

PROCEEDINGS OF THE 2009 FOPRISA ANNUAL CONFERENCE

Edited by
Charles Harvey



FOPRISA Research for Regional
Integration and Development

REPORT 8

Botswana Institute for Development Policy Analysis
2010

337.10968 HAR

The Formative Process Research on Integration in Southern Africa (FOPRISA) (www.foprisa.net) programme, which commenced in 2005, concludes in 2010. The core participants are the Botswana Institute for Development Policy Analysis (BIDPA) (www.bidpa.bw); Chr. Michelsen Institute (CMI) of Norway (www.cmi.no); Centre for Defence and Security Management (CDSM) of the University of the Witwatersrand, South Africa (<http://pdm.mgmt.wits.ac.za>); Economic and Social Research Foundation (ESRF) of Tanzania (www.esrftz.org); Namibian Economic Policy Research Unit (NEPRU) (www.nepru.na); the Faculty of Social Sciences at the University of Botswana (UB) (www.ub.bw); and the SADC Secretariat (www.sadc.int). FOPRISA has worked with over 120 participants from various policy research institutes, universities, regional organisations, and individually, as researchers, reviewers, editors, advisors and special consultants.

The principal objective of the programme is to provide the SADC Secretariat with policy-relevant research findings and recommendations that could assist efforts in advancing regional cooperation and integration. FOPRISA liaison with the SADC Secretariat has been facilitated through the directorate for Policy, Strategic Planning and Resource Mobilisation. The second aim of FOPRISA is to build a strong regional policy research network that focuses on enhancing research skills and analytical capacities in participating research institutions, and improving the understanding of issues of regional cooperation and integration. FOPRISA 2005-2010 has been funded by a generous grant from the Royal Norwegian Ministry of Foreign Affairs (MFA), Pretoria, South Africa.

Contact details:

FOPRISA Coordinator
C/o BIDPA
134 Gaborone International Finance Park, Kgale Hill
Private Bag BR-29
Gaborone
Botswana

Telephone: +267 3971750
Fax: +267 3971748
Email: foprisa@bidpa.bw
Website: www.foprisa.net

BIDPA

36161



Proceedings of the 2009 FOPRISA Annual
Harvey, Charles (Ed.)
Book

337.10968 HAR

36161

Proceedings of the 2009 FOPRISA Annual Conference

Edited by
Charles Harvey

BOTSWANA INSTITUTE FOR
DEVELOPMENT POLICY ANALYSIS

2012 -01- 25

LIBRARY



FOPRISA

Research for Regional
Integration and Development

REPORT 8

Botswana Institute for Development Policy Analysis
2010

PROCEEDINGS OF THE 2009 FOPRISA ANNUAL CONFERENCE

Published by LIGHTBOOKS

a division of

LENTSWE LA LESEDI (PTY) LTD

PO Box 2365, Gaborone, Botswana.

Tel: 3903994, Fax: 3914017,

E-mail: publisher@lightbooks.net or lightbooks@vbn.bw

Web: www.lightbooks.net

On behalf of the Botswana Institute for Development Policy Analysis
(BIDPA), Private Bag BR 29, Gaborone, Botswana

www.bidpa.bw

www.foprisa.net

First published 2010

The papers published in this collection were commissioned by the Botswana Institute for Development Policy Analysis (BIDPA), and are published as a report of the Formative Process Research on Integration in Southern Africa (FOPRISA)

ISBN 978-99912-71-46-0

© Copyright Botswana Institute for Development Policy Analysis and the authors, 2010

Typesetting, design and layout by Lentwe La Lesedi (Pty) Ltd

Printed by Printing and Publishing Botswana (Pty) Ltd

Disclaimer

The opinions expressed in this document are entirely those of the authors, unless otherwise stated. The report does not represent any opinions of the editor, or the official opinions of SADC, or its Secretariat, BIDPA, or FOPRISA.

Acknowledgements

The FOPRISA Secretariat thanks the Editor and all the individuals who produced the research papers collected here. Specifically, we thank the thematic research team leaders who supervised and exercised quality control over the research, writing-up, and presentation of the papers, namely, Bertha Osei-Hwedie, Anthoni van Nieuwkerk, Arne Wiig, Oswald Mashindano, Elling Tjønneland, and Klaus Schade. Lastly thanks go to Jonathan Mayuyuka Kaunda for assistance with checking the galley proofs.

Editorial note

This is the eighth and last of the FOPRISA research reports under the current contract (2005 - 2010) between the Norwegian MFA and BIDPA. These conference proceedings were presented during the 2009 FOPRISA Annual Conference in Cape Town, South Africa from 14 to 15 July 2009. As with the previous proceedings, the papers discuss the political and economic dimensions of regional cooperation and integration, and the monitoring of SADC as well as its relations with the international cooperating partners.

The papers in this volume were selected from, and represent all of the FOPRISA themes: Democratic Development, which focused on the topic "State capacity and institutional variables in regional integration and policy effectiveness"; Politics, Defence and Security Cooperation with papers on "SADC foreign relations and regional integration"; Regional Trade and its Relations to the International Trade System with a paper on "Education and entrepreneurship"; and lastly, the theme Economic Harmonisation, Finance and Investment is represented by a paper on SADC international trade relations.

About the authors

Anthoni van Nieuwkerk (South Africa) has a PhD from the University of the Witwatersrand. He is an associate professor at the Graduate School of Public and Development Management, Witwatersrand University, Johannesburg. His research interests are public policy analysis, foreign policy and African security. He has published several works, including 'Revitalizing Africa – U.S. Relations Under the Obama Administration', *African Security*, Vol 2(1), 2009; 'Africa's peacemaker? Interpreting South Africa's post-apartheid Role in Africa', *Journal of Peacebuilding and Development*, Vol 4(2), 2008; 'South Africa's role on the United Nations Security Council', *South African Journal of International Affairs*, Vol 14.2, 2007; 'Security cooperation in SADC: Insights from the New Institutionalism', *Scientia Militaria*, Vol 35(1), 2007; 'Southern African security governance: a cautionary tale' in Cawthra, G (ed)(2009) *African Security Governance: emerging issues*. Johannesburg: Wits University Press and Friedrich Ebert Stiftung; 'The role of regional organisations in preventing and resolving international conflict: the AU-UN hybrid mission in Darfur' (2009). *South African Yearbook of International Affairs* 2008/9. Johannesburg: SAIIA.

Arne Wiig (Norway) has a PhD in economics from the Norwegian School of Economics and Business Administration. Wiig is an economist with 20 years of experience in research, consultancies and policy analysis. Wiig's thematic focus is on international trade and foreign direct investment, entrepreneurship, resource economics and corporate social responsibility. Wiig is the head of the trade group associated to FORPRISA. Wiig has published extensively on policies for beating the resource curse, barriers for exports of agricultural products and the impact of trade preferences for least developing countries. Wiig has undertaken long-term fieldwork in Bangladesh, Botswana, Namibia and Angola. Wiig is currently Research Director for the Poverty Reduction Group at the Chr. Michelsen Institute (CMi).

Brendan Vickers (South Africa) has a PhD in International Political Economy from the University of London, U.K. He is currently Head of the Global Economy and Development Programme at the Institute for Global Dialogue, South Africa and Research Associate of the Department of Political Science at the University of Pretoria. His main areas of research include international trade, investment, development and governance. He has published extensively on South Africa's international relations and political economy, and also lectured on these subjects at several South African universities. He is the co-editor (with Amrita Narlikar of Cambridge University) of *Leadership and Change in the Multilateral Trading System*.

Elling N. Tjønneland (Norway) is a senior researcher with the Chr. Michelsen Institute in Norway. He is the project leader for the FORPRISA project on monitoring relations between SADC and its international cooperating partners. Tjønneland has published and consulted extensively on regional cooperation issues and the role of external actors in southern Africa. A full list of his projects and publications is available from www.cmi.no.

Gavin Cawthra (South Africa) is the former Director of the Centre for Defence and Security Management, which co-ordinates a southern African network of institutions carrying out education, research and policy development on security sector management and transformation,

peacekeeping and peace-building, at the Graduate School of Public and Development Management, University of the Witwatersrand, South Africa. He holds a PhD from the University of London and has written and edited several books.

Gervase S. Maipose (Zambia) has a PhD from the University of Manchester. He is an Associate Professor, and, until recently was the Head of the Department of Political and Administrative Studies, University of Botswana for six years. Previously he worked at the University of Zambia as a senior lecturer and headed a similar department for three years. Professor Maipose's research interest is in Development Policy and Management, mainly within the context of Botswana and Zambia, focusing on public finance, institutional capacity and public sector reforms, governance, foreign aid, and recently on the political economy of growth. Notable among his recent research outputs are chapters in collaborative projects, coordinated by the Africa Economic Research Consortium, such as: "Managing a Transition from Aid Dependence in sub-Saharan Africa" (2004); "Mobilization of Resources for Financing pro-Poor Growth in Africa" (2006); "The Political Economy of Economic Growth in Africa" (2008); and recently "The Politics of Aid : African Strategies for Dealing with Donors" (2009) spearheaded by the Global Economic Governance Programme, University of Oxford.

Gilbert Khadiagala (Kenya) is a professor of international relations at the University of the Witwatersrand, South Africa. His areas of research are African International Relations; Negotiations, Mediation and Conflict resolution; Post-Conflict Reconstruction; Security and Governance in the Great Lakes region, Horn of Africa, and southern Africa. Professor Khadiagala was the founding Director of the Africa Program at the Woodrow Wilson International Center for Scholars, Washington, D.C (1999-2002). He has been a consultant to the United Nations Development Programme in Oslo, Addis Ababa, and Nairobi; the Office of the United Nations Special Representative for the Great Lakes, Nairobi; OXFAM-GB, Nairobi; Humanitarian Dialogue, Geneva; International Peace Institute (IPI), New York; the World Bank, Washington, DC; the African Center for Strategic Studies, National Defense University, Washington, DC; the United States Agency for International Development; and the Development Bank of Southern Africa.

Ivar Kolstad (Norway) has a PhD in economics from the Norwegian School of Economics and Business Administration. He is Senior Researcher at the Chr. Michelsen Institute in Norway. Kolstad is a development economist whose research areas include natural resources, foreign direct investment, corporate social responsibility, entrepreneurship, and corruption. He has published a number of articles in international journals on these topics.

Jacob Nyambe (Namibia) is Senior Researcher for Regional Integration, Trade and Real Sector at the Namibian Economic Policy Research Unit. He holds a National Diploma of Agriculture, a B.Sc. in Agricultural Economics, and an MSc in Agricultural Economics. The focus of his dissertation is on evaluating compliancy of the EU/RSA TDCA and SADC with the principles of the WTO. His research interests include regional integration, micro-econometrics, poverty, rural and urban livelihoods, agricultural policy, foreign direct investments and development finance. He is also pursuing PhD studies.

Lewis Dzimbiri (Malawi) is a professor of public administration (specialising in industrial relations and human resource development) at Chancellor College, University of Malawi. He

holds a PhD in industrial relations from the University of Keele, United Kingdom. His publications include three books: *Multi-partyism and People's Participation – Multiparty Democracy in Malawi, Kenya and Tanzania* (2000), *Industrial Relations In a Developing Society* (2008), *Organisation and Management Theories: An African Perspective* (2009), 30 journal articles and book chapters, and over 45 conference papers. He has two decades of university teaching, research and consultancy in public, private and non-governmental organisations.

Mpho G. Molomo (Botswana) is a Professor in the Department of Political and Administrative Studies at the University of Botswana. He is also a Director of the Centre for Strategic Studies, which strives to enhance democratic control and oversight in the security sector. Molomo's primary research interests are the land question and democratisation. He nevertheless has varied research interests and has published extensively on democracy and electoral systems, the state, party systems, security sector governance and reform, and the ethnic question in Botswana.

Munetsi Madakufamba (Zimbabwe) has an academic background in development economics and political science, with a Masters degree in International Relations. He is Deputy Director of the Southern African Research and Documentation Centre (SARDC) and editor of the regional development news feature magazine, *SADC Today*. He is recognised in the region as an expert on SADC and regional integration, including infrastructure, energy and trade. He is currently writing a chapter "Linkages and Catalysts for Human Development" focusing on infrastructure for the forthcoming *SADC Human Development Report*, and is supervising a project on tracking energy and other infrastructure development in the region. Recent publications and papers including "SADC in the Twenty-first Century"; "Knowledge for Development": "A Strategic Resource for Southern Africa"; "Survey of Basic Energy Initiatives in Southern Africa 2009" (joint author); "Regional Overview of Southern Africa" (chapter contributor); "Optimising Regional Integration in Southern Africa: Assessing Informal Cross Border Trade in SADC – A survey of five countries" (joint author); "Action on Infrastructure: Accelerating Provision of Priority Regional Infrastructure" (editor). He has also published several articles on regional integration and development published in a number of journals and major newspapers in SADC.

Zibani Maundeni (Botswana) obtained a PhD from the University of York in the United Kingdom. He is a senior lecturer at the University of Botswana, Department of Political and Administrative Studies. He was the coordinator of the Democracy Research Project, between 2000 and 2007. Dr Maundeni's publications include the books: *Civil Society, Politics and the State in Botswana* (2004); *40 Years of Electoral Democracy in Botswana 1965–2005* (2005); and *Transparency, Accountability and Corruption in Botswana* (2007). He has also published numerous articles in international journals.

About the editor

Charles Harvey (UK), M.A., University of Cambridge. Fellow of the Institute of Development Studies at the University of Sussex from 1972 to 2002 when he retired. Professor Harvey now works as an independent consultant. He has worked mainly on economic policy issues, mostly in Africa, from 1967 to date, with some specialisation in macroeconomic policy, banking, finance, aid, foreign investment, debt and taxation, but also on most other areas of economic policy, including the impact of privatisation, agricultural marketing and rural credit, economic diversification of mining economies, etc. He has taught at the Universities of York (UK), Zambia, and Sussex (graduate students only), and at Williams College, Massachusetts. He is the author of textbooks on macroeconomics and project finance. He has work experience (research, advisory and consultancy) in all English-speaking African countries except Liberia and Nigeria, and in some others (Mozambique, Burkina Faso, Rwanda). Also worked in Indonesia, Azerbaijan. He lived in Zambia from 1967 to 1972, and in Botswana from 1976 to 1979, and 1996 to 2001. Most recently, he worked for 42 weeks spread over two years on the preparation of Botswana's tenth National Development Plan. He is the author, co-author, editor, or co-editor of 12 books, and author or co-author of more than 50 articles, research reports and so forth. Selected book titles are: *Economic Independence and Zambian Copper* (co-editor and contributor, 1972); *Essays on the Botswana Economy* (editor and contributor, 1981); *Analysis of Project Finance in Developing Countries* (1983); *World Prices and Development* (editor and contributor, 1985); *Macroeconomics in Africa* (1986); *Agricultural Pricing Policy in Africa* (editor and contributor, 1988); *Policy Choice and Development Performance in Botswana* (co-author, 1990); *Constraints on the Success of Structural Adjustment Programmes in Africa* (editor and contributor, 1996); *Banking in Africa* (co-author, 1998).

Contents

<i>About the authors</i>	<i>v</i>
<i>About the editor</i>	<i>viii</i>
<i>Abbreviations</i>	<i>xi</i>

DEMOCRATIC DEVELOPMENT: State capacity and institutional variables in regional integration and policy effectiveness

Chapter 1: State Institutional Variables in Regional Integration and Policy Effectiveness <i>Lewis B. Dzimhiri</i>	3
---	---

Chapter 2: Developmental States: their historical absence and their emergence in post conflict SADC <i>Zibani Maundeni</i>	17
---	----

Chapter 3: State Institutional Capacity and Strategic Interventions in SADC <i>Gervase S. Malpose</i>	37
--	----

Chapter 4: State Capacity, Institutional Variables, and Policy Effectiveness in Regional Integration: a Synthesis Paper <i>Mpho G. Molomo</i>	61
--	----

POLITICS, DEFENCE AND SECURITY COOPERATION: SADC foreign relations and regional integration

Chapter 5: Forging Regional Foreign Policies in SADC: A Framework for Analysis <i>Gilbert M. Khadiagala</i>	77
--	----

Chapter 6: Security Dimensions of Regional Relations and Integration <i>Gavin Cawthra</i>	87
--	----

Chapter 7: SADC's Common Foreign Policy <i>Anthony Van Nieuwkerk</i>	97
---	----

REGIONAL TRADE AND ITS RELATIONS WITH THE INTERNATIONAL TRADE SYSTEM: Trade policies and poverty reduction: education and entrepreneurship

Chapter 8: Entrepreneurship and Human Capital: The Malawi case <i>Ivar Kolstad and Arne Wiig</i>	115
---	-----

ECONOMIC HARMONISATION, FINANCE AND INVESTMENT: SADC integration efforts and cross-border investments

Chapter 9: SADC's International Trade Relations <i>Brendan Vickers</i>	129
---	-----

MONITORING REPORTS**151**

Chapter 10: The SADC Free Trade Area and the Way towards a Customs Union
Jacob Nyambe

153

Chapter 11: A Development Road Show? From Monterrey and Paris to Doha and Accra: is the Windhoek Declaration improving relations between SADC and its international cooperating partners?

173

Munetsi Madakufamba and Elling N. Tjønneland

Abbreviations

A

ACP	African, Caribbean and Pacific group of states
ADS	Angola, Democratic Republic of the Congo (DRC) and Seychelles
AEC	African Economic Community
AFDB	African Development Bank
AFTA	Africa Free Trade Area
AFIZ	Africa Free Trade Zone
AGW	Africa Group within the WTO
AIDS	Acquired Immunity Deficiency Syndrome
AKw/Akz	Angola Kwanza
ANC	African National Congress
ANSA	Angola, Namibia and South Africa
APSA	African Peace and Security Architecture
ASEAN	Association of Southeast Asian nations
ASF	African Standby Force
ATPC	African Trade Policy Centre
AU	African Union

B

BAMB	Botswana Agricultural Marketing Board
BIDPA	Botswana Institute for Policy Analysis
BLNS	Botswana, Lesotho, Namibia and Swaziland
BOT	Bank of Tanzania

C

CCPS	Centre of Culture and Peace Studies
CEPA	Comprehensive Economic Partnership Agreement
CESPAM	Centre of Specialisation in Public Administration and Management
CET	Common External Tariff
CEWS	Continental Early Warning System
CFA	Commission for Africa
CFSP	Common Foreign and Security Policy (of the EU)
CIA	Central Intelligence Agency (of the United States)
CITES	Convention on International Trade in Endangered Species (of wild fauna and flora)
CMA	Common Monetary Union Area
CMAG	Commonwealth Ministerial Action Group
CNM	Common Negotiating Mechanism
CNRA	Capacity Needs and Resources Assessment
COMESA	Common Market for East and Southern Africa
CPA	Cotonou Partnership Agreement
CSIS	Centre for Strategic and International Studies
CSS	Centre for Strategic Studies

CU Custom Union

D

DAC Development Assistance Committee (of the OECD)
 DBSA Development Bank of Southern Africa
 DDA Doha Development Agenda
 DFI Development Finance Institution
 DFQF Duty-free quota-free
 DFRC Development Finance and Resource Centre
 GDP Gross Domestic Product
 DRC Democratic Republic of the Congo

E

EAB East African Business Council
 EAC East African Community
 EACB East African Community Business (council)
 EBA Everything But Arms
 EC European Commission
 ECA Economic Commission for Africa
 ECOWAS Economic Community of West African States
 EOS Extra-Ordinary Summit of SADC Heads of State and Government
 EOS-O Extra-Ordinary Summit of the Organ Troika
 EPA Economic Partnership Agreement
 EPAR Emergency Plan for AIDS Relief
 ESA Eastern and Southern African
 ESRF Economic and Social Research Foundation
 EU European Union

F

FAA Angolan Armed Forces
 FANR Food, Agriculture and Natural Resources
 FAO Food and Agriculture Organisation (of the United Nations)
 FDI Foreign Direct Investment
 FEPA Full Economic Partnership Agreement
 FIP Finance and Investment Protocol
 FLS Front Line States
 FMD Foot and Mouth Disease
 FOCAC Forum on China and Africa
 FOPRISA Formative Process on Regional Integration in SADC
 FRELIMO Frente de Libertação de Moçambique
 FTA Free Trade Area

G

G8 Group of 8 developed countries^a
 G10 Group of 10 developed countries^b
 G20 Group of 20 developed and developing countries^c

G90	Group of 90 (developing countries)
GA TT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GLR	Great Lakes Region
GMB	Grain Marketing Board (Zambia)
GPA	Global Political Agreement
GRN	Reconstruction Office (Angola)
GSP	Generalised System of Preferences

H

HIPC	Heavily-Indebted Poor Countries
HIV	Human Immuno-deficiency Virus

I

ICC	International Criminal Court
ICP	International Cooperation Partner
IDA	International Development Association (World Bank)
IDFI	International Development Financial Institution
IDM	Institute of Development Management
IEM	Import and Export Management
IEPA	Interim Economic Partnership Agreement
IMF	International Monetary Fund
IOF	International Organisation of the Francophonie
IPA	Investment Promotion Agency
IPDC/SPDC	Interstate Politics and Diplomacy Committee
ISDSC	Interstate Defence and Security Committee

J

JFTCA	Joint Financing and Technical Cooperation Arrangement
JMC	Joint Military Commission (in DRC)

K

KP	Kimberley Process
----	-------------------

L

LCD	Lesotho Congress for Democracy
LDC	Least Developed Country
LMG	Like-Minded Group (of developing countries)

M

MAFSC	Ministry of Agriculture Food security and Cooperatives (Tanzania)
MAT	Mozambique, Angola and Tanzania
MDGs	Millennium Development Goals
MDP	Mutual Defence Pact
MFA	Multi-Fibre Agreement
MIDP	Motor Industry Development Programme

MME	Ministry of Mines and Energy (Namibia)
MOU	Memorandum of Understanding
MPA	Masters in Public Administration
MPLA	Movimento Popular de Libertação de Angola
MTI	Ministry of Trade and Industry (Namibia)
MTICM	Ministry of Trade and Industry, Cooperatives and Marketing
MTS	Multilateral Trading System

N

NAFTA	North American Free Trade Agreement
NAI	New Africa Initiative
NAM	Non-Aligned Movement
NAMA	Non-agricultural market access
NBS	National Bureau of Statistics
NEPAD	New Partnership for Africa's Development
NEPRU	Namibian Economic Policy Research Unit
NGO	Non-governmental Organisation
NSAs	Non-state Actors
NTB	Non-tariff Barrier
NTBMM	Non-tariff Barrier Monitoring Mechanism
NTF	Namibia Trade Forum

O

OAU	Organisation of African Unity
ODA	Official Development Assistance
OECD	Organization of Economic Cooperation and Development
OLS	Ordinary Least Squares
OPDS	Organ on Politics, Defence, and Security
OPDSC	Organ on Politics, Defence and Security Cooperation
OSBP	One-Stop-Border-Post
OSISA	Open Society Initiative in Southern Africa

P

PCPB	Post-conflict peace building
PECC	Pacific Economic Cooperation Council
PPDF	Project Preparation Development Fund/Facility
PSOs	Peace Support Operations
PTA	Preferential Trade Area (of eastern and southern Africa)

R

RBOs	River Basin Organisations
RECs	Regional Economic Communities
RENAMO	Resistência Nacional Moçambicana
RERA	Regional Electricity Regulators Association (of southern Africa)
RISDP	Regional Indicative Strategic Development Plan
RPTC	Regional Peacekeeping Training Centre

RTA	Regional Trading Agreement
RTFP	Regional Trade Facilitation Programme

S

SA	South Africa
SABS	South African Bureau of Standards
SACCAR	Southern African Centre for Cooperation in Agricultural Research
SACU	Southern Africa Custom Union
SAD	Single Administration Document
SADC	Southern African Development Community
SADC-CNGO	SADC Council for Non-governmental Organisations
SADC-DFRC	SADC Development Finance Resource Centre
SADCBRIG	SADC Brigade
SADCC	Southern African Development Coordination Conference
SADSEM	Southern African Defence and Security Management
SAIIA	South African Institute of International Affairs
SAP	Structural Adjustment Programme
SAPP	Southern African Power Pool
SARDC	Southern Africa Research and Documentation Centre
SARS	South African Revenue Service
SCU	Sectoral Coordinating Unit
SDI	Spatial Development Initiative
SDT	Special and Differential Treatment
SEATINI	Southern and Eastern African Trade Information and Negotiations Institute
SIPO	Strategic Indicative Plan for the Organ
SPS	Sanitary and Phyto-Sanitary
SPT	SADC Protocol on Trade
SQAM	Standardisation, Quality Assurance and Metrology
SVEs	Small Vulnerable Economies
SWAPO	South West Africa People's Organization

T

TANU	Tanganyika African National Union
TBS	Tanzania Bureau of Standards
TBT	Technical Barriers to Trade
TDCA	Trade, Development and Cooperation Agreement/Trade Development and Cooperation Agency
TFDA	Tanzania Food and Drugs Authority
TIC	Tanzania Investment Centre
TICAD	Tokyo Initiative on African Development
TP	Trade Protocol
TRA	Tanzania Revenue Authority
TRIPS	Trade Related Intellectual Property Rights
TSG	Trade Services Group

U

UN	United Nations
UNCOMTRADE	United Nations Trade Reports
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECA	Economic Commission for Africa
UNITA	União Nacional para a Independência Total de Angola
UNSC	United Nations Security Council

V

VER	Voluntary Restraints
-----	----------------------

W

WFP	World Food Programme
WTO	World Trade Organisation

Z

ZAMTEL	Zambia Telecommunications Corporation
ZANU	Zimbabwe African National Union
ZAPU	Zimbabwe African People's Union

Notes:

- a: Canada, France, Germany, Italy, Japan, Russia, United Kingdom, United States of America*
- b: Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, United Kingdom, United States*
- c: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, United States of America*

DEMOCRATIC DEVELOPMENT

**STATE CAPACITY AND INSTITUTIONAL VARIABLES IN REGIONAL
INTEGRATION AND POLICY EFFECTIVENESS**

CHAPTER 1: STATE INSTITUTIONAL VARIABLES IN REGIONAL INTEGRATION AND POLICY EFFECTIVENESS

Lewis B. Dzimbiri

Introduction

According to Kaufmann *et al.* (1999) there is a direct connection between good governance and state capacity. Governance is defined as comprising the traditions and institutions by which authority in a country is exercised. This includes the process by which governments are selected, monitored and replaced. State capacity covers political, institutional, technical, fiscal and administrative spheres. An effective state should have the capacity to formulate coherent, plausible and broadly responsive policy guidelines to attain its goals. It should also possess the ability to implement, monitor and evaluate such policies. Efforts to improve governance and administration will fail if governments do not possess appropriate institutional capacity in terms of trained people, know-how and resources. In turn, these must have the technical capacity for setting standards, disseminating information, monitoring performance and reviewing legislation (Afifi *et al.*, 2003). Policy makers and policy implementing agencies require thorough knowledge of various aspects of state affairs in general, and the specific issues they deal with (Zafarulla and Rahman, 2008).

This chapter examines state capacity within the context of regional integration and policy effectiveness in the Southern African Development Community (SADC) sub region. SADC, composed of 15 member states – Angola, Botswana, Democratic Republic of the Congo (DRC), Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe – has an ambitious vision, mission and goals to achieve. Our focus in the analysis of capacity in SADC will be the SADC states and SADC institutions because the overall performance of the region is a sum total of these entities put together. Without state and SADC institutional capacity to formulate, implement, monitor and evaluate policies effectively – in education, health, HIV/AIDS, gender, industry, trade, poverty alleviation, agriculture, transport and communication – national and regional development, and regional integration, will be greatly hindered.

After this introduction, the chapter briefly discusses the role and typology of the state with emphasis on strong, weak, failed and collapsed states, in terms of their capacity to meet citizens' needs and desires. It clarifies state and regional integration before looking at policy networks and process models of public policy. It then provides an overview of SADC structures, institutions and components, and their approaches to capacity building in those institutions and in member states. A methodology for assessing capacity within SADC is proposed before concluding the chapter.

Role and typology of states in terms of capabilities

According to Dunleavy and O'Leary (1994) one can define the state functionally or organisationally. Functionally, the state carries out particular functions to achieve certain goals, purposes or objectives. Organisationally, the state is seen as a set of institutions. A state should,

therefore, be an organised super-structure composed of different institutions for performing various functions for the benefit of its citizenry. States should exist, in other words, to provide public goods to their citizens. These include security, health care and education, together with roads, railways, harbours, and other physical infrastructure. The extent to which these public goods are delivered or not provides a criterion for judging modern states as strong, weak, failed or collapsed (Eizenstat *et al.* 2005).

Strong states control their territories and deliver a full range of high quality public goods to their citizenry. Indicators include GDP per capita, the United Nations Development Programme (UNDP) Human Development Index, and Transparency International's Corruption Index. They also "offer high levels of security from political and criminal violence, ensure political freedom and civil liberties and create an environment conducive to the growth of economic opportunities for their citizens. The rule of law prevails. Judges are independent. Road networks are well maintained. Telephones work. Snail mail and e-mail both arrive quickly. Schools, universities, and students flourish. Hospitals and clinics serve patients effectively. And so on." (Rotberg, undated: 4). South Africa, Mauritius and Botswana could fit this typology, in varying degrees, to a greater extent than other SADC members.

On the other hand, weak states score below average in providing the public goods and services described above. For example "Physical infrastructural networks have deteriorated. Schools and hospitals show signs of neglect, particularly outside the main cities. GDP per capita and other critical economic indicators have fallen or are falling, sometimes dramatically; levels of venal corruption are embarrassingly high and escalating." (Rotberg, *op. cit.*). Weak states face the challenges of poorly paid and trained civil servants, institutional deficiencies, together with inadequate policy implementation and oversight mechanisms. Some of the features of weak states can be identified in most of the other SADC countries: Angola, Lesotho, Malawi, Mozambique, Namibia, Seychelles, Swaziland, Tanzania, Zambia and Zimbabwe.

Failed states are "tense, deeply conflicted, dangerous, and contested bitterly by warring factions ... The civil wars that characterise failed states usually stem from or have roots in ethnic, religious, linguistic, or other inter-communal enmity... [Governments] lose authority over sections of territory ... Another indicator of state failure is the growth of criminal violence." (Rotberg, *op. cit.*: 5). Only the executive institution functions. Legislatures and judiciary are dominated by the executive and the bureaucracy appears to have lost its professionalism. Infrastructure like roads, schools, hospitals and telephones continue to deteriorate and citizens feel abandoned (Rotberg, *op. cit.*).

"A *collapsed* state is a rare and extreme version of a failed state. Political goods are obtained through private or *ad hoc* means. Security is equated with the rule of the strong. A collapsed state exhibits a vacuum of authority." (Rotberg, *op. cit.*: 8). Somalia is an example of a collapsed state. DRC approximates both a failed and collapsed state, while Madagascar tends to fit a failed state. However, one of the weaknesses of this typology is that it does not allow room for a hybrid variant where features of both strong and weak states are found in one state. Nonetheless, it provides a broad range within which countries can be categorised on the basis of their capacity to provide public goods.

States and Regional Integration

According to Lee (2003), regionalism is the adoption of a regional project by a formal regional economic organisation designed to enhance the political, economic, social, cultural and security

integration or cooperation, of member states. Regional integration is a process in which states enter into a regional agreement in order to enhance regional cooperation through regional institutions and rules. According to Van Ginkel and Van Langenhove (2003), regional integration refers to the process by which states within a particular region increase their level of interaction with regard to economic, security, political, social and cultural issues. It is an arrangement aimed at achieving rapid economic development, decreasing conflict, and building mutual trust between the integrated units.

There have been several efforts at regional integration around the world including, for example, the Association of Southeast Asian Nations (ASEAN), the North American Free Trade Agreement (NAFTA), the Economic Community of West African States (ECOWAS), the East African Community (EAC), SADC and the well-known and better developed European Union (EU). According to Lee (2003), regional integration should fulfil at least eight important functions:

- the strengthening of trade integration in the region
- the creation of an appropriate enabling environment for private sector development throughout the region
- the development of infrastructure programmes in support of economic growth and regional integration
- the development of strong public sector institutions and good governance throughout the region
- the reduction of social exclusion and the development of an inclusive civil society in each member country
- contribute to peace and security in the region
- the building of environmental programmes at the regional level
- the strengthening of the region's interaction with other regions of the world.

The extent to which SADC fulfils those functions is an important area of research. Closer integration of neighbouring economies is seen as a first step in creating a larger regional market for trade and investment. In Africa, regional integration has been pursued within the context of three theories: market integration, regional cooperation and development integration (Lee, 2003). To what extent SADC embraces the three objectives is also an important area of empirical research.

The state and public policy

While regional integration has the potential to spearhead economic development in the member states of a particular region, the ultimate responsibility for formulating and implementing relevant policies rests on the individual member states. To improve the welfare of its citizens through reduction of poverty, improved health care, social security, housing, education, transport and creation of employment should be an assumed cardinal objective of every government. If any of the above political goods are not forthcoming or are poorly delivered, everyone will point an accusing finger at government.

Public policy, defined by Dye (2005) as what government decides to do or not to do, is one way through which a government can clarify intentions for the wider society. There are

several actors in public policy processes: individuals, public, private or non-governmental organisations (NGOs), regional organisations, and international organisations such as donors. At national level, these could be parliament, courts, district, town, municipal and city assemblies (local authorities), parastatal bodies, top public officials, political parties, rural communities, consultants and interest groups. Interest groups and political parties can mobilise pressure on government in certain areas of public policy such as education, health, safety or security. Public officials are responsible also for policy advice, and drafting policies, as well as policy implementation and evaluation.

Network and Process models in SADC

Dye (2005) identifies institutional, process, rational, incremental, group, elite, public choice models, and game theory, as key models in public policy. On the other hand, Hogwood and Gunn (1983) discuss rational, descriptive, prescriptive and contingency models of public policy. Other models include policy communities, iron triangles and policy networks. However, none is mutually exclusive, as the same policy can be looked at from an incremental, process, elite or network perspective. Because of the relevance of the network and process models to policy formulation, implementation and evaluation processes in the SADC region, we shall examine the two models briefly.

According to the policy network model, a policy is viewed as the product of complex interaction amongst actors drawn from both public and private sectors who are interdependent as well as being autonomous (Hajer, 2003). The policy network model tends to be of significant relevance to SADC policy-making structures given the curious combination of two factors: interdependence of the 15 states and the various structures they have created, on the one hand, and their sovereignty or autonomy in their operations, on the other. It is also clear that certain policies benefit some member states more than others due to their social, demographic, economic and political contexts – a feature of conflict and cooperation typical of the policy network model.

However, whether one looks at this model from the incremental, elite, network, iron triangle, rational or institutional model perspective, the process through which the policy went from beginning to end can easily be identified and described. The process model provides an opportunity to clarify the implications of the policy-making processes on the capacity of various actors – state bureaucrats, non-governmental organisations and the private sector. Hence, there is a need to discuss it here.

Problem identification, agenda setting, policy formulation, legitimisation, implementation, monitoring and evaluation are the major processes in public policy making (Howlett and Ramesh, 2003). Problem identification involves situations or conditions which prompt governments to do something arising from societal needs or public dissatisfaction. People, the media, or interest groups might be complaining about poverty, ill health, disease, a poor transport system, accidents at work or on the road, or poor quality of education. Policy makers scan the policy environment using techniques like SWOT analysis (strengths, weaknesses, opportunities, threats) to structure their enquiry (John, 2002).

Agenda setting involves pondering what problems will be addressed. Government then decides to do something about the problem. The next stage is policy formulation which involves generating alternative solutions to the problem and selecting one. Legitimation involves developing political support for the chosen solution, deciding on its constitutionality and

enacting it into law (Dye, 2005). According to Dye (2005), implementation involves planning, organising and directing the activities of the government by the various actors – ministries, departments, parastatals, commissions and agencies – to execute the policy.

Monitoring involves checking whether the policy is being implemented as was planned. Policy evaluation, on the other hand, is concerned with the outputs and outcomes of public policies (Dunn, 1988). The relationship between the policy network model and the process model for SADC is that formulation of policies can be understood using the policy network model, owing to the loose network of Heads of State and governments, and the process they use in making policies. However, at specific member state level, while the network model is also relevant, it is easy to trace the process through which policies are made.

Policy Effectiveness

For a policy to be deemed effective, it has to address the problem or state of affairs that was identified at the beginning. For example, as a broad policy objective, SADC's regional integration and development can only be deemed effective if the 15 member states achieve proper integration of all envisaged aspects. This can only be done if the various policies are properly formulated, implemented monitored and evaluated (Leavitt, 1980). Proper formulation involves a lot of actors, skills, knowledge, information and expertise. Similarly, implementation requires a sufficient amount of human, financial, material and other resources, as well as the political and administrative commitment of the various stakeholders. Proper coordination among SADC member states and institutions, NGOs and actors is crucial for effective policy implementation.

Monitoring of the various elements of the implementation process is important. Institutional structures that include monitoring and evaluation units have the potential to implement policies effectively. A policy that has been evaluated can inform various actors whether it is effective or not. Questions asked when evaluating include the following. Are envisaged outputs achieved? What impact or outcomes have been achieved after the policy has been implemented? Deviations can be detected and corrective measures can be undertaken to put the policy on course (Dye, 2005). However, there is a need for policy evaluation and analysis skills, which any member state as well as SADC institutions should possess if policies are to be evaluated properly.

SADC institutions and structures: an overview

SADC came into being in August 1992 as one of the Regional Economic Communities on the African continent. States in SADC have identified many common challenges which are amenable to region-wide solutions. Several protocols have been developed by SADC member states as legal frameworks for their cooperation in various areas. These include transport and communications, trade and industry, finance and investment, natural resource management, water, mining, energy, health, education, human resource development, security and politics.

The overall objectives of SADC contained in the 1992 SADC Treaty, which replaced the Southern African Development Coordination Conference (SADCC) Memorandum of Understanding, include: to achieve development and economic growth, to alleviate poverty, to enhance the standard and quality of life of the peoples of southern Africa and support the socially disadvantaged through regional integration; to evolve common political values, systems and institutions; to promote and defend peace and security; to promote self-sustaining development on the basis of collective self-reliance and the interdependence of Member states;

to achieve complementarity between national and regional strategies and programmes; to promote and maximise productive employment and utilisation of resources of the region; to achieve sustainable utilisation of natural resources and effective protection of the environment; and to strengthen and consolidate the longstanding historical and cultural affinities and links among the peoples of the region.

As a vehicle for developing a strategy for guiding member countries in setting priorities, policies and strategies for achieving SADC's long term goals, the Regional Indicative Strategic Plan (RISDP) endorsed in 2006, sets up a logical and coherent implementation programme of the main activities necessary for the achievement of the region's broader goals within a reasonable, feasible and agreed time frame. Heads of State and Government in SADC endorsed the following key milestones and stages:

Free Trade Area	2008
Customs Union	2010
Common Market	2015
Monetary Union	2016
Single currency and Economic Union	2018

The extent to which citizens in the 15 member states are aware and committed to these milestones is an important area of inquiry in the process of assessing capacity in the region.

At the inception of SADC, institutional structures were decentralised. The Summit, comprising SADC Heads of State and Government was responsible for policy-making and control of the community. The Council of Ministers, consisting of ministers from each member state, was responsible for SADC affairs. Their task has been to oversee SADC's development, advise the summit on policy matters and approve SADC policies, strategies and programmes. Sectors were allocated to different countries, each of which operated a Sectoral Coordinating Unit (SCU). The SCUs, located in a particular ministry coordinating a sector (Sectoral Contact Points), were responsible for guiding and coordinating regional policies and programmes. Standing Committee of Officials – principal secretaries from foreign affairs ministries – used to report to and advise the Council of Ministers. At the heart of the decentralised SADC structure was the SADC Secretariat in Gaborone.

A review of SADC revealed many operational problems that were attributed to the fact that although the SADCC was transformed into SADC, the institutional structure remained the same (Lee, 2003). Consequently SADC lacked appropriate and effective regional institutions and management systems to spearhead the integration agenda. It also lacked mechanisms capable of achieving the high levels of political commitment necessary to manage the process of integration. There was no synergy between the objectives and strategies of the Treaty on the one hand, and the existing SADC Programme of Action and the institutional framework on the other. Furthermore, there was limited capacity to mobilise significant levels of the region's own resources for the implementation of its programme. Finally, there was a problem of relevance, management limitations and over-dependence on external finance of the SADC Programme of Action (Lee, 2003).

As part of the institutional reform process, SADC's original structure, with 21 nationally-based sectors and commissions, was restructured to six directorates: Trade, Finance, Industry, and Investment; Infrastructure and Services; Food, Agriculture and Natural Resources; Social and Human Development; The Organ (security); and Policy Planning and Monitoring. The

objective was to harmonise national and regional structures in order to enhance efficiency in the implementation of programmes and policies. The Secretariat has been given the role of policy coordination and the monitoring of implementation. A small administrative directorate to coordinate the activities of the Organ with those of the Secretariat was established. At the national level, SADC established national committees to oversee implementation of the institution's policies, and to coordinate linkages with other stakeholders such as civil society organisations.

Against this background, questions can be asked concerning, for example: whether the restructuring into six directorates was the best approach for reforming SADC; the effectiveness of coordination between the SADC secretariat and the six directorates; and whether the relevant expertise and financial resources are available at the Secretariat to coordinate and monitor the implementation of various policies in the member states. The effective functioning of the various SADC institutions at regional and national level is necessary for the realisation of SADC's vision of regional development and integration.

From the above analysis, it becomes increasingly clear that for member states in the SADC region and SADC regional institutional structures to perform their mandated functions, they must have the capacity to formulate, implement, monitor and evaluate policies in the areas of SADC concern listed above, and to realise the SADC objective of regional integration and development. The central question is whether the 15 member states have this capacity. It is therefore imperative that we examine capacity and capacity building approaches that might strengthen SADC member states and institutions to implement their policies effectively.

Components and approaches to capacity building in SADC

There are many variables that constitute institutional, state or regional capacity, such as the ability factor, resources, leadership, appropriate organisational structure, space and an enabling environment necessary to achieve some intended purpose. Apart from qualified and competent people in the appropriate numbers needed to accomplish pre-determined goals, material resources (including raw materials), equipment or machinery, computers, finance and information are other critical resources required at organisational, ministerial and state level. The management/leadership component of capacity, which is also vital, relates to the ability to create vision and strategic goals, coordinating and controlling the activities of the organisations as well as motivating and inspiring followers to forge ahead with enthusiasm, zeal and a high degree of commitment (Dzimbiri, 2009).

Models developed by Hildebrand and Gindle (1994) and OECD (1995) suggest four levels of capacity. These are: enabling environment, sector/network level, organisational level and individual level (see also Bolger, 2000). The enabling environment is the broad context within which development programmes are taking place. They encompass such variables as policies, laws, corruption, effective coordination, political and administrative commitment, etc. The sector/network level focuses on policy reform, improvement in service delivery, or increased coordination among institutional actors in a particular sector. Organisational level capacity development focuses on organisational structures, processes, resources and management issues. At the level of the state, capacity relates to the ability of the state to recruit, develop and maintain qualified persons in various administrative, technical and professional areas such as engineers, medical doctors, university professors, agriculturalists, scientists, human resource specialists, technologists and innovation staff.

The individual level focuses on individuals as social or organisational actors. Without the requisite knowledge or skills to perform a particular activity, an individual cannot create a good or provide a service. Proper attitudes are also an important aspect of capacity because an individual poor in human relations cannot perform effectively as a customer relations officer. That is why organisations rely on training, education and development as tools for developing knowledge, skills and attitudes of their employees (Dzimhiri, 2008). In this chapter, capacity is used to mean the competence with which individuals, institutions, systems, states and regional institutions like SADC are able to discharge their various functional roles to achieve pre-determined goals.

According to Wang (2003), there are many factors that hinder state capacity to monopolise the legitimate use of force, extricate necessary resources from society, shape national identity and mobilise consent, regulate society and economy, maintain internal coherence of state institutions, and redistribute resources. With reference to Bangladesh, Zafarulla and Rahman (2008) cite politicisation and political interference in civil administration, uncoordinated public management, fragile bureaucratic capacity, rent seeking and corruption, financial mismanagement, limited transparency and accountability, lack of management ethos and principles, and poor policy implementation as factors influencing the capacity of states to implement policies for the benefit of their citizens. Are SADC member states and their regional institutions immune from these factors? The classification of SADC states into strong, weak, failed and collapsed states, as noted above, is a reflection of the prevalence of these factors in member states.

Capacity building refers to the approaches, strategies and methodologies used to improve performance at the individual, organisation, network/sector or broader system level (Bolger, 2000). Capacity building strategies depend on the level and nature of capacity to be improved. In this chapter, we discuss the following approaches: capacity needs and resource assessment, institutional reforms, multi-stakeholder engagement and collaboration, partnerships, study visits, government enabling environment, civic education, human resource development, strengthening local training institutions, and creating financial generating capacity.

Capacity needs and resources assessment at national and regional level

A comprehensive assessment needs to be undertaken as a starting point in order to determine the capacity, strength and weaknesses, knowledge, skills and resource gaps in local and central government, parastatal or regional level institutions involved in the design, implementation, monitoring and evaluation of public policies. The World Bank talks of capacity enhancement needs assessment while EU and UN term it as capacity diagnosis (Matovu, 2008).

There are several advantages in undertaking a capacity needs and resources assessment (CNRA). First a system-wide picture of capacity strength and weakness is identified. Second, priorities can be developed easily. Finally, interventions can be designed and implemented in a systematic manner, and this reduces *ad hoc* and often fragmented approaches to implementing capacity development interventions.

For example, before Malawi's decentralisation policy was formulated, the Malawi Government, with sponsorship from the UNDP, commissioned a study to assess the capacity of various district officials and structures as well as the various institutions to be involved in the decentralisation programme. Through observations, questionnaires, individual and group interviews, and panel

discussions, the team produced a report, which catalogued various dimensions of capacity gaps and ways to tackle them (Dzimbiri, 2000).

Thus, a comprehensive capacity and needs assessment can be undertaken at various levels – at SADC institutions at the Secretariat in Gaborone, and at various institutions that are responsible for implementing and coordinating the SADC agenda of regional integration and development at state level. Such an assessment might reveal skill and knowledge shortages in the areas of policy analysis, monitoring, coordination and evaluation, inadequate funding, and lack of personnel, among others.

Institutional reforms at national and regional level

Reforming institutions for managing or implementing public or regional policies is one way to build up capacities of state and regional institutions. Public service reforms have been implemented in many developing countries since independence, for various reasons. With the advent of new public management, newer versions of reforms such as ICT, public-private partnerships, performance management systems, performance based pay systems, decentralisation, privatisation, and computerised human resources management systems, have been implemented throughout the Commonwealth (Ayeni, 2002; Economic Commission for Africa, 2003).

Questions such as those following can be asked to assess areas requiring reforms. Do we need to introduce a new institution to undertake the new roles created by new regional or state demands? Do we use the existing organisational structure with small modifications in staffing, regulations, procedures, relationships, skills and knowledge? What institutional arrangement, authority structures, role relationships and responsibilities need to be re-examined and modified to facilitate the smooth implementation of a trade or gender policy? What is the role of professional associations and other related bodies in building capacity – for example, the association of local governments, association of engineers, association of accountants, the regional trade union fraternity, and regional umbrella NGO bodies?

Multi-stakeholder engagement and collaboration at national and regional level

Many public policies will be instrumental in achieving the goals of citizen welfare, empowerment and effective service delivery if stakeholders make individual and collective contributions. Hence the need for the main actors to develop effective communication skills: listening, speaking, summarising, dialoguing, negotiating, problem solving, conciliating and mediating. SADC actors such as government officials and civil society leaders have to develop competencies to engage in multi-stakeholder initiatives and trans-organisational relationships (Cummings and Worley, 2005). This is important given that the kinds of structures SADC has, and the issues SADC addresses, affect the lives and concerns of numerous stakeholders.

Partnerships

The broadening and strengthening of the capacity of state or regional institutions can be achieved through developing mutually beneficial partnerships between: central and local government,

and non-state actors; civil society organisations; the private sector; and international aid agencies. SADC member states can develop beneficial partnerships between member states, and also with SADC institutional structures such as the SADC Council for Non Governmental Organisations (SADC-CNGO). SADC institutional structures can evolve partnerships with other regional groupings such as the Common Market for East and Southern Africa (COMESA), EAC, Economic Community of West African States (ECOWAS), ASEAN and others. In this way, SADC can learn lessons on effective ways of implementing policies. There are already strategic alliances that the SADC Secretariat is establishing with civil society organisations like the Botswana-based Formative Process on Regional Integration in SADC (FOPRISA) for enhancing research and analytical skills, and the Southern African Defence and Security Management (SADSEM) network for training and capacity building. There is a good number of NGOs in the region, including the SADC-CNGO, that have the potential to help member states and the SADC institutions in various areas like poverty alleviation, food security, democracy and good governance, environmental management, basic education, gender equity, HIV/AIDS, trade issues through research, outreach, project implementation, lobbying, public debates, workshops and training (Mashumba and Scott, 2005; see also Nyang'oro, 1999; Dzimbiri, 1999).

Study Visits

Study visits to sister organisations are a practical approach to building capacity and widening the horizons of individuals and groups involved in the formulation and implementation of policies. City and district councils, or the ministry of local government headquarters, can visit similar institutions in countries, for example Israel, Kenya, Zambia, Mauritius or South Africa, to learn how their institutions manage to build their capacities in a sustained manner. SADC institutional structures can certainly benefit a great deal if they make study visits to more organised and effective regional groupings in Africa, Asia, Latin America and Europe.

