Agricultural Investment Plan has been prepared, and its implementation will contribute towards the attainment of the key outcomes on Industrial Development and Market Integration.
23. To respond to the drought experienced in parts of the region, which negatively affected agricultural production and water resources, a Declaration of Regional Drought Disaster was made and a regional humanitarian appeal was launched by the Chair of SADC in July 2016. A response coordination team has been established at the SADC Secretariat, in collaboration with ICPs, to coordinate the region's response to the drought.
24. A Framework for Environmental Management for Sustainable Aquaculture Development has been developed. There has been a steady increase in overall fisheries production in the region as a result of increases in aquaculture production in some of the Member States. This sub-sector has generated an annual average growth rate of about 13%.
25. The implementation of the Programme on Climate Change Adaptation and Mitigation in the COMESA, EAC and SADC region continued, and disaster impact assessments in flood affected sites in Malawi and Namibia to identify lost crops and proposed intervention programmes on seed restoration activities were carried out. Some crops and tree seedlings were distributed to farmers' groups in Namibia, Malawi, Tanzania and Lesotho for multiplication and distribution for the enhancement of crop diversity under the seeds in multiplier arrangement. The Climate Smart Agriculture for sustainable use of plant and genetic resources to mitigate negative effects of unreliable rain patterns was also promoted.
26. In terms of **Social and Human Development**, a Regional Guideline for Recognition of Prior Learning was developed through a consultative process and benchmarking of good practices on

the Technical and Vocational Education and Training and recognition of prior learning. A Policy Framework on Care and Support for Teaching and Learning was also developed and approved.

27. As a contribution towards the ultimate goal of poverty eradication and the promotion of the fundamental human rights in the region, a SADC Policy Framework on Portability of Accrued Social Security Benefits within the region was developed for implementation by Member States.
28. A feasibility study is being undertaken in order to explore the possibility of local production of medicines. This will help remedy the situation where about 90% of the medicines used in the region are imported from external sources such as India, China, and Brazil, and to a limited extent, from Europe.
29. The Declaration on Youth Development and Empowerment approved and signed by Summit in August 2015, is now in force, following signature by 13 Member States. A Youth Employment Promotion Policy Framework and Implementation Plan was also developed and approved by Ministers responsible for Employment and Labour and Social Partners (Employers and Workers representatives) in May 2016, and endorsed by Ministers responsible for Youth in June 2016.
30. Under **cross-cutting issues**, key progress was recorded as follows:
  - (i) **Poverty Reduction:** Cutting across all the priority areas of the Revised RISDP, among others, a draft Mechanism for Engagement of Regional Stakeholders to participate in the SADC regional integration agenda was developed and considered by the regional stakeholders;
  - (ii) **Combating of the HIV and AIDS Pandemic:** A capacity building initiative to facilitate domestication of regionally approved minimum standards, including those on Prevention of Mother-To-Child Transmission (PMTCT); HIV Testing and Counselling; HIV and AIDS Treatment; and Impact Mitigation has been launched and implementation is on-going;
  - (iii) **Gender and Development:** The SADC Protocol on Gender and Development has been reviewed and aligned to the UN Sustainable Development Goals; the 2016 SADC Gender and Development Monitor, which presents an account of progress made by Member States towards the implementation of regional commitments on gender and development, was published; and the review of the 10-Year SADC Strategic Action Plan on Combating Trafficking in Persons, especially Women and Children (2009-2019) was successfully conducted;
  - (iv) **Science, Technology and Innovation:** Nomination of National Focal Points by all Member States for the Programme on Strengthening Research and Innovation Management Capacity was made and 200 researchers and experts in the region were trained on technology transfer, research and innovation management and Intellectual Property Rights. The draft SADC Charter on Women in Science, Engineering and Technology was also finalized and endorsed by Ministers of Gender and Women's Affairs in May 2015.
  - (v) **Private Sector:** In collaboration with the Southern African Business Forum, concept notes for six priority areas (Industrialization and Regional Value chains, trade facilitation and non-tariff barriers, skills and services, water, energy and transport) were developed. These were identified by the private sector under the Savuti Declaration that was adopted by the private sector in August 2015.

(vi) **Statistics:** The SADC Statistical Yearbook 2014, which provides a wide selection of comparable and updated range of socio-economic regional statistics and indicators for the period 2005–2014, was produced.

31. In terms of **corporate activities**, Budget and Finance, Human Resources and Administration, Internal Audit, Legal Affairs, Information and Communication Technology, Public Relations and Procurement continued to provide corporate services in order to bolster the functioning of the Secretariat. The following was achieved, among others: in-year accounts and financial reports were compiled and issued; eighteen (18) out of 23 vacancies were filled; nine (9) out of 12 audit assignments were completed; provision of a secure and reliable ICT infrastructure is on-going; the Costed Implementation Plan of the Communications and Promotional Strategy was developed; and the SADC Procurement Policy and Guidelines were updated to accommodate provisions for the Single Framework contracts.
32. In the context of **continental cooperation and integration**, the Secretariat continues to implement Decisions, Resolutions and Declarations made at continental level and has actively participated in all statutory activities of the African Union and the NEPAD Planning and Coordinating Agency. In addition to the SADC-COMESA-EAC Tripartite Agenda, the Secretariat has continued to coordinate the participation of SADC in key continental integration programmes, such as the Continental Free Trade Area (CFTA) and the Programme for Infrastructure Development of Africa (PIDA), all of which revolves around the coordination of the implementation of the AU Agenda 2063.
33. In the area of **development cooperation and resource mobilization**, development partners that have continued to contribute considerable resources to implement SADC programmes include the European Union through the European Development Fund (EDF), AfDB, World Bank, Commonwealth, World Health Organization, Food and Agriculture Organization, USAID, UN Agencies and the Global Fund. Regional institutions such as FARA and SAT have also continued to extend their support both technically and financially. Significant support was also received from individual countries such as Germany and the United Kingdom.
34. In terms of **good governance**, an Organisational Health Assessment and an Assessment of the Secretariat Culture were completed in 2015. The key areas and processes identified to comprehensively enhance the effectiveness and efficiency of the Secretariat operations in supporting Member States and the regional integration agenda are currently being strengthened with assistance from short-term experts within the Institutional Capacity Development Programme Project, funded by the EU.
35. Progress was also made in the operationalisation of the SADC Risk Management Policy and recommendations from external and internal audits as well as the institutional audit.
36. Budget and Finance controls which are carried out within **Financial Management framework**, are intended to deliver an effective and efficient risk advisory service, and support the Secretariat to fulfill its fiduciary responsibility. Results for 2015/16 financial year show: an operating surplus of US\$ 11.8 million and total assets under the control of SADC Secretariat of US\$101.1 million; and increasing contributions from Member States (33.4%) vis-à-vis declining grants (19.8%).

37. The overall utilisation of the budget for 2015/16 was 80%, and reflects 79% and 81% for contributions from Member States and ICPs, respectively.
38. In view of the **continued shortfalls** in planning and programming; weaknesses in monitoring, evaluation and reporting; coordination (especially project management systems) of programmes at regional and national levels; limited financial and human resources, the Secretariat has been implementing a number of reforms to address these problems as well as deficiencies in internal processes in order to improve efficiency and effectiveness of its operation. While interim arrangements in planning and monitoring and evaluation and performance management system are in place, it is expected that other key measures in these and other areas such as project management framework, ICT and procurement will be concluded by the end of the financial year.
39. The **key recommendations to address existing gaps** in the implementation of SADC programmes and projects include the completion of the on-going reforms; undertaking continuous consultations with Member States in order to strengthen arrangements in place for effective coordination of SADC programmes; streamlining processes between the SADC Secretariat and ICPs for approving Financing Agreements, MOUs and other related instruments in order to facilitate the mobilisation of resources in a timely manner; and ensuring the right mix of technical and administrative skills, as part of the on-going review of the organisational structure.

## 1.0 INTRODUCTION

The purpose of this report is to present a review of the main developments in the area of regional cooperation and integration in the SADC region for the period 2015/16. The report outlines the following:

- (i) Political and economic developments in the SADC region for 2015-2016 and outlook for 2016-2017;
- (ii) Implementation of programmes of regional cooperation and integration;
- (iii) Implementation of corporate activities;
- (iv) Continental cooperation and integration;
- (v) Development cooperation and resource mobilisation
- (vi) Good governance;
- (vii) Implementation of Financial Management Framework; and
- (viii) Lessons, challenges and recommendations.

## 2.0 POLITICAL AND ECONOMIC DEVELOPMENTS IN THE SADC REGION FOR 2015-2016 AND OUTLOOK FOR 2016-2017

### 2.1 POLITICAL DEVELOPMENTS

#### 2.1.1 Conflict Prevention Management and Resolution

1. The political situation in SADC, in general, remained relatively stable for the period of 2015/16 which is under review. Notwithstanding, there were some political and security challenges in the Kingdom of Lesotho and the Democratic Republic of Congo (DRC), respectively.
2. Following political challenges in the Kingdom of Lesotho, SADC appointed a Commission of Inquiry to investigate the circumstances surrounding the death of Brigadier General Maaparankoe Mahao. The Commission completed its task in October 2015 and submitted its report which was discussed by Summit in January 2016. In August 2016, the Kingdom of Lesotho will report on progress on the implementation of the recommendations made by the Commission of Inquiry and Summit.
3. On the DRC, the SADC Secretariat continues to closely monitor matters related to the resolution of the conflict in the country. Thus far the Government of the DRC continues to implement the terms of the Nairobi Declarations (12 December 2013). In addition, the successful holding of the Private Sector Investment Conference (PSIC) in Kinshasa from 24 to 25 February 2016, was able to showcase the DRC in terms of the investment potential present in the country, therefore adding more impetus to the need to end the conflict and revert focus to investment and economic development.

4. The Secretariat also continues to engage with other partners involved in the efforts to resolve the conflict in the DRC, including through participation in the meetings and missions of the Technical Support Committee (TSC) of the Regional Oversight Mechanism (ROM) of the Peace and Security Cooperation (PSC) Framework for the DRC and the Region. As part of these efforts, the Chairperson of the Organ on Politics, Defence and Security Affairs conducted a technical mission to the DRC from 17 to 23 April 2016. In addition, the Secretariat participated in the 13<sup>th</sup> Meeting of the TSC held in Lusaka, Republic of Zambia on 13<sup>th</sup> May 2016. Furthermore, in conjunction with the co-Guarantors of the PSC Framework, the Secretariat participated in another mission to the eastern DRC from 23 to 26 May 2016, whereby the challenges related to the Disarmament, Demobilization, Resettlement, Reintegration and Repatriation (DDRRR) for ex-combatants of the Democratic Forces for the Liberation of Rwanda (FDLR) cantoned in North Kivu as well as the issue of Government of the DRC (GoDRC) re-engaging with the leadership of ex-M23 were examined. The Guarantors' mission resulted in the holding of talks between the M-23 and the GoDRC in Kinshasa on 27 May 2016, regarding the latter's repatriation and reintegration in the DRC governmental institutions and population.
  
5. In Madagascar, the SADC Special Envoy continues to assist in the reconciliation process and implementation of the SADC Roadmap. An assessment mission was conducted in Madagascar by the SADC Special Envoy on 20-25 September 2015 to evaluate the political, social, economic and security situation on the ground. In view of the findings of the assessment mission, SADC through the Special Envoy will hold meetings with key Malagasy Stakeholders, including former Presidents, with the objective of helping them agree on a framework for maintaining peace and stability in the country, as well as pursuing national reconciliation. In line with the foregoing, the Special Envoy will undertake a mission to the Republic of Madagascar in August 2016 and present a report to the Organ Troika Summit. Following the resignation of the then Prime Minister H.E. Jean Ravelonarivo, Madagascar's President, H.E. Hery Rajaonarimampianina, on 10<sup>th</sup> April 2016, appointed H.E. Olivier Solonandrasana as the new Prime Minister of the Republic of Madagascar."

### 2.1.2 Strengthening Regional Collective Defence and Security

6. The region has continued to cooperate in defence issues, including the exchange of vital information for decision-making. Defence establishments in the region have continued to participate in peacetime military exercises. In this regard, the Sixth Edition of SADC Special Forces Field Training Exercise (FTX) codenamed "**Ex MAHOMBEKOMBE**" was conducted from 10 August 2015 to 25 September 2015 at Kariba, Republic of Zimbabwe under the theme '**Combat Survival, Navigation and Counter Terrorism**'. The FTX involved a total of 718 participants from nine SADC Member States, namely, Angola, Lesotho, Republic of Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe. The Special Forces FTX, which was aimed at developing the regional rapid deployment capability both in the context of SADC enhanced regional collective defence and SADC Standby Force capabilities, was successfully completed.
7. AMANI AFRICA II Field Training Exercise (AA II FTX) was successfully held at the South African Army Combat Training Centre (SAACTC) in the Republic of South Africa (RSA) from 19 October 2015 to 8 November 2015. The strategic objective of the Exercise was to validate the capacity of the African Union (AU) to mandate, deploy and employ a Rapid Deployment Capability (RDC) of the African Standby Force as a start-up operation and to run a full multidimensional Peace Support Operation (PSO). SADC, being the host region, played a major role in the preparation

and conduct of the Exercise. All relevant SADC structures were actively involved in the preparation of the FTX, and these included the Summit, Council of Ministers, Ministerial Committee of the Organ and the Inter State Defense and Security Committee.

8. AMANI AFRICA II FTX achieved all its set objectives and allowed correct assessment to be made on the ASF Standby Force operational readiness. In addition, the FTX afforded the AU and SADC to determine the constraints, limitations and challenges that must be addressed for the effective use of the ASF and its RDC. The credibility of the exercise was enhanced by the participation of AU partners from the European Union and United Nations who graced the event as mentors, evaluators and observers.

### 2.1.3 Consolidating Democratic Institutions in the Region

9. Member States continued to hold regular democratic elections demonstrating the region's commitment to democratic principles and practices. Between August and December 2015, elections were held in the United Republic of Tanzania and the Republic of Seychelles. In Tanzania, General Elections were held on 25 October 2015, and H.E. Dr John Magufuli and the Chama Cha Mapinduzi party won the elections. In Seychelles, after two rounds of the Presidential Election held on 3-5 December and 16-18 December 2015, H.E. Mr James Michel and the Parti Lepep won the election. In both of these elections, the newly adopted 2015 revised *SADC Principles and Guidelines Governing Democratic Elections* were successfully utilised for the first time by the SADC Election Observation Missions (SEOMs) deployed to the said Member States. Alongside the SEOMs, the SADC Electoral Advisory Council (SEAC) advanced the region's democratic governance agenda by providing advisory services on electoral, democracy and good governance matters.
10. The SEAC also undertook its regular Pre-election Goodwill Missions to Member States holding elections to ascertain the level of preparedness and readiness to hold elections. The SEAC further assessed the broader socio-political and security environments to determine whether they were conducive for the holding of peaceful, transparent, credible, free, and fair elections in conformity with the revised *SADC Principles and Guidelines Governing Democratic Elections*. The forecast for 2016-17 indicates that the region will continue to promote a democratic agenda that encourages electoral integrity, good governance, and the strengthening of democratic institutions through capacity building and other avenues.

## 2.2 ECONOMIC DEVELOPMENTS

### 2.2.1 Global Economic Background

#### 2.2.1.1 Economic Activity

11. Global economic recovery weakened further in 2015 on the back of increasing financial turbulence. Economic activity in advanced economies softened towards the end of 2015 and stresses in large emerging market economies showed no signs of abating. In addition to these factors are concerns about the global impact of the unwinding of prior excesses in China's economy as it transitions to a more balanced growth path after a decade of strong credit and investment growth. There are also distresses in other large emerging market economies as a result of falling commodity prices.

12. According to the IMF World Economic Outlook report of April 2016, global growth in 2015 slowed down to 3.1 per cent from 3.4 per cent in 2014. Emerging market and developing economies still accounted for the largest part of the world growth, although performance across countries remained uneven and generally weaker compared to the past two decades (see Table 1).

**Table 1: Major Macroeconomic Indicators of Selected Economies**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
World	5.3	2.7	-0.4	5.2	3.9	3.2	3.4	3.4	3.1	3.2	3.5
Advanced Economies	2.7	0.1	-3.4	3.0	1.7	1.5	1.4	1.8	1.9	1.9	2.0
Euro Area	3.0	0.4	-4.4	2.0	1.5	-0.6	-0.5	0.9	1.6	1.5	1.6
USA	1.8	-0.3	-2.8	2.5	1.8	2.8	2.2	2.4	2.4	2.4	2.5
EM & DE	8.7	5.8	3.1	7.5	6.2	4.9	5.0	4.6	4.0	4.1	4.6
China	14.2	9.6	9.2	10.4	9.3	7.7	7.8	7.4	6.9	6.5	6.2
India	9.8	3.9	8.5	10.5	6.3	3.2	6.9	7.2	7.3	7.5	7.5
Brazil	6.1	5.2	-0.3	7.5	2.7	0.9	2.7	0.1	-3.8	-3.8	0.0
SSA	7.1	5.7	2.6	5.6	5.5	4.9	5.2	5.0	3.4	3.0	4.0

*Note:* EM & DE is Emerging Market and Developing Economies.

SSA is Sub-Saharan Africa.

*Source:* IMF World Economic Outlook, April 2016.

13. The weakness in recovery in 2015 reflected the softer activity in advanced economies, especially in the United States, but also in Japan and other advanced Asian economies. Growth in the United States was 2.4 per cent in 2015, the same position as in 2014. Weak exports at the end of 2015 contributed to this performance.

14. Recovery in the Euro Area was satisfactory with growth at 1.6 per cent in 2015 compared to 0.9 per cent in 2014. This was a result of strengthening domestic demand which offset a weaker external impulse.

15. Growth in China slowed down to 6.9 per cent in 2015 compared to 7.4 per cent recorded in 2014. Similarly, economic activity in other Asian advanced economies closely integrated with China, such as Hong Kong Special Administrative Region and Taiwan Province of China, weakened sharply during the first half of 2015, owing in part to steep declines in exports.

16. Economic activity in sub-Saharan Africa fell down with output increasing by only 3.4 per cent in 2015, a slowdown from 5.0 per cent recorded in 2014. This was largely a result of the drop in oil prices; declines in other commodity prices; and geopolitical and domestic strife in a few countries.

### 2.2.1.2 Developments in Commodity Prices

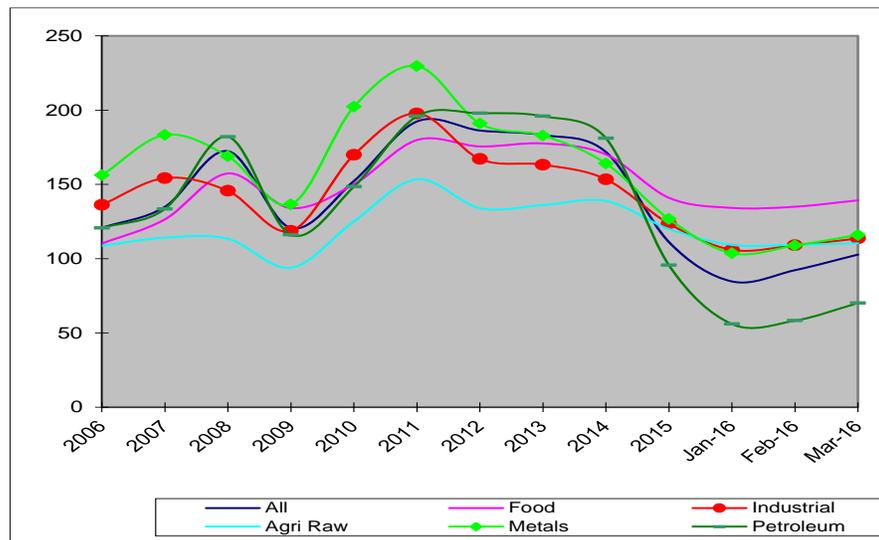
17. The downward trend in commodity prices registered in 2014 continued in 2015 across all commodities. However, declines in oil prices have been substantial, falling below 27 US dollars per barrel in mid-January 2016. Strong supply from the Organisation of the Petroleum Exporting Countries (OPEC) and Russia contributed to this development. Excess oil supply pushed inventory levels in OPEC to record-high levels despite the strong oil demand that much lower prices spurred in 2015.

18. Other factors relate to concerns about the resilience of global demand and medium term growth prospects as well as risk-averse behaviour in financial markets, leading to investors to move away from commodities. As such the all primary commodity index of the IMF for petroleum declined by 47 per cent from 181 in 2014 to 96 in 2015 (see Figure 1).

19. Non-fuel prices weakened with the indices for metals and agricultural raw materials declining by 23 per cent and 14 per cent from 164 and 139 in 2014 to 127 and 120 in 2015, respectively.

20. The recent further declines in prices of commodities, especially oil, have compounded sizable shifts in international relative prices since 2011. These shifts have generated sharp changes in disposable income across countries. These changes in disposable income have had sizable macroeconomic repercussions. Domestic demand has tended to strengthen in countries with terms-of trade gains and weaken among those with losses, with drastic contractions among some of the hardest hit.

**Figure 1: IMF – Movements in Primary Commodity Prices (2005 = 100, in terms of US Dollars)**



Source: IMF Primary Commodity Prices Database, April 2016

## 2.2.2 Regional Economic Performance

### 2.2.2.1 Overview

21. Available data provided by Member States in March 2016 and from the IMF World Economic Outlook database indicate that economic performance for 2015 presents a depressed scenario for the region with real GDP growing marginally. Inflation pressures are building on the back of both supply and demand factors. Fiscal deficits have deteriorated and public debt is rising. External positions of most of the Member States are deteriorating and external foreign exchange reserves are under pressure. External factors beyond the control of Member States continue to affect performance of the region, including:

- (i) the fall in oil prices has affected prices and inflation in some oil importing Member States. However, the gains from falling oil prices have been countered by an appreciating US dollar which has resulted in the depreciation of most currencies in the region. The falling oil prices have immensely affected Angola as an oil producer resulting in the deterioration of the external account and a general poor performance of the economy;
- (ii) commodity prices have fallen on the international market. Food prices have also slowed down. While the latter has helped food importing Member States to reduce their import bills, commodity exporting Member States have realised a reduction in export earnings in turn affecting their trade balances and foreign exchange reserves;
- (iii) the strengthening US dollar has resulted in the depreciation of most currencies in the region. While this would have resulted in improvements in the competitiveness of the exports of the region, the gains have been countered by the fall in the prices of commodity prices on the international market; and
- (iv) climate change factors have affected the region with some of the Member States experiencing drought while others are experiencing floods. The immediate impact of these

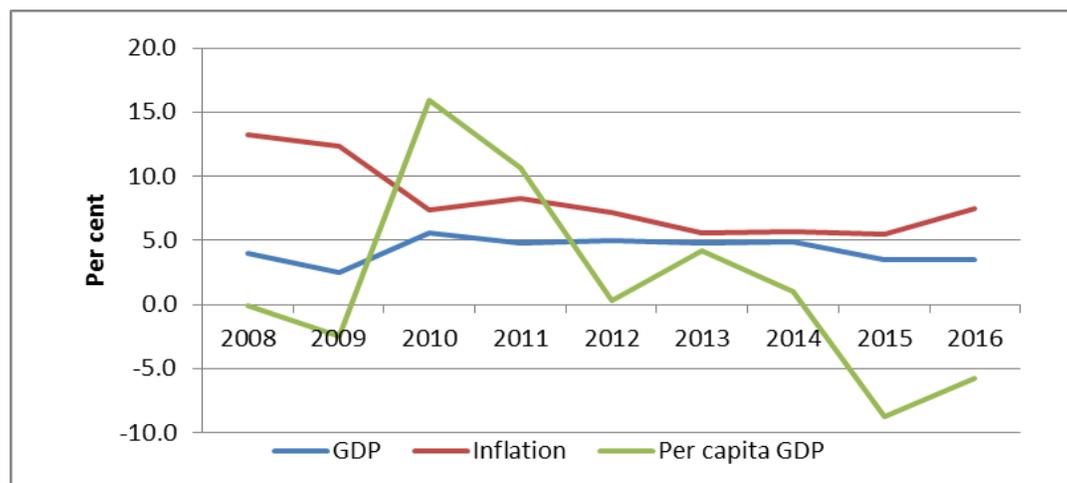
disasters has been on the fiscal account as Member States increased expenditure for relief and humanitarian purposes; and rehabilitation of damaged infrastructure.

