SADC Barometer

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SADC RESTRUCTURING:
PROGRESS DESPITE DIFFICULTIES

The Southern African Development Community (SADC) is at a critical stage of its development. It has embarked on an ambitious internal restructuring exercise to improve its efficiency and tackle difficult questions of how to accelerate socio-economic development and achieve meaningful, equitable regional integration.

The *SADC Barometer* is a new quarterly SAIIA publication intended to provide an independent and critical evaluation of progress on implementation of the various protocols, political and economic convergence and progress toward SADC's economic and social development goals. The region's ability to reach these objectives will depend on how effectively the restructuring exercise is executed. This first issue assesses the progress of that restructuring effort.

In 1999 SADC heads of state mandated the Council of Ministers to conduct a comprehensive review of the operations of SADC institutions and produce a set of recommendations for streamlining and focusing the organisation. The *Review of Operations Report* was approved by the summit at its extra-ordinary meeting held in March 2001 in Windhoek, Namibia.

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Development and Poverty Reduction in SADC?
The regional indicators in the box on the right reveal that only two SADC countries (Seychelles and Angola) improved their Human Development Index (HDI) ranking between 1992 and 2002.

In addition, SADC's GDP annual average growth rate dropped from 3.1% in 2000 to 1.95% in 2001. SADC's economic growth rate thus lags behind that of sub-Saharan Africa, which increased from 3.5% in 2000 to 3.7% in 2001. To reach the Millennium Development Goals, which aim to reduce the number of people living in absolute poverty by half by 2015, SADC needs to increase its growth rate to the minimum target of 6%-7% a year.

Regional Indicators

HDI Value & Rank / 173	1992	Rank	2002	Rank
Angola	0.291	164	0.403	161
Botswana	0.763	74	0.572	126
DRC	0.384	143	0.431	155
Lesotho	0.473	131	0.535	132
Malawi	0.330	157	0.400	163
Mauritius	0.821	60	0.772	67
Mozambique	0.246	167	0.322	170
Namibia	0.611	108	0.610	122
Seychelles	0.810	62	0.811	47
South Africa	0.705	95	0.695	107
Swaziland	0.522	124	0.577	125
Tanzania	0.364	147	0.440	151
Zambia	0.425	136	0.433	153
Zimbabwe	0.539	121	0.551	128

GDP per capita (PPP $)	1992	2000
Angola	751	2,187
Botswana	5,120	7,184
DRC	523	765
Lesotho	1,060	2,031
Malawi	820	615
Mauritius	11,700	10,017
Mozambique	380	854
Namibia	4,020	6,431
Seychelles	5,619	12,508
South Africa	3,799	9,401
Swaziland	1,700	4,492
Tanzania	620	523
Zambia	1,230	780
Zimbabwe	1,970	2,635

Adult Literacy %	1992	2000
Angola	42.5	42.0
Botswana	67.2	77.2
DRC	74.1	61.4
Lesotho	68.6	83.5
Malawi	53.9	60.1
Mauritius	81.1	84.5
Mozambique	36.9	44.0
Namibia	40.0	82.0
Seychelles	77.0	85.3
South Africa	80.6	88.0
Swaziland	74.0	79.6
Tanzania	64.4	75.1
Zambia	75.2	78.1
Zimbabwe	83.4	88.7

Life expectancy at birth	1992	2000
Angola	46.5	45.2
Botswana	64.9	40.3
DRC	52.0	51.3
Lesotho	60.5	45.7
Malawi	45.6	40.0
Mauritius	70.2	71.3
Mozambique	46.4	39.3
Namibia	58.8	44.7
Seychelles	71.0	72.7
South Africa	62.9	52.1
Swaziland	57.5	44.4
Tanzania	52.1	51.1
Zambia	48.9	41.4
Zimbabwe	53.7	42.9

SADC Says No for Now to Expansion

By turning down Rwanda's request to join the Southern Africa Development Community (SADC) in October 2002, the organisation signalled that it is serious about consolidating and deepening existing bonds between its member states. It wants to avoid, and where possible resolve, some of the problems caused by ad hoc expansion and duplication of subregional organisations in Eastern and Central Africa.

SADC placed a moratorium on new membership when it adopted the *Report on the Restructuring of SADC Institutions* on 9 March 2001. Yet, even before that, Uganda's interest in joining in 2000 was similarly thwarted. Uganda and Rwanda suffered in part because SADC has failed to digest the DRC whose problems with Uganda and Rwanda exacerbated political discord within the organisation.

At the Blantyre summit in August 1997, heads of state were excited by the DRC's 'great potential to cooperate with SADC in key sectors such as energy, water, tourism, transport and communications' and 'expressed optimism that efforts… to usher in a new era of political stability and economic reconstruction would be successful'. A year later, the summit was expressing its 'deep regret' at the outbreak of war in the new member state.

Certainly security considerations are being reasserted on the SADC agenda. Agreement on a protocol establishing the SADC Organ for Politics, Defence and Security in 2001 and ongoing negotiations on a mutual defence pact have made governments more circumspect about their security commitments to the subregion.

At the same time that SADC stopped accepting new members, there was some rationalisation of overlapping membership with the Common Market of Eastern and Southern Africa (COMESA). By 2001 Tanzania, Mozambique and Lesotho had withdrawn from COMESA. But two-thirds of SADC states remain members of COMESA.

The need for co-ordination between SADC and COMESA has been recognised and formalised through the creation of a joint task force at the level of the two secretariats. However, difficulties remain for the AU, which has to engage with SADC and COMESA as the regional economic communities (RECs) of Southern and Eastern Africa, respectively. The New Partnership for Africa's Development (Nepad) is also meant to be implemented through the RECs. Yet neither SADC nor COMESA correspond with the AU's official demarcation of Southern and Eastern Africa.

In this context, it would be best for SADC, the AU and the Nepad initiative if membership to all the subregional organisations was limited, rationalised and consolidated so that they could perform their mandate effectively as solid 'building blocks' of African integration.

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REGIONS OF THE AU:

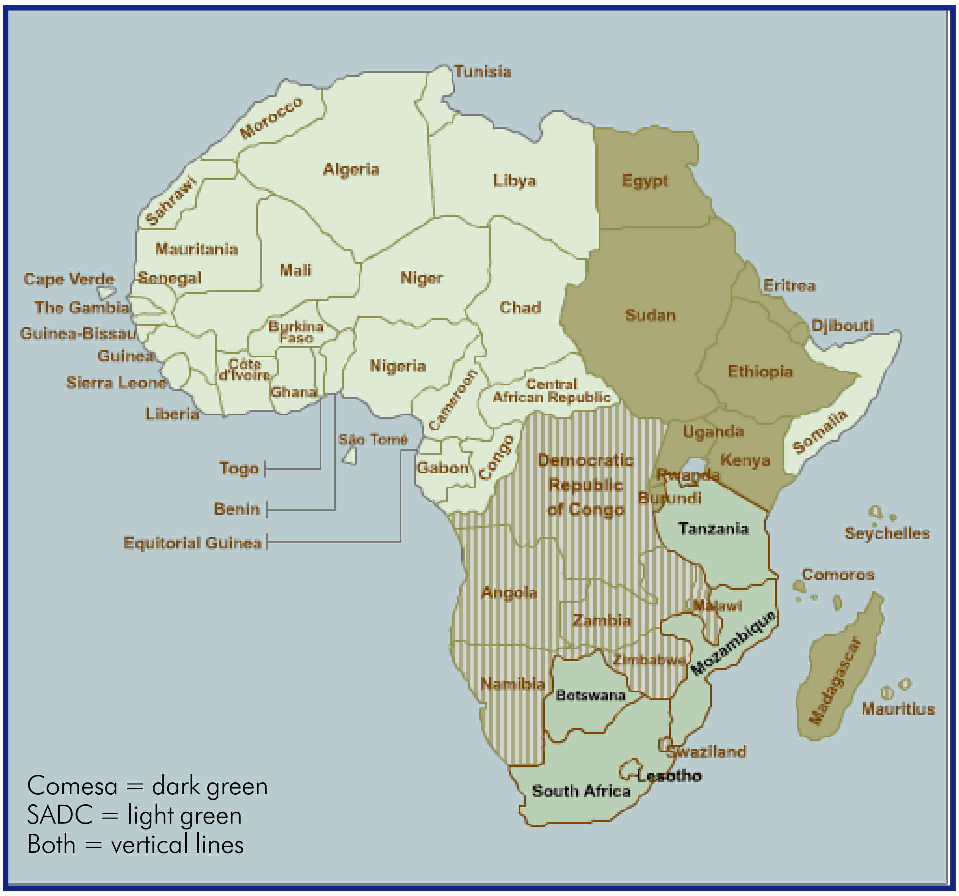
Southern Africa – 10 members
Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia, Zimbabwe

Eastern Africa – 13 members
Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Seychelles, Somalia, Sudan, Tanzania, Uganda, Rwanda, Mauritius

Central Africa – 10 members
Burundi, Cameroon, Central African Republic, Chad, DR Congo, Burundi, Equatorial Guinea, Gabon, Sao Tomé and Principe, Republic of Congo

Western Africa – 16 members
Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau; Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo

Northern Africa – 5 members
Algeria, Egypt, Libya, Saharawi Arab Democratic Republic, Tunisia



SADC Security Integration: Where to Now?

Although formed in 1996, the structure of SADC's body for regional security co-operation – the Organ on Politics, Defence and Security (OPDS) – was not formalised until the August 2001 SADC summit in Blantyre, Malawi. At that summit, the SADC heads of state and government signed a Protocol on Politics, Defence and Security Co-operation and attempted to resolve the contention around the OPDS's leadership structure.

The Blantyre summit solved three problems that had previously steeped the OPDS in controversy. First, the OPDS was brought firmly under the authority of the SADC summit, with the chair of the OPDS from then on reporting directly to the SADC summit. Second, the signing of the Protocol provided a legal framework for SADC's security integration, making it clearer what the member states can and cannot do in the name of the OPDS.

Third, while Zimbabwe's President Robert Mugabe had headed the OPDS from its inception in 1996 to the 2001 summit, the OPDS is now run by a leadership troika – following the same principle as the SADC chairmanship. As an attempt to distribute leadership of the organisation broadly among member states, members of the OPDS troika should not also be represented on the SADC troika. The first OPDS troika consisted of Zimbabwe as the outgoing chair, Mozambique as the chair and Tanzania as the incoming chair. However, a reshuffle took place at last year's Luanda Summit – Tanzania became the incoming chair of the SADC troika, Mozambique continued as chair of the OPDS and Lesotho became the OPDS's new incoming chair. Zimbabwe is no longer part of any of SADC's leadership structures.

The Role of the OPDS

The role of the OPDS is to co-ordinate the security policies of SADC members in accordance with the goals of the Protocol on Politics, Defence and Security Co-operation. The protocol has so far been ratified by seven member states (Botswana, Lesotho, Malawi, Mauritius, Mozambique, Tanzania and Namibia), with ratifications from Zambia and Zimbabwe reportedly in the pipeline. SA is still held up by its time-consuming ratification procedure in Parliament. With only two more ratifications necessary before the protocol enters into force, there is a good chance that this will happen by the next SADC summit in August/September 2003.

The protocol itself is a liberal and sound document. It endorses the Nepad vision of good governance, human rights, democracy and the rule of law as the road to lasting peace and stability in the region. However, the question remains: will the OPDS rise to the challenge, or will the protocol become another example of an excellent document on African integration with little impact on practical policies? The Strategic Indicative Plan for the Organ (the SIPO), which is supposed to be ready by the 2003 SADC summit should clearly designate what practical roles and duties the OPDS should assume.

The Challenges Ahead

The protocol sets out an ambitious agenda that poses several challenges for the OPDS, many of which arise from a lack of capacity and expertise in the SADC region. For instance, while efforts are underway, it will be long before SADC can boast a professional regional peacekeeping force. Similarly, conflict resolution mechanisms such as negotiation and mediation require immense political will and patience, as well as the development of skills, resources and structures. The Protocol's call for arbitration mechanisms relies on a suggested SADC tribunal, which so far has not become a reality.