Government-enabling environment

There are certain aspects of public policy that have to be seen as capacity issues. These include a legislative framework to provide for the enhanced functions, powers and authority of institutions. It also clarifies the role of various actors in a particular policy. According to Mashumba and Scott (2005), SADC has made a lot of progress at the formal level of agreements and policy declarations. Since SADC was adopted in 1992, a total of 30 protocols and declarations to harmonise policies and legislation have been adopted. However, implementation has been less successful since a lot needs to be done to harmonise some of these protocols with national laws in the member states (Mashumba and Scott, 2005). The process of harmonising these protocols with national laws is an important aspect of capacity building for both national and regional institutions to function effectively.

Civic education through the mass media – newspapers, radio, and television

More often than not, capacity-building initiatives concentrate on government officials who are called to attend seminars and workshops in lodges, hotels and lakeshore resorts (Dzimbiri,

2004). In a way, this limits the scope and levels of persons reached by enlightenment messages aimed at empowering actors. For example, the majority of the actors in certain policies – the local people – need more enlightenment if they are to make proper choices, participate fully in their own development, demand their rights, and hold their leaders accountable. Civic education through the mass media is a step towards building capacities. Capacity building messages need to be conducted in languages that can be understood by the various actors. Newspapers, music and performing art are instrumental capacity-building tools for empowering local communities. Performances, drama groups, theatre troupes and musicians can educate, entertain and inform stakeholders on their roles, rights, duties and obligations in national policies and programmes.

Human resource development programmes

The necessity of developing human resources to equip people with appropriate knowledge and skills cannot be over-emphasised. A country that cannot develop its human resources cannot develop anything else (Harbison, 1973). On-the-job training, job rotation, attachment and off-the-job training in the form of short courses, long courses, seminars, workshops and study tours are ways of developing human resources.

SADC has a lot of regional training institutions that can not only undertake capacity and training needs assessment, but also design, implement and evaluate development programmes for SADC regional and state institutions. A good example is the initiative of the 2007 Open Society Initiative in Southern Africa (OSISA) that led to the joint design and successful implementation of a series of short courses in policy analysis and development, for executive directors and senior officials of NGOs in the SADC region at Centre of Specialisation in Public Administration and Management (CESPAM). The latter has over the years been undertaking executive short courses as well as a Masters in Public Administration (MPA) for public officials in the SADC member states. Human resource development programmes can be undertaken by both national and regional training institutions as well as by institutions outside SADC.

Strengthening regional and local training institutions

To ensure sustainability in human resource development at an affordable cost, governments are strengthening local training institutions to develop their capacity. This is done through: creating departments, say, of regional cooperation and development; training existing staff in regional integration and development; seconding experienced officers from SADC structures to beef up the existing staff complement of training institutions; and providing scholarships for management trainers to develop capacity in finance, accounting, auditing, etc. Funding of regional integration and development-related research would go a long way towards taking corrective measures and therefore increasing SADC's chances of achieving its objectives. Regional training and research institutions like CESPAM, the Centre of Culture and Peace Studies (CCPS), the Centre for Strategic Studies (CSS), the Institute of Development Management (IDM), Mananga in Swaziland and others can be strengthened so that they can in turn develop the capacity of SADC institutional structures and states on a sustainable basis.

Building Financial Capacity

While the forms of capacity discussed above are indispensable for the effective implementation of any policy, finance is one of the most controversial reasons for poor service delivery or non-implementation of policies in poor and less endowed countries. The ability of governments to raise revenues from their own sources in order to maintain state activities constitutes fiscal capacity, and is very important in determining the volume of state activity and the distribution of resources to its different administrative layers (Martinez-Vazquez and Boex, 1997). Capacity needs to be strengthened both in the generation of finance and in its effective management and prudent utilisation. According to the 2005 Policy Advisory Group Seminar held in Cape Town, SADC was good at creating institutional structures but bad at capacitating and empowering them in terms of financial and human resources (Mashumba and Scott, 2005). To what extent is SADC able to raise financial resources to implement its various policies? What capacity-building efforts in this area should SADC embark on in order to sustain its programmes and therefore achieve the objectives of regional development and integration?

Methodology and approaches to capacity analysis and building in SADC

In trying to study the capacity of states and institutions in the SADC region, flexible and innovative methodologies can be adopted. Qualitative cross-sectional studies of the case study type can be adopted with the aim of having in-depth country studies. Retrospective-prospective study designs can be adopted to study different aspects of SADC member states from the perspectives of the past, present and future. Other methodologies might involve a critical analysis of specific issues in the SADC member states using longitudinal or trends study designs. In studying the capacity of states and regional institutions, the starting point is the identification of institutions and structures at regional and national levels in the SADC member states mandated to perform certain key functions before raising central questions with regards to their capacity.

- *SADC regional governing and policy decision-making structures.* The role of these structures is pivotal in shaping the regional agenda and its implementation. Specifically, they impact on the agenda setting, information and communication needs and reporting format at the regional SADC governing and decision-making level. Key questions include: What is the capacity of these institutions in terms of abilities, skills, knowledge, policy environment, and resource capacity? What can be done to strengthen the capacity of these regional structures to function effectively in order to realise the vision, mission and strategic goals of regional development and integration?
- *The current centralised nature of the SADC Secretariat* requires a shift in functional paradigm to ensure that it functions as a principal regional coordinator of policy implementation and monitoring. Key questions include the following. Who are the key persons functioning at the Secretariat and what is their understanding of their roles, activities, output and outcomes? What abilities, skills, enabling environment, etc., does the Secretariat require, and what strategies can be put in place to build the needed capacity? Specific questions can be asked about the directorates. To what extent was this really the best mode of restructuring? How are they coordinated and what interventions are required to raise their competence to coordinate and evaluate regional programmes under their directorates?

- *At the national levels we have the SADC national coordination and implementation structures.* These structures are very critical since the ability of SADC to achieve deeper regional integration depends on the extent to which individual states are able to formulate, implement, monitor and evaluate relevant regional policies, protocols and strategies. It is at this level that we find strong states and weak states progressing quite differently in terms of achieving regional objectives. It is important to identify the various national coordination and implementation structures in each country; to find the roles they perform; to find how effective they are in the performance of their roles; to identify key capacity challenges in role performance and in policy formulation or implementation, monitoring and evaluation; to identify capacity gaps in terms of skills and knowledge of the major actors; to find out if they have an enabling environment; and to find out what strategies are in place for capacity building, etc.
- *At the specific state level,* analysis can be made in terms of whether the state is a weak or strong developmental state in terms of its ability to spearhead socio-economic development, and mobilisation of financial and human resources, including its population and non-state actors for developmental objectives. To what extent is there top political and administrative commitment towards national and regional development and integration?

Conclusion

This chapter has examined the typology of states in terms of capabilities in governance and administration. It has noted features of strong, weak, failed and collapsed states. It has analysed regional integration, network and process models, and policy effectiveness in an attempt to link state capacity in governance and public administration at state and regional levels. It has analysed the concept and approaches to capacity and capacity building with regards to SADC structures at regional and national levels. Finally, it has proposed various methodologies and raised guiding questions for researchers studying states and regional capacity in SADC, with a view to unearthing gaps and making appropriate recommendations.

References

- Ayeni, V. (2002) *Public Sector Reform in Developing Countries: A Handbook of Commonwealth Experience*, London: Commonwealth Secretariat.
- Bolger, J. (2000) 'Capacity Development: why, what and how', *Capacity Development Occasional Paper*, Vol. 1, No.1, CIDA Policy Branch.
- Dunleavy, P. and O'Leary, B. (1994) *Theories of the State: The Politics of Liberal Democracy*, London: Macmillan.
- Dye, T.R. (2005) *Understanding Public Policy*, Englewood Cliffs, N.J.: Prentice Hall.
- Dzimbiri, L. (1999) 'Civil Society and Democratic Development in Malawi' in Nyang'oro, J. (ed.) *Civil Society and Democratic Development in Africa: Perspectives from Eastern and Southern Africa*, Harare: Mwengo, pp. 138-161.
- Dzimbiri, L. (2000) 'Building managerial capacities for participatory rural development in Malawi', *Perspectives in Social Work*, Vol.15, No.1, pp. 18-27.
- Dzimbiri, L. (2004) 'Teaching elements of Government and Politics at the grassroots in Malawi: a proposal for the growth and development of democracy in Africa', *Journal of Teaching Public Administration*, Vol. 24, No. 1, pp. 13-26.
- Dzimbiri, L. (2006) 'Evaluation of teaching and learning at the University of Botswana: Beyond happiness and learning

- levels', *Mosenodi: Journal of Botswana Education Research Association*, Vol. 14, Nos.1 and 2, pp. 67-76.
- Dzimhiri, L. (2008) 'Issues Related to Developing Capacities for Effectively Implementing Decentralization Policy in Botswana'. Paper presented at the Decentralisation Workshop, Mokolodi Nature Reserve, Gaborone, 13-17 October.
- Dzimhiri, L. (2009) *Organisation and Management Theories: An African Focus: Integrating structure, people, processes and the environment for human happiness*, Gottingen: Cuvillier Verlag.
- Economic Commission for Africa (2003) *Public Sector Management Reforms in Africa*, Addis Ababa: Development Management Division.
- Eizenstat, S., Porter, J. and Weinstein, J. (2005) 'Rebuilding weak states', *Foreign Affairs*, Vol. 84, No.1, pp. 1-17.
- Lee, M. (2003) *The Political Economy of Regionalism in Southern Africa*, Cape Town: University of Cape Town Press.
- Martinez-Vazquez, J. Boex, L.F. (1997) 'Fiscal capacity: an overview of concepts and measurement issues and their applicability in the Russian Federation, Atlanta', Georgia Working Papers 97-3: School of Policy Studies, Georgia State University.
- Mashumba, N. and Scott, C. (2005) Whither SADC? Southern Africa's Post-Apartheid Security Agenda. Centre for Conflict Resolution, a Policy Advisory Seminar Report.
- Matovu, G. (2008) Issues related to developing requisite capacities for effectively implementing decentralization policies in Africa. Paper presented at the Ministerial Conference on Leadership and Capacity Building for Decentralised Governance and Poverty Reduction in Africa, Yaoundé, Cameroon, 28-30 May.
- Nyang'oro, J. (ed.) (1999) *Civil Society and Democratic Development in Africa: Perspectives from Eastern and Southern Africa*. Harare: Mwengo.
- OECD: Organisation of Economic Community Development (1995) Developing Environmental Capacity: A Framework for Donor Involvement. Occasional Paper.
- Rotberg, R.I. (2003) Failed states, collapsed states, weak states: causes and indicators in Rotberg (ed.), *State Failure and State Weakness in a Time of Terror*, Washington D. C.: Brookings Press.
- Southern Africa Development Community (2006) *Southern African Development Community Regional Indicative Strategic Development Plan*, Gaborone: SADC Secretariat.
- Southern Africa Development Community (2008) SADC Secretariat Capacity Development Framework. SADC/CCM2/2008/3.5.
- Wang, S. (2003) 'The Problems of State Weakness' *Journal of Democracy*, Vol. 14, No.1 pp. 36-42.
- Zafarulla, H. and Rahman, R. (2008) 'The impaired state: assessing state capacity and governance in Bangladesh', *International Journal of Public Sector Management*, Vol.21, No.7, pp. 739-752.

CHAPTER 2: DEVELOPMENTAL STATES: THEIR HISTORICAL ABSENCE AND THEIR EMERGENCE IN POST CONFLICT SADC

Zibani Maundeni

Introduction

Did SADC states¹ have the developmental focus, the right state structures, the right foreign relations and the right state–business relations to build rich² countries? My hypothesis is that a clear focus on making the country rich would dictate the kind of institutional structures and norms, the kind of foreign relations, and the kind of state–business relations needed. My argument is that historically most SADC states were not properly focused on making their countries rich, and this meant that their state structures and norms, foreign relations and state–business relations worked against development. However, SADC states are slowly improving their developmental capacity through a focus on infrastructure and a culture of paying for services.

This essay on SADC states, offers a comparison between states that went through war such as Angola, Mozambique, Namibia, South Africa, Zimbabwe on the one hand, and states that went through peaceful transformation such as Lesotho, Malawi, Swaziland, Tanzania and Zambia, on the other hand. Additional emphasis is placed on Angola representing states that went through war, and on Tanzania representing states that went through peaceful transformation, while other SADC states are considered throughout the paper.

Most SADC countries (both those that went through war and those that went through peaceful transformation) had great potential for development that was not realised until recently. Countries with great potential for development included Angola, Namibia, South Africa, Tanzania, Zambia and Zimbabwe. These SADC countries have huge land masses, large populations and large quantities of diverse minerals, conditions that could have facilitated successful economic development.

For instance, Angola has a land mass of 1.25 million km² and 18.5 million inhabitants, enough to launch successful developmental politics. South Africa has an equally large land mass (1.22 km²) and a larger population (46.9 million) that was exploited by the apartheid system for purposes of unequal racial development.

Similarly, Tanzania is among the seven largest states in Africa, with a land mass of 0.95 million km², including 33,231 km² of inland water. Tanzania at independence had a population of 10 million which had reached 43.7 million people in 2009. It has enjoyed peace since independence (except for a brief invasion of Uganda). In contrast, the Democratic Republic of the Congo (DRC) was the second largest country in Africa, with a land mass of 2.35 million km² and a population of 66.0 million in 2009. These are some of the factors that commonly induced

1 This study leaves out Botswana and Mauritius which have already been analysed as developmental states; see Ian Taylor (2005) and Zibani Maundeni (2003).

2 I use the concept of a 'rich' country to mean a developed country. I have avoided the concept of development because all states claim to be developmental, even those that are not. Many scholars use the terms development and developmental so loosely that their meanings cannot properly guide research. The concept of making a country rich is more focused and draws immediate attention as my reviewers have already shown.

successful development elsewhere and yet did not in some countries in the SADC region.

Adding to the potential for development was the fact that infrastructure was well developed in some SADC states at independence. For instance, in Angola: "Road and rail links had allowed the growth of towns in the interior during the colonial days, opening up the rich agricultural area of the Angolan central plateau" (Mills, 2006). South Africa, Mozambique and Zimbabwe also had well-developed infrastructure that could have facilitated successful economic development. In contrast, infrastructure was poor in small countries such as Lesotho, Malawi and Swaziland, and in large countries such as DRC and Tanzania.

Further adding to the potential for development was the fact that several SADC countries have enormous mineral deposits that could have launched them into successful economic development. Mining companies have always been very eager to invest in SADC. Angola, Namibia, South Africa, Zambia and Zimbabwe have rich mineral deposits. Angola, for instance, has huge oil deposits, and prices have been good most of the time, including immediately after independence in 1975. Four of Angola's deepwater areas – Blocks 14, 15, 16 and 17 – are believed by experts to have at least ten billion barrels of oil in recoverable reserves (Mills, 2006). The mining sector has considerable untapped potential and is projected to show strong growth (Council on Foreign Relations, 2007: 16). The DRC possesses vast water resources and is extremely rich in mineral resources such as diamonds, coltan, cassiterite, tin, copper, cobalt and gold (Kabemba, in Mills 2006).

Tanzania, Zambia and Namibia have huge mineral deposits, including diamonds, gold, uranium, copper and nickel. For instance, "Tanzania is endowed with a number of minerals, including diamonds and gold, and the unique gemstone, Tanzanite" (Policy Forum, 2009). Tanzania has islands rich in fisheries that have markets in Europe. Half of Lake Victoria is in Tanzania, providing it with more opportunities for fisheries. It has the right environment for tourism. Namibia has enormous diamond deposits, mining 2.1 million carats in 2006 (Duddy, 2009), accounting for 70 percent of the country's exports. It also has uranium and other minerals.

Yet most SADC states did not do as well as they should until recently. Most SADC countries that went through peaceful transition were as economically devastated as those that went through war, as shall be shown below. For instance, Angola that went through war experienced -1.8 percent GDP average annual real growth rate between 1990 and 2000 (Mills 2006: 2). Angola had the largest urban poverty (at 67 percent) in southern Africa in 1996 (Hope and Lekorwe, 1999). In 2003, its annual GDP per capita was US\$260 and it was ranked 164th out of 175 countries in the United Nation's Human Development Index, below countries such as Zambia, Malawi and the DRC⁹ (Mills, 2006: 128). Its urban population's access to safe water was 69 percent, compared to a poor access to sanitation services at 26 percent and access to health care services was not even known.

An observer commented in 2007 that,

"Economically, SADC has both wealth: and poor member states in terms of gross domestic product per capita. Mauritius is the richest in the region followed by Botswana, South Africa, Namibia and Swaziland, each of which has a per capita income of more than US\$1000. In the middle are Angola and Lesotho with a per capita income of more than US\$500. The remaining members are the poorest with a per capita income of less than US\$500. These, include Zambia, Tanzania, Mozambique, Madagascar, Malawi, DRC and Zimbabwe." (Osei-Hwedie, 2007: 22).

Yet DRC and Zimbabwe had so much potential in terms of minerals, population sizes and land masses. Only Angola has commendably moved up the economic ladder and this chapter will show why.

Tanzania, Zambia and Zimbabwe experienced positive development in the early years of independence, but this later declined and stagnated. During the period between the late 1970s and early 1980s (for Tanzania and Zambia) and the 1990s (for Zambia and Zimbabwe) economic performance weakened substantially, leading to an economic crisis. Per capita income growth in Tanzania declined from +2.5% during 1965-1970 to -1.6% during the 1980-85 periods in Tanzania (Haule, 2003: 5).

SADC economies improved recently, until they were hit by the world financial crisis of 2008 to the present. Angola's economy has changed in the post-war period to become one of the fastest growing in the region.³ The economies of Malawi, Mozambique, Tanzania and Zambia have also improved, with more investment from South Africa, China and the US. In particular, there has been more investment into infrastructure by China. Most SADC countries have privatised and continue to privatise public corporations, both loss-making and profitable ones. However, the financial crisis found most of the countries unprepared so that they suffered devastating losses in terms of income, jobs and investment.

The question is how did SADC countries, endowed with enormous natural resources, huge land masses and large populations fail to become rich countries after independence? An additional question is what accounts for their improved economies in the beginning of the 21st century in the post conflict period? My main argument is that most SADC states were not properly focused on making their countries rich. This is reflected by their state institutions and norms, and their foreign relations and state-business relations, which worked against development. My other argument is that changes of leadership and the post-conflict situation helped to refocus the states towards developmental politics. I use the case studies of Angola and Tanzania to show this.

The methodology used involved locating important texts on institutional and economic histories of the SADC countries, particularly Angola and Tanzania, their ruling political parties, their foreign policies and their state-business relations over the years. Studying the presence or absence of the developmental state through the historical development of state institutions such as the presidency, relied on old texts. However, change of leadership, shifts in policy positions and investment in infrastructure were captured through newspapers, official documents and more recently published works. Access to state reports was limited even though these could be of enormous help. In Angola, the budget speeches are in Portuguese and could not even be accessed through the internet. Attempts to get the English versions have not been successful. The voices of business and civil society have been adequately captured from newspaper stories.

Theoretical framework

The chapter that follows uses the concept of the "developmental state" to explain development failure in the above two countries. First, I differentiate it from the other concept of weak states. The concept of the developmental state is borrowed from Chalmers Johnson (1982, 1999) who indicates that it is important to consider state priorities in any developmental state research. He starts his definition by categorising the state as either developmental, or regulatory, or pursuing equality, or ideological, or military, or many others. Johnson says these states are explained by their priorities. He defines the developmental state as that which prioritises

3 Concentrating on Angola in the last few years when its economy was booming is most likely to give the impression that the country is a developmental state without proper investigation. Such an approach would equate any fast economic development with the presence of a developmental state without properly investigating its presence.

economic development, or pursues developmental nationalism. He says a state attempting to match the economic achievements of Japan must adopt the same priorities as Japan, it must pursue developmental nationalism. It must first of all be a developmental state – and only then a regulatory state, a welfare state, an equality state, or whatever other kind of functional state a society may wish to adopt (Maundeni, 2008). Johnson (1999) says that for fifty years the Japanese state has given its first priority to economic development. Johnson observes that post-war Japan established a capitalist developmental state in which there was genuine private ownership of property but indirect state control of economic decisions.

Economic nationalism of successful capitalist developmental states is here differentiated from the economic nationalism of nationalisation of private, especially foreign-owned, assets that characterised the politics of much of independent Africa in its first twenty years. It refers to a situation in which the state prioritises economic development of the nation over other important considerations such as individual wealth, redistribution and equality, and influences private businesses accordingly (Maundeni, 2003). In this case, ideology, foreign affairs, equality and nationalism are sacrificed for, or follow, capitalist economic nationalism.

In contrast, those using the weak state concept start from Max Weber (1947) who argued that states are compulsory associations claiming control over territories and the people within them. They include Sckocpol (1996), who emphasised that administrative, legal, extractive, and coercive organisations are the core of any state. Thus a state which fails to perform these is a weak state or a failed state. Such states would include Zimbabwe, Tanzania and Zambia whose extractive capacity had collapsed in the 1980s and 1990s after following the economic nationalism of nationalisation and strict state control. But it should be noted that while their administrative, legal and extractive capacities collapsed, their coercive capacity remained strong as evidenced by the power of their security forces.

Scholars who use the weak/strong state theory include Migdal (1996) who has consistently employed these concepts to explain state failure in Africa, observing that weak states are characterised by the absence of hegemony or the outermost structure that holds society together. His theory is more applicable in situations of nearly collapsed states or contested states such as in the cases of Zimbabwe, Democratic Republic of Congo, Lesotho and Swaziland. But Migdal's theory cannot explain states where hegemony (conceptualised as the outermost structure that holds society together) is clearly present but where development failure has been extensive and sustained such as in Tanzania, Malawi, Zambia, and Madagascar.

A typical case of development failure is Tanzania that has enjoyed unity, harmony and orderly transfer of power, and 'yet has seen problems mount up and up' (Vilby, 2007). Many SADC economies have been equally devastated, either by war or by state orientation that prioritised nationalisation. The question is why did some countries (even those possessing enormous natural resources, large populations, stable politics) fail to become rich or to become developed?

Developmental Orientation and Developmental Capacity

In the first instance, emphasis is on the developmental ideology and strategy which I refer to as capitalist economic nationalism. This is nationalism geared to making the country rich by forging strong state-business interaction.

In contrast, there is strong evidence that most SADC states lacked a clearly focused orientation aimed at making their countries rich. This is evident in Angola and Tanzania. To begin with, until recently, Angola found itself in a prolonged war situation, compelling the state to develop

more orientation towards war and building the capacity of the military (and the security forces in general) and less towards developmental politics. "Angola's education budget comprised 2.5 per cent of GDP versus defence expenditure of 21.7 per cent in 1999. (The latter was estimated as having increased to around fifty per cent by 2002)" (Mills, *op. cit.*: 128). This means that developmental focus is not always a question of choice, but of circumstances as well. In addition, the pull-out of superpowers from the Angolan war compelled the warring factions to focus more on generating internal resources for the war. The pull-out of superpowers from Angola after the end of the Cold War explains the increase of military spending from 21.5 percent in 1999 to 50 per cent in 2002.

"The conflict in the period 1992-1994 marked a watershed in the history of the Angolan civil war. Stripped of superpower patronage, both sides exploited the country's natural resources to provide the funding they needed for their campaigns, making the accumulation of wealth and the war almost inseparable" (Mills, *op. cit.*: 135).

Institutionally, it meant that the presidency was more intimate with the army and distant from the developmental institutions of the state, such as the ministry of development planning, and from the business community. Alternatively, the presidency compelled developmental institutions to serve military purposes. This was the situation in Angola, Mozambique, apartheid South Africa and Zimbabwe for many years. These countries developed strong military capabilities, placing the military at the centre of state power and subsuming supposedly developmental institutions such as the central bank and the ministry of development planning to serve military purposes. In military terms, Angola, Mozambique, and Zimbabwe were highly capable and were able to match similarly-structured apartheid regimes that had placed the military at the heart of state power. But in developmental terms, they were very incapable until after the conflict in Angola and Mozambique, and until after the coalition government was put in place in Zimbabwe in 2008. What this means is that these countries developed superior military capabilities and little developmental capabilities.

There is a sense in which the Angolan and Mozambican states and liberation armies in southern Africa could be regarded as predatory during the war period. Typically, the Angolan state extracted natural resources that were used primarily for war purposes which included building a very large army (about 150,000 soldiers as well as possessing sophisticated military equipment), and its involvement in regional wars that had no commercial value to it.

Zimbabwe's ZANU, Namibia's SWAPO and Angola's MPLA had similarly built large armies which extracted resources for war from their business communities and their populations (for full titles of political parties and rebel movements, see list of abbreviation). Similarly, the UNITA and RENAMO rebel movements in Angola and Mozambique built predatory guerrilla armies (of over 90,000 for UNITA). Such large numbers of armed men and women necessarily created a strong military culture at the centre of the state and the opposition, encouraging high military expenditures in an unaccountable and non-transparent manner. As noted, these countries got involved in regional wars and in the affairs of neighbouring countries that had no commercial value, and resulted in a large population of war veterans with destabilising potentials as in Namibia, Mozambique, South Africa and Zimbabwe.⁴ In this regard, the liberation and civil wars have produced predatory politics that influenced states to focus away from developmental priorities.

⁴ See Kriger (2003). See also Zibani Maundeni's review of the book in *Mobilisation*, Vol. 9, No 3 (2004): 349-350. The book places emphasis on the resources and strategies of the veterans, which primarily consisted of intimidation, appeals to the ideals and sacrifices of their liberation struggle, and violence.

Table 1: SADC Basic Data

Country	Population million, 2009	Area (million km ²)	Life Ex- pectancy	Population Growth	GDP (US\$ billion)	GDP Growth	GDP per capita (\$)
Angola	18.5	1.24	47	2.9%	20.1	11.2%	1303
Botswana	1.9	0.58	38	1.1%	8.7	4.6%	5702
DRC	66.0	2.35	45	2.3%	6.6	6.3%	111
Lesotho	2.0	0.03	37	0.9%	1.4	3%	633
Malawi	15.3	0.12	38	2.1%	1.9	6.7%	152
Mauritius	1.3	0.002	72	1.0%	6.1	4.2%	4832
Mozambique	22.9	0.81	41	2.0%	5.5	—	320
Namibia	2.2	0.82	40	2.2%	5.5	4.2%	2233
Swaziland	1.1	0.17	43	2.0%	2.4	2.1%	2171
South Africa	50.1	1.22	47	0.9%	291.6	4%	4304
Tanzania	43.7	0.95	43	2.2%	10.9	6.3%	308
Zambia	12.9	0.75	36	1.8%	5.4	4.6%	477
Zimbabwe	12.5	0.39	39	1.3%	4.7	4.2%	491

Sources : <http://www.sadctrade.org/sadcsummarytext>; BBC Africa website

In contrast, Tanzania and Zambia were oriented towards radical pan-African ideologies. This placed them at the centre of regional and continental politics, clouded their developmental vision, alienated the rural population and alienated nations that possessed international resources that could have been used for development purposes.

To begin with, President Nyerere of Tanzania observed that “we are not non-aligned on the subject of colonialism and racialism because these are things we have suffered...Tanzania is therefore bitterly opposed to racist minority governments in South Africa and Rhodesia” (Tordoff, 1967: 176). Thus, being “bitterly” opposed to racist minority regimes (and not the desire to make Tanzania rich) played a pivotal role in Tanzanian politics. The liberation Committee of the Organisation of African Union (OAU) was established in Tanzania, placing the country at the heart of liberation politics and exposing the country to the destabilisation associated with it. “FRELIMO was constituted in 1962 in Tanzania with the aim of fighting for Mozambican independence” (Azevedo, 2009). Similarly the ANC’s military wing Umkhonto we Sizwe, as well as ZANU and ZAPU were once based in Zambia.

As a result, Tanzania and Zambia broke ties with their major donors and investing countries, such as Britain, over its alleged soft approach towards the Rhodesian Unilateral Declaration of Independence in 1965, and as a way of implementing an OAU decision that called on “African countries to break ties with Britain if the Rhodesian government had not been defeated by 15 December 1965” (Tordoff, *op. cit.*: p177). President Nyerere and President Kaunda insisted that their countries should not compromise on principles merely for the sake of economic progress (*ibid.*: p178). This meant that principles accompanying the politics of being ‘bitterly’ opposed to racist regimes prevailed over principles of economic development during that era.

Thus, both Tanzania and Zambia broke ties with Britain which had “given more economic aid to Tanzania than any other country” (*loc. cit.*). Western companies that remained in these countries were either nationalised or closely monitored and controlled through parastatal-licensing authorities. A developmentally focused state would have prioritised economic development as a principle and would have sacrificed other principles (such as hosting guerrilla bases) for its sake, as Botswana did. Developmentally oriented states would either have avoided becoming targets for external threats or would have partnered with powerful countries to provide for their security as Japan, South Korea and Taiwan did with the USA.

In addition, Tanzania and Zambia broke ties with the USA over allegations that the CIA planned

to assassinate their leaders, particularly Nyerere. Thus, placing Tanzania and Zambia at the heart of regional and continental liberation exposed their presidents to assassination rumours which compelled the states to take decisions that prevented the emergence of a clear developmental focus. Tanzania also broke ties with West Germany over its recognition of East Germany on ideological grounds. Again, ideological principles took precedence over developmental ones.

Furthermore, Presidents Nyerere and Kaunda preferred to concentrate most of their energies on foreign affairs.⁵ Nyerere appointed Paul Bomani to be his minister of development planning. Mr Bomani was "something of a political lightweight" (*ibid.*: 70), and other ministers easily ignored him. Furthermore, the Tanzanian cabinet hardly focused on strictly developmental matters as its business was not structured. "Under the Independence Constitution, the Cabinet had no fixed meeting day. It often met two or three times a week to deal with a large number of items, many of which were raised under [any other business]. When the Republic was inaugurated, the President instituted a weekly cabinet meeting – held then, as now, every Thursday... Meetings therefore did not usually last for more than two or three hours" (*loc cit.*). The items that the Tanzanian and Zambian cabinets focused on were dominated by liberation politics in the region and throughout Africa.

The early Tanzanian president was also preoccupied with building a union with Zanzibar which compelled him to build a bloated cabinet, and arranged state institutions to pursue that goal.⁶ A developmental state would have made its minister of development be the first vice president, therefore placing developmental ministries at the heart of state power (Maundeni, 2001).

Presidencies Nyerere, Kaunda and Machel made themselves the ministers of foreign affairs in their respective countries (*ibid.*: 70) so as to concentrate on the unstable politics of eastern and southern Africa. For instance, Nyerere was so focused on regionalism that he was prepared to delay Tanzanian independence until there was independence in the rest of East Africa.⁷ Yet Tanzania had 10 million inhabitants, enough to start a viable state without a strong focus on regionalism. Thus, President Nyerere prioritised the union with Zanzibar, regionalism and African liberation, and delegated development planning to a plurality of three ministers, none of whom had authority over other government ministries.

Similarly, the Mozambican, Tanzanian and Zambian states were structured correctly to promote African liberation, and participated actively in the OAU, Frontline States and SADCC. These states were also, therefore, wrongly structured to promote economic development. They had the capacity to pursue the first goal, but hardly any to pursue development goals.

In addition, Mozambican, Tanzanian, Zimbabwean and Zambian politics worked against improved developmental state capacity. The forces of Africanisation derailed these states from either developmental focus, or from state structuring towards developmental nationalism. While President Nyerere sought to retain expatriate technicians and administrators, Presidents Kaunda (and Mugabe 15 years later) were strongly in favour of Africanisation. Nyerere faced

5 "The President himself retained no more than nominal responsibility for development planning and delegated his functions to three ministers of state... Though each of the ministers was assigned a distinct sphere of operation, the result was far from satisfactory" (Tordoff, 1967: 68).

6 "The main effect of the Union (1964 Union with Zanzibar) on ministerial organisation was to increase the size of the cabinet beyond what would otherwise have been necessary. Of the twenty-three ministers in office on 1 July 1964 when the Plan became operative, seven (including the First Vice-President, Sheikh Abeid Karume) were Zanzibaris. Discounting the First Vice-President, probably four of these ministers were appointed primarily for political reasons" (Tordoff, 1967: p 68).

7 Benson Bana, University of Dar Es Salaam, interview with the author, 21 May 2009.

pressure from the TANU back-bench, TANU members and trade unions. "Faced, however, with a party that was becoming more vociferous in its demands as independence approached, the Prime Minister (Nyerere) was obliged to Africanise senior and middle-grade posts more quickly than he felt was warranted by the small number of Tanganyika graduates and trained personnel then available' (Tordoff, 1967: 195).

Equal pressure was exerted in Zimbabwe and Zambia from their parties and trade unions. The obvious result was poor developmental state capacity. In Tanzania,⁸ Zambia and Zimbabwe, incompetent people were appointed to senior positions of the state. So Presidents Nyerere, Kaunda and Mugabe consciously allowed their states' developmental capacity to be destroyed with the hope of recovering later, without knowing that recovery would be extremely difficult.

What was worse for these countries in terms of developmental state capacity was that Africanisation was defined in racial terms, meaning that only people of African descent (not educated Arabs, Asian and Europeans who were citizens) qualified for senior positions in the public service. These presidents succumbed to Africanisation and became its champion even though it was destroying the developmental capacity of their states.⁹

A large number of expatriates left the radically oriented countries which did not have enough trained manpower to replace them. A good number went to Botswana¹⁰ and South Africa, others went abroad. Lesotho, Swaziland, Tanzania and Zambia had very few graduates at independence (Bana, loc cit), too few to maintain a competent bureaucracy. Yet Tanzania, Zambia and Zimbabwe expelled expatriates. When their economies collapsed, their own educated citizens also left to join the white expatriates in Botswana, Kenya and South Africa. Thus, Tanzanian, Zambian and Zimbabwean politics prioritised national pride through speedy Africanisation of the public service. They did not require that Africans who replaced expatriates should possess similar qualifications and experience in order to maintain the developmental capacity of the state. This was in sharp contrast with the Botswana developmental state, which required locals intending to replace expatriates to be as qualified as the expatriates being replaced.

Mobilisation of resources

In terms of mobilising resources for development, the strength of the state is partly measured in terms of its capacity to promote a culture of paying for services. Institutions that provide services such as electricity, water¹¹ and sewerage, must be able to assess all users and encourage

8 'In some places there was some inefficiency since people were appointed to posts that they were not qualified for. Nyerere was well aware of this. This is where we start, he said, and later we'll make up for the things we can't do now. But today we see clearly that quality declined' (Vilby, 2007: 118).

9 'In February 1961, Nyerere announced that in consultation with the provincial commissioners he had laid plans for more than half of the fifty-eight districts to be in the charge of African officers before the end of the year. (There were only five African district commissioners at this time). The government, however, recognised that it was equally important to begin Africanising the central government ministries. Not only did national pride demand that this step should be taken, but African officers in the field could not be expected to take orders from expatriates civil servants at the centre. Above all, it was urgent to Africanise certain politically-sensitive posts. One of the first offices to be Africanised in 1961 was therefore that of the chairman of the Public Service Commission... Thus, by mid-1963 all except five of the seventeen ministries were headed by a Tanganyikan permanent secretary' (Tordoff, 1967: 196).

10 Masire, former President of Botswana, in interviews with the author in 1998.

11 Gervas Maipose, a Zambian professor of Public Administration, talks of the provision of water in Lusaka without installing meters for each household and without disconnecting points for each. The state had never intended to have each household paying for water. To promote a paying culture, all these installations would have to be

(and compel) them to pay for the service. In developmental terms, it is the duty of the central government (particularly the presidency) to assist such service providers to improve their capacity to assess and to enforce payment. The question here is whether SADC states promoted a culture of paying for services in order to raise revenue for improved capacity for the delivery of better services.

Research has found that the culture of paying for services through local taxation was very weak in Angola, Mozambique, Tanzania, Zambia and Zimbabwe. For instance, land-based sources of revenue were very weak in all these countries. First, valuation rolls were incomplete and out of date (Mosha, 2004). Second, central governments failed to pay for their many properties in the cities and also failed to pay for the use of the services within the jurisdiction of local authorities (*ibid.*: 5). Third, many residents, including businesses, NGOs and other institutions also failed to pay rates for their properties. Thus, central governments in several SADC states promoted a culture of non-payment of rates and for the use of other services.¹² This shows that the culture of non-payment for services was widespread in SADC.¹³ This shows that many SADC states prioritised equality and social welfare at the expense of quality services.

Poor government schools (in Mozambique, Zambia, Zimbabwe, and Zambia) made it impossible to have educated and healthy nations that could be mobilised for development purposes.¹⁴

In contrast, Savimbi's UNITA and Diakama's RENAMO (the opposition movements in Angola and Mozambique) strictly controlled huge populations which were denied access to education and health facilities, therefore not readying them to be mobilised for development purposes later. Those who escaped their control abandoned their villages and went to squat in cities near the capital, the only safe places during the wars.

In Tanzania and Zimbabwe, the states alienated many rural dwellers. In Tanzania, under the policy of Ujamaa which was a form of agricultural collectivisation, rural people were forcefully relocated and their houses burnt down in the name of development.¹⁵ Thus, some SADC states had the capacity to forcefully relocate rural dwellers, but had no capacity to persuade them and

dismantled and re-instituted.

- 12 There are ongoing accusations in Zambia that the Zambia Telecommunications Corporations (Zamtel) collapsed because the government had not paid up its huge telephone bill. However, the government of Zambia makes a counter claim that Zamtel also owed the government huge sums of money (Times of Zambia, quoted in AllAfrica.com, 29th July 2009).
- 13 Vilby (2007:93) quotes a senior citizen in Tanzania: 'After independence, things happened that people were happy about. Local taxes, that the British had introduced, were abolished. Education and access to the health clinics was free. Everybody should have access, and fast, so people were happy even though things were very difficult. People didn't understand that taxes helped pay to keep up schools and roads'.
- 14 Vilby (2007:115) quotes a Tanzanian citizen: 'But already at the end of the 1970s there were huge problems of shortage of funds and materials and, after a time, also shortage of teachers who were badly paid and sometimes weren't paid for several months...In the mid-1980s Tanzania's economy was on the brink of a catastrophe. In reality the country was bankrupt'.
- 15 A citizen quoted in Vilby (2007: 90-91) observes that: 'I lived in a little village and we lived here and there...But suddenly we had to live in a village where the streets were laid out in even lines. We only had to move 600 metres but, all the same, we had to tear our houses down and do it ourselves. Even though I was still almost a child I had my own little hut and I remember when I was forced to pull it down. Everybody had to move. Some people had the roofs of their houses pulled down without getting new ones. There was not much choice. In our village some people kept their fields but they had to go a much longer distance to farm them. It became more difficult to guard them from wild animals. There was no planning, and the technology that could have solved some of the problems wasn't there either. People were fed up with everything to do with ujamaa and they were tired of the self help projects that only benefited a few. I think that, even today, this is the reason for the terrible situation in agriculture'.

to assist them to rebuild their shattered lives. Such politics could not help these countries to become rich.

Mobilising resources for development partly means acquiring access to international resources without incurring huge debts. This implies making the country attractive to foreign direct investment. For instance, Japan, South Korea and Taiwan had a heavy presence of American soldiers which, together with a policy attracting foreign investment, attracted free financial and other resources for development into their economies. In developmental state terms, Angola, Mozambique, Tanzania, Zambia and Zimbabwe positioned themselves poorly and suffered destabilisation instead of benefiting financially from the international community.¹⁶

Tanzania, Zambia and Zimbabwe alienated the richest countries in the international community, resulting in their borrowing heavily from the International Monetary Fund (IMF), the World Bank and the Africa Development Bank, and from commercial sources, plunging themselves into unsustainable debt. For example, Tanzania borrowed US\$48 million and secured a grant of only US\$1.32 million to finance its fifth electricity project aimed at securing, improving and extending sustainable supply to businesses and households in rural towns and suburban areas in Mwanza, Shinyana, Arusha and Dar es Salaam.¹⁷ In developmental state terms, these states mobilised costly rather than free international financial resources and suffered indebtedness.

Angola, Mozambique, Tanzania, Zambia and Zimbabwe destroyed the private sector, health and education until structural adjustment was introduced (except in Angola). Widespread nationalisation had occurred, even of efficient religious schools and hospitals.¹⁸ Mines and plantations were nationalised and later closed down.

State-business mutuality

Developmental politics call for a developmentally oriented state that either establishes close and mutual relationships with the business community (if it is a capitalist society), or that closely centralises state power around developmentally focussed state institutions and marginalises welfarism (if it is a developmental socialist country such as China). In the first instance, this implies trust and exchange of accurate information between the state and businesses. It also means the state being supportive to business interests and providing the necessary infrastructure to help them make profits which could then be taxed.

In contrast, Mozambique, Tanzania, Zambia and Zimbabwe had not been friendly to business. They adopted a clearly hostile attitude to business. In what is representative of several SADC countries, President Nyerere observed that:

“We have been oppressed a great deal, we have been exploited a great deal and we have been disregarded a great deal. It is our weakness that has led to our being oppressed, exploited and disregarded. Now we want a revolution – a revolution which brings to an end our weakness, so that we are never again exploited, oppressed, or humiliated” (Nyerere, 1968: 18).

16 For instance, official development assistance to Angola amounted to 2.6 percent and net foreign direct investment was -3.3 percent in 1990 (UN, 2002: 205).

17 ‘Ghana, Tanzania and AFDB sign US\$153 million in loans and grants for energy and poverty reduction’ (AllAfrica.com, 7th March 2008).

18 In Tanzania ‘The nationalised industries were running at a loss and then stopped producing’ (Vilby, 2007: 180).

The revolution that Nyerere, Kaunda and Mugabe talked about involved the nationalisation of private business interests and placing them under the ownership of the state (Vilby, 2007: 188). The same applied to Zambian copper and Zimbabwean gold. The revolutions the leaders talked about de-emphasised the role of money and external aid in the form of gifts, loans and private foreign investment.

President Nyerere claimed that "gifts and loans will endanger our independence... Independence means self-reliance. Independence cannot be real if a nation depends upon gifts and loans from another for its development" (Nyerere, *op. cit.*: 23). Mugabe was still saying the same thing in 2009 against the United States. In addition, Presidents Nyerere, Mugabe and Kaunda de-emphasised the role of industries.¹⁹ Thus, Tanzania, Zambia and Zimbabwe were neither aiming to mobilise foreign resources nor expertise nor industries nor urban centres for their development.

Mozambique, Tanzania and Zimbabwe abolished large scale commercial farming and replaced it with peasant agriculture. They prioritised self-reliance and hard work. Their revolutions placed emphasis on expanding education for self-reliance. Yet schools in Mozambique, Tanzania, Zambia and Zimbabwe collapsed from lack of funding and poor governance. Their approach to development led to more poverty in the rural areas, desolate towns, indebtedness and poor infrastructure.

Infrastructural capacity

The emphasis on infrastructural power that enables state elites to penetrate, mobilise and persuade the nation to move in a developmental direction is pertinent (Evans, 1989). It is about the presence of the state (through bridges, departments, telecommunications, schools, and so on) in all aspects of the nation's life to help make the country rich. Cities and urban centres are generally regarded as pillars of infrastructure for development. Cities are where major infrastructure is located, including universities and libraries, telecommunication centres, and markets.

Cities were primary targets of the Angolan war. For instance, Luanda was characterised by leprous slums, dilapidated buildings that no longer had running water and whose stairs were used as toilets (Levy, 2004).

In addition, Huambo City in Angola, the heart of the Ovimbundu people, was characterised by an abandoned train station with steam-engine trains from the beginning of the 20th century, no train had entered or left the city in the last twenty years, land transport was virtually destroyed and extremely dangerous to use and air travel was through Beechcraft planes with decaying cabins, bent doors and broken navigational equipment (*ibid.*: 12).

Huambo City and Beira in Mozambique had little running water. "Kuito's road with Huambo was full of potholes, endless detours through disused fields mined with landmines and thieves who stole from passing vehicles. Kuito, besieged for twenty-one months and which went through two wars, is regarded as the most destroyed city in Africa, comparable to Sarajevo, with buildings reduced to their skeletons' (*ibid.*: 16). Thus, many cities in SADC had either been destroyed or allowed to die.

19 'Because of our emphasis on money, we have made another big mistake. We have put too much emphasis on industries... The mistake we are making is to think that development begins with industries. It is a mistake because we do not have the means to establish many modern industries in our country' (Nyerere, *op. cit.*: 25-6).

However, Cuango, in the diamond region of Angola was an exception. Here, the MPLA government and UNITA rebels cooperated, spared it the devastation of the war and mined diamonds to finance the war for both sides. Its potential destruction spelled doom for both sides. Interestingly, the oil region in Angola was also spared. The offshore and enclave nature of Angolan oil mining (*ibid.*: 135) placed it out of the reach of the war and enabled government exploitation through partnership with international corporations. Thus, diamond and oil production survived destruction partly because they financed the war.

Tanzania and Zimbabwe prioritised rural development and marginalised urban centres. Tanzania's Ujamaa Villages and Zimbabwe's resettlements were the main priority of these states, grouping rural people into large villages or settlements, requiring them to farm collectively, to build their own schools and clinics, and to live permanently in the rural areas. One observer noted that pursuing this path meant that Tanzania and Zimbabwe were destined to be predominantly rural economies for a long time to come (Nyerere, 1967: 51). The early Tanzanian state saw urban centres not as centres of development but as colonial inheritances that had no important function in the country's development. This orientation led to dysfunctional towns and cities with decaying buildings, unrepaired railway lines, poor supermarkets, poor roads and poor sanitation. This encouraged the growth of slums in most towns, and a huge and unregulated informal sector that could not be assessed and taxed whose contribution to the economy remained unknown.

Current state of affairs in SADC: the emerging developmental states

SADC states have reoriented their policies in support of development, after the end of internal wars and the failure of the policies pursued immediately after independence. The reorientation is clearly demonstrated by the presence of Chinese investment in all SADC states. "Chinese development finance and investment can be found in nearly all 15 SADC member countries, but is heavily concentrated in Angola and South Africa" (Madakufamba and Tjønneland, 2009). "Chinese trade and investment have radically shifted the pace and direction of Angola's integration. Total trade volume has grown explosively, reaching US\$25.3 billion in 2008, roughly 14 times what it had been in 2000. Angola is now China's number one trading partner in sub-Saharan Africa" (Sogge, 2009: 7). While such an alliance may have strong ideological and historical connections (China supported the liberation wars in the SADC region), it also has an important economic connection. This partly explains the economic progress SADC states have made recently.

Some SADC states have diversified partnerships and positioned themselves strategically with rich countries. "In 2007 the US Assistant Secretary of State for Africa projected Angola as one of the continent's three main hubs alongside Nigeria and South Africa" (*ibid.*: 8). Among American companies: "Chevron alone planned to invest US\$5 billion between 2005 and 2010" (*ibid.*: 136). The US secretary of State Hillary Clinton visited Angola in mid-2009. Angola and the United Kingdom have been strengthening trade relations, with the latter investing in oil and air transport and assisting with demining the electoral process.²⁰ As a result of partnering with economically successful countries, and high oil prices, Angola has achieved one of the fastest growing economies in the world (Council on Foreign Relations, 2007: 13). The Angolan

20 'Angola: UK Invests US Two Billion in Trading' (AngolaPress: 14 June 2009).

minister of housing recently called for a partnership between the government and national and foreign private sector to resolve the housing sector.²¹ Other SADC states will have to imitate Angola, Botswana and South Africa in this regard.

SADC countries have stepped up investment in infrastructure development to unlock their development potential.

"China's role in Angola is particularly important where it is also heavily engaged in a number of infrastructure projects (particularly in rail transport) with regional implications...A new oil-backed loan (US\$2 billion) with EximBank was secured in 2007 to finance an additional 100 projects. In December 2008 an additional US\$1 billion loan from EximBank was secured" (Madakufamba and Tjønneland, 2009: 12).

Mozambique too has been building infrastructure such as the Zambezi Bridge linking, south and north Mozambique,²² reconstruction of the Sena railway line linking Beira port to the Moatize coal basin in Tete province, and the permanent dredging of the Beira port²³ which will allow larger ships to call at Beira. The city of Beira in Mozambique is starting to enjoy clean water, better sanitation, better education and health. The Chinese government is also assisting in building hospitals, schools and other infrastructure.

In contrast, investment in infrastructure has been growing slowly in Malawi, Tanzania, Zambia and Zimbabwe. As one commentator noted a few years ago, of Tanzania: "the infrastructure is poor, and it is cheaper to transport grain in large quantities by ship from Australia to Tanzania than by truck from inner Tanzania to the coast. The electrical system is poor and demands emergency generators. The qualifications of the labour force are poor, mainly because of the poor educational system" (Vilby, *op. cit.*: 201).

However, Tanzania has been making some progress in infrastructure development. For instance it secured US\$42 million in 2008 for Zanzibar water and sanitation projects.²⁴ In the case of Zimbabwe it was reported in July 2009 that the City of Bulawayo was to introduce water rationing, which was last used 25 years ago.²⁵

The end of the wars in Angola, Mozambique, Namibia and Zimbabwe provided an opportunity for these states to reorient their focus from war and militant politics, to making their countries rich. But it should be noted that such re-orientation is not automatic. The periodic military incursions by Angola, Namibia and Zimbabwe into the DRC easily dominated the allocation of resources in favour of the military. Thus, the end of liberation and civil wars was partly replaced by a more sustained military campaign in the DRC. However, the Angolan army has developed some developmental focus by providing surveillance services to oil companies. "Since 2004 Chevron has used Israeli-made unmanned aerial vehicles (UAVs) for surveillance of territory, in collaboration with Angola's military" (Sogge, 2009: 11). In developmental state terms, this should be the trend with militaries in SADC.