22. While external factors have largely contributed to the current poor performance of the region, internally, the economies of the region remain undiversified and as such they are unable to absorb shocks, including falling commodity prices. For Member States which have managed to record satisfactory growth rates within the range of the regional target of 7 per cent, such as DRC and Tanzania, issues of inclusive growth remain paramount.
23. The current factors affecting the region happen at a time when the economies are at their weak point, unlike in 2008-2009 during the global financial crisis. When the global financial crisis hit, the economies of the region had been experiencing sustained economic growth for over a decade; they had managed to bring down inflation; they had built fiscal space as fiscal deficits and public debt were at sustainable levels; and many had healthy external balances with reasonable levels of foreign exchange reserves. As such some were able to implement expansionary fiscal and monetary policies. That policy space is very limited in the current scenario.

#### **2.2.2.2 Real GDP**

24. Real GDP continued to slowdown averaging 3.5 per cent in 2015 compared to 4.8 per cent recorded in 2014 (see Figure 2). Only DRC and Tanzania recorded real GDP growth rates above the regional target of 7 per cent. Climate change factors (droughts and floods) in addition to declining commodity prices have partly contributed to the slowdown in real GDP growth.
25. Consequently, per capita GDP declined by 8.7 per cent in 2015 compared to a marginal increase of 1.0 per cent in 2014. Only three Member States: DRC, Malawi and Seychelles, recorded positive growth in per capita GDP in 2015.

**Figure 2: SADC – Real GDP, Per Capita GDP and Inflation**



Source: Member States Authorities and IMF WEO Outlook April 2016.

### 2.2.2.3 Inflation

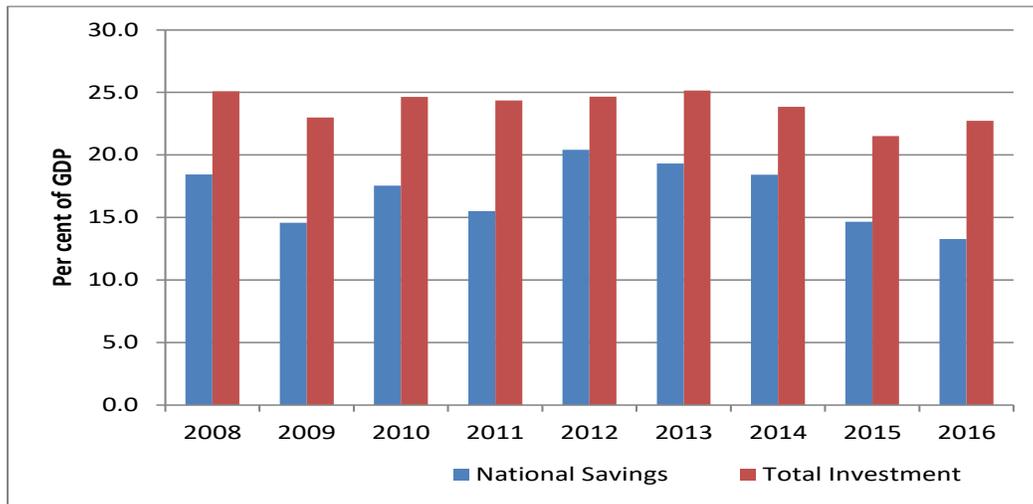
26. Despite supportive monetary policies and declining commodity prices, including food prices, inflation pressures increased in 2015 in most Member States. This is partly a result of the appreciation of the US dollar against most currencies of the region; and food shortages due to drought and floods affecting the region.

27. As a result, inflation averaged 5.7 per cent for the region in 2015 compared to 5.5 per cent recorded in 2014. Angola, Malawi and Zambia recorded double digit inflation. Zimbabwe has been in a deflationary state since 2014 (-0.2 per cent in 2014 and -2.4 per cent in 2015) as a result of low aggregate demand; and cheaper imported products compared to locally produced goods.

### 2.2.2.4 National Savings and Investments

28. Both average total investments and gross national savings have been on the decline since 2013. The region recorded total investments of 21.5 per cent of GDP in 2015, a decline from 23.8 per cent of GDP in 2014 (Figure 3). Despite the decline in average terms, Madagascar, Mauritius and Swaziland recorded increases in total investment in 2015. Only three Member States: Seychelles, Tanzania and Zambia managed to achieve the regional target of 30 per cent of GDP for investment.

**Figure 3 National Savings and Total Investment**



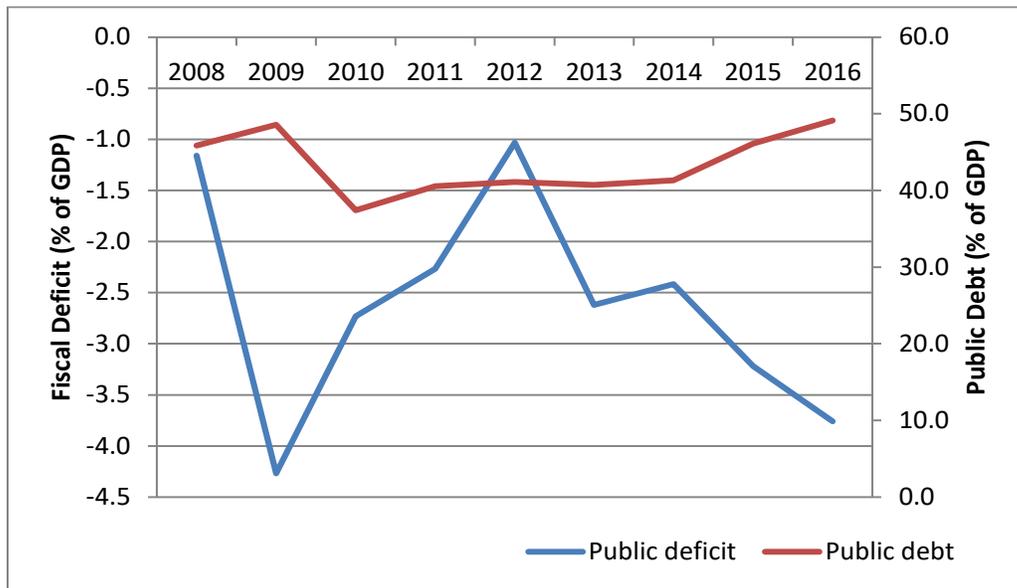
Source: Member States, March 2016 and IMF WEO April 2016.

29. On the savings side, the region recorded an average gross national savings of 14.7 per cent of GDP in 2015. This was lower than the 18.4 per cent of GDP realised in 2014. Only Botswana, Lesotho and Zambia achieved the regional savings target of 30 per cent of GDP in 2015. Botswana, Lesotho and Zambia, were also the only Member States that achieved the regional savings target of 30 per cent in 2014.

#### **2.2.2.5 Fiscal Sector**

30. The weak recovery of global economic activity, declining commodity prices on the international market; and climate change factors such as drought and floods resulted in poor performance of the fiscal sector in 2014. The regional fiscal deficit deteriorated from 2.2 per cent of GDP in 2014 to an average of 3.4 per cent of GDP in 2015. Only Botswana, DRC, Lesotho, Seychelles and Zimbabwe recorded fiscal deficits within the regional target of 3 per cent of GDP in 2015 (see Figure 4).

**Figure 4: SADC – Fiscal Deficits and Public Debt**



Source: Member States, March 2016 and IMF WEO April 2016.

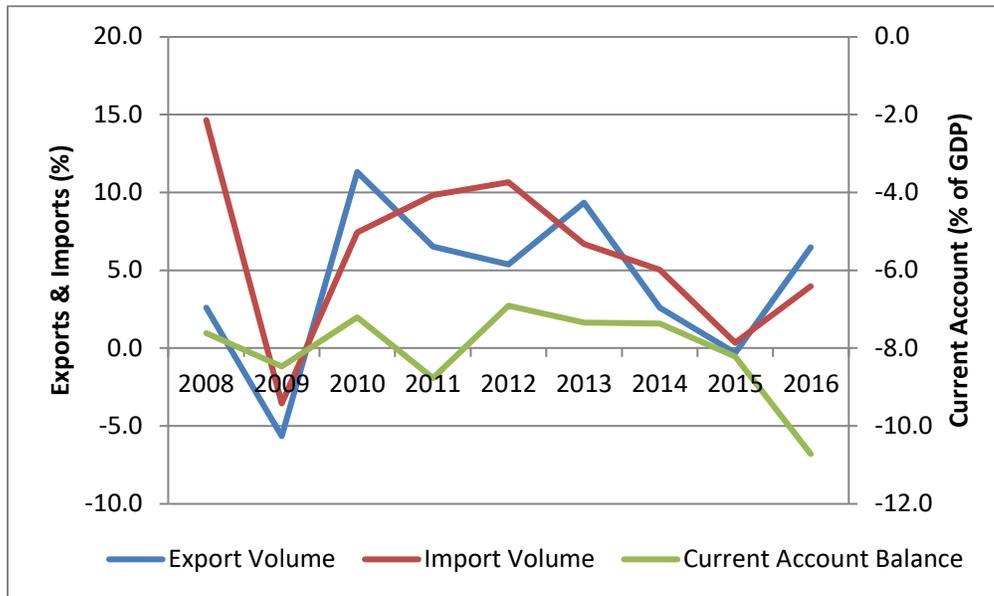
31. The public debt position for the region continues to deteriorate. Public debt averaged 46.1 per cent of GDP in 2015, up from an average of 41.3 per cent of GDP in 2014. The trend is worrisome as public debt levels for most Member States are increasing. Nonetheless, all Member States except for Malawi, Mozambique and Seychelles recorded public debt within the regional target of 60 per cent of GDP in 2015.

#### 2.2.2.6 External Sector

32. Performance of the external sector was unsatisfactory in 2015. This was largely on account of declining commodity prices on the international market. In addition, export volumes declined, generally because of low demand due to weak global economic recovery. Import volumes increased marginally.

33. In 2015, volumes of exports declined by 0.3 per cent, compared to an increase of 2.6 per cent in 2014. Import volumes increased marginally by 0.4 per cent in 2015 compared to an increase of 5.0 per cent in 2014. Consequently, the external current account for the region deteriorated from a deficit of 7.4 per cent of GDP in 2014 to a deficit of 8.2 per cent of GDP in 2015 (see Figure 5).

**Figure 5: SADC – Export and Import Volumes and Current Account Balance**



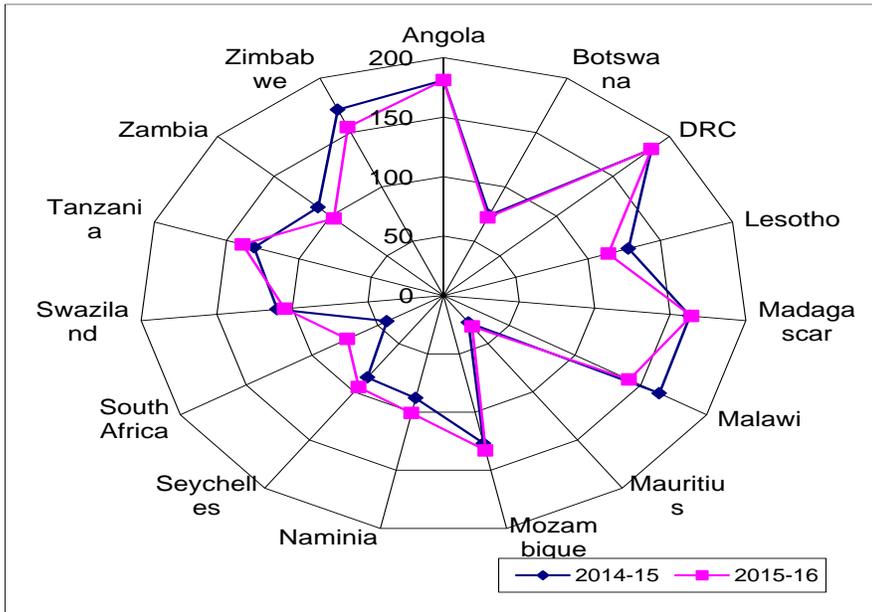
Source: Member States, March 2015 and IMF WEO April 2015.

### 2.2.2.7 Business Environment

34. According to data from the World Bank Ease of Doing Business 2015, even though the macroeconomic performance of the SADC region was mixed during the year under review, the region is, in general, making progress in improving the business environment and its competitiveness. Almost half of the Member States moved up in position, while the remaining half either remained steady or fell in position in the ease of doing business ranking.

35. Performance with regard to ease of doing business indicates that Lesotho, Malawi, Zambia and Zimbabwe did exceptionally well improving in their rankings by ten or more positions in 2015. On the other hand, Namibia, Seychelles, South Africa and Tanzania fell in their rankings with seven or more positions. Botswana, Mauritius, Seychelles, South Africa and Zambia remain the only Member States in the region ranked within the first 100 bracket (see Figure 6).

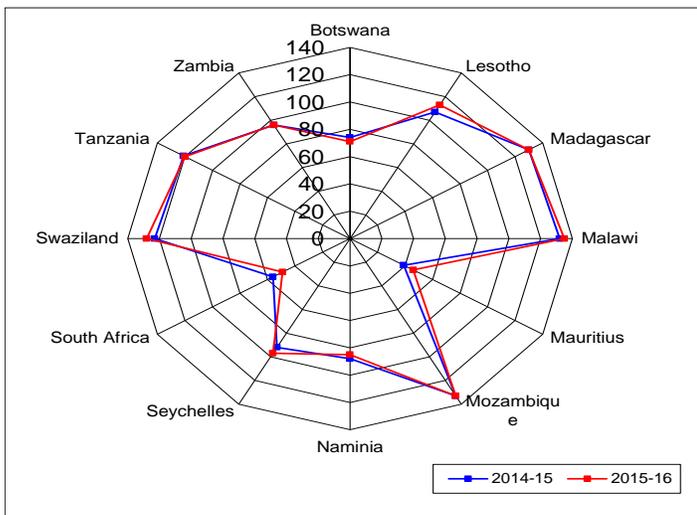
**Figure 6: SADC – Rank Ease of Doing Business**



Source: World Bank Ease of Doing Business, 2015.

36. The picture with regard to improving the business environment is the same if one considers the World Economic Forum Global Competitiveness Index (GCI), although for the Member States that have slipped in rankings is not as grave as in the Ease of Doing Business index (see Figure 7). The GCI measures the competitiveness of an economy by considering all factors from basic factors that enable it to be competitive to factors that make it efficient and innovative.

**Figure 7: Ranking – Global Competitiveness Index**



Source: WEF Global Competitiveness Index, 2015-16.

37. Six Member States slipped in the ranking, namely: Lesotho, Malawi, Mauritius, Seychelles, Swaziland and Zimbabwe. South Africa moved up by seven positions from 56 in 2014-15 to 49 in 2015-16; while Botswana and Namibia moved up by three positions from 74 to 75; and 88 to 85, respectively.

38. Mauritius, South Africa and Botswana remain the top performers in the region. South Africa reversed its four-year downward trend largely due to increased uptake of ICTs, especially higher Internet bandwidth and improvements in innovation, which establish the economy as the region's most innovative. South Africa also hosts the continent's most efficient financial market and benefits from a sound goods market, which is driven by strong domestic competition and an efficient transport infrastructure. On the other hand, the decade-long improvement of Mauritius comes to a halt with a fall of seven places to 46th position, largely because of declines in the efficiency of labour and the financial markets.

### 2.3 REGIONAL OUTLOOK FOR 2016-2017

39. The medium term economic prospects are being shaped by a number of factors taking centre stage globally and regionally. These include the slowdown in emerging economies including China; further declines in commodity prices, especially for oil; related slowdown in investment and trade; and declining capital flows to emerging market and developing economies. Noneconomic factors such as geopolitical tensions and political discords are also generating substantial uncertainty. Regionally, the effects of climate change will see regional food deficits deteriorating further for now five consecutive years. As such the prospects for the short to medium term are a subdued outlook and risks of much weaker growth are high.

40. Economic growth in the SADC region is expected to increase by an average of 3.5 per cent in 2016, same level of 2015. None of the Member States is expected to achieve the regional target of 7 per cent growth in real GDP in 2016. However, growth in Mozambique and Tanzania is expected to be strong at just below 7 per cent. Per capita GDP for the region is expected to continue declining at an average of 5.7 per cent in 2016.

41. Savings at regional level are projected at 13.3 per cent of GDP in 2015, a decline from 14.7 per cent of GDP in 2015. Only Botswana is expected to record gross national savings above the regional target of 30 per cent of GDP. As for total investment the region is expected to record a slight improvement from 21.5 per cent of GDP in 2015 to 22.7 per cent of GDP in 2016, with only Mozambique, Namibia, Seychelles and Tanzania expected to record total investments of above 30 per cent of GDP in 2016.

42. Regional inflation is projected to increase to 7.5 per cent in 2016 compared to an average of 5.7 per cent in 2015. All Member States except for Angola, Madagascar, Malawi and Zambia are expected to achieve the regional inflation target range of 3-7 per cent in 2016.

43. The regional fiscal deficit is expected to deteriorate to 3.8 per cent of GDP in 2016 from an average of 3.2 per cent of GDP recorded in 2015. A total of five Member States (Botswana, DRC, Mauritius, Seychelles and Zimbabwe) are expected to meet the regional target of fiscal deficit of less than 3 per cent of GDP. Average public debt for the region is projected to deteriorate further

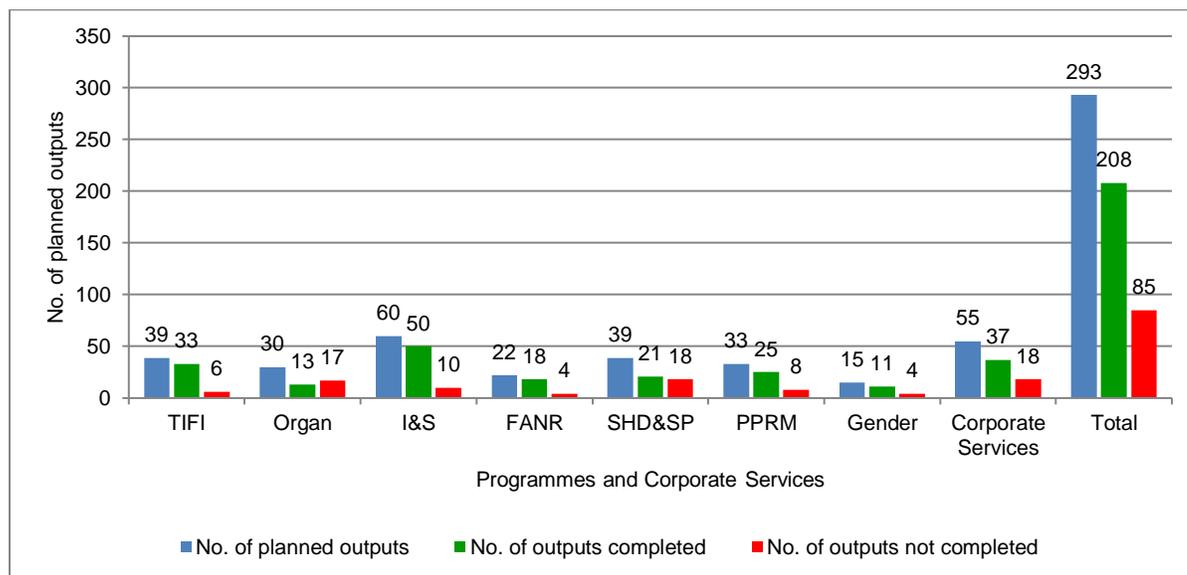
to 49.1 per cent of GDP in 2016 from 47.5 per cent of GDP in 2015. All Member States are expected to record public debts below 60 per cent of GDP, except for Angola, Malawi, Mozambique and Seychelles.

44. In the external sector, imports volumes of goods and services for the region are expected to increase by 4.0 per cent in 2016, which is an improvement compared to a marginal increase of 0.4 per cent in 2015. In terms of exports volumes, the region is expected to record an increase of 6.5 per cent in 2016, compared to a decrease of 0.3 per cent in 2015. Despite the improvement in export volumes, the current account balance is expected to deteriorate further from a deficit of 8.2 per cent of GDP in 2015 to a deficit of 10.7 per cent of GDP in 2016.

### **3.0 IMPLEMENTATION OF PROGRAMMES OF REGIONAL COOPERATION AND INTEGRATION**

1. The year 2015/16 was the first year of implementation of the Revised Regional Indicative Strategic Development Plan (RISDP) 2015-2020, which was approved by the Extraordinary Summit in April 2015 in Harare, Zimbabwe. The strategic objectives of the Revised RISDP are:
  - (i) Sustainable industrial development, trade integration and financial cooperation;
  - (ii) Improved and integrated regional infrastructure;
  - (iii) Improved peace and security cooperation; and
  - (iv) Improved human capacities for socio-economic development.
2. In order to contribute towards the above objectives, which are central to regional cooperation and integration, the Secretariat, in collaboration with its stakeholders, facilitated the coordination and implementation of 293 outputs and milestones across the sector Programmes and Corporate Services . Out of the 293 outputs, 238 were for sector programmes and the remaining 55 were for Corporate Services. The overall performance, as shown in Figure 8, indicates that of the 293 planned outputs, 208 (71%) were completed and 85 (29%) were not completed; representing 171 (72%) outputs completed for sector Programmes and 37 (67%) completed for Corporate Services.
3. The outputs which were not achieved as planned in 2015/16 are either being implemented as part of the 2016/17 Operational Plan, where resources are available, or deferred to subsequent years, where the required resources are not readily available. A summary of key achievements for the year under review is given in the following sections.

**Figure 8: Planned Outputs and Status of Implementation by Programmes and Corporate Services in 2015/16**



### 3.1 INDUSTRIAL DEVELOPMENT AND MARKET INTEGRATION

#### 3.1.1 Industrial Development

4. Implementation of the key milestones on Industrialisation Strategy and Roadmap as outlined in the Implementation Framework of the Revised RISDP 2015 - 2020, is on-going. Work on developing a costed Action Plan for the Strategy progressed well during the year under review. The Ministerial Task Force on Regional Economic Integration in July 2016 noted progress on the development of the Draft Costed Action Plan and referred it for further consultations at national level. A consultative workshop for Senior Officials will be convened by October 2016 on the Draft Costed Action Plan. A meeting of the Ministerial Task Force will be convened in February/March 2017 in the margins of the Council of Ministers meeting to consider the final draft of the Action Plan.
5. Studies were conducted to identify value chains in the mineral sector and for manufacturing of medicines and health commodities for HIV and AIDS, Tuberculosis and Malaria. Further work required includes undertaking detailed feasibility studies on each value chain identified and developing a strategy and action plan for each value chain.

#### 3.1.2 Market Integration

6. SADC is focussing on enhancing the trading environment in order to create a firm foundation for deepening integration in the region. This is being done through continuous effort to remove restrictions or barriers to trade and on financial markets, so as to facilitate free movement of goods, services and capital across the region. In terms of liberalising trade in goods, nine (9) Member States (Madagascar, Mauritius, Mozambique, Zambia and SACU Member States) have completed the implementation of Category C tariff phase down. Tanzania also completed its

phase down programme but has since 2011 reintroduced duties on sugar, paper and pulp products. Seychelles acceded to the Protocol on Trade in June 2015 and has commenced implementation of its obligations under the SADC Free Trade Area.

7. Negotiations on Trade in Services are on-going. To date, eleven (11) Member States have presented their offers in the first four (4) priority sectors covering financial, tourism, transport services, communication services as well as in Mode 4 – Movement of Natural Persons. The Trade in Services Manual is available, but will be tailor-made for the region to effectively collect the required statistics. The Committee of Ministers of Trade set a new deadline of September 2016 for the conclusion of the 1<sup>st</sup> Phase of the Trade in Services negotiations, after missing the March 2015 deadline.
8. Tripartite Member/Partner States have continued with negotiations to conclude the outstanding Phase 1 issues on tariff offers, rules of origin and trade remedies. Since the launch of the Tripartite Free Trade Area (TFTA), the TFTA Agreement has been signed by 17 Member/Partner States and has not yet been ratified by any country. The resolution of outstanding Phase 1 issues is envisaged to facilitate the signing of the Agreement by more Member/Partner States and its ratification for the TFTA to become operational. An assessment of all outstanding work on Phase 1 issues as well as efforts to facilitate Member/Partner States to resolve these are on-going with a view to develop a draft Roadmap that would enable the completion of this work.
9. Since the official launch of the Continental Free Trade Area (CFTA) negotiations by the AU Summit in South Africa in June 2015, the AU Commission (AUC) has been facilitating preparatory work ahead of the commencement of the negotiations. This work has included studies and consultations on issues for negotiations, institutional frameworks for the negotiations and their terms of reference, draft rules of procedures, draft work plans and schedule of negotiations. The CFTA-Negotiating Forum has already met twice this year to advance continental negotiations.