While problems arising from a lack of capacities and skills are difficult to overcome, the political challenges facing the OPDS may prove even more daunting. The protocol includes both traditional state security goals and wider human security objectives. While safeguarding territorial integrity and political sovereignty is important, too strong an emphasis on traditional state security goals can be counter-productive in a region where several regimes have weak or untested democratic credentials.

There is an important distinction to be made between stability – the perpetuation of the political status quo – and security, a concept that has come to incorporate human rights, democracy and the rule of law. Regime stability can be maintained for a while through force and repression, and good governance and economic development need play no part. However, this sort of stability tends to finally erupt into a political crisis since there is no peaceful way for the population to address their grievances. Lasting security must incorporate regime legitimacy so that the rights and needs of a country's population are taken into account.

The protocol endorses this wider interpretation of security, but it is important that SADC, when formulating the SIPO, makes sure that the human security aspects of the protocol are put into practical policies.

Anne Hammerstad is SAIIA OPDS Researcher.

In January 2003 SAIIA started a two-year research project focused on the SADC's Organ on Politics, Defence and Security (OPDS).

The project involves a comparative study of political and security integration in Southern Africa, Europe and Southeast Asia, and two workshops for stakeholders on fostering common values and goals to underpin political integration and transforming these values and goals into concrete practices.

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Opinion Is There Convergence in SADC?

Successful and sustainable regional integration requires political and economic convergence.

In SADC, the disparities between the region's biggest economy and political heavyweight SA and the other 13 members are huge. SA accounts for almost 75% of the region's GDP, more than 85% of intra-regional trade and more than 90% of intra-regional investment. A significant narrowing of this gap in the medium- to-long run is required for successful regional integration. In this respect, SADC's recent organisational and structural reforms will have an impact only if SADC converges both politically and economically.

What are the chances that this convergence will occur? In economic terms, the trends observed throughout most of the 1990s were quite encouraging. With the exception of a few cases – such as Angola and the Democratic Republic of the Congo (DRC) (and later Zimbabwe) – budget deficits and inflation rates decreased, external debt levels stabilised and economic growth rates picked up. Only in terms of aid dependency did the differences between countries such as Botswana, Mauritius, Seychelles and SA, on the one hand, and Lesotho, Malawi, Mozambique, Tanzania and Zambia, on the other, widen. With the turn of the millennium, economic trends changed for the worse. Growth rates plummeted in most countries, inflation rates and budget deficits rose, as did debt levels, despite debt reduction efforts by many donors. Today the disparities between SA and the next most diversified economy – Zimbabwe – are more significant than five years ago. At the bottom end of the economic scale, countries such as the DRC, Malawi, Tanzania, Zambia and Zimbabwe fell even further behind. Only Mozambique was able to record significant and sustainable growth.

A similar development occurred in the political field. With the exception of Swaziland (an absolute monarchy) and the DRC (a de facto autocracy), the 1990s saw a trend towards democratic multiparty systems. At the beginning of 2003 the rhetoric persists, but developments in several countries point to the following:

- a steady deterioration of the rule of law (Zimbabwe, Angola, Swaziland, Malawi, the DRC, Zambia);
- an increasing number of flawed elections (Zimbabwe in 2000 and 2002, Zambia in 2001, Lesotho in 1998) as well as increasing cases of constitutional tampering (Namibia, Zambia, Zimbabwe, Malawi);
- growing restrictions on political rights and civil liberties (Zimbabwe, Angola, Malawi, the DRC, Tanzania, Zambia, Lesotho, Swaziland); and
- widening social gaps, even in the more stable and prosperous countries such as Botswana, SA and Mauritius.

However, the end of the civil wars in Angola and the DRC, Lesotho's successful election in 2002 and the prevention of an unconstitutional third presidential term in Zambia are encouraging signs for democracy. In general, however, the gap between countries in the 'democratic consolidation zone' and the mere 'electoral democracies' and autocracies has widened over the past few years. Increasing political divergence is a strong indicator of crumbling internal legitimacy and stability, which in some SADC countries, in turn, impedes economic recovery and further integration.

The implications of these trends on the regional integration exercise are clear and a number of action areas emerge.

Regarding political convergence:

- ambiguities towards violations of good governance principles and/or democracy must be avoided;
- deviant regimes must not be supported;
- inter-state conflicts must be settled regionally; and
- an enforceable regional democratic code of conduct should be agreed upon.

On the economic side:

- the private sector must have a bigger role to play in the formulation of sectoral policies and protocols;
- costs and benefits of regional integration measures (protocols) must become more transparent to policymakers and civil servants;
- SA must avoid dominating (if not bulldozing) the much smaller economies into submission; and
- the implementation capacity and responsibility of the Secretariat must be strengthened and expanded so that regional integration can be accelerated.

Christian Peters-Berries is Project Manager of the National Initiative for Civic Education (NICE) in Malawi. He co-edited the Yearbook on Monitoring Regional Integration in Southern Africa I and II and has worked on SADC and regional integration for the Konrad Adenauer Foundation, GTZ and the German Ministry for Economic Cooperation. He has published widely on SADC.

Prospects for Angolan Chairmanship of SADC

Angola assumed the SADC chairmanship only months after its 27-year civil war ended. What influence will it have on the direction of SADC or on the key issues affecting the region?

'The main role developed by the chair will be to maintain the presence of peace and democracy, and to reduce and avert conflicts in the region,' says SADC's national secretary based in the Angolan Ministry of Planning, Beatriz Morais. However, she gives no details of how Angola plans to lead in this role. In addition to being responsible for the leadership of SADC, Angola is chairman of the Economic Community of Central African States (ECCAS), and is also a non-permanent member of the UN Security Council.

When Angolan President Jose Eduardo dos Santos outlined his vision for SADC upon assuming the chairmanship in October 2002, he articulated the organisation's agenda with little deviation from conventional SADC goals. He said that Angola would ensure that 'SADC launches a crusade against hunger, whether it is due to drought or armed conflict'.

However, the devastation of war has forced Angola to be more focused on internal reconstruction than on external relations or SADC affairs – except where these affect its stability, such as the peace process in the Democratic Republic of Congo (DRC).

A Split Regional Personality?

ECCAS was dormant for more than a decade due to lack of resources and the fact that some of its 11 members were at war with each other. Even now, following its resurrection in 1998, the group's members are still politically divided, obstructing its ability to become a powerful regional bloc. Angola's multiple commitments in multilateral affairs reflect a central tension that characterises its posture in SADC.

'Angola has a split personality. There is the central African reality of ECCAS as a possible arena of foreign policy, for example, the development of the DRC ... and on the Southern African side there is SADC,' says João Porto, a senior researcher on Angola at the Institute for Security Studies in Pretoria. 'It is important to bear in mind that Angola does not have much multilateral experience. Maintaining bilateral relations with countries investing in the oil sector (the country produces 900,000 barrels of oil a day) has been a priority and it did not need SADC. But the end of the war is, perhaps, bringing in a new phase in Angola's foreign policy.'

'Angola's role as chair forces it to be an active member of SADC, participating in all the meetings and implementing protocols ... before they were paying lip service to it.'

Although Angola played an aggressive unilateralist role in the last years of its conflict, dispatching troops to Congo-Brazzaville and the DRC, and threatening incursions into Zambia, the country does not seem intent on pursuing an ambitious diplomatic agenda in either of the regions to which it belongs.

Nevertheless, Angola seems to be a more committed SADC member now than in the past. 'Angola's role as chair forces it to be an active member of SADC, participating in all the meetings and implementing protocols ... before they were paying lip service to it,' a well-connected African diplomat observes. SA's ambassador to Angola, Tony Msimang, reinforces this impression saying: 'For some time they were not playing the role they ought to have... now all the responsibility of SADC is on their shoulders, giving them a sense of responsibility in the region.'

Despite this kind of rhetoric, Angola had, by January 2003, ratified only four of the 21 SADC Protocols, and it still needs to ratify one of the cornerstones of economic integration in the region, the SADC Protocol on Trade. More significantly, for both SADC and Angola, is the fact that Angola only adopted the Agreement Amending the Treaty of SADC when it took over the chairmanship in October 2002. That was 14 months after the amendments were first tabled for signature in August 2001.

Tense relations with eastern neighbour Zambia have improved since Angola emerged from civil war and took over the SADC chair, defusing disputes over Zambia's alleged support for UNITA rebels.

Angola also has an interest in consolidating bilateral relations with several SADC members, particularly SA and the Joseph Kabila-led government of the DRC. Angola has been heavily involved in settling the last and perhaps most difficult aspect of the war in the DRC, ending the tribal violence between ethnic Hema and Lendu groups that continues to plague the Ituri Region in north-eastern DRC. It played an important role in facilitating the establishment of the Ituri Pacification Committee, which started work on 25 February 2003, to bring peace to the district and allow for the withdrawal of the last Ugandan troops from the Congo. Luanda, for example, hosted a mini-summit with foreign ministers from the DRC and Uganda in mid-February 2003 to look at the implementation of the Ituri agreement. It has played a pivotal role as a facilitator in this region since Angola, unlike Zimbabwe, has never directly confronted the rebels and is wary of fuelling ethnic conflicts (given its own ethnic divisions). This means Angola – while allied to Kabila – is not seen as a direct threat and is able to engage with all the armed forces in the Ituri conflict.

'Angola is not seen as the main enemy and, as the least contested, it has

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an important role in stabilising the (Ituri) conflict, which is not on the agenda of the formal process. Kabila is comfortable with Angola and so are Rwanda and Uganda,' explains Jan van Eck of the Centre for International Studies at Pretoria University. This is one way in which Angola, which has promised to withdraw all its troops from the DRC by the end of the year, is advancing peace in the Congo.

Looking Inwards

Angola's 'split regional personality' is one reason why the country will not create a strong legacy of its year as SADC chair. A more important factor is the urgency with which Angola needs to address the domestic problems created by its civil war.

Politically, the April 2002 ceasefire gave rise to steep political and economic demands on Angola's government. The end of war is itself a major benefit, but most of Angola's 13 million people are still waiting to see the dividends of peace.

One of the most immediate issues for lasting stability is for the government to deal seriously with the demobilisation of about 110,000 former UNITA soldiers and their 350,000 dependants, most of whom are still quartered in about 40 'family reception areas'.

Until now, the government has mostly failed to deliver the benefits promised to ex-combatants in exchange for their demobilisation, such as skills training and kits with tools to make a living. The possibility of the reception areas being used as UNITA power bases, with the potential for their becoming a breeding ground for political unrest and relapse into war has led the government to set unrealistic deadlines for the dismantling of the camps.

Government and UNITA leaders need to negotiate a way of meeting at least some of the needs of rank and file members, say diplomats in Luanda.

With the war over, there is a desperate need for greater government service delivery to the population – 60% of whom live below the poverty line. One third of the population remains displaced and about 1.8 million depend on food aid.

The government's $358 million December 2002 budget – almost matched by foreign aid which accounts for about 13% of Angola's GDP – does not yet offer proof that it has a sense of urgency about eliminating these problems. Only one percent of the budget has been set aside for health services – which have been destroyed by decades of fighting and about 0.67% (only about $2.4 million) has been allocated for education, in a country where 80% of children have no access to proper schooling.

While combating corruption, the government also needs to shape a new inclusive political order.

'We are calling for macroeconomic stabilisation: for inflation to be brought under control, for a redistribution in spending to health and education, for transparency and accountability to improve and for the publication of basic socio-economic data,' says Carlos Leite of the International Monetary Fund (IMF) in Luanda.

International pressure for rooting out corruption and getting government books in order is mounting. However, in a country recently ranked as one of the world's most corrupt by Transparency International, cleaning up government accounting and eradicating corruption is a vast task. A leaked IMF report stated that $1 billion went missing from Angola's coffers in 2002 alone. Taking into account the 2003 government budget referred to earlier, this means that, for every $1 spent, $2 disappear into the Bermuda triangle between the presidency, the state oil company and state bank.