Angola, DRC and Zimbabwe are still in the process of improving governance in diamond production to enable it to aid development efforts. There is a great deal of diamond smuggling

21 'Anip approves 50 Projects of Private Initiatives' (AngolaPress: 13 June 2009). ANIP is the National Private Investment Agency.

22 'Mozambique: Building more than the Zambezi Bridge' (AllAfrica.com: 29 July 2009).

23 President Armando Gubueza, 'Mozambique: Investment Changing the face of Beira' (AllAfrica.com. 28 July 2009).

24 'Tanzania: – US\$42 million for Zanzibar Water and Sanitation Project' (African Development Bank (Tunis) 11 November 2008).

25 'Zimbabwe: Water rationing Looms in Bulawayo' (Busani Bafana, 30 July 2009).

in these countries. In the case of Zimbabwe, it was recently reported that the Kimberly Process (KP) investigating team implicated the Zimbabwe army in "horrific human rights violations" and "looting of gems at Chiadzwa diamond fields in Manicaland."²⁶ The report called for Zimbabwe to be suspended from the Kimberly Process. Diamond proceeds are not yet in the hands of the developmental ministries and departments in the above-mentioned countries.

These and other diamond mining countries such as Namibia suffered from poor sales due to the world financial crisis from 2008 to the present.²⁷ In the case of Tanzania, "prices for exports like tanzanite and other precious stones have dwindled, and flowers are of less demand in the European market and the number of tourists has dropped."²⁸

SADC states need to put more emphasis on human capital. Some states still lack educated and skilled manpower for their socioeconomic activities. For instance, "Angola began its post-war reconstruction far behind the starting line. In 2005, the Angolan government allocated \$2.5 billion for public investment, but was capable of spending efficiently only \$1.5 billion."²⁹ The Norwegian Petroleum Directorate undertook a study to assess the skills capacity of the Angolan Ministry of Petroleum and showed that a large number of its employees had little or no education.³⁰ Thus, the poor level of education and the destroyed schools have incapacitated some SADC states.

In addition, educated and skilled people left their countries and were not going home any time soon.³¹ The education systems of these countries need to be revived. Observers note that the current primary and secondary education systems of these countries are producing illiterate people who cannot be absorbed in the modern economy.³² For instance, wealthy Tanzanians send their children to primary and secondary schools in Kenya, Uganda and abroad.³³ Wealthy Zimbabweans (including the President and his cabinet ministers) are doing the same. It is the children of poor families who attend primary and secondary schools in these countries. South African and Chinese mining companies in Tanzania and Zambia have successfully negotiated to import experienced labour, without undergoing a mandatory requirement to train locals for localisation later. However, it must be noted that Angola has been making enormous investment in education. For instance, it was reported that the City of Huambo recently spent Akz one billion during the first half of 2009 in the construction of 11 schools, for school meals, and on

26 'Zimbabwe: Kimberly Process Recommends Suspension of Diamond Trade' (Financial Gazette (Harare), 30th July 2009).

27 Namibia: Diamond Exports Drop 30 Percent' (The Namibian, 29 July 2009).

28 'Tanzania: Country Earmarks US\$1.2 billion Stimulus Package' (East African Business Week, 15 June 2009).

29 *Ibid.*, p22.

30 'We are also seeing that it is a case of 'too little medicine too late' a lot of people here are without basic education, and this does not make it easier. We have been requested to look at the functionality of the Ministry of Petroleum, to look at how the Ministry's functions are executed, what kind of organisation they have, and go through an organisational development process. One of the things we saw is that among the 300 registered employees of the ministry, the list we got of those capable of filling in a simple two-page multiple choice survey was less than half, 140. That tells you something about the conditions we are talking about there. A serious proportion of the population is lacking fundamental reading and writing skills. I am sure that there are a significant portion of employees there that are illiterate. The human resources department is the biggest one and seems to be some sort of refuge for those without any qualifications whatsoever'. Shun Govender and Beatrice Mutale Skagestad, 'Civil society and oil for development in Angola', IDASA (January 2009): 17.

31 Interview with two Tanzanian professors who have been teaching at the University of Botswana for a long time and were not planning to go home.

32 *Ibid.*

33 *Ibid.*

other related activities.³⁴ It was also reported that Huambo province had employed over 1000 new teachers.³⁵

Some observers note that cronyism, bribery and political connections, not merit, have been the guiding principle in public sector employment, and in business in some SADC states. For instance, in Angola "In recent years, high level corruption has evolved into cronyism, with foreign investors required to collaborate with politically well-connected local partners. At the lower level, small bribes are a part of daily life" (Council on Foreign Relations, 2007: 20). This has been the situation in other SADC countries such as Zimbabwe and Zambia. This means that these states have not successfully transformed their systems into being based on merit, with the capacity to lead their development.

Corruption is still a serious problem in many SADC states. For instance, Angola was ranked 158 out of 180 countries on Transparency International's 2009 Corruption Perceptions Index (Mills 2006: 136). This corruption subtracts from the already weak developmental capacity. International humanitarian organisations are of the strong view that in Angola official corruption prevents the smooth flow of aid (*ibid.*: 141). Some SADC countries, including Angola, have signed the UN Convention against Corruption and the African Union Convention on Preventing and Combating Corruption, and are working with the World Bank to monitor government spending as it occurs (*ibid.*: 20). However, implementation matters more than just signing. All SADC states bedevilled with corruption will need to take serious corrective steps.

Even extremely resource rich countries such as Angola face a further constraint. "Angola has limited capacity to record precisely the huge sums of oil money suddenly pouring into the country, one reason why it remains difficult to obtain accurate government statistics" (Council on Foreign Relations 2007: 23). Tanzania too does not appear to have the capacity to clearly record the gold proceeds, prompting the World Bank to commit US\$50 million to help the country to build its monitoring capacity.³⁶ This is one area that SADC will need to invest in, to boost the capacities of state institutions.

There is evidence that by 2008, not all SADC states managed to re-focus completely on economic nationalism and sound management of the economy. For instance, some states have been characterised by huge expenditures, most of which are not development related. For instance, Angola, "In 2006 expenditure was budgeted to almost double from its 2005 levels, and the 2007 budget... proposed increasing spending by a further 37 percent, mostly to pay for large civil servants' salaries".³⁷ The same problem faced Zimbabwe and now South Africa after a series of devastating industrial strikes in the middle of 2009. Thus, spending more on civil servants' salaries has either replaced high military expenditure or competes with it, with the potential to derail a re-orientation towards developmental goals. In addition, military spending (in Angola, Namibia, Zimbabwe and Mozambique) is still very high in order to maintain large and sophisticated armies.³⁸ Thus, Angola has not succeeded in scaling down its armed forces

34 'Angola: Over Akz One Billion Spent on Social Projects' (AngolaPress, 28 July 2009).

35 'Angola: Over 1000 New Teachers Employed in Huambo's education Sector' (AngolaPress, 28 December 2008).

36 'Tanzania: World Bank Gives Country US\$50million for Mineral Sector' (East African Business Week, Kampala, 15 June 2009).

37 *Ibid.*, p10.

38 For instance, "The Angolan Armed Forces (FAA) has a large, battle-hardened army, jet fighter and helicopter pilot corps, a long-range artillery capacity... Total FAA manpower was approximately 140,000 in 2005, the army being by far the largest of the services with nearly 130,000 members... In addition, the majority of the military's budget is spent on personnel, including pensions: FAA payroll includes nearly five hundred thousand people. The ongoing need to keep demobilised soldiers employed makes downsizing and streamlining extremely difficult' (*ibid.*: p27).

and still spends enormous resources on it, while Mozambique, Namibia and Zimbabwe spend enormous resources on war veterans as well as the army.

Ideologies and the liberation war culture still dominate the politics of many SADC states such as Mozambique, Tanzania and Zimbabwe. The threat of the Zimbabwean army to democracy, and to the coalition government, is legendary. Army generals were accused of organising an extremely violent election in 2008. These generals refused to recognise Morgan Tsvangirai as Prime Minister of Zimbabwe and to salute him³⁹ until recently. In Lesotho, it is the ruling party that is accused of threatening the stability of the nation.⁴⁰ In Swaziland it is the King who is accused of threatening reforms in that country.

In contrast, in Tanzania, the institutional dominance of the Ministry of Foreign Affairs in the country's politics is evident in successive presidential succession. This legacy has meant that a background in foreign affairs (and not in the development ministries) significantly determines presidential successors. For instance, Benjamin Mkapa was a former Minister of Foreign Affairs and of Higher Education. He was also a former editor of the Daily News during the one party era. Ali Hassan Mwinyi was also a former Minister of Foreign Affairs and a former President of Zanzibar. Other former Foreign Affairs people in Tanzania became prime ministers such as Salim Ahmed Salim (former secretary general of the OAU). In contrast, Jakaya Kikwete (current president) was a former student leader who went straight into politics. He was a Military Commissar and a Minister of Finance during Mwinyi's presidency. There is concern among his critics that he travels outside Tanzania too much (not to rich countries to invite investment). Thus, Tanzanian presidential campaigns have continued to marginalise people from the developmental institutions.

Angola, Tanzania and Zimbabwe are still hostile to private businesses even after abandoning socialist ideologies.⁴¹ This will have to change if these countries want to become developmental states. Several SADC states grudgingly liberalised their economies through structural adjustment programmes (SAPs), not out of choice. Through advice from the IMF and World Bank, Tanzania and Zambia mobilised internal financial resources by selling out and privatising their abundant public enterprises. In Tanzania,

"Of the 326 public enterprises privatised by mid-2003, 122 were sold to Tanzanian citizens (10 of which were sold to employees through the management and employees buy-out scheme), 14 to foreign investors, 190 converted into public ventures with shareholding from the government, foreign investors and citizens" (World Bank, 2007).

This was a desperate way of raising financial resources and was unsustainable. It means that foreign investment in Tanzania and Zambia was used to buy these corporations rather than to provide money for improved production. However, it must be noted that gold production has

39 'Zimbabwe: Generals Not Obligated to Salute Tsvangirai', (The Daily Nation, 30 July 2009). The Zimbabwean Defence Minister reportedly said army generals were not obliged to salute Prime Minister Morgan Tsvangirai despite the power sharing agreement with President Robert Mugabe. The minister said there was no legal obligation even though there may be a moral obligation for the generals to salute the prime minister.

40 'Lesotho: Masire Blames Government for Unrest' (Mmegi, Botswana, 23 July 2009). It was reported that 'former President Sir Ketumile Masire has accused the ruling Lesotho Congress for Democracy (LCD) of being a stumbling block to finding a solution to the political crisis in the country'.

41 'Angola is among the most difficult places in the world to do business. More than most countries, Angola strictly regulates business start-up and employment, although there has been some relaxation of employment rules in the past year. Property registration is difficult, and contract enforcement is inefficient. Overall, Angola ranks 156 out of 175 states in the Ease of Doing Business ranking, far behind many of its neighbours in Africa' (World Bank, 2007).

increased handsomely in Tanzania. "Since, 1998, Tanzania has not only become a player on the world gold market, but also Africa's third largest producer of gold after South Africa and Ghana" (Policy Forum, 2008). Similarly, copper production improved significantly in Zambia. However, the mining industry is still very small in terms of adding value to GDP in Tanzania. "Whilst nearly half of Tanzania's exports are now attributed to the mining industry, it only accounts for 3.2 percent of the GDP and 3.6 percent of the Government of Tanzania's total tax revenue" (*ibid.*: 1-2). Royalties are ridiculously pegged at three percent for gold and five percent for diamonds.⁴² This is attracting much criticism as shall be shown later.

An ideological opposition to privatisation is mounting within the ruling parties, churches, media and civil society in some SADC states, including Malawi, Tanzania, Zambia and Zimbabwe (*ibid.*: 192). Critics in Malawi, Tanzania and Zambia speak of the privatisation policy as scandalous. Policy Forum (a Tanzanian association of 50 NGOs aimed at influencing policy processes to enhance poverty reduction, equity and democratisation) believes that privatisation was poorly handled and that corruption was widespread. It charges that profit-making public corporations were sold cheaply to foreigners, and that politicians bought some of the public corporations (including farms that are now poorly run). In Zambia, the anti-privatisation movement is led by the trade unions and people such as the former finance minister, Mr Ng'andu Magande who opposes the privatisation of the Zambia Telecommunications Corporation (ZAMTEL). Critics of the privatisation of ZAMTEL claim that government officials had deliberately made it bankrupt so that it was sold cheaply to their friends. In contrast, President Rupiah Banda observed that "those who are against the privatisation of ZAMTEL have been in government for a long time, they did not do anything about it when the company was bleeding to death".⁴³

Part of the resistance against privatisation is that many governments in SADC had little capacity to negotiate with investors for a fair deal.⁴⁴ It is also clear that the government negotiators were learning as the process went on and this was surely a poor way of handling important negotiations. Critics have compelled governments to mount presidential commissions of inquiry to investigate corruption. In Tanzania, ministers of finance and of energy, and the permanent secretary of the Treasury, were dismissed on charges of corruption. Thus, the politics of SADC is strongly influenced towards fighting corruption and little is said about, invested in, boosting the capacity of government negotiators for a fair deal. Better training and attachment with other SADC countries such as Botswana that are well experienced in negotiating mining deals should be promoted.

The presidencies of Angola, Mozambique and Zimbabwe still participate less in the parliamentary businesses of their countries and in the discussion of development policies. In Mozambique, the constitution requires the president to attend parliament once a year (Azevedo, 2009). This makes it difficult for the President to mobilise parliament for developmental purposes, as does the fact that the Mozambican opposition leader has never been a parliamentary candidate. Some SADC states have not been able to mobilise their civil societies for developmental purposes.

42 South Africa has invested in Tanzanian construction, mining, tourism and hotels, telecommunications, supermarket chains, banks and air transport. Many people are provoked by the fact that South African interests control Tanzania's largest bank, the airlines, and a very large share of the communications sector, and that more foreign control is on its way. Critics speak of South Africa's new colonisation of Tanzania and fear foreign monopolistic control of strategic sectors. Tanzanian business people claim that the government and the banks give foreign firms better conditions than they themselves receive" (Policy Forum, 2008: 6).

43 President Rupiah Banda quoted in *AlAfrica.com* 30th July 2009. Also in *Times of Zambia*.

44 For instance, "the general set of taxes received by the Government of Tanzania differs from contract to contract, even when it is negotiating with the same company" (Policy Forum, 2008: 6).

Tanzania is a typical case. In its 2009 budget the Tanzania government proposed to tax religious groups, thus turning them against the government. "While presenting the 2009/2010 budget in parliament, Finance and Planning Minister Mustafa Haidi Mkulo said only sacramental and worship materials will be tax exempt" (Catholic Information Service for Africa, 2009). SADC states will have to learn to deal with the institutions of civil society as partners in development and not just as donor-funded entities to be taxed and oppressed.

Conclusion

This chapter has argued that until recently, many SADC states had no developmental focus, pursued state goals that constrained economic development and built state structures that prioritised either war or foreign policy or radical ideologies, and marginalised development ministries. Economic development requires states to aim to build a rich country, to make that its primary focus and to structure state institutions appropriately. It requires states to place ministries of economic planning at the heart of state power (such as the vice presidency) and to subsume all others to the ideology of economic nationalism. This primarily requires a developmental focused presidency. An example is Botswana where ministers of finance and economic development (Masire, Mmusi and Mogae) were all made vice president, and two of them succeeded to the presidency. This state subsumed all other principles under economic nationalism and achieved the goal of making the country rich. Change of leadership in the SADC region, the end of the Cold War, IMF and World Bank sponsored privatisation, and the democratisation process, have jointly pushed for political re-orientation towards developmental politics.

A competent and professional bureaucracy (especially in the development ministries) is essential in the pursuit of economic development. Regulated localisation that is guided by controlled training of local staff in the best universities around the world is central to maintaining a competent bureaucracy. Localisation for a developmental state should only be done once the locals have received the best training in the similar qualifications have acquired the right experience, and are ready to perform the functions attached to the office. More importantly, training priority should be given to developmental ministries. Bureaucrats (particularly those for development ministries) produced by the local universities must be equally exposed to international programmes. In short, training and experience should precede localisation so that high bureaucratic standards are maintained. SADC states that carried out localisation in ways that weakened bureaucratic competence, as in Tanzania, weakened their countries' development potential. Bureaucratic competence, availability of skilled manpower, and the presence of educationally functioning schools are still the missing ingredients in many SADC states.

Emphasis on infrastructure is central to making a country rich. When Lenin was asked what communism meant, he replied: "the electrification of Russia". The emphasis on infrastructure is unmistakable. The establishment of towns and industrial hubs, electricity networks, roads and railway systems, dams, functioning schools and other facilities are crucial for development. Infrastructure makes it possible for the state to mobilise resources and people for development purposes. Most SADC states have now realised the importance of infrastructure and are putting enormous investment into it. This should be encouraged and supported.

Partnering or competing with rich countries is also crucial for development. It is common logic that a state intending to build a rich country associates itself or competes with, the rich states. Distancing one's country from the rich countries is a crucial mistake that worked against

developmental capacity in the SADC region until recently. Most SADC states now associate themselves with rich countries and regions and this is unlocking SADC's developmental potential.

A strong partnership between the state and business is central. The state becomes developmental once it abandons its ideological hatred of private businesses and comes up with policies friendly to business. More importantly, a state becomes developmental when it assists businesses by facilitating access to serviced land, markets, technologies and other facilities. Mutual trust between the state and business and the sharing of up-to-date information are core values of a functional partnership. Most SADC states have softened their ideological hatred towards business and are adjusting to the reality that these should be treated as development partners. This trend will have to be encouraged to take root in SADC.

Recommendations

1. SADC states should further re-orientate their ideologies towards economic nationalism. They should clearly focus themselves on making their countries rich.
2. Presidencies should be more intimate with the developmental ministries. This means that there should be dense traffic between the presidencies and developmental ministries, signifying frequent consultations and exchange of ideas between them.
3. All other government ministries and departments should be subsumed under developmental ministries. This should empower developmental ministries to provide leadership to the rest of the government.
4. Skilled people should be recruited from all over the world. This means that expatriates should be employed if there are no qualified locals.
5. Infrastructure should be given priority. This means that more resources should be channelled into building towns, various forms of transport, schools and communication networks.
6. The population and civil society should be mobilised to participate actively in development. This should enable them to appreciate and support their governments. This should also help to reduce redistributionist pressure and break resistance against governmental policies.
7. SADC states should promote relationships with business for mutual benefit. This means there should be exchange of information between them, and business-friendly policies should be promoted.

References

- Azevedo, E. (2009) 'The Assembly of the Republic of Mozambique', EISA Working Paper.
- Catholic Information Service for Africa (2009) *Tanzania: Churches Lose Tax Exemption*, Nairobi.
- Council on Foreign Relations (2007) *Toward an Angola Strategy: Prioritizing US-Angola Relations*, New York
- Duddy, Jo-Mare (2009) 'Namibia: Diamonds Exports Drop 30 percent', *AllAfrica.com*.
- Evans, Peter (1989) 'Predatory, developmental and other apparatuses: a comparative political economy perspective

- on the third world', *Sociological Forum*, Vol. 4, No 4, pp. 561-586.
- Haule, J. (2003) 'Social and economic impact of privatisation on marketing agency: a case study of Tanzania Handcrafts Marketing Corporation (HANDICO)', MA Dissertation, University of Botswana.
- Hope, R. and Lekorwe M. (1999) 'Urbanisation and the environment in southern Africa: towards a managed framework for the sustainability of cities', *Journal of Environmental Planning and Management*, Vol. 42, No 6, pp. 837-859.
- Johnson, C. (1982) *MITI and the Japanese Miracle: The Growth of Industrial Policy 1925-1975*, Stanford: Stanford University Press.
- Johnson, C. (1999) 'The developmental state: odyssey of a concept' in M. Woo-Cummings (ed.) *The Developmental State in Historical Perspective*, Ithaca, N.Y.: Cornell University Press.
- Kruger, Norma (2003) *Guerrilla Veterans in Post-War Zimbabwe*, Cambridge: Cambridge University Press.
- Levy, Bernard-Henri (2004) *War, Evil and the End of History*, London: Duckworth.
- Madakufamba, M. and E. Tjønneland (2009) *A development road show? From Monterrey and Paris to Doha and Accra*, Gaborone: FOPRISA.
- Maundeni, Z. (2001) 'State culture and development in Botswana and Zimbabwe', *Journal of Modern African Studies*, Vol. 40, No 1, pp. 105-132.
- Maundeni, Z. (2003) 'The politics of poverty in Botswana', *Botswana Notes and Records*, Vol. 35.
- Maundeni, Z. (2008) 'State culture, building and renewing the Botswana developmental state', *PULA Botswana Journal of African Studies*.
- Migdal, J. S. (1996) 'Integration and disintegration: an approach to society-formation' in L. de Goor, K. Rupesinghe and P. Sciarope (eds.) *Between Development and Destruction: an Inquiry into the Causes of Conflict in Post-Colonial States*, London: Macmillan.
- Mills, G. (2006) 'From 'confusão' to 'estamos juntos'? Bigness, development and state dysfunction in Angola' in C. Clapham, J. Herbst and G. Mills (eds.) *Big African States*, Johannesburg: Witwatersrand University Press.
- Mosha, A.C. (2004) 'Challenges of municipal finance in Africa: Gaborone City, Botswana', paper presented at the 2nd World Urban Forum Conference on Challenges of City Financing organised by the Habitat Professionals Forum and UN-Habitat.
- Nyerere, J.K. (1968) *Ujamaa: Essays on Socialism*, Dar es Salaam: Oxford University Press.
- Osei-Hwedie, Bertha, 2007. 'Poverty Alleviation Strategies and Policies in SADC'. In Gavin Cawthra and Jonathan Mayuyuka Kaunda (Eds.) *Towards Political and Economic Integration in Southern Africa: Proceedings of the 2007 FOPRISA Annual Conference*, Gaborone: Lentswe La Lesedi: p22
- Policy Forum (2008) *The demystification of mining contracts in Tanzania*, Dar es Salaam.
- Sckocpol, T. (1996) 'Bringing the state back in: strategies of analysis in current research' in P. Evans, D. Rueshemeyer and T. Sckocpol (eds.) *Bring the State Back In*, Cambridge: Cambridge University Press.
- David Sogge (2009), 'Angola: failed yet successful', Madrid: Frida Working Paper.
- Taylor, Ian (2003) 'The developmental state in Africa: the case of Botswana' in Pamela Mbabazi and Ian Taylor (eds.) 'The Potentiality of 'Developmental States' in Africa: Botswana and Uganda Compared, Dakar: CODESRIA.
- Tordoff, W. (1967) *Government and Politics in Tanzania*, Nairobi: Kenya Litho Ltd.
- UN (2002) *Human Development Report*, New York.
- Vilby, K. (2007) *Independent? Tanzania's Challenges Since Uburu: a Second-Generation Nation in a Globalized World*, Uppsala: Nordiska Afrikainstitutet.
- Weber, M. (1947) (editor with an introduction by Talcott Parsons) *The Theory of Social and Economic Organisation*, New York: The Free Press.
- World Bank (2007) *Doing Business*, Washington DC.

CHAPTER 3: STATE INSTITUTIONAL CAPACITY AND STRATEGIC INTERVENTIONS IN SADC

Gervase S. Maipose

Introduction

This chapter discusses the main dimensions of institutional capacity and strategic interventions in the Southern African Development Community (SADC). It uses the conceptual framework chapter to identify the main dimensions of state and institutional capacity that are usually discussed as a springboard for analysis of the case of the SADC secretariat and its member states. Given the orientation of this chapter, and in line with the perception of Brautigam (1996: 82), institutional or state capacity is a measure of the ability of an organisation or a government to make and implement its policies and accomplish its goals. It focuses on six analytical dimensions of institutional and state capacity: organisational, regulatory, administrative, technical and professional, financial, and most importantly governance which subsumes many other forms of state capacity.

Institutional capacity is a dependant variable. It is assumed that the degree of capacity varies with time in the SADC secretariat and among SADC member states, ranging from the countries with relatively strong capacity to countries at the weakest end of the spectrum. But they all share several characteristics which account for variations in their capacity. Primarily focusing on institutional dynamics of the role of SADC and its member states, the main focus is to highlight the significance of institutional management capacity and strategic interventions. Proper institutions with enhanced capacity are a pre-requisite for regional integration and socio-economic development. SADC's future success will depend directly on the capacity and capabilities of its own institutions and those of the member states.

The discussion starts with the main dimensions of cross-cutting state and institutional capacities. It is followed by a situational analysis of capacity in SADC – the secretariat and member states – as background for discussing strategic interventions to enhance capacity, to promote regional integration, and promote socioeconomic development in general. It ends with a specific discussion of SADC interventions for poverty reduction. With regards to methodology, primary and secondary data were complemented by interviews at SADC headquarters.

Dimensions of State and Institutional Capacity

Just as the rest of the world has acknowledged the critical role played by a strong and capable state in the remarkable economic performance of the East Asian countries, it has become all too clear that Africa's development crisis has been compounded by an often profound weakness in the capacity of the state to promote development (World Bank, 1989 (a) and (b); Olowu, 1998; Hyden and Court, 2002). Discussions of the institution-building challenges facing southern African nations and their regional development organs, such as SADC, proceed against the background of the endemic political instability in some countries, widespread economic stagnation and poverty, inability to assert rule-based authority, and macro-economic incompetence in the midst of the high aid dependency of SADC and many of its member states.

These are clear and direct manifestations of the African institutional gap. They show the need to address the critical role that state capacity plays in the economic renewal of SADC and member states. Thus, in order to lay the foundation for renewal and regional integration, SADC needs to focus attention on the institutional reforms necessary to build an effective regional organ. Its member governments need to raise revenue to meet expenditure, ensure political and macro-economic stability, heighten predictability, and provide effective public services. This is a long-term process. To appreciate the required strategic interventions, it is imperative to start with a brief summary of the main dimensions of state and institutional capacity that have been identified – quality of governance or leadership, regulatory, technical/professional, financial/extractive and administrative/managerial. So, what is state or institutional capacity and how do we know capacity when we see it?

Organisational capacity is about structural resilience and the controversial structure-performance hypothesis: that performance of an organisation is to some degree a function of the manner in which it is structurally organised in formal terms, and that changes in structure will have an impact on performance (Gulick and Urwick, 1937; Dunsire, 1993; Hood, 1991). As picked up below, SADC's capacity problem is partly conceived as a structural deficiency, although this regional integration body has been in a process of restructuring for a long time.

Governance and leadership capacity, as an operational framework, relate to ability to steer societies in desired directions. This is influenced by the form of political regime (assumed to be a liberal democratic system), the process by which authority is exercised in the management of economic and social resources for development, and capacity to design, formulate and implement policies and discharge functions (World Bank 1992; UNDP 1997). Taking into account the public management perspective in a context of disarticulated states (or institutions with reduced capacity to solve public problems), and the need for cooperation across both national and issue boundaries, governance is a process involving multiple actors. Inevitably, interactions in the national and international arena produce new norms and rules for working together to solve national, regional and international problems or conflicts (Kooiman, 1993; Rhodes, 1997). Thus, governance, as used here and applied to SADC secretariat and its member states, transcends the conventional boundaries of public administration – entailing a paradigm shift from a state power-centred approach to one based on interdependent relations involving both government and non-government organisations (Olowu and Sako, 2002).

Until the formulation of the Regional Indicative Strategic Development Plan (RISDP) in 2003, the role of the private business sector was not adequately articulated in SADC frameworks. Even now, much needs to be done (Shilimela, 2008: 11). Relatedly, cooperation across both national and issue boundaries requires the initiation of a process involving actors ready to transcend the narrow national concerns which have hindered deeper regional integration (Meyns, 2001). To enhance governance and make SADC an effective regional organ for integration, interventions need to be focused at two separate but interrelated levels – regional for the SADC secretariat and national for SADC member states.

For the SADC Secretariat, effective governance is a process that brings administrators into new collaborative relations in which the prospect for results is deemed to be better than within conventional settings. As elaborated upon latter, the point that needs to be underscored is that inter-organisational networks constitute the essential ingredients of the governance process. In the context of a disarticulated SADC member state, i.e., one with reduced capacity to solve public problems, it is in improving quality of governance, at least encouraging democratisation with regional sanctions or interventions against those who hold democracy hostage. If democratisation (especially its consolidation) results in greater public accountability and

transparency, it is likely to improve governance, and empower actors such as civic associations, and the press, which among other things, can serve to lessen public corruption by promoting public scrutiny of government performance.

Regulatory capacity is increasingly associated with state-market relations, and trade liberalisation is seen as important for regional integration and good governance. Regulatory capacity involves the ability of the SADC regional institutions and the member states to establish and enforce the rules that guide, or regulate, societal behaviour, enforce the rule of law, and control and avoid illegal activities. The norms and institutions put in place to regulate state-market relations, such as regulating how corporations operate, how property is owned and protected, and how capital may be transferred and trade conducted, are all important aspects of governance and regional integration (Phirinyane, 2002). In the broad sense, this means establishing the rule of law, enforcing property rights, and asserting institutional or state authority and legitimacy. It should maintain a basic regional and/or state system capable, at the very least, of underpinning the regulatory and enabling mechanisms that make it possible for economic activities to start and develop over time.

For example, many southern African governments still struggle unsuccessfully to eliminate or control widespread illegal settlements, black markets and cross-border crimes, and have long and cumbersome procedures to register business enterprises or issue work and residence permits. Regulatory capacity is core to SADC success in dealing with regional and international trade, movement of goods and people, etc. For example, in the area of trade, regional integration involves trade liberalisation, phasing down or eliminating tariff and non-tariff barriers, and ensuring efficient customs and border cooperation.

Administrative capacity, alternatively called managerial capacity, refers to how the policy implementation machinery is organised. It is closely linked to organisational capacity that has already been reflected upon. The central arena in this context is the bureaucracy – metaphorically seen as a machine operationally in terms of efficiency, effectiveness and predictability – not the inefficiency and red tape that are widely associated with public sector failures (Skocpol, 1985; Olowu, 1998).

How bureaucracy is structured and how it relates to the political leadership have been issues of great significance to academics and practitioners alike ever since the days of Max Weber. It involves, at its best, the routine ability to mobilise and deploy human resources in order to achieve intended objectives. It entails hiring, training and managing personnel as well as ensuring accountability and efficiency in service delivery. It is based on objective hiring and promotion practices in order to develop a professional bureaucracy in which the top administrative cadre provides leadership, underpinned by legal, rational or professional authority. Career paths are determined by objective considerations, depending on the national pool of educated and qualified citizens.

Human resource development and mobilisation are very critical for any country's development, and are equally crucial for any regional organisation, such as SADC. Legal-rational forms of control and effective role performance depend, in part, on the administrative and organisational structure, and how responsibilities, functions and corresponding power and authority are distributed or delegated in a centralisation-decentralisation continuum. Indicators of administrative capacity might include the ability to fill crucial vacant positions, the turnover of top officials over time, the number of expatriates involved in government operations, measures of the level of service delivery, and other performance indicators.

State technical and professional capacity, which is linked to administrative and regulatory capacities, includes the expertise and knowledge required to make and implement technical

and professional decisions, as well as the policy tools and instruments for macroeconomic management and for implementing decisions effectively. These might include establishing and monitoring standards for cross border imports, managing a crawling peg exchange rate, or evaluating the engineering plans for a proposed bridge. The indicators of technical and professional capacity might include the scope and timely production of statistical and information services, the number of trained accountants and economists in the public sector, or the presence of effective policy instruments such as a think-tank, economic or project planning bureau. SADC needs experts to prepare plans and to monitor and evaluate its programmes, plans, and projects.

Institutional and state extractive and financial capacity is a measure of the ability of an organisation or a government to raise the revenue it needs to implement its policies and goals. This dimension of state capacity is regarded by some development analysts (such as Brautigam, 1996 and Skocpol, 1985; Hyden and Court, 2002) as the most important element of institutional or state capacity. This is mainly because financing capacity can be used to increase other forms of state capacity. As insightfully noted by sociologist Theda Skocpol (1985: 17), "a state's means of raising and deploying financial resources tell us more than could any other single factor about its existing (and immediate potential) capacities to create or strengthen state organisations, to employ personnel, to co-opt political support, to subsidise economic enterprises, and to fund social programmes". Whether one takes a historical or comparative perspective (Maipose and Matsheka, 2008), indicators of state extractive and financial capacity which are relevant and applied for discussion include the ratio of revenue to GNP, the relative weight of different categories of revenue (as some require less effort to collect, and some are vulnerable), and the degree of fiscal self-reliance or aid dependency. Thus, assessing state extractive and financial capacity is basically an analysis of the institutional capacity for financing SADC and its member governments, including implications for foreign aid and public borrowing to finance budget deficits.

SADC structure and capacity situational analysis

The whole issue concerning how to organise the administrative system has its roots in the controversial 'structure-performance hypothesis'. It is based on a core assumption, which has been operationalised over the years, that performance of an organisation is a function of the manner in which it is structured in formal terms. This proposition has a long intellectual and empirical history, involving its ardent believers and its outright sceptics. The structure-performance hypothesis is logically rational and widely acknowledged. Actually, it is the main basis for structural administrative reforms. Without going into controversy, one can say that an appropriate administrative structure is a necessary but not a sufficient condition for administrative performance. Administrative reform itself may be above all a response to political pressure, with any performance results (in a down-to-earth sense) incidental or taken for granted (Schaffer, 1973).

It has been noted that, in many African countries, the political survival of those in power, or just their anxiety to be seen to be doing something about present evils or follow "the wind of change", may be a prime reason for administrative reform – not necessarily in accordance with imperatives of perceived better organisational performance (Tordoff, 1993: 124-129). Problems of achieving deeper integration and poverty alleviation are capacity related with capacity broadly defined, ranging from structure to issues of political will and commitment,

governance and financial resource mobilisation (Meyns, 2001; Phirinyane, 2002).

Structurally, and as shown in appendixes A and B, SADC is governed by the SADC Summit at the top of the hierarchy, followed by other policy making structures: the SADC Council, Ministerial Committees and Clusters, and Standing Committees. To enhance consistency, institutional memory and continuity, all these SADC policy organs have interlocking chairpersonship, known as the Troika system (Oosthuizen, 2006). Each of these troikas comprises the relevant body's current, outgoing, and incoming chairpersons, and may co-opt other members. The troika system applies to all policy organs with some variations, but they all function by consensus (and may create *ad hoc* committees and determine their own rules of procedure). It is a requirement for a chairperson to consult with the respective SADC troika in the exercise of his or her duties.

On the management and administrative side, the principal executive institution is the SADC Secretariat, supported by the SADC Tribunal (the adjudicatory institution), SADC subsidiary organisations (such as Development Finance and Resource; River Basin Organisation), and Centres of Excellence, such the Centre of Specialisation in Public Administration and Management (CESPAM) for top level training, housed at the University of Botswana. At national level, SADC has national coordination structures, such as SADC National Committees and National Contact Points. These are administratively supported by national implementing structures, such as Sector Ministries, and Sector Agencies. Elections and appointments, as well as powers and functions of these institutions, are documented in SADC treaties and related documents (Oosthuizen, 2006; SADC, 2008d). Until quite recently, following the formulation of the Regional Integrated Strategic Development Plan (RISDP) in 2003, the regional integration agenda has been predominantly driven by SADC and its member governments – raising governance-related capacity constraints. A number of points are worth noting.

SADC's predecessor was the Southern African Development Coordination Conference (SADCC) which started in 1980. It was a transformed regional organ from the Front Line States and had important implications for how SADC started to operate, and on the pace of restructuring (Meyns, 2001). SADCC founders, who had organised in the mid-1970s as a group of Heads of State and Governments committed to the support of the liberation struggle in southern Africa, "opted for a loosely-knit decentralised form of organisation" underpinned by a mechanism of "sector development coordination through which functional areas of cooperation were identified and support sought from international donors for priority regional development projects" (Meyns, 2001: 61).

The institutional structure of SADC's predecessor did not have a headquarters or secretariat to initiate and implement development policies and programmes. The areas of cooperation, through the strategy of sector development coordination, were assigned to individual member states and administered by them as sectoral units in their home countries and under their own administrative and financial responsibilities. Thus, although the areas of SADCC-supported cooperation were essential components of the SADCC programme of action, and donor funding was raised under the spirit of regional support, such sectors or areas of regional cooperation did not institutionally belong to SADCC as such but to individual SADCC member states, except for a few projects, such as the Southern African Centre for Cooperation in Agricultural Research (SACCAR), which were designated to operate as Sectoral Commissions (Mandaza and Tostensen, 1994: 144; Meyns, 2001: 61).

This structure enhanced the active involvement of all member states in both the work and responsibilities of SADCC. It enabled member states to see the benefits of cooperation, thereby giving them a sense of ownership, and encouraging them to develop closer ties with SADCC. Under this organisational structure, SADCC was seen and operated as an instrument for

enhancing capacity-building, fortifying the sovereignty of individual member states against their common enemy – apartheid South Africa. SADCC structure was found to be good enough for the main objectives of enhancing cooperation among the independent countries in the region, and reducing their dependence on the then white-ruled apartheid South Africa by promoting regional interdependence.

When SADCC was transformed into SADC – endorsing deeper economic cooperation and development integration strategy as well as promoting democracy and good governance – the Sector Coordinating Units (SCUs), a decentralised structure, remained the preferred mode of operation. They largely continued to determine the institutional setup of SADC. They remained in force for about ten years after the inception of SADC. However, the structure increasingly proved inadequate for the task of regional integration. It was replaced by the centralised SADC's organisational framework by creating the regional clusters listed above. Many became operational after 2001.

The new SADC structure puts, to some degree, the responsibility on SADC member states to fully develop and empower the SADC secretariat to carry out its mandate effectively and better serve the member states. In the final analysis, this obligation has not, ironically, been taken seriously by member states (Meyns, 2001). It is widely known, and repeatedly admitted by SADC, that the implementation of the 'new' dispensation leaves much to be desired due to various capacity-related challenges. These range from the level of commitment by the main stakeholders to the funding of the enlarged Secretariat and the Directorates (SADC 1994, 2008b). However, progress must ultimately be assessed in respect of the real change possible with a given level of institutional capacity to achieve intended objectives, in order to be able to suggest appropriate interventions to enhance capacity.

Regulatory capacity is, in many respects, crucial and can be seen as the hub of many aspects of regional integration and harmonisation of state-market relations (such as trade liberalisation) and societal regulation. Indicators of regulatory capacity are many – ranging from the ability of the state to enforce its rules and ensure public order, to related regional and international matters such as customs and immigration. They include enforcing or complying with trade barriers and tariffs, either by loosening or removing them in line with many other agreements and protocols surrounding regional integration.

The situation on the ground in the SADC area gives much cause for hope in terms of political and economic liberalisation within the member states. All SADC member states have multiparty democratic systems of governance. They have enjoyed an unprecedented period of political stability, except for a few countries, such as Zimbabwe and DRC, where the quality of governance has continued to be widely questioned. Similarly, most key fundamentals for good economic management are largely in place: restoring macroeconomic stability and sustained growth, and providing a basis for achieving set targets for macroeconomic convergence (Hansohm and Shilimela, 2006: 25-26).

Although most targets for macroeconomic convergence (such as striving to comply with inflation rates, budget deficit to GDP ratios, public debt to GDP ratios, etc) are merely given in terms of what needs to be achieved by various dates, what is encouraging about SADC is that there are consistent downward trends for the region, and for most individual member states (Hansohm and Shilimela, 2006: 27, Table 16). These are clear indication of some success, although capacity challenges exist in consolidating and improving on what has been achieved.

There are some grounds for worry in crucial areas of regional integration, especially in trade and the movement of people. For example, it is still easier for Europeans to enter SADC countries than for SADC nationals to move within the SADC region. The control of illegal activities is a

continuing problem. Although much appears to have been achieved in the area of ratifying trade liberalisation, trade among SADC member states (other than trade between South Africa and its immediate neighbours, especially the smaller members of SACU) is still minimal (Hansohm and Shilimela, 2006). Implementation of the related protocols has tended to be slow and largely ignored.

Inability to achieve some of the main objectives of integration may not simply be an indication of lack of SADC's capacity in general. This is one of the situations where we need to make a clear separation between institutional capacity at the regional or SADC secretariat level and that of SADC member states. For example, although the RISDP and other policies and strategies that the SADC secretariat has adopted constantly flag the importance of economic diversification, industrial development, trade and investment, the same policies are actually short on details and are fraught with practical difficulties, such as how to deal with or compensate poor SADC countries which are worried about loss of revenue stemming from the lowering and removal of trade barriers.

The SADC secretariat has had problems in ensuring that these regulatory policies are ratified in time, let alone implemented, even when they are overwhelmingly ratified. In this respect, some member states seem to see SADC as a talk shop among formal equals, with little need for a stronger SADC Secretariat. Paradoxically, some SADC member states, such as South Africa, which have capacity and stand to benefit most from free trade, have been reluctant or slow to comply with free trade protocols because they are the main beneficiaries from the status quo, or are afraid that imports from other countries will flood their market and threaten jobs, or prefer SACU to SADC.

At the national level, the ability of society to evade the state's rules can, for example, be seen in the toleration of widespread or uncontrolled 'shanty compounds'. In this regard, the SADC secretariat has not come up with any policy or regulatory measures to guide member states. The problem with many SADC member states relates to low capacity or just sheer negligence (the soft state syndrome) to enforce the regulatory measures in place.

For informal sector business enterprises, SADC and member states have policies and institutional frameworks that somewhat address 'informality' as essential pathways to employment creation and poverty reduction, though it must be mentioned that many member states have dragged their feet in complying with SADC policies in this respect. However, it should be acknowledged that the other component of the informal sector, namely the widespread illegal structures including houses in non-designated and unserved areas with illegal connections of water, electricity, etc, are to some degree manifestations of a weak state regulatory system found in nearly all SADC member states (Botswana is to a large extent an exception). The residents of these areas can be described, as elsewhere in many developing countries, as 'daylight invaders' of every vacant space and 'undefended land', who build their own houses and seek their own water, sewerage services, electricity and related infrastructure through whatever informal means they can access (Maipose, 2002).

Some SADC member states (in the strong state category) have come up with strategies of making some informal residential areas formal, for example Gaborone in Botswana and Alexandria in South Africa.

The SADC secretariat has yet to come up with a regional strategic intervention, or to advise its member states in this area of state regulatory measures, although poverty in the SADC region is concentrated in these areas. This leads us to reflect on the related state capacity element – the administrative or managerial capacity.

Inability to get going – moving towards achieving the objectives of the ratified protocols

– is by and large a manifestation of the internal administrative capacity deficit of the Regional Secretariat and related organs tasked with implementation. This has been the main capacity problem of SADC (Oosthuizen, 2006; SADC, 2008c, SADC, 2008d). Building professionalism involves meritocratic recruitment of a properly compensated public service with a common *esprit de corps*. It also requires clear rules and procedures, with accountability achieved through review procedures that enforce rules. Although SADC has been faulted on the quality of its staff, the organisation's administrative capacity has been perpetually strained by inadequate numbers of staff, shortage of technical and professional staff and the organisational structure (SADC, 2008a). For this reason, the use of donor funded expatriates (technical assistance) remains relatively high. Some hold line positions and some serve formally as 'advisers', though the distinction is blurred in practice. This is one form of enhancing overall capacity, but not necessarily of building local capacity because this form of technical assistance tends to have high staff turnover and to end with project life. Hence the right intervention, as elaborated upon later, is to reform the supply side of capacity building efforts by moving from an aid-driven to a demand driven mechanism to emphasise local ownership and training.

Foreign aid efforts have directly and indirectly contributed to institutional, technical and professional weaknesses in SADC and in many member state governments. This occurs mainly through aid programme requirements for well-trained local staff (van de Walle and Johnston 1996: 28-29). According to this source, the donors and aid-funded NGOs have been instrumental in poaching experienced technical and professional staff whose skill levels have been effectively raised through the counterpart training and education programmes of SADC member governments. The explanation is simple. Aid-funded projects offer international-level salaries that tend to be many times higher than what SADC and member governments offer. Similarly, donors' increased support for local NGOs creates incentives for civil servants to shift from public sector jobs in related ministries. While this does not deprive SADC and its member states of national staff, it does illustrate SADC's internal staff capacity problem and a related problem of how to ensure accountability of these NGOs.

The need to build capacity in the SADC secretariat and its member governments is equally important for nongovernmental entities which are sometimes used as agencies for public service delivery. This is encouraged by SADC. It provides capacity that SADC Secretariat and member state governments can and do tap as needed, through consultancies that can be drawn in for critical policy-relevant discussions, or that can serve as a pressure point to build political demand for better government performance. Short-term project-related training does little to develop important professional values. Obviously most of the above observations recognise the importance of training and retention of well-remunerated staff and these are, to a significant degree, dependent on the financial capacity of SADC and its member governments.

The mobilising of financial resources was identified in the introductory section as the most fundamental dimension of organisational capacity, because financial capacity pays for the other dimensions of capacity. On paper, a restructured SADC now places emphasis on financial independence, in particular because member states are expected to foot the bill for running the SADC Secretariat and the governing bodies.

In practice, however, SADC suffers from serious lack of financial capacity, and unfortunately it does not even have capacity for prudent utilisation of funds, especially foreign aid (Isaksen, 2003; Tjønneland, 2008). It was denied in our interviews that SADC remains donor-driven. It was said that the organisation is determined not to revert to the old days before restructuring. But SADC is still highly dependent on donors. This is the case for both the secretariat and the organisations that run SADC projects (Isaksen, 2003; SADC 2008c). This means that both

SADC's extractive and financing and absorptive capacities are low – a unique combination, requiring a unique intervention.

The problem may be partly attributed to the fact that some crucial elements of the restructuring process fell far behind schedule, such as producing and implementing the RISDP, but “mainly because of the failure to accurately assess the size of the task against the capacity of the Secretariat” (Isaksen, 2003: 215). To complicate the situation, foreign aid claims a large share of national budgets in all SADC member states, with the exception of Botswana, South Africa and Namibia, the most developed economies of the region; Whitfield, 2009). We have reserved mentioning implications for Zimbabwe and Democratic Republic of Congo that have been in their own political and socioeconomic crises.

The most unfortunate aspect of the financial capacity problem is the high degree of aid dependency, seemingly on a perpetual footing in the SADC secretariat and most of its member states. Yet aid was never intended to substitute indefinitely for a country's ability to raise its own resources. In Africa, and in the SADC region in particular, the debt crisis and the economic turmoil that followed, as well as loss of policy ownership arising from high aid dependency, created the stimulus for greater efficiency in government's extractive and financial capacity, and this experience informed, or is claimed to have informed, SADC's restructuring exercise and the need for greater financial independence.

In this regard, it would be useful to analyse how interventions to enhance SADC's extractive and financial budget capacity have been conceived. Figures are illustrative. First, although membership contributions pay for most of SADC's administrative and coordination function (operational costs), the contribution from foreign donors fluctuates at around 40 per cent. Funding of SADC projects (which are development activities) comes mainly from foreign donors, estimated at around 80 per cent (Oosthuizen 2006: 179-180), a very high contribution indeed.

Secondly, the situation has not improved, judging from the recent estimated overall cost of the Secretariat capacity development exercise. According to the SADC Secretariat Business Plan of 2008/09, out of the estimated total cost of US\$18.4 million, only US\$4.6 million will be contributed by SADC member states. The remaining amount of US\$13.8 million is expected to be mobilised from foreign donors (SADC, 2008c: 12). It is clear that SADC is highly dependent on foreign donor assistance – a vulnerable source of funding, and a clear illustration of limited regional extractive capacity. Strategic interventions for enhancing extractive and financial capacity, as in other areas of institutional capacity, can now be discussed in a holistic manner because they are interrelated.

The state of institutional capacity and strategic interventions in SADC

SADC's efforts to build institutional capacity, as in sub-Saharan Africa in general, are going to take time, just as they have done in other parts of the world (Oluwu and Sako, 2002). What is crucial is the nature and ownership of the chosen strategic (policy) interventions, and commitment to achieving intended objectives. Ability to achieve intended objectives can be enhanced by building or strengthening five mutually reinforcing components of state capacity that have been identified and briefly discussed above: quality of governance and leadership, regulatory, administrative, technical and professional, extractive and financial. These have been analytically disentangled for focused discussion of strategic interventions. For example, committed leadership is critical for achieving all policy objectives of regional integration (Meyns, 2001; Othata, 2008); and to

support local ownership, foreign aid should always or should at least strive to be subsidiary to programmes conceived locally (Tjønne and Dube, 2007).

Our review of the literature and insight from interviews suggest that SADC institutional framework, types and institutional structures, seem to be well conceived and can deliver, because they are, by and large, based on and benchmarked with some best practices. Concerns have been raised mainly with regard to the pace at which protocols are ratified, largely because SADC institutional management structures (both at the SADC secretariat and the national membership levels) face severe capacity constraints. Some strategic interventions below are discussed in this light.

First and foremost, the main common objective of the SADC Treaty is to “achieve development and economic growth, alleviate poverty, enhance the standard and quality of life of southern Africa, and support the socially disadvantaged through regional integration. The restructuring of SADC institutions – regional and national – and the formulation of the RISDP and the Strategic Indicative Plan for the Organ (SIPO) for the SADC Secretariat are seen as milestones and instruments in the strengthening of regional cooperation and integration, and most importantly in providing a strategic direction for the SADC member states to achieve their common agenda” (SADC, 2008c: 2). However, from the perspective of capacity building and development, the creation of SADC and the subsequent restructuring of SADC institutions, have exposed a number of capacity-related organisational and functional challenges for strategic interventions both at the SADC secretariat and country membership levels.