### 3.1.3 Financial Market Integration

10. In terms of financial markets integration, most of the SADC Member States have liberalised their current accounts, while work is on-going to liberalise the capital accounts. Work on the review of variables for the Exchange Control Liberalisation Index is on-going. All Member States are on Real Time Gross Settlement System (RTGS), except for the DRC.
11. The number of Member States participating in the SADC Integrated Regional Electronic Settlement System (SIRESS) is now at 10 with the on boarding of Seychelles in May 2016. The SIRESS project implementation team is working with the SADC Banking Association to bring the remaining five Member States on board. Angola, Botswana, the DRC and Mozambique are expected to join at the next window. The value of transactions settled through SIRESS has soared from ZAR10.2 billion in July 2013, when the system was launched, to ZAR 2 trillion in March 2016. Work on the currency of settlement on the basis of a multi-currency regime, as well as issues relating to ownership, operations and hosting of the system, is on-going.

### **3.1.4 Development Finance**

12. Work on the operationalisation of the SADC Regional Development Fund (RDF) is on-going. In March 2016 Ministers of Finance and Investment considered the recommendations of a study, which was supported by the African Development Bank (AfDB) to investigate the outstanding areas of the Fund. Following the completion of the study, an Agreement on the Operationalisation of the SADC RDF was developed and approved by the Ministers of Finance and Investment in July 2016. The Draft Agreement will be submitted to Council and Summit in August 2016.
13. The Project Preparation Development Facility (PPDF) is now fully operational. To date, PPDF has approved three projects; while two energy projects and two transport projects are undergoing due diligence. In terms of new resources, the Federal Republic of Germany and the SADC Secretariat are currently in the process of finalising the draft text of the Agreement between the two parties, which provides for the re-programming of Euro 6 million to the PPDF under SADC-German Cooperation, after which the funds will be allocated to the PPDF. Member States have agreed in principle to contribute to the PPDF in the context of the operationalization of the SADC RDF. In order to receive more quality project applications from Member States, the PPDF Secretariat has now launched an online application process, and to date, it has received five new applications which are currently undergoing the initial screening by both SADC and Development Bank of Southern Africa (DBSA) Secretariats.

### **3.1.5 Investment and Tax Related Matters**

14. On investment and tax related matters, progress has been recorded. The Investment Policy Framework was finalised and cleared by the Sub-committee on Investment in February 2016 and the Ministerial Task Force in July 2016 noted progress on the development of the Framework. The Secretariat will, in collaboration with the Subcommittee on Investment, finalise the Framework, ensuring that the goals and objectives of the SADC Industrialization Strategy and Roadmap 2015-2063 are taken into account; and the Dispute Settlement and investor protection provisions of the Framework are aligned with those of the Revised Annex 1 of the Finance and Investment Protocol.
15. Frameworks for effective cooperation in taxation and related matters have been developed, including Value Added Tax (VAT), Excise Taxes and Tax Incentives Guidelines and their Commentaries. The frameworks were approved by Ministers of Finance and Investment in August 2015.

### **3.1.6 Macroeconomic Convergence Programme**

16. Member States performance against Macroeconomic Convergence set targets deteriorated in 2015 largely due to external factors, including falling oil and commodity prices, strengthening US dollar and climate change factors, as already elaborated in section 2.2.2.
17. The macroeconomic convergence surveillance/peer review mechanism is now fully operational with two pilot Member States (Lesotho and Malawi) having been reviewed in 2014, and review reports were presented to the Peer Review Panel in August 2015 in Bulawayo, Zimbabwe.

Lessons learnt during the review of the pilot Member States were adopted by the Peer Review Panel as recommendations to improve the review process. Angola, Swaziland and Tanzania were reviewed in January-February 2016 and their reports were submitted to the Peer Review Panel in July 2016. A five year schedule of Member States to be reviewed and Member States to undertake the reviews to facilitate the peer review process have been developed and approved by the Panel in July 2016.

## **3.2 INFRASTRUCTURE SUPPORT FOR REGIONAL INTEGRATION**

### **3.2.1 Progress on the Roll Out of the Regional Infrastructure Development Master Plan**

18. The central mechanism for implementing Priority B – Infrastructure Support for Regional Integration of the Revised RISDP is the Regional Infrastructure Development Master Plan (RIDMP). The RIDMP embodies key components for the realisation of Infrastructure Vision 2027 and contributes towards the Industrialisation Strategy and Roadmap as well as other regional strategic frameworks.
19. First amongst the priorities of rolling-out the RIDMP programme is creating a pipeline of projects that would be attractive to prospective investors. Efforts to mobilise resource for project preparation activities continued during the year and partners have come forward with financial support for the process, giving impetus to the programme. The SADC PPDF received a further capital injection of €6 million from KfW. The region stands to benefit from the joint RIP on Infrastructure (Hard and Soft) for the period 2014 – 2020 signed between the EU and the Eastern and Southern African and Indian Ocean Duly Mandated Regional Organisations [EAC, IGAD, IOC, COMESA and SADC].
20. The Regional Fund for Water Infrastructure and Basic Sanitation has accepted two regional water infrastructure projects for co-financing with other partners. The two projects, which were drawn from the first pipeline of projects finalised in December 2015, are the Lomahasha-Namaacha Water Supply Project and the Kazungula Water Supply Project. The Fund will contribute €4 million towards the Lomahasha-Namaacha Water Supply Project and the participating Member States (Mozambique and Swaziland) will contribute 10% of US\$13.7 million, which is the total estimated cost. The Kazungula Water Supply Project is being co-financed by the Fund, CRIDF and Zambia as the participating Member State. CRIDF is funding the infrastructure designs, rehabilitation of the existing infrastructure and supervision of construction works and the Fund will finance expansion of the infrastructure.
21. The Southern Africa Power Pool Project Advisory Unit (SAPP-PAU), based in Johannesburg, South Africa, has been established to support SAPP-CC with the preparation and implementation of selected and agreed priority regional electricity projects. The World Bank is leading this initiative, and has contributed US\$20 million, of which US\$10 million is seed funding for project preparation, and a number of partners have expressed interest to contribute to the project preparation funds. The PAU will follow the World Bank policies and procedures for procurement and for environmental and social safeguards.

22. Contacts have also been made with prospective investors through infrastructure investment conferences. These include the Japan Infrastructure Investment Conferences held in June 2015, November 2015, February 2016 and June 2016 respectively. The China Infrastructure Investment Conference held in Beijing China in July 2015. The Annual Infrastructure Meeting held in Dubai, United Arab Emirates in April 2016. The Africa Investor Forum held in Johannesburg, South Africa in May 2016.
23. Partnerships that have been forged with other project preparation facilities have resulted in some RIDMP projects receiving grants for project preparation or expertise to support project preparation activities. The Infrastructure Investment Programme for South Africa (IIPSA) is co-financing some of the projects included in the first indicative pipeline funded by the PPDF. The first pipeline of projects for which due diligence is still ongoing are namely, Phase 1 Inga 3 Transmission Integration and Transmission Infrastructure from Kudu Power Station to South Africa and the rest of SAPP. Consultations on these two projects are ongoing with the concerned Member States. Pre-feasibility studies are already ongoing for the RSA-Botswana Transmission Interconnector and Mozambique-Zimbabwe-South Africa (MOZISA) Interconnector.
24. The second indicative pipeline of projects to be considered for financing was approved by the PPDF Steering Committee in November 2015. The pipeline comprises 8 projects from energy (3); water (1); and transport (4) sectors. The projects approved by the for funding of feasibility studies are the North West Rail Project Phase 2 (now cancelled because the applicant has not accepted the offer) and the 2nd Alaska – Sherwood 400kV line (facility agreement signed). Two others projects, (i) Upgrading of the 80km Road between Mokambo and Kasumbalesa in the DRC and the Construction, Operate and Maintenance of a One Stop Border Post at Mokambo border between the DRC and Zambia; and (ii) Mtwara Development Corridor, have been declined and the applicants were informed that this is due to difficulties in obtaining responses from the project sponsors to complete due diligence and the urgency to commit funding by August and December 2016.
25. Following the opening of the online application on the PPDF website ([www.sadcppdf.org](http://www.sadcppdf.org)), the Secretariat and PPDF Steering Committee approved six (6) project proposals. These were subsequently endorsed by the PPDF Board of Trustees. Negotiations are now on-going between the PPDF Secretariat and Grant Recipients to finalise the financing agreements.
26. The collaborative partnership between the SADC Secretariat, NEPAD Agency and the SADC Development Finance Resource Centre – Public-Private-Partnership (DFRC-PPP) Network is currently undertaking project preparation activities on the RIDMP projects within the Beira and North South Corridors which form part of the SADC PIDA Acceleration Programme. This exercise is being undertaken with support from the World Bank Public-Private Infrastructure Advisory Facility (PPIAF). Other partners supporting the Secretariat include GIZ, the NEPAD Business Foundation, EU and DBSA. The preliminary report on these projects was presented to Member States in May 2016 and will be further reviewed in August 2016. The plan is to present the final list of projects which will be regarded ready for the market at the Infrastructure Investment Roundtable tentatively planned for October 2016.

### 3.2.2 Communications and ICT

### *SADC Roadmap on Digital Broadcasting Migration*

27. The Ministers of ICT and Communications have set December 2016 as the new target for all Member States to have completed migration to Digital Terrestrial Television (DTT) Broadcasting. In addition to the four Member States (Malawi, Mauritius, Namibia and United Republic of Tanzania) which achieved the International Telecommunication Union (ITU) Analogue Switch-Over (ASO) deadline of 17th June 2015, Zambia has its DTT network in operational mode and some of the other Member States have switched on the digital platform and are on dual illumination. Four Member States (Lesotho, Seychelles, Zambia and Zimbabwe) confirmed that they will complete the migration process by the end of the year. This means more Member States are implementing sustainable broadcasting platforms, thereby increasing opportunities for SADC citizens to create and access content and modern technologies. The region has commenced with the development of SADC Audio Broadcasting Policy and Regulatory Framework and the recommendation for a harmonized standard to be adopted.

### *SADC Home and Away Roaming (SHAR)*

28. The Ministers of ICT took a decision in November 2014 to transition from implementing the SADC Home and Away Roaming (SHAR) Project through the Roam Like A Local (RLAL) principle, to using the Roam Like At Home (RLAH) principle to facilitate reduction of international roaming of voice, messaging and data rates within the region, SADC Model Roaming Regulations and SADC Roaming Policy Guidelines. Following the Ministers' decision, a total of 7 Member States have already commenced implementation of the SADC Home and Away policy using the "Roam like at Home" principle, and on a reciprocal basis. The SHAR principle of RLAH has been piloted since October 2015 by Botswana, Namibia, Zambia and Zimbabwe, and 3 additional Member States (Lesotho, Mozambique, and Swaziland) have subsequently adopted the principle. The Region will soon commence with the development of a SADC Roaming Costing Model.

### *National and Regional Internet Exchange Points*

29. The region has made progress in terms of implementing infrastructure initiatives that contribute towards reducing the cost of transiting internet traffic, and hence the cost of doing business in the region. South Africa and Zimbabwe NIXPs have been awarded contracts to be supported to grow into SADC RIXPs part of the African Internet Exchange System (AXIS) initiative facilitated by the AUC to keep Africa's internet traffic local to the continent.

### *SADC Harmonised Cyber Security Legal Framework*

30. Efforts to improve cyber security in the region gained further momentum during the year as all Member States now have either transposed the three (3) SADC Harmonised Cyber Security Model Laws or have a cyber-security legal framework in place. In addition, the Secretariat has signed an MOU with Global System Mobile Association (GSMA) to address institutional and skills capacity building in Member States. Areas covered in the MOU include Advanced Spectrum Management for Mobile Telecommunications; Mobile and Health; Children and Mobile Technology; Principles of Mobile Money; Competition in Mobile Communications. The plan is also to provide training in Spectrum Award Best Practices and Digital Sound Broadcasting. The Secretariat has also signed MOUs with ITSOU and HUAWEI for additional training in 2016/17.

*Digital SADC 2027 implemented as part of RIDMP Short Term Action Plan*

31. The Secretariat secured support (\$575k) from AfDB for several feasibility studies to be undertaken under the SADC Regional and National Integrated Broadband project. Two (2) of the four (4) studies being undertaken have been completed and the reports were validated by Member States in February 2016. The completed studies are the SADC Regional and National Integrated Broadband Infrastructure Study (which includes the National and Cross Border ICT Broadband Study; and the Rural ICT Broadband Study); and the SADC ICT Sector Review (Malawi, Mozambique and Zambia). The other two on-going studies are the Malawi e-Post Services Study (Formulation of Malawi's National e-Post Strategy and Action Plan and the Malawi Posts Corporation [MPC] e-Post Corporate Strategy) and the Use of ICT for Transport and Trade Facilitation on the Nacala Corridor. The outcome of these studies will inform the design and preparation of projects for the delivery of ICT infrastructure in the region.
32. In terms of strengthening the policy and regulatory framework to guide investment in broadband infrastructure, the SADC Guidelines for the Development of National Broadband Strategic Plans were developed in collaboration with CRASA.

*Regional Postal Development*

33. The implementation of the SADC Postal Strategy 2014-16 is on track, as evidenced by the reforms the Postal Sector has been undertaking. SADC is currently undertaking a study on the Postal Financial Inclusion Guidelines and another one on Framework for Postal Goods and Services in SADC. The changes in the market performance, industry trends and rapid technological developments in the postal industry have led to the need for an effective SADC harmonised postal policy and a regulatory framework for the delivery of the postal services. The study on Postal Reforms in SADC was completed and approved by the Ministers in June 2015 and implementation of the resultant SADC Model Policy Guidelines on Postal Services is well underway and the first implementation progress report will only be available in June 2016.
34. The reforms seek to strengthen the Postal Services Sector, and cover the use of ICT to bring about more efficient and cost saving substitutes to the traditional Postal Services and products; Regional Postal Projects which leverage ICT for efficiency such as Global Monitoring System; Regional Electronic Money Transfer; Post Bus Project implemented under the Regional Road Transport Network; and provision of Power and Internet Connectivity in Post Offices.

### **3.2.3 Energy**

*Status of Power Supply and Demand in the Region*

35. As at end of May 2016 the installed generation capacity in the mainland Member States was 61,894 MW compared to 61,859 MW in May 2015. The available operating capacity stands at 46,959 MW against a demand and reserve of 52,542 MW. When taking into account the current peak demand and generation capacity reserve margins, the Regional capacity shortfall is 5,583 MW. The installed capacity in Oceanic Member States is 782MW, 246MW, and 106MW for Mauritius, Madagascar and Seychelles, respectively. These result in total installed capacity of 63,028 MW for all SADC Member States.

36. In 2015, the region commissioned 1,864 MW out of the planned 2,269 MW from the following sources, Angola (50 MW), Botswana (35MW), South Africa (1 479 MW) Tanzania (150 MW), Zambia (145 MW) and Zimbabwe (15 MW). The projects were commissioned by both Public utilities and Independent Power Producers (IPPs) About 20% of this capacity was from renewable energy projects in South Africa and increased generation of power from gas in Tanzania from recently discovered gas reserves. The status of power supply in the region varied amongst Member States during the course of the year. South Africa enjoyed no load shedding in the past seven months after commissioning the first Unit of the Medupi coal-fired power plant. However, Member States that rely heavily on hydropower, such as Malawi, Zambia and Zimbabwe, suffered due to severe drought experienced during the summer months, which led to the reduction of water levels in dams. The drought has had particularly devastating impact on the Kariba Dam, which generates electricity for both Zambia and Zimbabwe.
37. The region plans to install an additional 3, 932 MW by the end of 2016, most of which will be in Angola (930 MW), DRC (458MW), Malawi (10 MW), Mozambique (360 MW), Namibia (40 MW), South Africa (1 624 MW), Zambia (310 MW) and Zimbabwe (200MW). About 70% of the planned capacity is expected to be generated by Independent Power Producers (IPPs) in Malawi, Mozambique, South Africa and Zambia. Almost 25% of the planned capacity will come from Angola, which is not yet connected to the Regional grid. Hence, this additional capacity will not be available to the rest of the region. Efforts remain focused on accelerating implementation of the three key projects to interconnect Angola, Malawi and United Republic of Tanzania to the regional grid.
38. The notable participation of IPPs in electricity generation reflects the benefit from the commitment of Member States to encourage private sector investment through the implementation of cost reflective tariffs. Namibia and Tanzania have reached cost reflective tariffs and other Member States are working towards that goal. South Africa is already implementing Pro-poor tariffs and a mix of Time-of-Use (TOU) tariffs. The utilisation of gas as a source of power generation in the region is expected to increase from the previous year's level of 780 MW to 1 410 MW.
39. It is expected that the region will have sufficiently installed generation capacity reserves after 2020, if all projects are commissioned as planned. The generation reserve margin will reach 15.3% in 2019 and 15.9% in 2020 against a best practice reserve margin of 15%.
40. On the Energy Demand Side Management (DSM), Member States have a standing DSM Annual Target to save 4 500 MW from implementing efficiency initiatives. During 2015/16 3300MW savings were realised from promotion of efficient lighting through the introduction of compact florescent lights (CFLs) bulbs and light emitting diodes (LEDs) by Power Utilities. The initiative is supported by the Energy Ministers decision of July 2015 to ban energy intensive incandescent bulbs in the region, which was expended to end of 2017 to allow more Member States to conclude legal processes. These savings represent a significant increase from the 4,561 MW savings which were achieved from DSM initiatives implemented from 2010 to 2014.

### *Energy Access and Renewable Energy*

41. The region is focused on attaining the United Nations Sustainable Development Goal 7 (SDGs) on increasing energy access for all. The region is pursuing this endeavour by, amongst others, participating in the global processes of the UN Sustainable Energy for All (SE4All) Initiative whose principal objective is to achieve Universal Energy Access by 2030. The region is also pursuing initiatives to ensure universal access to modern energy services; doubling the rate of improvement in energy efficiency; and doubling the share of renewable energy in the regional energy mix.
42. Overall access to electricity in the Region increased from 30% in 2013 to 36% by the end of September 2015, and is projected to increase to about 43% by the end of 2016. The projected increase will be realised through initiatives undertaken at regional and national levels. The approval of the establishment of SADC Centre for Renewable Energy and Energy Efficiency (SACREEE) and the selection of Namibia as the Host Country by Council in August 2015 in Gaborone, Botswana is one of the key initiatives at regional level. SACREEE will support scaling up small scale renewable energy initiatives to fulfil the objectives of the SE4All Initiative. One of the notable initiatives at national level is the participation of 8 Member States (Botswana, Lesotho, Mozambique, Namibia, South Africa, Swaziland, Tanzania and Zambia) in Phase 2 (2013 – 2017) of the Energy and Environmental Partnership (EEP) Project.

### **3.2.4 Transport**

#### *Aviation/Air Transport: Establishment of the SADC Aviation Safety Organisation (SASO)*

43. The Charter for the establishment of SASO was approved by Council in August 2015 and the Interim SASO Secretariat was launched in May 2016 in Mbabane, Swaziland. The staff of the Cooperative Development of Operational Safety and Continuing Airworthiness Programme in SADC Member States (COSCAP-SADC) Project relocated to the new SASO offices in Swaziland in November 2015, as Swaziland is the host for the SADC Aviation Safety Organisation. The recruitment of the Interim SASO Executive Director is on-going.

#### *Surface Transport: Multilateral Cross Border Road Transport Policy and Regulatory Framework*

44. Ministers responsible for Transport adopted various policies, standards and regulations. The approved governing frameworks include: the Tripartite Vehicle Load Management Strategy, Implementation Plan and MOU; Tripartite Strategic Weigh Bridge Location Plan; Tripartite Transport Registers and Information Platform and System (TRIPS); harmonisation Proposals on vehicle regulations and standards (namely, Transportation of abnormal/awkward loads; Transportation of dangerous/hazardous goods; and Proposed Self-Regulatory Scheme for cross border road transporters–Road Transport Management System); and the Multilateral Cross Border Road Transport Agreement (MCBRTA). The implementation of these instruments will harmonise and strengthen standards and ease movement of goods in the region, and ultimately result in reduced costs of movement of goods as well as the cost of doing business in the region.

### *Corridors Development*

45. The SADC programme to develop transport corridors as a means to facilitate trade and economic liberalisation continued during the course of the year. This is done within the context of the Corridors Strategy which focuses on Instruments, Institutions and Infrastructure. A key element of the Corridor transport and logistics infrastructure programme is the development of One Stop Border Posts, which is implemented with the objective to reduce transaction costs for crossing a border. The “One Stop Border Post” (OSBP) is a concept for border management efficiency improvement, which entails joint control and management of border crossing activities by agents of the adjoining countries, using shared facilities, systems and streamlined procedures.
46. The Secretariat collaborated with other African RECs and NEPAD in the development of a “One Stop Border Post Source Book –Second Edition”. The Sourcebook is a toolkit for the guidance of policy-makers and trade and transport practitioners. The Sourcebook will, among other uses, assist the Secretariat in formulating regional policies and programmes on OSBP.
47. The SADC Secretariat was appointed as Chair of the World Bank-funded Sub Saharan African Transport Programme REC Technical Coordinating Committee and ex officio member of the Sub-Sahara African Transport Programme (SSATP) Board. SSATP is a forum and programme that coordinates and conducts research and development on harmonised transport and trade facilitation laws, policies, regulations and standards in Africa. The programme places special focus on improvements of African regional transport corridors.

### *Western and Eastern Cluster Corridors*

48. Construction of a container terminal on artificial reclaimed land at Walvis Bay in order to expand the ports capacity is at an advanced stage.
49. Construction of the Moatize-Nacala rail link was completed and train operations commenced in 2015. The rail link was constructed as part of the programme for upgrading infrastructure to cater for the need to evacuate coal from the Zambezi coalfields (Moatize), which also includes rehabilitation of the Sena railway line on the Beira Corridor, construction of rail link between the Zambezi coalfields (Moatize) and the port of Nacala, dredging and modernisation of the Beira port as well as modernisation and expansion of the Port of Nacala. However the fall in coal prices has resulted in downwards revision of traffic volumes and is threatening the line’s viability.
50. Feasibility studies, designs and legal frameworks for One-Stop Border Posts along the Nacala Corridor were completed in December 2015, and these will inform resource mobilisation for investment in the Corridor projects. A feasibility study for the Navigability of the Shire Zambezi Waterways has also been completed and the project closed in December 2015.

### 3.2.5 Water

#### *The SADC Regional Strategic Action Plan on Integrated Water Resources Management (RSAP IV 2016-2020)*

51. The RSAP IV, which articulates the Region's strategic water programmes for the period 2016-2020, was approved by the SADC Ministers responsible for Water in July 2015. The RSAP IV was developed through broad consultations with Member States and other key stakeholders in the region and is aligned to the RIDMP and RISDP. The Plan is published in the three SADC languages and is available in hard copy and soft copies on the SADC Website.

#### *Mainstreaming Gender in the Water Sector*

52. Member States have clearly pronounced their commitment to mainstreaming gender in water resources management and water policy development. The region has adopted and is implementing the following tools for the regional water programme: Guidelines for Mainstreaming Gender in River Basin Organisations (RBOs) in SADC; SADC Handbook on Mainstreaming Gender in the Water Sector; and the Gender Mainstreaming Pocket Brief for Policy Makers in the SADC Water Sector. In addition, Gender Focal Persons have been nominated in the Ministries responsible for water in all 15 Member States.

#### *Water Infrastructure Projects*

53. The Integrated Water Resources Management (IWRM) Pilot Projects in Botswana, Lesotho, Mozambique and Namibia were completed and handed over to the benefiting communities in September 2015. The Zimbabwe project is still on-going, while the project for South Africa has been deferred to 2016/17 due to limited time for project implementation in relation to the end of the project. The Regional Water Supply and Sanitation Project was also completed, with the production of strategies and guidelines to support Member States. The Feasibility Study of the Lomasha-Namaacha Water Supply and Sanitation Project was completed in July 2015 and the Reconnaissance Studies for the Cross-border Water Supply and Sanitation Project and the Kasumbalesa Border (DRC/Zambia) and Nakonde/Tunduma Border (Zambia/Tanzania) Project were completed by September 2015, and discussions have been held with stakeholders in the two project areas to take the next steps to pre-feasibility and feasibility. The Lomasha/Namaacha Water Supply and Sanitation Project and the Kazungula Water Supply and Sanitation Projects have been earmarked for funding under the SADC Regional Fund for Water and Basic Sanitation, which is currently funded by the German Government through KfW.