While combating corruption, the government also needs to shape a new inclusive political order which allows UNITA to be a real partner in ruling the country.

Conclusion

What this means is that Angola, as SADC chairman, is distracted by internal reconstruction and willing to leave the running of the regional body largely to the SADC Secretariat in Gaborone, and its direction to the heads of state as a collective.

On most fronts, including SADC's restructuring or intervening in the Zimbabwe crisis, Angola is not expected to pursue a strong agenda or wield much influence.

Apart from anything else, the weakened Angolan state does not have the capacity to push SADC's ambitious regional integration agenda, focused on fighting poverty and HIV/AIDS, consolidating peace and facilitating SADC's restructuring process. Instead, Angola will focus on peace and security and particularly on conflict resolution in its northern neighbour, the DRC, with which it shares a long border. Supporting the peace process in the DRC might become the only significant contribution that Angola makes as SADC chairman.

Its regional influence has been limited until now not only by the war, but also by the colonial legacy of looking to the north rather than the south for economic and political allies. And, unless Angola gets its internal affairs in order it will be making interventions from an unstable domestic base and this will undermine its impact on SADC.

But Angola, given its vast natural resources and military capability (with more than a million soldiers fit for duty) has the potential to be a major regional power and is starting to define a role for itself on the regional and world agenda. It is important that other SADC member states actively engage Angola, specifically focusing on ways to integrate the country into the region, economically and politically.

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AIDS Turns SADC Food Crisis Into Major Disaster

'HIV/AIDS is the most fundamental underlying cause of the Southern African crisis. Combined with food shortages and chronic poverty, HIV/AIDS becomes more deadly,' warned two UN special envoys in January 2003 after visiting four of the eight Southern African countries experiencing a food crisis.

UN special envoy of the UN secretary-general for HIV/AIDS in Africa, Stephen Lewis, and UN Special Envoy for Humanitarian Needs in Southern Africa, James T. Morris, issued the report following a week-long mission to Lesotho, Malawi, Zambia and Zimbabwe.

The UN noted that HIV/AIDS compounded problems of drought and government agricultural mismanagement because it drew a large amount of labour out of agriculture. Not only has the disease made many adults too sick to work, it has also forced other healthy people to leave the fields to care for sick relatives.

Whilst humanitarian organisations have responded quickly to the food crisis, and a possible famine has been averted, the envoys said the need for food aid in the crisis-affected countries was likely to continue into 2004, given poor harvests and ongoing vulnerabilities at individual household levels.

More than 18 million people in eight Southern African Development Community (SADC) countries — Angola, the Democratic Republic of Congo (DRC), Lesotho, Malawi, Mozambique, Swaziland, Zambia and Zimbabwe — have been receiving food aid from humanitarian agencies since a $611m UN/SADC appeal for emergency food and other assistance was launched in July 2002. By January 2003, the international community had donated $779.8million, with the biggest contributors being the European Union, the US and the UK.

Zimbabwe has been hardest hit by the food crisis and the World Food Programme (WFP) estimates that 7.2 million people (more than half the population) are vulnerable. Food production has dropped to about one-third of previous years' levels and the crisis is being exacerbated by the high prevalence (34%) of HIV/AIDS in the country, a foreign exchange shortage, growing unemployment and political instability. The UN envoys said Zimbabwe's current policies, particularly on the land reform process, were hampering high-potential agricultural areas from yielding at maximum capacity. They also said the policies were preventing the support of programmes aimed at the country's long-term recovery.

In all the affected countries, HIV/AIDS has exacerbated the food crisis, resulting in reduced agricultural productivity, increased demands on a declining working population for food provision and raised vulnerability of a large section of the population to declining nutritional levels. For example, in Malawi – where 3.3-million people (or 30% of the population) have been receiving food aid – 16% of the population has HIV/AIDS. The UN agencies have called for the introduction of labour-saving agricultural practices (as well as crop diversification) to enhance and sustain nutritional levels, particularly those of people living with AIDS.

The table above details the dimensions of the food crisis in SADC. In Mozambique, where the food crisis is localised in the southern part of the country, about 3% of the population (or 590,000 people) has been affected. Angola and the DRC, whilst not included in the July 2002 UN/SADC consolidated appeal, have been receiving food aid from UN agencies to alleviate food shortages caused by their civil wars. The WFP is feeding 1.8 million people in Angola and 1.4 million in the DRC.

The SADC Secretariat, and the Food, Agriculture and Natural Resources (FANR) directorate of the Secretariat, in particular, have been monitoring the crisis, as well as the rainfall situation across the region. They have also been advising affected member states on medium- and long-term measures to assist farming populations to recover. These measures include the promotion of regional irrigation potential, developing a regional food reserve facility, promoting trade in agricultural commodities, the distribution of agricultural starter-packs consisting of seeds and fertilizers, as well as subsidised farm inputs and tillage equipment. The FANR has also been advising member states on the issue of genetically modified organisms (GMO) and has urged them to adopt a clear position on GM food aid, as well as developing their GMO testing and monitoring capacity.

DIMENSIONS OF THE FOOD CRISIS IN SADC

SADC Countries receiving food aid	People receiving food aid	% of population being assisted	Food aid requested to April 2003 (in metric tonnes)	HIV/AIDS prevalence rate in 2002
Angola	1.8 million	15	340,000	5.5%
DRC	1.4 million	3	180,000	5%
Lesotho	650,000	30	36,000	31%
Malawi	3.3 million	30	240,000	16%
Mozambique	590,000	3	48,000	13%
Swaziland	270,000	25	20,000	33%
Zambia	2.9 million	25	150,000	22%
Zimbabwe	7.2 million	50	600,000	34%
Total	18.3 million			

AIDS prevalence rates of the adult population.

Source: WFP

Peter Farlam is Publications Manager at SAIIA.

Opinion

Zimbabwe – A Dangerous Stalemate

Once one of the best prospects of success in Africa, Zimbabwe is at the crossroads. It may still succeed, but equally has every chance to wreak havoc not only on itself but on the entire Southern African region. However, despite abundant evidence, the region, especially key players such as SA, appears unsure about the threat Zimbabwe poses to its stability.

Months after President Robert Mugabe's contested re-election and the imposition of targeted sanctions by the EU and the US, Zimbabwe is locked in a political stalemate.

Mugabe and his ruling Zanu-PF have hung onto power despite international sanctions and a debilitating economic crisis at home. But their survival strategy appears to be running out of steam and looks incapable of providing a sustainable solution to the worsening foreign exchange, fuel and food shortages in the country.

Main opposition leader Morgan Tsvangirai and his Movement for Democratic Change (MDC) have so far survived severe repression by the government. But they appear to have reached the limit of what they can do to force the government to change.

How best to break the political impasse and resolve the country's deepening economic crisis is unclear. However, if the current negative trends are not reversed soon, there is a real chance that Zimbabwe's political, social and economic institutions will collapse, leaving the country a failed state.

The signs of a far worse humanitarian disaster in Zimbabwe are already beginning to emerge. On 27 February 2003 the US-based Famine Early Warning Network (FEWSNET) warned that Zimbabwe's food crisis will continue into 2004 because of poor rains and disrupted agricultural production caused by government land reforms.

'Given the poor harvest prospects and anticipated low stock levels, Zimbabwe will need to import between 930,000 tonnes and 1.3 million tonnes of maize to meet the pre-harvest deficit for 2003-04," said FEWSNET. The agency recommends that the government co-ordinate its use of all five ports in the subregion to allow timely imports to avert a potential famine. However, Zimbabwe cannot import much grain on its own mainly because it has virtually no foreign currency.

Meanwhile HIV/AIDS, which is wreaking havoc in the entire region, is exacerbated in Zimbabwe because the public sector is collapsing after years of underfunding and mismanagement.

Given the geographical position of Zimbabwe at the heart of SADC, the impact of its escalating crisis will extend beyond its borders:

- At the very least, the crisis will destabilise Zimbabwe's immediate neighbours, particularly SA, Botswana and Mozambique, by driving thousands of refugees fleeing hunger or any possible political upheaval into these countries.
- Instead of fostering more free movement of people and goods in the spirit of SADC, governments will instead create more barriers to stem the flood of refugees. Already there are rumblings between Harare and Gaborone over the influx of Zimbabwean immigrants to Botswana.
- Meanwhile, Zimbabwe and Zambia have quarrelled over claims by Lusaka that Zimbabwean goods — cheaper because of Harare's controversial exchange rate — are flooding the Zambian market. Some Zimbabwean goods remain banned from Zambia in stark contrast to attempts to achieve greater economic integration and co-operation.
- The entire regional tourism industry could soon lose out to international competitors.
- Foreign capital and investment will soon find other worthwhile destinations than SADC rather than associate itself with a state which is, rightly or wrongly, accused of abusing human rights and undermining democracy, the rule of law and property rights.

As University of Zimbabwe political scientist Masipula Sithole says: 'Given its pivotal position, Zimbabwe has the potential to destabilise SADC both economically and politically on a much wider scale.'

The most immediate question is: What should SADC do to diffuse the Zimbabwean crisis before greater damage is inflicted on the region's political and economic integration, human rights, democracy and good governance? Without SADC involvement, there is very little hope of achieving meaningful change in Zimbabwe. Only through dialogue and negotiation between the contending political forces in Zimbabwean can the crisis be resolved.

SADC, and especially the region's economic powerhouse SA, should take more resolute action to press the Mugabe government as well as Tsvangirai and the MDC to resume the inter-party negotiations abandoned last year. The objective of inter-party dialogue must be to reach an all-party pact that provides a framework and a schedule for the restoration of the rule of law, implementation of transparent and just land reforms and a return to legitimacy through the holding of presidential and parliamentary elections under conditions agreed to by all.

If the region so wished, it could easily pressurise both Mugabe and Tsvangirai into meaningful and productive dialogue.

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SADC-Mercosur: South-South Co-operation

While each regional integration initiative is unique, the strong similarities between SADC and Mercosur make for a useful comparative analysis.

Both SADC and Mercosur share common challenges and problems associated with their respective levels of development and their status in the global political economy. Mercosur, which is made up of Brazil, Argentina, Uruguay and Paraguay (Chile and Bolivia are associate members), has a population of about 210 million people, while SADC's combined population from 14 countries is approximately 190 million. Their land surface areas are also comparable, with Mercosur covering close to 12,000km^2 and SADC covering nearly 9,300km^2.

However, these similarities do not extend to economic strength as SADC's GNP is in the region of $185 billion, one sixth that of Mercosur. Other key figures such as FDI and trade (both intra- and inter-regional) place Mercosur in an infinitely more favourable position than SADC. In terms of stages of integration, Mercosur finds itself at a far more evolved level of integration than SADC. Although not without its problems, Mercosur is formally recognised as a customs union with a common external tariff. SADC only has a free trade area agreement, which is in the process of being implemented. The crises in the DRC, Angola and Zimbabwe have dampened hopes of closer integration. The lack of progress in implementing regional integration initiatives emanates from the lack of pragmatism in the original rules of membership in SADC.

While SADC chose an ambitious development, economic and political integration agenda, it has struggled to make much progress across this broad front. In contrast, Mercosur, with only four members, opted for a narrower agenda, allowing it to record substantial progress and achieve far greater levels of integration in a relatively short time.

There are a number of reasons for Mercosur's success. Firstly, Mercosur has only four permanent members and two associate members. This makes managing the integration process far easier and decisionmaking far less bureaucratic. Secondly, it has focused on achievable objectives, using the skills and facilities available, instead of establishing large complicated institutions. Thirdly, at the centre of Mercosur are the principles of liberal economic practice and political democracy. An increase of 300% in intra-regional trade between 1990-96 stimulated substantial confidence in the Mercosur process with widespread support shown by government institutions, business and civil society alike. Finally, the integration process was not confined to a few government officials signing agreements on behalf of their respective countries. A broader cross-section of government departments and the private sector were included in the process in a consultative role.