Capacity Challenges and Possible Strategic Interventions

First, one of the main capacity-related problems for the SADC secretariat and SADC member states stems from the multiplicity of membership in regional bodies, with more or less the same development objectives. SADC, with its main current objective of regional integration, coexists with some similar regional organs, particularly COMESA, EAC and SACU, entailing multiple membership and competition for space in terms of resources and political commitment. Although these regional organs are rationalised as blocks for eventual African Union or United States of Africa, one cannot ignore the implications of ‘sunk costs’ or opportunity costs, the need for freeing tied resources, and relational and operational challenges that these regional institutions pose. Hence, there is a need for new or continued strategic interventions in this regard to make more effective use of existing scarce resources, smooth institutional relationships, facilitate learning from each other, and to enhance harmonisation with a common agenda to merge into one regional organ.

All these possibilities have direct implications for SADC capacity building. It follows that strategies to build a more capable regional organ for socioeconomic integration will need to tackle resource and operational problems created by the existence of multiple regional organs (with more or less the same objectives) while finding a way to tap the skills that many of these entities possess. Shilimela (2008: 16-21) notes that southern Africa needs to go beyond the simple harmonisation of policies and programmes to create a climate of confidence and trust and establish an effective regional community.

In this regard, it is imperative to resolve the impasse around SADC and three other regional organs with overlapping trade integration agreements (that is SACU, COMESA and EAC), and arguably to explore the feasibility of merging into one organ. This would release the overstretched financial and human resources to strengthen one regional organ because many countries belong to more than one agreement.

The problem at the moment seems to be clear. SADC member states committed to steady support for SADC Secretariat capacity development face the dilemma that while resources to support a well-functioning SADC with relatively well-remunerated officials must be found, these resources are needed in the other under-resourced, but equally politically protected, regional organs.

Second, the new restructured SADC involved a deliberate 'paradigm shift' towards centralisation of functions in the SADC Secretariat from a decentralised mode of Sector Coordination Units of the earlier institutional arrangement (Chipeta, 2006). This orientation, especially the way restructuring has been proceeding so far, has its own capacity related challenges. The new SADC is heavily loaded functionally. Functions that were previously decentralised and carried out by the civil servants (mainly through secondment or assigned with other jobs), Sector Coordination Units in respective SADC member states, together with newly defined functions, are now centralised at SADC Secretariat level.

Although the performance of the Sector Coordination Units under the old structures was extremely uneven (and there was not much that SADC Secretariat could do about it), the new structure has placed severe capacity constraints on the SADC Secretariat, and this calls for holistic interventions to build institutional capacity. As the framework for SADC Secretariat Capacity Development (SADC, 2008d: 4) acknowledges, the Secretariat is expected to function as:

- (a) A regional centre for enhancing good governance – perceived as the conscious management of regime structures with a view to enhancing the legitimacy of the public realm, multiparty democratic governance, rule of law, respect for human rights, etc.
- (b) A 'regional government' with authority for purposeful action to guide, steer, regulate and control society, including member states and NGOs through which regional policies are implemented, though it is faced with challenges arising from sovereignty of member states and the relative autonomy of NGOs in the network.
- (c) A regional 'think tank', with capacity to plan and strategically advise and guide the member states on the implementation of the SADC common agenda and cross-cutting policies;
- (d) A principal regional executive centre and coordinator of policies, strategies and programmes designed to spearhead regional integration and implementation of policies to sustain regional economic growth and poverty reduction.
- (e) A regional provider of support services, such as legal, administrative, financial and procurement services to technical directorates and SADC National Committees; and to convene annual consultative conferences and meetings of the SADC policy-making structures;
- (f) A regional funding centre or regional 'Ministry of Finance and Development Planning', also responsible for professional and technical programme management, planning and budgeting, monitoring and evaluation of programmes, etc.

The above functions demonstrate the huge demands placed on the SADC Secretariat. Unfortunately, it cannot perform in the present set-up to the required standard, according to its own self-assessment report (SADC 2008d: 5) that noted "severe institutional capacity constraints as well as lack of requisite competencies for staff". Further, one can argue that some functions of the SADC secretariat have not been realistically conceived because the SADC secretariat is not a

regional or federal government, and cannot be. In the newly formulated the SADC Secretariat's Capacity Development Framework (SADC, 2008c), little or nothing is said about capacity at the SADC member state level. Surprisingly, the same capacity framework document does not make any reference to obligations of SADC member states to support the SADC secretariat in its capacity building effort.

As already noted, and elaborated upon in the recommendations below, SADC member states have the responsibility to fully develop and empower the SADC Secretariat to better serve the members. This may be demonstrated in many ways, such as timely payment of financial contributions, compliance with ratified protocols, and implementation of SADC policies and programmes. All the main dimensions of capacity that were discussed in the introductory section above apply to focused interventions to increase the capacity of the SADC Secretariat, including the implementation of specific policies and interventions for regional integration and poverty alleviation.

Thirdly, given the large number of stakeholders that need to work together and have a coordinated approach towards regional integration, the networks management strategy seems to be yet another area of required intervention to enhance SADC capacity to implement its policies. It seems that the restructuring of the SADC Secretariat capacity development framework is not sufficiently oriented for networking, and yet that would be the most appropriate intervention given the general capacity problem and the need to implement policies through sovereign member states, the relatively autonomous NGOs, and private companies (some of which may be contracted). The current SADC management strategy is mainly based on conventional 'hierarchical steering' – a modified version of the bureaucratic approach, which is resource intensive and organisationally flawed when it comes to inter-organisational networks, or what Kooiman (1993) called 'co-governance', a versatile intervention for managing complex networks (Kickert *et al.*, 1997).

Although relatively new, various authors have tried to describe networks management. The concept or rather the subject is summarised and comprehensively treated in a book by Kickert (1997) and his collaborators as already cited. Networks management is basically about "inter-organisational coordination that entails intervening in the existing structures of relationships in order to promote interactions appropriate for mobilising a concerted or coordinated effect consistent with the objective interdependencies of a problem situation" (Kickert *et al.*, 1997: 45). Networks develop and exist because of perceived interdependency between actors or organisations; and actors or organisations need each other's resources to achieve their goals. From these descriptions it can be deduced that networks management comprises three elements: intervention in an existing pattern of relations, consensus building, and problem solving in the context of interdependency and where individual organisation (given a machine metaphor or organised parts in some determinate order) cannot achieve intended objectives on its own.

Organisationally SADC, as a regional authority, can choose between governing structures: markets, hierarchies and networks. None of these structures for authoritatively allocating resources or values and exercising control and coordination is intrinsically 'good' or 'bad' and we cannot fault the newly approved SADC organisational structure as shown in Appendix B. The choice is a matter of practicality as well as capacity. The question is: under what conditions does each governing structure work effectively? Bureaucracy remains the prime example of hierarchy or coordination by administrative order and, for many changes, it is still a commonly used way of delivering services. Privatisation, such as doing business or implementing policies through private companies or contracting out, are examples of public organs using markets or quasi-markets to deliver services (Savas, 1987: 58-92).

What is less recognised is that public organs in SADC member states and the SADC secretariat itself work through networks characterised by trust and mutual adjustment. SADC, the regional organ, has created agencies which bypass or work with national governments. SADC uses special-purpose bodies including NGOs to deliver services. It also encourages public-private partnerships (Shilimela, 2008: 11). Clearly, a networks system for policy implementation and service delivery has become increasingly prominent for regional institutional frameworks (Rhodes, 1997; Pierre and Peters, 2000). Seemingly, it ought to be the dominant governing intervention structure for SADC where inter-organisational networks constitute the essential ingredients of the governance process. The explanation is simple: policies which have implications for regional integration (whether by the SADC secretariat or the SADC member states that ratify protocols) are made and implemented, or ought to be implemented in networks of independent actors: the SADC regional and national organs, SADC member state governments, private companies, and NGOs.

It follows that the governance attributes, and related administrative and technical capacities that are expected of the SADC secretariat are about "managing complex networks", to use the title of the book by Kickert et al. (1997). Given the financial and human resource constraints, SADC needs to take a 'strategic retreat' from being perceived as, or based on, an image of a super organ or 'regional government' standing above regional society and being able to "steer" it. The SADC Secretariat should strive towards networks management – that is become a regional network manager – in order to enhance its capacity for policy implementation.

Networks management recognises the importance of what Kooiman (1993: 1) described as "co-governance" – focusing on steering networks – a new form of steering which he described as "doing things together instead of doing them alone, neither by state or market". A glance at the SADC institutional framework, and the list of regional and national institutions and agencies for policy implementation, as articulated in the main policy documents (such as RISDP and SIPO) and shown in Appendixes A and B, confirms the relevance of the networks intervention approach for managing the process of regional integration and achieving the main objectives of sustained economic growth and poverty reduction.

Networks management strategy could be faulted for, or could give the erroneous impression, that it could create fertile ground for leading SADC to become a tool for foreign donors. This possibility is far fetched and cannot be ascribed to the network approach. By and large, SADC and its member states have increasingly owned aid-funded development policies; and where this does not apply they can reclaim both policy and aid ownership. It is now widely acknowledged that aid effectiveness and its ownership depends on the degree of control the aid recipients are able to secure over policy design and implementation (Whitfield and Maipose, 2008; Whitfield, 2009). Actually, networks management could make aid-funded programmes and projects truly collaborative, and inter-organisational networks could enable recipient governments to widen strategies to protect their policy sovereignty, because mutual trust constitutes one of the essential ingredients of the governance process.

The observations above have far-reaching consequences for understanding governance and public management. One of the major challenges with which public management and regional integration as a form of governance are confronted, is to deal with network-like situations, that is, situations of interdependence. Managing transition towards regional integration, as public management in general, should therefore be seen as networks management.

This chapter explores the question of what "networks management" is and, related to SADC, what kinds of strategy or intervention exist to govern complex policy processes in networks. As such the chapter may be seen as advocating steps towards applying a theory of network

management to SADC because its success depends on making and implementing regional integration policies in networks of relatively independent actors. Networks management is likely to make it relatively easy for regional governance to overcome inherited state-centred modes of operation, by building confidence and trust, to work with NGOs and recognise the need to build their capacity. They have some clear advantages as service providers, particularly in the social sector, and in advocacy for enhancing public accountability, irrespective of the source of funding, so long as policies are locally owned.

Fourth, there is an urgent need for Resource Mobilisation Intervention, especially financial resources, to enhance self-financing in order to reduce overdependence on foreign aid, and also to be able to build other capacities, such as human, technical and professional capacities, to enhance monitoring and evaluation functions. It is crucial to do this because SADC is highly dependent on foreign aid, a dependency that has been inherited from SADC's predecessor SADCC. Very little has been done over the years to reduce it. SADC could certainly be credited with creating favourable conditions for eventual regional integration, and there are infrastructural projects one can point to, but the major shortcoming, as noted in SADC reports (SADC, 1994; 2008b) has been the inability to mobilise significant levels of the region's own resources for implementation of its regional (SADC) programmes.

A new structure is in place regarding the resource mobilisation function (SADC, 2008b). The concern that is usually raised is that the rhetoric of policy makers has yet to be matched by commitment to supporting SADC by avoiding arrears in their financial obligations.

Capacity building and regional poverty reduction interventions

SADC capacity building and regional poverty reduction interventions can be focused on by analysing their expected impact on poverty reduction, and assessing SADC's institutional capacity for achieving these objectives. Again, it is necessary to have a clear appreciation of the impact at the SADC Secretariat level *vis-à-vis* the situation at the SADC member state level. The emphasis that the SADC Secretariat has placed in policy documents on poverty eradication is laudable. The RISDP, which is the framework for SADC achieving its development objectives, singles out poverty eradication as the overarching priority of regional integration (SADC, 2008d: 2).

The Regional Poverty Reduction Framework, a relatively new (draft) specific policy guideline on poverty, also makes it clear that "the ultimate objective of RISDP is to deepen regional integration with a view to accelerate poverty eradication and achieve other Millennium Development Goals (MDGs)". (SADC, 2007) However, while it is relatively easy to understand the logic of how deeper regional integration is expected to contribute to poverty reduction (such as the impact of sustained growth), institutional capacity to get things done and achieve objectives is taken for granted, and little or nothing has been done to articulate the role of the SADC member states in this process. Hence, the significance of interventions to enhance SADC's institutional capacity to deliver.

SADC's regional poverty reduction interventions spring from what is regarded as a truism that sustained economic growth is a necessary precondition for poverty reduction to be feasible, complemented by pro-poor strategies to ensure that the benefits of economic growth reach the poor. Most proponents of economic growth as a priority seem to bank on the 'trickle-down' mechanism to reduce poverty, i.e., that the benefits of economic growth tend to spread

throughout society more or less automatically through job creation and rising incomes. Others doubt the effectiveness of the 'trickle-down' mechanism and express concern about the distributional effects of economic growth without deliberate interventions to ensure a 'fairer' distribution.

Arguments are advanced, therefore, in favour of so-called 'pro-poor growth'. This is well captured in the SADC's regional poverty reduction framework. The poverty problem is also well conceived. It is recognised as a complex and multi-faceted problem, leading to poverty reduction strategies which are comprehensive and multi-pronged, as reflected in the World Bank's three-pronged strategy: promoting opportunities; facilitating empowerment; and enhancing security (World Bank, 1992). These issues may be analysed focusing on the following three areas in terms of policy and institutional capacity building:

- (a) Interventions to build institutional capacity for development and coordination of regional programmes that benefit the poor, integrating and mainstreaming pro-poor interventions in all regional programmes.
- (b) Acknowledging numerous national, bilateral, multilateral and NGO initiatives which have a bearing on the mainstreaming of poverty, and SADC's other socioeconomic, political, security policies and activities. These range from national development plans to poverty reduction papers and NGOs' efforts. Given the capacity constraints, harmonisation and, where possible, coordinated approaches could lead to better delivery, cut costs, and free the capacity of those having to implement, manage, and report on them.
- (c) Specific interventions for growth and poverty reduction.

Interventions for growth and poverty reduction can be illustrated by linking this issue with a rights-based approach. In analysing SADC's capacity to enhance regional economic growth and poverty reduction, it is important to note first and foremost that SADC's role is crucial but mainly in an indirect way – through the crucial strategic interventions to which SADC has committed itself. The crucial policies and interventions for regional integration, especially removal of trade barriers regionally, and ensuring better deals for SADC countries in their foreign markets, have a direct impact on growth, and on poverty reduction to the extent that the "trickle-down" mechanism does work.

Promoting good governance, and regional peace and stability, creates an environment that is conducive to national development and foreign investment, with a direct positive impact on growth, employment and poverty. Regional cases of high growth in Mozambique and Angola after civil wars are illustrative. To deepen this further and consolidate what has been achieved, it is imperative, first to recognise the significance of the rights-based approach to development and its implications for quality of governance, and second to enforce governance standards by having effective peer review instruments.

The peer review framework for macroeconomic policies is important to keep good economic governance on track. Infrastructure investment has loosened infrastructural constraints, and is visible development in support of regional integration. Other interventions of crucial significance are special programmes of regional dimension under Education and Human Resource Development, and, most importantly, health, HIV/AIDS and other communicable diseases.

The importance of the Regional Poverty Reduction Intervention (Framework) cannot be over-emphasised. What is surprising is that although poverty reduction has been one of

the main objectives of SADC and a priority area in RISDP, the SADC secretariat has had no specific regional instrument on poverty reduction until the recent policy proposal. Even then, what SADC has is a working or background policy document (*A Regional Strategy for Poverty Reduction*), which has yet to be finalised, approved and ratified (SADC, 2008d).

Unlike SADC, nearly all SADC member states have Poverty Reduction Strategy Papers (Osei-Hwedie, 2008). Most countries in the region embarked on these strategies as part of the conditions for debt relief under the Heavily Indebted Poor Countries (HIPC) initiative. HIPC required a country to prepare a wide-ranging Poverty Reduction Strategy Paper (PRSP) that demonstrated its intention to use the resources by debt relief for poverty-reduction purposes. The PRSP document should also involve broad participation by civil society and other domestic stake-holders, to foster "national ownership", promote political legitimacy and thereby facilitate its effective implementation (Kessy and Tostensen, 2008: 4). Poverty reduction strategies have been adopted by all SADC members, including non-HIPCs like Namibia, Botswana and South Africa. The regional strategy on poverty eradication proposed by the SADC Secretariat can partly be seen as a move to rationalise what member states already have in place, with emphasis on regional dimensions. This entails refining some of the already adopted protocols and instruments.

One of the main lessons of this experience is that conditional aid has 'forced' the aid recipient countries to focus on poverty. This may be seen as a new window of opportunity for the war on poverty at SADC member states' level intervention, but (and this is important to note) it may not be sustained unless the policy and institutional mechanism are truly owned locally and aid continues to be effective in this regard. To fortify this opportunity, SADC should encourage, foster and consolidate democratisation (to enhance empowerment), enforced through peer framework standards. At the national level, civil society needs to be strengthened to champion the rights-based approach to development, and poverty reduction in particular. As reflected in the 2000 Human Development Report (UNDP, 2000), the rights-based approach to governance has three main advantages, as below.

First, good governance is seen as a public good that citizens should be entitled to. Second, a rights-based approach draws attention to the importance of norms and rules, a crucial basis for enforcing accountability. Third, by focusing on entitlements, a rights-based intervention approach recognises that the poor are not the subject of charity and benevolence by governments or the rich, that they are entitled to a decent standard of living, and that rights are the vehicle for their participation and empowerment.

Trade integration, as a key component, is pursued within a context of complementary policies and measures, including convergence of SADC economies, cooperation in financial services, and promotion of cross-border investment. Although a lot has been done in implementing the SADC Protocols on Trade and Finance, and on Investment, and their related instruments, these SADC initiatives need to be part of a comprehensive and multi-pronged strategy in order to have a major effect on the poor. It is widely recognised that poverty is complex and multi-faceted – calling for strategies that are multi-pronged. It is therefore necessary to have specific regional interventions that would support national pro-poor efforts.

To promote opportunities, for example, intervention areas that could have an immediate impact on reducing poverty in the short to medium term include small and medium enterprises, farmers, informal sector activities, regional microfinance industry, regional craft industry and cross border (informal) trade. The challenge is how to open up these spaces while at the same time having viable and effective regulatory capacity to address the problem that we discussed in the introductory section. Almost all the SADC member states have relevant institutions,

such as credit facilities for small business enterprises, but these have not, by and large, been functioning well largely due to funding and management limitations. The SADC Secretariat can complement efforts by the SADC member states through regional development institutions, such as the proposed SADC Development Bank, with specific sections focusing on pro-poor support initiatives (SADC, 2008b, 2008c).

The significance of this intervention can be illustrated by focusing, as an example, on the thriving informal sector that has very strong linkages with the formal sector, as acknowledged in the draft SADC poverty reduction framework (SADC, 2008d). This sector continues to grow and it supports a very large number of people. Although the informal sector deprives the member states of important direct fiscal revenues and evades regulatory measures, the sector's contribution to employment creation and therefore poverty reduction is enormous. Therefore, in order for it to flourish and to act as a springboard into formal business entities, care must be taken to ensure that regulations for the informal sector are beneficial for this sector, and do not frustrate or kill off informal sector enterprises. A workable intervention under a viable regulatory system will have to be informed by studies with common objectives. The SADC Trade Protocol does not make special provision for those in the informal sector. This has adverse implications for informal enterprises involved in cross-border trade. For example, while the trade protocol allows free movement of certain goods, informal traders dealing in the same goods (say building materials that are duty free) tend to be harassed or forced to bribe officers or refused entry. Most informal sector traders engaged in international trade (whether they are selling crafts or manufactured goods, including imported vehicles) negotiate the regulatory frameworks, such as migration permits or visas and paying duties or VAT at the point of purchase. Yet these could be accommodated by making the regulatory framework conducive to the development of emerging small businesses from the informal sector – a focused approach to make informal enterprises eventually formal.

Monitoring and evaluation is another critical area of necessary intervention, especially monitoring compliance with agreed regional policies. Unfortunately, the SADC Secretariat still lacks capacity in this area (Hansohm and Shilimela, 2006; SADC, 2008d: 71). Cross-country poverty analysis and monitoring would be beneficial to all countries and would stir progress in the fight against poverty. It would also add value to regional poverty work by facilitating harmonisation of indicators, standards and methods. Strengthening capacity for poverty work at regional and national levels could kick start the activities and give priority to building capacity at the SADC Secretariat for addressing poverty issues at the SADC member states' level. The main objective is to improve analytical capacity for integrating poverty and social dimensions in the SADC peer review process, and the monitoring of performance. This capacity building for poverty work could extend to SADC National Committees which coordinate regional poverty interventions at national levels.

Conclusion and recommendations

The main observation of this chapter, based on SADC's acknowledgement, is that SADC suffers from a serious institutional capacity deficit, and this applies to all the main dimensions of capacity that are identified in the introductory section. SADC shares this capacity problem with most of its member states. This conclusion may be seen as a rephrasing of the observation made by the SADC Summit at its ordinary meeting in August 2006 that SADC's main capacity problem is the culture of poor implementation and that member states assume obligations that are unenforceable and

nonbinding (SADC 2008d: 3). Thus, the need to monitor and evaluate implementation capacity in SADC is our main recommendation. This is a complex issue that needs to be given more attention than has been the case so far. In spite of the general low implementation capacity, we have acknowledged (with some examples) that SADC has had some successes too. Noticeably, significant efforts have been made in the area of democratisation since the mid-1990s with periodic elections increasingly monitored by SADC observers. This is generally in line with the required institutional context for facilitating empowerment of the poor. The region has enjoyed, by and large, an unprecedented level of peace, security and stability, though these need consolidating and defending to avoid reversals. General economic liberalisation is largely in place – a crucial institutional context for promoting economic opportunities. Most member states' economies have been in sustainable growth gear (Appendix C). It is a truism that economic growth is a necessary precondition for poverty reduction. However, for a significant dent to be made on a poverty problem, economic growth rates need to be broad based and sustained at high levels over a long period of time; and we have drawn attention to the significance of the pattern and distribution of economic growth among social groups, including the poor, through policy and institutional choices. The free trade area protocol (one of the key policies for regional integration) has been ratified, effective 2008, though a lot more needs to be done.

At the centre of the new restructured SADC institutional capacity problem is SADC's ability to implement its policies, in support of its ability to set the policy agenda and maintain ownership. Through the provision of consultants and technical assistants, the SADC secretariat does not necessarily lack planning and policy-making capacity, but SADC is rather stuck with both implementation and management problems (mainly arising from insufficient support from member states and inability to network effectively), and also an aid dependency syndrome in which it is easy to rely on donor funding and technical assistance. Given this context, the required intervention is to enhance networks management skills as SADC continues with its long process of building capacity, and to increase financial capacity so as to reduce aid dependency and be able to build other forms of management capacity.

SADC's efforts to build better governance are going to take a long time, as they have in other parts of the world with best practices, such the EU, which may be benchmarked. Institutional capacity can be enhanced by strengthening five mutually reinforcing components of state capacity: governance and leadership capacity; regulatory capacity; administrative capacity; technical and professional capacity. The importance of enhancing self-financing has been noted repeatedly (Chipeta, 1997; Isaksen, 2003; Chipeta 2006). Self-financing capacity fortifies policy ownership as well as capacity to create or strengthen state organisations, employ and retain qualified personnel, co-opt political support, subsidise economic enterprises, and fund social programmes (Skocpol, 1985: 17). Thus, intervention to increase state extractive capacity is critical for SADC's regional integration and poverty reduction agenda.

There are also real issues related to commitment and leadership by SADC member states versus policy implementation capacity. Distinguishing between a lack of implementation capacity and a lack of commitment (or political will), and gauging the latter, is not straightforward. But certain actions repeatedly raise questions about members' commitment to aspects of SADC's objectives, policies, and activities. Given the long list of obstacles and challenges that the SADC Secretariat faces (MetaCom, 2005), it may seem unfair to describe the SADC secretariat as incompetent and inefficient. Organisations responsible for implementation may not be blamed when required resources have not been committed (Pressman and Wildavsky, 1983). There are also challenges related to inter-organisational relations and networks management (Klijn, 1996). In addition to manpower resource and organisational challenges, the resource that SADC

Secretariat needs most is more support and commitment from its member states than has been the case so far. This problem has been compounded by the adverse effects of the multiplicity of memberships (SACU, COMESA and EAC) on institutional capabilities. Further, it is possible that lack of or limited commitment lies in the changed attitudes of a new generation of leaders. There may be a difference between the 'founding fathers' of independence in the region who were 'Pan-Africanists' with charisma and ideological zeal, and the so called 'New Deal' African leaders who are largely pragmatic in approach and lack the charisma necessary to push things through. There may be an absence of big and motivating regional leadership in SADC, as compared with what Germany and France have been in the EU in leading regional commitment to integration. This issue, which has not been covered here, could be another area of scholarly investigation, as could a comparative study of integration experiences, covering say SADC, COMESA and EAC, to provide valuable lessons and inform possible intervention strategies.

In the area of trade and economic development, the key capacity-related interventions for regional integration involve what can be done to deepen trade liberalisation, through phasing down or elimination of tariff and non-tariff barriers and compliance with related protocols. While a lot has been done to put into effect some of the protocols, compliance and implementation of the crucial protocols, especially the free trade area which became effective in 2008, has been stalled. This is a common implementation problem. To accelerate regional integration in this respect, there must be (as a specific recommendation) mutual accountability, regular monitoring, an auditing and reporting mechanism and sanctions for those countries that fail to comply with agreed targets and commitments.

To enhance SADC's capacity to attain its objectives, this chapter has explored a number of interventions. These are focused on enhancing networks management as the most appropriate strategy given SADC's institutional implementation capacity constraint. Networks management is likely to enhance internalisation and understanding of the roles of Sector National Committees (SNCs) by stakeholders. We have also identified the need for a resource mobilisation strategy to increase self-financing and reduce dependence on donors, and to build capacity for monitoring and evaluation. Fortunately, SADC already has a relatively well-conceived draft framework for resource mobilisation (SADC, 2008b). What needs to be done is to fine tune the framework and push for ratification and implementation as soon as possible.

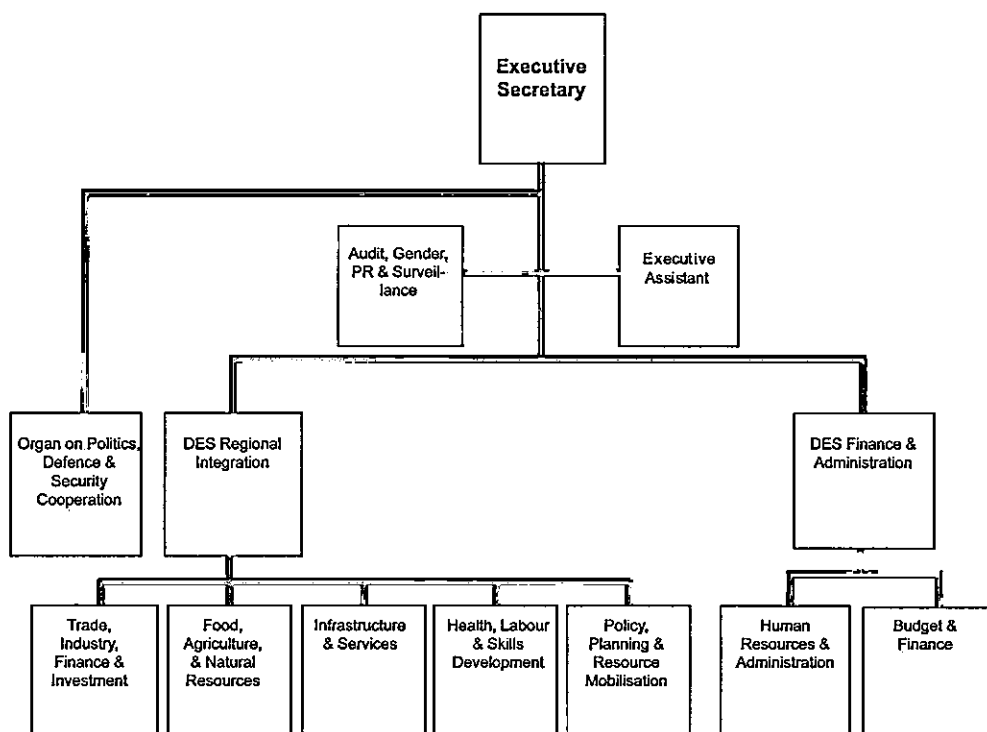
Similarly, for growth and poverty reduction what has been advocated here is the need to refine the region's interventions, as soon as possible, to complement member states' existing strategies, and to make specific pro-poor interventions, targeting the informal sector since benefits of growth do not reach the poor without interventions. Although poverty reduction has been accorded top priority in the RISDP and SIPO, it has not been operationalised in the sense that it has not been adequately addressed for implementation purposes. The draft regional poverty reduction framework (SADC 2008d) seems to be well conceived in terms of coverage, priority areas and the need for a rights-based approach, but it is not coherent enough for translating policies into implementation. Since economic growth does not automatically translate into inclusive social development and poverty eradication, regional poverty reduction strategies need to be clearer on how to eradicate poverty to complement and bolster the national interventions in the fight against poverty across the region. These interventions should include building institutional capacity for development and coordination of regional programmes that benefit the poor, as well as integrating and mainstreaming pro-poor interventions in all regional programmes.

Appendix A: SADC Institutional Framework

Type of SADC Institutional Structure	Institution/Organisation	Levels of Intervention
Governing and Policy Decision-making Structures	SUMMIT; Double TROIKA, SADC COUNCIL, Ministerial Committees/Clusters, Standing Committees	Regional
Principal Executive Institution	SADC SECRETARIAT	Regional
Other SADC Institutions	SADC Tribunal	Regional
SADC Subsidiary Organisations	Development Finance and Resource Centre (DFRC), River Basin Organisations (RBOs), Southern Africa Power Pool (SAPP), Regional Electricity Regulators Association (RERA), Regional Peace Training Centre (RPTC), etc.	Regional
Centres of Excellence	Centre of Specialisation in Public Administration and Management (CESPAM), etc.	Regional
National Coordination Structures	SADC National Committees, National Contact Points	National
National Implementation Structures	Sector Ministries, sector agencies at Member State level	National

Source: SADC (2008d) *Secretariat Capacity Development Framework, 18-20 April 2008, Pailles, Mauritius*

Appendix B: Organogram of the new SADC Secretariat



Appendix C: Real GDP growth (%) in SADC (1995-2004)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Angola	10.7	11.3	7.7	5.5	2.7	3.6	5.2	15.5	5.2	—
Botswana	3.2	5.5	5.6	8.1	4.1	6.6	8.6	2.1	7.8	5.7
DRC	0.7	-1.1	-5.4	-1.7	-4.3	-6.9	-2.1	3.5	5.8	6.6
Lesotho	4.4	10.0	8.1	-4.6	2.2	1.3	3.2	3.5	3.3	3.4
Malawi	13.8	10.9	5.0	3.3	6.7	0.8	-4.1	2.1	3.9	4.6
Mauritius	5.6	6.2	5.6	5.8	6.8	9.3	5.6	2.1	3.9	4.1
Mozambique	3.3	6.8	11.3	12.1	9.0	1.9	13.1	8.7	7.9	—
Namibia	5.1	3.0	2.6	2.4	2.9	3.5	2.4	2.5	3.7	—
South Africa	3.1	4.3	2.6	0.5	2.4	4.2	2.7	3.6	2.8	3.7
Swaziland	3.8	3.3	3.8	3.3	3.5	2.0	1.8	2.8	—	—
Tanzania	3.6	4.2	3.3	4.0	4.8	4.9	5.7	6.2	5.7	6.7
Zambia	-2.2	6.9	3.3	1.9	2.2	4.0	5.0	3.0	4.0	5.0
Zimbabwe	0.2	9.7	1.4	0.5	-3.6	-7.9	-2.8	-5.7	-8.3	-2.5

Source: SADC Development Indicators, SADC 2005

References

- Brautigam, D. (1996) 'State Capacity and Effective Governance', in Ndaïrou, B. and Van de Walle, N. (eds.) *Agenda for Africa's Economic Renewal*, New Brunswick and Oxford: Transaction Publishers.
- Chipeta, C. (1997) Review and Rationalization of the SADC Program of Action, Vol. 1 (Executive Report) and Vol. 2 (Main Report), Pretoria: CSIR and Imani.
- Chipeta, C. (2006) *Regional Integration in Southern Africa – Vol. 3. Deepening Integration in SADC – Malawi*, Gaborone: Friedrich Ebert Foundation.
- Dunsire, A. (1993) 'Modes of governance', in Kooiman, J. (ed.) *Modern Governance: New Government – Society Interactions*, London: Sage.
- Gulick, L. and Urwick, L. (eds.) (1937) *Papers on the Science of Administration*, New York: Institute of Public Administration.
- Hansohm, D. and Shilimela, R. (2006) *Monitoring Economic Integration in SADC, 2005, FOPRISA Research for Regional Integration and Development, Report No. 2*. Gaborone: Lightbooks.
- Hood, C. (1991) 'A public management for all seasons', *Public Administration*, Vol. 69, No.1, pp. 3-19.
- Hyden, G. and Court, J. (2002) 'Comparing governance across countries and over time: conceptual challenges', in Olowu, D. and Sako, S. (eds.) *Better Governance and Public Policy: Capacity Building and Democratic Renewal in Africa*, Bloomfield: Kumarian Press, Inc.
- Isaksen, J. (2003) 'SADC Restructuring and the Future', in Hansohm, D., Breytenbach, W. and Hartzenberg, T. (eds.) *Monitoring Regional Integration in Southern Africa, Yearbook Vol. 3*, Windhoek: Gamsberg Macmillan.
- Kessy, F. and Tostensen, A. (eds.) (2008) *Out of Poverty: Comparative Poverty Reduction Strategies in Eastern and Southern Africa*, Dar es Salaam: Mkuki Nyota Publishers.
- Kickert, W., Klijn, E. and Koppenjan F. (eds.) (1997) *Managing Complex Networks: Strategies for the Public Sector*, London: Sage Publications.
- Klijn, E. (1996) 'Analysing and managing policy processes in complex networks: a theoretical examination of the concept policy network and its problems', *Administration and Society*, Vol. 289, No.1, pp. 90-119.
- Kooimans, J. ed. (1993) *Modern Governance: New Government-Society Interaction*, London: Sage.

- Maipose, G. S. and Matsheka, T. (2008) 'The indigenous developmental state and growth in Botswana', in Ndulo, B., O'Connell, S. and Bates, R. (eds.) *The Political Economy of Growth in Africa 1960-2000*, Cambridge: Cambridge University Press.
- Maipose, G.S. (2002) 'Centre-local relationship and the role of NGOs in fostering good governance and local development in Zambia', in United Nations Centre for Regional Development (UNCRD) *The Role of Non-Governmental Organizations (NGOs) in Fostering Good Governance and Development at the Local Level in Africa*, UNCRD Research Report Series No. 41. Nairobi: UNCRD.
- Mandaza, I. and Tostensen, A. (1994) *Southern Africa – In Search of a Common Future: From the Conference to a Community*, Gaborone: SADC.
- McLeod, H. (2003) 'Regional integration and the role of donors', in Hanson D., Breytenbach, W. and Hartzenberg, T. (eds.) *Monitoring Regional Integration in Southern Africa*, Yearbook Vol. 3, Windhoek: Gamsberg Macmillan.
- MetaCom (2005) Support to Consolidation of SADC Sector National Committees (SNCs) and the operationalisation/implementation of RISDP: Capacity needs assessment report, October 2004 – March 2005, Gaborone: SADC.
- Meyns, P. (2001) 'Strengthening regional institutions – politics and governance in the SADC region', in Eansohm, D., Peters-Berries, C., Breytenbach, W. and Meyns, P. (eds.) *Monitoring Regional Integration in Southern Africa, Yearbook Volume 1*, Windhoek: Gamsberg Macmillan.
- Olowu, D. (1998) 'Building critical capacities for sustainable development in Africa: matters arising', *International Journal of Technical Cooperation* Vol. 4, No. 1, pp 1-19.
- Olowu, D. and Sako, S. (eds.) (2002) *Better Governance and Public Policy: Capacity Building and Democratic Renewal in Africa*, Bloomfield: Kumarian Press, Inc.
- Oosthuizen, G. (2006) *The Southern African Development Community: the Organisation, its Policies and Prospects*, Midrand: Institute for Global Dialogue, South Africa.
- Osei-Hwedie, B. (2008) 'Poverty Alleviation Strategies and Policies in SADC', in Cawthra, G. and Kaunda, J. (eds.) *Towards Political and Economic Integration in Southern Africa: Proceedings of the 2000 FOPRISA Annual Conference*, FOPRISA Research for Regional Integration and Development; Report 6, Gaborone: Lightbooks.
- Othata, O. (2008) 'Institutional capacity and implementation of poverty alleviation policies and strategies in SADC', in Cawthra, G. and Kaunda, J. (op. cit.).
- Pierre, J. and G. Peters (2000) *Governance, Politics and the State*, London: Macmillan.
- Przeworski, A. (1991). *Democracy and the Market*, New York: Cambridge University Press.
- Phirinyane, M. (2002) *Politics and Good Governance in SADC Member States: Realities and Challenges. Monitoring Regional Integration in Southern Africa, Yearbook Volume 2*, Windhoek: Gamsberg Macmillan.
- Pressman, J. and Wildavsky, A. (1983) *Implementation: How Great Expectations in Washington Are Dashed in Oakland*, Berkeley: University of California Press.
- Rhodes, R.A.W. (1997) *Understanding Governance: Policy Networks, Governance, and Accountability*, Buckingham: Open University Press.
- SADC (1994) The Proceedings of the Annual Consultative Conference held in Gaborone, Botswana, 26-28 January 1994, (unpublished).
- SADC, Concept Note for a Workshop on Regional Dimensions of Poverty in the SADC Region: Bridging the Gap between National and Regional Dimensions of Poverty, 5 – 7 December 2007, Maputo, Mozambique
- SADC (2007) Record of the Fifth Regional meeting of SADC National Committees, Zanzibar, Tanzania, 10-11 May (unpublished).
- SADC (2008a) SADC New Organizational Structure as approved on 28-29 February 2008, Lusaka, Republic of Zambia, Gaborone: SADC Secretariat.
- SADC (2008b) Development of a Resource Mobilization Strategy, Final Report), Gaborone: SADC Secretariat.
- SADC (2008c) Capacity Building Framework, unpublished, presented at the SADC International Conference on Poverty and Development, 18-20 April, Port Louis, Mauritius.
- SADC (2008d) The Poverty Reduction Framework, 18-20 April 2008, Pailles: Mauritius (unpublished).
- Savas E. (1987) *Privatization: the Key to Better Government*, Chatham, New Jersey: Chatham House Publishers.
- Schaffer, B. (1973) *The Administrative Factor: Papers in Organization, Politics and Development*, London: Frank Cass.
- Shilimela, R. (2008) *Monitoring Economic Integration in SADC, 2006/2007: Overlapping Membership of Regional Economic Arrangements and EPA Configurations in Southern Africa. FOPRISA Research for Regional Integration and Development, Report No. 5*. Gaborone: Lightbooks.

- Skocpol, T. (1985) 'Bringing the state back in: strategies of analysis in current research', in Evans, P., Rueschemeyer, D., and Skocpol, T. (eds.) *Bringing the State Back In*, Cambridge: Cambridge University Press.
- Tjønneland, E. (1996) *SADC and Donors – Ideals and Practices: from Gaborone to Paris and Back*, FOPRISA Research for Regional Integration and development. Report No. 1, Gaborone: Lightbooks.
- Tjønneland, E. N. (2008) *From Aid Effectiveness to Poverty Reduction. Is foreign donor support to SADC improving?* FOPRISA Research Report No. 4, Gaborone, Lightbooks.
- Tjønneland, E. and Dube, N. (2007) *Aid Effectiveness: Trends and Impacts of Shifting Financial Flows to Civil Society Organisations in Southern Africa*, Midrand: Southern Africa Trust.
- Tordoff, W. (1993) *Government and Politics in Africa*, London: The Macmillan Press Ltd.
- United Nations Development Programme (2000) *Human Development Report*, New York: Oxford University Press.
- United Nations Development Programme (1997) *Reconceptualising Governance*, New York.
- Van de Walle, N. and Johnston, T. (1996) *Improving Aid to Africa, Policy Essay No.21, Overseas Development Council*, Baltimore: Johns Hopkins University Press.
- Whitfield, L. ed. (2009) *The Politics of Aid: African Strategies for Dealing with Donors*, Oxford: Oxford University Press.
- Whitfield, L. and Maipose, G. (2008) 'Managing aid dependence: how African governments lost ownership and how they can regain it', Global Economic Governance Programme, briefing paper, Oxford.
- World Bank (1989a) *From Crisis to Sustainable Development: Africa's Long-Term Perspective*, Washington D.C.: World Bank
- World Bank (1989b) *Sub-Saharan Africa: From Crisis to Sustainable Growth*, Washington, D.C.: World Bank
- World Bank (1992) *Governance and Development*, Washington, D.C.: World Bank

CHAPTER 4: STATE CAPACITY, INSTITUTIONAL VARIABLES, AND POLICY EFFECTIVENESS IN REGIONAL INTEGRATION: A SYNTHESIS PAPER

Mpho G. Molomo

Introduction

This synthesis chapter discusses the conceptual framework for the research theme "State Capacity in the Southern African Development community (SADC)". The theme of state capacity in SADC has been explored in Chapters 1, 2 and 3 by Dzimbiri, Maundeni and Maipose.

Dzimbiri offered a conceptual paper entitled "State Capacity: Institutional variables in regional integration and policy effectiveness". The basic thrust of his chapter is to lay a conceptual framework for examining state capacity within the context of regional integration and policy effectiveness in SADC. It argues that national development, regional development and integration can only take place if there is an institutional capacity to formulate, implement, monitor and evaluate policies in various developmental and service delivery spheres.

Maundeni discusses "Developmental States in SADC: Their Historical Absence and their Current Emergence". Maundeni begins his analysis by outlining the demographic characteristics of SADC countries, which in several cases include large geographical areas and populations. These, coupled with a good infrastructure and mineral deposits, are considered necessary conditions for economic development to take place. However, some SADC countries are rich whilst others are poor.

Maipose's chapter discusses "State Institutional Capacity and Strategic Interventions in SADC". Its primary focus is on the main dimensions of institutional capacity and strategic interventions in SADC. It is widely accepted that economic development depends, among other things, on a strong state able to deliver economic performance. In broad outline, institutional or state capacity as discussed by Maipose entails the ability of an organisation or government to make or implement its policies by focusing on five analytical dimensions of institutional and state capacity. These five dimensions are: organisational, regulatory, administrative, technical professional, financial and good governance.

State capacity refers to the political space and maturity, the professional depth, the institutional framework and the economic environment that allow the state to interact with its people to lead a meaningful and productive life. In the post-Cold War era, we need to situate this capacity within a neo-liberal setting. The neo-liberal economic framework espoused by SADC suggests limited state intervention in the economy, with markets being the primary drivers of economic growth and of distribution of goods and services. But this understanding recognises that markets alone cannot distribute goods and services, they need the institutional capacity of the state to provide an enabling environment for private entrepreneurs to engage in business. The state must provide infrastructure for the free movement of goods and services, and a regulatory framework to ensure that actors abide by the rules of the game. It is widely documented that Africa's failure to develop is a result of weak state capacity to provide the conditions for economic development.

SADC is a regional organisation comprising 15 states at different stages of economic

development, with varying demographic features and credentials. Botswana, Mauritius, Namibia, Seychelles and South Africa are middle income countries. Angola, Tanzania, Lesotho, Malawi, Mozambique, Madagascar, Swaziland and Zambia are characterised as poor countries; Democratic Republic of Congo (DRC) and Zimbabwe border on being called failed states. With some exceptions, SADC development capacity is limited by endemic political instability, widespread economic stagnation, poverty, inequalities, and inability to assert a rule-based authority and macro-economic planning and stability. It is against this background that the three chapters study SADC's institutional capacity, regional integration and policy effectiveness.

Summary and analysis of the papers

Lewis Dzimhiri's chapter discusses state capacity within the context of regional integration and policy effectiveness in the SADC region. It goes on to give a brief outline of the typologies of state as strong, weak, failed or collapsed states. It argues that states exist primarily to provide goods and services for their citizens, which include, among other things, security, health care, education, and infrastructure. According to Dzimhiri, the extent to which these needs are met provide ground for determining whether they are strong, weak, failed or collapsed states.

Citing the works of Kaufmann *et al.*,¹ Dzimhiri maintains that there is a direct correlation between good governance and state capacity. He maintains that governance, on the one hand, refers to the "the traditions and institutions by which authority in a country is exercised. This includes the process by which governments are elected, monitored and replaced" (Chapter 1: p1). On the other hand, "state capacity covers political, institutional, technical, fiscal and administrative spheres. An effective state should have the capacity to formulate coherent, plausible and broadly responsive policy guidelines to attain its goals" (*ibid.*). Whilst I agree with Dzimhiri's definition of good governance, I embrace a broader one propounded by the World Bank, which argues that:

"...predictable, open, and enlightened policy making; a bureaucracy imbued with professional ethos; an executive arm that is accountable for its actions; and a strong civil society participating in public affairs. Good governance concerns the effective operation of public institutions, and meaningful partnership with civil society and the private sector in order to meet developmental objectives" (BIDPA, 2006).

Accordingly, good governance involves the totality of processes, principles and institutions that address the effective functioning of government. These include complementary processes which have to do with the "relationship of citizens and parliament," "respect for the rule of law, openness, transparency and accountability to democratic institutions; fairness and equity in dealing with citizens (adding mechanisms for consultations and participative) and efficient and effective services". This would also include prudent management of economic resources, an enabling environment for investment, sound infrastructure, an equitable distribution of resources and an effective civil society participating in the development process (*ibid.*). Despite the great achievements made by civil society organisations in the pro-democracy movements in the 1990s, insufficient attention has been given to their centrality in regional integration. In essence, efforts to improve governance and administrative efficiency will fail unless governments have appropriate institutional capacity in the form of trained and skilled

1 For references not included above, see the references in Chapters 1, 2 and 3.

personnel, resources and technical capacity to further their development goals.

Dzimhiri sets out to discuss the role and typology of states in terms of their ability to deliver political goods to their citizens. Drawing from Dunleavy and O'Leary, he maintains that states could be defined in functional and organisational terms (Dunleavy and O'Leary, 1994). States are entities that have structures which perform functions for the betterment of their people. Such functions include, among others, the provision of infrastructure and other amenities to satisfy human needs. The extent to which such goods and services are met provides the basis for determining their categorisation as strong, weak, failed or collapsed states. According to Dzimhiri, strong states are those that have control over their territories and are able to deliver on the Millennium Development Goals (MDGs). They are those that provide for a secure and enabling environment where people are free from fear and are able to engage in development endeavours. Strong states not only have strong executive agencies of the state to effect government policy, but also provide their citizenry with the space to enjoy political freedoms and civil liberties. In such a setting, the rule of law exists, there are effective legislative oversight structures and the population can hold the state accountable for its actions. Moreover, such a dispensation affords the political neutrality of the state bureaucracy.

Weak states, for their part, are seen as opposites of strong states. They are characterised by an inability to deliver the political goods discussed above. They have deteriorating infrastructure and inadequate social services, such as schools, hospitals, clean water, etc. The politics of poor states are often characterised by tension between the state and civil society. They have weak policy implementation and oversight structures. According to Dzimhiri, typical examples of weak states are Malawi, Zambia and Tanzania.

Failed states have the worst indicators of good governance and state capacity. They do not have effective control of their territories and are characterised by deep conflict because of religious or ethnic divisions. Legislatures and judiciaries are dominated by the executive and bureaucracies have lost their professionalism. Collapsed states are extreme versions of failed states. These states are not able to maintain law and order, the state apparatus has completely collapsed, and political goods are obtained through private or ad-hoc means. Security is equated with the rule of the strong, and there is a vacuum of political authority. Although Dzimhiri argues that this typology fits the DRC, I tend to reserve it for extreme cases such as Somalia.

Maundeni carries the conceptual framework and debate further. The main argument that he raises is that some SADC countries are endowed with natural resources, huge land areas and populations but have failed to become rich since the attainment of independence. His main contention is that these countries did not focus on being rich as reflected in their 'state institutions and norms, and their foreign relations and state-business relations' (Chapter 2, p20). He draws a distinction between what he calls 'developmental states' and 'weak or failed states'. Drawing from the categories developed by Johnson, developmental states are those that prioritise economic development or pursue developmental nationalism (Johnson, 1982). There are states, like Japan, which prioritised economic development over other considerations such as redistribution of wealth, and equality in incomes, opportunities and individual wealth. In contrast, 'weak or failed states' are those whose extractive capacities, ability to maintain law and order, and ability to maintain legal and administrative order, have failed.

Maundeni further discusses the "weak/strong states theory" propounded by Migdal wherein weak states are characterised by the "absence of hegemony or the outermost structure that holds society together" (Migdal, 1996). This theory is said to hold water in nearly collapsed states or contested states such as Zimbabwe, DRC, Lesotho and Swaziland. However, Migdal's thesis fails to explain situations like Tanzania, Malawi and Zambia where the state has hegemonic

influence over its people but is characterised by development failure. To further explore these arguments, this chapter uses as case studies Angola and Tanzania. Angola represents countries that have experienced protracted wars of liberation and are also endowed with raw materials needed for development, but fail to attain the status of a developmental state. Tanzania is used as a case study that has vast mineral wealth, a huge population and enjoys relative political stability. The country has experienced an orderly transfer of political power but remains one of the poorest states in SADC.