#### *Transboundary Water Resources Management*

54. Pursuant to the implementation of the Revised Protocol on Shared Watercourses in the SADC region, a number of initiatives are underway in the various river basins. These include the recent (July 2016) signing of the Pungwe River Basin Bilateral Cooperation Agreement by Mozambique and Zimbabwe, the initiation of discussions between the Government of Angola and Namibia to establish a Kunene Water Commission (KUNECOM) and the process of operationalizing the establishment of the Inco-Maputo Basin Commission Secretariat to be hosted by the Government of the Kingdom of Swaziland on behalf of the riparian states of the two basins namely Mozambique, South Africa and Swaziland.

55. As a result of the region's commitment to cooperate in the water sector, the region has recently earned SADC the highest rating in the world with a score of 100 out of 100. This global comparison of indicators on water cooperation, termed the Water Cooperation Quotient Index 2015, was prepared and released by the international think-tank, Strategic Foresight Group.

#### *Climate Change and Disaster Risk Reduction*

56. In response to the pervasive climate change related challenges, the Water and Meteorology sectors have combined effort to undertake preparedness and responsive initiatives. The intention is to inform policy decision-making and planning by providing reliable information to support early warning for flood and drought management and for disaster preparedness. A key element which has been built into these responses is sustainability. Further implementation of these initiatives by Member States at national level will enhance the region's capacity to plan for socio economic development, weather-related disaster risk management and the rational use, conservation and protection of natural resources.
57. The SADC Hydrological Cycle Observation System (SADC HYCOS) Project which was implemented jointly by the Meteorology and Water sectors has been completed, and products have been circulated to all Member States for their use and future reference. These include regional flood hazard/risk maps and Disaster Risk Reduction strategies for flood risk management in selected transboundary River Basins flooding hot spots; Regional Strategies on climate change and variability based on hot spot areas in the Zambezi and Limpopo Basins.

#### **3.2.6 Tourism**

58. The following notable achievements were made in the implementation of the Tourism Growth and Development Strategy Implemented by 2020 facilitated by RETOSA:
59. Brand Management, Communications and Marketing
- (i) *Brand Management and Communications* – this is aimed at driving the brand strategy of marketing the region as a single multi-faceted destination, and high visibility branding activities were undertaken through fairs and events, regional website enhancement, RETOSA's electronic newsletter, feature articles in Electronic Turbo News (ETN), the RETOSA microsite on WAYN.com branded "Experience Southern Africa" (active since January 2016) and social media platforms;
  - (ii) *Regional Partnerships in Destination Marketing* – the focus is to partner with Member States to aggressively market the region to international source markets that are not currently leading tour groups into the region. Partnering with South African Tourism (USA Office), South African Airways (USA Office), Zambia Tourism Board and Zimbabwe Tourism Authority, RETOSA organised a 10-day Mega Familiarization Trip for fifty (50) North American luxury agents to visit South Africa, Zambia and Zimbabwe in late August and early September 2015. This programme offered the RETOSA Secretariat and participating Member States an opportunity to engage with large travel companies such as Virtuoso,

Signature, AMEX and Ensemble in Canada. to scale-up their bookings to the Southern Africa region and bring in more business.

- (iii) *Online Certified Southern Africa Travel and Tourism Training Programme for Service Providers* – this was launched to equip travel agents and tour operators with knowledge on the best of Southern Africa’s tourist offerings. The intent is to equip the service providers with practical skills to market Southern Africa as single but multi-faceted destination in line with the Region’s tourism vision and brand;
- (iv) *Digital and Social Media Marketing and MICE Destination Marketing in Southern Africa Tourism for Member States* – training in this area was conducted for emerging tourism entrepreneurs/SMMEs as well as for marketing and communications officials of Member States tourism agencies. The training included three (3) regional training programmes and two (2) bespoke programmes for Mozambique and Zambia. To date, all Member States’ marketing and communication officials have participated in the programme, except for Madagascar;
- (v) *Community Based Tourism Development* - A study on Community Based Tourism (CBT) Development in Southern Africa and the CBT Developmental Guidelines Manual were completed. The outcome of this study will inform the establishment of the Regional CBT Enterprises Forum, which is planned for 2016/17.

#### *Regional Sustainable Tourism Development Strategy Framework*

60. The Regional Sustainable Tourism Development Strategy Framework and Action Plan were developed in 2015 and the Action Plan is already being implemented. In addition, a Regional Sustainable Tourism Development Forum involving different stakeholders was established and a Steering Committee elected into office for a 2-year term. The next step is to develop and adopt a set of Regional Sustainable Tourism Development Indicators and Guidelines Manual. The development of sustainable tourism development indicators will be a precursor to the institution of the annual Sustainable Tourism Conference, which will include a call for and presentation of selected papers by experts, including academia and the publication of an Annual Southern Africa Journal for Sustainable Tourism Development.

#### *Harmonization of Regional Tourism Quality Standards*

61. A Regional Working Group on Harmonization of Regional Tourism Quality Standards has been established. In February 2016, the Working Group initiated a process for reviewing the Regional Quality Standards developed in 2011, and this is expected to be completed by the end of 2016.

### **3.2.7 Meteorology**

#### *Reliable, Accurate and Timely Climate Information for Early Warning*

62. The Meteorology sector through the SADC Climate Services Centre continued to deliver accurate, reliable early warning climate information, products and services for socio-economic development in a timely manner. In particular, the Nineteenth Annual Southern Africa Regional Climate Forum (SARCOF-19), Kinshasa, DRC in August 2015 provided early warning information on the current El-Niño-induced drought affecting most of Member States, well before it

occurred. The Secretariat also continued to enhance the capacity of Member States to generate and apply reliable information and products at the national level. This included supporting the Madagascar National Climate Outlook Forum (NCOF) to downscale SARCOF products to the national level in September 2015 and conducting capacity building workshops for all Member States during SARCOF 19.

*ISO 9001: 2008 Certification for Safety of Air Navigation Systems*

63. In terms of the International Civil Aviation Organization (ICAO) for ISO 9001: 2008 Certification for Safety of Air Navigation Systems, two additional Member States complied with ISO 90001 on Quality Management Systems for Aeronautical Services during 2015, raising the number of compliant Member States from eight (8) to ten (10). The remaining five (5) are still undergoing the certification process. Compliance raises the confidence of international airlines to fly into the region, which benefits other sectors of the economy such as international trade and tourism, which in turn activates a positive ripple effect to other related sectors of the economy.
64. With the support of the Institutional Support to African Climate Institutions (ISACIP) and Monitoring of Environment for Security in Africa (MESA) projects, investments have been made in meteorological infrastructure, equipment and institutional capacity building to enhance the capacity of Member States to monitor climate and environment phenomena for early warning and disaster preparedness. The ISACIP project has provided support for strengthening of Regional Early Warning System at the Climate Services Centre and NHMSs. Ten (10) Automatic Weather Stations (AWS) were delivered and installed in 10 Member States. The batch is part of a first phase of ISACIP. The other Member States will benefit from the second phase of ISACIP. The installation of the AWS is intended to enhance Member States capacity to collect meteorological observational data. In spite of the contribution of the project to complement existing capacity, the observation stations are still inadequate to effectively generate credible, quality information as the stations are spread beyond the recommended 30 km radius. For instance, the region produces an average of 9 temperature reports, compared to the global average of 71, 19 climatology reports, compared to 73 and 39 synoptic reports, compared to a global average of 80.
65. The MESA project provided Satellite Receiver Stations to National Meteorological and Hydrological Services (NMHSs), Ministries of Agriculture and Ministries of Environment of eleven (11) Member States. Satellite Receiver Stations have been installed in four (4) universities (one from each Member State) for research purposes and to ensure the sustainability of generating reliable climate and weather information. Installation of the Satellite Receiver Stations in universities of the remaining nine (9) Member States who are participating in the project will be completed before the end of 2016/17.
66. The above indicates that the region has improved capacity to prepare for and respond to events emanating from or related to natural disasters, 90% of which are weather and climate-related.

### 3.3 PEACE AND SECURITY COOPERATION

67. In addition to the accomplishments described in Section 2.1 of the report on political developments, linked with the Revised RISDP Priority C on Peace and Security Cooperation as well as the SIPO objectives, progress was also made in the areas described below:
68. *Conflict Prevention Management and Resolution*: The SADC Mediation, Conflict Prevention and Preventive Diplomacy Structure became operational with the inauguration of the Mediation Reference Group. The MRG approved and adopted its Strategic Plan (2015-2017) and a Work Plan (2015-2017). With the support of the Mediation Support Unit, the MRG led an assessment mission to the Republic of Madagascar in September 2015 in order to facilitate the work programme of the SADC Envoy to Madagascar.
69. *Democratic institutions and practices in the region*: The SEAC held an awareness raising seminar for electoral stakeholders in the Republic of Zambia on the revised *SADC Principles and Guidelines Governing Democratic Elections*. The aim of this and other seminars is to sensitize electoral stakeholders in the region on this electoral document.
70. *Counter Terrorism Strategy*: The Counter Terrorism Strategy is in place and will enhance the capacity of Member States to fight terrorism threat collectively and the implementation of the Regional Intelligence Training Plan will continue to facilitate the harmonization of skills in the region.
71. *Five-year Strategic Plan of the Regional Peacekeeping Training Centre (RPTC)*: The RPTC continues to develop the capacity of personnel in Member States in Peacekeeping Training and Peace Support Operations. In this regard, the RPTC developed a five year Strategic Plan which has been validated by Member States and will be submitted for approval to the Ministerial Committee of the Organ meeting in July 2016. The Strategic Plan is also aimed at strengthening support towards planning of SADC Peacekeeping and Peace Support Operations exercises.
72. *Regional Disaster Preparedness and Response Strategy and Fund*: In line with recommendations from Ministers responsible for Disaster Risk Reduction (DRR), the Secretariat is developing, a Regional Disaster Preparedness and Response Strategy and Fund. The Strategy is meant to enhance the capacity of Member States and the Secretariat to effectively coordinate the preparedness and response initiatives, actions and frameworks geared towards assisting Member States affected by disasters and requiring international assistance. The Regional Disaster Response Fund seeks to, among others, provide funding for rapid response in the event of disasters that overwhelm the capacity of Member States and enable SADC to effectively and timely respond to disasters that occur in the region through the provision of immediate financial support. A draft report on the Strategy and Fund has been validated by all Member States and will be submitted to the Ministers responsible for DRR and Ministers of Finance and Investment for consideration in November 2016.
73. *SADC Candidate for position of Chairperson AU Commission*: In March 2016, SADC selected the Honourable Dr. Pelonomi Venson-Moitoi, Minister of Foreign Affairs and International Cooperation of Botswana, as region's candidate for the position of Chairperson of the AU Commission. The position, which is currently held by H. E. Dr Nkosazana Dlamini Zuma, became

vacant in July 2016. The elections for the Chairperson of the AU Commission took place in Kigali, Republic of Rwanda in July 2016 and were postponed after none of the candidates for the position attained the required two thirds majority votes. The elections are now scheduled to take place during the next AU Summit in January 2017, in Addis Ababa.

74. *The Hashim Mbita publications*: In January 2016, the former Chairperson of the African Union (AU), His Excellency Robert Gabriel Mugabe, President of the Republic of Zimbabwe, presented the Hashim Mbita Research publication to the Assembly of the African Union during its 26th Ordinary Session. During his presentation, President Mugabe availed two sets of the publication to the Chairperson of the AU Commission, Dr Nkosazana Dlamini-Zuma. The research, which is the brainchild of SADC, was funded entirely by voluntary contributions from SADC Member States. The publications were officially launched in Victoria Falls, Zimbabwe in August, 2014 during the 34th Ordinary Summit of the SADC Heads of State and Government.
75. *Evaluation of SIPO II*: In line with the Ministerial Committee of the Organ (MCO) decision of 2015 to extend the Revised Strategic Indicative Plan for the Organ (SIPO II) to August 2016, the Secretariat has initiated the SIPO Evaluation process. The evaluation of the SIPO II focuses on thorough assessment of successes, achievements, failures and challenges. The outcome of the evaluation is expected to guide the design of a future Southern African Peace and Security Architecture. In this regard, the interim evaluation report was presented to the Organ Troika in May 2016 and to the Organ Senior Officials in June 2016. The revised evaluation report was then presented for consideration and endorsed by the MCO in August 2016.

### **3.4 SPECIAL PROGRAMMES OF REGIONAL DIMENSION**

#### **3.4.1 AGRICULTURE, FOOD SECURITY AND NATURAL RESOURCES**

##### **3.4.1.1 REGIONAL AGRICULTURAL POLICY**

76. Subsequent to the endorsement of the Regional Agriculture Policy by the SADC Council in August 2014, a Regional Agricultural Investment Plan (RAIP) has been formulated. The implementation of the RAIP will contribute towards the attainment of the Revised RISDP priority on Industrial Development and Market Integration.
77. The RAIP will implement five priority programmes during the period 2017-2022, namely:
  - (i) Increase Agricultural Production, Productivity and Competitiveness in order to attain regional food self-sufficiency in basic strategic commodities, increase incomes, reduce hunger and poverty, and become major regional and global suppliers of selected strategic commodities;
  - (ii) Increase Access to Markets and Trade of Agriculture Products in order to improve the efficiency of regional input/output markets and stimulate broad farmers' participation in domestic, regional and international markets, improve the regional and international trade regulatory environment, and improve the development of agricultural marketing infrastructure;

- (iii) Increase Investments in and Access to Finance for Agriculture in order to stimulate private sector investment into agriculture as well as input, output and financial markets in the Region;
- (iv) Reduce Social and Economic Vulnerability in order to reduce vulnerabilities in the agricultural sector brought about by climate change and variability, socio-economic factors such as gender inequality, HIV/AIDS and migration, and food insecurity in a changing economic environment; and
- (v) Improve Food and Nutrition Security by generating, analysing and disseminating a varied range of information, including vulnerability, malnutrition and food security, markets and trade, agro-meteorology, and pests and disease information.

### 3.4.1.2 THE REGIONAL FOOD SECURITY SITUATION

#### *Overview of 2015/16 rainfall season performance*

78. The 2015/16 rainfall season in the SADC region was characterised by late start of the season. In some parts of the region the onset of the rains was delayed by about 4 months. Some of the countries affected by the late onset of the rains include Lesotho, Malawi, Mozambique, South Africa, Swaziland, Zambia and Zimbabwe. Heavy rains on the other hand were received in northern parts of Malawi, northern Mozambique, Tanzania and parts of DRC. These caused flooding in northern Malawi, DRC and Tanzania. The performance of the rains in the just ended season is very much attributed to the presence of the El Nino episode during the 2015/16 rainfall season. El Nino episodes are associated with drier than normal conditions in most parts of the SADC region.

#### *Agricultural performance and food security*

79. The drier than normal conditions experienced in many parts of the region negatively affected agricultural production in many SADC Member States. The following sections provide a brief description of the agricultural performance during the 2015/16 agricultural season.

##### *(i) Cereal production*

80. For the 10 Member States with data (excluding Mauritius and Seychelles), cereal harvest decreased by 5% from 40.4 million tonnes in 2015 to 38.3 million tonnes in 2016, which also represents an 11% decrease over the average cereal production for these countries for the last five years. Compared to the 2015 harvest, all Member States, except Angola, DRC, Madagascar, Namibia, Tanzania and Zambia, recorded cereal production decreases. Based on the 10 countries (Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe) who submitted their food balance sheets, the region recorded an overall cereal deficit of about 9.1 million tonnes for the 2016/17 marketing year. All the above countries except Zambia recorded cereal deficits. Table 2 shows the SADC cereal balance sheet.

**Table 2: SADC cereal balance sheet for 2016/17 marketing year ('000 MT)**

Crop	Maize	Wheat	Rice	Sorghum/ Millet	All Cereals
A. Domestic Availability	20 699	2 377	486	834	24 396
A.1 Opening Stocks	3 525	816	157	153	4 651
Formal/SGR	3 337	815	134	134	4 421
On Farm	183	0	23	18	225
Other	4	-	-	-	4
A.2 Gross Harvest	17 174	1 561	329	681	19 746
B. Gross Domestic Requirements	25 565	5 276	1 215	1 426	33 481
C. Desired SGR Carryover Stocks	-	-	-	-	-
<b>D. Domestic Shortfall/Surplus</b>	<b>-4 865</b>	<b>-2 900</b>	<b>-729</b>	<b>-592</b>	<b>-9 085</b>

Source: SADC Regional Early Warning System for Food Security

81. Regarding the performance of individual cereal crops, the region recorded an overall maize deficit of about 4.9 million tonnes. All the remaining cereals also recorded deficits as follows: Rice (0.7 million tonnes), wheat (2.9 million tonnes) and sorghum/millet (0.6 million tonnes). In terms of maize, the region's main staple food, all the 10 countries recorded deficits, except Zambia which had a surplus of 0.8 million tonnes.
82. On the other hand, the region recorded slight increases in the production of roots and tubers as follows: Cassava (4.7%), sweet potatoes (2.4%) and potatoes (1.4%). The Member States associated with these figures include Angola, DRC, Malawi, Mozambique, Zambia and Zimbabwe as shown in Table 3.

**Table 3: SADC roots and tubers production during 2015/16 agricultural season**

Country*	Cassava		Sweet potato		Potato	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Angola	7 727 410	7 788 480	1 932 812	1 942 904	668 566	670 456
DRC	34 867 925	36 256 439	477 804	490 889	99 572	100 447
Madagascar	2 676 952	2 968 566	1 055 248	1 113 176	239 643	249 229
Malawi	5 012 763	4 996 843	4 324 873	4 463 710	1 065 833	1 043 338
Mozambique	8 102 540	9 100 000	1 680 000	1 601 996	235 700	263 000
Zambia			118 330	231 882		
Zimbabwe			226 812	203 697	417 480	438 354
<b>SADC</b>	<b>58 387 590</b>	<b>61 110 328</b>	<b>9 815 879</b>	<b>10 048 254</b>	<b>2 726 794</b>	<b>2 764 824</b>

Note: \*Represents Member States that provided data

Source: SADC Regional Early Warning System for Food Security

(ii) *Livestock*

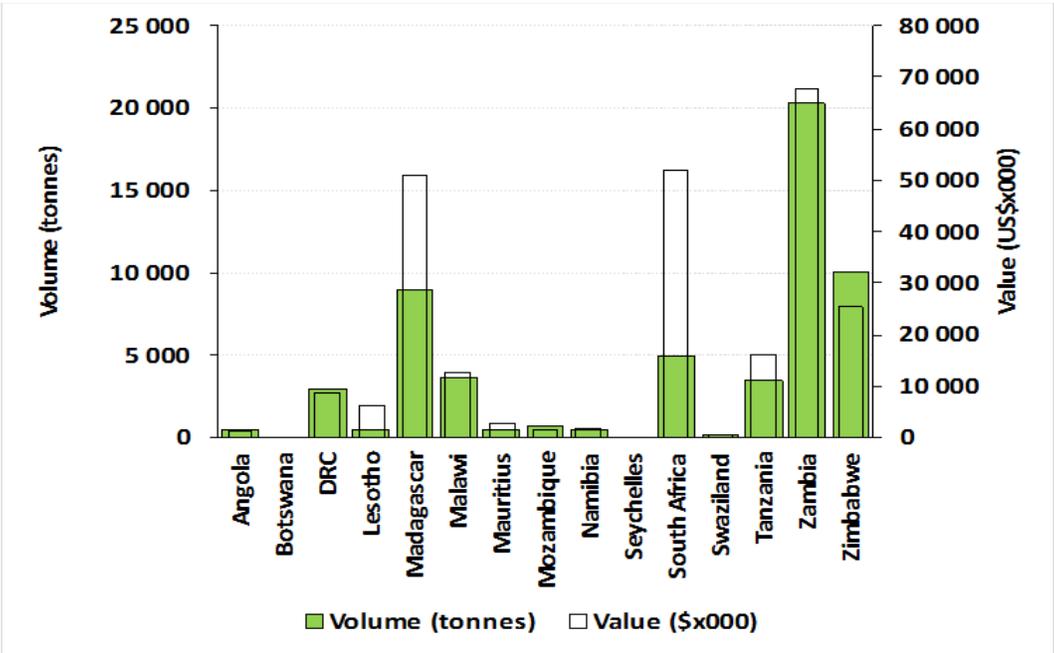
83. Demand for livestock products remains in excess of supply. The drought experienced in many parts of the region did not spare livestock with close to 643,000 drought related livestock deaths

recorded in Botswana, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe as a result of inadequate pasture for grazing and lack of drinking water.

(iii) Fisheries

84. The current status show a steady increase in overall fisheries production in the region as a result of increases in aquaculture production in some of the Member States (Figure 9). The sub-sector has generated an annual average growth rate of about 13%. Total aquaculture production was about 56 000 metric tonnes with an estimated value of US\$330 million in 2014, up from 33 000 metric tonnes with estimated value of US\$200 million in 2012, while the overall capture fisheries production trends indicate that the region produces only 2.6 million tonnes of the 91.3 million tonnes of global captured fisheries, which had more or less stagnated (FAO, 2015).

Figure 9: Aquaculture production in SADC Member States in terms of volume and value



Source: FAO, 2015

(iv) Vulnerability to food insecurity

85. Eleven out of the 15 Member States (Angola, Botswana, DRC, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe) submitted their 2016 annual vulnerability assessments findings. Some assumptions had to be made for countries such as DRC, South Africa and Tanzania that had not yet done their assessments, while the figure for Madagascar only applies to one part of the country. Compared to the previous year, the total number of food insecure population increased by 28% from 31.1 million in 2015/16 to 39.6 million in 2016/17 marketing years (Table 4).

86. The current figure is likely to increase once Member States such as South Africa submit their final figures. Out of this number, about half (23 million) are said to be in need of emergency assistance which would require about 1.7 million tonnes of emergency food assistance.

**Table 4: Estimated food insecure population during the 2016/17 marketing year**

Country	Marketing Year							2016/17 vs 2015/16 (% change)
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	
Angola			367 190	665 000	755 678	755 930	755 930	0%
Botswana				28 936	29 306	30 318	57 411	89%
DRC	5 860 872	5 445 000	6 395 448	7 318 639	6 591 535	4 456 106	7 500 000	68%
Lesotho	200 000	514 000	725 519	223 055	447 760	463 936	709 394	53%
Madagascar						1 800 000	1 140 000	
Malawi	508 089	272 502	1 972 993	1 855 163	1 312 376	2 833 212	6 500 000	129%
Mozambique	350 000	245 000	270 000	212 000	150 000	1 493 928	1 980 000	33%
Namibia	42 100	243 474	74 711	778 504	117 662	578 480	595 398	3%
South Africa*	14 547 022	12 871 320	13 625 930	13 798 024	14 060 928	14 349 445	14 349 445	0%
Swaziland	160 989	88 511	115 713	289 920	223 249	320 973	638 251	99%
Tanzania*	1 141 214	1 618 795	1 472 127	828 063	42 4 136	358 505	358 505	0%
Zambia	53 629	74 804	62 842	209 498	351 267	798 948	975 738	22%
Zimbabwe	1 287 937	1 390 000	1 668 000	2 206 924	564 599	2 829 159	4 071 233	44%
<b>SADC</b>	<b>24 151 852</b>	<b>22 763 406</b>	<b>26 750 473</b>	<b>28 413 726</b>	<b>25 028 496</b>	<b>31 068 940</b>	<b>39 631 305</b>	<b>28%</b>

Note: 2016/17 figure for Madagascar not for the whole country

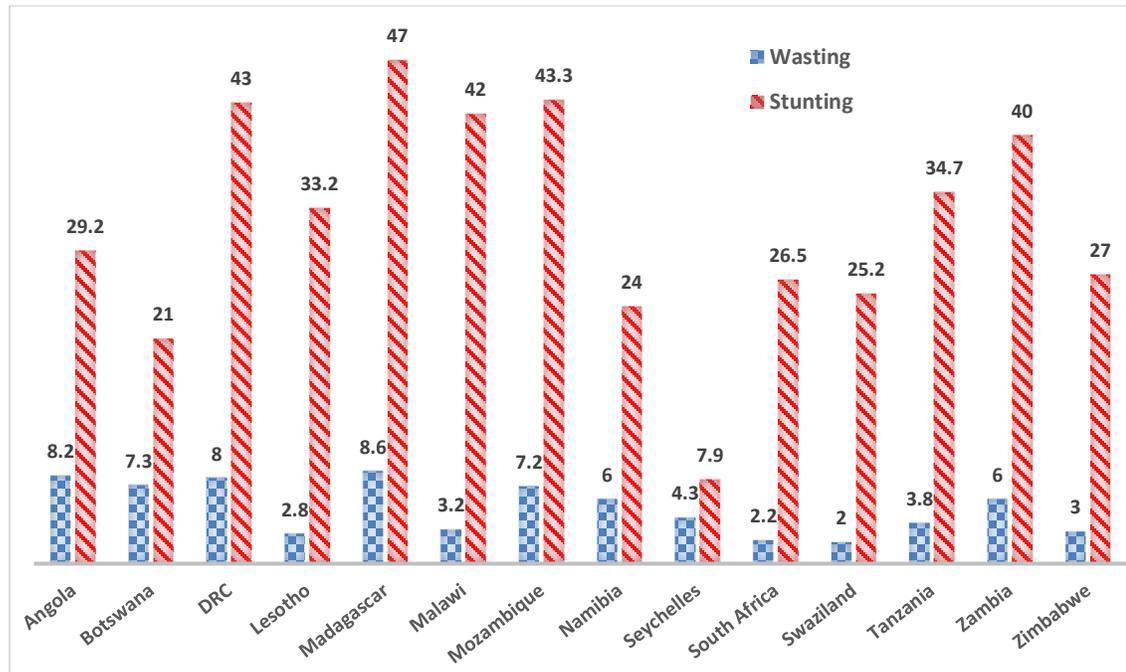
Source: SADC RVAA Programme

### 3.4.1.3 FOOD AND NUTRITION SECURITY STRATEGY

87. Nutrition status is a result of complex interaction between food consumption and the overall status of health and care practices. Some of the indicators to measure the prevalence of malnutrition in a community include Height-for-Age (stunting), Weight-for-Age (underweight) and Weight-for-Height (wasting). Figure 10 shows the prevalence of malnutrition in the region. Wasting rates above 5% and stunting rates above 20% are deemed unacceptable by the World Health Organisation standards.