In terms of relations between Southern Africa and Mercosur, the focus has now moved to discussions around a free trade agreement between the Southern African Customs Union (SACU) and Mercosur. In many ways, this is a more logical approach.

SADC's path has been very different and has not necessarily delivered on prior expectations. SADC has shaped its institutions loosely on the EU, but it has tried to skip the more than 50 years of slow consensus building that allows EU institutions to work. SADC must be more pragmatic about integration. It should investigate ways in which to increase intra-regional trade and improve interaction between various roleplayers – from government to the private sector – in an effort to improve the real deliverables within SADC.

In terms of inter-regional relations, establishing broad-based SADC-Mercosur relations would be a beneficial first step towards developing the region's international agenda more pragmatically. Such a relationship would be more equal, with greater reciprocity between the partners, unlike those pursued with the North.

Unfortunately, due to SADC's lack of cohesion and the fact that its regional integration arrangements are still poorly developed, very little has materialised from the second-track discussions on SADC-Mercosur relations that took place in the mid to late 1990s. In terms of relations between Southern Africa and Mercosur, the focus has now moved to discussions around a free trade agreement between the Southern African Customs Union (SACU) and Mercosur. In many ways, this is a more logical approach. Considering that both are relatively well-established customs unions, they will be able to negotiate on more equal terms.

To date, economic crises and political instability within Mercosur, as well as poor management and lack of government-business interface during the process in SACU, hindered any serious progress. Nevertheless, strong political will expressed by both sides persists and in 2002 officials vowed to set right what had now been coined the 'long process, with little progress'. These same officials have recognised the bilateral potential of a free trade agreement, which would not only provide substantial market access, but would create co-operative and collaborative opportunities in a variety of industries. The multilateral, strategic and extra-regional benefits (in initiatives such as the Cotonou Agreement and the Free Trade Agreement of the Americas) have also

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been identified and place the proposed SACU-Mercosur agreement into a broader global context. Such an agreement could be utilised by both sides to increase their bargaining power in multilateral forums such as the World Trade Organisation, UN, G-77 and others. It would be a practical example of a South-South partnership aimed at bringing a greater awareness to the needs of developing nations.

The economic reality of a SACU-Mercosur trade agreement has been a complicated barrier to overcome before a partnership can be developed. Both SACU and Mercosur are made up of developing countries experiencing similar challenges and drawbacks associated with globalisation. Both regions are eager to lure trade and investment from Northern countries and both produce similar goods at the same time of the year, leading to direct competition in a variety of product categories. More importantly, there is little complementarity between their markets.

In spite of these economic obstacles, there are definite areas of opportunity waiting to be exploited through trade co-operation. Representatives from both SACU and Mercosur have realised that an overarching free trade agreement will not be possible, but instead are pursuing a more pragmatic process through a sector-by-sector approach. Business and chambers became increasingly involved in the process. During 2002 a number of business delegations from SACU travelled to South America in search of opportunities. Mercosur also sent its first combined trade delegation to SA in July 2002 as an indication of its commitment to bilateral relations. Other government delegations from SA have been to the Mercosur region in recent months and the second official round of trade talks between the two customs unions took place in Pretoria at the end of 2002. With rumours of fast-tracking the process, a third round of talks is to be held in South America before the middle of 2003.

SACU-Mercosur relations finally appear to be taking shape. The Mercosur group is reciprocating firm commitment shown by the government and other stakeholders in SA and concessions are being carved out in anticipation of an agreement sometime in 2003. This would, however, depend on the re-establishment of political and economic stability within Mercosur (particularly in Argentina). SACU would need to consolidate the participation of other stakeholders such as the chambers of business and trade unions, who have largely been neglected until recently, in order to develop a more realistic and pragmatic process of regional integration. More importantly, SA needs to clear up the confusion that has been created by its unilateral negotiations and discussions with Mercosur. The renegotiated SACU Agreement, which was signed in October 2002, requires that members of the customs union no longer enter into trade negotiations unilaterally. Although SA-Mercosur negotiations preceded the new SACU Agreement, they cannot proceed without significant revision.

Once a SACU-Mercosur trade agreement is finalised, there is always scope to expand it to include the rest of SADC. The establishment of the Southern African Free Trade Area (SAFTA) has provided SADC members with a perfect opportunity to 'piggyback' the progress already made between SACU and Mercosur, thus fast-tracking the ultimate goal of a SADC-Mercosur agreement and a transatlantic FTA.

However, the implementation of the SAFTA has been plagued by difficulties and the formation of a customs union is not scheduled until 2015. Until such time as the barriers between SADC and SACU have been lowered, other SADC countries are likely to suffer under, rather than benefit from, SACU-Mercosur relations. A SACU-Mercosur FTA would threaten the smaller local industries in non-SACU SADC countries. In many instances, sheer volume, better technology and greater productivity make South American companies much more competitive than their Southern African counterparts. In addition, the free access of goods from Mercosur into the South African market could erode the preferential access that some SADC countries presently enjoy. Limiting access to their main export market could seriously damage already fragile industries in non-SACU SADC countries.

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SADC Reports & Publications

The following SADC Sectoral Reports for 2001/2 have been released:

- Culture, Information and Sport Sector
- Regional Drug Control Programme
- Gender Sector
- Health Sector
- Human Resources Development Sector
- Employment and Labour Sector
- Transport, Communications and Meteorology Sector
- Tourism Sector

SADC Today, January 2003 is available on the SADC website

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Growth and Opportunity for SADC?

'We are on the road to success' says Robert Zoellick, America's top trade official, about African exports to America. He was in Mauritius in January 2003 for an annual meeting with African ministers and experts on the future of trade under the provisions of the Africa Growth and Opportunity Act (AGOA). Passed by Congress two years ago, the act is in force until 2008 and at the Mauritius conference, the US pledged to extend it further. It allows for 38 eligible African countries to export most of their goods, tariff-free, to the US.

Though the signs are good, AGOA is only just beginning to make an impact on African economies. The theory behind it is attractive: lower tariffs make it easier to sell goods across the Atlantic, so African export revenues will grow; investors will flock to produce goods in African countries, and jobs will be created. Trade, rather than aid, will help to reduce poverty in Africa. A similar logic lies behind trade agreements between parts of Africa and the European Union.

Africa still gets less than 1% of American foreign investment and less than 2% of global foreign investment flows.

AGOA praise-singers listed plenty of evidence of putative success. Exports of non-fuel goods from participating countries grew by half in the two years to June 2002. Some countries in Southern Africa have done particularly well. In the first seven months of last year, tiny Lesotho sold $142 million worth of textiles and clothing to the US. American officials say that 11 new factories have been built in the kingdom and eight others have been extended because of AGOA exports. SA is doing well out of sales of manufactured goods, such as cars and car parts. A yarn factory will be built in Mauritius, so textile producers can source cotton within the region.

Anerood Jugnauth, the Mauritian prime minister, believes 'AGOA could turn out to be the growth engine in Africa'. The act has generated an extra $78 million of investments on his tropical island, he says. Namibia credits AGOA for an extra $250 million of recent investment there; Uganda and Kenya claim an extra $20 million and $12.8 million, respectively.

All that is small beans of course: Africa still gets less than 1% of American foreign investment and less than 2% of global foreign investment flows. Some economists estimate that Africa as a whole will only achieve poverty-reducing growth rates of between 6% and 7% once it gets additional annual investment worth more than $60 billion. So far progress under AGOA barely balances out the cost of disinvestment in Zimbabwe and Côte d'Ivoire.

Investment may flow faster if companies see that money can be made in Africa over the longer term. The American delegation to Mauritius included businessmen, such as a man from Boeing, who was sniffing out new customers and trading opportunities. Company stalls at a trade fair in Port Louis's Free Port were staffed by traders who craved ongoing preferential treatment by America.

The extention of AGOA may tempt textile producers to look further afield in Africa – but only to where there is political stability. Delegates at the forum were chastened by a sorry tale from Madagascar: booming textile exports under AGOA created 100,000 new jobs there by December 2001; all were lost after six months of political conflict and mass protest early last year. Barely a quarter of them have been recreated.

AGOA IMPORTS

COUNTRY	TOTAL US IMPORTS 2001	TOTAL US IMPORTS 2002	% CHANGE	US AGOA* (including GSP) imports 2001	US AGOA* (including GSP) imports 2002	% CHANGE
Botswana	21.1	29.7	41%	1.2	4.6	275%
Lesotho	217.2	321.5	48%	129.6	318.0	145%
Malawi	71.8	68.1	-5%	35.4	46.9	33%
Mauritius	275.1	280.4	2%	54.0	114.3	112%
Mozambique	7.1	8.2	16%	5.3	5.9	12%
Namibia	37.8	57.4	52%	0.1	1.7	746%
South Africa	4,429.5	4,236.0	-4%	923.2	1,342.6	45%
Seychelles	23.7	26.3	11%	4.2	0.0	100%
Swaziland	65.0	114.5	76%	14.8	81.3	450%
Tanzania	27.2	25.3	-7%	0.9	1.3	44%
Zambia	15.6	7.8	-50%	0.8	0.1	-89%

All figures in US$ '000. Source: US International Trade Commission

Of all the industries eligible for AGOA, textiles excited the most interest among delegates. Analysts keenly pointed out that in almost every poor Asian country that became middling-to-rich in recent decades, the textile industry played a significant role. The reason? It is labour intensive and rapidly passes wealth to the skilled poor (especially women).

But textiles and clothing are a minor part of the general story. Of the $4.8 billion of AGOA exports in the first seven months of 2002, only $900 million were non-fuel items. And before every African trade minister decides that a clothing factory is the secret to success, he or she might note that preferential treatment on textiles will probably not last much longer. Though AGOA will survive a few more years, American tariffs on Asian textile exports are likely to be cut by 2004/5. That means Africa's special treatment will be,

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relatively, less attractive than today even if AGOA is extended.

What are the prospects for Southern Africa? For most Africans agriculture is the means to bigger incomes: if farm produce can be sold to American buyers, prices for cash crops, such as coffee, tea, fruit and vegetables, might rise. But sales of these in America are being blocked by sanitation rules, not tariffs, though Zoellick says help is at hand. He says a regional trade office has been opened in Botswana to advise agricultural exporters on how to get goods into America. In return, America is putting heavy pressure on southern African countries to accept and use genetically modified crop strains.

Five members of the Southern African Development Community (SADC) expect AGOA to be an irrelevance to them within two or three years. SA, Lesotho, Botswana, Namibia and Swaziland, which make up the Southern African Customs Union (SACU), have begun talks with Zoellick's team for a permanent free trade agreement. That should get Swaziland out of a tight spot – it is on the verge of being booted out of the AGOA deal because of allegations of misrule and human rights abuses in that kingdom.

But special treatment of SACU members has put some noses out of joint. Prega Ramsamy, the executive secretary of the SADC secretariat, seemed annoyed that non-SACU countries are kept out of the free trade deal. However, there is no way a country such as Zimbabwe, which is already excluded from AGOA because of President Robert Mugabe's disastrous misrule and repression, could hope to take part in such talks. New American sanctions on Zimbabwe's leaders reflect a determination to isolate Zimbabwe despite South African reluctance.

Now the proposed free trade deal with SACU threatens to widen an already large gulf between prospering members of SADC and the rest. That might eventually be lessened if SADC delivers on plans for its own free trade area by 2008, but the chances of that are very slim indeed.

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SADC Free Trade: The Outstanding Issues

When SADC signed its Trade Protocol in 1996, it seemed clearly the most organised and advanced of Africa's regional economic communities. Since then, SADC has completed much of the negotiations needed to bring a regional Free Trade Area (FTA) to life. But the pace of change in trade has accelerated, and it threatens to leave SADC behind.

Nine members of the Common Market of Eastern and Southern Africa (COMESA) have launched a preferential trade area – even though overlapping membership with SADC remains unresolved. SA struck a separate trade deal with the European Union and now the Southern African Customs Union (SACU) is preparing to create an FTA with the US.