A combination of developmental ideology and strategy, which Maundeni calls economic nationalism, is considered as the drive that makes a country rich. Maundeni asserts that both Angola and Tanzania lacked the necessary thrust and orientation to make them rich. For its part, Angola attained independence in 1975 after a protracted war of liberation, only to be plunged later into a bloody and destructive civil war lasting about two decades. As a result, the post-liberation state in Angola had to channel its resources into building a strong military rather than building a base for development.

The larger picture was that Angola was a part of the ideological divide characterised by Cold War rivalry. The intent of the Western World supported by South Africa was to ensure that Angola did not fall into the Eastern sphere of influence. With the end of the Cold War in the latter part of the 1980s, and the withdrawal of Cuban troops from Angola, the war was localised between MPLA (government) and UNITA (opposition), drawing their financial support to maintain large armies from oil and diamond revenues respectively. All this happened at the expense of national development.

Angola failed to develop into a developmental state not because it did not have natural resources, but because of a protracted civil war that claimed lives and channelled the country's resources into war. The war destabilised all efforts to develop the country. UNITA controlled large tracts of land and people around Huambo, and denied access to them. At the time, the Angolan state could best be described as a predatory state, which extracted the country's mineral wealth to finance its military activities. As a result, Angola built a strong military culture leading to predatory politics, which swayed the state away from developmental priorities. When UNITA's destabilisation campaign ended, Angola was sucked into military adventure in the DRC.

The MPLA espoused Marxism and socialism but at the same time ventured into offshore oil mining that involved a partnership between the state and private (including US) international corporations, which was supported by loans obtained by selling unmined oil, which in turn put the country into huge debt. The irony of this arrangement was that Cuban forces secured the security of the state. The offshore location of oil insulated it from the civil war that was escalating on land.

The same developmental capacity was not extended to the rest of the economy. Infrastructural development is considered the cornerstone of a country's development capacity but the war targeted and destroyed it. The war forced people to crowd into urban areas, creating slums. Luanda, the capital of Angola, is a sprawling slum characterised by poor roads, poor sanitation and sewerage, and lack of running water. Huambo, the seat of UNITA, was also characterised by squalor and the absence of basic infrastructure. Cuito Cuanavale was the stage of a major battle between the South African Defence Force and the Angolan troops backed by Cuban troops. Cuito is considered the most destroyed city in Africa. To compound this grave problem, it is estimated that at least 11 million landmines remain buried in the fertile lands of Angola, rendering agriculture dangerous and therefore unproductive.

Tanzania, although it had a peaceful transfer of political power, espoused a radical Pan-African outlook, based on non-racialism, Africanisation and African socialism, that advocated the

independence and ultimately the unity of the African continent. Although geographically in the East African region, Tanzania was a centre for the liberation of southern Africa. Tanzania hosted the organisation of African Unity's (OAU) liberation committee and was at the forefront of the Dar es Salaam debates, which were bitterly opposed to white minority regimes in Rhodesia, South Africa, Angola and Mozambique. President Nyerere of Tanzania was actually instrumental in the formation of FRELIMO in Mozambique.

It would appear, as discussed by Maundeni, that Tanzania (as well as Zambia, discussed below), prioritised ideological positions over developmental issues. These countries' determination to end colonialism and all manifestations of white settler domination prevailed over principles of economic development. Tanzania broke ties with Britain for its 'soft' position on Rhodesia after Ian Smith's declaration of independence in 1965. It is also said to have cut ties with the United States of America over allegations that the CIA planned to assassinate Nyerere. The centrality of politics in Tanzania is illustrated by the fact that Nyerere was both President and Minister of Foreign Affairs. Nyerere prioritised the union of mainland Tanzania with Zanzibar, and the emergence of strong regional blocs in east and southern Africa.

On the basis of the strength of its socialist policies, Tanzania discouraged private foreign investment and created state-run corporations. Its developmental thrust was based on Ujamaa, which was premised on community-owned and-managed agriculture and other rural services. Through the Ujamaa policy of African socialism, the Tanzanian state failed to harness the people and local resources for development. Industries and mines were nationalised. The political rhetoric of African socialism alienated the inflows of international capital necessary for development. As a result, Tanzania lacked the developmental thrust that characterises developmental states. The Africanisation policy, although it was "politically correct", as it instilled national pride, denied Tanzania access to the expertise of the developmental elite then represented by expatriates. Africans who occupied senior positions lacked the capacity to deliver economic development. To make matters worse, Tanzania politicised the public service by demanding loyalty to the ruling party, further undermining the developmental capacity of the state. The ideological and developmental policies that Tanzania pursued alienated the bilateral donors. As a result, Tanzania borrowed heavily from the IMF, World Bank and the African Development Bank, and plunging the country into a huge unsustainable debt. To make matters worse, Tanzania did not have the infrastructure to use aid effectively.

Perhaps the biggest setback in Tanzania's quest to achieve developmental capacity was when under the auspices of African socialism, Tanzania abolished large scale commercial farming in favour of communal subsistence farming. Under the guidance of Nyerere, development was conceived as a process driven by self-reliance and collective agriculture rather than private sector production. In those years, the leadership in Tanzania saw the towns not as centres of development but as outposts of colonialism. Drawing from the sceptical viewpoint that Europe underdeveloped Africa, Tanzania under Nyerere was always suspicious of western development aid. Moreover, the economy was not receptive to direct foreign investment, but rather relied on the state's participation in the economy through parastatal organisations.

Zambia, under the leadership of Kenneth Kaunda, believed in the philosophy of Humanism, which geared the Zambian state towards supporting the plight of those who were oppressed in other countries. Zambia offered them territory to provide military bases for the exiled liberation movements, the ANC (South Africa) and ZAPU (Zimbabwe). As a result of its political resolve to oppose all manifestations of colonialism and white domination, Zambia did not prioritise economic development but focused more on the political and ideological objectives of liberating the southern African region.

The thrust of the state, in both Tanzania and Zambia, was to support African liberation under the auspices of the OAU and the Frontline states, in support of political and ideological beliefs. The state bureaucracy was not structured to support economic development. The ministries of Finance and Development Planning were not prioritised as key ministries, as has been the case in Botswana, and development was not considered a crucial undertaking. Moreover, informed by the whole liberation debate, it was considered prudent to Africanise senior and middle grade posts in the state bureaucracy. Whilst this looked "politically correct" under the circumstances, the civil service ended up being manned by inexperienced Africans resulting in poor developmental state capacity. Nationalisation, which entailed the state acquiring a majority shareholding in most large private sector enterprises, was undertaken to control the economy. The net result of this undertaking was a weak economic base for the economy.

Maipose's chapter focuses on the institutional capacity and strategic interventions in SADC. Drawing from the categories developed by Brautigam (1996), it asserts that institutional or state capacity is a measure of the ability of an organisation or a government to make and implement its policies and goals. It focuses on six analytical dimensions of institutional and state capacity: organisational, regulatory, administrative, technical and professional, financial and most importantly governance, which subsumes many other forms of state capacity. The chapter also discusses institutional and state capacity by making reference to leadership, political will and the quality of governance.

Maipose departs from the basic premise that SADC has been beset since its inception by inadequate organisational and operational capabilities, including overwhelming dependence on foreign assistance and inability to enforce compliance in its member states. His critical concerns are in the following areas:

- governance and leadership capacity
- regulatory capacity
- administrative/bureaucratic capacity
- state technical/professional capacity
- institutional and state extractive/financial capacity

A brief discussion of the above points is in order. Development challenges for SADC are numerous and are manifested by the weakness of member states to implement its policies and programmes. SADC is also constrained by a lack of financial and human resources. Governance and leadership capacity involve the quality of political institutions, good leadership premised on good governance, the rule of law, transparency and accountability. Maipose laments the lack of capacity in terms of SADC being able to control cross-border crime, illegal immigrants, etc. The slow pace with which SADC implements its protocols is an indication of its weak institutional capacity. In terms of manpower capabilities, SADC is severely understaffed. SADC does not have financial resources to carry out its policies and remains heavily dependent on donor support.

Maipose discusses the institutional capacity of SADC. The structural-functional approach holds that the ability of organisations to deliver is, in part, dependent on the structures put in place to perform specific tasks. Perhaps the biggest setback that SADC faces in terms of delivering on its targets is its structural deficiency. SADC also lacks administrative capacity in the form of qualified personnel. The professional/technical capacity, which is linked to administrative and regulatory frameworks, refers to the professional and technical competence of staff. Financial capacity is of paramount importance because other capacities depend on it: the ability of the

entity to generate in-house resources and the ability to source external funds. SADC places a high premium on being financially independent of external aid. It expects member states to foot the bill for running the Secretariat.

Governance and leadership need to be seen as interactive processes that drive the vision, mission and values of an organisation. With respect to SADC, it involves the capacity to design, formulate and implement programmes that have regional significance. It entails creating a framework of cooperation that transcends national boundaries and focuses on the larger regional matrix. As a regional entity, SADC needs to provide an environment that adheres to regional standards of democratisation, and to have in place sanctions against those who hold democracy hostage. Good governance and ethical leadership call for a high degree of accountability and transparency in discharging the regional mandate. This suggests that SADC needs to interact more with, and be open to public scrutiny by, civic associations and watch-dog agencies like the press.

As is the case with all regional networks, SADC needs to build a regulatory framework that would regulate and enforce trade protocols, enforce the rule of law, and prevent illegal activities. Based on the neo-liberal economic framework subscribed to by SADC, a regulatory framework should facilitate the free movement of goods and services in the region as well as internationally.

The restructuring of SADC from a coordinating conference to a community in 1992 was a major milestone in developing its institutional capacity. In particular, the formulation of the Regional Integrated Strategic Development Plan (RISDP) and the Strategic Indicative Plan for the Organ on Politics Defence and Security (SIPO) was a major breakthrough in conceptualising regional integration. However, due to limited capacity, SADC has not been able to operationalise the RISDP and the SIPO. The impact of SADC's strategic intervention is limited. The SADC secretariat and the Organ are not able to cope with the demands put on them. SADC lacks a well coordinated and authoritative machinery to allocate resources and make sure that regional agreements are implemented in the member states. One of the critical challenges that SADC faces is the capacity and strategies to eradicate poverty. The RISDP as the strategy to address poverty has not produced any tangible results. For example, the majority of SADC countries have not met the MDGs.

Since the SADC agenda is implemented by member states, it is crucial to appreciate the role of a strong and capable state, which has been recognised as a key performance indicator of the Asian Tigers. It has also come to light that African countries develop crises as a result of the weakness in state capacity to promote development. The challenges facing institution building in SADC and individual member states arise from endemic political instability, widespread poverty, economic stagnation, macro-economic incompetence, high aid dependency and inability to assert rule-based authority.

SADC Structure and capacity analysis

At its inception in 1980, the Southern Africa Development Coordinating Conference (SADCC) was a loose grouping of Heads of State. It was intended to reduce the region's dependence on South Africa and to diversify its sources of external funding. It was clear to these leaders that political independence was hollow if not matched by some measure of economic independence. Its *modus operandi* was a loose and decentralised structure wherein member states were expected to use their financial and human resources to coordinate the sectors under their

jurisdiction. This structure gave member states the leeway to direct SADCC activities, enhanced their active involvement and fostered a sense of ownership.

The restructured Southern African Development Community (SADC) had a broader and deeper mandate of economic cooperation and development integration. It centralised all the administrative functions at SADC headquarters. This exposed the organisation to serious shortages of capacity. The SADC Secretariat is considerably understaffed, especially in the professional and technical areas, to implement its programmes and protocols. SADC also has problems of how to compensate poor member states whose revenue pool is affected by trade liberalisation involving the reduction or removal of intra-SADC tariffs. On issues of democracy and good governance, SADC has norms and standards to regulate the conduct of elections, but these procedures have been flaunted, largely with impunity. Zimbabwe, Madagascar and Swaziland are cases in point.

Capacity challenges and possible strategic interventions

One of the critical challenges for SADC is the overlap of membership in regional organisations such as COMESA, the East African Community (EAC) and SACU. To enhance cost-effective utilisation of scarce resources and harmonisation of a common agenda, SADC needs to ensure that it does not duplicate what other regional bodies are doing. This would release political energy, and relieve overstretched financial and human resources for optimum use in the region. The broad mandate of SADC, arising from restructuring, wherein hitherto decentralised activities are now centralised at the Secretariat, has imposed a heavy burden on the organisation. Moreover, SADC has a diverse network of stakeholders that it needs to work with in order to have a coordinated approach to regional integration. Yet the SADC Secretariat has not developed sufficient capacity to handle the diverse networks working with it.

The overarching goal of SADC is to facilitate economic growth and development in all member countries. Whilst SADC is charged with the responsibility of effecting economic development through regional cooperation and integration, the member states are ultimately responsible for formulating and implementing policies. SADC as a regional entity does not have the capacity to deliver on development projects but provides a framework for harmonising policies and removing bottlenecks. It also ensures that programmes undertaken at the national level complement the regional agenda. Without undermining their independence and autonomy, member states are expected to network to achieve results for their own benefit and the regional collective. At the regional level, the development of policy can be traced to the interface of national governments with the SADC Secretariat, the Council of Ministers and the Summit of Heads of State. In essence, for SADC member states and SADC institutional structures to be effective, they must have some measure of capacity to formulate, implement, monitor and evaluate various policies within their domain. In this regard, we need to audit the capacity of the SADC institutions as well as those of SADC member states.

Regional capacity and capacity building

Dzimhiri set out to explore the various understandings of capacity. In a generic sense it involves the willingness, the ability, skills, motivation, relationships of personnel, together with the legal framework, enabling environment and resources to carry out the intended objectives of an organisation. For purposes of this chapter, we are interested in the capacity of member states

and SADC to deliver on the regional mandate. In the first instance, capacity building requires a capacity needs and resource assessment of the national and regional entities. Capacity is enhanced by the ability of member states and SADC to recruit and retain qualified personnel to perform administrative, technical and professional tasks. Where there are deficiencies, organisations need to embark on capacity-building processes.

Institutional deficiencies require institutional reform to solve the problems identified. As part of its institutional reform agenda, SADC restructured its organisation from the decentralised 21 nationally-based sectors to six directorates, which are centrally coordinated at the SADC headquarters in Gaborone. These are: Trade and Finance; Industry and Investment; Infrastructure and Services; Food, Agriculture and Natural Resources; Social and Human Development; and the Organ and Policy and Monitoring directorates. The Secretariat has been given the role of policy formulation, resource mobilisation and monitoring. At the national level, SADC established national committees to oversee the implementation of its policies and coordinate its linkages with other stakeholders such as civil society organisations. Whilst the effects of the restructuring process are unfolding, questions are being asked about the appropriateness of the process. For instance, some wonder about the ownership of the directorates now that they are coordinated from the headquarters. SADC has a few key deliverables such as attaining the Free Trade Area by 2008, Customs Union by 2010, Common Market by 2015, a monetary union by 2016, and a single currency and Economic Union by 2018. The critical question is: are these targets deliverable? Does SADC have the capacity to deliver on these time lines?

Capacity building and regional poverty reduction interventions

As clearly articulated in the RISDP, poverty eradication is one of the key pillars of deepening regional integration and achieving other MDGs. Maipose notes that it is easy to appreciate how deeper regional integration could contribute towards poverty reduction. Crucial policies and interventions for regional integration include, among others, removal of trade barriers, promoting good governance, and regional peace and stability. The removal of trade barriers encourages regional integration through increased intra-SADC trade, and regional stability creates a hospitable environment for development led by economic growth. In turn, this should reduce poverty. Even countries which are not considered as Heavily Indebted Poor Countries (HIPC) like Botswana, Namibia and South Africa have adopted the SADC instrument. To complement the initiatives made by national governments for eradicating poverty, such as credit for small businesses and small scale farmers, SADC has not created a similar entity, such as a SADC Bank, to focus on pro-poor support initiatives.

States and regional integration

Dzimbiri articulates a framework for understanding regional integration. He adopts Lee's (2003) definition of regional integration as a process designed to enhance the political, economic, social, cultural and security cooperation for member states. It is seen as a process through which states integrate their political processes to increase political trust, and to integrate their economies to achieve more rapid economic development. Regional integration requires political will and action on the part of nation states to integrate their economies with a view to enjoying

economies of scale, building mutual trust and reducing factors that can lead to conflict between member states.

Dzimhiri, using the criteria developed by Lee, (2003), sets out to develop benchmarks for SADC to fulfil at least eight important functions. These are:

- the strengthening of trade integration in the region
- the strengthening of the enabling environment for private sector development
- the development of infrastructure to support economic growth and regional integration
- support for strong public sector institutions and good governance
- the reduction of social exclusion and the development of civil society
- contribution to peace and security in the region
- the building of environmental programmes at the regional level, and
- the strengthening of the region's interaction with other regions of the world.

Dzimhiri maintains that the extent to which SADC achieves the above objectives will go a long way to determining its capacity to effect regional integration. He argues that while regional integration has the potential to spearhead economic development in the member states of a particular region, the ultimate responsibility to formulate and implement relevant policies rests on the individual member state. Dzimhiri argues that public policy is one way through which a government can clarify what its intentions are for the wider society. As a broad policy objective, SADC's regional integration and development can only be said to be effective if the 15 member state achieve proper integration in all envisaged aspects. SADC has identified challenges that affect the region. These include, among others, trade and industry, education and health, infrastructural development and service delivery. SADC has developed numerous protocols that represent the legal framework for regional cooperation. To implement these protocols there is a need for member states to be able to formulate and implement SADC.

Synthesis

Regionalism is a multi-dimensional phenomenon involving diverse domains of activity and interaction, including the cultural, political, legal, economic, technological, military, and environmental. The appeal for regional integration is underlined by the fact that problems that face the nation states transcend national boundaries. Such problems include the regulation of trade, control of the HIV/AIDS pandemic, action on global warming, and control of international crime cartels. Regional integration is a dialectical process that presents an interface between states at regional levels. Regional integration is a process that is driven by member states. It entails, among other things, the political will to cede some sovereignty to the regional entity to enable it to take autonomous decisions. It would appear, though, that despite the fact that the SADC treaty commits member countries to a community, leading eventually to integration, member states still think nationally rather than regionally.

To fully appreciate SADC's institutional capacity with a view to delivering on its mandate, it is important to understand its genesis. Regional integration as conceived in SADC is a product of particular historical processes and circumstances in the southern African region. The

Southern African Development Community (SADCC) was a brainchild of the Frontline States (FLS), which had a long history of political cooperation that entailed the coordination of the liberation struggle. It was created out of the realisation that political liberation that was not matched by economic independence remained hollow. The greatest strength that underpinned the success of SADCC was the political affinity of member states deriving from a common historical experience and opposition to white settler domination and colonial oppression. Perhaps the institutional deficit that we need to appreciate is that SADC has to address intrastate conflicts, whilst its predecessor, SADCC was preoccupied with interstate conflicts. SADCC was basically a coordinating conference, which coordinated donor assistance and various areas of cooperation.

The SADC Treaty of 1992 was founded on the common legacy that makes Southern Africa different from other regions of the world. At the political level, SADC seeks to develop common political values based on the principles of democracy and good governance sustained by popular participation, the respect for the rule of law, the protection of human rights and poverty alleviation. When SADC was transformed into a community, it adopted one of the most comprehensive forms of integration, which according to Lee, cited by Dzimbiri, is development and economic integration. Such a holistic approach entails political cooperation, economic coordination, market integration and security cooperation.

To begin with, the transition from economic coordination to economic integration or development integration is a major challenge for SADC because it does not have the institutional capacity to support such a framework. It could be argued that it is only South Africa and the inner periphery (Botswana, Lesotho, Swaziland and Namibia) that had experience with trade integration under the auspices of the Southern African Customs Union (SACU). Although skewed in favour of South Africa, SACU stands as perhaps the strongest trading arrangement in Southern Africa. Under SADC, it further became clear that economic development in an unstable political environment was not sustainable.

The political and security landscape in Southern Africa has proved that the threat to peace and security in the region does not arise from the threat to state security but human security. At the political level it entails the establishment of a supranational body to enforce democratic norms and standards agreed to by a community of democracies in the region. Democracy and good governance are essential for political legitimacy and accountability. It was expected that with the end of the cold war, democracy would deepen not only at national but also at regional levels. Perhaps the greatest setback of SADC is that, despite the drive towards greater political and economic integration, member states are not willing to cede any part of their sovereignty to the regional entity. Worse still, countries tend to promote national projects that are inconsistent with regional projects. A more extreme case concerned the incidents of xenophobia perpetrated by South Africans on foreign nationals, including those from the SADC region.

The great security threats that face the region are those of poverty, unemployment and HIV/AIDS². Therefore the success of SADC in all its facets depends on the establishment of an institutional capacity that will deliver on the broad economic reconstruction of the region. Harmonisation and infrastructure development have been SADC's greatest preoccupation, to overcome the constraints faced by landlocked countries as well as creating alternative trade routes and port facilities. As a result of these efforts, southern Africa is interconnected with all weather roads, railway networks and port facilities to facilitate trade and investment.

SADC needs an overarching framework that would mobilise business ventures in all the

2 See Afrobarometer data 2003, 2005 and 2007.

countries to lead the region to prosperity. The Organ on Politics, Defence and Security (OPDS) is the institutional framework to secure peace and security. Since its inception, it has been tested by conflicts in Lesotho, DRC, Zimbabwe and Madagascar.

Clearly, SADC does not exist and operate in a vacuum. It operates within a given global environment, and to succeed it does not only need beneficial exchanges between itself and national member states and civil society organisations, it needs external partnerships with external governments, other regional organisations and multilateral agencies. Investments and trade are considered the cornerstones of regional integration. Undoubtedly, in the post Cold-War period, investments and trade take place in the neo-liberal framework that assumes integration into the global economic system.

If SADC is to project itself as an emerging market, it has to build capacity to effect regional integration. Regionalism is taken as an entry point for countries to negotiate better terms of trade in global markets. Regionalism implies a borderless region characterised by free trade, free capital flows, free movement of goods and services, free movement of labour, and democratisation. Although trade protocols have been put in place to facilitate regional trade, the region is yet to develop a well-articulated and integrated framework for regional trade. The trade infrastructure that exists to facilitate regional trade gives primacy to bilateral trade between South Africa and other countries in the region, and very little trade among the latter. The economic playing field in SADC is not level: the tariff structure stands at different levels despite a concerted effort to harmonise them. For trade to flourish in southern Africa, SADC has to engage the business community to have a stake in national and regional markets.

The southern African region remains at a crossroads. Although multiparty elections have been held in the majority of SADC countries, the institutionalisation of democratic politics is yet to be entrenched in some of these countries. As discussed in Molomo (2007), SADC has adopted its own electoral norms and standards, but it is yet to institutionalise democratic politics, which means creating empowering power relations between people and states in the region. It needs to be recognised that regional integration invariably impinges on the lives of people, and as such, the people must be given some latitude to confer or deny it recognition and legitimacy. Apart from the formal participation of national governments, civil society organisations must also have a formal forum where they can interact with SADC. Such an approach would lead to greater coherence and convergence of regional policies and processes.

The institutionalisation of democracy is also encapsulated in the emergence of regional civil society organisations that serve as a countervailing force to ensure that national governments and regional entities are accountable to their people. These organisations have been instrumental in the pro-democracy debates and were instrumental in breaking the oligarchic tendencies that were manifest in southern Africa. They also pressure their governments to ratify international conventions and norms of democratic governance. Although most SADC countries are members of the African Union, most are yet to ratify the peer review mechanism that would ensure that they adhere to accepted democratic norms and standards and are also accountable to their people (NEPAD, 2003).

The political situation in Zimbabwe has in recent years been volatile, and SADC has not been able to resolve it satisfactorily. The essence of regional integration is the creation of institutions that have the political clout to enforce regionally accepted decisions. However, SADC was not decisive when it became clear that the March 2008 elections in Zimbabwe were not free and fair. The state of democracy in that country has reached a low point, and its people suffer repression. Although the former president of South Africa, Thabo Mbeki, with the use of quiet diplomacy, is credited with negotiating a government of national unity, Zimbabwe is yet to witness lasting

peace. The volatile situation in that country not only led to a total collapse of the economy but also adversely affected SADC's relations with its international cooperating partners. On numerous occasions, SADC has forfeited international assistance on account of solidarity with Zimbabwe.

Drawing from the structural functional approach (Merkl, 1977), it is important to recognise that institutions are a pre-requisite for well functioning organisations. In this regard, strong regional institutions are necessary conditions for effective regional integration. When SADC transformed itself from a coordinating conference to a community in 1992, it ought to have established institutions that would implement the provisions of the treaty. But that is not how SADC was conceived. The restructured SADC continues to depend for its delivery on the goodwill of national governments. Its *modus operandi* depends on national coordinating committees to deliver on set targets. Given this state of affairs, the greatest challenge has been the institutional capacity to facilitate the implementation of the RISDP and the SIPO.

Perhaps one area where SADC has made major strides is in functional cooperation, namely the creation of a regional infrastructure and its inter-operability. Among other things, SADC has developed a SADC driver's license, and significant strides have been made respecting the creation of all weather roads that link the various SADC countries (as noted above). Perhaps more importantly, through this connectivity landlocked states in SADC have found great relief by accessing the port facilities of the other SADC countries. However, there are still shortfalls in the supply of electricity and water. Moreover, the integration has not reached high levels given the fact that there is still no significant trade between many of the SADC countries.

Conclusion

Dzimhiri's chapter offered a detailed conceptual account of regional integration in general, and the specific situation of SADC in particular. It articulated the framework of strong, weak, failed and collapsed states. It further discussed the capacity building strategies for SADC to emerge as a viable regional entity. It concluded by posing questions which indicate that much still needs to be done to achieve effective regional integration in SADC. The conclusion that emerges from Maundeni's chapter is that, until recently, most SADC states did not have a developmental focus; they prioritised war and radical ideologies, and marginalised ministries of finance and development planning, which are central to economic development.

Following the end of the Cold War, the drive towards privatisation and democratisation sponsored by the IMF and World Bank, pushed the agenda in all SADC countries toward liberal politics and economic reform.

Maipose's chapter concludes that SADC suffers from a serious institutional capacity deficit. It does not have the capacity to implement poverty reduction strategies. Nor does it have the financial and human capacity, including especially professional/technical capacity, to deepen regional integration. Perhaps the best strategic intervention is to enhance networks management skills to bring on board the diverse stakeholders in the strategic embrace of SADC.

Overall, it has been noted that SADC needs to enhance governance capacity to provide effective leadership for deeper regional development and integration. Based on a close reading of the three chapters, it is clear that SADC still has a long way to go to institutionalise and develop effective policy implementation capacity. SADC has put in place noble ideals of regional integration but insufficient capacity in terms of human and financial resources to implement its policies. More fundamentally, it lacks the political will to enforce its decisions. Perhaps more importantly, some SADC member states suffer a deficit of democratic governance.

References

- Bill, J. and Hardgrave R. (1973) *Comparative Politics: The Quest for Theory*, Ohio: Charles Merrill Publishing Co.
- Botswana Institute for Development Policy Analysis (2006). *The State of Governance in Botswana 2004*, Gaborone: Printing and Publishing Company Botswana.
- Brautigam, D. (1996) 'State Capacity and Effective Governance' in Ndulo, B. and Van de Walle, N. (eds.) *Agenda for Africa's Economic Renewal*, New Brunswick and Oxford: Transaction Publishers.
- Cawthra, G., du Pisani A. and Abillah Omari (2007) *Security and Democracy in Southern Africa* Johannesburg: Wits University Press
- Dunleavy, P. and O'Leary, B. (1994) *Theories of the State: The Politics of Liberal Democracy*, London: Macmillan.
- Dzimbiri, L. (2010) 'Conceptual paper on state capacity: Institutional variables in regional internalization and policy effectiveness', unpublished.
- Johnson, C. (1982) *MITI and the Japanese Miracle: the Growth of Industrial Policy 1925-1975*, Stanford University Press.
- Kornegay, F. and Landsberg, C. (2009) 'Engaging emerging powers: Africa's search for a common position' *Politikon* Vol. 36, No. 1, pp.171-191.
- Lee, M. (2003) *The Political Economy of Regionalism in Southern Africa*, London: Lynne Rienner Publishers.
- Molomo, M. (2003). "Political Parties and Democratic Governance in Botswana" in Mohamed Salih (ed.) *African Political Parties: Evolution, Institutionalization and Governance*, London: Pluto Press.
- Molomo, M. (2007) "The Application of Electoral Norms and Standards in the Southern African Development Community," in Kaunda J. (ed.) *Proceedings of the 2006 FOPRISA Annual Conference*, Gaborone: Lightbooks.
- Maundeni, Z. (2010) "Institutional Structure and Capacity: Angola and Tanzania", unpublished.
- Maipose, G.S. (2010) "Strategic Interventions in SADC", unpublished.
- Merkel, P. (1977) *Modern Comparative Politics*, Illinois: The Dryden Press.
- Migdal, J. (1996) 'Integration and Disintegration: An Approach to Society-Formation' in: de Goor L., Rupesinghe K. and Sciarope P. (eds.) *Between Development and Destruction: An Inquiry into the Causes of Conflict in Post-Colonial States*, London: Macmillan Press.
- NEPAD Secretariat (2003) *The African Peer Review Mechanism*, Midrand: NEPAD.
- SADC (2003) *Strategic Indicative Plan for the Organ on Politics, Defence and Security Cooperation*, Dar es Salaam.
- Skocpol, T. (1985) 'Bringing the state back in: strategies of analysis in current research', in Evans, P., Rueschmeyer, D. and Skocpol, T. (eds.), *Bringing the State Back In*, Cambridge: Cambridge University Press.

POLITICS, DEFENCE AND SECURITY COOPERATION

SADC FOREIGN RELATIONS AND REGIONAL INTEGRATION

CHAPTER 5: FORGING REGIONAL FOREIGN POLICIES IN SADC: A FRAMEWORK FOR ANALYSIS

Gilbert M. Khadiagala

Introduction

This research is informed by the need to understand foreign policy-making in southern Africa against the backdrop of efforts to build common collaborative institutions within the rubric of the Southern African Development Community (SADC). The key question addressed is the extent to which SADC states, individually and collectively, have managed to advance foreign policy objectives to deal with the imperatives of identity, security, and prosperity. This question has relevance because, while the practice of common approaches to foreign policy-making is relatively novel in the rest of Africa, southern Africa has over the years accumulated experiences and patterns of collective problem-solving which are relevant to broadening the regional foreign policy domain.

Articulating common foreign policies is, at heart, a puzzle of how to harmonise and coordinate distinctive national foreign policies, particularly in the context where SADC remains an inter-governmental organisation. The process of coordination and harmonisation is often not entirely neat, hinging as it were, on contestation and bargaining among member states about resources, roles, and responsibilities. Moreover, finding consensus on issues of identity, security, and prosperity depends on creative efforts that transcend narrow national interests.

This paper provides a conceptual framework for analysing foreign policies. Broad conceptions of the actors and processes involved in foreign policy-making sets the stage for analysis of foreign policies in southern Africa. The chapter draws from other African experiences in revealing the distinctive patterns in SADC and examines the opportunities for future harmonisation of foreign policy as there is a gradual deepening of the structures of regional identity.

Towards a framework for foreign policy analysis

Foreign policy is conceived as the articulation and externalisation of interests and demands on the basis of available resources, capabilities, and opportunities.¹ While interests and demands capture diverse behaviour, ranging from war to strengthening trade relations, resources and capabilities determine the achievement of these objectives. The dominant realist tradition in international relations speaks of the centrality of power and resources as salient vehicles that afford states the means to exert themselves in their external environment. By this logic, the availability of tangible and intangible sources of power constitutes the analytical framework for understanding differences among foreign policies of states. Resources furnish the latitude for action, but foreign policies also reflect the opportunities and constraints in the external arena. For this reason, foreign policies could be broadly conceived as the array of vehicles and instruments for managing the external world (Hudson, 1995; Wish, 1980; Gerner, 1992).

1 For wide-ranging analyses of foreign policy see Caporaso *et al.* (1987), Hermann *et al.* (1987) and Caldwell *et al.* (1993).

An equally powerful tool in the analysis of foreign policy is the institutional arena for the articulation of interests and demands. Theories of institutions speak of rules and structures that facilitate decision making; embedded in institutions are individuals whose actions are enabled and disabled by these rules.² In national contexts, foreign policy-making institutional domains vary from foreign and trade ministries to presidencies and other agencies tasked with projecting national interests abroad. In all institutional domains, leadership always matters, particularly at the higher echelons of power. The importance of foreign ministries and presidencies in foreign policy-making is illustrative of the prominence that states have historically accorded to matters beyond their borders. For the most part, analysts of foreign policy assume that there are coherent (and sometimes, as in democracies, competitive) national elites who project their power and capability in the external environment.³

Ideas about actors, interests and institutions furnish a model of foreign policy-making, but the picture is incomplete without a sufficient explanation of the amorphous notion of the external environment. This requires delineating the multiple arenas – bilateral, regional, continental, and international – that underpin the external environment. It is also critical to specify the targets of foreign policy. If states are projecting power and exerting influence, what components of the international arena are these activities aimed at? What is the purpose of foreign policy? Who is it intended for? Targets are indistinguishable from what scholars in the 1960s and 1970s popularised as “issue-areas”, depicting the range of goals and contexts that are critical to appraising foreign policy (Rosenau, 1966).

In the evolution of the modern state system, foreign policies were typically the province of nation states in their capacities as the carriers and repositories of sovereignty. Undergirded by power and resources, sovereignty insulates national actors from the vagaries of the external environment while also enabling them to advance a particular state's interests *vis-à-vis* the rest of the world (Buzan, 1984; Ayoob, 1985). Sovereignty defines the state as the primary provider of identity, security, and prosperity. With time, however, the coalescence of states around multilateral and international institutions has provided chances for collective foreign policy-making. Where states have increasingly subcontracted some sovereign responsibilities to international organisations and bodies, more opportunities have emerged for the harmonisation of foreign policies.⁴ More significantly, foreign policy harmonisation and coordination have often occurred in the paradoxical circumstances of both the strengthening and diminution of sovereignty. That is, collective institutions have grown where functional and stable states gradually appreciate the limited gains from narrow nationalism and begin to prefer the expanded gains from the proliferation of supra-national institutions.

Foreign policy-making in Africa has reflected the tensions between sovereignty and supra-nationalism, and the problems of balancing national objectives in the circumstance of a constrained external environment.⁵ Dogged increasingly by the lack of resources to make significant differences in the wider international arena (other than through the projection of claims and grievances), African foreign policies have been confined primarily to bilateral relations with neighbouring African countries, and to a lesser extent to the rest of Africa.

Consistent with the fragility and weakness of the post-independence era, foreign policy-

2 On institutional theories and foreign policy-making see Evans *et al.* (1993); Keohane *et al.* (1995).

3 On views of leaders and roles in foreign policy see Holsti (1970).

4 Scholars of liberal internationalism underscore the importance of international institutions. See for instance, Keohane and Nye (1979 and 1984).

5 For analyses of African foreign policies see Lyons and Khadiagala (2001), Clapham (1996), Dunn and Shaw (2001).

making in Africa was dominated by a few individuals, particularly presidents, underscoring the slow movement toward institutionalisation (Wright, 1999). The limited number of actors involved in foreign policy mirrored the narrow interests that, for the most part, defined the foreign policy domain. Outside Southern Africa, where nationalist conflicts raged into the 1990s, the majority of African states confronted few external security threats except for border and power struggles in some sub-regions. The content of foreign policy and diplomacy thus revolved around vigorous participation in international institutions in the search for resources, recognition, and respect.

In the face of profound economic and political weaknesses, most African states gravitated toward their regional neighbourhoods in efforts to forge collective approaches and identities, together with a focus on the Organisation of African Unity (OAU) (Babarinde, 1999). The density of inter-governmental interactions since the 1960s, however, belied the fact that the novelty of sovereignty also undermined the construction of viable regional frameworks. Newly-independent states had few incentives to surrender the sovereignty that they had yet to harness. This is why throughout the 1960s and 1970s, the attempts at regional integration that sought to tame Africa's balkanisation ran against the formidable dynamics of national pride and flags, the epitome of fragile sovereignties. For instance, in East Africa, the inherited colonial institutions of economic regionalism could not withstand the competitive nationalisms and fragmentation that marked the independence era, leading to the breakup of the East African Community in the mid-1970s.⁶

The collapse of the protective umbrella of the cold war worsened the problems of weak states that had depended on superpowers for resources. It also exposed the brittle internal institutional foundations of states such as Zaire (the Democratic Republic of the Congo) under Mobutu Sese Seko. By the early 1990s, the link between weak states and weak regionalism had come full circle, demonstrated in the upsurge of civil wars and the inability of regional institutions to deal frontally with these challenges.

In West Africa, the Economic Community of West African States (ECOWAS) under Nigeria's leadership began to whittle down the veneer of sovereignty that had concealed conditions that wrought wars and internal decay in Liberia and Sierra Leone. The ECOWAS interventions came too late to prevent West Africa from descending into regional conflagration as demonstrated in the escalation of the civil wars in Cote d'Ivoire, Liberia, Sierra Leone, Guinea, and Guinea Bissau. Nonetheless, the interventions by ECOWAS also established the pattern of African regional interventions in the affairs of member states.

There is still a long way to go before sturdy institutions of collective problem-solving can emerge in Africa from the lessons of the previous years about the weakness of regional institutions in a context of state-centred sovereignties. Thus, in this regard, while the African Union (AU) and the Regional Economic Communities (RECs) are attempting to realign African foreign policy interests and objectives toward more unified directions, the forces pulling in the opposite direction, anchored on distinctive nation-states, remain strong in most parts of Africa.

Is Southern Africa the Exception?

Contests between decolonisation-based and minority-based security systems helped give

6 For excellent discussions of the weaknesses in African regionalism see Mazzeo (1984), Asante (1997).

southern Africa distinctive foreign policy patterns that are still relevant to understanding the possibilities of deepening foreign policy coordination and harmonisation.⁷ The mobilisation by the Frontline States (FLS) alliance since the mid-1970s for the liberation of the white minority-ruled countries in the region, and its determined efforts to ward off the threats from those regimes, served as a foundation for elite coalescence about foreign policy objectives. On the other hand, white governments, faced with the onslaught of African nationalism repositioned themselves under South African leadership to strengthen their historical links in the political, economic, and security realms. Despite the power disparities that weighed disproportionately against the FLS, the outcomes to the contest between the Frontline and the White Redoubt hinged primarily on the internal and external pressures exerted on the white minority governments. In addition, the FLS were able to steadily exploit the vistas opened up by the liberation of Angola and Mozambique to push their liberation objectives with the help of supportive international actors.

During the long confrontation between the FLS countries and the countries in southern Africa which continued to be ruled by a white minority, foreign policy-making among the FLS avoided some of the divisive features that marked the rest of Africa by building strong personal links within the leadership. Socialisation through the liberation movements across the region also assisted in creating a wider camaraderie that insulated the FLS from the debilitating fissures of sovereignty. For this reason, foreign policy-making mirrored the pattern of presidential dominance but with more positive outcomes.

Overtime, the FLS institutionalised regional cooperation through the formation of the southern African Coordination Conference (SADCC) in 1980. SADCC gave the FLS a regional institution that was limited in its economic objectives, pending the maturation of the decolonisation process through the liberation of South Africa and Namibia. Unlike their northern neighbours who erected weak intergovernmental institutions to conceal the fealty to sovereignty, SADCC had a realistic perspective of anchoring regionalism on the coordination of a few functional roles as the region awaited the end of minority rule (Lee, 1989; Baregu *et al.*, 1983).

Post-apartheid southern Africa witnessed two major trends that were significant to foreign policy trajectories. First, the region was able to boost the institutions of economic regionalism by drawing both from the limited experiments of the SADCC and the long historical trade, infrastructural, and investment links that already existed. This is the context in which South Africa “re-emerged” as the core driver of SADC. Second, given the decline in the significance of the decolonisation imperatives that had propelled the FLS, the key challenge for foreign policy-making was whether the inordinately individualistic style of decision-making would continue to prevail. Closely linked to this issue was whether conflicts would arise between “old guard” FLS leaders and the “new institutional” regionalists. Most of these issues were resolved by SADC’s decision to create an Interstate Committee for Defence and Security in 1993 and a sector on Politics, Diplomacy, International Relations, Defence, and Security in 1994.⁸ Efforts to reach a consensus about common security and defence were enshrined in the Organ on Politics, Defence, and Security (OPDS) that SADC ratified in June 1996 with the following objectives, to:

- protect the people and safeguard the development of the sub-region against the instability arising from the breakdown of law and order, interstate conflict, and external aggression

7 For analyses of the Frontline States (FLS) see Khadiagala (1994).

8 For analyses of the security horizon in the post-apartheid phase see Malan (1998); Vale *et al.* (1995).

- promote political cooperation between member states and the evolution of common political value systems and institutions
- develop common foreign policy in areas of mutual concern and interest, and to lobby as a sub-region, on issues of common interest at international forums
- cooperate fully in sub-regional security and defence through conflict prevention, management, and resolution
- mediate interstate and intrastate disputes and conflicts
- use preventive diplomacy to pre-empt conflict in the sub-region, both within and between states, through an early warning system
- promote and enhance the development of democratic institutions and practices within member states, and to encourage the observance of universal human rights
- develop collective security capacity and conclude a Mutual Defence Pact for responding to external threats, and a sub-regional peacekeeping capacity within national armies that could be called upon within the sub-region, or elsewhere on the continent
- develop close cooperation between the police and security services of the sub-region, with a view to addressing cross border crime, as well as promoting a community-based approach on matters of security, and
- address extra-regional conflicts that impact on peace and security in southern Africa (SADC, 1966).

The core provisions of the OPDS underlined the determination to move in the direction of harmonisation of foreign policy within the organisational rubric of a "common value system in politics and economics." Subsequently, most of the regional interactions in southern Africa have tried to reconcile the differentiation between economic and security roles against the background of the emergence of new members and new problem-areas on the foreign policy agendas of SADC and its constituent units. How the region has weathered these challenges is a pointer to the ability of SADC to forge common foreign policies and to harmonise conflicting national objectives.

Back to the framework: toward regional foreign policy coordination

The promise of common foreign policy articulated in the OPDS provides an interesting start for thinking about the obstacles and opportunities of foreign policy harmonisation. Overall, the experiences in reaching the goals spelled out in the OPDS reveal that there are enormous problems in forging common foreign policies because of unresolved questions of defining interests and specifying targets of foreign policy. Attempts to harmonise policies across a wide range of foreign policy domains remain stunted by the adherence to sovereignty. Common foreign policies take time to articulate and elaborate, dependent on a smooth transition from weak intergovernmental regionalism to more robust supra-nationalism. Europe provides a cautionary tale: despite fifty years of building supra-national institutions, crafting the EU's Common Foreign and Defence Policies remains essentially a work in progress.

Unlike most of African sub-regions, however, SADC's record in foreign policy coordination has benefited from valuable lessons that tested the solidity and stability of existing institutions. The divisions within SADC between a Zimbabwe-led faction that intervened in the Democratic Republic of the Congo (DRC) to save the government of Joseph Kabila from the invasion of Uganda and Rwanda in August 1998, and a South Africa-led faction that opposed the move, point to one of the lessons of institutional persistence in the face of divisions. Earlier, the intervention of South Africa and Botswana in Lesotho to restore constitutional rule had ruffled few feathers within SADC, partly because SADC was then in the initial stages of building common regional standards on democratic governance and partly because few SADC states would have objected to South Africa's intervention in a country it regards as too important to fail. Both instances of intervention demonstrated the difficulties of achieving region-wide consensus on some of the broader principles that underpinned the search for a common foreign policy. But the most significant lesson is that the intervention in the DRC propelled the search for a comprehensive solution to the crisis that was captured in the SADC-led Lusaka Peace Process that started in 1999 and ended in the Pretoria Agreements for Peace and Stability in the DRC.⁹

The other pertinent lesson for SADC has been the incremental engagement in the Zimbabwe crisis since the elections which led to political turbulence. Intervening to mediate in Zimbabwe was an intricate diplomatic game for SADC, particularly since there was mounting pressure on it to impose sanctions by Western countries. At one level, overcoming the clamour for sanctions was decisive in establishing a regional position on an intra-regional problem, a feat that required significant coordination of interests and positions. Moreover, while differences occurred within SADC over the Zimbabwe question, they were not sufficient to torpedo what became the regional consensus on a negotiated settlement that included the three Zimbabwean parties.

SADC's mediation of the crisis in Madagascar following the ouster of President Marc Ravalomanana by a military directorate in March 2009 is another instance of attempts at collective approaches to an unconstitutional change of government. After the suspension of Madagascar from SADC, the organisation struggled to find a coherent approach to the crisis. As David Zounmenou has noted, it was

“...undermined by confusion and blatant lack of coherent leadership. No less than six mediators were dispatched to Madagascar with little success. The Southern African Development Community's (SADC) initial reactions proved ineffective and its radical approach undermined any attempt at a peaceful resolution of the crisis. Speculation about a military intervention to reinstate Ravalomanana heightened tensions and motivated a hastened judicial process that sentenced him to four years imprisonment and a \$70 million fine for abusing office – making it difficult for him to return to Madagascar.”¹⁰

Nonetheless, SADC quickly regained the momentum and appointed former Mozambican President Joaquim Chissano to lead the mediation from June 2009. Although the mediation produced an agreement, the Charter for the Transition, in August 2009, the standoff between the political factions in Madagascar continued when the military-appointed President Andry Rajoelina abrogated it by unilaterally appointing a 31-member cabinet. As the crisis grinds on, it will continue to test SADC's ability to promote collective policies on democratisation in the region.

9 For analyses of South African and SADC diplomacy in Lesotho and the DRC, see Landsberg (2002); Dlamini (2003).

10 Cited in 'SADC Leaders Reject Madagascar Government', *Reuters*, 9 September 2009.

New institutions in SADC such as the Free Trade Area (FTA), the Customs Union, and the contemplated Common Market may be other critical avenues of boosting foreign policy coordination. The movement toward supra-nationalism creates a dynamic toward the advancement of common foreign policy interests. This route to policy coordination stems from the classical functionalist argument that the disintegrative forces that underpin sovereignty become less salient as the integrative market and economic forces take precedence. In this respect, greater harmonisation in economic and trade issues is a promising channel of regional foreign policy because economic coordination has put in place institutional benchmarks that can be broadened in other areas of collaboration. Although the negotiations for the Economic Partnership Agreements (EPAs) have in part precluded collective approaches on trade issues by dividing SADC into competitive geographical configurations, SADC still has the fundamental building blocks for collective decision-making around economic issues.

The other mechanisms for common perspectives on foreign policy could be inter-SADC diplomatic efforts in limited multilateral forums as a way to build the practice and culture of a regional identity. For instance it would not be difficult to contemplate experiments in collective decision-making in extra-African institutions such as the old Non-Aligned Movement (NAM), the new structures such as Forum on China and Africa (FOCAC), and the Tokyo Initiative on African Development (TICAD). These are safe arenas in which a "southern African voice" would be relatively easy to mobilise. In future, these modes of coordination could expand to more issue-based concerns in other multilateral forums, including the United Nations agencies.

For regional institutions, issues allow consensus and coalescence around some, while ignoring those that may be more contentious. For instance, rather than attempting to evolve a regional position on the International Criminal Court (ICC), it may be more logical for SADC to try to establish common positions on climate change, an issue that may permit more room for agreement. On the other hand, it may be difficult for SADC to take distinctly opposing stances on some AU issues such as the Grand Debate on the Union Government without being subject to charges of contradicting the broader AU mandate and mission. The region should strive to harmonise its positions on less divisive African issues. As these forms of coordination become more common, individual states could gradually become more comfortable ceding authority in other areas of foreign policy.

In the long-term, regional foreign policy coordination will require institutional capacity and coherence. Capacity denotes the ability of SADC institutions to learn to integrate foreign policy issues that may not be within their limited functional mandates, for instance migration, trade, and industry. Coordination of foreign policies will not occur without competent institutions and actors that define interests and project them outside the region. Capacity issues point to a number of questions. How much has SADC developed the institutions to manage the tasks entailed in foreign policy-making? Does SADC need new institutions or do the current ones suffice? Coherence is related to the capacity of core institutions of decision-making such as the SADC Troika, Heads of States, Ministers, and the SADC Secretariat to evolve the practice of consensus-building around foreign policy issues. The experiences from Zimbabwe and Madagascar are instructive to understanding questions of coherence, but with the multiplication of roles and responsibilities, it would be interesting to see how issues of coherence play out in the future. Some of the central questions related to coherence are as follow: How high or low should the locus of decision-making be on foreign policy issues? If SADC is "democratising" foreign policy, what does this mean in terms of who makes decisions? At what level of decision-making is coordination more feasible? Does the institutional division of labour within the leading institutions permit better coordination of foreign policies or does it hinder it?

Questions of capacity and coherence are also inextricably tied to the nature of leadership in SADC on foreign policy issues. South Africa's leadership on major issues in SADC is well-known, but the bigger puzzle is whether there is an emerging pattern of South Africa's use of SADC to project foreign policy objectives and decisions. Leadership in individual and collective terms is central to the formulation of collective foreign policies, but leaders are also hampered by the constraints of managing members who probably do not share the same overarching vision articulated in the foreign policy domain. In the Zimbabwe case, while Botswana and Zambia took the minority view on negotiations, the majority SADC position prevailed because South Africa had the muscle to shepherd the majority perspective. In future, the challenge is whether SADC can evolve coalition-type leaderships on salient issues as a way to mobilise greater consensus around them.