88. The Secretariat continues to monitor the region's food and nutrition security through the regional and national early warning systems and vulnerability assessments and analysis programmes.

**Figure 10: Prevalence of malnutrition across Member States**



Source: SADC RVAC, 2016 for Wasting, Stunting and underweight; except for overweight and Angola source is Joint UNICEF-WHO- World Bank Database, 2015

#### 3.4.1.4 AGRICULTURAL INPUT SUPPLY

89. The Secretariat continued to operationalize the SADC Harmonized Seed Regulatory System (HSRS). Eleven (11) Member States are signatory to the Memorandum of Understanding (MOU) on the implementation of the harmonised seed regulations in the region, which entered into force in July 2014. The SADC Seed Centre coordinates the implementation of the HSRS in order to strengthen the capacities of SADC to manage an effective seed sector that will contribute to the attainment of seed security and ultimately food security.

90. Since the launch of the web-based variety release system in November 2014, a total of 12 varieties has been registered regionally. The Protocol on Plant Breeders Rights, which is expected to promote investments in seed industry and enhance access to quality seed and elite varieties in the region, is still being finalised.

91. The Charter Establishing the SADC Seed Centre Charter, which is an instituting document to enhance coordination and implementation of the Harmonised Seed Regulatory System, is still being finalised after review by the Committee of Ministers of Justice and Attorney Generals.

#### 3.4.1.5 SURVEILLANCE AND CONTROL OF TRANSBOUNDARY PLANT AND ANIMAL DISEASES AND PESTS

92. All SADC Member States were capacitated on surveillance techniques, trapping and rearing of fruit fly pests. The four most affected Member States (Botswana, Namibia, Zambia and Zimbabwe) were provided with equipment on the management of the fruit fly pests.
93. The Secretariat through the African Union Inter-African Bureau for Animal Resources (AU-IBAR) and Organisation for Animal Health (OIE) conducted training on drafting of Policy and legislation in relation to PPR control in the region in order to improve the control of TADS in the region. In collaboration with the OIE Sub-Regional Representative office, training on attaining OIE recognised freedom from trade related diseases as well as attaining recognition of control programmes for those diseases was also conducted.

#### **3.4.1.6 DISASTER PREPAREDNESS FOR FOOD SECURITY**

94. The region is currently facing a serious food insecurity situation due to drought during the 2015/16 rainfall season. The current forecast indicates the region is in deficit of around 9 million metric tonnes of cereals.
95. In line with Council's decisions of March 2016 declaring the region a drought disaster; issuing a Statement of Appeal for assistance from ICPs; and establish a Regional Logistical Team to coordinate regional response, the President of the Republic of Botswana, His Excellency, Lt. General Dr. Seretse Khama Ian Khama, in his capacity as Chairperson of SADC, declared a Regional Drought Disaster and launched the SADC Regional Humanitarian Appeal on 26th July 2016 in Gaborone, Botswana. The Appeal indicates that the region requires US\$2.7 billion to cover the humanitarian needs of about 40 million vulnerable people. Of this, Member States and their partners have been able to cover US\$341 million, thereby leaving a regional humanitarian gap of US\$ 2.4 billion. The region is appealing for support from International Cooperating Partners to close this gap.

#### **3.4.1.7 JOINT MANAGEMENT OF TRANSBOUNDARY NATURAL RESOURCES (FISHERIES, FORESTRY, WILDLIFE AND TRANSFRONTIER CONSERVATION AREAS)**

96. Subsequent to the approval of the SADC Fisheries Monitoring, Control and Surveillance (MCS) Coordination Centre in 2013 by Ministers responsible for Environment and Natural Resources, the Secretariat has developed a project implementation plan with the objective to combating illegal, unreported and unregulated (IUU) fishing. Most of the Member States are implementing the identified interventions in the action plan. A draft Charter for the establishment of this Centre has also been developed, validated and cleared by the SADC Technical Committee on Fisheries.
97. The SADC Regional Aquaculture Strategy and Action Plan has been developed and cleared by the Technical Committee on Fisheries. This strategy outlines how the region will achieve enhanced production, improved capacity and safeguard its aquatic environment from the impacts of aquaculture. Most of the Member States have already adopted identified elements of this strategy and incorporated them in their national policies and strategies, and others are already implementing them. A Framework for Environmental Management for Sustainable Aquaculture Development has also been developed and will serve as a support tool towards implementation of the Strategy as well as promoting responsible aquaculture development in the region.

98. In collaboration with the AU-IBAR, Centre for Coordination of Agricultural Research in Southern Africa (CCARDESA) and World Fish Centre (WFC), several baseline studies have been conducted to support better policy development and implementation in the region and also to support better decision-making based on sound science and knowledge. These studies include: a) the “Role of fisheries in food and nutrition security in the SADC region” which profiles fisheries and aquaculture sectors in each Member State and their contributions to socio-economic development; b) “Corridor analysis of fish trade in Southern Africa” which identifies the structure, products and challenges of intra-regional fish trade in the region and makes recommendations on how best regional integration can be achieved through fish trade; and c) “Mapping of fish diseases in Southern Africa” which seeks to identify risk factors for aquaculture development, considering that the region is prone to fish diseases outbreaks that in the past affected the sustainable development of aquaculture.
99. With regards to Forestry, the Transboundary use and protection of natural resources, which implements components of the programmes on Fire Management; Reducing Emissions from Deforestation and Forest Degradation (REDD+); and Forest Law Enforcement Governance and Trade (FLEGT), were implemented. Some of the activities under this project included support of income generating activities amongst rural communities in selected Transfrontier conservation areas. In addition, some baseline studies were undertaken as part of the activities under the SADC/JICA Project on Sustainable Forest Management.
100. A side event was co-organised with the WWF/TRAFFIC at the XIV World Forestry Congress to raise awareness on illegal harvesting and trade in forest products, and to promote collaboration between SADC and East African Community in combating illegal timber trade.
101. The SADC Law Enforcement and Anti-Poaching Strategy (2016-2021) was finalised and approved by Ministers of Environment and Natural Resources in November 2015. The purpose of the SADC Law Enforcement and Anti-Poaching Strategy (SADC LEAP) is to enhance collaboration among SADC Member States on wildlife law enforcement in line with the SADC Protocol of Wildlife Conservation and Law Enforcement and to facilitate sharing of intelligence information and expertise.
102. The TFCAs Establishment Guidelines and TFCAs Tourism Concession Guidelines were also finalised and approved by Ministers responsible for Natural Resources and Environment in November 2015, and are ready for implementation.

#### **3.4.1.8 ENVIRONMENT AND SUSTAINABLE DEVELOPMENT**

##### *Implementation of the Tripartite Climate Change Programme*

103. The Secretariat continued to implement the Programme on Climate Change Adaptation and Mitigation in the COMESA, EAC and SADC region, and achieved, among others, the following:
- (i) Capacity building for SADC Parliamentarians on mobilisation of domestic resources for climate change adaptation and mitigation and support to some Member States in the development of Natural Climate Change Strategy;

- (ii) Provided support on the generation of local knowledge to increase the resilience of smallholder farmers to Climate Change through sectoral studies on climate change adaptation strategies;
- (iii) Assisted the development of the Regional Common Position for the 21<sup>st</sup> Conference (COP 21) of the parties to the United Nations Framework Convention on Climate Change that was used by Member States during COP 21;
- (iv) Undertook 4 rapid assessment research studies and 3 Knowledge Synthesis Studies, focusing on climate resilient practices in the livestock and cropping sectors to guide potential carbon trading opportunities and adaptation strategies in the various sectors that need to be enhanced in the region;
- (v) Finalised the development of Regional Strategies on Climate Change, Biodiversity and the Green Economy which are aimed at promoting Climate Change Adaptation and Mitigation as well as facilitating low carbon development;
- (vi) Developed the Guidelines for Mainstreaming Biodiversity and Ecosystem Services in Extractive Industry targeting industries that extract metals, minerals or aggregates from the earth by mining, quarrying, dredging, and oil and gas operations in order to minimize the impact of the extractive industry on biodiversity;
- (vii) Developed the SADC Sub-Regional Action Programme to Combat Desertification (2015 – 2020), which is aimed at reducing desertification and land degradation (emanating from the recurrent droughts in the region) through awareness creation, training and capacity building, information exchange and management. This will also contribute towards the attainment of the SDG target 15.3 on Land Degradation Neutrality.

#### **3.4.1.9 CONSERVATION OF PLANT GENETIC RESOURCES**

104. The Secretariat carried out disaster impact assessments in flood affected sites in Malawi and Namibia in order to identify lost crops and proposed intervention programmes on seed restoration activities to be implemented and supported by respective National Plant Genetic Resource Centres. Some crops and tree seedlings were distributed to farmers' groups in Namibia, Malawi, Tanzania and Lesotho for multiplication and distribution for the enhancement of crop diversity under the seeds in multiplier arrangement. The Climate Smart Agriculture for sustainable use of plant and genetic resources to mitigate negative effects of unreliable rain patterns that affect the agricultural productivity was also promoted.
105. In order to improve sharing and exchanging of information on plant genetic resources in the region, a web-based SPGRC Documentation and Information System (SDIS) has been developed.
106. In collaboration with the AU-IBAR a Livestock Technical Committee (LTC) meeting on the establishment of the Regional Animal Gene Bank and the hosting of Sub-Regional Focal Point (S-RFP) for animal genetic resources (AnGR) in Southern Africa was held in May 2016. The meeting also discussed the Integrated Regional Coordination Mechanism project proposal as a follow up to the SADC TADS project to be a platform for TADS and Zoonosis control.

## 3.4.2 SOCIAL AND HUMAN DEVELOPMENT

### 3.4.2.1 EDUCATION AND SKILLS DEVELOPMENT

107. In spite of the challenges of economic, societal and intrinsic barriers to the provision of quality and sustainable education and training, the region continued to focus on improving its human capital necessary for socio-economic, technological advancement and competitiveness.

#### *Recognition of Prior Learning*

108. It is widely accepted and acknowledged that in any economy, skills levels and their mobility and portability is important since this promotes inclusive socio-economic growth. In order to increase opportunities for life-long learning (access to relevant quality and skills development), employability, social inclusion and self-esteem of individuals, a Regional Guideline for Recognition of Prior Learning (RPL) was developed and approved by Ministers in June 2016. The Guideline on RPL was developed through a consultative process and benchmarking of good practices on the Technical and Vocational Education and Training (TVET) and recognition of prior learning in the region, the Continent and globally.
109. The Guideline is aimed at providing common guidance and approach to SADC Member States in the recognition of learning and skills of individuals acquired through different learning processes, both formal and informal, as part of their skills development plans and programmes and implementation of their national qualifications frameworks. The effective implementation of recognition of prior learning will in the medium and long term contribute to increased availability of educated and skilled personnel in the region.

#### *Mainstreaming of HIV and AIDS in the Education Sector*

110. Efforts continued to realise the right to education for all people in the region, especially addressing the barriers to education that often co-occur among vulnerable groups of children and youth, resulting in poor education outcomes (enrolment, performance and completion rates). A Policy Framework on Care and Support for Teaching and Learning (CSTL) was developed and approved by Joint Ministers responsible for Education and Training, Science, Technology and Innovation in June 2016. The Policy Framework on CSTL is to guide Member States to facilitate harmonization of consistent and comprehensive delivery of care and support for teaching and learning policies and programmes to ensure that children and youth, especially those who are orphans and vulnerable, realize their rights to education, and achieve optimal education outcomes.
111. The successful implementation of the Policy Framework on CSTL requires systems-oriented and holistic approaches that value and promote inter-sectoral collaboration. In 2015, across the seven SADC Member States that are implementing care and support in the education sector, over 21 million learners have been reached with some kind of care and support service, including nutrition, sexual reproductive health and rights and health services, and safety and protection.

#### *Higher Education and Training*

112. The SADC Protocol on Education and Training identifies improving access to higher education and training, student and academic mobility as an important measure for promoting

regional integration in the higher education and training sector. The study on assessing cost barriers to access higher education and student mobility in the region (undertaken in 2013) showed that mobility of higher education students and staff in the region is not constrained by cost barriers alone. A wider range of factors such as immigration formalities, including international levies and student visas, impact student and staff mobility in the region. Joint Ministers responsible for Education and Training, Science, Technology and Innovation recommended, among others, the need for provision of scholarships; research grants and fellowships by Member States in their national budgets; introduction of a regional visa for students, academics, researchers and scientists; and provision of tax and customs exemptions of research and scientific equipment in the region for the purposes of learning, teaching and research to promote intra-regional mobility of students, staff and academics within the region.

### **3.4.2.2 EMPLOYMENT AND LABOUR**

113. The Secretariat made good progress in the implementation of the Employment and Labour programme, focusing on four pillars of Decent Work (employment creation, social protection, social dialogue and labour standards).

#### *SADC Policy Framework on Portability of Accrued Social Security Benefits within the Region*

114. The right to social security is a fundamental human right provided in international and regional instruments, such as the Universal Declaration of Human Rights; the International Convention Economic, Social and Cultural Rights; the ILO Social Security (Minimum Standards) Convention 102 of 1952; the African Charter on Human and Peoples' Rights; the Charter of Fundamental Social Rights in SADC and the SADC Protocol on Employment and Labour (August 2014). These rights are guaranteed to all persons, without discrimination of any kind. This implies that non-citizens should have access to social security in the host countries. As a contribution towards the ultimate goal of poverty eradication and promoting the fundamental human rights in the region, a SADC Policy Framework on Portability of Accrued Social Security Benefits within the region was developed for implementation by Member States.

115. The objectives of the Framework are to: (i) provide mechanisms to enable workers moving within the SADC Region to keep the social security rights, which they have acquired under the legislation of one Member State or to enjoy corresponding rights under the legislation of the other Member States; (ii) make arrangements for insurance periods completed under the legislation of the Member States to be added together for the purpose of determining the right to receive a benefit; (iii) ensure that workers in the region enjoy equal rights under the social security legislation of the Member States; and (iv) contribute towards the improvement of the standard of living and conditions of employment of persons in the region.

#### *SADC Labour Market Information System Action Plan*

116. Progress in the implementation of the SADC Labour Market Information System Action Plan yielded the following outputs: (i) National Employment Reports based on a SADC template were produced in eleven Member States (DRC, Malawi, Madagascar, Mauritius, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe); (ii) A Fact Sheet Template on key Labour Market Indicators was developed and approved for use in the region; (iii) A Template Plan for Labour Migration Statistics was developed and approved for use in the region; and (iv) capacity building in the form of training of Government and social partner

representatives to analyze and report on labour migration module was conducted for Member States.

#### *SADC Component of the Joint Labour Migration Programme for Africa*

117. At continental level, a Joint Labour Migration Programme (JLMP) is underway to address challenges such as the absence of reliable, accurate and comprehensive data on labour migration; the capacity gaps, the poor institutional coordination at all levels; the lack of or inadequate protection for migrant workers and their families from exploitation and hostility; lack of mutual recognition of credentials and qualifications; absence of implementation of protocols on free movement of persons; and the prevalence of rigid border formalities. The JLMP will also maximise the developmental dividends/benefits of labour migration for both sending and receiving countries.

118. In response to this continental initiative, SADC has developed the SADC component of JLMP Initiative based on the outcomes of SADC Decent Work Programme 2013-2019 and the Implementation Framework of the Revised RISDP 2015-2020. The priority outcomes for the SADC component of the JLMP for the period 2016-2019 include: (i) SADC Labour Market Information Systems implemented and monitored by 2020; (ii) Cross border portability of social protection instruments developed and operationalized by 2018; (iii) SADC Labour Migration Policy Framework approved and implemented within the broad context of facilitation of movement of persons by 2020; (iv) SADC Labour Migration Action Plan (2016/19 ) implemented by 2020; SADC Employment and Labour Protocol (Art. 19 Migrant Workers) ratified and implemented; and the SADC Declaration on TB in the Mining sector implemented through the Code on TB in the Mining Sector.

### **3.4.2.3 HEALTH AND PHARMACEUTICALS**

#### *Tuberculosis in the Region*

119. The region continued to implement TB interventions, and some of the key achievements recorded include:

- (i) Eleven (11) Member States tested more than 90% of the TB patients for HIV, reporting positive rate ranging from 2% to 74%;
- (ii) Four Member States achieved 87% (which is the global target for 2015 for treatment success rate) or higher treatment success rate for new smear-positive cases; and
- (iii) Twelve (12) Member States have introduced Fluorescence microscopy using LED equipment which is relatively more sensitive compared to the use of sputum smear microscopy as the first test in people with pulmonary TB symptoms.

120. Although significant progress has been recorded over the years, there are some implementation barriers that need urgent attention in order to enhance the performance of TB control programmes in the region. Some of the critical barriers are: lack of sustainable financing which constrains Member States' capacity for TB control; staffing of Central Unit levels of TB programmes vary across Member States, with some Member States having as few as one staff member per 10,000 TB patients in the Central Unit; and the burden of high HIV prevalence and emerging drug resistant.

#### *Malaria in the Region*

121. The SADC region continued implementing malaria interventions, and made significant progress in various aspects of the response. Key achievements include:
- (i) A general decline in malaria incidence during the past four years among the eight Member States in the control/consolidation phase. Four (4) Member States have already achieved reductions in malaria incidence or malaria admission rates of 75% or more over the 2000 baseline levels;
  - (ii) Malaria-related mortality is on the decline among Member States in the control/consolidation phase;
  - (iii) All Member States, except one that reported on IRS coverage in target populations exceeded the target of 80%, reflecting good performance on this indicator;
  - (iv) Except for one Member State, use of Long Lasting Insecticidal Nets (LLINs) by children and pregnant women is increasing with one Member State surpassing the Abuja target of 60% for both groups; and
  - (v) There has been an increase in diagnostic capacity across Member States. Member States in this group have strengthened their capacity to confirm malaria cases to the extent that 57% to 100% of cases are confirmed with a diagnostic test.

*Access to medicines and health commodities*

122. Limited access to essential medicines by Member States hampers their capacity to respond adequately to the needs of their populations. Most manufacturers of medicines in the region are experiencing under-utilization of installed capacities and the few that exist are attempting to comply with national medicines regulatory requirements, including current-Good Manufacturing Practice Standards (GMP), many others are producing wide ranges of essential medicines in smaller quantities that are inadequate to cover their requirements. About 90% of the medicines used in the region are imported from external sources such as India, China, and Brazil, and to a limited extent, from Europe. In order to remedy this situation, a feasibility study to explore the possibility of local production of medicines in the region is currently being undertaken.

*Strengthening Laboratory Services in the region to control and combat communicable diseases*

123. The control and management of communicable diseases hinge on the availability of competent laboratory services that diagnose the infection and are central to the monitoring of therapy. The factors contributing to differences in capacity include inadequate numbers and variable competencies of the people employed in the laboratories; the availability and sophistication of equipment; and the appreciation and implementation of quality management practices. In order to address the human resources capacity gap, the Secretariat is facilitating capacity building of laboratory personnel from Member States through regional centres of specialisation. The Supranational Laboratories identified their equipment needs, which the Secretariat has been procuring through ICP support.

#### *Surveillance, Monitoring and Evaluation*

124. Both the response to and measurement of progress in the implementation of interventions to address communicable diseases puts more emphasis on adults at the expense of children and adolescents. This makes it difficult to quantify progress and identify aspects of the response that are lagging behind for urgent remedial actions. To this end, core Child and Adolescent HIV and AIDS, TB and Malaria indicators have been developed and approved through the SADC structures. The on-going regional capacity building initiative to facilitate domestication of regionally approved policies and frameworks will facilitate the domestication of these core indicators, and consequently this will lead to objective monitoring of progress in the implementation of Child and Adolescent HIV and AIDS, TB and Malaria interventions.

#### **3.4.2.4 ORPHANS, VULNERABLE CHILDREN AND YOUTH DEVELOPMENT AND EMPOWERMENT**

##### *SADC Youth Employment Promotion Policy Framework and Implementation and Monitoring Plan*

125. In order to accelerate the creation of decent jobs among the youth and address the current high levels of youth unemployment which range between 25-90% in SADC, a Youth Employment Promotion Policy Framework and Implementation Plan was developed and approved by Ministers responsible for Employment and Labour and Social Partners (Employers and Workers representatives) in May 2016, and endorsed by Ministers responsible for Youth in June 2016. The Policy Framework was developed following extensive joint technical consultations between the sector responsible for employment and labour, including representatives of employers and workers organisations in SADC, the sector responsible for youth, including youth representatives, and the United Nations and other regional partners.

126. The objectives of the Policy Framework are to, among others, improve employment opportunities for young women and men in the region; contribute to effective management of labour migration in the region; and facilitate the transition of the informal to the formal economy in the region. The implementation of the Policy Framework will be promoted in different priority sectors at national level in the context of the revised RISDP 2015-2020 and the Industrialization Strategy and Road Map 2015-2-63, jointly coordinated by Ministers responsible for Employment and Labour and Ministers responsible for Youth.

##### *Declaration on Youth Development and Empowerment*

127. Recognising the need for regional co-operation to address the high levels of youth unemployment and poverty, and the need to empower young people into responsible and productive citizens, Summit in August 2015 approved and signed the Declaration on Youth Development and Empowerment. The Declaration is now in force following signature by 13 Member States, and all Member States are now required to support its full implementation at national level.

128. Ministers responsible for Youth have committed to coordinate full implementation and reporting of the Declaration, in line with the Summit directive in August 2015, and agreed on a roadmap for popularizing and advocating for its implementation by all stakeholders across different socio-economic development sectors at national level. For ease of executing their mandate as directed by Summit, Ministers responsible for Youth expect to be formally constituted as a Sectoral Committee of SADC Ministers. In light of the urgency and cross-cutting nature of youth issues as well as the potential to attain a “demographic dividend” through

investing in the region's young population, it is important that youth development and empowerment be considered as a permanent item on the agenda of the Ordinary Summit meetings. The youths of SADC, through the Youth Forum which was approved by Ministers responsible for Youth in 2011, have already put their full weight behind the implementation of the Declaration working with national governments.

129. Meanwhile, the regional Programme on Youth Development and Empowerment has now been developed as part of the Revised RISDP and Industrialisation Strategy and Roadmap as a vehicle for implementing the Declaration. An initiative to strengthen monitoring, evaluation and reporting of youth development and empowerment is already underway, and when fully operational, will make it easier to report on the implementation of the Declaration.