SADC Executive Secretary, Prega Ramsamy, in January 2003 called for member states to use the planned 2004 mid-term review meeting to bring forward the 2012 deadline for abolishing all internal tariffs to 2008. 'We are now saying the time-frame should be revisited in light of what is happening in Africa and the world at large. The Americans are now talking about a free trade agreement with SACU countries. This could marginalise SADC because SACU is at an advanced level of development,' he said.

Accelerating the timetables under which each nation pledged to lower their tariffs for fellow SADC members promises to be a formidable political task. This has been made more difficult by the economic melt-down in Zimbabwe and lingering sentiments among many member states that the existing SADC trade pact favours SA.

However, timetables are not the only contentious problems facing SADC trade. Here is an overview of some key unfinished business on the free-trade agenda.

Non-Tariff Barriers to Trade

Amid growing global enthusiasm for free trade, Africa has made significant progress. The IMF classified 75% of the countries in sub-Saharan Africa as having 'restrictive' trade policies in 1990. Today it defines only 14% as such. Tariff levels average 19% across Africa, which is still higher than the 12% average in the rest of the world. As a result, it is often easier for Africa to trade with the rest of the world than with itself.

Tariffs may be the easiest obstacle to measure, but other issues arguably have a larger impact. In SADC, non-tariff barriers (NTBs) are the most significant hinderance to regional trade, limiting market access and driving up transaction costs through a variety of means. The most important NTBs in SADC include:

Transportation: Poor roads, badly maintained rail networks, shortages of rail rolling stock and inefficient, obsolescent ports drive up transportation costs and increase the time it takes to get goods to markets. One World Bank study found African international freight transport costs to be 2.6 times higher than transport costs in other regions. The cost of shipment from Addis Ababa to Abidjan can be 3.5 times the cost of the same shipment from Tokyo to Abidjan. Airplane travel and freight are

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also significantly more expensive within Africa.

Customs, licensing and border procedures: Despite the creation of a Sub-Committee on Customs Cooperation in 1999, the paperwork, insurance requirements, import-export licensing and customs clearance procedures in SADC are still complex and time consuming. Different procedures at border crossings delay the movement of goods, tying up more time, vehicles and staff in transit. SADC has agreed on standardised forms for customs clearance, verification of origin, road freight manifests, transit inspection reports and producer declarations, but the agreement has not been implemented. Many ports and border posts require a 100% inspection of goods, which results in delays of hours or days. Presently, this problem is particularly acute at the Beitbridge border post between South Africa and Zimbabwe where delays frequently exceed 10 days.

Many cumbersome border procedures are driven by a focus on collecting all possible revenue rather than by a trade facilitation philosophy. However, the poor quality of customs administration means that corruption frequently subverts the goal of revenue collection. A selective sampling process could deter cheating while speeding up trade and lowering costs. The slow pace of government licensing and granting of work permits and visas further impedes trade and investment.

Telecommunication: Communication represents a significant business expense and remains unreliable and costly, despite significant expansion of cellular telephone networks in recent years. According to the International Telecommunications Union, the waiting period for a new fixed-line telephone account is 1.4 years in Mauritius, 7.2 years in Zimbabwe, 7.4 years in Swaziland and more than a decade in Tanzania, Mozambique, Malawi and Lesotho. The cost of an international call within Africa can be 250% of one in Europe, according to the UN Economic Commission for Africa.

Lack of market intelligence: The lack of reliable market and firm-level data makes development of competitive strategies more difficult. Exploiting the SADC market requires finding wholesalers, distributors, lines of credit, business licensing requirements and a variety of business services in the target markets. While big players can afford the costs of building dedicated offices in other SADC countries, the process is prohibitively difficult for small businesses. To partially address this issue, SADC has formed an Industry and Trade Information System. However, the system is so far ineffective. A key issue is the failure of national governments to generate accurate, timely statistical trade information. Much of what is generated disagrees markedly with data from the UN, World Bank and other international organisations.

Trade finance and insurance: Finding credit for trading or investment operations remains difficult in much of SADC, particularly for small or new firms. Interest rates are high and credit insurance is expensive. Exchange rate stability, taxes and repatriation of profits also affect trade flows. These issues have not yet been addressed at the regional level.

Sanitary and Phytosanitary measures: The dismantling of some of the remaining NTBs in the agricultural sector depends on the harmonisation of sanitary and phytosanitary measures in SADC member states. These standards remain a greater problem for small businesses and governments without the financial resources to overcome sanitary testing, packaging and pest- and disease-control hurdles.

NTBs remain problematic because the issues associated with each are highly particular and difficult to resolve in a single set of trade talks. A great deal could be achieved through harmonising procedures and standardising forms and requirements. However, substantial action on some issues, such as transport and communications, will require major investments to which many SADC states have been unwilling or unable to commit.

Several relevant SADC agreements already exist, but have yet to be fully implemented. These include the Protocol on Transport, Communications and Meteorology, the memorandum of understanding (MOU) on Standardisation, Quality Assurance, Accredition and Metrology, and the MOUs on Macroeconomic Convergence and Taxation.

The role of business and business associations in highlighting the impact of these impediments to intra-regional trade to the relevant ministries is important. The interface between business and government in policymaking processes needs to be developed at both national and regional levels to ensure that intra-regional trade is facilitated. SADC member states are expected to consult with the private sector within their own constituencies before proceeding to regional negotiations. In practice this is not happening effectively.

Even more difficult to handle, from a regional development perspective, is the different levels of support that wealthier countries – particularly SA and Botswana – are able to offer their companies to help them overcome financing or market intelligence barriers. SA has far more resources and programmes aimed at industrial development, provision of loans, loan guarantees and market intelligence – all of which further extends its comparative advantages over other SADC states.

Rules of Origin

To prevent SADC manufacturers from being flooded by cheap foreign-made goods and protect local industry, the trade protocol relies on rules of origin (ROOs) that vary for different types of goods. The objective was not to create

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It identified the following main institutional weaknesses:

- The SADC structure lacked adequate resources and did not have a centralised and co-ordinated management system.
- The lines of management authority and accountability were unclear.
- SADC lacked appropriate mechanisms capable of translating the high degree of political commitment into concrete programmes.
- SADC lacked synergy between the objectives and strategies of the SADC Treaty, on one hand, and the existing SADC Programme of Action (SPA) and the institutional framework, on the other.
- SADC failed to mobilise significant levels of the region's own resources for the implementation of the SPA.
- SADC was over-dependent on foreign donors, who supplied more than 80% of the finances for the SPA, compromising its stability.

The report recommended centralising the management of the regional agenda, rationalising costs and improving synergy between national and regional objectives. Broadly, the restructuring unfolded around three major activities:

- the geographical clustering of 19 Sector Co-ordinating Units (SCUs) and two Commissions into four directorates at the SADC headquarters in Gaborone, Botswana;
- the formulation of a Regional Indicative Strategic Development Plan (RISDP) to provide SADC member states, institutions and policymakers with a coherent and comprehensive development agenda on social and economic policies for the decade 2003-13; and
- the creation of SADC National Committees (SNCs) to ensure stakeholder participation in the organisation's processes and to fill the void left by the transfer of SCUs out of offices in the various member states.

This article assesses progress in these three main areas of restructuring, based on an examination of publicly available material and extensive interviews with members of the Secretariat and other diplomats. It concludes with an assessment of the state of regional integration in Southern Africa and the major complications in restructuring.

SADC's New Sectoral Structure

SECTOR	DIRECTORATE	DATE ESTABLISHED
Industry and Trade; Finance and Investment; Mining	Trade, Industry, Finance and Investment (TIFI)	August 2001
Crop Production; Food, Agriculture and Natural Resources; Agricultural Research and Training; Livetock Production and Animal Disease Control; Inland Fisheries; Marine Fisheries and Resources; Forestry; Wildlife, Environment and Land	Food, Agriculture and Natural Resources (FANR)	December 2001
Transport, Communications and Meteorology; Energy; Tourism	Infrastructure and Services (IS)	December 2002
Legal Affairs; Human Resources Development; Employment and Labour; Culture, Information and Sport; Health	Social and Human Development and Special Programmes (SHD & SP)	September 2002

From Sectors to Directorates

The history of the Southern African Development Co-ordination Conference (SADCC) was clearly reflected in SADC's institutional arrangements. SADCC had a decentralised structure. Each member state bore responsibility for one or more SCU, hosted within its own civil service. Although 1999 is often cited as a watershed for SADC restructuring, the seed for reform was planted as early as 1993.

The allocation of SCUs was matched to countries' national interests and competencies, with, for example, Botswana given custodianship of the agricultural research and livestock sectors and Zimbabwe taking responsibility for food, agriculture and natural resources. By 1990 a moratorium was placed on the creation of new sectors. This was to halt the unmanageable proliferation of activities and to increase the efficiency of existing sectors. The moratorium was temporarily lifted when SA and Mauritius joined in 1994 and 1995, respectively. However, the two latecomers to SADC, the Seychelles and the Democratic Republic of Congo (DRC), which joined in 1998, were never assigned sectors.

As early as 1993, SADC member states recognised the need for a revision of the organisation's decentralised organisational set-up in a document entitled *A Framework and Strategy for Building the Community*. According to that report, SADC was to follow a 'development integration' approach that would require much deeper economic co-operation and integration than SADCC's approach of mere project co-ordination. Criticism of the sectoral approach was taken much further by the theme document, entitled *Management of Regional Co-operation*, for the 1994 consultative conference. The document identified significant differences in management and capacity in different SCUs, which reflected resource endowment in the different SADC countries. According to the report, in some countries provisions had been totally inadequate for tasks to be performed, with, for example, staffing only on a part-time basis.

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These factors made it 'difficult for the Secretariat to pull a common managerial thread across these units, principally because of the national status of the SCUs'.

However, SCUs were to retain their role in regional co-ordination for some time to come. They were believed to serve the political aim of strengthening commitment towards the body by creating a feeling of ownership of SADC and its programme of action in member states. Furthermore, the personalised nature of the SCUs, which followed from their location within national administrations, meant that it was difficult for heads of state to admit failure, even where it was apparent. The result was a lack of honesty about the efficiency of the sectoral approach and a general perception that although change was imminent, it was not yet pressing.

The issue of restructuring was shelved until 1995 when it was revealed that of the 470 projects under the SCUs, only 22% by number and 12% by value were truly regional in character. The Council of Ministers ordered a review of the SADC Programme of Action and the Zimbabwean consultancy, Imani Development, prepared the report that was eventually published in 1997. The report contained two reform options, a modest rationalisation to 12 sectors, and the suggestion that activities be grouped into five clusters, roughly corresponding with the current directorates and chief directorate. According to the report, the latter arrangement would have the following advantages:

- answers to regional problems would be generated by regional debate and analysis involving all stakeholders;
- policy decisions would be arrived at by a process of consultation and endorsed by the political leadership; and
- truly regional programmes would be placed at the centre and would cross sectoral boundaries.

Although the report was deemed to contain sound advice and useful findings and recommendations, states could not reach consensus on a choice between the two options. Despite the report being carried out by consultants from SA, Malawi and Zimbabwe, some states branded it as South Africa-biased. The process was further hampered by the failure of member states to hold national workshops to discuss the issues before the recommended November 1997 deadline.

Debate resumed in earnest when the summit in 1999 ordered another review of SADC operations. Clearly, SADC leaders could no longer ignore the lack of performance in some SCUs, the absence of centralised management and other problems associated with the sectoral approach, which were seriously hampering progress on SADC's most important integration and developmental goals. This time around the *Review of Operations Report* was approved by the summit at a meeting in March 2001 in Windhoek, and an ambitious timeframe for restructuring was agreed upon. A Review Committee consisting of, SA, Botswana and Malawi (the SADC troika: outgoing, current and incoming chairs of SADC) plus the chairman of the SADC Organ for Politics, Defence and Security, Mozambique, was established to oversee restructuring.