Conclusion

Collective foreign policy-making in Africa and elsewhere is a slow process of learning, accommodation and compromises because of the persistence of sovereignty and the diversity of interests and experiences in managing complex external environments. Universally, foreign policy concerns in regional institutions remain less amenable to collective action because they form a big bone of contention among member states who do not share the same foreign policy targets. By this logic, conventional foreign policy concerns, particularly external alliances and membership in extra-regional institutions remain the domain of states that may be unwilling to compromise their positions, despite intra-regional consensus on other important issues. Southern Africa, though, fashioned a practice of building foreign policy coordination around some core issues at the height of the apartheid and decolonisation era that seems to have solidified the momentum toward enhanced harmonisation for the future. The past legacies of interaction now serve as an essential infrastructure for regional articulation and projection of common interests and problems within the limits of institutional capacities and political will.

References

- Asante, S. (1997) *Regionalism and Africa's Development: Expectations, Reality, and Challenges*, London: Macmillan.
- Ayoob, Mohammed (1985) 'The security problematic of the third world', *World Politics*, Vol. 43, pp. 257-83.
- Babarinde, O. (1999) 'Regionalism and African foreign policies', in Stephen Wright (ed.) *African Foreign Policies*. Boulder: Westview Press.
- Baregu, M. and Landsberg C. (1983) *From Cape to Congo: Southern Africa's Evolving Security Challenges*, Boulder: Lynne Rienner Publishers.
- Buzan, B. (1984) 'Peace, power, and security: contending concepts in the study of international relations', *Journal of Peace Research*, vol. 21, pp. 3-18.
- Caldwell, D. and McKeown, T. (eds.) (1993) *Diplomacy, Force, and Leadership: Essays in Honour of Alexander George*, Boulder: Westview
- Caporaso, J, Hermann, C. and Kegley, C. (1987) 'The comparative study of foreign policy: perspectives for the future', *International Studies Quarterly*, Vol. 13, pp. 32-46.
- Clapham, C. (1996) *Africa and the International System: The Politics of Survival*, New York: Cambridge University Press.
- Deng, F. and Zartman, I. (2002) *A Strategic Vision for Africa: The Kampala Movement*, Washington, DC: The Brookings Institution.

- Dlamini, K. (2003) 'Is quiet: diplomacy an effective conflict resolution strategy?' in *The South African Yearbook of International Relations, 2002/03*, Johannesburg: The South African Institute of International Affairs.
- Dunn, K. and Shaw, T. (eds.) (2001) *Africa's Challenges to International Relations Theory*, London: Palgrave.
- Evans, P., Jacobson, H. and Putnam, R. (1993) *Double-Edged Diplomacy: International Bargaining and Domestic Politics*, Berkeley: University of California Press.
- Gerner, D. (1992) 'Foreign policy analysis: exhilarating, eclectic, intriguing enigmas', *International Studies Notes*, Vol. 17, pp. 4-19.
- Graham, V. (2006) 'How firm the handshake: South Africa's use of quiet diplomacy on Zimbabwe from 1999-2005', *African Security Review*.
- Hermann, C., Kegley C. and Rosenau, J. (1987) *New Directions in the Study of Foreign Policy*, Boston: Alien and Unwin.
- Holsti, K. (1970) 'National role conceptions in the study of foreign policy', *International Studies Quarterly*, Vol. 14, pp. 233-309.
- Hudson, V. and Vore, C. (1995) 'Foreign policy analysis yesterday, today, and tomorrow', *Mershon International Studies Review*, Vol. 39, pp. 209-38.
- Keohane, R. and Martin, L. (1995) 'The Promise of institutionalist theory', *International Security*, Vol. 20, pp. 47-62.
- Keohane, R. and Nye, J. (1979) *Power and Interdependence*, Princeton: Princeton University Press.
- Keohane, R. and Nye, J. (1984) *After Hegemony: Cooperation and Discord in the World Economy*, Princeton: Princeton University Press.
- Khadiagala, G. (1994) *Allies in Adversity: The Frontline States in Southern African Security, 1975-1993*, Athens: Ohio University Press.
- Landsberg, C. (2002) 'South Africa and the Congo war' in Clark, J. (ed.) *The African Stakes of the Congo*, New York: Palgrave.
- Lee, M. (1989) *SADCC: The Political Economy of Development in Southern Africa*, Nashville: Winston-Derek.
- Malan, M. (1998) *SADC and Sub-Regional Security Pretoria: ISS Monograph Series No. 19*.
- Mazzeo, D. (ed.) (1984) *African Regional Organisations*, New York: Cambridge University Press.
- Peters-Berries, C. (2002) 'The Zimbabwean crisis and SADC: how to deal with a deviant member state' in Hansohm, et al. (eds.) *Monitoring Regional Integration in Southern Africa*, Vol. 2. Windhoek: NEPRU
- Rosenau, J. (1966) 'Pre-theories and theories of foreign policy' in Farrell, B. (ed.) (1966) *Approaches in Comparative and International Politics*, Evanston: Northwestern University Press.
- SADC (1996) *Protocol on Politics, Defence, and Security in Southern African Development Community (SADC)*, Gaborone: SADC, June 30.
- Spence, J. (2006) 'Point Man' on Zimbabwe: South Africa's role in the Crisis', *Roundtable Vol. 95*, pp. 191-99.
- Vale, P. Booth K. (1995) 'Security and cooperation in Southern Africa: post-apartheid and beyond realism', *International Affairs*, Vol. 71.
- Wish, N. (1980) 'Foreign policymakers and their national role conceptions', *International Studies Quarterly*, Vol. 12, pp. 352-43.
- Wright, S. (1999) *African Foreign Policies*, Boulder: Westview Press.

CHAPTER 6: SECURITY DIMENSIONS OF REGIONAL RELATIONS AND INTEGRATION

Gavin Cawthra

Introduction

The consolidation of peace and security forms part of the Southern African Development Community (SADC) common agenda, and policy frameworks are in place for the coordination of the political, intelligence and policing sectors.

This paper explores how SADC and its member states pursue the objectives of peace and security in terms of their international relations, whether common foreign and defence policies can be detected, and the approach to conflict management.

The point of departure is the research already carried out under the framework of FOPRISA, which has built up a fairly comprehensive picture of security co-operation in the region. It pulls these findings together to address the questions already asked in the formative research, identifies gaps in this research and makes an overall assessment of the status of security cooperation in the region, before moving on to address the following issues:

- Values: whether shared values have been developed and underpin SADC and member states' approaches to security.
- Institutionalisation: the degree to which security cooperation has been incorporated into durable and viable institutions.
- Subsidiarity: the extent to which SADC has successfully integrated itself, in terms of its international security relations, into the AU and UN frameworks, and the extent of overlap with other Regional Economic Communities (RECs) including the coordination of the regional brigades which constitute in each sub-region the building blocks of the African Standby Force responsible for deploying military, police and civilian contingents in peace support operations.
- Diplomacy and mediation: the nature of SADC diplomatic and security interventions in the region, with SADC's most recent crisis, Madagascar, used as a case study.
- Collective self-defence: the effectiveness of and issues involved in collective self-defence through the Mutual Defence Pact in the context of international and regional relations

Previous research

In the first year of FOPRISA research (2007), the focus was on approaches to the security sector in the region and the key SADC structures developed for security cooperation. This included examining the organisational dimensions, public safety and justice issues.

The second phase of the research focused on implementation, grounded in an understanding of the comparative international context of regional security. The studies concentrated on the

Mutual Defence Pact, the Strategic Implementation Plan for the Organ on Politics, Defence and Security Cooperation (SIPO) and the African Peace and Security Architecture (APSA) and SADC's role in this, including its relationship with the security structures of the African Union (AU).

Year three of the FOPRISA security research concentrated on peace missions. Papers were prepared on the evolution of peace support operations (PSOs) in the region, post-conflict peace building (PCPB), notably in the DRC, training and preparation for PSOs, and the key challenges facing SADC with regard to PSOs and PCPB.

The final round of the research, of which this paper forms a part, focused on the foreign policy and international cooperation dimensions of SADC's approach to security. This paper will now examine some of the key issues arising from this research, which have not yet been resolved.

Values

It is not really contested that the development of common values is key to the consolidation of a common SADC approach to security and international relations, as argued by Nathan and others (Nathan, 2004). What is less clear, however, is *how* these values will evolve: what mechanisms, procedures, processes and institutions will be put into place to undergird such an evolution, and precisely *what* these values are.

The SADC Treaty sets out a wide range of values in relation to governance, democracy and human rights, and these are repeated and amplified in the SADC Protocol on Politics, Defence and Security Cooperation and the SIPO which is the implementation strategy for the Organ established by the Protocol. There are in addition a growing number of treaties and protocols which set out common values, notably the SADC Principles and Guidelines Governing Democratic Elections.

The SADC Treaty sets out the following values (SADC, 1992):

- Sovereign equality of all member states;
- Solidarity, peace and security;
- Human rights, democracy, and the rule of law;
- Equity, balance and mutual benefit; and
- Peaceful settlement of disputes

Article 5 of the Treaty outlines the objectives of SADC. It commits the Member States to 'promote common political values, systems and other shared values which are transmitted through institutions, which are democratic, legitimate and effective'. It also commits Member States to 'consolidate, defend and maintain democracy, peace, security and stability' in the region.

The SADC Principles and Guidelines Governing Democratic Elections go further by specifying the following principles:

- Full participation of citizens in the political process;
- Freedom of association;
- Political tolerance;

- Regular intervals for elections as provided for by the respective national constitutions;
- Equal opportunity for all political parties to access the state media;
- Equal opportunity to exercise the right to vote and be voted for;
- Independence of the judiciary and impartiality of the electoral institutions; and
- Voter education (SADC, 2004).

These principles recognise that there is more to democracy than elections. They constitute a far-reaching exposition of democratic principles. It is to SADC's credit that it has sought to implement them in a wide range of elections that have been carried out since the principles were adopted at a summit in Mauritius in 2004, through the deployment of electoral observer missions (most recently in Botswana and Mozambique). However, the application of the principles in some countries, notably Zimbabwe, has been disputed by some international observers and analysts. In Swaziland, there is little attempt to apply these principles, and elections have been repeatedly delayed in Angola.

On paper, at any rate, there is a clear expression of commitment to democratic principles within SADC. Whether these have been applied in practice is disputed by many, and some analysts argue that there has been little progress towards the implementation of shared values (Nathan, 2004). Other analysts point out that although formal declarations are made about democracy, these do not translate into emancipation or participation, as the state remains used by a narrow elite as a way of making money, leading to 'skin-deep procedural democracies' (Tsie, 2008: 91). Or, put another way, the SADC project remains state-centric rather than people-centric, as in other RECs, which 'have not moved beyond minimalist state-centric trade-related cooperation' (Olivier and Kornegay, 2009), and the nature of the state is basically neo-patrimonial, in which informal processes of patronage are built into and supersede the formal democratic processes of the state (Chabal, 2009).

As I have argued in a previous paper, however, values cannot simply be assumed, they have to be constructed over time. The intensity of interactions around issues such as elections and democratic consolidation will in time determine whether the values espoused by SADC will actually take root in member states and undergird the organisation as a whole (Cawthra, 2008: 117). It will of course take many years (if ever) before participative and social dimensions of democracy become embedded in the region, or, to use currently popular parlance in the region, for the establishment of democratic developmental states.

There is a growing formal commitment to other values, through the increasing number of protocols adopted by SADC. These include the Social Charter (2005) which commits SADC member states to the Universal Declaration of Human Rights, conventions of the International Labour Organisation with their variety of freedoms in relation to labour rights. There are also protocols against corruption, on education and training, and on the facilitation of movement of persons, all of which contain fundamental statements of values in relation to democracy and human rights. Common positions and values may further be detected in the declarations of the SADC Summits, although SADC has generally been reluctant to pronounce on human rights issues in member states. Some movement may be detected, however. For example, for many years SADC Summit communiqués related to Zimbabwe focused on the issue of land, while for the past year or so they have been more concerned with governance, especially the issue of establishing and implementing a unity government in terms of the Global Political Agreement (GPA).

Likewise, SADC has spoken with one voice regarding the unconstitutional change of government in Madagascar which took place in March 2009, based on the principal that such changes of government are unacceptable (also in terms of AU policy). At an extraordinary Summit of the Organ on Politics, Defence and Security Cooperation (OPDSC) on 31 March 2009, Madagascar was suspended from SADC, and a call was made for the usurper, Andry Rajoelina, to relinquish power and restore the former president, Marc Ravalomanana. Although SADC subsequently softened its position in favour of negotiations (see below), it nevertheless stuck firmly to the value of not accepting an unconstitutional change of government, even preventing Rajoelina from addressing the UN General Assembly in October 2009.

There also appear to be fairly strongly converging values around poverty alleviation strategies (Osei-Hwedi, 2008), free trade and relatively open markets. In this regard, the establishment first of the SADC Free Trade Area and then in October 2008 of the African Free Trade Area, together with Common Market of East and Southern Africa (COMESA) and the East African Community (EAC), constitute significant developments, although there are many challenges. Countries become members of values-based institutional frameworks, although there are countervailing pressures on countries to make separate trade agreements with the EU, and overlapping memberships are a problem. It is not possible for countries that are members for example of the SADC Free Trade Area and COMESA to provide trading privileges to both institutions, and there are some free trade areas, such as in the Maghreb and ECOWAS that have achieved almost nothing. Such agreements as emerge will in any case be made more on the basis of interests than values.

A cautious conclusion may therefore be drawn that there is a growing convergence of values within SADC, although not all these values will be shared by all and some are open to considerable critique: the issues of the nature of democracy and of commitment to human rights in particular.

Institutionalisation

The level of institutionalisation is an important element in SADC's ability to project common positions and adopt common policies, as it is the intensity of interactions within structures that in part determines this. SADC is committed to the development of common foreign policies, but it is a long way from being a unitary actor. As van Nieuwkerk has shown (2009), the organisation has found little to speak on with a common voice, be it the war in Iraq or international trade negotiations (although it has found common purpose with other African countries on some issues, such as the reform of the UN, through the Ezulwini Consensus). This is hardly surprising. Even the EU, with its high levels of institutionalisation, finds it difficult to develop common foreign policy positions. National interests tend to prevail.

SADC is not a supra-national organisation, in the sense that SADC bodies are likely to replace some of the functions of states, as some of the institutions of the European Union have, nor is it likely to become one in the near future. It remains an inter-governmental organisation, with a relatively small permanent secretariat, especially with regard to its political and security functions. This means that it remains quite a weak organisation. As we will see in the section on diplomacy and mediation, it can draw on very few indigenous technical and support services when it comes to implementation of policy. The Directorate of Politics, Defence and Security remains tiny relative to its functions, and many of the officials that are in place are in technical positions, for example attached to the SADC Brigade (SADCBRIG). This is not just a function of

a lack of resources or funding (donors appear to be willing to provide for more support staff) but a deliberate policy. In part, it is to avoid dependence on donors. There is a perception that if donors were to fund technical and other staff, they would secure undue influence, especially in the politics, diplomacy and security fields (it is seen as less problematic in the development area). In part, also, states are arguably reluctant to cede their hard-won sovereignty to a putatively supra-national structure. They prefer to retain control over their own affairs than to be answerable to common institutions.

Some analysts explain this in terms of the character of SADC, where the summit of heads of state and government is by far the most important decision-maker. In other words, SADC is seen as a 'club of presidents' (and a king and a prime minister). To some extent this can be seen as a legacy of the old Front Line States (FLS) alliance which preceded SADC as the political and security coordination mechanism. The FLS met informally at heads of state level without any significant degree of institutionalisation (in part for security reasons). This led to high levels of flexibility regarding decision-making as well as allowing heads of state off the hook in terms of implementation if they so chose. This system of low accountability and low transparency would appear, however, to be inimical to the dictates of democracy, and it remains a challenge to transform some of these principles as SADC evolves.

This is not to say that there hasn't been progress. An integrated committee of ministers has been established and meets regularly, while the OPDSC is active through two committees which meet at the level of ministers and officials, the Interstate Defence and Security Committee (ISDSC) and the Interstate Politics and Diplomacy Committee (IPDC). The IPDC appears to be much less active than the ISDSC. On the functional level, directorates have been established at SADC headquarters, but on the whole these remain quite under-resourced.

In conclusion, there are low levels of institutionalisation of functions within SADC, relatively few support and technical staff, and the density of committee-based interaction remains relatively low. This is perhaps not such a bad thing. Already there is a heavy burden in terms of time and responsibilities on the mostly quite weak states that form SADC's membership, and it does allow (at least in theory) for more nimble responses. But it must inevitably put a cap on, or at least inhibit the development of, common policies and programmes, notably in relation to external relations. At the end of the day, a firm institutional basis is necessary for policy consistency, projection and implementation. On the other hand, if states themselves lack such capacities it would be unrealistic to expect SADC to be able to construct them.

Subsidiarity

As a sub-regional organisation or REC of the AU, SADC forms part of the UN global collective security system. Its regional and international relations cannot be understood outside of this framework. Despite this, SADC does not often act collectively within the structures of the AU or the UN, except when it comes to putting forward candidate states for election to various political positions (for example on the AU's Peace and Security Council).

Overall, articulation between the sub-regional, regional and international realms is weak, although efforts have been made to improve this in recent years. The AU-UN 'hybrid mission' in Darfur has, for example created particular challenges, as UN systems and decision-making structures and processes do not necessarily articulate with those of the AU.

The AU's Peace and Security Council (PSC) in effect replicates some of the functions of the UN Security Council, including powers of mediation and arbitration. It provides a comprehensive

framework for dealing with the prevention, management and resolution of conflicts, including peace operations, at a continental level. Importantly, the Charter also gives the AU the right to intervene in member states in extreme cases, such as genocide or widespread violations of human rights.

Its key security components include the Continental Early Warning System (CEWS), which has a situation room to track wider security challenges, advises the PSC on potential conflicts and recommends courses of action. It is meant to interact with regional early warning centres, and with the Panel of the Wise which is responsible for mediation-type activities. On a day to day basis, the work of the PSC is carried out in large part through the African Commission.

A strong role is given to Africa's regional economic communities (RECs), particularly with regard to early warning and the African Standby Force (ASF). The ASF is designed as five self-standing sub-regional brigades more-or-less coinciding with the AU's division of the continent into five sub-regions. The 'more-or-less' is quite important, as the regional brigades are linked in three cases to RECs which do not exactly coincide with the sub-regional divisions. SADC notably includes Angola, the DRC and Tanzania which technically fall outside of the southern African sub-region. This makes the devolution of decision-making, force preparation and training by the AU to the sub-regional brigades rather complex. Although a memorandum of understanding governing relations between the different levels was agreed in Kampala, Uganda in September 2007, key issues will need to be worked out in practice regarding decision-making, mandates, command and control.

The situation is further complicated by the role of regional actors from outside the region, such as the EU, which is an active player in the peacekeeping in the DRC and Darfur. The EU answers to its own internal decision-making processes and criteria, although the AU and the EU do meet at ministerial and other levels.

Diplomacy and mediation

Madagascar is the latest crisis to face SADC through the events around and following the coup or unconstitutional change of government in March 2009. It forms the basis of a case study within which some of the elements of, and challenges facing, SADC's approach to regional and international diplomacy, and mediation, might be considered. While other crises continue, notably the DRC and Zimbabwe, as the newest challenge, Madagascar, perhaps shows most clearly the current thinking around values, diplomacy and regional and international relations within SADC. At the core here is SADC's commitment to uphold the AU's Lomé Declaration which calls for the isolation and suspension of membership of governments which come to power by unconstitutional means.

The crisis in Madagascar developed as a power struggle between President Marc Ravalomanana and the mayor of Antananarivo, Andry Rajoelina, who began to mount a challenge by mobilising tens of thousands of demonstrators in the capital after his television channel had been shut down by the Government. In February 2009, the crisis escalated when troops opened fire on demonstrators, killing more than 100 people. A powerful military unit mutinied, and on 17 March, having lost the support of the military, Ravalomanana attempted to hand power to a military tribunal, which however turned over the keys of office to Rajoelina, arguing that a popular uprising had taken place. Although this constitutes a very unusual type of coup - and the transfer of power was shortly endorsed by the High Constitutional Court - it was nevertheless almost immediately condemned by both the AU and SADC, and Madagascar was suspended from membership of both bodies.

International mediation followed, involving a complex pantheon of actors, of which SADC formed a prominent part. As well as the contestants to the presidency, two former presidents, Albert Zafy and Didier Ratsarika, were brought into the negotiations, in the apparent recognition that the current crisis has historical roots. The AU remained the lead agency in the negotiations, former President Alberto Chissano of Mozambique was appointed as principal mediator, and Maputo became the site of the major negotiations, most notably on 22 May 2009, when an agreement was reached between all four parties for the establishment of a range of transitional governance structures, to lead to national elections in 18 months. Since then, however, the process has been more-or-less deadlocked, with no agreement over the allocation of key posts, and with Rajoelina eventually declaring a new 'unity' government, which was rejected by SADC.

SADC initially took a very firm line on the coup, with the Executive Secretary, Thomaz Salomao, calling on Rajoelina 'to vacate the office of the president as a matter of urgency, paving the way for unconditional reinstatement of President Ravalomanana' (*Mail and Guardian* 31.3.2009). More controversially, threats were made to use SADCBRIG to restore the former order. General Dlamini of Swaziland, who was then the political head of Exercise Golfino, a SADCBRIG exercise being carried out mainly in South Africa, declared that the brigade was ready to take military action if necessary. Unsurprisingly, this caused a major reaction in Madagascar, with the military making preparations to counter a 'SADC invasion' and Rajoelina milking it for all it was worth to shore up his support. In this he was assisted by press reports that Ravalomanana was trying to recruit South African mercenaries to invade the country. Needless to say SADCBRIG was in no position to carry out such a threat (see below). Its consequences would probably have been disastrous for peace and stability, but it is a measure of SADC's determination that it was apparently willing to contemplate such extreme measures.

By June 2009, SADC's position had moderated. Instead of calling for the immediate reversal of the change of government, it favoured a negotiated all-party settlement, the negotiations around which were to be led by Chissano. This in turn led to a much greater acceptance within Madagascar (including with the Rajoelina camp) of SADC's good offices. SADC again fell into disfavour, however, when it for once presented a unified front at the UN, preventing Rajoelina from addressing the General Assembly in October. This caused the Rajoelina government to threaten to refuse visas to officials from SADC member states, thus throwing a spanner in the wheels of the negotiations.

On the surface it would seem that SADC has taken a unified, principled, value-based stand on Madagascar. However, there have been difficulties. It was probably unwise to threaten to use force. The initial negotiations were led by King Mswati III of Swaziland as chair of the OPDSC, who, given that he has never been democratically elected, was seen by most observers in Madagascar as lacking in credibility (and was dismissed as a Ravalomanana lackey by the Rajoelina camp). And most observers believe that SADC lacked in-depth mediation capacity. Certainly, SADC had effectively marginalised itself until the appointment of Chissano, and some observers believed that its strong reaction to the unconstitutional change of government was more out of 'regime solidarity' with Ravalomanana (where governments in power prop each other up and are very resistant to criticising each other) and to prevent copy-cat actions in other member states, than out of principle (Cawthra, 2009).

In this regard, it seems a priority that if SADC is to continue with high-profile mediation efforts, including liaising with the AU, the UN and other actors, it needs to develop more in-depth capacity to support mediation efforts (see 'institutionalisation' above), for example in the form of a dedicated desk or secretariat. Although it appears that a secretariat will be established in

Antananarivo to facilitate the Madagascar process, this will not be a permanent SADC structure. Laurie Nathan has suggested that such a mediation desk could carry out functions including the following (Nathan, 2005):

- Undertaking research and liaison with country, regional and functional experts
- Coordinating evaluations of mediation initiatives
- Development of a body of lessons learnt and best practices
- Providing technical and strategic advice on mediation
- Communicating with adversaries and other parties as emissaries
- Maintaining records and correspondence

Certainly such a function could have contributed to smoothing the passage of SADC's mediation efforts with regard to Madagascar, especially in the early period, and would also have contributed to the institutional development of the organisation. In this, there could certainly be greater articulation with, and use of the resources of, the UN. The United Nation's Department of Political Affairs in New York, for example, is planning to second dedicated personnel to assist SADC in its diplomatic endeavours, but this will require developing a tighter working relationship between Gaborone, Addis Ababa and New York.

Collective self-defence and interventions

A key aspect of SADC's international relations, and that of its member states, is its commitment to collective self-defence, as set out in the Mutual Defence Pact (MDP). As I have argued elsewhere, mutual defence would seem at first glance to be counter-intuitive: there is no real external threat; the SADC project is primarily about collaborative security (whereby states should co-operate on a wide range of security issues including non-military and internal issues) rather than external defence; the capacity for coordination of such a project is probably lacking; and the mere fact of having such a pact can be seen as a potential threat to neighbouring countries outside of the protected area (Cawthra, 2008).

However, if the MDP is seen less as a force-multiplier and more as a confidence- and security-building measure, then it begins to make more sense. For a start, there is an opt-out clause in that states need only to respond to an attack on another country in a way in which they deem appropriate. They are not obliged to spring to one another's defence in a military manner, but could opt for diplomatic action, for example. Second, the MDP includes a non-aggression element, in that it prohibits signatory states from allowing them to be used for the purposes of destabilisation or aggression against their neighbours, calls for the avoidance of the use of violence, or the *threat* of violence, and promotes in all instances peaceful resolution of conflicts in the first instance. In other words, armed force is to be used only as a final resort (SADC, 2003; Maeresera, 2008).

Nevertheless, there remain key challenges for implementing the MDP within SADC. First, capacities are lacking. Joint military operations require inter-operability, including some level of standardisation of equipment, doctrine and battle tactics. SADCBRIG provides an emerging framework for this, but its capacities are limited despite the joint training exercises that have been carried out, such as Exercise Golfino in 2009. Second, since SADC forms part of the APSA (see 'subsidiarity' above) there obviously needs to be some articulation between the SADC

Mutual Defence Pact and that of the AU. The problems start at the broad political level. It is most likely, if there were to be an armed attack on a SADC member state that this would come from, or at least be channelled through, a fellow African country. The bizarre situation would then arise that a SADC country would be theoretically obliged to spring to the defence of both countries involved (assuming retaliatory action was taken against the instigating country): one in terms of the AU pact, and the other in terms of the SADC pact. The problems continue from there on, in terms of the operational and political relationships between the RECs, their respective brigades and the APSA.

Military action is called for in terms of the SADC Treaty not just to counter aggression, however. Intervention is not only required or justified in dire circumstances, such as gross violations of human rights and genocide, but also in less severe circumstances such as threats to the constitutional order. As we have seen above, it was during the course of 2009 threatened against Madagascar, albeit in a rather cavalier manner (SADC 1992). This raises a raft of challenges and issues, including that of determining the threshold and decision-making processes for intervention. Why, for example, has it never even been contemplated in Zimbabwe, yet was so readily grasped as an option regarding Madagascar, and why has SADC not formally as a united entity intervened in the DRC, instead leaving this to the 'allied forces' of Zimbabwe, Angola and Namibia? It also raises the issue of whether SADCBRIG would be an appropriate instrument for this, or whether individual state forces could be charged with the task, as in the DRC in 1997. And the question of the relationships of subsidiarity with the AU and the UN arises again.

In principle, any military intervention, under any circumstances, cannot merely be authorised by SADC or the AU. It requires the authority of the UN Security Council, and this is recognised by SADC. This may not only take time and adroit political footwork, but it might require SADC to work much more proactively towards adopting a common front in the AU and the UN on key political challenges, at an early stage. The AU itself seems to be affected by the same challenges as SADC: that is, issues related to decision criteria, political will and resources. Its interventions in both Somalia and the Comores have been contested by some as being in the self-interest of some neighbouring countries. With respect to the Somalia operation, the AU has been woefully incapable of bringing adequate forces to bear, in part because SADC countries like South Africa have refused to be part of the mission.

Conclusion

This paper has picked up on a number of unresolved issues and challenges arising from the research carried out under the rubric of FOPRISA into security cooperation in southern Africa over the past three years. In the light of the theme of the 2009 politics and security related research theme of FOPRISA, 'SADC's international relations', it has concentrated on the regional and international dimensions of these issues. Its point of departure was the issue of values, which underpin all issues of policy. It discussed whether shared values have been developed that underpin SADC and member states' approaches to security, concluding that while there has been a considerable value-convergence around certain principles within SADC, in many cases these remain skin-deep and their application is questioned.

It then went on to examine the extent of institutionalisation within SADC and the degree to which security and foreign policy have been given a firm institutional base on which SADC can project its own interests and those of its member states. It concluded that SADC is likely for the foreseeable future to remain an inter-governmental rather than a supra-national organisation.

The extent to which SADC has successfully integrated itself, in terms of its international security relations, into the AU and UN frameworks was the third focus of the paper. Here it was noted that despite progress, considerable groundwork needs to be done to ensure an appropriate articulation between the different levels.

The challenges regarding diplomacy and mediation were examined through the lens of SADC's most recent crisis, the unconstitutional change of government in Madagascar in 2009. This led to a number of conclusions regarding the need to strengthen the regional organisation's diplomatic and mediation capacities, including through the capacity of a dedicated desk or secretariat.

Finally, issues related to collective self-defence, as a critical element of foreign relations, were discussed. Here too, vital deficiencies in relation to policies, decision-making, structures and capacities were identified.

References

- Cawthra, G. (2008) 'Collaborative regional security and mutual defence: SADC in comparative perspective' in Cawthra, G. and Kaunda, J. *Towards Political and Economic Integration in Southern Africa*, Gaborone: Botswana Institute for Development Policy Analysis.
- Cawthra, G. (2009) 'Regional security policy in Southern Africa: case studies of Madagascar and Zimbabwe', unpublished paper for the Friedrich Ebert Foundation.
- Chabal, P. (2009) 'The State of Governance in Africa', Johannesburg: South African Institute of International Affairs, *Governance and APRM Programme, Occasional Paper No 26*.
- Maeresera, S. (2008) 'Operationalising the SADC Mutual Defence Pact' in Cawthra, G. and Kaunda, J. *Towards Political and Economic Integration in Southern Africa*, Gaborone: Botswana Institute for Development Policy Analysis.
- Nathan, L. (2004) 'The absence of common values and failure of common security in Southern Africa 1992-2003', London School of Economics, Crisis States Programme Working Paper No 50.
- Nathan, L. (2005) 'Mediation and the African Union's Panel of the Wise' London School of Economics, Crisis States Programme Discussion Paper No 10.
- Olivier, G. and Kornegay, F. (2009) 'Africa must transcend its farcical, nation-state system', *Business Day* 5.11.2009
- Osei-Hwedi, B. (2008) 'Poverty alleviation strategies and policies in SADC' in Cawthra, G. and Kaunda, J. (*op. cit.*).
- SADC (1992) Treaty of the Southern African Development Community.
- SADC (2001) Protocol on Politics, Defence and Security Cooperation.
- SADC (2003) Mutual Defence Pact.
- SADC (2004) Principles and Guidelines Governing Democratic Elections.
- Tsie, B. (2008) 'Poverty reduction and developmental democracy in Southern Africa: A synthesis', in Cawthra, G. and Kaunda, J. (*op. cit.*).
- Van Nieuwkerk, A. (2009) 'SADC's common foreign policy' Cape Town: 2009 Annual Conference of FOPRISA.

CHAPTER 7: SADC'S COMMON FOREIGN POLICY

Anthoni Van Nieuwkerk

"...develop common foreign policy approaches on issues of mutual concern and advance such policy collectively in international fora."

SADC OPDSC Protocol

Introduction

The purpose of SADC is to improve the quality of life of the people of southern Africa. The vehicle driving this vision is regional integration in the socio-political, economic and security domains. An integrating region is assumed to benefit from global economic opportunities (especially considering the presumed advantages of market size, and increased bargaining power in international negotiations) and hence be better able to establish stability, reduce poverty, advance developmental objectives, and anticipate and respond effectively to international challenges. However the region is battling to meet the Millennium Development Goals (MDGs). Does SADC have adequate mechanisms in place, and political leadership, to engage the world in pursuing stability and poverty alleviation, and in promoting wider development?

An additional question emerges when we reflect on SADC's relations with the international community, meaning the states, institutions of global governance, intergovernmental organisations and international non-governmental organisations that make up the international system. This question relates to the region's coordinated foreign policies. Members of the erstwhile Southern African Development Coordinating Conference (SADCC) and Frontline States (FLS) alliance shared common aims and (with some exceptions) worked together to counter apartheid and minority rule in the region. It was a turbulent and violent period, whereby southern African states had to deal with apartheid destabilisation as well as Soviet, Cuban, Anglo-American and other influences (Chan, 1990). Following the South African transition to democracy, the aims and objectives of regional cooperation shifted to the pursuit of development and human security. Significant institution-building and policy development followed, and relations with the donor community were restructured with the adoption of the Windhoek Declaration in 2006. However, as Khadiagala (2001) notes, 'The external burdens of destabilisation have been replaced by the gradual weakening of state authority and legitimacy in a regional environment that exhibits the legacies of economic inequalities and a global context that is less generous than before'. How then does SADC pursue common foreign policies – an objective of the SADC Protocol on Politics, Defence and Security Co-operation?¹

Furthermore, to what extent is the SADC peace and security architecture geared to, and in harmony with, continental and international institutions, to anticipate and respond to seemingly inevitable and deepening insecurities? How does the region respond to the global financial crisis and the increasingly complex global trade negotiations arena? Can SADC member states and the SADC Secretariat draw on a high-level cadre of skilled professionals to negotiate and bargain with the international community in advancing SADC's developmental agenda?

1 Objective 2 (C) of the Protocol states: "develop common foreign policy approaches on issues of mutual concern and advance such policy is collectively in international fora" (from www.sadc.int accessed 2 April 2009)

Guiding research question

Against this background, the Southern African Defence and Security Management (SADSEM) research team explored the extent to which member states of SADC, individually and collectively, were able to advance their developmental interests through foreign policy initiatives and international cooperation. Informed by the framework for analysis regarding regional foreign policies in SADC by Khadiagala, this paper focuses on SADC's common foreign policy approach. Trade and security dimensions are dealt with by other team members.

Methodology

This paper is based on a combination of research approaches, including a literature survey, analysis of key policy documents, statements of governments and SADC, and select interviews with key decision-makers and practitioners at SADC and national level.

In order to examine the 'development' and 'advancement' of SADC's foreign policy approaches 'on issues of mutual concern', as suggested in the SADC Organ on Politics, Defence and Security Cooperation (OPDSC) Protocol, we undertook a content analysis of the SADCC and SADC Summit *communiqués*, from 1980 until 2009.² A chronological list of summits and *communiqués* is displayed in Addendum 1. The critical issues of concern relating to foreign policy are listed in Addendum 2 (SADCC statements and positions) and addendum 3 (SADC statements and positions). The researcher was unable to access Organ decisions, especially the Interstate Defence and Security Committee (ISDSC) or Interstate Politics and Diplomacy Committee (ISPDC), except for those meetings which released *communiqués* (typically Extra-Ordinary Summits of the Organ Troika). In any case, an argument can be made that it is only at SADC Summit level where common foreign policy positions are taken and communicated. Subsidiary structures do not seem to have that authority.

Conceptual clarification: foreign policy

International relations are about the central question of how societies co-exist. Foreign policy is the name for a subset, namely, how states inter-relate. Webber and Smith (2002) argue that governments are confronted by a post-cold war world characterised by fundamental shifts, and that in response they search for national identity and foreign policy effectiveness in this transformed world. The transformation talked about here includes globalisation which challenges the competence of national governments, the growth of regional economic and political integration, and the emergence of major transnational policy issues (such as the environment or international crime). But most of all, the North-South divide in the international political economy constrains the foreign policy menu of the members of the global South, and of Africa in particular.

Against this background, we can develop some idea of the meaning of foreign policy. As Webber and Smith point out, contemporary foreign policy is focused sharply on the ways in which, and the extent to which, national governments have succeeded in dealing with the challenges of a substantially transformed world. In addition, collectives of states, whether in

2 Content analysis is a methodology in the social sciences for studying the content of communication. Ole Holsti (1969) offers a broad definition of content analysis as "any technique for making inferences by objectively and systematically identifying specified characteristics of messages."

loose or tight arrangements, tend to pursue activities which resemble foreign policy. Indeed, these 'foreign policies' can be seen as a major part of the context in which national governments have become enmeshed. It may even be the case that the foreign policy pursued by a national government is in some sense synonymous with these other 'foreign policies'. The Common Foreign and Security Policy (CFSP) of the EU are instructive as it illustrates the logic of a common foreign policy approach.

The CFSP is the organised, agreed foreign policy of the European Union (EU), mainly for diplomacy and actions relating to security and defence. CFSP deals only with a specific part of EU External Relations, mainly Trade and Commercial Policy and some other areas such as funding for third countries.

The Council of Ministers adopts *joint actions* or *common positions*:

- *Joint actions* address specific situations where action by the EU is considered necessary and lay down the objectives, scope and means to be made available to the EU. They commit the member states.
- *Common positions*, on the other hand, define the approach that the EU takes on a certain matter of geographical or thematic nature, and define in the abstract the general guidelines for the national policies of Member states.

To summarise then, all national governments must respond to the demands of their regional and international setting. Applied to our research project, we will examine to what extent member states of SADC hold common positions on regional and international matters.

SADC decision-making structures

We need to examine in some detail the policy-making machinery of SADC. As noted above, it promotes economic integration in order to 'improve the quality of life of the peoples of the region' (SADC, 1992). SADC's genesis reflects this priority. When the Southern African Development Coordinating Conference (SADCC) was formed in 1980, it adopted the slogan 'Southern Africa – towards economic liberation'. Liberation was seen as a necessary condition for improvements in the quality of life in Africa.

The current (1992+) SADC vision is one of

"...a common future, a future within a regional community that will ensure economic well-being, improvement of the standards of living and quality of life, freedom and social justice and peace and security for the peoples of southern Africa."

Institutional evolution

Regional cooperation in the 1980s, even if informal and limited, succeeded in realising a number of regional development projects, mainly in the infrastructure and food security sectors (Lambrechts, 2001). The activities of the Frontline States alliance, in its quest to eradicate colonial rule and apartheid in southern Africa, brought about a sense of regional identity and briefly promoted a shared political vision (Omari, 2000). The SADCC was transformed into SADC in 1992, reflecting the changing regional and external environment. Newly-democratic South Africa joined SADC in 1994, raising hopes for accelerated economic integration, but in 1998 a major regional war erupted, involving the DRC and a number of other SADC (and non-SADC) states. At

the same time, an attempted coup destabilised the small country of Lesotho. SADC's unresolved security structures (the Organ on Politics, Defence, and Security Cooperation, OPDSC, known as the Organ, although chaired by Mugabe, was not yet formally made part of the SADC structures) played a controversial role in the attempt to resolve these crises (Williams, 2001). In following the logic of 'no development without stability', broad institutional refinement was therefore necessary.

In 2001, an extraordinary SADC Summit approved the proposed recommendations for far-reaching changes in SADC's institutional structure for executing its 1992 mandate. These included changes in SADC's governing structures at the regional and national level, but most importantly a plan for the centralisation of the 21 sector co-ordinating units and commissions located in 12 of its member countries. These units were brought together in four clusters in a strengthened SADC Secretariat in Gaborone (Tjønne, 2005).

At the Council of Ministers Meeting and Summit in Blantyre in August 2001, these changes in SADC structures were further consolidated by amending the SADC Treaty. In addition the Summit signed a Protocol on Politics, Defence and Security Co-operation which provided for an Organ on Politics, Defence and Security Co-operation under the SADC Summit. The Organ has its own set of regional structures and mechanisms for policy formulation and implementation.

The Summit is the supreme policy-making institution of SADC.

It is led by a Troika system consisting of the Chairperson, Incoming Chairperson and the Outgoing Chairperson. It meets twice a year: first, before 31 March each year to focus primarily on regional economic development matters and the SADC Programme of Action; the second, in August/September, is dedicated to political matters. Decisions are taken by consensus and are intended to be binding.

The OPDSC also operates on a Troika basis. The Troika members are selected by the Summit from among the members of the Summit except that the Chairperson of the Organ Troika cannot at the same time have the Chair of the Summit (neither can a member simultaneously belong to both Troikas).

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

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

The ISDSC comprises ministers responsible for defence, public security and state security. It was formed more than 20 years ago by the Frontline States (it started off as the Defence Staff Committee, and became the ISDSC when South Africa joined after 1994). It has a fairly elaborate substructure, especially the Defence subcommittee and a range of sub-sub committees on functional areas of co-operation.

Finally, the Organ is supposed to be supported by the Directorate for Politics, Defence and Security Affairs based at the SADC Secretariat in Gaborone. It functions under the overall supervision of the SADC Executive Secretary and is headed by a Director for Politics, Defence

and Security. The Directorate's tasks, as interpreted by its Director, relate to politics, defence and security issues as defined in the Treaty, Protocol and the Strategic Integrated Plan for the Organ (SIPO). It focuses primarily on strategic planning and policy analysis and development; the monitoring and evaluation of the implementation of Organ decisions; and the provision of administrative backup to the Organ. It also supervises the activities of the SADC Regional Peacekeeping Training Centre (RPTC) based in Harare (Ndlovu, 2006).

SADC common foreign policy decision-making: loose or tight, voluntary or binding

In a previous FOPRISA paper, our analysis of SADC political cooperation suggested a developmental path from informal, *ad hoc* to formal, rules-based governance. This is in line with Oosthuizen (2006: 325) who notes that SADC provides an 'evolving, institutionalised, rules-based forum within which the members meet regularly to discuss and argue about political and security issues'. It appears that this level of institutional evolution is necessary before common foreign policy approaches or positions can be formulated and implemented.

We concluded then, and now, that the SADC leadership is rhetorically committed to full integration in both the socio-economic and security arenas (and to the eventual merging of the two into one, human security, agenda). The practice reveals the maintenance of a stable (but not always efficient) institution, used by members to behave in a disaggregated manner, driven by the overriding demands of national interest and sovereignty. To what extent does the record of Summit declarations Support or contradict this view?

The evolving SADC common foreign policy approach

The following section offers some insights into what we believe to be clearly-articulated common foreign policy positions of SADC.

We start off by looking at the SADCC Summit communiqués for purposes of context. The focus of SADCC, from its creation in 1980 until it was transformed into SADC in 1992, was to develop and implement common responses to threats by apartheid South Africa, and by colonial and minority rule more broadly. To this end, SADCC Heads of State and Government developed and expressed strongly articulated *common positions* on four themes (Addendum 2 contains the year-by-year identification of key statements on common positions):

- *Maintain donor relations.* Establishing, maintaining and strengthening relations with those in the donor community (International Cooperation Partners, ICPs) responsible for funding the SADCC programme of action. Particular attention was given to the SADCC relationship with the Nordic group of ICPs. Other donors were mentioned only sporadically and in the context of debt or drought relief (the US, G7).
- *Condemn apartheid.* Condemnation of the South African government's policies of apartheid and regional destabilisation.
- *Support decolonisation.* Towards the late 1980s, support for the processes of change in Namibia, Angola and Mozambique, and South Africa – although on the latter it maintained its position on sanctions until 'irreversible change' had taken place.

- *Prepare for a liberated South Africa.* When it became clear that South Africa was entering a transition to democracy, SADCC began to prepare for South African membership, which required a fundamental change in the purpose and structure of the organisation.

Following the creation of SADC in 1992, we can discern patterns of continuity and change in the character of the organisation's external relations. The major change was the end of apartheid and destabilisation which previously necessitated the SADCC and FLS leadership to undertake diplomatic initiatives aimed at countering this threat, as well as requesting donor assistance for recovery and development purposes. When democratic South Africa joined SADC, it changed this aspect of the organisation's international relations. The need to condemn South Africa, or to maintain the call for sanctions, fell away. The need for a harmonised and joint approach to donors for development aid still persisted, of course, as did the call for assistance to Angola (including sanctions against UNITA). Other countries in transition (Namibia, Mozambique) also needed international support.

However, the key feature of SADC's contemporary foreign relations relates to two themes: conflict resolution, and economic and trade issues (Addendum 3 contains the year-by-year identification of key statements on common positions). The major shift came with the appearance, or deepening, of violent inter- and intra-state conflict. In the period under review, major wars broke out in the DRC and neighbouring Great Lakes Region, and violent conflict or political tension and mismanagement became apparent in Lesotho, Zimbabwe and Madagascar. These events, together with the difficulties relating to its economic integration and trade relations agenda, dominated the SADC foreign policy agenda. They received detailed attention, with various peace-making and mediation initiatives undertaken for each crisis. The management of elections in the SADC region also receives sustained attention, partly perhaps because of the realisation that political tensions become sharply focused around election times.

For the record, the other issues on which SADC developed seemingly *ad hoc* common positions (in the sense of appearing once on the agenda) include: the Nigeria crisis of 1994; drug trafficking; CITES; the Landmine Ban Treaty; external debt; the Palestine peace process; terrorism; HIV/AIDS; and the transformation of the AU.

What then does SADC say, either in the form of a common position or joint action, regarding the burning issues on the international agenda? The issues include UN reform, climate change, the role of the USA under Bush and Obama, the crisis in the Middle East, the power and influence of China and India (especially China's Africa policy), the role of a resurgent Russia, nuclear weapons proliferation and global terror, organised and cross-border crime, and so on. On many if not all of these issues, other collections of states, such as the Non-Aligned Movement (NAM), or Commonwealth, or arguably the AU, have offered analyses and common positions.

Various SADC protocols contain a foreign policy dimension.³ In particular, the protocols on

3 Protocols:

Protocol Against Corruption

Protocol on Combating Illicit Drugs

Protocol on Control of Firearms, Ammunition and other related materials

Protocol on Culture, Information and Sport

Protocol on Gender and Development

Protocol on Education and Training

Protocol on Energy

Protocol on Extradition

security (illicit drugs, corruption, firearms, politics, defence and security cooperation) require SADC to cooperate with the international community on a range of policy issues. In general, one can say that these protocols form the policy framework for SADC in its operations and conduct. They guide state behaviour amongst members and where appropriate, collective state behaviour towards SADC's external environment. However, there are two problems with the view that SADC protocols guide its foreign policy behaviour. First, few of these protocols are ratified and adopted by individual member states. And even if they are accepted as frameworks for behaviour, SADC does not appear to actively apply protocol language and guidelines in developing responses to those international issues with a potential impact on the Community.

Our general findings seem to resonate with Khadiagala's central arguments (in this volume). In his framework for analysis, he suggests that the construction of common regional foreign policies is marked by three key requirements. The first relates to focus: "There are enormous problems in forging common foreign policies because of unresolved questions of defining interests and specifying targets of foreign policy...advancing collective foreign policies that go beyond coordination remain stunted by the adherence to sovereignty." Our analysis of the common positions adopted by SADC identified only two areas of common focus: conflict resolution, and trade and economic integration issues. More will be said of conflict resolution (see below).

On trade integration, it has become clear that the so-called road map (free trade area, customs union, common market, monetary union and a regional central bank by 2018) is over-optimistic. The European Union's approach of getting SADC members to sign interim Economic Partnership Agreements (EPAs) serves further to divide the region's common approach to trade and economic integration, instead of facilitating it. Indeed, national interest continues to override regional interest. Note however that Khadiagala is more sanguine regarding integrative market and economic forces: "...greater harmonisation in economic and trade issues is a promising channel for making regional foreign policy because economic coordination has put in place institutional benchmarks that can be broadened in the areas of collaboration" (*loc. cit.*).

Regarding the second factor, Khadiagala notes "The SADC interventions in the DRC and Zimbabwe demonstrate the difficulties of achieving region-wide consensus on some of the broader principles that underpin the common search for foreign policy." How does the track

Protocol on the Facilitation of Movement of Persons

Protocol on Fisheries

Protocol on Forestry

Protocol on Health

Protocol on Immunities and Privileges

Protocol on Legal Affairs

Protocol on Mining

Protocol on Mutual Legal Assistance in Criminal Matters

Protocol on Politics, Defence and Security Cooperation

Protocol on Shared Watercourse Systems

Revised Protocol on Shared Watercourses

Protocol on Tourism

Protocol on Trade

Protocol on Transport, Communications and Meteorology

Protocol on Tribunal and Rules of Procedure Thereof

Protocol on Wildlife Conservation and Law Enforcement

record on conflict resolution compare to trade integration? Although there has been success in reaching consensus on what SADC should announce as its agreed policy, there has been much less success in making a difference to actual events.⁴ As Khadiagala notes, in both cases (Zimbabwe and DRC), the key lesson is that South Africa managed to forge a regional consensus to bring about negotiated settlements. As for Madagascar, he notes that "as the crisis grinds on, it will continue to test SADC's ability to promote collective policies on democratisation in the region". The mixed fortunes of the Zimbabwean inclusive government under the Global Political Agreement also point to the limits of SADC's mediation interventions.

The third factor relates to institutional capacity and coherence to coordinate regional foreign policy. Khadiagala asks a range of questions relating to SADC's capacity and policy-making, to which a recent analysis by Kaunda provides a clear answer: "Generally, SADC is ineffective because of its institutional weaknesses. The institutional weakness is compounded by inadequate financing of the organisation's secretariat. The implementation of the RISDP is slow, uneven, and inconsistent. That of SIPO is expected to be similarly challenged by the same constraints. The RISDP and SIPO are not co-ordinated and harmonised in implementation, despite their interrelatedness and complementarities. SADC's organisational structure is not sufficiently co-ordinated, and the secretariat is politically disempowered" (Kaunda, 2007: 81).