130. In addition to the priority on Social and Human Development, efforts have also been made to mainstream youth issues in other priority areas of the Revised RISDP, including Agriculture and Food Security, and Water Resources Management. For instance, the Regional Guideline for Recognition of Prior Learning referred to above will enable certification of skills and competencies that are acquired through informal and non-formal to enable millions of youth with little or no formal education qualifications to pursue further education and have access to decent jobs. In order to generate greater awareness, and encourage and to promote accelerated youth skills development to match the needs of the Industrialisation Strategy and Roadmap, a joint meeting of Ministers responsible for Education and Skills Training, and those for Science and Technology recommended that the 15<sup>th</sup> July annually be recognised and celebrated as Youth Skills Day in SADC.

### **3.4.3 CROSS-CUTTING PROGRAMMES**

#### **3.4.3.1 POVERTY REDUCTION**

131. Poverty reduction, as a cross-cutting issue, cuts across all the priority areas of the Revised RISDP. The core focus of Poverty Reduction as a stand-alone programme is to monitor and analyse poverty trends at the regional level. In 2015/16, regular engagement with the Programme Directorates was undertaken, specifically, the linkages between the Regional Poverty Observatory and the Regional Vulnerability Assessment and Analysis and the Regional Agricultural Policy, were strengthened. Desk assessments and review of research work by institutions, such as the Afro-Barometer, were also undertaken, and Member States were requested to provide information on the status of the National Poverty Observatories, as the main national level structure for monitoring and analysing poverty trends and ensuring appropriate policy interventions. The draft Mechanism for Engagement of Regional Stakeholders to participate in the SADC regional integration agenda was also developed and considered by the regional stakeholders.

#### **3.4.3.2 COMBATING OF THE HIV AND AIDS PANDEMIC**

132. While the new HIV infections have gone down in all Member States, the region continues to face a number of challenges, which hinder the attainment of the MDGs, Abuja and the Maseru Declaration commitments and targets, including the reduction of new infections and death by 50% by 2015. The challenges include:

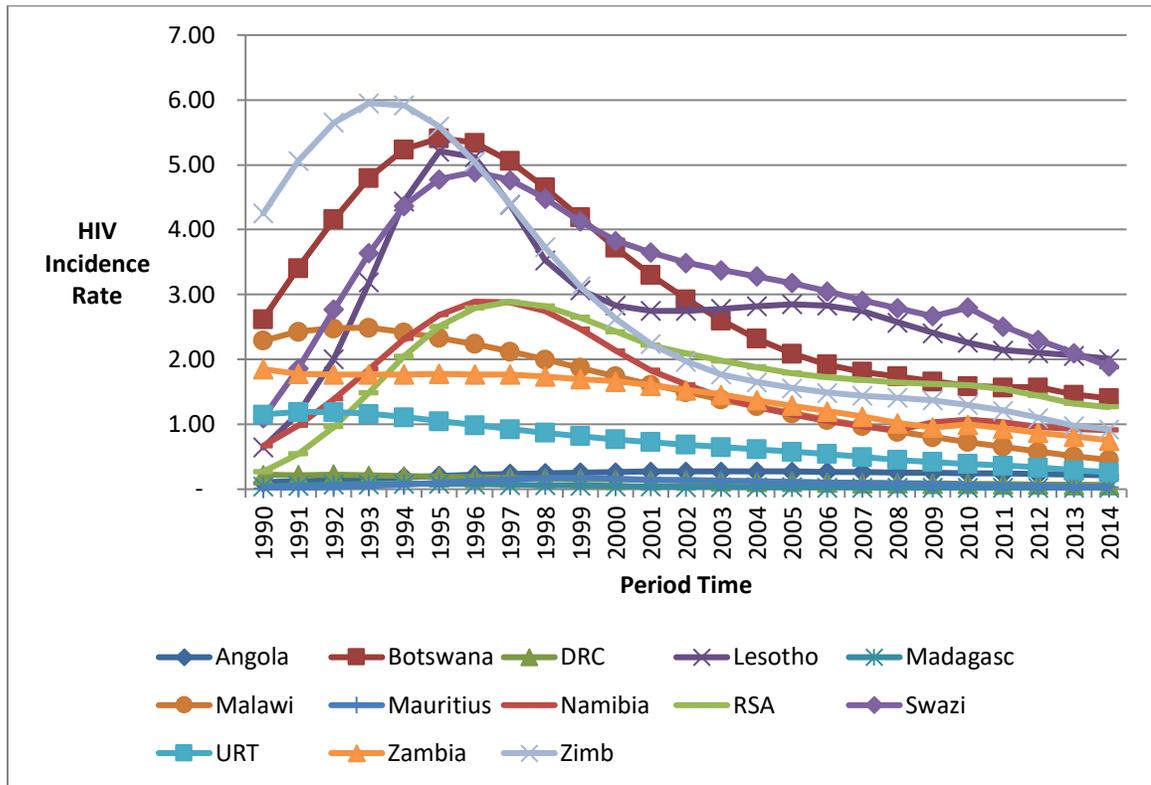
- (i) Young women and adolescents being predominantly affected, and 50% of the deaths from AIDS are among adolescents;
- (ii) The majority of Member States largely depend on external resources to support their response to HIV and AIDS, TB and Malaria;
- (iii) Health systems in terms of human resources for health, strategic information, health financing and commodities in Member States are generally weak to effectively address the major communicable diseases; and
- (iv) Limited access to essential medicines by SADC Member States hampers their capacity to respond adequately to the needs of their populations and limited innovation and health technology to combat the 3 major communicable diseases.

133. In order to address this challenge, in 2015/16, the key interventions focused on the priorities set in the Maseru Declaration and aligned to the SADC Protocol on Health and the Revised RISDP as follows:

*HIV Prevention and social mobilisation*

134. Implementation of HIV prevention interventions in the SADC region is producing positive outcomes in terms of reducing new HIV infections among the population aged 15-49 years. Available estimates of HIV incidence rates between 1990 and 2014 reveal a steep decline across all Member States. The trends in HIV incidence rates show that this variable reached a peak in the different Member States in 1998 or earlier after which protracted declines have been recorded. However, it is important to note that there are indications that the trends are levelling off, a situation that calls for enhanced and innovative approaches to sustain the downward trends (see Figure 11).

Figure 11: HIV Incidence Rate in SADC Member States, 1990-2014 (\*)



(\*): Estimates for Seychelles and Mozambique are not available

Source: UNAIDS Estimates and Projections, 2014

#### Prevention of Mother to Child Transmission

135. Significant progress has been made to reduce mother to child transmission. Prevention of Mother-To-Child Transmission (PMTCT) coverage, using effective regimens, was more than 80% in five priority countries (Botswana, Namibia, South Africa, Swaziland and Zambia) in 2012. Coverage ranged between 50% and 79% in five other Member States (Lesotho, Malawi, Mozambique, United Republic of Tanzania and Zimbabwe).

136. The Secretariat has embarked on a capacity building initiative to facilitate domestication of regionally approved minimum standards, including those on PMTCT. This will go a long way in supporting the elimination of new infections among children and keeping the mothers alive.

#### HIV Testing and Counselling

137. Stigma and discrimination, unavailability and difficult access to services are barriers to increasing uptake of HIV Testing and Counselling (HTC) services. Despite these barriers, Member States are pro-actively implementing interventions to increase access to HTC services. These include routine testing, door-to-door testing and self-testing on a pilot basis. At the regional level, the response has been the development of minimum standards for HTC and capacity building for the domestication of minimum standards, including those for HTC, and their subsequent implementation. The knowledge gap vis-à-vis the importance of HTC in the

community will be addressed by the implementation of the Regional Social Behaviour Change Communication Strategy that was approved by SADC Ministers of Health and Ministers responsible for HIV and AIDS in January 2015.

#### *HIV and AIDS Treatment*

138. In 2011, it was agreed that each Member State must achieve treatment coverage of 80% in order for the region to be able to put an additional 4 million people on treatment by 2015. Using a CD4 cut-off point of 350 for initiating ART, four Member States (Botswana, Namibia, Swaziland and Zambia) recorded treatment coverage of 80% and above. Three Member States (Malawi, South Africa and Zimbabwe) recorded ART coverage of between 60% and 79%. ART coverage was between 40% and 59% in three Member States (Lesotho, Mozambique and United Republic of Tanzania) and below 40% in two Member States (Angola and Madagascar). These data show that although progress is being made in providing treatment, Member States are at different levels.

139. The progress made in the area of HIV treatment is due to availability of both domestic and external funding. However, since the global economic and financial crisis of 2007/2008 there has been a significant decline in donor funding and sustenance or increased coverage will only be realized if there is continued increased domestic funding for treatment programmes. The adoption of the 2013 WHO treatment guidelines implies an increase in the demand for treatment, and everything remaining constant, reduction in ART coverage will be observed. This will be compounded by a decline in resources available to support the response. To this end, Member States are being supported by the Secretariat and partners to develop country-specific sustainable financing mechanisms.

#### *Impact Mitigation*

140. Member States are implementing a variety of interventions to address the needs of orphans. At the regional level, a SADC Psycho-Social Support (PSS) Framework has been developed to harmonise the response to the plight of orphans in the region. A Minimum Package of Services (MPS) for orphans, vulnerable children and youth has also been developed and all Member States are implementing these two regional documents.

141. Quantitatively, the magnitude of the challenges facing orphans is not precisely known due to the paucity of data. However, a regional monitoring and evaluation framework has been developed to track orphan-specific indicators. This framework is being operationalized through support from Member States and partners.

### **3.4.3.3 GENDER EQUALTY AND DEVELOPMENT**

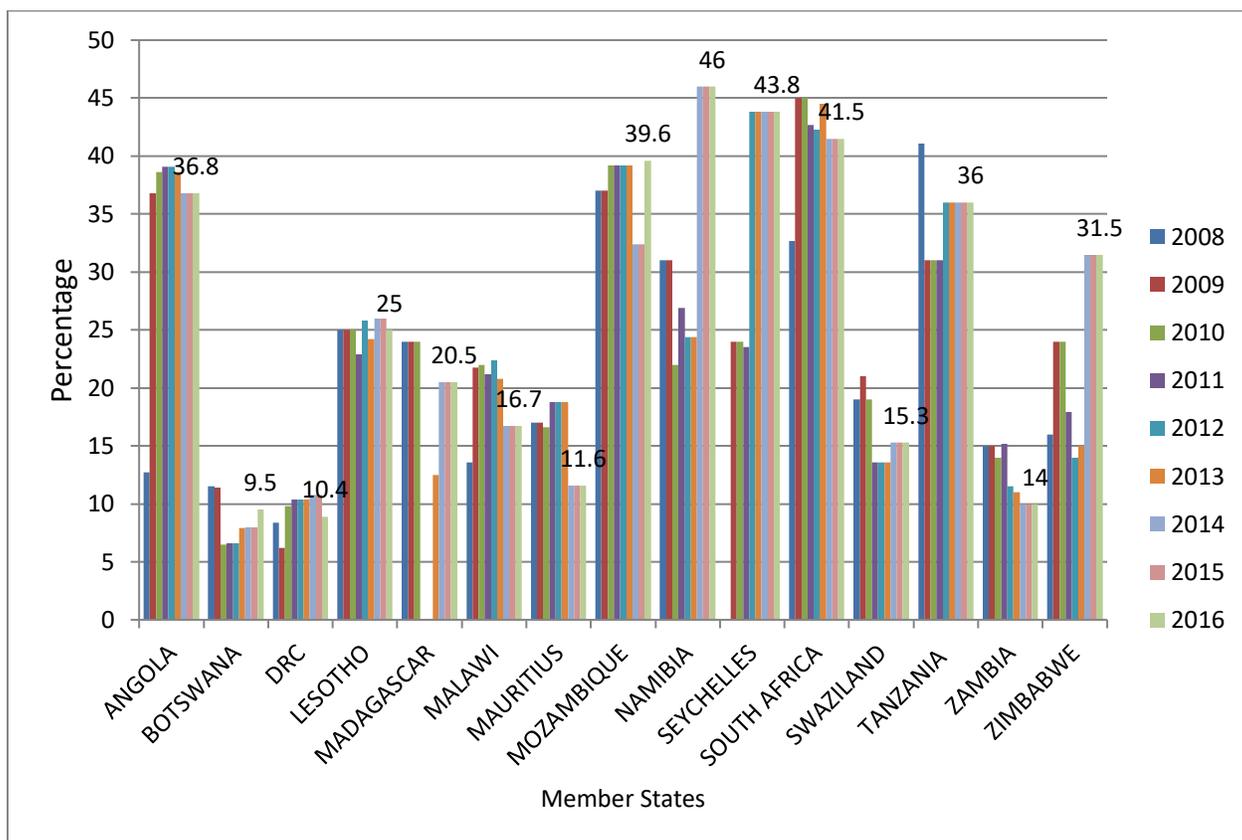
#### *SADC Protocol on Gender and Development reviewed and aligned to the UN SDGs*

142. The SADC Protocol on Gender and Development has targets that are aligned to the MDGs which ended in 2015. This necessitated the review of the Protocol and its alignment to the United Nations SDGs and the African Union Agenda 2063 as well as the Beijing + 20 Review Report. All the provisions of the SADC Protocol on Gender and Development were reviewed and considered for alignment to the said frameworks as appropriate. The implementation of the Protocol on Gender and Development is key to the achievement of the regional women empowerment and gender equality targets, as evidenced by the improvements in many different areas. This includes

women in politics and decision-making positions, as illustrated in Figure 12, showing the trends of women in Parliament since the adoption of the Protocol. The following is observed:

- (i) Increasing trends, representing Member States that have made significant progress (Angola; Mozambique, Namibia, Seychelles, South Africa, United Republic of Tanzania and Zimbabwe);
- (ii) Static trends, representing Member States that have not made significant progress (DRC, Lesotho and Malawi); and
- (iii) Decreasing trends, which represent Member States that have regressed since the adoption of the Protocol in 2008 (Botswana, Madagascar, Mauritius, Swaziland and Zambia).

**Figure 12: Trends of Women in Parliament (2008-2016)**



Source: Member States Progress Reports (2015-2016)

*Production of the 2016 SADC Gender and Development Monitor*

143. The 2016 SADC Gender and Development Monitor, which presents an account of progress made by Member States towards the implementation of regional commitments on gender and development, was published. The objective of the SADC Gender and Development Monitor is to present an update on progress by Member States that will provide accurate baseline data and analysis on what had been achieved during the period under review; thus offering a platform from which to accelerate implementation and track the many achievements that still need to come towards gender equality and equity.

144. The Monitor provides useful information through illustrative text, graphs and tables on opportunities, entry points, effective practices, lessons and challenges to achieve gender equality, including the gender parity goals. The Monitor comprise eight chapters focusing on clusters of the SADC Protocol on Gender and Development, as grouped in the SADC monitoring tool, as well as presenting an overview of key trends, achievements and challenges towards meeting the set goals. The 2016 edition also presents a section on emerging issues in the region on climate change, water and sanitation, energy and new forms of violence against women, such as social media abuse. The SADC Gender Monitor has published five editions since the Beijing Conference in 1995.

*United Nations SADC-Sponsored Resolution on Women, the Girl Child and HIV and AIDS developed and adopted*

145. SADC has been sponsoring the UN Resolution on Women, the Girl-child and HIV and AIDS, which remains the only UN resolution that is comprehensively dedicated to the issue of women, girls, gender equality and HIV and AIDS, since 1999. Southern Africa is one of the regions most affected by HIV and AIDS, hence it was best placed to sponsor the resolution at the global meeting. The last resolution was tabled in 2014 but was met with a number of challenges and numerous clauses, and therefore was not adopted. The new resolution was submitted to the 60th Session of the United Nations Commission on the Status of Women, which took place in March 2016 in New York, and was adopted by consensus. The resolution serves as a tool for mobilizing resources towards the fight against and mitigating the impacts of HIV and AIDS in the region, especially amongst women and girls. A regional programme on the implementation of the resolution will be developed.

*The 10-Year SADC Strategic Action Plan on Combating Trafficking in Persons reviewed*

146. The review of the 10-Year SADC Strategic Action Plan on Combating Trafficking in Persons, especially Women and Children (2009-2019) was successfully conducted and the Mid-term Review report, the Revised Strategic Plan of Action on Combating Trafficking in Persons, and the Lessons Learnt Booklet (documenting lessons from combating trafficking in persons in the SADC region) were validated by the Member States. The main purpose of the Mid-term Review was to evaluate progress on implementation of the Strategic Plan of Action during its first five years of implementation. The results of the review, which were based on a participatory approach, also served as the basis for the reprioritisation of the strategic priority areas for action originally identified in the 10-Year SADC Strategic Plan.

147. These have contributed towards the development of the Revised Strategic Plan of Action on Combating Trafficking in Persons (2016-2019). The proposed priorities in the Revised Strategic Plan of Action are more practical, tangible and respond to the needs on the ground. Following the adoption of the Revised Strategic Plan of Action on Combating Trafficking in Persons (2016-2019), the Secretariat will facilitate popularisation of the Revised Strategic Plan of Action, as several Member States identified poor popularisation of the original 10-Year SADC Strategic Plan of Action as one of the key weaknesses.

*The SADC Regional Research on Trafficking in Persons finalized*

148. The SADC Regional Research on Trafficking in Persons was finalized, and printing and dissemination of the report will be done in the 2016/17 financial year. The research report is an important tool for providing factual data on the actual trafficking in persons, particularly on the nature, magnitude and extent of trafficking in persons in the region. It also provides an

opportunity to map stakeholders working on preventing and combating trafficking in persons at national and regional levels, as well as assessing their capacity levels in addressing the crime. The research report will be shared with all Member States with the aim of facilitating development and implementation of effective responses to the crime of trafficking in persons. Lead ministries responsible for coordinating national responses to trafficking in persons played a crucial role in data collection and validation of findings.

#### *Capacity building and training of law enforcement officers and key service providers*

149. A key recommendation that emerged from the regional training of trainers for law enforcement officers in Swaziland held in January/February 2015, was the need to support national training of law enforcement officers and key service providers to ensure that they are able to identify, refer and support trafficking in persons victims. To date, two national training activities were conducted (one in Botswana and the other in Mozambique) and attended by 70 participants drawn mainly from police, immigration, customs and social welfare departments. The training events were jointly facilitated by ministries responsible for combating trafficking in persons, the Southern African Police Chiefs Cooperation Organisation (SARPPCO), the United Nations Office on Drugs and Crime (UNODC) and the International Organisation for Migration (IOM), resulting in varied and extensive experience being shared with key stakeholders. It is anticipated that further training will be conducted for specific target groups at national level, including criminal justice practitioners, police officers, social workers and border officials.

#### **3.4.3.4 SCIENCE, TECHNOLOGY AND INNOVATION**

##### *Regional programmes to facilitate research, innovation & technology transfer established*

150. Under the Programme on Strengthening Research and Innovation Management Capacity, nomination of National Focal Points for the programme by all Member States was made and 200 researchers and experts in the region were trained on technology transfer, research and innovation management and Intellectual Property Rights. The programme aims to build regional institutional capacities to create a culture of research and innovation and develop capacities in technology transfer and IPR, which will have an impact in supporting the SADC Industrialization Strategy and Roadmap. Plans for 2016/17 fiscal year will be a continuation of the capacity building programmes; the establishment of a regional database of researchers and launching of the SADC Technology Transfer Forum.

151. The draft Science, Technology and Innovation (STI) Climate Change Implementation Framework was validated and recommended by the Joint Senior Officials meeting on Education and Training and STI for approval by Ministers in June 2016. Once approved, the Framework will serve as a guide to implement STI programmes in support of Climate Change.

152. As part of the regional initiative on High Performance Computing (HPC), seventeen (17) experts from the region representing the following countries (Botswana, Lesotho, South Africa, Tanzania, Zambia and Zimbabwe) were sponsored by the Texas Advanced Computing Centre (TACC), South African Airlink and STEM-Trek to travel to Texas's for a capacity building workshop on high performance computing and to attend the International Supercomputing Conference. In December 2015 the Fifth SADC HPC technical experts meeting was convened to review the draft SADC Cyber –Infrastructure Framework and Implementation Plan.

153. Technical assistance was secured from NEPAD's programme on African Science, Technology and Innovation Indicators (ASTII). A Regional Experts' meeting was convened on STI Policies and Indicators. Work is under way to develop the Regional Framework on STI Indicators, which will inform policy development in the region and support implementation of the Industrialization Strategy and Roadmap.

*Regional Charter on Women in Science, Engineering and Technology approved*

154. The draft SADC WISET Charter was finalized and endorsed by Ministers of Gender and Women's Affairs in May 2015. The Joint Senior Officials of Education and Training and STI at their meeting in February 2016 recommended the draft Charter for approval by the Joint Ministerial meeting in June 2016. The SADC Charter on WISET is one of the priorities of the Revised RISDP (2015-2020), once approved by Council and Summit, the Charter aims to establish a regional platform that will implement regional programmes and projects to promote women and youth in Science, Technology Engineering, and Mathematics (STEM). The shortage of STEM skills has been identified as one of the barriers and constraints for advancing industrialization in the region. The ability to discover new solutions and innovations to regional and global challenges requires advanced skills in STEM.

### **3.4.3.5 PRIVATE SECTOR**

155. In collaboration with the Southern African Business Forum (SABF), concept notes for six priority areas (Industrialization and Regional Value chains, trade facilitation and non-tariff barriers, skills and services, water, energy and transport) were developed. These were identified by the private sector under the Savuti Declaration that was adopted by the private sector in August 2015. The Working Groups on the six priority areas were launched in April 2016 and the SABF will also be used as a platform for engagement with the Ministers during the Industrialization Week in Swaziland in the margins of Summit. The next step is to develop an institutional mechanism for public-private dialogue and formalise the platform for the Public-Private Dialogue within the SADC structures, as recommended in the Industrialization Strategy and Roadmap and the Revised RISDP.

### **3.4.3.6 STATISTICS**

156. The Regional Strategy for Development of Statistics (RSDS) articulates regional statistical needs to better serve the integration development agenda for SADC. As part of the operationalization of the RSDS, its main strategic themes were integrated in the Implementation Framework of the Revised RISDP 2015-2020. In addition to that, monthly Harmonised Consumer Price Indices (HCPI) were produced and disseminated to harmonise regional statistics. Among other uses, the index is useful for monitoring regional economic convergence criteria.
157. The SADC Statistical Yearbook 2014 was also produced. The Yearbook provides a wide selection of comparable and updated broad range of socio-economic regional official statistics and indicators for data series for the period 2005 – 2014. It also covers cross-cutting issues on poverty, environment and gender. The statistics and indicators are used, among others, for monitoring and evaluating progress of the socio-economic profiles of the region in relation to set goals and targets for regional integration.

### 3.4.4 INSTITUTIONAL FRAMEWORK FOR COORDINATION AND MONITORING AND EVALUATION

#### *Regional-National Linkages*

158. The Secretariat is developing a comprehensive SADC Programme for Strengthening the Regional-National Linkages in order to close the implementation gaps that exists at both regional and national levels. Meanwhile, the SADC Platform for the National Planning Entities is operational to, among others, assist in the implementation of the Revised RISDP 2015-2020 and its mainstreaming into the national development plans, as well as domestication of the various development frameworks, including Protocols.

159. In collaboration with Member States, efforts are also on-going to revive the work of the SADC National Committee (SNCs), as provided for in Article 16A of the SADC Treaty (as amended). In this regard, the Secretariat will undertake visits to the Member States to assist in either reviving the SNCs, where they exist, or establishing them where they are not in place. The Secretariat will also schedule annual SNC meetings on the calendar of statutory meetings of SADC as one way of enhancing collaboration and sharing of experiences and best practices among Member States.

#### *Results-Based Monitoring and Evaluation*

160. The Secretariat takes cognizance of the importance of monitoring and evaluation and its complementary role in advancing the regional integration agenda. With this appreciation, monitoring and evaluation should be understood as an integral part of the entire process of the regional integration agenda. While implementing regional programmes, policy and strategies, there is need to reflect on the extent these undertakings are contributing towards making the region a better place for its citizens. This can only be realized by having in place a results-oriented monitoring and evaluation system that supports evidence based decision-making process, learning and accountability.