Some difficulties were experienced in the transition from sectors to directorates based at the SADC Secretariat in Gaborone. However, the last directorate was established, on schedule, by December 2002. *The Study on the Auditing of Assets, Programmes and Projects in Sector Co-ordinating Units and SADC Institutions*, which forms a major cornerstone of the centralisation process, was also completed within the stipulated time and was tabled before Council in September 2002. The report reveals that just more than 400 projects have been approved, and that almost 40% of the required funding has been secured. Some of the projects that were deemed to be truly regional, or had insufficient funding, have been moved to the appropriate directorates at the Secretariat. Most projects, however, remain under national control for now.

However, while most documentation and administrative functions have been transferred to the Secretariat building and temporary offices at the Zimbabwean High Commission in Gaborone, most of the directorates remain severely understaffed and under-resourced.

According to the *Review of Operations Report*, a *Study on the New SADC Organizational Structure* (popularly referred to as the Job Evaluation Study) would determine the staff level, grading and salary scale of employees. It was to commence in September 2001 and be completed in December 2001. It should, thus, have been completed shortly after the phasing out of the

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The Integrated Committee of Ministers

The inaugural meeting of the Integrated Committee of Ministers (ICM) finally took place on 5 March 2003 in Luanda, Angola. It was preceded by a meeting of Senior Officials on 3-4 March 2003. It adopted Rules of Procedure and considered the draft Regional Indicative Strategic Development Plan (RISDP). The ICM will meet again in May and July 2003.

The ICM has been mandated by Summit to oversee the work of the Directorates at the Secretariat. It is an umbrella policy organ for all SADC Programme of Action activities and reports directly to the Council of Ministers. As per Summit decision, at least two ministers from each member state are expected to attend the ICM meetings.

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commissions and the beginning of SCUs. Similarly, recruitment and re-deployment of staff, and staff development and training should have started in June 2001 and September 2001, respectively, to be concluded concurrently with the establishment of the last directorate in December 2002. Because these deadlines were not met, SADC was left to set up a complex organisation effectively without any human resource plan.

The March 2003 SADC Council of Ministers meeting ordered the Mauritian consultancy De Chazal Du Mée to expedite the process and present a final report to the review committee by the end of March 2003. According to reports, work of the consultancy has been obstructed by their limited terms of reference, which allowed them to interview only regionally-appointed personnel at the Secretariat. Not even seconded personnel were to be consulted. This has made it difficult for them to work out a clear assessment of the requirements of the Secretariat and of suitably-qualified individuals in different SADC states.

In the meanwhile, most of those in the service of the directorates are on secondment from their host governments (and still on their national payrolls) or on contract with one of the donor countries. Not all member states have lent staff, leading to complaints of over-representation by some countries. Because the Job Evaluation Study is not complete, there is no clear assessment of skills required within the newly-formed directorates, which further complicates the work of the organisation. The use of seconded staff also presents problems with regard to required skills and expertise. The Directorate for Trade, Industry, Finance and Investment (TIFI), for example, recently lost a trade expert (from Tanzania) and a trade lawyer (from Lesotho) — they were recalled by their home governments to be redeployed to Geneva. Presently, only the chief director, Dr Themba Mhlongo, has a permanent appointment. Another negative effect of the incomplete Job Evaluation Study is that permanent staff members at the Secretariat have no job security as it is unclear how the transitional phase will be addressed.

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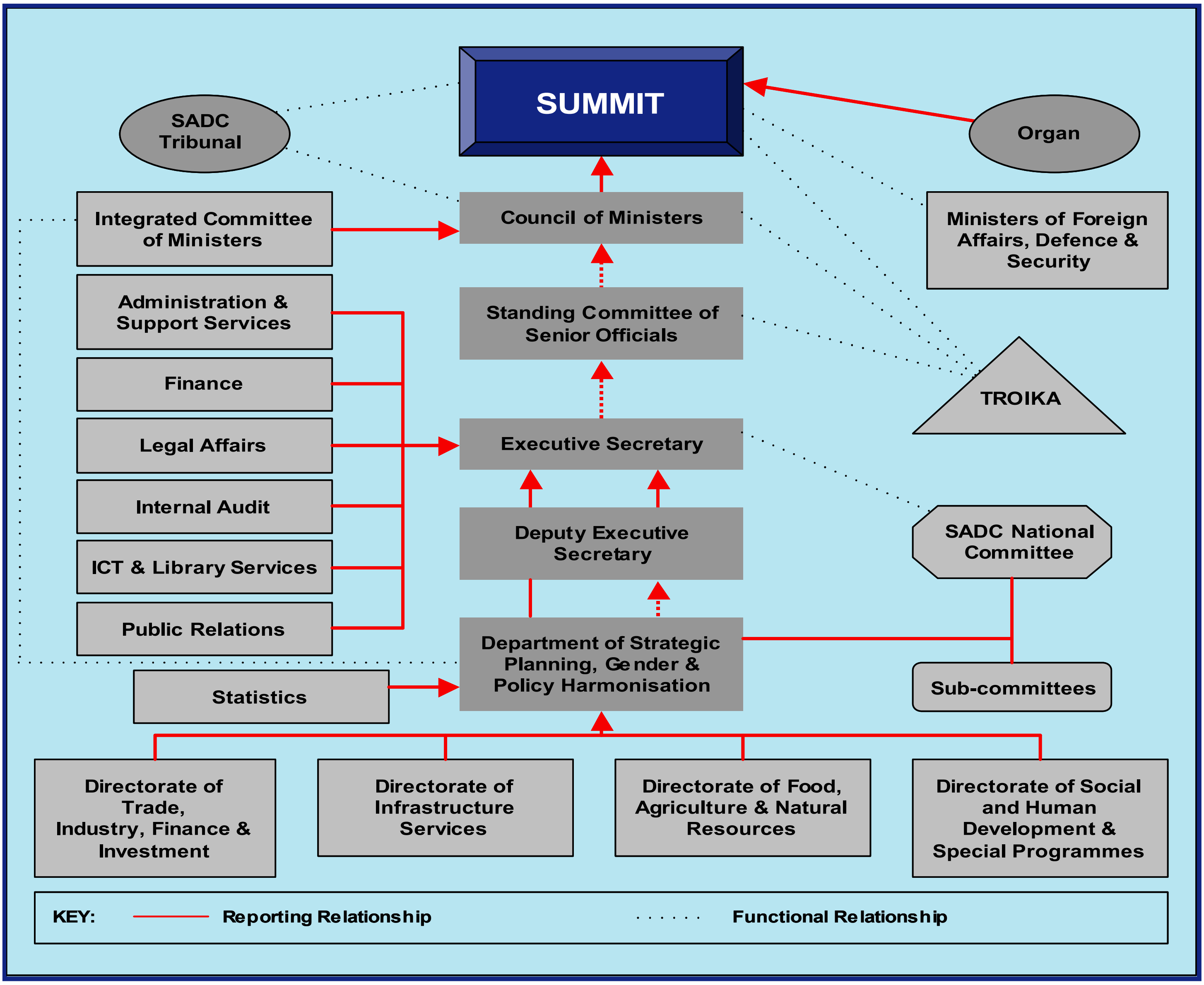

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In order to ensure a realistic approach to the actual financial implications of the clustering process, all of the abovementioned activities should have preceded the 2003/04 budget ($15 million) for the SADC Secretariat, which was adopted at the March 2003 Council of Ministers meeting in Luanda, Angola. This budget does not yet make provision for the recruitment of a staff complement of about 134 and the need to construct a new building to host the enlarged Secretariat. Neither does it provide for the implementation of the RISDP. A review of the budget is, therefore, scheduled to take place once the Job Evaluation Study is complete and the RISDP has been accepted.

The Regional Indicative Strategic Development Plan

The Regional Indicative Strategic Development Plan (RISDP) became a thorn in the side of the restructuring process. Initially intended for completion by December 2001, the RISDP should define:

- SADC's vision, mission and strategic objectives;
- the shared policy framework required to achieve these objectives;
- the policy reforms and programmes necessary to achieve the set social and economic targets;
- a quantification of the economic and social development targets to allow for the effective monitoring of SADC's actual performance;
- linkages among the social and economic development targets, in order to reveal the co-ordination and harmonisation required between SADC's sectoral policies; and
- where appropriate, macroeconomic policy convergence targets.

The RISDP was to be drawn up by a team composed of experts from SADC member states. Countries were slow in sending representatives and the drafting process failed to get off the ground. The deadline for completing the RISDP was extended to June 2002. By September 2002, a year after the process was to begin, only eight countries had sent representatives and there was still no progress. By the October 2002 Luanda summit, the RISDP was still unfinished and the deadline was extended again. The summit identified 'difficulties in identifying experts; lengthy consultations and recruitment processes; the heavy workload and inadequate staffing at the Secretariat' as the main impediments to progress. The summit mandated the Troika to guide and expedite the development of the RISDP and finalise the process by May 2003.

The drafting of the RISDP was supposed to be an inclusive and consultative process, with the wide-ranging active involvement of all member countries and civil society (as defined in Article 23 of the Amended SADC Treaty). National and civilian input was to be channelled through two experts from each country on the drafting committee, and through open lines of communication between SNCs, the Secretariat and the drafting committee. This process presupposed the existence of well-functioning, inclusive and committed SNCs. Yet, by September 2001 (when the RISDP drafting process was scheduled to start), none of the SADC member countries had set up their national committees. Only Seychelles — a country that has played a rather inconsequential role in SADC and is being sanctioned by the organisation for non-payment of its membership contributions — had a committee dealing specifically with SADC affairs that could fulfil the functions of an SNC. It is unclear how heads of state (at the Windhoek meeting) could not have been aware of the potential difficulties of constituting these critically important national bodies.

Various consultants were approached to assist in the RISDP drafting process, but when results failed to materialise, the drafting was left up to the already overburdened Secretariat. As a result, countries and civil society provided minimal and unco-ordinated inputs.

A final draft of the RISDP was sent to member states for comment only a few weeks before the Regional Workshop was held from 12–13 February 2003. This left states with inadequate time to scrutinise the document and the technical requirements it contained. The meeting was apparently fraught with disagreements — mostly around the allocation of resources; the targets set; implications for national policy-making; and problems around the formulation process. Mainly because of the lack of substantial input from member states, targets for social and economic integration and development in the region were in many instances regarded as unrealistic and insensitive to regional realities.

Despite hopes that the revised RISDP document would be approved by the March 2003 Council meeting, the decision was deferred to the summit meeting in August/September 2003. The working document that was presented to the Council of Ministers at their recent meeting was found to require further revision. National and regional workshops to discuss the document will have to be held before a final version can be presented to the heads of state in August/September. In order to facilitate this process, the mandate of the Review Committee (which had by now grown to also include members of the current SADC troika: Angola and Tanzania) was extended to the end of December 2003.

A particularly significant and unprecedented development in the RISDP process was a session to discuss the document with SADC's International Cooperating Partners (ICPs) on 13 February 2003. At this meeting, the draft RISDP was officially presented to the ICPs and comments were invited. The ICPs echoed all of the complaints raised in the regional workshop, but expressed particular concern over the lack of references to and co-ordination with the New Partnership for Africa's Development

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(Nepad) and the African Union (AU) and the lack of a clear development paradigm.

While a significant departure from SADC's characteristically closed and exclusive modus operandi, the ICP workshop was still perceived by many participants as insufficient, and was even described as an endorsement exercise, rather than a consultative workshop.

Against this background, the RISDP process presents a paradox that will hopefully not define SADC's future. When drafting policy, SADC heads of state explicitly claim to want to involve stakeholders in policymaking and implementation processes. In some instance, they even task the Secretariat to attempt to do so. Yet when work actually begins, little attention is given to detail, and there is insufficient management oversight to ensure such participation. Rhetoric has not translated into reality nor been matched by clearly defined consultation strategies and open channels of communication. This points to a crucial issue that SADC restructuring failed to address — both before and after the restructuring there was little or no effective monitoring or management oversight of the Secretariat and its work.