It is unclear to what extent SADC is well served by a corps of well-trained, professional diplomats. Additional research ought to be undertaken to look into the capacity constraints and needs of the SADC diplomatic community, especially relating to the challenge of developing regional foreign policy approaches and positions. Many analysts and practitioners have commented on the obvious disparity between SADC and 'Northern' teams of officials when negotiating treaties, agreements, protocols or legal texts. The current global political economy of knowledge enables diplomats and foreign ministries to know more, work faster and smarter, but that requires them to be wired into the evolving world. This in turn requires specialised training, another area of further investigation for SADC.

In conclusion, in order to meet the challenges of a globalising, insecure and unequal world, SADC needs to pay much more attention to the operationalisation of its Organ Protocol requirement to "develop common foreign policy approaches on issues of mutual concern" and "advance such policy collectively in international fora." It is a task not easily achieved, as described by Khadiagala and as we found with SADC's track record.

The SADC common foreign policy approach seems best illustrated by the 2003 and 2007 Summit declarations which "re-affirm the indivisibility of SADC and solidarity with the government and people of Zimbabwe". Our analysis shows that the SADC collective leadership continues to be driven by the compulsion "to look after their own", and to ensure state and regime security. Whether such a collective mind-set is able to deliver on stability, growth and development beyond elite benefit, remains to be seen.

4 My thanks to Charles Harvey for making this point.

Addendum 1: Chronological list: SADCC and SADC Heads of State and Government Summits as well as SADC Organ Troika Summits

SADCC, 1980 – 1991		
1980	1984	1988
Lusaka: 1st April	Gaborone: 6th July	Maputo: 15th July
1981	1985	1989
Salisbury: 20th July	Arusha: 9th August	Harare: 25th August
1982	1986	1990
Gaborone: 22nd July	Luanda: 22nd August	Gaborone: 26th August
1983	1987	1991
Maputo: 11th July	Lusaka: 24th July	Arusha: 26th August
SADC, 1992 – 2009		
1992	Windhoek: 17 August	Summit
1993	Mbabane: 5 September	Summit
1994	Gaborone: 29 August	Summit
1995	Johannesburg: 28 August	Summit
1996	Pretoria: 11 December	Special Summit on: Nigeria
1997	Gaborone: 28 June	Launch of the SADC Organ
1998	Maseru: 24 August	Summit
1999	Luanda: 2 October	Summit of the Organ on Politics, Defence and Security
2000	Blantyre: 8 August	Summit
2001	Grand Baie: 13 -14 Sept	Summit on DRC
2002	Pretoria: 23 August	Summit
	Maputo: 17th -18 Aug	EOS
	Maputo: 16 January	2nd Summit on DRC
2003	Windhoek: 6 -7 August	Summit
	Lusaka: 14 -15 August	EOS on SADC Institutions
2004	Windhoek: 9 March	Summit on Task Force on Developments in Zimbabwe
	Blantyre: 12-14 August	EOS on conflict in the SADC region
	Harare: 10 -11 Sept	Summit
2005	Blantyre: 14 January	Summit on H:V/AIDS
2006	Luanda: 1 -3 October	Summit
	Lesotho: 4th July	Summit on Agriculture and Food Security
	Dar es Salaam: 25-26 Aug	Summit
2007	Dar es Salaam: 15 May	Summit
	Grand Baie: 16 -17 Aug	Summit
	Gaborone: 17-18 August	Summit
	Maseru: 17-18 August	Summit

SADC, 1992 – 2009		
2008	Midrand: 23 October	EOS on Integration
	Dar es Salaam: 28-29 March	EOS on Lesotho, DRC and Zimbabwe
	Lusaka: 16-17 August	Summit
	Lusaka: 17 August	Organ
	Lusaka: 13 April	EO on Zimbabwe
	Manzini: 25 June	EOS-O on Zimbabwe, Malawi
	Sandton: 17 August	EOS-O on Zimbabwe
2009		EOS-O on DRC, Zimbabwe, Lesotho
	Sandton: 17 August	EOS on DRC and Zimbabwe
	Ezulwini: 20 October	Summit
		EOS on Zimbabwe
	Sandton: 9 November	EOS on Madagascar
	Pretoria: 26-27 January	
	Sandton: 20 June	

Notes: *Summit refers to Summit of SADC Heads of State and Government*
EOS: Extra-Ordinary Summit of SADC Heads of State and Government
EOS-O: Extra-Ordinary Summit of the Organ Troika

Addendum 2: SADCC Common Foreign Policy Approaches: Year-by-year analysis of issues

Year	SADCC common foreign policy approaches on Issues of mutual concern
1980	Strategy for economic coordination, development and reduced dependence upon South Africa Relations with ICPs
1981	Struggle for economic liberation, justice and peace in southern Africa Relations with ICPs
1982	Relations with ICPs Condemnation of South Africa's regional destabilisation policies
1983	Relations with ICPs Condemnation of South Africa's regional destabilisation policies
1984	Relations with ICPs
1985	Relations with ICPs (Nordic/SADCC Initiative) Condemnation of South Africa's regional destabilisation policies
1986	Relations with ICPs (Nordic/SADCC Initiative; Lomé/ACP) Condemnation of South Africa's regional destabilisation policies; position on sanctions
1987	Relations with ICPs and debt burden Relations with the US (economic support programme, and objection to exclusion of Mozambique and Angola) Condemnation of South Africa's regional destabilisation policies
1988	Relations with G7 regarding debt relief Condemnation of South Africa's regional destabilisation policies; noted its withdrawal from Angola Negotiations for Namibian independence
1989	Prepares to replace SADCC MOU with a new agreement Relations with ICPs Calls on UNSC and international community to support Namibian independence process Calls on SA to 'release, unban and negotiate' Calls on international community to increase pressure and sanctions on SA
1990	Welcomes 'talks' in SA, regrets violence in SA, calls on sanctions to be maintained Supports the UN for convening the World Conference on Children
1991	Urges international community to maintain sanctions on SA Calls for assistance: economic recovery of Angola and Mozambique
1992	Calls on ICPs to assist with drought relief / food security Commends Mugabe for facilitating Mozambique peace process Declares violence in SA as a threat to regional peace and security Reconfirms position on sanctions Offers support to SA peace process Invites SA to join SADCC Approves SADC Declaration, Treaty and Protocol Reaffirms the consensus on SADCC and PTA (no merger)

Addendum 3: SADC Common Foreign Policy: Year-by-year analysis of issues

Year	Common foreign policy approaches on issues of mutual concern
1993	<p>Summit:</p> <p>Calls on SADC Foreign Ministers to attend and support Angola in the UNSC debate on crisis in Angola</p> <p>Reaffirms its earlier positions that SADC and FLS have a crucial role to play in the democratisation of South Africa</p> <p>Decides that the SADC Treaty will enter into force in October</p>
1994	<p>Summit:</p> <p>Welcomes South Africa as the 11th member of SADC</p> <p>Condemns behaviour of Lesotho security force, King Letsie III</p> <p>Urges international community to support DDR in Mozambique and to intensify pressure on UNITA</p> <p>Decides that PTA should be divided into SADC and non-SADC areas</p> <p>Approves the establishment of a Sector on Politics, Diplomacy, International Relations, Defence and Security</p>
1995	<p>Summit:</p> <p>Reviews and defers decisions on shape of the Sector on Politics, Diplomacy, IR, Defence and Security</p> <p>Thanks ICPs for assistance to overcome drought</p> <p>Special Summit on Nigeria:</p> <p>Decides that its contribution towards the resolution of the Nigerian crisis will be channelled through Commonwealth, OAU and UN</p>
1996	<p>Launch of the Organ:</p> <p>Reaffirms that the SADC Organ constitutes an appropriate institutional framework by which SADC countries would coordinate their policies and activities in the areas of politics, defence and security</p> <p>Elects Mugabe as Chair of the Organ</p> <p>Expresses satisfaction with constitutional reform process in Swaziland</p> <p>Commends East Africans in dealing with crisis in Burundi; pledges help in implementing Arusha Summit decisions</p> <p>Expresses satisfaction with the work of the CMAG; urges it to continue consultations with the government of Nigeria</p> <p>Summit:</p> <p>Expresses serious concern over the military coup in Burundi; supports sanctions against Buyoya regime; supports the Arusha initiative</p> <p>Expresses alarm at drug trafficking; calls for strong measures</p> <p>Urges members to assist Zimbabwe in ensuring a successful CITES conference; 'retires' its position on the down-listing of elephants</p> <p>Summit of the Organ:</p> <p>Appeals to all countries to refrain from acts that may negatively affect the resolution of the Angolan conflict; calls on the international community to continue to provide material support to the peace process; resolves to send senior team to UNSC to present the regional position on the Angolan peace process; calls on the UNSC to take action against UNITA</p>
1997	<p>Summit:</p> <p>Chairman calls on member states to demonstrate courage, vision and determination to transform SADC into a major role player in continental and global affairs</p> <p>SADC supports OAU and UNSC positions relating to sanctions against UNITA</p> <p>Agrees DRC has major strategic significance to the region and potential for cooperation in various sectors</p> <p>Reaffirms its confidence in Nyerere as facilitator in Burundi peace process; supports the call of the Dar es Salaam Great Lakes Regional Summit</p> <p>Agrees that the SADC declaration on anti-personnel landmines would contribute towards regional and international support for the Total Ban Treaty in Ottawa</p> <p>Agrees on a common position on ACP-EU negotiations for post-Lomé arrangements</p> <p>Accepts DRC and Seychelles as SADC members</p>

Year Common foreign policy approaches on issues of mutual concern

1998 Summit on the DRC:

Urges member states to ensure effective implementation of UN sanctions against UNITA
 Calls on international community for assistance
 Regrets the outbreak of war in the DRC
 Condemns explosions at US embassies in Tanzania and Kenya
 Expresses reservations regarding US missile attack of presumed terrorist target in Sudan
 Calls on international community for logistical and diplomatic support for negotiations in the Great Lakes Region (GLR)
 Reaffirms its 1995 decision and commits to supporting the objectives of establishing the African Economic Community (AEC)

1999 Extra-Ordinary Summit of SADC Heads of State and Government:

Commits itself to seek an end to the military conflict in the DRC:
 Recognises the government of President Kabila
 Calls for an immediate cease-fire and process of political dialogue
 Mandates the Chair of SADC to create mechanisms for implementation of the decision
 Commits the contribution of resources for democratic elections and mobilisation of the international community to this end
 Expresses concern regarding the worsening political situation in Angola; the non-compliance of members relating to sanctions against UNITA; illegal mining and sale of diamonds by UNITA
 Expresses satisfaction with the peace process in the DRC, especially the cease-fire agreement of 10 July 1999; reiterates its commitment to assist with conflict resolution efforts; calls on the international community to support these; expresses appreciation to EU for financial support to SADC negotiations process
 Recalls the 1998 events in Lesotho and the SADC military intervention; calls on Lesotho to continue open dialogue
 Condemns the secessionist attack in the Caprivi; reaffirms the territorial integrity of Namibia; supports the actions of the Namibian government to restore order
 Expresses concern at the region's external debt burden; calls for a revised Heavily Indebted Poor Country (HIPC) framework; calls on the G7 to write off the debts of poor countries.
 Regarding post-Lomé, calls for the adoption of a holistic approach to future co-operation arrangements with the EU
 Rededicates itself to the timely establishment of the AEC; calls for the strengthening of RECs
 Re-affirms its commitment to South-South co-operation
 Thanks ICPs for continued support.

2000 Second Summit on the DRC:

Reiterates the validity of the Lusaka cease-fire agreement; reaffirms the important role of the OAU, SADC and the international community in conflict resolution; appeals to the latter for humanitarian assistance.

Summit:

Urges the US Congress to reconsider its policy towards Zimbabwe (to withdraw the Zimbabwe Democracy Act of 2000)
 Emphasises the need for adherence to the UNSC sanctions regime against UNITA; appeals to the international community for humanitarian assistance
 Appeals to the international community to step up support for the Joint Military Commission (JMC) in DRC
 Expresses concern that external debt remains a major problem for SADC countries
 Expresses support for the process of negotiations for peace in Palestine and Middle East.
 Thanks the ICPs for continued support
 Regarding the DRC cease-fire agreement, Summit addresses cease-fire violations, deployment of UN military observers, resources of the JMC and the intra-Congolese political negotiations.

Year Common foreign policy approaches on issues of mutual concern

2001 Extra-Ordinary Summit on SADC Institutions:

Directs the Review Committee and Secretariat to prepare RISDP
 Agrees on Summit functions as outlined in Treaty; approves Troika system
 Agrees on the functions of the Organ
 Welcomes UN Peacekeepers and observers in the DRC
 Expresses concern at renewed fighting in Burundi; calls for accelerated peace efforts.
 Urges all SADC members to tighten UN sanctions against UNITA.

Summit:

Appeals to the international community to continue to support the JMC; condemns looting of minerals in DRC; calls on members to prohibit import or transit of these resources
 Appeals to the international community to provide humanitarian assistance to displaced people in Angola
 Welcomes and supports Obasanjo's initiative to mediate between Zimbabwe and the UK.
 Expresses concern on the effects of the Zimbabwe economic situation on the region; establishes a task force to work with the Zimbabwe government
 Directs SADC ministers to meet to articulate a strategy on the transformation of the OAU into the AU and the New Africa Initiative (NAI)
 Launches an urgent appeal for food assistance
 Commends South Africa for hosting the World Conference on Racism.

Summit on Task Force on Developments in Zimbabwe:

Supports the conclusions of the Abuja initiative
 Welcomes UK financial support for the land reform programme
 Welcomes the role of the UNDP in implementing the programme
 Appeals to the international community to be objective in their reports
 Encourages Zimbabwe and the UK to continue with dialogue.

2002 On the DRC peace process:

Welcomes partial withdrawal of Ugandan forces from DRC; urges Uganda and Rwanda to complete withdrawal
 Tasks the Organ to formulate strategy for speedy implementation of Lusaka cease-fire agreement
 Expresses gratitude to ICPs for support of the Lusaka Commission for Africa (CFA)
 Mandates the SADC Chair and Organ Troika to mobilise funding for the Inter-Congolese Dialogue
 Calls for stronger sanctions against UNITA
 Expresses concern on the Zimbabwe Army statement on the outcome of the election; expresses concern over propaganda by Western countries against government.
 Adopts a declaration against terrorism.

Summit:

Welcomes the return of peace in Angola; acknowledges efforts by international community in provision of humanitarian assistance; appeals for more
 Pledges continued support for the DRC and Kabila for re-building the country
 Notes the food relief efforts by the World Food Programme (WFP); calls on the Secretariat to intensify resource mobilisation efforts
 Expresses gratitude to the international community for support.

Year	Common foreign policy approaches on issues of mutual concern
2003	<p>On HIV/Aids:</p> <p>Urges ICPs and IFIs to contribute to the regional fund for the implementation of the SADC HIV/AIDS Strategic Framework and Programme of Action</p> <p>Notes the support given by ICPs via the Global Fund and Bush's Emergency Plan for AIDS Relief (EPAR); mandates the Troika to negotiate with the US President for the extension of EPAR to all SADC countries.</p> <p>Summit:</p> <p>incoming Chair (Mkapa) urges SADC to speak with one voice at the World Trade Organisation (WTO) Ministerial meeting</p> <p>Urges members to mobilise ICPs to support Angolan reconstruction</p> <p>Re-affirms the indivisibility of SADC and solidarity with Zimbabwe; commits to oppose Commonwealth, EU and US sanctions; urges ICPs to lift sanctions</p> <p>Approves RISDP and SIPO; calls for coordination and rationalisation of the two plans</p> <p>Urges members to integrate New Partnership for Africa's Development (NEPAD) into national development plans and SADC programmes</p> <p>Endorses Council decision for ministers of trade to prepare for and initiate negotiations with EU on EPAs.</p>
2004	<p>Summit:</p> <p>Outgoing Chair (Mkapa) urges more policy coherence and greater political will to lift the vision and focus from the national to the regional level</p> <p>Incoming Chair (Berenger) notes the need to strengthen existing ties with EU and US, and increase the number of ICPs (including India and China)</p> <p>Launches SIPO</p> <p>Deplores unrest in Eastern DRC and attempts at destabilising the DRC</p> <p>Approves Angolan candidature for post of World Health Organisation (WHO) Regional director for Africa; requests members to support</p> <p>Notes that SADC EPA Ministers and EC Commissioners agreed on a joint road map to guide the negotiations</p> <p>Expresses gratitude to the international community for support.</p>
2005	<p>Summit:</p> <p>Outgoing Chair (Ramgoolam) underlines importance of African unity in ensuring effective participation in the UNSC</p> <p>Expresses concern regarding ongoing unrest in eastern DRC; mandates Chair of Organ to work with DRC government on elections</p> <p>Welcomes G8 debt relief proposals</p> <p>Calls on ICPs to increase support for education, health and social development</p> <p>Admits Madagascar as 14th member of SADC.</p>
2006	<p>Extra-Ordinary Summit on Integration:</p> <p>Agrees the effective establishment of the African Union government will occur when the continent attains higher levels of economic and political integration.</p>
2007	<p>Extra-Ordinary Summit on Lesotho, DRC and Zimbabwe:</p> <p>Renders support to the DRC government in its quest for peace-building.</p> <p>Reaffirms its solidarity with the government and people of Zimbabwe; mandates Mbeki to continue to facilitate dialogue; appeals to Britain to honour its Lancaster House obligations; appeals for sanctions against Zimbabwe to be lifted.</p> <p>Summit:</p> <p>Welcomes progress with negotiations in Zimbabwe.</p> <p>Launches the SADC Brigade.</p>

Year	Common foreign policy approaches on issues of mutual concern
2008	<p>Summit: Welcomes Seychelles back as a member of SADC Welcomes preparations for the COMESA-EAC-SADC Tripartite Summit as vehicle for harmonisation and framework for broader continental integration.</p> <p>Extra-Ordinary Summit on DRC: Urges members, AU and international community to provide humanitarian assistance to eastern DRC Urges AU, UN, EAC, GLR and Central Africa to continue supporting DRC peace efforts Urges all parties to the conflict in the GLR to desist from acts of aggression.</p> <p>Extra-Ordinary Summit on DRC, Zimbabwe: Considers and endorses the joint statement of the Heads of State of the GLR Summit of 7 Nov 2008 on the DRC; resolves to deploy a team of experts to assist DRC armed forces, to send peacekeepers if and when necessary, to dispatch a monitoring mission to the DRC.</p>
2009	<p>Extra-Ordinary Summit on Zimbabwe: Decides to remain seized with the Zimbabwe situation as guarantor of the Global Political Agreement (GPA) Supports the efforts of the DRC government to resolve conflict; urges international community to continue with humanitarian assistance.</p> <p>Extra-Ordinary Summit on Madagascar: Decides to proactively promote and facilitate dialogue Appoints Chissano to lead and coordinate the all-party dialogue Decides to work closely and coordinate with AU, UN, International Organisation of the Francophonie (IOF) and other stakeholders Decides to continue to coordinate its mediation efforts with AU and UN Urges the Malagasy parties to cooperate with the SADC coordinated political dialogue.</p>

References

- Chan, S. (1990) *Exporting apartheid: Foreign policies in Southern Africa 1978-1988*, London: Macmillan.
- Copeland, D. (2009) *Guerrilla Diplomacy: Rethinking International Relations*, London: Lynne Rienner.
- Holsti, O. (1969) *Content Analysis for the Social Sciences and Humanities*, Reading: Addison Wesley.
- Kaunda, J. (2007) 'The effectiveness of institutional restructuring in SADC' in *Revisiting Regionalism in Southern Africa. Proceedings of the Fourth Southern African Forum on Trade*, Johannesburg: Institute for Global Dialogue and Windhoek: Friedrich Ebert Stiftung.
- Khadiagala, G. (2001) 'Foreign Policy Decision-making in Southern Africa's Fading Frontline' in Khadiagala, G. and T. Lyons (eds.) *African Foreign Policies*, Boulder: Lynne Rienner.
- Lambrechts, K. (2001) 'The SADC's origins' in De Villiers, R. and K. Lambrechts (eds.) *The IGD Guide to the Southern African Development Community*, Braamfontein: Institute for Global Dialogue.
- Ndlovu, J. (2006) 'New SADC-ICP Partnership for the implementation of the SIPO', briefing note delivered at the SADC Consultative Conference, 27 April 2006, Windhoek, Namibia.
- Omari, A. (2000) *The Rise and Decline of the Frontline States of Southern Africa, 1975-1990*, unpublished PhD thesis, University of Dalhousie, Canada.
- Oosthuizen, G. (2006) *The Southern African Development Community: The Organisation, its Policies and Prospects*, Midrand: Institute for Global Dialogue.
- Tjønneland, E. (2005) 'Making SADC work? Revisiting institutional reform' in Hansohm, D. et al. *Monitoring Regional Integration in Southern Africa Yearbook Volume 5*. Windhoek: Namibia Economic Policy Research Unit.
- Webber, M. and M. Smith (2002) *Foreign Policy in a Transformed World*, New Jersey: Prentice Hall.
- Williams, R. (2001) 'Managing regional security' in De Villiers, R. and K. Lambrechts (eds.) *The IGD Guide to the Southern African Development Community*, Braamfontein: Institute for Global Dialogue.

REGIONAL TRADE AND ITS RELATIONS WITH THE INTERNATIONAL TRADE SYSTEM

TRADE POLICIES AND POVERTY REDUCTION: EDUCATION AND
ENTREPRENEURSHIP

CHAPTER 8: ENTREPRENEURSHIP AND HUMAN CAPITAL: THE MALAWI CASE¹

Ivar Kolstad and Arne Wiig

Introduction

Enterprise development is vital for spurring private sector development, trade and foreign direct investments. Without enterprises there would not be any trade across space (regional or non-regional international trade). At the same time, the existence of a private sector is a prerequisite for providing services to investors and creating linkages to national and international companies that locate in the region. Enterprise development is also a pathway out of poverty.

It is well known that human capital is important for development in general, and for individual earnings in particular. In a recent extensive robustness analysis by Sala-i-Martin *et al.* (2004), primary schooling turns out to be the second most robust factor influencing growth in GDP per capita out of sixty-seven explanatory variables in growth regressions, on a sample of eighty-eight countries 1960–96. Later analyses have found a similarly clear positive association between years of schooling and growth, but results are sensitive to model specification, particularly which measures are applied for human capital (Hanushek and Woessmann, 2008). Macro studies indicate that the rate of return to schooling across countries is on average about 10 per cent. Returns appear higher for low income countries, at lower levels of schooling and for women (Psacharopoulos and Patrinos, 2004).

Similarly, human capital influences occupational choice and performance patterns within occupations. Van der Sluis *et al.* (2005) perform a meta-analysis of micro-level studies with respect to the relationship between education on entry into, and performance in, entrepreneurship in developing countries. They find that an increase in education generally pulls individuals out of farm work, but its impact on the choice of wage work versus enterprise activities is ambiguous. However, the relationship between schooling and performance is unambiguously positive. In developing countries an additional year of schooling raises enterprise profits by 5.5%. This is lower than the impact of an additional year of education on wage income and lower than the effect in developed countries, estimated to be 6.1%.

There is a remarkable difference between studies analysing the relationship between education and wage earnings (see for instance Card, 2005; Harmon and Oosterbeek, 2003) and studies analysing the relationship between education and entrepreneurial profits. The latter studies generally do not address issues of “endogeneity” and “selection” (van der Sluis *et al.*, 2005).² Endogeneity refers to the possibility that an unobserved third variable such as talent may affect both the level of education of a person, and his or her success as an entrepreneur. An estimated relationship between schooling and profits may thus simply reflect talented people getting more education and being more successful, rather than an impact of schooling on entrepreneurial success. Selection refers to the problem that becoming an entrepreneur, rather than a farmer or employee, is itself an endogenous choice. For instance, the most productive people may choose

1 The authors thank Bertil Tungodden and Magnus Hatlebakk for valuable comments and advice. The usual disclaimer applies.

2 Van der Sluis *et al.* (2007) is an exception but is based on data from the USA.

to become wage earners rather than entrepreneurs. This means that the entrepreneurs whom we actually observe at different education levels are not representative of all entrepreneurs. In the presence of endogeneity or selection problems, the standard least squares estimations, typically used in previous studies of entrepreneurial profits, produce biased results.

The technical solution to endogeneity and selection is to use instruments, i.e., variables that affect schooling or the decision to become an entrepreneur, but not profits. In this way, one is able to elicit variation in education and entrepreneurship that is exogenous, which can then be used to estimate unbiased results. This paper addresses these methodological problems by using distance as an instrument of education, and landownership as a selection variable for occupational choice.³

Our results show that controlling for endogeneity increases the importance of education along the lines normally found in the literature on wage employment, but one should be cautious in drawing too strong conclusions as there is a risk that our instrument is not completely exogenous.

As regards selection, we do not find that selection bias affects the returns to education, which we estimate to be just over 6% for an added year of education.⁴ We do, however, find that selection substantially increases the effect of health on entrepreneurial profits. This means that the return of health, relative to education, is higher when selection bias is accounted for. In other words, studies not correcting for selection would underestimate the importance of health for entrepreneurial success. This probably reflects a choice of more productive people (of whom there are more among the healthy) to become wage earners instead of entrepreneurs.

One implication of this is that more resources should be devoted to health relative to education when taking selection into account. Another implication is that there may be an excessive focus on education relative to health in research into the preconditions of entrepreneurial success. Not taking selection into account may thus lead to misguided priorities in policy and research.

In order to fully account for a potential selection bias, one needs a comprehensive dataset of occupational choices, including the choices of households and individuals that are not engaged with enterprise activities. Standard enterprise surveys do not have such comprehensive information as they are drawn from a population of enterprises only. In Malawi, a recent household survey has been undertaken that includes a comprehensive enterprise module. As entrepreneurship is perceived as an important strategy for poverty reduction, and relevant and recent data are available in Malawi, we have chosen to use Malawi as a case in point.

There are no available studies on enterprise performance based on these data, but Hatlebakk (2009) performs an analysis of factors that determine occupational choices in Malawi. We are also aware of one other study on factors that influence the success of entrepreneurial performance in Malawi. Based on a national sample of small- and medium-sized enterprises in Malawi, Chirwa (2008) found that education was the only individual-level characteristic that significantly explained profit margins. This study does not, however, address the methodological issues of endogeneity and selection bias.

The paper is structured as follows. Section 2 presents an overview of theoretical arguments on the importance of education for entrepreneurship, and a summary of empirical findings. Section 3 presents the data and methodology used in the paper. In section 4, the results of our estimations are presented. Section 5 summarises the paper's conclusions.

3 Card (2001) provides an overview of the literature on using various instruments for education and distance has frequently been applied. See Section 3 for further explanation.

4 By returns to schooling we mean the marginal effect of an added year of education on entrepreneurial profits.

Theory and evidence on the entrepreneurial returns to education

In the classic Mincer (1974) human capital model, education has a productive impact. Schooling reflects an investment decision by an agent who compares future net benefits and current costs of education, including forgone income. The optimal investment decision is where the marginal return on investment in education (to the n th year of schooling) is equal to marginal costs (of the n th year of schooling). As individuals face different marginal costs and marginal returns, their optimal decisions vary. Mincer treats earnings as separable in schooling and experience, a setup used in subsequent empirical studies, including both formal education and age (as a proxy for experience) as explanatory variables for profits or wages. More schooling generally improves performance (otherwise it would not be initiated). However, the theory does not provide any clear answer on the impact of education on the performance of different occupational groups. The Mincer model focuses on income from wages, and does not simultaneously analyse the selection into or out of entrepreneurship and its relation to performance as an entrepreneur.

The econometric evidence on the role education plays for occupational choice and performance are mixed. However, generally education improves performance. The mixed results can partly be explained by differences in methodological approaches for dealing with selection, endogeneity and unobserved heterogeneity. Mincer (1974) found that the returns to an extra year of schooling on wages were 10% in the US. Harmon *et al.* (2003) found this figure to be 9% for men and 16% for women in the UK. These results were robust, controlling for plant size, union membership, part time status, marital status and family size. However, traditional ordinary least squares (OLS) estimates of returns from schooling show substantial variations across countries and gender. Harmon, Oosterbeek and Walker (2003: 120) show that in developed countries the range varies from 1% (for females in the Netherlands) to 17% (for females in Northern Ireland). On average, relative returns to education among women are higher in countries with low female participation rates and the impact of education is higher for rich households (the complementarities of ability and education is highest for the most able, and this relationship has grown stronger over time). In a meta-analysis of OLS studies Harmon, Oosterbeek *et al.* (2003) found that on average the return to education is 6.5% which is in line with the results of Angrist *et al.* (1991).

From the literature on schooling and wages, we know there are various strategies for dealing with endogeneity. One approach is to make the unobserved observable, in this case making the ability measureable. For countries where we have test scores for cognitive skills, one generally finds that the importance of education decreases when controlling for cognitive skills (see Hanushek and Woessman, 2008). Another approach is to apply a natural experiment that treats individuals differently in a way that affects their education level but not the entrepreneurial outcome, for instance, school reform randomly phased in across districts. Instrument variable (IV) techniques based on family background variables, time of the year born, whether parents were self-employed, policy changes in schooling laws, differences across regions in implementing laws, and distance to school are among the various IV variables used. IV estimates of returns to education are generally found higher (often above 20%) than OLS which to some extent is a puzzle as, on *a priori* grounds, one would expect that OLS methods would lead to upward-biased estimates of the true causal effect of schooling. This indicates that the instruments are weak in the sense that they are not completely exogenous (school reforms are for instance targeted to specific groups).

Most studies of how education influences the performance of entrepreneurs apply traditional

OLS tools and, in developing countries, an additional year of schooling on average increases enterprise income by 5.5% per year according to the previously mentioned meta-analysis by van der Sluis *et al.* (2005: 252). The authors bemoan the lack of sophistication of studies of entrepreneurial profits and underline the importance of drawing upon the experience from the extensive literature on the impact of education on labour market outcomes discussed above. The research design should apply an integrated model where the selection and performance decisions are analysed simultaneously, while at the same time controlling for the fact that education is an endogenous variable (high ability persons will generally select more education).

Education influences the *selection* to become an entrepreneur through various mechanisms.⁵ More education is generally correlated with higher wealth and consequently lower start-up costs for enterprise activities. The direct impact of education might also differ across occupations and therefore influence the initial choice of occupation. If education has a higher impact on productivity in business activities compared to other occupational choices, more talented persons become entrepreneurs. When education improves the entrepreneurial ability but not the productivity of an individual employee, education will increase both the likelihood of becoming an entrepreneur and the performance of the entrepreneur. To the extent that education is more profitable for entrepreneurs than for wage earners, more talented potential entrepreneurs will become entrepreneurs, and traditional OLS estimates will therefore provide an overestimate of the effect of education.

Education also influences diversification strategies within a household (more education provides more room for diversification within the household). In particular, education leads to diversification strategies away from farming activities (Reardon *et al.*, 2001; Hatlebakk, 2009; van der Sluis *et al.* 2005). Hatlebakk (2009) finds that persons who completed primary school in Malawi generally tended to work as wage earners, but he does not find a corresponding significant impact of education on the choice to become an entrepreneur. In their review of studies from developing countries, van der Sluis *et al.* (2005: 248) find that more educated individuals are more likely to become wage earners and/or entrepreneurs. Women are more likely to become wage earners than entrepreneurs when their education increases. The above referred separation effect between wage earners and entrepreneurial activities further increases with the level of urbanisation and in countries where agriculture is dominating. In contrast, in their review of enterprise literature in industrialised countries van der Sluis *et al.* (2008) do not find that education influences the choice of becoming an entrepreneur. Neither do they get support for the hypothesis that the return from education is higher for employees than for entrepreneurs (through for instance a stronger screening effect). Van der Sluis *et al.* (2007) find the opposite based on US data. They use the entrepreneurship status of the father (assume a positive relationship) and religion (a negative relationship) as instruments for the entrepreneurship selection equation.

Given the choice to become an entrepreneur, education can have a further impact on business performance. To measure the impact of education on entrepreneurship performance, and to prescribe policy implications, one needs to distinguish between these two effects. As regarding selection, there are generally two mechanisms or channels that are pointed to in the literature. On the one hand, education increases managerial ability and thereby increases the probability of entrepreneurship (particularly if this ability effect is higher for entrepreneurs than for other occupational groups). On the other hand, education generates better outside opportunities and thus decreases the likelihood of entrepreneurship. For instance, increased education increases

5 In this study, an entrepreneur is defined as someone who owns a business.

the opportunities for (high) wage income. According to van der Sluis *et al.* (2008: 798), theory does not provide any clear answers as to which effects dominate the decision to become an entrepreneur. While there is much literature on factors determining diversification strategies of the rural poor (see for instance Barret *et al.*, 2001, Reardon, 1997), this literature generally does not analyse how education influences the decision to become an entrepreneur versus a wage earner.

In addition to increased profits, education can have further productive effects on business performance that are more difficult to measure. Education can, for instance, increase the survival rate of the firm through the facilitation of improved capabilities of the entrepreneurs, including capabilities to adjust to new external conditions and to adopt new technology. Education might also reflect signalling activities by the entrepreneur. Rather than improving productivity, education is in many circumstances used to signal existing productivity. If this is the case, an estimated positive relation between education and profits does not mean that schooling makes entrepreneurs more productive, only that education represents a signal which the market values of how innately productive an entrepreneur is. The signalling model is not able to provide policy prescriptions about the relative importance of education for various occupational groups – for instance whether entrepreneurs gain more from education than wage employees. For instance, one might claim that entrepreneurs do not need to signal their productivity as they are self-employed, but on the other hand the self-employed are also dealing with uninformed stakeholders such as clients and providers of credit, and might need signalling devices. At this point, the theory is again ambiguous and it is therefore not obviously clear that education only plays a signalling role for wage earners.

According to Lazear (2005), entrepreneurship requires general knowledge, and the formal education system normally increases this, particularly at the lower levels that are most common in developing countries. To the extent that wage earners are more specialised, and general competence does have a small impact on wage earners' ability, education also has a limited impact on the selection to become a wage earner. On the other hand, the distribution of individual ability is heterogeneously distributed and there might be differences across groups – for instance that women tend to become wage earners (rather than entrepreneurs) when their education level increases.

Data and methodology

The data used in this paper are taken from the Malawi Second Integrated Household Survey (IHS-2) 2004-2005.⁶ The survey covers 11,280 households and 52,707 individuals. The survey also has a module on entrepreneurship covering 3,913 enterprises whereof 3,473 provide information about the type of business. All types of business are included, but most enterprises are small. Retail trade is the most common type of business (see annex 1). Services constitute 63 per cent of the enterprises, while manufacturing and agriculture comprise 30 and 7 per cent respectively.

For our analysis we have merged survey modules B (household roster), C (education), D (health), O (agriculture – rain fed cultivation), and V (household enterprises). This is complicated somewhat since the modules do not all have the same observation units. In modules B through

6 See www.worldbank.org/html/prdph/lsmc/country/malawi04/docs/IHS2%20Basic%20information.pdf for further documentation.

D, the observation unit is the individual, in module O it is the agricultural plot, and in module V the enterprise. Module O has been added to modules B through D by aggregating plots per household. Merging with the enterprise module V is somewhat less straightforward, as each individual may have more than one firm, and one firm may have more than one owner (up to two owners are registered in the data). We have addressed this problem by randomly selecting one enterprise per owner, and excluding enterprises with more than one owner from our estimations. This leaves about 3,100 enterprises for our main estimations.

The standard approach to measuring the impact of education on entrepreneurial profits, is to estimate an equation like the following:

$$\ln(\text{profits}_i) = \alpha + \beta_1 \text{age}_i + \beta_2 (\text{age}_i)^2 + \beta_3 (\text{education}_i) + \gamma X_i + \varepsilon_i \quad (1)$$

where profits of firm i are seen as a function of the age and education of the owner of firm i , following Mincer (1974). A number of other control variables X_i capture characteristics of the firm such as size, firmage and status of registration, and characteristics of the owner such as gender, marital status, ethnicity, health and so on. Age of the owner is typically taken to reflect general experience of the owner, which is assumed to increase with age, but to have a decreasing marginal effect on profits, hence the squared term. Education is typically measured as years of education. In our initial estimations and for reasons of comparison, we run an OLS regression on an equation of the above form. As our dependent variable, we use the profits reported by the owner. While one may question the accuracy of reported profits, this appears to be the best available indicator of entrepreneurial success in our data set.

As noted in a number of studies of returns to schooling in terms of earnings of profits, there are several problems with estimating the returns through ordinary least squares regressions. Notably, education is unlikely to be exogenous, and results therefore suffer from an endogeneity bias. For instance, both profits and education are likely to be driven by unobserved variables such as talent. Any estimated association between profits and education may thus reflect more talented individuals getting more education and greater profits, rather than an impact of education on profits. In other words, OLS estimation likely over-estimates the effect of education on entrepreneurial profits, by not taking into account underlying variables such as talent.

The problem of the endogeneity of education is typically addressed by using some instrument for education, i.e., a variable that is correlated with education but not with entrepreneurial profits. By regressing education on the instrument, and using predicted education values in the profit equation, the endogeneity bias is corrected for. A number of different instruments for education have been used in previous studies, broadly relating to either school system features, or family background variables.

Following Card (1995) and subsequent studies, we use distance to school as an instrument for education. The basic idea is that individuals living further away from school are less likely to go to school, while distance from school is unlikely to affect entrepreneurial profits. This instrument therefore provides a way of finding exogenous variation in schooling that can be used to estimate the returns to schooling. While distance at community level is available in the survey data, we instead computed distance at the household level using the minimum of reported time of travel to school across household members.

While several school reforms have been implemented in Malawi in recent decades, such as the abolition of school fees in 1994, it proved hard to use these kinds of features to address endogeneity. Moreover, there is a dearth of family background variables for enterprise owners available in our dataset, making it hard to find useful alternative instruments.

Another problem in estimating the returns to education is that of selection. Whether or not to become an entrepreneur is an endogenous choice, which may depend on the level of education. On the one hand, education may increase the chance that an individual starts a business as he or she may be able to operate it more profitably. On the other hand, education may also increase the return from other activities such as wage employment, possibly making individuals select out of entrepreneurship. By not taking into account the endogeneity of the entrepreneurship choice, standard estimations based on firm data again come with a bias.

Addressing this problem in an empirical setting requires finding an instrument which affects the decision to become an entrepreneur, but not entrepreneurial performance. We use the availability of land per household member as an instrument to this end, since scarcity of land is likely to make household members look for alternative ways of making a living, such as starting a business. And availability of land is also not very likely to affect business profitability. Other studies of entrepreneurship in developed countries have used the entrepreneurship status of the father, and religious affiliation as selection variables (van der Sluis *et al.*, 2007), which, given our data, are not viable strategies.

Results

Table 1 reports the results from our basic specification. The dependent variable is reported profits of the firm. The independent variables include three firm-level variables: age of firm, registration status, and size (measured by the number of employees from outside the household of the owner). It also includes location of the owner's household (urban/rural), and five owner-level variables: age and age squared, gender, whether the owner suffers from a chronic illness, and education measured as years of schooling. A number of additional variables proved highly insignificant in preliminary estimations, and have been excluded from our basic specification:

Table 1: Main results. Dependent variable: firm profits

	OLS	IVREG	Heckman
Firm age	0.022*** (0.004)	0.027*** (0.005)	0.023*** (0.004)
Registered firm	1.01*** (0.122)	0.791*** (0.182)	0.933*** (0.14)
Firm size	0.072 (0.046)	0.049 (0.037)	0.1 (0.084)
Urban	0.875*** (0.08)	0.573*** (0.204)	0.75*** (0.096)
Age of owner	0.045*** (0.008)	0.037*** (0.012)	-0.023 (0.015)
Age squared	-0.001*** (0.0001)	-0.0004*** (0.0001)	0.0002 (0.0002)
Male owner	0.67*** (0.352)	0.516*** (0.117)	0.328*** (0.078)
Chronic illness	-0.094 (0.072)	-0.11 (0.083)	-0.273*** (0.085)
Education	0.061*** (0.007)	0.149** (0.066)	0.065*** (0.008)
Constant	5.176*** (0.183)	4.976*** (0.518)	8.703*** (0.592)
Obs	3141	1961	3026
R-sq	0.28	0.216	

Standard errors in parentheses, *** indicates significance at the 1% level, ** at 5%, * at 10%.

the number of household members working in the business (another measure of firm size), ethnic minority status of owner, marital status of owner.⁷

The first column in Table 1 reports standard OLS results. The results show that education significantly affects profits, an additional year of schooling increases entrepreneurial profits by an estimated 6.1 per cent. This is in line with (or slightly above) similar estimations from other developing countries as reported above (van Sluis *et al.*, 2005). Older owners have higher profits, but at a decreasing rate, and male-owned firms earn on average 67% more than female-owned. Health is negative, but insignificant. Older firms are more profitable, as are registered firms. Firm size does not, however, significantly affect profits.

Estimates using the minimum distance of the household to a school as an instrument for education are shown in the second column. In line with other studies using this strategy, the coefficient of education rises sharply. The estimate of the effect of an additional year of schooling more than doubles, to 14.9%. As has been suggested, this could be due to the poor quality of the instrument. Notably, distance is likely to play a role in determining the rate of return of education, as individuals located close to schools may have higher returns due to peer effects or for other reasons. Since the instrument picks up these individuals, the estimated return may reflect their return rather than the average return to schooling. Unfortunately, useful alternative instruments do not seem to be available in our data set.

The final column in Table 1 shows the results when selection is taken into account. The selection variable used is land area per person in the household, which is negative and highly significant in the selection equation and thus appears to perform well. The results reveal that selection does not appear to bias the OLS estimates on returns to schooling much. The rate of return to education is estimated at 6.5%, only slightly above the OLS estimate. For a number of the other explanatory variables, however, selection does matter. Importantly, chronic illness has a significantly negative effect on profits once selection into entrepreneurship is taken into account. Moreover, the estimate of the effect of being healthy is 27%, almost three times as high as the OLS estimate. In other words, OLS underestimates the importance of health to entrepreneurship success.

This is important for policy arguments related to improving entrepreneurial profitability. While OLS results suggest that being healthy has an effect on entrepreneurial profits comparable to 1.5 years of education, the health effect corresponds to more than four extra years of education once selection is controlled for. This means that standard estimations of the relative effect of education and health to entrepreneurial success would lead to too great an emphasis on education reform over health interventions. Or to put it differently, while both formal educational skills and the capacity to exercise those skills are important components of what we might term functional human capital, our results suggest that relatively too much weight may be attributed to formal skills if selection is not adjusted for. In a practical sense, this does not necessarily mean that too many resources are currently being spent on education rather than on health, as there is usually a great gap between research results and actual policy. However, our results do suggest that a reorientation of research on entrepreneurial success, which has so far predominantly focused on education, may be in order.

While one explanation of the results on health may be that people with a chronic illness and low entrepreneurial potential select out of entrepreneurship and into, for instance, agriculture or unemployment, this is unlikely to explain our findings as the results from our selection equation suggest that chronic illness increases the chance of becoming an entrepreneur. A

7 But marital status proves important to selection into entrepreneurship and is hence included in that equation.

more likely explanation is that individuals with greater entrepreneurial potential also have more profitable outside options, for instance in wage employment, and may therefore select out of entrepreneurship into employment. As healthy individuals are likely to have a higher potential for profits or high wages than sick individuals, this means that more healthy individuals will select out of entrepreneurship, consistent with the results from the selection equation. Estimates that do not take into account the fact that healthy and successful individuals tend not to be entrepreneurs, and hence are absent from the dataset of entrepreneurs, thus arrive at too low an estimate of the importance of health to entrepreneurial success.

Selection is also important for the results of a number of other variables. The gender difference in entrepreneurial profits is approximately halved when taking selection into account, which is consistent with previous results that women tend to prefer wage employment. The age of the owner becomes insignificant when taking selection into account, suggesting general experience of the owner is not as important as OLS results would have us believe. The advantage of being in an urban area is somewhat reduced when selection is controlled for.

In sum, many previous studies of the determinants of entrepreneurial success fail to address methodological challenges of endogeneity and selection. Our analysis shows that this produces, in part, misleading results. While selection does not appear to affect the returns to schooling, it affects the relative returns of education compared to health, which is important for policy purposes, as well as the impact of a number of other determinants. Endogeneity is also likely to matter for the impact of education, but it is hard to find appropriate instruments in the type of household data used here. This is a challenge that should be addressed in the design of future household surveys, and in future studies.

Concluding remarks

Private sector development is a strategy for poverty reduction in developing countries, including the SADC countries. Entrepreneurship is vital for successful private sector development which in turn facilitates trade and foreign direct investment. It is therefore of the utmost importance to analyse factors that impede the development of entrepreneurship within a region. This study has focused on entrepreneurship in Malawi. As there are linkages between private sector developments in neighbouring countries, factors that stimulate entrepreneurship in one SADC country might have spin-off effects in other countries in the region. Lessons from Malawi may therefore be important for other countries in the region. We have focused on how human capital influences entrepreneurial successes in Malawi, taking into account the severe methodological problem of selection bias.

This paper estimates the returns to schooling based on data from 3000 enterprises in Malawi, using access to land to control for selection. The results show that selection does not affect returns to education; a year of additional schooling increases entrepreneurial profits by approximately 6 per cent. Selection does, however, affect the impact of other variables on profits. Importantly, the negative impact of health problems on profits increases markedly when taking selection into account. In other words, more funds should be allocated to health activities relative to schooling when these results are taken into account.

Annex 1. Type of enterprise

Enterprise code	Freq.	Per cent
Other retail	1 203	34.6
Handicraft manufacture	264	7.6
Street food sales	245	7.1
Food and beverage retail	223	6.4
Fishing	182	5.2
Beer brewing	181	5.2
Distilling	180	5.2
Baking	103	3.0
Clothing retail	83	2.4
Forestry and logging	71	2.0
Other manufacture	61	1.8
Furniture manufacture	59	1.7
Used merchandise retail	57	1.6
Other personal services	43	1.2
Clothing manufacture	36	1.0
Bar and restaurant	35	1.0
Bicycle repair	33	1.0
Other food processing and preservation	32	0.9
Butcher, meat processor	30	0.9
Fabricated and structural metal manufacture	28	0.8
Saw milling, timber manufacture	21	0.6
Personal and household goods repair	21	0.6
Other transportation	19	0.6
Barber and beauty salon	17	0.5
Electronic equipment repair and maintenance	15	0.4
Shoe retail	14	0.4
Other business services	12	0.4
Electronics and appliance retail	11	0.3
Photographic studio	11	0.3
Brick manufacture	10	0.3
Motor vehicles and parts retail	10	0.3
Other	163	4.7
Total	3473	100

References

- Angrist, Joshua D. (with Alan Krueger) (1991) "Does Compulsory School Attendance Affect Schooling and Earnings?", *Quarterly Journal of Economics*, November 1991.
- Barrett, C., Reardon, T. and Webb, P. (2001) 'Nonfarm income diversification and household livelihood strategies in rural Africa: concepts, dynamics, and policy implications', *Food Policy*, Vol. 26, pp. 315-331.
- Card, David (with Alan Krueger) (1995) "The Economic Return to School Quality: A Partial Survey." In William

- Baumol and William E. Becker, editors, *Assessing Educational Practices: The Contribution of Economics*. Cambridge, Massachusetts: MIT Press.
- Card, D. (2005) 'Estimating the return to schooling: progress on some persistent econometric problems', *Econometrica* Vol. 69, No. 5, pp. 1127-1160.
- Chirwa, E. (2008), 'Effects of gender on the performance of micro and small enterprises in Malawi', *Development Southern Africa*, Vol. 25, No. 3, pp. 347-362.
- Hanushek, E. and L. Woessmann (2008) 'The role of cognitive skills in economic development', *Journal of Economic Literature*, Vol. 46, No. 3, pp. 607-668.
- Harmon, C., Oosterbeek, H., and Walker, I. (2003), 'The returns to education: microeconomics', *Journal of Economic Surveys*, Vol. 17, No. 2, pp. 115-155.
- Hatebakk M. (2009), 'Livelihood strategies and regional poverty in Malawi' mimeo, Bergen: Chr. Michelsen Institute.
- Lazear, E. P. (2005), 'Entrepreneurship', *Journal of Labour Economics*, Vol. 23 No. 4, pp. 649-680.
- Mincer, Jacob, 1974. *Schooling, Experience and Earnings*, Columbia University Press.
- Psacharopoulos, G. and H. Patrinos (2004), 'Returns to investment in education: a further update', *Education Economics*, Vol. 12, No. 2, pp. 111-34.
- Reardon, T. (1997), 'Using evidence of household income diversification to inform study of the rural nonfarm labour market in Africa', *World Development*, Vol. 25, No. 5, pp. 735-747.
- Reardon, T., Berdegue J. and Escobar G. (2001), 'Rural nonfarm employment and incomes in Latin America: overview and policy implications', *World Development*, Vol. 29 No. 3, pp. 395-409.
- Sala-i-Martin, X., Doppelhofer G., and Miller R. (2004) 'Determinants of long-term growth: a Bayesian averaging of classical estimates (BACE) approach', *American Economic Review*, Vol. 94, No. 4, pp. 813-35.
- Van der Sluis, J., van Praag M., and Vijverberg W. (2005), 'Entrepreneurship selection and performance: a meta-analysis of the impact of education in developing economies', *World Bank Economic Review*, Vol. 19, No. 2, pp. 225-261.
- Van der Sluis, J., van Praag M., and Van Witteloostuijn A. (2007) 'Why are the returns to education higher for entrepreneurs than for employees?' IZA Discussion Paper 3058, Bonn: Institute for Labour.
- Van der Sluis, J., van Praag M., et al. (2008), 'Education and entrepreneurship selection and performance: a review of the empirical literature', *Journal of Economic Surveys*, Vol. 22, No. 5, pp. 795-841.