161. In this respect, the Secretariat, as part of the restructuring process has established an interim Monitoring and Evaluation Unit. The Unit has since embarked on a process of reorganizing the monitoring and evaluation functions in the Secretariat. The first step was to develop a framework document that details the SADC Results-based Monitoring and Evaluation (RBME) System. At the core of this system is the "Online M&E System" that will serve as a management tool to provide information on the level of implementation of the regional programmes, policies and strategies, and the extent of achievement of the desired results. Work on the development of the online system started in June 2016 with consultations on the system user requirements, which will inform the design and development of the system. This work is expected to conclude in October 2016.

## 4.0 IMPLEMENTATION OF CORPORATE ACTIVITIES

A summary of achievements in the areas of Corporate Services in 2015/16 is given in Table 5.

**Table 5: Summary of Achievements under Corporate Services**

#	Areas	Key achievements in 2015/16
1	Budget and Finance	<ul style="list-style-type: none"> <li>In-year accounts and financial reports were compiled and issued to budget holders, Management, Audit Committee, Finance Subcommittee and Council of Ministers.</li> <li>Governance oversight structures facilitated and supported.</li> </ul>
2	Human Resources and Administration	<ul style="list-style-type: none"> <li>Vacant positions filled: Out of the planned 23 vacant positions, 18 positions (12 Regional and 6 Local Staff) were filled.</li> <li>Staff welfare improved: Employees have been insured with Group Life Assurance and Occupational Disability Cover.</li> <li>Employees Records automated: The Employee Self Service (ESS) System was rolled out to all employees and leave applications are now automated.</li> <li>SADC Admin Rules and Procedures, Compensation Policy and Occupational Health and Safety Policy were approved and disseminated to employees.</li> <li>The configuration of the Records Management Office, from 2 to 5 offices with a sitting capacity of 10 staff has been completed.</li> </ul>
3	Internal Audit	<ul style="list-style-type: none"> <li>Report to the Audit Committee and Management completed: Out of 12 planned audit assignments, 9 were completed.</li> </ul>
4	Legal Unit	<ul style="list-style-type: none"> <li>Legal advice and guidance on the drafting of legal instruments, which included Protocols, Declarations and Charters was provided. The establishment and operationalisation of the SADC Administrative Tribunal was also facilitated.</li> </ul>
5	Information and Communication Technology	<ul style="list-style-type: none"> <li>The security and reliability of the SADC Secretariat ICT infrastructure was improved to ensure that the Secretariat operates without interruptions.</li> <li>Software applications were developed and completed.</li> </ul>
6	Public Relations	<ul style="list-style-type: none"> <li>Communications and Promotional Strategy revised so as to be aligned to the Revised RISDP and the Industrialization Strategy and Roadmap. The Costed Implementation Plan of the Communications and Promotional Strategy was also developed</li> <li>The 2015 Media Awards and the SADC Secondary School Essay Competition were successfully launched and conducted.</li> </ul>
7	Procurement	<ul style="list-style-type: none"> <li>The SADC Procurement Policy and Guidelines were updated to accommodate the provisions for the Single Framework contracts.</li> <li>Software for integration procurement management system developed, and work has been on-going to develop a fully-fledged Procurement Management System to address challenges such as long procurement cycle times, quality of data and information access, increased risk and compliance liability, and systems integration.</li> </ul>

## 5.0 CONTINENTAL COOPERATION AND INTEGRATION

### 5.1 AFRICAN UNION (AU) AND NEPAD

1. The Secretariat continued to participate actively in the continental cooperation and integration processes, and attended all statutory activities of the African Union, including the annual meetings of the Executive Council, the Assembly and NEPAD Steering Committees. Other key meetings attended by the Secretariat include: the Conference of Ministers of Finance, Planning and Economic Development and the Joint Coordination Committee (JCC) meeting of the Chief Executives of the AUC, RECs, UNECA, AfDB, and the African Capacity Building Foundation (ACBF). These meetings and other main activities are centered around coordination of the implementation of the Agenda 2063, which is already been mainstreamed in the Revised RISDP 2015-2020, although further work remains for domestication.
2. The Secretariat continues to implement Decisions, Resolutions and Declarations made at continental level, as evidenced by some of the following actions:
  - (i) Development of a framework for the domestication of Agenda 2063 and the Revised RISDP in the Member States' National Development Plans (NDPs) as part of work being done through the SADC Platform for National Planning Entities;
  - (ii) Undertaking a series of studies in order to establish viable options for alternative financing of the regional integration agenda;
  - (iii) Submission of contributions to the AUC on progress and challenges on integration as part of the 2015 Status of Integration in Africa, specifically focusing on the areas of trade, infrastructure, free movement of people and migration. The main thrust of the contribution was that the Report on the Status of Integration in Africa focuses on the need for creating Regional Value Chains to better penetrate Global Value Chains in the post-2015 Africa; and
  - (iv) Working closely with the AUC to ensure alignment of its M&E frameworks with Agenda 2063, on the basis of the roadmap that was agreed between the AUC and all stakeholders, including all the eight RECs towards finalization of the M&E framework.
3. The Secretariat will continue to collaborate with the AUC to coordinate the planning and monitoring of the implementation of Agenda 2063. The Secretariat will, among other actions, follow-up with Member States that received technical assistance from the AUC, namely: Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zambia, and Zimbabwe, to ensure proper alignment and convergence of the Agenda 2063 and its First Ten Year Implementation Plan (FTYIP) and related programmes such as the First Five Year Priority Programme on Employment, Poverty Eradication and Inclusive Development, the RISDP and the NDPs.
4. The Secretariat continued to be involved in the work coordinated by the NEPAD Planning and Coordinating Agency (NPCA), and participated in the 35th Session of the NEPAD Heads of State and Government Orientation Committee (HSGOC) in July 2016, where the topic of discussion was on the 'High Level Roundtable Discussion - Agenda 2063 and Industrialisation: The Role of NEPAD'. The Secretariat will continue to capitalise on the comparative advantage of the AUC and NPCA, especially in the area of resource mobilization and CAADP in order to fast track the implementation of SADC programmes and projects.

5. Additional information on the implementation of key continental integration programmes, such as the Continental Free Trade Area and the Programme for Infrastructure Development of Africa (PIDA), is given below.

## 5.2 THE SADC – COMESA – EAC TRIPARTITE AGENDA

6. During the meeting of the Tripartite Committee of Senior Officials (TCSO) held in Livingstone, Zambia in March 2016, the Senior Officials noting the little progress made in addressing outstanding matters under the Tripartite Free Trade Area Agreement, called for more efforts and time by Member/Partner States to fast-track the conclusion of the issues. The following developments are worth noting:
  - (i) A Technical Working Group meeting on Trade Remedies and one on Rules of Origin were held. The Working Group concluded outstanding work on the respective Annex, save for the legal inconsistency between Annex II on Trade Remedies and Annex X on Dispute Settlement. Once this is concluded, Annex X on Dispute Settlement Mechanism will then be considered for legal scrubbing;
  - (ii) Not much progress has been made in concluding negotiations on Rules of Origin as well as with respect to tariff offers;
  - (iii) Zambia signed the TFTA Agreement in June 2016, raising the number of countries that have signed to 17 and 9 still to sign, out of which 6 are SADC countries. No country has since ratified the Agreement;
  - (iv) Only US\$180,000 has been raised from UNECA to support Phase 2 preparatory work, specifically, to undertake studies on trade in services, competition policy, intellectual property and cross border investment and finance the high level engagement on Phase 2 issues.
7. The Tripartite Technical Committee on Legal Affairs has not met to undertake legal scrubbing of the two complete Annexes, on Dispute Settlement and the Interim Arrangement for Rules of Origin. Senior Officials continue to maintain divergent views on the applicability of the proposed interim arrangement for Rules of Origin, with one view reflecting the position that the Annex cannot be applied for as long as agreement has not been reached on all outstanding definitional issues.
8. The Tripartite Task Force met in May 2016 in Dar es Salaam, Tanzania to review progress made and consider practical ways to operationalize the TFTA. The Tripartite Task Force proposed the following:
  - (i) Convening of the Tripartite Council of Ministers meeting on 12-13 August 2016 to facilitate unlocking of all outstanding Phase 1 issues;
  - (ii) The need to provide greater transparency in the negotiations through timely reporting to the Tripartite Trade Negotiation Forum for negotiations as a platform so designated.
9. The African Development Bank (AfDB) is providing financial support to the EAC-COMESA-SADC Tripartite cooperation in industrial development through the financing of studies aimed at enhancing industrial development capacities in the Tripartite Member / Partner States in the area

of Industrial Statistics; Agro-processing Value Chains; and Industrial Research, Technology and Innovation.

10. During its meeting held in July 2016 in Gaborone, Botswana, the Ministerial Task Force Regional Economic Integration received updates on, among others, progress made in the Continental Free Trade Area (CFTA) negotiations since their launch by the AU Summit in Johannesburg in June 2015. The Task Force noted that the African Union Commission has been facilitating preparatory work ahead of the commencement of the negotiations. This work has included studies and consultations on issues for negotiations, institutional frameworks for the negotiations and their terms of reference, draft rules of procedures, draft work plans and schedule of negotiations.
11. The 2<sup>nd</sup> Meeting of the Continental Free Trade Area Negotiating Forum (CFTA-NF) was held in May 2016 back to back with meetings of Senior Trade Officials and African Ministers of Trade. The meetings considered issues outstanding in the preparatory process for the CFTA negotiations including rules of procedure for the CFTA- NF. The next meeting of the CFTA-NF would be expected to consider the Approaches and Modalities for the Negotiations.
12. Under the Infrastructure Development Pillar, the Tripartite RECs continued to collaborate on a number of programmes and projects. These include:
  - (i) Air Transport Liberalisation and Operationalisation of the Joint Competition Authority (JCA); in particular the policy, regulatory, institutional, administrative and operational frameworks that are yet to be validated by the Tripartite Senior Officials responsible for civil aviation and considered by the Tripartite Sectoral Ministerial Committee on Infrastructure;
  - (ii) Implementation of a Single Seamless Upper Airspace in the Tripartite Region, highlighting the on-going consultations and studies in COMESA, EAC and SADC. The interventions are aimed at enhancing the growth of civil aviation in the Tripartite through the provision of a seamless communications, navigational, and surveillance systems and efficient air traffic management capacities across the Tripartite;
  - (iii) Joint Programme on ICT that focuses on the implementation of an accelerated, seamless inter-regional ICT Broadband Infrastructure network; and a joint programme for implementation of a harmonised policy and regulatory framework that will govern ICT and infrastructural development in the three RECs;
  - (iv) The Comprehensive Tripartite Trade and Transport Facilitation Programme that includes development of harmonised proposals on customs procedures (harmonised nomenclatures), Integrated Border Management systems, simplification and harmonisation of cross-border procedures and regulatory requirements for commercial vehicles, regional 3<sup>rd</sup> party motor vehicle insurance scheme, vehicle load management initiative, vehicle regulations and standards, self-regulation-regional road transport management system and establishment of corridor legal instruments and management institutions;

- (v) Energy and Power Interconnectors and Transmission Projects: The on-going energy projects namely the Zambia-Tanzania-Kenya (ZTK) power transmission project; the Ethiopia-Kenya power interconnector; and Eritrea-Sudan and Uganda-Sudan interconnectors; and
- (vi) Corridor Development Programmes and Projects (North South, Central, Northern, Lamu, and Ethiopia-Djibouti Corridors), especially the completed and on-going project preparation activities and projects under construction, Transport and Trade Facilitation interventions being undertaken in the respective corridors.

13. With the EU support, the Tripartite Project Preparation and Implementation Unit continued to work on the on-going projects:

- (i) Lusaka – Chirundu (link 4) Road: road rehabilitation works funded by DFID;
- (ii) Kafue Weigh Bridge: installation of new weigh bridge funded by DFID;
- (iii) Serenje – Nakonde: feasibility study and detailed engineering design funded by EU;
- (iv) Karonga – Songwe: feasibility study and detailed engineering design funded by WB;
- (v) Lilongwe – Jenda: feasibility study and detailed engineering design funded by AfDB;
- (vi) Bulawayo – Beit Bridge: feasibility study and detailed engineering designs funded by AfDB;
- (vii) Palapye – Martins Drift; feasibility study and detailed engineering designs funded by AfDB; and
- (viii) Pandamatenga - Nata: feasibility study and detailed engineering designs funded by AfDB.

## 6.0 DEVELOPMENT COOPERATION AND RESOURCE MOBILISATION

1. Cooperation between SADC and ICPs is guided by the *Windhoek Declaration on a New Partnership between SADC and International Cooperating Partners (2006)*, which outlines the partnership objectives, guiding principles, partnership commitments and the structure of dialogue under the partnership. In the period under review, the Secretariat has continued to engage the ICPs in order to facilitate mobilisation of resources for the implementation of the priority regional programmes and projects outlined in the RISDP.
2. Development partners that have continued to contribute substantial resources include the European Union through the European Development Fund (EDF), AfDB, World Bank, Commonwealth, World Health Organization, Food and Agriculture Organization, USAID, UN Agencies and the Global Fund. Regional institutions such as FARA and SAT have also continued to extend their support both technically and financially. Significant support was also received from individual countries such as Germany and the United Kingdom.

### 6.1 SADC – EU COOPERATION

3. Details of the status of projects under the 10th EDF and the 11th EDF are presented in the Progress Report on SADC-EU Cooperation.

#### *10<sup>th</sup> EDF Regional Indicative Programme*

4. The 10<sup>th</sup> EDF envelope of Euro 116 million is fully committed. The Secretariat is coordinating implementation of the following programmes and projects: Regional Political Cooperation Programme (RPC); the SADC Institutional Capacity Building Programme (ICDP); the Regional

Economic Integration Support Programme (REIS), the SADC Project Preparation and Development Facility (PPDF); the Regional Trade Related Facility (TRF); and the Second Technical Cooperation Facility (TCF II).

5. Since its inception, the RPC has assisted in facilitating election observations in various SADC Member States, including the Republic of Zimbabwe, the Kingdom of Swaziland, the Republic of Madagascar, the Republic of South Africa, the Republic of Malawi, the Republic of Botswana, the Republic of Mozambique, the Republic of Zambia, the Kingdom of Lesotho, the Republic of Seychelles and the United Republic of Tanzania. The project has also financially assisted the conflict prevention and mediation efforts in the region, e.g., in the Republic of Madagascar, the Kingdom of Lesotho and the Democratic Republic of Congo, including the establishment and operationalization of the Mediation Reference Group.
6. The Secretariat is benefitting from the ICDP programme in terms of a number of capacity building initiatives covering Directorates dealing with Planning and Resource Mobilisation, Human Resources, Procurement as well as Budget and Finance.
7. The REIS programme is making good progress and is generally on track, as evidenced by the active information-sharing among 12 Member States, which facilitates peer-to-peer learning on investments; the participation of up to 9 Member States in the SADC Integrated Regional Electronic Settlement System (SIRESS); the finalisation and adoption of the Excise Taxes and Tax Incentives Guidelines; the update of the international standards of the SADC Model Double Taxation Avoidance Agreements (DTAAs); improved implementation of the Protocol on Trade, is creating private sector awareness on Quality Assurance, Accreditation and Metrology (SQAM) issues; and support provided to Member States in the area of Trade in Services (for example participation in the Trade Negotiating Forum meetings).
8. In terms of the implementation of the SADC-EU EPA, the key achievements are the conclusion of negotiations and initialling of the comprehensive EPA text between EU and SADC EPA States; initiation of the legal scrubbing exercise of the comprehensive EPA text; and advancement of the consolidated text on trade-in-services under the SADC-EU-EPA negotiations.
9. The implementation of the Contribution Agreement for the TRF started at the beginning of 2015. In light of this, the programme has not yet implemented its development objectives, as it is currently addressing modalities for the transfer of resources from the SADC Secretariat to Member States to assist them in implementing their regional commitments, as outlined in the project.
10. The PPDF has started receiving applications from Member States. The PPDF Secretariat launched the Request for Proposals (RfP) on 1st September, 2014, inviting Member States to apply for the project preparation funds through an online application. The PPDF Steering Committee approved the first project for funding amounting to US\$3.5 million to support a pre-feasibility study on the North West Rail Project Phase 2. This project will develop a railway line from the copper mine areas of Chingola to Kalumbola and further to Jimbe (within Zambia) to connect with Angola's Benguela line at Luacano (Angolan border).

#### *Programming of the 11<sup>th</sup> EDF*

11. The focal sectors under the 11<sup>th</sup> EDF are (i) Peace, Security and Regional Stability, (ii) Regional Economic Integration; and (iii) Regional Natural Resource Management. The 11<sup>th</sup> EDF EA-SA-IO

Regional Indicative Programme has been allocated 1.332 billion Euros. This amount is allocated as follows:

1. Sub-regional envelope: €450 million
2. Infrastructure financing envelope: €600 million
3. Other cross-regional projects: €205 million
4. Technical cooperation facility (TCF): €15 million
5. Reserve: €62 million

12. From the sub-regional envelope, SADC has been allocated 90 million Euros, with the balance going to other RECs (COMESA, EAC, IGAD and IOC). The RECs will also benefit from the other envelopes to implement activities of a cross-regional nature. Following the signing of the RIP in June 2015, the Secretariat, in collaboration with the EU, started the process of identification and formulation of the projects to be funded under the 11<sup>th</sup> EDF. The implementation will start in 2016 for some projects in accordance with the programming of the Annual Action Plan agreed with the EU.
13. Tables 6 and 7 present an update on the status of the programming of the 11<sup>th</sup> EDF resources across the three envelopes, namely: (i) the SADC Sub-Regional Envelope, (ii) the Infrastructure Envelope and (iii) the Cross-Regional Envelope.

**Table 6: Update on the programming of the SADC Sub-Regional Envelope (90 million Euros)**

SADC	Overall allocation of 90 million Euros – under Peace & Security, Regional Integration, Regional Natural Resource Management and Capacity Building	
<b>Regional Natural Resource Management</b>	Operationalize SADC’s Regional Agricultural Policy (RAP)- €9 Million	Action Document submitted to the EU Delegation. Formulation will take place during April 2016
<b>Capacity Building</b>	Technical Cooperation Facility (TCF)- €5 Million	Draft Action Document prepared in March 2015 and shared with EU Delegation.  Formulation will wait until 2016/17 as 1.615 million Euros is available for use from the Cross-Regional TCF.
	Strengthen National and Regional Linkages-€7 Million and Capacity Strengthening of the SADC Secretariat - €7 Million	Action Document has been prepared and submitted to the EU Delegation. Formulation will start in August 2016.
<b>Peace, Security and Regional Stability</b>	Infrastructure for peace, security and regional stability support-€5 Million  Peace & Security in the Public Sector Across the SADC Region - -€10 Million	Draft Action Document has been prepared and will be finalised in July 2016.
<b>Regional Economic Integration</b>	Support towards industrialisation & productive sectors-€18 Million  Consolidation of the SADC FTA and EPA implementation-€15 Million  Support to intra-SADC investment and foreign direct investment -€14 Million	A Concept Note has been prepared, and will be translated into an Action Document during July/August 2016, based on the costed Industrialisation Roadmap and Action Plan.  Identification is to commence in late 2016 based on emerging lessons from the implementation of the on-going TRF  Identification is to start during 2016 based on lessons from REIS programme implementation.

**Table 7: Update in the programming of the joint Infrastructure Envelope (600 million Euros):**

Priority Area	Specific Objectives	Allocation (M€)
Regional Economic Integration	Hard Infrastructure projects that improve connectivity and efficiency and resilience of regional infrastructure networks	525
	Soft infrastructure projects to improved enabling environment e.g. strategic and regulatory framework to sustain and maximize utilization of physical infrastructure particularly in the area of transport, energy, ICT and water)	40
	Capacity development for infrastructure	35
Total		600

*Update on the Financing of Hard Infrastructure Projects*

14. The EA-SA-IO RECs and the EU have agreed on the final list of 36 priority hard infrastructure projects to be considered for funding under the 11<sup>th</sup> EDF. The RECs are engaging with Member States with a view to assessing the status of the financing and implementation of the projects. The identification of hard infrastructure projects include:

- **Strengthening Sustainable Energy Market** – COMESA led the identification of this project in consultation with the EA-SA-IO RECs. The Action Document was finalised and submitted to the EU in March 2016. Formulation commenced in 2016 and implementation will start in 2017.
- **Tripartite Transport and Transit facilitation** – SADC prepared an Action Document for the Tripartite Transport and Transit Facilitation in the amount of 20 million Euros. Formulation commenced in 2016 and implementation will start in 2017.
- **ICT Enabling Environment** –COMESA led the identification of this project in consultation with the EA-SA-IO RECs. The Action Document is being finalised by COMESA, and formulation is to start in the second half of 2016. Implementation is foreseen in 2017.
- **Maritime Corridor Strategy** – Identification of this programme is led by IOC. It is anticipated that the identification process will commence during the course of 2016.
- **Air Connectivity** – COMESA will play a lead role in the identification of a support programme on Air Transport. It is anticipated that COMESA will commence the preparation of a joint EA-SA-IO Action Document during the course of 2016.
- **Railway Transport in EAC** – EAC is leading the identification of a programme on railway transport in the EAC region. EAC will develop a Concept Note for a regional consultation of experts for the formulation of the Action Document during the course of 2016.

15. The actions foreseen under the Cross-Regional Envelope of Euro 205 million are summarized in Table 8.

**Table 8: Other Support Areas foreseen under the Cross-Regional Envelope (205 million Euros)**

Priority Area	Specific Objectives/Actions	Allocation (M€)
	Peace and Security in the Great Lakes Region	30

Peace, Security and Regional Stability	Migration	25
	Maritime Situation, Security and Safety	30
Regional Economic Integration	Implementation of the <i>EU-East and Southern Africa interim Economic Partnership Agreement</i>	40
Regional Natural Resource Management	Trans-boundary water management	20
	The contribution of sustainable fisheries to the blue economy	30
	Wildlife conservation	30
Total		205

16. Overall, the identification and formulation of Cross-Regional Projects is underway as summarised below:

- **Peace and Security in the Great Lakes Region:** Identification of this project is led by the EU Headquarters. An Action Document was prepared in March 2016. The project is undergoing formulation, and implementation is to start during 2017.
- **Migration:** SADC has prepared a joint EA-SA-IO Action Document on Migration. Formulation of the programme will take place during 2016 and implementation during 2017.
- **Maritime Situation, Security and Safety:** IOC and the EU Delegation Mauritius will lead the preparation of the Action Document on Maritime Situation, Security and Safety. Identification and formulation of this project is expected to start during 2016, and implementation during 2017.
- **Implementation of the EU-ESA iEPA:** This project is to be led by the EU Headquarters. The EA-SA-IO RECS are awaiting update regarding identification and formulation of the project.
- **Trans-boundary Water Management:** SADC coordinated the preparation of the Action Document on Trans-boundary Water Management. It is anticipated that formulation will be completed before the end of 2016. Implementation will commence during 2017.
- **Sustainable Fisheries to the Blue Economy:** IOC and the EU Delegation Mauritius will lead the identification of an Action Document on the Contribution of Sustainable Fisheries to the Blue Economy. It is anticipated that identification and formulation will be completed before the end of 2016. Implementation will commence during 2017.
- **Wildlife Conservation:** Identification of this project was led by the EU Nairobi. The Action Document was finalised in March 2016. It is anticipated that formulation will be completed before the end of 2016. Implementation will commence during 2017.

## 6.2 SADC-EU POLITICAL DIALOGUE

17. The Political Dialogue between SADC and the EU was established at the SADC/EU Ministerial Conference held in Berlin, Germany in September 1994, where the Berlin Declaration was adopted. The objective of the Dialogue is to reinforce the relations between SADC and the EU, and establish a platform for high level dialogue with a view to support, inter alia, democracy at all levels; rule of law; respect for human rights and protection of minorities; promotion of social justice and good governance; and working together to create adequate conditions to eliminate poverty, economic development and trade cooperation.
18. The 2015 SADC-EU ministerial Political Dialogue Meeting was held in Luxembourg in October 2015, under the co-chairing of H.E. Mr. J. Asselborn, Minister of Foreign Affairs of the Duchy of Luxembourg, on behalf of H.E. F. Mogherini, High Representative of the European Union for Foreign Affairs and Security Policy and by Hon. Mr Kenneth Matambo, Minister of Finance and

Development Planning of Botswana, Chair of the SADC Council of Ministers. The meeting explored ways to enhance political dialogue and cooperation within SADC-EU Partnership, and focused on how to use and develop the full potential of the Partnership in the key areas of cooperation to, among others, generate investment, jobs and sustainable and equitable economic growth; promote stability, peace and security; and cooperate more effectively on global challenges, such as climate change and migration.