SADC National Committees

According to the SADC Treaty, a SADC National Committee is to be created around the pre-existing SADC National Contact Point in every member country. Every SNC should aim to solicit national level input into the formulation of SADC policies, strategies and programmes of action. SNCs should also interact with the Secretariat on a regular basis, while overseeing the implementation of SADC Protocols at home. This implies a rather elaborate national structure, which requires a permanent secretariat and significant resource allocation to carry out mandates efficiently. The composition of SNCs should reflect the core areas of integration and co-ordination. As such, subcommittees that include the private sector, non-governmental organisations and workers' and employers' organisations should be created in the areas of political affairs; trade, investment, industry and finance; food, agriculture and natural resources; infrastructure services; and social and human development.

According to official reports, SNCs have, by now, been created in all of the SADC countries, except for the DRC. In many they were launched with great fanfare — part of a publicity exercise urged by the Secretariat. However, the level at which they operate varies from virtual standstill to moderate activity. Even in the regional powerhouse, South Africa, the required subcommittees have not been established officially because of bureaucratic red-tape and legal procedures. Few countries have made budget allocations in support of regional initiatives, such as the SNCs.

A workshop (long overdue) to discuss members states' experiences with setting up SNCs is being organised for June 2003. However, without an officially-mandated independent audit of the status of the SNCs — their composition, activities and requirements in the various SADC countries — it will be difficult to assess their value and functioning and to address outstanding issues. The need for an independent study into the effectiveness of the SNCs is evident from their failure to play a role in the formulation of the RISDP. Presently, member states provide the SADC Secretariat with infrequent reports on the status of their SNCs. SADC ministers also report on the status and functioning of SNCs to the quarterly Council meetings. Because these reports are not open to public scrutiny — and because of the limited capacity of the Secretariat to conduct investigations — it is difficult to verify information contained in them. Thus, member states report to their counterparts on the status of their SNCs, and there is no external accountability.

SADC Council Meeting

The SADC Council of Ministers meeting was held in Luanda, Angola on 9-10 March 2003. Among other issues, the Council considered for approval, the budget of the Secretariat for the 2003/04 financial year and the Budget Outlook Paper which seeks to provide guidelines for the budget in the medium-term, considering the region's macroeconomic performance, factors that influence the performance from the regional and international perspectives, and to provide expenditure ceilings. The agenda for the Council meeting included regular items such as:

- a review of the status of the member states contributions;
- a review of the implementation of Council decisions including a progress report on the 'Implementation of the Restructuring of SADC Institutions' and a report from the Integrated Committee of Ministers; and
- special reports on the operationalisation of the African Union, Nepad, the Africa Growth and Opportunity Act meeting, which was held in Mauritius in January 2003 and the Berlin Initiative, a framework for political co-operation between SADC and the EU.

While the Secretariat is responsible for collecting and collating reports and providing support to the SNCs, they can only make recommendations to SNCs and have no power to compel countries to comply with the requirements set out in the SADC Treaty. (With the SADC Tribunal not yet functional, other heads of state do not yet have recourse to a legal instrument for enforcing compliance either.)

According to the Secretariat, requests for some physical equipment, such as computers and office supplies, have been received from some SNCs and

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donor funds have been made available to support their establishment. However, a clear assessment of the skills and training required is lacking. Although capacity constraints in some of the smaller and poorer SADC states are clearly significant, the main factor in determining the success and inclusivity of national committees is political will.

Within the restructured SADC, SNCs are meant to play an important role in aligning national policies with regional objectives. The draft guidelines that have been drawn up for the composition and functioning of SNCs are, however, vague and still allow member states to determine the level of involvement of stakeholders and the lines of authority within their own national committees. The role of parliament and parliamentary oversight in relation to SNCs is also not addressed in the draft guidelines, while the lines of authority and accountability between SNCs, the Secretariat and other structures remain unclear.

If these issues are not urgently addressed, SNCs face the danger of becoming legitimising institutions on paper with little or no actual influence over the policymaking process at the highest level. The important role that SNCs are supposed to fulfil with regard to the implementation of protocols may also fall by the wayside. Of the 21 protocols and three Memoranda of Understanding signed by SADC states since 1993, only 13 have been ratified by the required two-thirds of members. Implementation at the national level is not guaranteed through the ratification of a protocol, and it is important that clear lines of authority are established between SNCs and other SADC institutions. To function effectively, SNCs need to have access to the highest levels of decision-making within each state and during the SADC Summit and Council of Ministers meetings. Their composition and functioning also need to be public, with the maximum possible level of oversight by national legislatures.

Variable Geometry or First Gear?

The experience of the European Union (EU) in applying 'variable geometry' to regional integration is often held up as an example to other regions. Variable geometry refers to the arrangement in the EU whereby nations which have complied with a set of economic and political requirements are integrated more closely sooner than the 'slower' or less developed members, who join them once they are able.

While the Common Agenda of SADC acknowledges the importance of the concept of variable geometry, it seems that little thought has been given to what this really implies within SADC. As a result, integration has largely progressed at the pace of its slower members. This has led many to speculate about the enlargement of SACU as the fast-moving 'core' of SADC, with which other countries would have to catch up as best they can. The issue of variable geometry ought to be addressed more substantially in the RISDP and through restructuring. A more centralised management system with longer-term strategic planning might be a more fitting vehicle for distributing cross-sectoral development activities to the areas they are most needed, and to where they can provide most benefit to the region as a whole.

Two factors will be significant in determining the form and speed of regional integration. Firstly, member states continue to jealously guard national sovereignty. SADC's development integration approach and its treaty, however, demand increasing political and economic convergence. This implies that states will have to always consider the regional agenda when crafting domestic policy. In some instances, states may have to entrust certain powers to regional institutions and empower those institutions sufficiently to carry out their mandate efficiently. This will mean a dilution of sovereignty. Countries' reluctance to concede any sovereignty is retarding progress to closer integration.

Secondly, nine of the 14 SADC countries are also members of the Common Market for Eastern and Southern Africa (COMESA), where economic integration is proceeding much more rapidly than in SADC. Nine countries within COMESA launched an FTA in 2000 and aim to create a customs union with common external tariffs in 2004. Four of these, Malawi, Mauritius, Zambia and Zimbabwe, are SADC countries. As a country cannot belong to two customs unions simultaneously, countries with overlapping memberships will soon have to choose one or the other organisation. Multiple memberships have both intra- and extra-regional implications. Under the Cotonou Agreement, the EU will set up Economic Partnership Agreements with regions in Africa. Countries will not be allowed to exploit the concessions on offer under more than one regional arrangement. Similarly, the AU and Nepad foresee working with subregional organisations as their building blocks. SADC very closely corresponds to the AU's demarcation of regions, according to the Abuja Treaty (see K. Sturman's article in this issue).

Tanzania recently withdrew from COMESA, and other countries are under pressure to do the same. Apart from policy implications, membership to so many different organisations puts considerable strain on the limited administrative and diplomatic capacity of many of the smaller states in the region.

Conclusion

While it has taken almost 10 years for the restructuring process to begin, heads of states have made some unprecedented concessions on a number of issues and adopted a very ambitious timeframe for implementing the reforms. There is certainly momentum in terms of regional integration. The sources of this renewed commitment are varied,

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but include the following:

- Mozambique and SA have played increasingly active, assertive roles in pushing for reforms. As the country that provides 20% of SADC's total budget under the revised membership contribution formula, SA has very high stakes in forcing reforms and more transparent and standardised financial accountability.
- Donors have exerted significant direct and indirect pressure on SADC to centralise and rationalise management and activities. Although the restructuring exercise is intended to reduce SADC's dependence on external funding, the organisation is still dependent on the goodwill of donors for many of its non-core activities, and is, therefore, compelled to pay attention to the requests of its ICPs.
- External trade agreements, such as the Cotonou Agreement, are further compelling countries in Africa to organise themselves to exploit opportunities on offer under Regional Economic Partnership Agreements. More recently, talk of imminent US–SACU negotiations has added urgency to the restructuring efforts.
- Member states are increasingly aware that the way in which SADC has been functioning has not delivered optimal results, particularly regarding food security, water management and regional security / conflict resolution.

The restructuring of a regional organisation is not an easy or quick process. Plans for restructuring were overly ambitious and sometimes poorly conceived, resulting in the setting of unrealistic timeframes. As many deadlines were missed, criticism mounted, and the efforts lost some credibility. The failure to build in adequate measures for monitoring their plans also made it difficult for both the Secretariat and the SADC summit and council to act quickly to address backlogs and get the process back on track.

Searching for an institutional solution to problems without actually addressing the inherent political sources of those problems has been the other major failure of SADC states. Significant management and accountability weaknesses within the organisation are, thus, not overcome by the restructuring exercise in itself. The Job Evaluation Study needs to produce clear mechanisms to ensure management performance accountability at the Secretariat and also within SNCs. Furthermore, SADC needs to constitute itself in such a way as to avoid reliance on the consultants who did the core work of the restructuring. One of the overt objectives of the whole process has been to mobilise (human) resources within the region. However, this has not yet been achieved.

Decision-making remains centralised at the very top. Instead of resolving minor issues at the appropriate level, problems get kicked back to the SADC summit or council, resulting in further bottlenecks and delays. This problem has been compounded by the failure of SADC to honour the commitment it made in the amended SADC Treaty to increase the number of summit and council meetings. Instead of meeting once a year, the summit is now supposed to meet twice — in February and August / September. In addition, council meetings are meant to increase in frequency from two a year to four. Although the Council of Ministers met in March 2003, it never held a meeting in November 2002. It remains to be seen whether the planned May 2003 Council meeting will take place. The next summit meeting is scheduled to take place in August / September 2003.

An assessment of the restructuring processes needs to look at the overall picture, as well as the detail. While the process has unfolded less smoothly than planned, it is not a failure. The foundations are good and SADC has better prospects than ever to realise its potential. But a number of issues, notably accountability and transparency, remain unresolved. It would be inappropriate to measure SADC's success against an organisation such as the EU, which took 50 years to consolidate integration. There is a need for SADC leaders to be realistic and focus on what they can achieve and for them to apply the required political will. Excessive focus on grand designs will damage SADC's ability to reach obtainable goals. More importantly, SADC leaders must overcome their fear of public criticism, as it precludes accountability and transparency and is detrimental to the organisation's goals.

A further positive step would include some serious efforts to build trust in the region. Trust is necessary not only among the political elite, but also between the political elite and civil society. In addition, states need to expedite the implementation of the protocol establishing the tribunal so that they can have mechanisms for putting pressure on non-performing states.

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Monitoring Regional Integration in Southern Africa: Volume 2, an annual publication produced by the Namibian Economic Policy Research Unit (NEPRU), and the Konrad-Adenauer-Stiftung (KAS) will be available by March 2003.

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unnecessary obstacles to trade, but many of the rules of origin already agreed to constitute a significant barrier to SADC trade.

Frank Flatters, a researcher on SADC trade and professor emeritus at Queens University, Canada, notes that the ROOs are in many cases so restrictive that a large amount of trade will not qualify for the lower tariffs under the protocol. 'SADC rules of origin will hinder regional economic integration and, at best, have no impact on global competitiveness of regional producers. They will make SADC irrelevant for the most dynamic, internationally competitive manufacturers in the region. In many cases rules of origin have been designed to undo the trade creating effects of tariff liberalisation.'

Many ROOs began as fairly simple requirements designed to block so-called 'screwdriver operations' in which companies import essentially finished products and simply repackage or relabel the goods as locally made. In many trade categories a simple rule of 35% local content applied. However, in a variety of special sectors the ROOs were made too stringent.

In a recent study on the SADC ROOs, Flatters noted: 'For regionally-oriented garment production, the restrictive SADC rules of origin will achieve the opposite of what is intended. They hinder rather than promote regional vertical integration…And they impose conditions on garment producers that cannot be met even by South African garment makers when producing for their own highly protected domestic market.'

At South African insistence, the ROOs for free trade in garments only allow duty-free trade in garments that are made from SADC produced textiles, which are made from regionally produced yarns. Even South African garment makers rely extensively on foreign fabric for fulfilling international export orders. A key problem is that SA's tariff and industrial strategy attempts to protect the whole supply chain, including domestic makers of fibre, spinners of yarn, weavers of fabric and assemblers of garments. Trying to force garment makers to use highly protected local fabrics and yarns, which are thus not cost-competitive on the world market, effectively forces garment manufacturers to choose between serving the local or SADC market and the much larger world market. Compounding the problem is the lack of local producers of many high-quality yarns and fabrics that can only be sourced externally. Given the often limited quantities and qualities of local goods on the market, producers note that flexibility in choosing suppliers is a critical component of competitiveness at all stages of production.

One reason clothing and textile manufacturing is so contentious is its sheer size in proportion to total manu-

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Clothing and Textile Total Manufacturing Employment in Southern Africa, 1998

SADC Country	Clothing and Textile Employment	Total Manufacturing Employment
Angola	300	51,000
Botswana	2,100	25,750
Lesotho	9,368	17,500
Malawi	10,500	46,000
Mauritius	73,573	110,000
Mozambique	5,100	58,000
Namibia	1,000	18,225
South Africa	136,824	1,460,000
Tanzania	8,000	63,500
Zambia	7,800	59,000
Zimbabwe	18,200	139,000

Source: 'Textiles & Clothing in SADC: Key Issue and Policy Perspectives', Development Policy Research Unit, University of Cape Town, Policy Brief No. 01/P20, December 2001

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facturing employment. In many countries it is the largest single manufacturing employer. For example, 66% of manufacturing employment is in clothing and textiles in Mauritius, 55% in Lesotho and around 13% in Zambia, Zimbabwe and Tanzania. However, if the informal garment sector is included (usually small family sewing operations), the sector is significantly larger. In Malawi an estimated 30,000 people work in the informal clothing sector compared to the total formal-sector clothing and textile employment of 10,500.

ROOs can have dramatically different impacts on different countries. For example, SA is the only substantial wheat producer in the region, with SADC being a major net importer. However, recently proposed ROOs affecting the milling and baking industry would require 30% SADC-grown wheat (down from earlier proposals of 70%). As a result, the ROO will likely block duty-free trade in baked goods from most SADC members, except SA. In similar fashion, ROOs create tension between SA and other economies because the country has a more developed economy with more producers of local inputs. For example, South Africa mines metal, processes it, produces wire cable from it and plastics for insulation. In contrast, a Zambian electrical cable firm may have to rely on imported metal, wire or insulation. Hence a ROO demanding local content in electrical cabling can heavily favour SA.

Trade Patterns in SADC

Although the trade protocol makes provision for SA's tariffs against SADC imports to be lowered faster than those of other SADC states, trade patterns remain notably skewed. SACU (particularly SA) exports far more to the non-SACU SADC countries than they import from them: SACU exports to SADC in 2000 were R13.9 billion compared to only R1.7 billion in SACU imports from SADC. In percentage terms, SACU's total imports from SADC have increased by 7.9% from 1991 to 2000, whereas exports from SACU to SADC have increased by 10% over the same period.

...there is far more to a well-functioning free trade area than simple removal of tariffs.

SA's dominant economic position has been a fixture of the region for a long time. However, the acceleration of free-trade and the decline of manufacturing in non-SACU countries have raised significant political tensions that could work against negotiations to eliminate NTBs or further accelerate the timetables toward the final SADC FTA and customs union. Access to the SACU markets remains a strong concern on the part of the non-SACU SADC countries as they search for markets for their products and services; and their exports to SACU countries are concentrated in relatively few sectors.

Another issue that has received little attention but, has potential to increase anxiety regarding the SADC FTA, is the impact lowering of customs duties will have on national budgets, many of which are heavily dependent on customs revenue. For example, Mauritius relied on import duties for 28.7% of government revenues (based on 1996 figures). The comparable 1996 figures for other countries include 17.8% for Zimbabwe, 26.1% for Tanzania, 16.3% for Malawi, 3.6% for SA and 11.7% for Zambia.

The exact revenue impact of a SADC FTA will depend on the proportion of imports from non-SADC states and the extent to which SADC countries replace non-SADC suppliers with those from SADC, who pay low or no duty. In a World Bank report, Jeffrey Lewis modelled this revenue effect based on three scenarios of the final FTA structure. The results for each country varied in the different scenarios, but assuming SADC eventually adopts an FTA with no internal tariffs, the deal would cause an 11% loss of total government revenue for Zimbabwe, 7% for Malawi, 6.2% for Zambia, 0.1% for SA and 5.4% for Mauritius. Because the revenue impact is far less for SA, which is already economically better off, it will re-inforce tensions over the gulf between the country and other SADC states.

Conclusion

It is clear that there is far more to a well-functioning free trade area than simple removal of tariffs. Structurally, SADC, like much of the rest of Africa, has many procedural and operational issues that make it far easier for member states to trade with the rest of the world than within the region. For the SADC Trade Protocol to achieve its goal of contributing to greater trade, greater job creation and vertical integration of its manufacturing base, leaders will have to focus attention and political capital on bringing down non-tariff barriers. Focusing only on internal SADC demand to propel development will fail without focus on improving the region's global competitiveness by reducing a wide range of business costs in SADC. Thus leaders must address overly restrictive rules of origin, deficient infrastructure, the lack of harmonisation in trade procedures and inefficient customs administration.

Ross Herbert is the Africa Research Fellow and NEPAD project manager at SAIIA.

Update on the ratification of SADC protocols, January 2003

Protocol & date of entry into force	Date tabled for signature	Angola	Botswana	DRC	Lesotho	Malawi	Mauritius	Mozambique	Namibia	Seychelles	South Africa	Swaziland	Tanzania	Zambia	Zimbabwe
Treaty of SADC, 30/09/1993	17/08/1992	R	R	C	R	R	C	R	R	C	C	R	R	R	R
SADC Protocol on Immunities and Privileges, 30/09/1993	17/08/1992	R	R	C	R	R	C	R	R	C	C	R	R	R	R
SADC Protocol on Shared Watercourse Systems, 28/09/1998	28/08/1995	S	R		R	R	C	S	R		R	R	R	R	R
SADC Protocol on Energy, 17/04/1998	24/08/1996	R	R		R	R	R	S	R		R	R	R	R	R
SADC Protocol on Transport, Communications and Meteorology, 6/07/1998	24/08/1996	R	R		R	R	R		R		R	R	R	R	R
SADC Protocol on Combatting Illicit Drugs, 20/03/1998	24/08/1996	S	R		R	R	R	R	R	C	R	R	R	R	R
SADC Protocol on Trade, 25/01/2000	24/08/1996		R		R	R	R	R	R		R	R	R	R	R
SADC Charter of the Regional Tourism Organisation of Southern Africa (RETOSA), 8/09/1997	08/09/1997	S	S		S	S	S	S	S		S	S	S	S	S
SADC Protocol of Education and Training, 31/09/2000	08/09/1997	S	R		R	R	R	R	R		R	R	R	R	R
SADC Protocol on Mining, 10/02/2000	08/09/1997	S	R		R	R	R	R	R		R	S	R	R	R
SADC Protocol on the Development of Tourism, 26/11/2002	14/09/1998		R		R	S	R	R	R		R	R	R	S	R
SADC Protocol on Health	18/08/1999	S	R	S	R	R	R	R	R	S	R	S	S	S	S
SADC Protocol on Wildlife Conservation and Law Enforcement	18/08/1999	S	R	S	R	R	R	R	R	S	S	S	R	S	S
MOU* in Standardisation, Quality Assurance, Accreditation and Metrology in SADC (SQAM), 16/07/2000	09/11/1999	S	S		S	S	S	S	S		S		S	S	S
SADC Protocol on Tribunal and Rules of Procedure**	07/08/2000	S	R		R	S	R	S	R	S	S	S	S	S	S
SADC Protocol on Legal Affairs	07/08/2000	S	R		R	R	R	S	R	S	S	S	S	S	S
SADC Protocol on Shared Watercourses	07/08/2000	S	R		R	S	R	R	R	S	R	S	S	S	S
SADC Amendment Protocol on Trade, 07/08/2000***	07/08/2000	A	A	A	A	A	A	A	A	A	A	A	A	A	A
Agreement Amending the Treaty of SADC, 14/08/2001	14/08/2001	A	A	A	A	A	A	A	A	A	A	A	A	A	A
SADC Protocol on Politics, Defence and Security Co-operation	14/08/2001		R	S	R	R	R	R	S	S	S	S	R	S	S
SADC Protocol on the Control of Firearms, Ammunition and other Related Materials in SADC	14/08/2001		R	S	R	R	R	R	S	S	S	S	S	S	S
SADC Protocol on Fisheries	14/08/2001	S	R	S	R	R	R	R	R	S	R	S	S	S	S
SADC Protocol on Culture, Information and Sport	14/08/2001	S	R	S	R	R	R	R	S	S	S	S	S	S	S
SADC Protocol Against Corruption	14/08/2001	S	R	S	S	R	R	S	S	S	S	S	S	S	S
SADC MOU on Co-operation in Taxation and Related Matters, 08/08/2002	14/08/2002	S	S		S	S	S		S	S	S	S	S		S
SADC MOU on Macroeconomic Convergence, 08/08/2002	08/08/2002	S	S		S	S	S	S	S	S	S	S	S		S
SADC Protocol on Extradition	03/10/2002	S	S	S	S	S	S			S	S	S	S		S
SADC Protocol on Forestry	03/10/2002	S		S	S	S	S		S	S	S	S	S		S
SADC Protocol on Mutual Legal Assistance in Criminal Matters	03/10/2002	S	S	S	S	S	S		S	S	S	S	S		S
SADC Agreement Amending the Protocol on the Tribunal	03/10/2002	S	S	S	S	S	S		S	S	S	S	S		S

Source: *SADC Today*, July 2002, SADC Secretariat.

R: Country ratified protocol; C: Country acceded to protocol; S: Country signed protocol; A: Country adopted amended protocol

* MOU - Memorandum of Understanding

** The Protocol entered into force upon the adoption of the Agreement Amending the Treaty of SADC at Blantyre on August 2002. Thus there will be no further requirement for individual SADC member states to ratify the Protocol.

*** Angola, DRC and Seychelles are required to deposit instruments of implementation.

Selected SADC meetings: March–May 2003

March		
Inaugural Meeting of Integrated Committee of Ministers	5 March	Angola
Meeting of the Review Committee of Ministers	6 March	Angola
Finance Committee Meeting	8 March	Angola
Meeting of the Troika of Ministers	8 March	Angola
SADC Council of Ministers	9-10 March	Angola
SADC Media Practitioners' Workshop on the Restructuring of SADC Institutions	13-14 March	Namibia
Trade Negotiating Forum/Textiles and Clothing Committee	March	Zambia
Committee for Implementation of Protocol on Fisheries	March	Botswana
April		
Annual Standardisation, Quality Assurance, Accreditation and Metrology (SQAM) Meetings	7-11 April	Zambia
Brainstorming Workshop on Preparations for the 5th WTO Ministerial Conference (UNCTAD & SADC)	April	South Africa
Finance Ministers meeting on MOUs	April	TBA
Working meeting of the Defence Sub-Committee (ISDSC)	April	TBA
Extra-Ordinary Meeting of the Ministerial Committee of the Organ on the SADC Mutual Defence Pact	April	TBA
Workshop on SIPO	April	TBA
May		
Annual SADC Statistics Committee Meeting	6-9 May	Malawi
SADC Council of Ministers Meeting	May/June	TBA
Annual Meeting of the ISDSC (Inter-State Defence and Security Committee)	May/Oct	Mozambique
Inter-State Politics and Diplomacy (ISPDC)	May/Nov	Zambia
Review of the Early Warning Systems for Confict Prevention	May	TBA

A number of other committee and sub-committee metings will be taking place. Further details can be obtained from the SADC website: *www.sadc.int*

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