19. The two parties agreed to convene thematic meetings in 2016, on mutually agreed areas such as EPA Implementation Plans, industrialization, infrastructure, jobs and wealth creation, economic governance, migration, food security, and stability, peace and security. These are clustered into three meetings, namely, (1) Food Security/Water/Energy nexus; (2) Peace and Security to be held in October 2016 in the SADC region; and (3) Industrialisation, Job and Wealth Creation, and EPA implementation to be held in November in Brussels.

### 6.3 SADC/GERMANY COOPERATION

20. SADC and Germany have had a long-standing bilateral partnership for development, which has produced substantial results in the priority areas of cooperation. The total volume of bilateral Technical and Financial Cooperation (respectively through GIZ and KfW) provided by the Federal Ministry for Economic Cooperation and Development (BMZ) since the cooperation began in 1995 exceeds €341 million. Germany provides further support to the SADC Regional Integration Agenda through its contributions to the EDF by virtue of its membership to the European Union, and has continued to cooperate with individual SADC Member States under bilateral cooperation as well as other sub-regional and national SADC institutions.
21. The five main areas of cooperation under SADC-German cooperation, as confirmed during the Bilateral Negotiations of July 2015, remain (i) Regional Economic Integration; (ii) Transboundary Water Management; (iii) Peace, Security and Good Governance; (iv) Transboundary Use and Protection of Natural Resources and Resilience to Climate Change; and (v) SADC Organizational Capacity Development. Programmes implemented under these areas of cooperation are within the priority areas outlined in the Revised RISDP 2015-2020. The status of programmes under commitments made in 2015 is summarized in Table 9.

**Table 9: Status of Technical Cooperation Areas of cooperation and commitments made in 2015**

Programme/Project	Objectives	Amount € million	Start date	End Date	Status
Strengthening of National-Regional Linkages in the SADC	To support SADC Secretariat and SADC institutions in member states to integrate the regional integration agenda into national policy processes. [Technical Cooperation]	4.0	04/2016	12/2018	IA Signed between SADC and GIZ in March 2016
Strengthening Regional Economic Integration in the SADC Region (CESARE)	To support national and regional actors in strengthening economic integration in the SADC Region. [Technical Cooperation]	4.5	11/2015	12/2017	IA Signed between SADC and GIZ in November 2015
Support for Peace, Security and Good Governance in the SADC Region (PSGG)	To support SADC towards the attainment of sustainable peace, security and good governance in the SADC Region in accordance with the African Peace and Security Architecture (APSA). [Technical Cooperation]	6.0	04/2015	03/2018	IA Signed between SADC and GIZ in November 2015

Programme/Project	Objectives	Amount € million	Start date	End Date	Status
Transboundary Use and Protection of Natural Resources in the SADC Region (TUPNR)	To assist Member States in the implementation of the protocols on natural resources management, with a focus on Transfrontier Conservation Area (TFCA) [Technical Cooperation]	8.0	06/2015	05/2018	IA Signed between SADC and GIZ in November 2015
Transboundary Water Management in the SADC Region	To improve the implementation of selected harmonized strategies and policies on Transboundary Water Cooperation. [Technical Cooperation]	6.0	04/2016	03/2019	IA Signed between SADC and GIZ in March 2016
Transfrontier Conservation Area Great Limpopo Park V	To facilitate voluntary resettlement, recruitment of consultants, develop infrastructure and improve livelihood as well as promote education, science and research in the Great Limpopo Park V Transfrontier Conservation Area. [Financial Cooperation]	7.0	2016	2020	Financing Agreement under negotiations
Project Preparation and Development Facility (PPDF)	To support the preparation of infrastructure projects and to increase pipeline of bankable projects. [Financial Cooperation]	6.0	2004	-	Negotiations on the relevant government to government agreement are in progress to facilitate appropriation of the funds

Note: IA – Implementation Agreement

22. The Secretariat and German Development Cooperation continue to consult through Technical Review Meeting to follow-up on the commitments made during the 2015 SADC-German Bilateral Negotiations. The next SADC-Germany Bilateral Negotiations will be held in Berlin in 2017.

#### 6.4 SADC – WORLD BANK COOPERATION

23. The World Bank continues to support the implementation of SADC programmes mainly through support to individual Member States under bi-lateral cooperation and also at regional level through cooperation with the SADC Secretariat. The Secretariat and the World Bank held consultations in April 2016 in Washington DC in the margins of the 2016 IMF/World Bank Spring Meetings to following-up on earlier consultations to enhance cooperation between SADC and the World Bank on regional integration.
24. In view of the SADC priorities, as outlined in the Revised RISDP, consultations concluded that a project proposal on World Bank support to SADC would be prepared for consideration under World Bank International Development Association (IDA) 18 and that the project would include a grant component for support to the SADC Secretariat. In the meanwhile, the Bank has mobilised US\$150,000 to facilitate identification of what could be funded under the IDA 18, mainly on regional value chains under industrialisation.
25. Currently the major World Bank support to regional integration in SADC is for programmes mainly on infrastructure and agriculture, and is provided through country engagements. Under this arrangement, to date, the World Bank IDA active portfolio of regional projects amounts to US\$1.8 billion for 10 projects in transport, energy, ICT, and agriculture.

## 6.5 SADC – CHINA COOPERATION

26. The Secretariat attended the sixth Ministerial meeting and the Johannesburg Summit of the Forum on China–Africa Cooperation (FOCAC) in December 2015. During the Johannesburg Summit, the Chinese government announced some US\$60 billion of funding support to Africa over the next three years. The Johannesburg Summit of FOCAC adopted the Declaration and Action Plan outlining the actions to be undertaken over the next three years, including a follow-up mechanism to facilitate monitoring.
27. The Forum on China–Africa Cooperation Johannesburg Action Plan (2016–2018) outlines cooperation in political, economic, social development, cultural and security areas. The following is included under economic cooperation: industry partnering and industrial development capacity; infrastructure development; energy and natural resources; investment and economic cooperation; trade; agriculture and food security; ocean economy and tourism. These areas of cooperation are in line with the SADC priorities for 2015–2020, as outlined in the Revised RISDP.
28. As a way forward, and in a bid to operationalise the Johannesburg Summit FOCAC Declaration and Action Plan, the Secretariat is in consultation with the Chinese government and negotiating a Framework Agreement on Economy, Trade, Investment and Technical Cooperation between SADC and the Government of the People’s Republic of China.

## 6.6 SADC – JAPAN COOPERATION

29. The Secretariat engaged the Government of Japan in policy level dialogue in November 2015 to (i) discuss approaches for aligning cooperation between SADC and Japan to the new priorities of SADC, as well as to the TICAD processes; and (ii) explore opportunities for investment in the SADC region, based on the SADC Industrialisation Strategy and Roadmap and the RIDMP. The Secretariat and the Japanese stakeholders undertook to implement, among others, the following decisions:
  - i) SADC will complete the detailing of investment opportunities in the Industrialisation and Agriculture sectors for consideration for investment by the Japanese private sector;
  - ii) SADC will engage further with the Japan External Trade Organisation (JETRO) Johannesburg Office to benefit from Japanese investment and technology in the SADC Energy, Transport, ICT, Water and Tourism priority projects; and
  - iii) To enhance further cooperation between the two sides, SADC and JICA will coordinate: (i) regular high-level consultations to be held at least once every two years; (ii) regular follow-up meetings between JICA and the Committee of SADC Ambassadors in Japan; and, (iii) meetings between the SADC Secretariat and the JICA Regional Office for Southern Africa, with participation of the JICA Office in Gaborone.
30. It is worth noting that Japan is already supporting a regional project on Forest Conservation and Sustainable Management of Forest Resources in Southern Africa through a grant of \$6.4 million, mainly for technical assistance which includes expertise in Forestry. An additional expert is foreseen to assist SADC to engage in the TICAD processes and facilitate the cooperation between SADC and JICA.

## 6.7 SADC – AFRICAN DEVELOPMENT BANK COOPERATION

31. The African Development Bank (AfDB) continues to provide support for the implementation of programmes in the SADC region through bi-lateral cooperation with individual SADC Member States and cooperation with the Secretariat for regional programmes.
32. The Secretariat engaged the AfDB at both technical level and policy level to explore cooperation in the context of the Bank's High Five Initiatives in line with the SADC regional priorities, as outlined in the Revised RISDP. The Executive Secretary engaged the President of the Bank in May 2016 in the margins of the 2016 AfDB Annual meetings to discuss cooperation and collaboration between the AfDB and SADC in the implementation of the SADC regional priorities.
33. As a way forward, cooperation between SADC and the AfDB will be on a programmatic approach, focusing on industrialization as the region's major priority, anchored on the 3 SADC Industrialization pillars of (1) revitalizing regional integration, (2) enhancing competitiveness, and (3) fostering industrialization. Special attention will be given to projects that will address binding constraints, notably in infrastructure (energy, ICT, transportation, water) and in areas that will enhance competitiveness and facilitate industrialization; more specifically in agro-processing and downstream processing, mineral beneficiation, and in national, regional and global value chains. The Secretariat will work with the Bank to identify specific programmes to be supported under the SADC Industrialisation Strategy and Roadmap and the RIDMP for the next five years.

## 6.8 SADC – ICP DIALOGUE PLATFORM

34. The Windhoek Declaration outlines the structure of dialogue between SADC and ICPs at two levels, i.e. the SADC/ICP Dialogue Platform and Thematic Group Coordination. SADC engaged ICPs in the SADC/ICP Dialogue Platform in September 2015 in Gaborone, Botswana. During this forum, the Implementation Framework of the Revised RISDP was presented, particularly the priority targeted outputs for the period 2015 to 2020 and the existing resource gaps to guide ICPs towards the critical areas of support.
35. Engagement with ICPs has also continued through Thematic Group Coordination meetings where the Secretariat meets with interested ICPs working in specific sectors to facilitate information sharing and to ensure effective utilisation of resources and minimise duplication of support programmes and complementarity of support.

## 7.0 GOOD GOVERNANCE

### 7.1 ORGANISATIONAL HEALTH AND CHANGE MANAGEMENT

1. The Secretariat undertook a thorough and holistic analysis of the recurring issues (causes and effects) arising from various internal and external audits, Pillar Assessments and decisions of Council, and two studies were completed in 2015. The studies are: An Organisational Health Assessment and An Assessment of the Secretariat Culture.
2. The purpose of these studies was to clearly identify and systematically address the issues meaningfully and proactively to enable the Secretariat to better respond to the challenges of regional integration and to serve Member States through more effective and efficient support in the implementation of regional programmes. This process of reflection and analysis involved extensive consultations and critical engagement with staff, including the Management, and external stakeholders to identify the root causes of the recurring issues identified by institutional audits.
3. The key areas and processes identified to comprehensively enhance the effectiveness and efficiency of the Secretariat operations in supporting Member States and the regional integration agenda are:
  - (i) Project planning and management;
  - (ii) Monitoring and evaluation of SADC programmes and projects;
  - (iii) Performance management;
  - (iv) Procurement policies and procedures;
  - (v) ICT systems; and
  - (vi) Internal control and compliance environment.
4. These identified areas and processes are currently being strengthened with assistance from short-term experts within an institutional developmental approach and framework supported under the ICDP Project, funded by the EU.

### 7.2 RISK MANAGEMENT

5. The Secretariat continued to promote operational efficiency throughout the organisation by supporting risk management. Directorates/Units continued to review their risk registers in order to ensure proactive management of the potential opportunities and negative effects faced by the Secretariat not just on the objectives, but also on key dependencies and core processes.
6. Progress was also made in the operationalisation of the SADC Risk Management Policy. The tools, procedures and guidelines that were developed during the previous year were utilised by Directorates/Units in their risk assessment process, monitoring and reporting progress in implementing risk management action plans. The major risks facing the Secretariat at the strategic level were identified as follows:
  - (a) Failure to promote sustainable and equitable economic growth and socio-economic development due to non-compliance with regional commitments by Member States.
  - (b) Inadequate priority setting resulting in non-achievement of set targets.

- (c) Multiple memberships to different regional economic organisations impede SADC regional economic integration.
  - (d) Unsustainable and inadequate funding for SADC regional integration agenda –
  - (e) Ineffective organisational performance management system.
  - (f) Lack of critical mass to drive the core business of the SADC Secretariat.
7. In order to mitigate these risks, the Secretariat developed an action plan with timelines. Progress on implementation of the action plan is being monitored on an annual basis.
  8. In addition, the SADC Secretariat Business Continuity Management Policy was developed and approved by Council in March 2016. The operationalization of the Policy will provide confidence to all stakeholders that critical Secretariat business functions that need to be maintained in order to achieve continuation of business have been identified and plans are put in place to guide continuation in case disruptions materialise.

### **7.3 AUDIT**

9. The Secretariat continued to collaborate and support all structures charged with the responsibility of overseeing and undertaking audit of activities of the SADC Secretariat. These structures, which include the Council of Ministers, Audit Committee, External and Internal Auditors and the Task Force on strengthening internal controls, continued to provide guidance, assurance and opinion on all audit related matters aimed at enhancing internal controls environment and reliability of financial statements.
10. As a result of implementing recommendations from external and internal audits as well as the institutional audit, there have been remarkable improvements in the management systems of the Secretariat, in particular strengthening of internal control environment. The effectiveness of the control environment allowed the Secretariat to continue benefiting from ICP resources through contribution agreements and projects.
11. The Executive Secretary is committed to supporting all structures charged with a responsibility of guiding the Secretariat on matters relating to governance and oversight. This will ensure improvement of the management systems to meet international standards so that governance principles are upheld in the management of the affairs of the Secretariat.

## **8.0 IMPLEMENTATION OF FINANCIAL MANAGEMENT FRAMEWORK**

### *Overview*

1. Budget and Finance controls within the Secretariat are carried out within the Financial Management framework, which are intended to deliver an effective and efficient risk advisory service and support the Secretariat to fulfill its fiduciary responsibility. Financial regulations, standing orders and rules for the management of the affairs of SADC are enacted by the Council of Ministers under Article 30 of the Treaty of SADC. These provide a consistent and comprehensive legal framework for Financial Management. As required by financial regulations, budget execution and oversight control is aimed at achieving, among others, the following objectives:
  - (i) Adherence to good corporate governance principles;

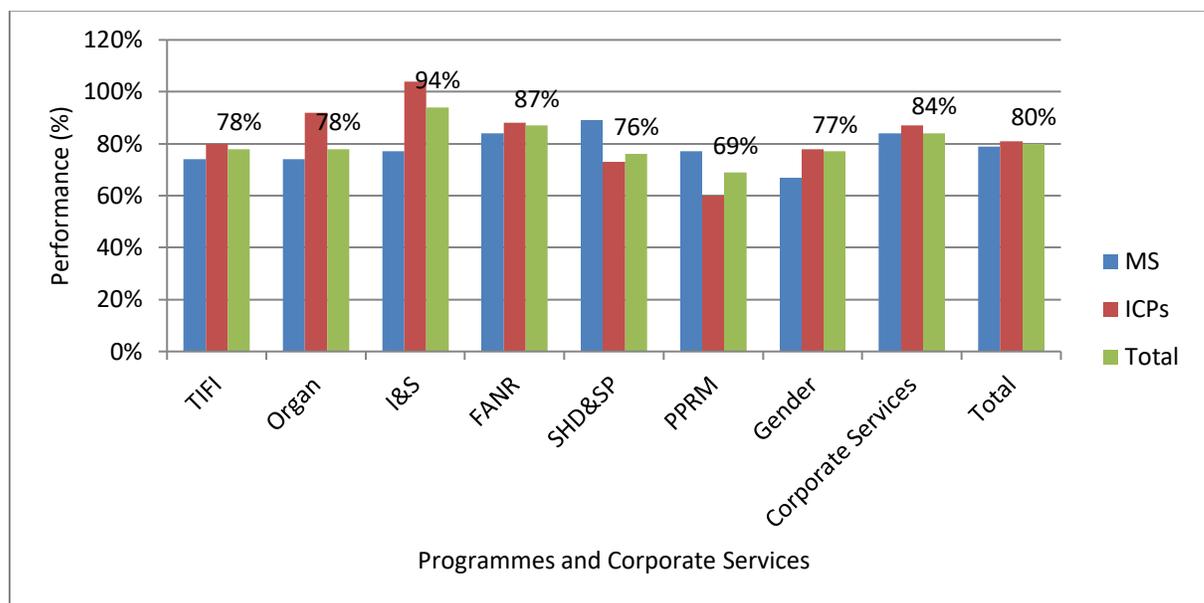
- (ii) Adherence to principles of sound financial management of economy, efficiency and effectiveness;
  - (iii) Ensuring that SADC financial resources are appropriated within the SADC Secretariat annual budget, as established and implemented in compliance with the principles of transparency and accountability;
  - (iv) Ensuring that specific, measurable, achievable, relevant and time bound objectives are set for all sectors of activity covered by the budget; and
  - (v) Ensuring that risk management measures, including the SADC risk management policy and framework, are in place.
2. In terms of reporting and auditing control, under Article 15 (h - i) of the Treaty, the Executive Secretary is required to prepare and submit to the Council, the following:
- (i) Annual Reports on the activities of SADC and its institutions;
  - (ii) Annual Budget of SADC for submission to Council; and
  - (iii) Annual Audited Accounts of SADC for submission to Council.
3. The Secretariat's financial statements are compiled in compliance with International Public Sector Accounting Standards, which was approved by Council in 2012 as a financial reporting framework for the organization.

*Review of Results for 2015/16 Financial Year*

4. Results for 2015/16 financial year, reflected in the SADC Secretariat audited International Public Sector Accounting Standards compliant financial statements show the following:
- (i) Operating surplus of US\$11.8 million (US\$10.3 million in 2014/15) on:
    - (a) Revenues of US\$78.6 million (US\$72.3 million in 2014/15);
    - (b) Member States contributions of US\$ 51.6 million (US\$38.6 million in 2014/15); and
    - (c) Grants of US\$27.0 million (US\$33.7 million in 2014/15), which were recognized as contributions based on the SADC Secretariat's compliance with conditions, as specified in each financing agreement.
  - (ii) Total assets under the control of SADC Secretariat of US\$101.1 million (US\$89.6 million in 2014/15), financed as follows:
    - (a) Member States (Reserve; Asset Replacement; Staff Loan and Accumulated funds): US\$37.7 million (US\$25.9 million in 2014/15);
    - (b) Member States – differed revenue: US\$6.5 million (US\$9.7 million in 2014/15);
    - (c) Grants – differed revenue: US\$13.0 million (US\$15.0 million in 2014/15);
    - (d) SADC House loan: US\$25.9 million (US\$28.5 million in 2014/15); and
    - (e) Payables (staff gratuity; staff grievances; Organ mission to Lesotho refunds to Member States; and suppliers): US\$18.0 million (US\$10.5 million in 2014/15).
5. The results show increasing contributions from Member States (33.4%) vis-à-vis declining grants (19.8%). This is explained as follows:

- (i) Significant contributions from Member States in 2015/16 relate to activities of the Organ on Politics, Defense and Security Cooperation. Other contributions remained unchanged from the 2014/15 financial year; and
  - (ii) Grants considerably declined in 2015/16 reflecting expiry of a number of activities and projects funded by International Cooperating Partners, without replacement agreements from the African Development Bank and European Union.
6. Overall, the SADC Secretariat achieved a budget utilization rate of 80% in 2015/16 (82% in 2014/15). 230. The overall utilisation of the budget is presented according to the various programmes and corporate services in Figure 13, showing that the overall utilization was 79% and 81% for Member States and ICPs funds, respectively.

**Figure 13: Overall Resource Utilisation by Source of Funding: April 2015 – March 2016**



7. The main explanations for the unutilised balance of 21% under Member States funds are:
- (i) Number of positions budgeted for in 2015/16 financial year, were filled-up at the end of the year;
  - (ii) Unitary charges on SADC Headquarters were lower than budgeted in 2015/16;
  - (iii) Deferral of planned meetings to 2016/17; and
  - (iv) Savings were recorded on travel-related activities across all programmes, reflecting improved cost efficiencies.
8. The unutilised balance of 19% under ICPs funds are due mainly to delays experienced in replenishment of funds on projects and continued lengthy delays over procurement on projects.

## 9.0 LESSONS, CHALLENGES AND RECOMMENDATIONS

1. The challenges which negatively affected the implementation of planned outputs and activities to contribute towards the objectives of the RISDP and SIPO in 2015/16 continue to be shortfalls in planning and programming; weaknesses in monitoring, evaluation and reporting; coordination (especially project management systems) of programmes at regional and national levels; limited financial and human resources. The Secretariat has continued to implement a number of reforms to address these problems as well as deficiencies in internal processes in order to improve efficiency and effectiveness of its operation. Key measures taken to date include:
  - (i) Operationalisation of the Planning Unit and Monitoring and Evaluation Unit since February 2016 to address reported deficiencies in planning, programming, monitoring, evaluation and reporting;
  - (ii) Development of an online monitoring, evaluation and reporting system to enable real-time tracking of performance, documentation of results and facilitating evidence-based decision-making and learning, which is expected to be concluded by October 2016;
  - (iii) Development of a project management framework and system to improve implementation, efficiency, performance and absorption capacity, which is expected to be ready by September 2016;
  - (iv) Automation of the Procurement Management System to address challenges such as long procurement cycle times, quality data and information access, increased risk and compliance liability, and systems integration to be operational by October 2016;
  - (v) Development of an ICT system to improve efficiency and compliance through standardisation and automation of procedures to be ready by October 2016;
  - (vi) Improvement of the SADC Secretariat Performance Management System through strengthening of procedures and tools resulting in a performance system that is properly linked to the delivery of approved work plans and budgets; and
  - (vii) Finalisation of the on-going review of the Secretariat's Organizational Structure.
2. In order to address existing gaps in the implementation of SADC programmes and projects, the following are recommended:
  - (i) Continue to undertake and complete the on-going reforms;
  - (ii) Undertake continuous consultations with Member States and strengthen arrangements in place for effective coordination of SADC programmes of regional cooperation and integration;
  - (iii) Streamline processes between the SADC Secretariat and ICPs for approving Financing Agreements, MOUs and other related instruments, and strengthen negotiations between parties to ensure that projects and programme estimates are prepared ahead of, and aligned to, the SADC fiscal year, and that funds are disbursed on time; and

- (iv) Ensure the right mix of technical and administrative skills which responds directly to the type and volume of work required to facilitate the effective and efficient implementation of the Regional Integration Agenda.

## 10.0 CONCLUSIONS

1. This Report has presented the main political and economic developments in the SADC region for 2015-2016 and an outlook for 2016-2017; key achievements in the implementation of key programmes of regional cooperation and integration; progress on continental cooperation and integration; the status of development cooperation and resource mobilization; an overview of good governance at the SADC Secretariat, including financial management; and a summary of key challenges and recommendations.
2. The Report shows that the implementation of the Operational Plan and Budget 2015/16 led to significant achievements, as demonstrated by the number of outputs which were fully completed. The achievements for 2015/16 were the result of intensive work done to respond to the decisions of Council and Summit; and they were made possible through the financial as well as technical support from Member States and ICPs. The planned outputs which were not completed, have been rolled over to the Operational Plan and Budget for 2016/17, where resources are available. It is expected that the regional strategies, frameworks and plans developed in the first year of implementation of the Revised RISDP will be further implemented at the national level, and together with the capacity built, create the highest possible impact.
3. The challenges highlighted in the Report continue to limit the Secretariat's ability to deliver on the region's strategic objectives and to focus on fulfilling the mandate of acting as a "Think-Tank" for the region. They also raise the organisation's overall operational risk. In this regard, the Secretariat will accelerate the completion of the on-going reforms, including the review of the Secretariat's Organizational Structure in order to facilitate the implementation of the Revised RISDP 2015-2020, other strategic frameworks and Summit and Council decisions.
4. As part of the implementation of the Operational Plan and Budget for 2016/17 and subsequent plans and budgets, emphasis will be placed on strengthening collaboration with Member States, including Non-State Actors, and development partners in order to contribute towards the realization of the African Union Agenda 2063 and the Sustainable Development Goals.



### **ABOUT SADC**

The Southern African Development Community (SADC) is an organisation founded and maintained by countries in southern Africa that aim to further the socio-economic, political and security cooperation among its Member States and foster regional integration in order to achieve peace, stability and wealth. The Member States are: Angola, Botswana, Union of Comoros, the Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, United Republic of Tanzania, Zambia and Zimbabwe.

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