ECONOMIC HARMONISATION, FINANCE AND INVESTMENT

SADC INTEGRATION EFFORTS AND CROSS-BORDER
INVESTMENTS

CHAPTER 9: SADC'S INTERNATIONAL TRADE RELATIONS

Brendan Vickers

"To advance towards such deeper forms of integration requires that SACU members forge a common vision on regional industrial development and trade policy. Playing the role of an anchor and driver of deeper integration in SADC requires that SACU members share a common view on current processes of integration in SADC."

Rob Davies, South African Minister of Trade and Industry

"South Africa can no longer do as they wish. Not anymore. We are going to see some significant changes coming either through or within SACU..."

Daniel Neo Moroka, Botswana Minister of Trade and Industry

Introduction

Over the last two decades, developing countries have played an increasingly active role in the world trading system. This reflects a growing appreciation that 'strategic integration' into the global economy, including its trade, technology and investment flows, can contribute to domestic and regional growth, development and prosperity (UNCTAD, 2006). At the same time, the 2008 global financial crisis has raised the stakes of regionalism. Strengthening regional economic cooperation and integration can help enhance productive capacities, realise economies of scale, improve competitiveness and serve as a launching pad for African economies' effective participation in the global economy (UNCTAD, 2009).

The Southern African Development Community (SADC) is no exception to these recent dynamics in the global economy. Member countries are presently negotiating or implementing multiple trading arrangements at the bilateral, regional and multilateral levels. SADC countries are no longer mere 'objects' of trade talks (or passive victims of the decisions of economic diplomacy), but are increasingly 'subjects' that enjoy participant status in trade negotiations. The latter broadly complements the 'open regionalism' paradigm that underpins SADC's regional integration process through the Regional Indicative Strategic Development Plan (RISDP). Adopted in 2001 as part of SADC's restructuring process, the RISDP envisages progressively deeper stages of market integration. Having successfully launched a SADC free trade area (FTA) in 2008, SADC countries next aspire to establish a customs union by 2010, a common market by 2015, a monetary union by 2016 and a single currency by 2018.

However, given the various structural, institutional and other prerequisites for deeper regional integration in southern Africa, the latter benchmarks are currently being reviewed to accommodate a more 'developmental' regionalism. Rather than simply focusing on tariff and non-tariff barriers to greater intra-regional trade flows, this model of regionalism aims to address regional production, supply-side and trade governance constraints as a precursor to market integration.¹

1 Consistent with this 'developmental regionalism' paradigm, SADC is currently developing a Protocol on Industrial

Figure 1: Africa's positions (including SADC) at the WTO

WTO Ministerial Conference	OAU/AEC/AU meeting	Venue	Date	Outcomes
Seattle December 1999	2nd Ordinary Session of OAU/AEC Ministers of Trade	Algiers, Algeria	September 1999	Statement
	3rd Ordinary Session of OAU/AEC Ministers of Trade	Cairo, Egypt	September 2000	Statement
Doha November 2001	4th Ordinary Session of OAU/AEC Ministers of Trade	Abuja, Nigeria	September 2001	Abuja Ministerial Declaration on the Fourth Ministerial Conference of the WTO
Cancún September 2003	1st Ordinary Session of AU Ministers of Trade	Grand Baie, Mauritius	June 2003	Mauritius Ministerial Declaration on the Fifth Ministerial Conference of the WTO
	2nd Ordinary Session of AU Ministers of Trade	Kigali, Rwanda	May 2004	African Common Position Kigali Declaration on the Doha Work Programme Kigali Consensus on the Post-Cancun Doha Work Programme
Hong Kong December 2005	3rd Ordinary Session of AU Ministers of Trade	Cairo, Egypt	June 2005	Cairo Declaration and Road Map on the Doha Work Programme
	2nd Extraordinary Session of AU Ministers of Trade	Arusha, Tanzania	November 2005	Arusha Development Benchmarks for the Sixth WTO Ministerial Conference
	4th Ordinary Session of AU Ministers of Trade	Nairobi, Kenya	April 2006	Nairobi Ministerial Declaration on the Doha Work Programme
	3rd Extraordinary Session of AU Ministers of Trade	Addis Ababa, Ethiopia	June 2007	Addis Ababa Declaration on WTO Trade Negotiations
	Conference of Ministers of Trade and Finance	Addis Ababa, Ethiopia	April 2008	
Geneva December 2009	5th Ordinary Session of AU Ministers of Trade	Addis Ababa, Ethiopia	March 2009	Addis Ababa Declaration on WTO Negotiations

Set against this background, this chapter seeks to determine whether there is evidence of a coordinated, shared or common SADC approach *vis-à-vis* external trade, as part of the region's broader international relations or collective foreign policy. As Khadiagala (2009: 1)

writes: 'Articulating common foreign policies is at heart a puzzle of how to harmonise and coordinate distinctive national foreign policies, particularly in the context where SADC remains an inter-governmental organisation'. The latter is not unimportant, since unlike the European Commission (EC) in Brussels, SADC and its Secretariat do not enjoy any competence in matters of external trade. Nonetheless, SADC member states have recognised the merits of closer regional cooperation and coordination in both intra-regional and extra-regional trade. Notwithstanding the divergent interests and levels of development across the region, SADC countries have sought to build joint bargaining platforms for international trade negotiations.

The first part of the chapter determines whether SADC does indeed provide a mandate for a regional 'foreign trade policy', and what the potential benefits of a 'Team SADC' approach are. Two case studies are then explored. The first addresses SADC's role in the multilateral trading system centred on the World Trade Organisation (WTO). The second covers the SADC Economic Partnership Agreement (EPA) negotiations, which are being conducted with the region's single most important trading partner, the European Union (EU).

Towards a SADC foreign trade policy?

Established in 1992, SADC is an inter-governmental regional economic community (REC) comprised of fifteen sovereign states at varying levels of economic development. At a broad strategic level, the SADC Organ on Politics, Defence and Security (OPDS) enjoins the SADC membership to 'develop common foreign policy in areas of mutual concern and interest, and to lobby as a region on issues of common interest at international fora'. However, from the perspective of SADC's trade relations, there is no formal mandate for member countries to adopt common positions in external trade negotiations or to harmonise the latter at the regional level. Instead, Article 29 of the SADC Trade Protocol exhorts that:

"Member states shall, to their best endeavour, coordinate their trade policies and negotiating positions in respect of relations with third countries and international organisations as provided for in Article XXIV of the Treaty, to facilitate and accelerate the achievement of the objectives of the Protocol."

Annex 5 of the Trade Protocol on 'Trade Development' furthermore enjoins members to 'develop well articulated and coordinated community positions in international negotiations' (Article 7).

This distinction between *coordination* and *harmonisation* is not unimportant, since the diverse SADC economies do not share common trade and industrial policies. Instead, a conventional market integration paradigm underpins regional integration in southern Africa, with an FTA established in 2008 and some progress towards liberalising trade in services.² Importantly for regional foreign policy purposes, the FTA does not generate formal pressure on member countries to harmonise their external trade positions at the regional level. However, deeper integration as envisaged by RISDP, particularly a future SADC customs union with a common external tariff, may portend the need for more common approaches *vis-à-vis* external trading partners.

SADC's emphasis on greater regional coordination may be contrasted with the Southern

2 Within SADC, there are plans to liberalise six services sectors and all modes of supply within them: transport, energy, communications, finance, tourism and construction

African Customs Union (SACU), which provides a formal legal mandate to collectively undertake trade negotiations with external trading partners. In this regard, Article 31 of the 2002 SACU Agreement calls for the establishment of a Common Negotiating Mechanism (CNM) and holds that: 'No Member State shall negotiate and enter into new preferential trade agreements with third parties or amend existing agreements without the consent of other Member States'. In addition, SACU members are tasked with developing common policies in the areas of industry, agriculture and competition.³

However, the slow progress in establishing these policies and institutions -- particularly the CNM, but also the envisaged SACU Tariff Board and SACU Tribunal -- has been the bane of the SADC EPA negotiations. It also contributed to the collapse of the SACU-United States FTA negotiations in April 2006, since there is no common approach to trade, industry or the 'new generation' issues within SACU, and even less so in SADC. The new generation agenda includes services, investment, government procurement, intellectual property rights, trade facilitation, environment, labour and competition. Notwithstanding these differences, in October 2007 SACU for the first time did develop a common position for the WTO's non-agricultural market access (NAMA) -- or industrial goods -- negotiations (WTO, 2007).⁴

There are three potential benefits to a closer 'Team SADC' approach *vis-à-vis* external trading partners. First, regional economic blocs generally have a stronger voice internationally through the collective weight of their market power. Through collective representation, SADC countries may evolve a division of labour *vis-à-vis* complex negotiations or even pursue collective gains by advancing the multiple and diverse trade interests of the region's members onto one agenda. International trade negotiations are, by-and-large, conducted in the 'shadow of power', particularly when between large developed and poorer developing countries (Oxfam, 2007; UNCTAD, 2007). The former invariably hold almost all the cards -- i.e., market, financial and negotiating power -- while the latter depend economically and submit politically to Northern governments, corporations and international financial institutions. Forming regional 'bloc-type' coalitions, such as SADC or the Africa Group in the WTO, or more specific 'issue-based' alliances is therefore one rational response to this problem of unequal bargaining power (Drahos, 2003; Narlikar, 2003).

However, most of the SADC economies are small, with half of the membership ranked as least-developed countries (LDCs), while the others are classified as small and vulnerable. South Africa stands out as the colossus of the region, accounting for about 60 per cent of all intra-SADC trade and about 70 per cent of its GDP. Although the launch of the SADC FTA in 2008 has created a more integrated regional space, this does not necessarily portend greater voice

3 McCarthy (2008) raises three challenges for designing and implementing common industrial policies in SACU. The first is to find common ground on the definition of industrial policy, given competing interpretations in the economics literature. The second challenge is to develop common policies for the disparate member states and specifically to counter the agglomeration forces generated by the much larger and industrially more advanced South African economy, without having a negative impact on growth overall. The third challenge is whether the development of common policies is a realistic goal given the widely disparate nature of the SACU economies.

4 The SACU position cautioned that further liberalisation commitments threatened local industries, particularly labour-intensive sectors that are dominated by small and medium-sized firms (e.g. clothing, textiles, leather and footwear). SACU thus advanced the case for greater policy space and flexibility to ameliorate the 'historical injustice' of South Africa's developed country tariff commitments during the previous Uruguay Round (1986-1994). SACU's bound tariffs rates (17 per cent) are today almost half the average for comparable developing countries, including Argentina and Brazil (30 per cent) or India (40 per cent). In support of its case, SACU further highlighted the diverse nature of its membership, which consists of one developing country (South Africa), one LDC (Lesotho) and three small vulnerable economies (SVEs), namely Botswana, Namibia and Swaziland.

and influence – or significant ‘positive’ bargaining power to set the agenda – for SADC in international trade negotiations. This applies particularly to Northern trading partners, such as the EU or US.

Second, a collective SADC approach provides an opportunity for the community’s membership to pool their intellectual and technical resources to approach international trade negotiations with an informed position and a coordinated strategy. According to Osakwe (2004), African countries generally confront four capacity challenges in international trade: (a) ineffective negotiating capacity (e.g., inadequate understanding of the issues and agenda; lack of timely access to information and resources on trade issues; lack of analytical skills necessary to assess the impact of different proposals and agreements on their economies); (b) lack of capacity to influence or set the agenda and the pace of negotiations; (c) lack of capacity to fulfil commitments to the multilateral trading system without jeopardising important development goals; and (d) lack of capacity to exploit trading opportunities (e.g., production, supply and governance constraints).

Finally, a coordinated strategy is important to ensure that the multiple tracks of trade negotiations – e.g., national, regional and international (see Sampson and Woolcock, 2003) – are all mutually supportive of SADC’s developmental interests and priorities. This is particularly the case where a clear vision, model or strategy for regional integration exists, as with the RISDP.

SADC and the multilateral trading system

SADC and Africa positions in the WTO

The SADC countries belong to the 153-member WTO, with the exception of Seychelles, which currently only has observer status with the organisation.⁵ This reflects the region’s strong belief in the merits of the rules-based multilateral trading system, which SADC regards as providing transparency and predictability in international trade. In addition, this commitment to multilateralism broadly complements the ‘open regionalism’ paradigm that underpins SADC’s regional integration process through the RISDP.

Given their limited bargaining power as individual WTO members, the SADC countries have sought to better coordinate their multilateral trade positions, at both the regional and continental levels. This conjures up its own peculiar challenges, given the ‘spaghetti-bowl’ effect of overlapping memberships and loyalties between SADC, the Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC). Of the three RECs, COMESA appears best suited to coordinate the national WTO positions of its membership, given its narrower focus on trade and economic issues. By contrast, SADC has a broader development/security/governance mandate, which strains the Secretariat’s limited resources. Nonetheless, senior officials, experts and trade ministers from the SADC states have regularly convened prior to the WTO’s biennial ministerial conferences,⁶ in order to review the status of the multilateral process and to prepare and adopt joint negotiating positions.

5 South Africa was one of the 23 original contracting parties to the General Agreement on Tariffs and Trade (GATT) in 1947, which included eleven developing countries.

6 Article IV of the Marrakesh Agreement Establishing the WTO provides that regular sessions of the Ministerial Conference shall be held at least once every two years. In November/December 2009, the WTO held its seventh Ministerial Conference in Geneva, the first regular gathering since Hong Kong in 2005.

SADC and COMESA have also organised joint regional meetings; invitations to participate in the latter are regularly extended to the African Union (AU) Commission and the Secretariat of the African, Caribbean and Pacific (ACP) grouping. According to Bilal and Szepesi (2005), these engagements help to build stronger linkages between the Africa Group and the ACP positions, as well as the SADC and COMESA positions. While regional-level consultations provide an opportunity to identify specific SADC interests *vis-à-vis* multilateral trade, in the end SADC common declarations are presented to the AU, and inform the broader Africa and ACP positions. At the continental level, senior officials and trade ministers of the AU – as well as its predecessor, the Organisation of African Unity (OAU) – have also met ahead of WTO ministerial gatherings.

As Figure 1 demonstrates, pan-continental initiatives to coordinate multilateral trade positions predate the launch of the Doha Development Agenda (DDA) in November 2001. During the pre-Doha negotiations, SADC and the Africa Group – with the exception of South Africa, which appeared to pursue its own interests (Keet, 2004) – articulated clear positions on the continent's expectations and conditions for launching a new trade round. In September 2001, African trade ministers met in Abuja, Nigeria, to adopt common negotiating objectives for the forthcoming Doha ministerial conference. Since that time, African trade ministers, with technical assistance from the United Nations Economic Commission for Africa (UNECA) and the African Trade Policy Centre (ATPC), have prepared and adopted joint positions for each successive WTO ministerial conference: Cancún, 2003; Hong Kong, 2005; and Geneva, 2009. These positions all seek to advance the development dimension of the DDA negotiations, as understood and articulated by the continent. In sum, this African agenda, including SADC positions, seeks a 'fairer' WTO through four broad reforms:

- Enhanced market access (real, not nominal) to developed countries' markets for products and services of export interest to African countries;
- Balanced and equitable rules to maintain and expand policy space, including special and differential treatment (SDT) and redressing the 'asymmetry of economic opportunity' (Wilkinson, 2006) in existing agreements;
- Strengthened productive capacities, including the transfer of technology; and
- Adequate, predictable and well-financed technical assistance to participate more effectively in trade negotiations.

Importantly, African countries have also sought to coordinate their bargaining positions and advance the continent's development interests through other hybrid Southern 'bloc' formations, such as the LDCs (which issue their own declarations and action plans, and include the bulk of the SADC membership) and the ACP grouping, collectively known as the Group of 90 (G90). Several SADC countries have played an instrumental coordinating role in this regard. Zambia previously led the LDCs, while Botswana led the G90 at the time of the Cancún ministerial conference in 2003.

Apart from formal AU processes, the Africa Group within the WTO (AGW) – an informal caucus group of Geneva-based African trade representatives⁷ – provides another mechanism for African countries to coordinate their negotiating positions on sectoral and product-specific provisions arising from the WTO system. However, as Soko and Qobo (2003) note, there is a need to strengthen the linkages and communication between the AGW members and capital-

7 The AGW does not have a special representational status in the formal WTO processes.

based trade officials, which remain weak. Although they characterise South Africa's position in the AGW as 'ambiguous and awkward' (Soko and Qobo, 2003: 52), South Africa today appears far closer to the AGW positions than the past.

African countries, including SADC, have been very active in the WTO and specifically the DDA. They have produced numerous negotiating proposals and have intervened regularly in discussions on key issues. Figure 2 lists, by 2005, the number of proposals submitted by African countries as the AGW, as individual or joint proposals with other African countries, jointly with developing countries from other regions, or in some cases, with developed countries. Unsurprisingly, agriculture tops the list of submissions. Not only do the greatest trade barriers and trade-distorting subsidies lie here, but agriculture is the economic lifeblood for most sub-Saharan African countries that are locked into commodity-exporting development paths:

Figure 2: Proposals by African countries (including SADC) in the DDA

Negotiating Area	Proposals by AGW	Proposals by African countries individually or with other African countries	Proposals by African countries with developing countries from other regions	Proposals by African countries with developed countries	Total number of proposals
Agriculture	4	7	9		20
NAMA	1	7	4		12
Services		1	8		9
TRIPS	6	1	6		13
SDT	4		3		7
Trade facilitation	2	1	3	2	8
Commodities		2			2
RTAs			1		1

Source: SEATINI/IGD 2005

"Agriculture is the major source of employment in the region and accounts for about 70 per cent of total employment. It also plays a key role in economic growth, accounting for roughly 24 per cent of the region's GDP and 40 per cent of its foreign exchange" (ATPC, 2004: 20).

However, egregious support for Northern farmers undermines Africa's actual and potential comparative advantage in agriculture and agro-processing. This has dire implications for poverty reduction.

The second item on the list of submissions is non-agricultural market access (NAMA) which, *inter alia*, includes the issue of continued tariff escalation. This means that exporters of value-added or processed products face higher tariffs than duties levied on raw materials. Indeed, some developed countries maintain tariff peaks of 300 per cent to 500 per cent on goods of export interest to southern African producers. Thereafter follow submissions on services; Trade Related Intellectual Property Rights (TRIPS), particularly concerning public health emergencies; SDT; trade facilitation; commodities; and Regional Trading Agreements (RTAs).

Evaluating SADC's international relations in the WTO

Although SADC countries do not have common trade and industrial policies to inform their external trade negotiations, they do confront similar challenges when seeking greater integration

into the world trading system. In order to strengthen their bargaining power in the WTO, SADC countries have adopted joint positions, first at the regional level (often in tandem with COMESA declarations) and thereafter at pan-continental level. These joint positions are often more political and declaratory than substantive and technical. They also reflect a shared normative vision of development for the continent. Through active proposal-making in the WTO (see Figure 2), the Africa Group has thus sought to shift the debate and focus of the negotiations from their mercantilist preoccupations, towards a greater emphasis on development.

Narlikar (2003) draws an important distinction between 'bloc-type coalitions' and 'issue-based alliances'. Bloc coalitions such as the Africa/AGW, ACP, LDCs and G90 are motivated and united by ideological and identity-based factors. In the WTO, for example, the SADC/African *cri de coeur* typically appeals to norms of fairness, equity and distributive justice for the continent in world trade. Serious discontent persists, harking back to the asymmetries of economic opportunity created by the 'grand bargain' of the previous Uruguay Round (Wilkinson, 2006). In particular, this is directed at the intransigence of developed countries to rebalance the multilateral regime's rules, notably in agriculture where the greatest trade distortions lie. By contrast, 'issue-based' alliances are temporary and formed for more instrumental reasons. They seek to address a specific interest or threat. Once the latter has been resolved, they tend to dissipate.

Notwithstanding the salutary work of unifying African countries prior to WTO ministerial gatherings, our preliminary analysis of SADC and Africa as active regional 'blocs' in the WTO reveals a picture of precarious unity. Three early examples illustrate the tenuous nature of these two bloc formations: the launching of the Doha Round and the adoption of the Doha Ministerial Declaration in November 2001; the Singapore Issues; and agriculture and preferences. These tensions broadly centred on South Africa's divergent trade interests, particularly during the years when Alec Erwin was Minister of Trade and Industry (1996–2004) and perceived by his African colleagues to be acting in Northern interests. More recently, however, South Africa has championed and defended continental positions (Vickers, 2009; also Figure 1).

The politics of the launching of the Doha Round, 2001

SADC countries prepared joint positions for the WTO's first ministerial conference in Singapore in 1996, and for the second ministerial conference in Geneva in 1998. Both were broadly informed by the Africa Group's proposals at the WTO. Specifically, the AGW demanded that priority be given to outstanding implementation issues arising from the previous Uruguay Round (1986–1994). SADC followed the AGW, which tabled proposals on agriculture and raised issues of market access, domestic support and export competition.

In preparation for the WTO's third ministerial conference in Seattle in 1999, the official continental position remained non-committal on launching a new trade round. It also reflected the broader developing world position, led by the Like-Minded Group (LMG),⁸ for keeping the 'new issues' in ongoing study groups and out of WTO negotiations. However, in the run-up to Seattle – and subsequently Doha in 2001, where the DDA was launched – South Africa appeared to part ways with the officially-endorsed SADC and Africa positions. The latter held that without a full review of the existing Uruguay Round agreements (including attention to almost 100 specific implementation concerns), there could not be any launch of a major new round. By contrast, South Africa was in favour of an ambitious new trade round.

8 The LMG included key African countries (e.g. Kenya, Uganda, Tanzania, Zimbabwe and Egypt). South Africa was not a member.

Starting at Seattle in 1999, where efforts to launch the Millennium Trade Round collapsed, to the eventual adoption of the Doha Ministerial Declaration two years later, South Africa played an instrumental role in brokering consensus for a new trade round. While acknowledging the official African position, South Africa stated that it would operate on the principle that delegations were entitled to pursue their own national positions and strategic objectives, since African countries were not firmly united on these issues (Keet, 2004). In particular, then Trade and Industry Minister Alec Erwin piled his influence among wary SADC and African trade ministers, starting with Lesotho, to acquiesce to launching the DDA as an omnibus round that included the new issues (Jawara and Kwa, 2003). According to Keet (2004), South Africa actively countered the Africa Group's carefully constructed arguments and joint positions on the mandated negotiations and reviews within the 'built-in agenda'⁹ arising from the previous Uruguay Round (1986–1994).

In recognition of South Africa's role as a middle power interlocutor between the developed and developing worlds, Erwin was appointed as one of six 'Friends of the Chair' at Doha and tasked with facilitating the rules negotiations. Erwin was criticised by civil society for colluding with the undemocratic modalities of the WTO and his appointment was not well received by his African colleagues at Doha.

The Singapore Issues

The African continent officially opposed and collectively resisted the introduction of a range of new issues for negotiation in the WTO. The so-called 'Singapore Issues' were originally introduced by the EU as part of its deep trade agenda for the WTO, covering trade facilitation, transparency in government procurement, competition policy and investment. Although South Africa did not support the ambitious scope and reach of the EU's agenda, it was, in opposition to its continental partners, prepared to consider a modified, less ambitious and carefully defined agenda (Soko and Qobo, 2003: 52).

By adopting a different position to the Africa Group, South Africa was motivated by two considerations. On the one hand, South Africa argued that within Doha's broader reciprocity dynamic, a wider negotiating agenda would permit trade-offs to extract implementation commitments from developed countries (DTI 2001). On the other hand, South Africa appreciated that globalisation and technological advance were rapidly reshaping the world economy and global competition. The WTO and its membership had to adapt and accommodate these new dynamics. Furthermore, because of its diversified and sophisticated economy, South Africa had to consider and pursue negotiating issues in the WTO that most of its SADC and African partners were not yet ready to grapple with, or in which they demonstrated little material interest.

At the 2003 Cancún ministerial conference, the Africa Group (as part of the G90, led by Botswana) successfully resisted negotiations on the Singapore Issues for three main reasons: legitimate concerns over the potential resources required to implement any new agreements; unrealised demands for prior progress on the implementation agenda; and an understandable desire to restrict intrusions into governments' policy space (Draper and Khumalo, 2005). In contrast to the Africa Group's blocking strategy, South Africa adopted a more pragmatic approach *vis-à-vis* the EU's deep trade agenda. In a bid to rescue the round from impasse, Erwin proposed a pragmatic trade-off between agriculture, cotton and the Singapore Issues. However, the G90 rejected this intervention, which left South Africa isolated within Southern

9 At the end of the Uruguay Round, it was agreed that there would be new negotiations, starting in 2000, in the areas of agriculture and services.

ranks, particularly Africa (Lee, 2006). In sum, wrote Soko and Qobo (2003: 52):

"South Africa's Doha negotiating posture is illustrative of a dilemma faced by intermediate economic powers in the global economy. This explains why even though the country has identified with the trade problems faced by its less developed African counterparts – and has actively pushed for their resolution – it has also sought to advance its trade policy objectives in respect of the new WTO issues in which it has a keen material interest."

Agriculture and preferences

SADC adopted a common position for the WTO's fourth ministerial conference in Cancún in 2003, which was an input to the Africa and ACP positions. High on Africa's agenda for Cancún were reforms to agricultural trade that would remove subsidies in the North, and provide greater access to global markets. However, sub-Saharan African countries, including SADC, do not necessarily share a common perspective on farm trade reform in the WTO. At least three approaches or groups are discernible.

The first group consists of competitive agricultural producers, which stand to benefit from reductions in developed country farm subsidies, particularly where this promotes price increases for their output. These countries – such as South Africa and the cotton producers of West Africa (e.g., Benin, Burkina Faso, Chad and Mali) – are seeking greater market access for their exports, hence they have strong *offensive* interests *vis-à-vis* the WTO's farm trade negotiations. By contrast, the second and third groups have more *defensive* interests. The second group consists of the preference-dependent economies that, in the short-term, stand to lose substantially through the erosion of their privileged access into key Northern markets. Some SADC economies remain dependent on these unilateral preferences: sugar in the case of Mauritius and Swaziland, and beef exports from Botswana and Namibia, which are particularly important for rural prosperity. These countries therefore seek to defend their preferences in the WTO, EPAs, and elsewhere. The third group of African countries covers the net food importers, which depend on EU-subsidised food imports for their food security. They, too, are rationally defensive, particularly if the EU's commitment to eliminate export subsidies by 2013 will raise food prices.¹⁰

Whereas the Singapore Issues emerged as the proximate deal-breaker at Cancún,¹¹ the negotiating endgame exposed the intricacies of agricultural reform in the WTO and the tenuous unity of the Africa 'bloc' in this regard. Instead of maintaining a collective façade, the preference-dependent economies – including Mauritius, which ironically chaired the Africa Group – sided with assorted agricultural protectionists, including the EU and the Group of 10 (G10) led by Norway, Switzerland and Japan (Erwin 2003). On the other hand, countries seeking greater market access for their exports, including South Africa, Nigeria and Egypt, joined the Group of 20 (G20). In the view of Soko and Qobo (2003), the formation of the G20 further undermined Africa's unity, since its three African protagonists expended the bulk of their diplomatic muscle on negotiating with the EU and the US, rather than harnessing the cohesion of the Africa Group.

10 Kwa (2006) cites various studies, including the World Bank, the Carnegie Endowment for International Peace, the EC and the Food and Agriculture Organisation (FAO), which suggest that the majority of Africa's poorest nations stand to lose substantially from the further liberalisation of both agricultural and industrial markets.

11 Of the four Singapore Issues, only trade facilitation remains on the Doha agenda.

SADC and Africa: bloc-type coalitions versus issue-based alliances

While the above examples point to the precarious fit of SADC and Africa as 'natural' bloc-type coalitions in the WTO, the region and the continent have maintained greater unity on more specific issues, with considerable success. In particular, African countries were instrumental in facilitating the August 2003 agreement in the TRIPS and Public Health negotiations for establishing a mechanism that would allow countries with no or insufficient manufacturing capacity to import medicines for public health reasons (particularly those induced by epidemics such as HIV/AIDS, malaria and tuberculosis) under compulsory license. Placing cotton as a separate item on the agenda of the Doha negotiations represents another victory for the continent and an example of Africa's recent negotiating efficacy, even if there has been little progress on the matter.¹²

In conclusion, it appears that bloc coalitions, such as SADC or the Africa Group, best provide a political platform for countries to project broad declaratory statements on trade and development. For example, prior to the 2005 Hong Kong ministerial conference, SADC trade ministers adopted the Cape Town Recommendations, which stated, *inter alia*:

"The Ministers reiterated SADC's commitment to a rules-based, open, non-discriminatory and equitable Multilateral Trading System, and expressed concern with the continuous marginalisation of sub-Saharan Africa in the World Trading System and underlined the need to enhance the participation of SADC Member States, particularly the LDCs, in the MTS [Multilateral Trading System], in order to achieve economic growth, employment and development for all. A balanced outcome of the WTO negotiations, reflecting the trade interests of all WTO Members, in particular the developing countries, is a necessary condition for ensuring development gains from an increasing participation of SADC Member States in the MTS" (SADC, 2005).

The SADC trade ministers then set out their expectations for a development-oriented round, couched in political terms rather than the technical minutiae of the negotiations. On occasion, blocs may even present and maintain a united front on a specific pan-continental cause, such as TRIPS and Public Health or cotton. However, when pursuing too many club interests, there is a risk that the group's position is reduced to the lowest common denominator, which weakens the group's negotiating position. By contrast, specific issue-based alliances, that cut across countries and continents, allow SADC countries to pursue their own unique trade interests more strategically, since these may diverge substantially from those of their regional partners. In any event, SADC is far too small and diverse, and the Secretariat too poorly resourced, to allow meaningful coordination on the minutiae of specific WTO issues. Bilal and Szepesi (2005) concur: 'Common strategic interests take form within WTO coalition groupings rather than heterogeneous regional groupings'.

As Figure 3 indicates, SADC countries have already affiliated with the key issue-based alliances in the WTO. These include, *inter alia*, the G20 demanding fairer global agricultural trade; the Group of 33 (G33) that seeks to safeguard food security and livelihoods and promote rural development; the NAMA-11, led by South Africa (*de facto* including Botswana, Lesotho and Swaziland by virtue of their SACU membership), which seeks a more pragmatic formula (i.e., coefficients, etc) and additional exceptions for making cuts to industrial tariffs; the LMG that has voiced pro-development concerns and opposed the inclusion of the Singapore Issues

12 Lee and Smith (2008) argue that this has less to do with the relative size and power of states within the WTO than with the WTO's own inability to enforce its rules and obligations, particularly with respect to cotton protectionism in the United States.

in the DDA; and the SVEs, less formally defined, but which include small island developing countries.

Figure 3: Participation of SADC countries in WTO coalitions

Characteristics	Bloc-type coalitions				Issue-based alliances						
	Political/declaratory;				Technical and substantive;						
	Proposal-making;				Sectoral/product focus;						
	Blocking strategy				Agenda-setting						
Country	Africa Group	ACP	G90	LDC	G20	G33 on SP and SSM	G10	LMG	NAMA-11	SVE	
Angola											
Botswana									X		
DRC									X		
Lesotho									X		
Madagascar											
Malawi											
Mauritius											
Mozambique											
Namibia											
Seychelles											
South Africa									X		
Swaziland									X		
Tanzania											
Zambia											
Zimbabwe											

Note: The NAMA-11 with an 'x' denote the de facto membership of the smaller members of SACU, by virtue of the common external tariff. Namibia and South Africa are formal members of the NAMA-11.

SADC and regional trading agreements (RTAs)

SADC and the EPA negotiations

In order to comply with WTO provisions, the Cotonou Partnership Agreement that governed Europe's trading relations with its former ACP colonies had to be replaced with contractual, binding and reciprocal EPAs by the end of 2007, or face possible legal challenges. Under Cotonou, ACP countries – SADC included, except for South Africa, given its relative competitiveness – enjoyed preferential access into the EU market. This arrangement gave ACP exporters a price advantage over wealthier developing country competitors (e.g., Argentina, Brazil, China and India) and even some poorer countries (e.g., Ecuador in the bananas case). These preferences are particularly important for SADC, which counts the 27-nation EU as the region's single most important trading partner. Southern African exports to Europe are dominated by a few products, *inter alia*: diamonds (Botswana), beef (Botswana and Namibia), petroleum (Angola), fish (Mozambique and Namibia) and sugar (Mauritius and Swaziland).

Since the start of the EPA negotiations, the process has been dominated by intra-regional divergence and mistrust,¹³ rather than convergence. This has effectively undermined the RISDP. SADC did not approach the negotiations as a consolidated REC, exposing the weakness of the regional integration agenda. Instead, SADC's fifteen member states initially splintered into two configurations (and later four). This was consistent with Cotonou Article 37(5), which permitted the ACP countries to self-designate their own negotiating groups, notwithstanding subtle EC directives. The first group was the SADC EPA, consisting of the BLNS countries plus Mozambique, Angola and Tanzania (MAT). South Africa participated in this 'SADC-minus' configuration as an observer only, not an active negotiating party, since the country had previously concluded its own bilateral Trade, Development and Cooperation Agreement (TDCA) with the EU in 1999. Importantly, the TDCA *de facto* also applied to SACU by virtue of the common external tariff.

The second grouping was the Eastern and Southern African (ESA) EPA, which for various reasons presented a more attractive negotiating option for many Southern African countries, especially LDCs and lesser-developed countries. These reasons included the overlap in SADC/COMESA membership; the more proactive role of the COMESA Secretariat in facilitating the ESA EPA process (compared to a 'weaker' SADC Secretariat, which at the time was undergoing restructuring); and individual country anxieties about possibly negotiating fixed TDCA provisions under the SADC EPA (Shilimela, 2008). Importantly, the SADC-minus EPA configuration did not coincide with the boundaries of the existing SADC REC, which the AU recognises as a building-block of the envisaged African Economic Community.

Following the formalisation of the SADC EPA group, trade ministers conducted eighteen months of regional consultations, between 2004 and 2006, which attempted to salvage the regional integration agenda in order to develop a common negotiating framework. Submitted to the EC on 7 March 2006, the latter outlined five broad objectives. First, South Africa would be included as a full negotiating party in order to harmonise the region's trading relations with the EU. Second, the BLNS accepted the TDCA as the basis for negotiations, provided that their sensitivities and Lesotho's LDC status were accommodated. Third, since the MAT countries are LDCs, they were entitled to the Everything But Arms (EBA) benefits of duty-free quota-free (DFQF) market access into the EU, which should be extended to all SADC EPA members in order to harmonise the region's access to the EU at the best available conditions. Finally, all new generation trade issues – such as investment, services, competition, government procurement and competition, among others – should be subject to non-binding cooperative arrangements with the EC aimed at building capacity at national level. This would be followed by regional convergence of rules and regulations in the new generation areas, so that there would be a common regional regime for future negotiations with the EC (Alves, Draper and Khumaio, 2009).

The EC formally responded a year later, in March 2007. Brussels rejected outright the SADC framework, conceding only that South Africa be included in the SADC EPA subject to certain conditions, notably differentiated market access for goods. In addition, the EC insisted that LDCs must offer reciprocity in line with WTO rules and that the new generation issues must be part of the negotiating process.¹³

During the nine-month negotiating endgame between March and December 2007, positions among members of the SADC EPA configuration shifted dramatically. The LDCs agreed to offer

13 This stood in contrast to an agreed position in the DDA negotiations that LDCs would be exempted from making reciprocal concessions (or enjoy a 'round-for-free'). In addition, the bulk of the new generation issues are currently suspended under the WTO's DDA negotiations, except for trade facilitation.

the EC reciprocity and the bulk of the SADC EPA members – except for South Africa and Namibia – agreed to negotiate trade in services and investment, with an interim period dedicated to capacity-building. By the deadline of the New Year, five of the SADC EPA states, namely Botswana, Lesotho, Mozambique, Namibia (with specific reservations to be addressed)¹⁴ and Swaziland initialled an Interim Economic Partnership Agreement (IEPA). South Africa did not initial the agreement and continues to trade with the EU under the TDCA, while Angola's EBA preferences continue unabated. Both South Africa and Namibia also opted out of the second phase of the negotiations covering trade in services, investment, competition and government procurement (Article 67 of the IEPA).

Botswana, Lesotho and Swaziland (BLS) subsequently signed the IEPA on 4 June 2009, while Mozambique signed later, on 15 June 2009. This was done with the blessing of Angola, Namibia and South Africa (ANSA), the remaining parties outside of the agreement. Although several ANSA concerns over the IEPA were superficially resolved at a negotiating round in Swakopmund in March 2009, Namibia has still withheld the country's signature because of the EC's refusal to amend the IEPA text or to provide adequate legally-binding assurances on these concessions.¹⁵ Whereas pressure is mounting on Namibia to sign the agreement or revert to less favourable Generalised System of Preferences (GSP) treatment for its exports, South Africa remains fully outside of the agreement, largely on principled but also on pragmatic grounds.

For South Africa, the ongoing deadlock concerns three main issues. The first revolves around the EC's insistence on the inclusion of a Most Favoured Nation (MFN) clause in the agreement. This requires that any advantage offered to Mercosur, India or China in any possible future trade negotiations be automatically extended to the EC, thereby undermining the geopolitical logic of greater South-South cooperation.¹⁶ This is particularly contentious for South Africa, since the TDCA does not oblige South Africa to offer the EC the better treatment that it might offer third parties in other trade agreements. Moreover, the new Zuma administration is intent on strengthening trade relations with advanced developing countries. In this regard, it is therefore important that between January and July 2009, China for the first time emerged as South Africa's biggest trading partner, overtaking the United States, Japan, Germany and the United Kingdom (*Business Day*, 28 September 2009).

This places South Africa in a quandary. The EC insists that the MFN provision is the *quid pro quo* for its DFQF market access offer (with a phase-in period for rice and sugar, affecting Mozambique and Swaziland), which it has extended to the full SADC EPA, except South Africa. This arrangement not only maintains the preferential access of non-LDCs into the EU, but significantly improves their economic opportunities too.¹⁷ At first glance, it appears that the

14 The contentious issues for Namibia included, *inter alia*: the non-negotiable MFN treatment provisions sought by the EC; the freezing of export taxes/levies/charges and thus Namibia's ability to use such measures as incentives for value-addition and manufacturing; and the abolition of quantitative restrictions on imports with impacts on cereal production and thus food security in Namibia; inadequate provision for infant industry protection; and prescriptive regulations for the administration of the free movement of goods within SADC EPA states in a manner that may not be compatible with SACU.

15 According to the EC, the amendment of the IEPA text was not technically feasible, given the complex decision-making structures of the European institutions. However, the EC maintained its commitment to amending the text in the full EPA (Walker, 2009).

16 Specifically, the MFN clause automatically confers any trade benefits under future agreements with other countries onto the EU as long as it concerns a country that contributes 1.5 per cent or more to the world economy.

17 Although Namibia has not signed the IEPA, its exports – particularly beef, fish and table grapes – continue to enjoy preferential access to EU markets and are valued at about N\$1.1-billion per annum. In addition, these

MFN clause may be a price South Africa must pay if it is serious about supporting its neighbours' development. But South Africa also has offensive market access interests in advanced developing markets, particularly Brazil, China and India. The reciprocity logic of trade negotiations could require South Africa to make greater trade-offs in favour of its Southern partners, whereas South Africa may not wish to extend these concessions to the EU.

The second issue that South Africa has raised concerns the definition of the Parties to the Agreement, which presumes a legal and institutional basis for decision making among the SADC EPA states that presently does not exist. The third concern revolves around the impact of the IEPA on SADC's regional integration agenda. Notwithstanding the EPA's objective to complement and support regional integration, the net effect has been to fragment the 15-members of SADC across at least four separate configurations (see Figure 4). Each has negotiated market access arrangements for EU goods that vary considerably from one another, raising the possibility of trade deflection.¹⁸ In South Africa's view:

"This will complicate – and could even foreclose – efforts to foster regional integration. The separate arrangements also create the basis for new trade policy divisions in the region as they provide market opening obligations and commitments to the EU before the region has had time to build its own regional markets and rules in such new areas as services, investment, competition and procurement" (Carim, 2009).

Moreover, the proliferation of EPA groups in the southern African region – each with different market access arrangements with the EU – makes the establishment of a SADC-wide customs union, underpinned by a common external tariff, impossible (Stevens, 2008).¹⁹ The SADC IEPA has also raised concerns over the future of SACU, a year before its centenary in 2010, with three of its five member states – Botswana, Lesotho and Swaziland (BLS). They are

now party to a separate trade agreement with the EU, allegedly in violation of Article 31 of the 2002 SACU Agreement. Because of the differences in tariff regimes and the rules of origin under the TDCA and IEPA, South Africa has intimated that it may restrict imports covered by the agreement or raise border controls to avoid trans-shipment of cheap EU exports (e.g.,

Figure 4: SADC and the EPA negotiating configurations

	SADC	ESA	EAC	Central Africa
Angola				
Botswana				
DRC				
Lesotho				
Madagascar				
Malawi				
Mauritius				
Mozambique				
Namibia				
Seychelles				
South Africa				
Swaziland				
Tanzania				
Zambia				
Zimbabwe				

trading relations have become more preferential since 1 January 2008 with the abolition of all duties and quotas. Namibia previously had a beef quota of 13,000 tons per annum (Goosen, 2009).

18 Trade deflection occurs when imports enter the FTA via the member country with the lowest tariff on non-member trade. Trade deflection distorts the region's trading patterns with the rest of the world and deprives the member country that eventually consumes the import of tariff revenue.

19 The solution, of course, is for SADC states to harmonise their different trading regimes *vis-à-vis* Europe.

clothing and textiles) into South Africa. Botswana's Trade and Industry Minister, Daniel Neo Moroka, offers a different perspective:

"There have been stories that cheap goods can enter SA through Botswana. Only 0.1% of goods destined for Botswana come from the EU directly. Let me put it bluntly – the majority of companies that operate in Botswana are headquartered in SA. The purchasing arms of these firms are based in SA. Because we are landlocked the bulk of imports come through SA. There is no danger of cheap goods coming through Botswana into SA" (*Business Day*, 17 July 2009).

More significantly, since the IEPA has perforated SACU's common external tariff, the latter's standing under WTO rules governing customs unions becomes questionable. The saving grace for SACU is that the TDCA and IEPA tariffs are largely aligned. Only 53 lines, out of thousands, are covered by different tariffs. The latter essentially accommodate a common list of sensitive products identified by the BLNS.

Evaluating SADC's international relations in the EPA negotiations

The EPA experience is a signature example of how the continent's common positions can deteriorate into 'the one and the many' to the detriment of Africa's collective interest *vis-à-vis* external powers. The AU High-level Panel (2007: 76) Audit Report lamented this fact:

"In 2006, Member States and the recognised Regional Economic Communities abandoned a common African position on the Economic Partnership Agreements (EPAs). Despite widespread analysis and public perception that the EPAs offer less than the previous Cotonou Agreement and are potentially disastrous for Africa's fledgling industries, domestic public revenue base and agriculture, Africa has faced the European Commission with contradictory and divided configurations."

Among the 15 members of SADC, there was also no clear or cohesive bloc approach towards the EPA negotiations. This exposed the weakness of the regional integration agenda and foreclosed the possibility of a SADC foreign trade policy. Although the SADC-minus group did subsequently adopt a common negotiating framework, there was little national ownership of the latter by member states. Why did this situation arise and what caused further fragmentation of the SADC EPA during the negotiating endgame?

The first factor concerns the apparent primacy of domestic interests over regional concerns. Clearly, the decision of SADC's non-LDCs – i.e., Botswana, Namibia and Swaziland – to initial or sign the IEPA was motivated by narrow commercial interests to avoid trade disruptions. The EU's 'shadow of power' was palpable, since non-signature meant that trade would revert to the stricter GSP. Botswana, for example, risked forfeiting its preferential access for beef and diamond exports into the European market. With 70 per cent of the country's exports destined for Europe, the preference loss could have directly threatened the livelihoods of 600,000 of its population of 1.2 million (*Business Day*, 17 July 2009). Botswana's Trade and Industry Minister also justified his country's decision to negotiate services as a 'sovereign choice' (*Engineering News*, 31 July 2009). Namibia confronted a similar quandary for its exports of beef, fish and table grapes to the EU. Given the security of its own TDCA with the EU, South Africa appears to have shown insufficient sensitivity to this particular problem.

South Africa also stands accused by its BLNS neighbours of pursuing its own interests at the cost of the region, particularly SACU, by remaining outside of the IEPA. Importantly, this concern predates the EPA negotiations, including regional concerns raised over South Africa's unilateral implementation of quotas on Chinese clothing and textile imports, the Motor

Industry Development Programme (MDP) review and South Africa's comprehensive review of the country's tariff book. This suggests that there are deeper political differences in the region over trade and industrial policies, reflecting the different economic structure of the member states.

South Africa is the most defensive. The country recently adopted a sector-based industrial policy, underpinned by an interventionist 'developmental state' paradigm, which proposes to use financial incentives and strategically sequenced tariff reforms to drive industrial development and export diversification (DTI, 2007). By contrast, the BLNS countries – such as Botswana, which is a major net importer of goods from South Africa – are heavily dependent on South Africa. They are keen to diversify their trade and investment relations and introduce greater competition in domestic network services sectors, including energy, transport, communications and finance (Draper and Khumalo, 2009).

The second factor that confounded a more coordinated SADC approach concerns the negotiating process itself. By all accounts, the latter was highly problematic and in the view of one trade expert close to the negotiations: 'The end result was a chaotic, complex and challenging process, often dominated by intra-regional negotiations, tensions and mistrust as the deadline drew closer' (Kalenga, 2008). Other complicating factors in the process included, *inter alia*: negotiators were sent on an *ad hoc* basis to the negotiations without clear and rational mandates; national and regional priorities for the EPA were not clearly defined, and were divergent; and the inclusion of South Africa brought significant challenges in efforts to deal with divergent policy positions.

A related third factor holds that the SADC EPA's negotiating strategy and structure were largely inappropriate. Although Botswana formally coordinated the group from the start of the process, there was no coherent and transparent regional negotiating strategy. The inclusion of South Africa, which of late has led the process, also resulted in fundamental trade policy shifts in favour of the dominant party in the configuration, and the beginning of intra-group tensions and mistrust. More significantly, SADC allegedly wasted scarce negotiating time and capital on attempts to develop its own text, instead of building on the EU's text (Kalenga, 2008).

The final factor is institutional, specifically the limited involvement of the SACU and SADC Secretariats in the EPA negotiations. Within the SADC Secretariat, the roles and mandate of the EPA Unit were poorly defined and initially not well understood. As a result, the EPA Unit lacked effective capacity and authority to influence and shape the negotiations, as has been the case *vis-à-vis* the WTO negotiations too. In sum, Mushiri contends that support and participation by the SADC Secretariat was not coherent, but half-hearted; and there was little or no collaboration between SADC and ESA in developing negotiation strategies and positions or undertaking actual negotiations (Mushiri, 2007).

Conclusion

This study set out to determine whether there is evidence of a coordinated, shared or common SADC approach *vis-à-vis* external trade, as part of the region's broader international relations or collective foreign policy. Two case studies were considered, namely the multilateral trading system centred on the WTO and the SADC EPA negotiations.

A mixed picture emerges. While there have been salutary attempts to develop, adopt and advance collective SADC and broader Africa positions *vis-à-vis* external trading partners, it is apparent that domestic policies and interests often trump regional concerns during the

crucial endgame of trade negotiations. This is symptomatic of many regional challenges. Most importantly, SADC countries, including SACU, do not share common trade and industrial policies, notwithstanding the SADC FTA and RISDP. Moreover, these countries enter into collective trade negotiations from very different levels of economic development and structural vulnerability, with some southern African countries still dependent on trade preferences, particularly for export earnings, employment or rural prosperity.

In the WTO, it was argued that regional or hybrid 'bloc-type' coalitions – i.e., SADC, Africa Group, ACP, LDCs and G90 -- provide a political platform for countries to project broad declaratory statements on trade and development. Bloc-type coalitions are also better suited for making proposals (e.g., SDT) or blocking an issue or agenda in the WTO (e.g., the Singapore Issues). Blocs may also present and maintain a united front on a specific pan-continental cause, such as TRIPS and Public Health or cotton.

By contrast, specific 'issue-based' alliances that cut across countries and continents allow SADC countries to more strategically pursue their own unique trade interests. The latter may indeed diverge substantially from those of their regional partners. A case in point is agriculture. SADC and its continental partners are crudely split between 'liberalisers' who demand fairer exchange through market liberalisation and greater competition, and protectionists who seek to defend their trade preferences in Northern markets or depend on subsidised farm imports for their food security. Some African countries therefore find themselves at the cusp of a Faustian bargain with the EU, since as Alves, Draper and Khumalo (2009: 9) argue:

"Neither Africa nor Europe wants to radically reform the other's common agricultural policy, unless it can be done in a way that mitigates shocks to basic food prices in Europe and does not threaten Africa's preferences. *So for some African trade negotiators the maintenance of the status quo in agriculture is not necessarily a problem*" [emphasis added].

The primacy of domestic policies and interests again resurfaced in the case of the SADC EPA negotiations. These involved a complex mix: net importing countries favoured greater trade openness and domestic competition; the preference-dependent economies were confronted by a Hobson's choice of signing the IEPA or forfeiting margins; while South Africa simply prioritised its own domestic trade and industrial policy considerations. In sum, the 'divide and rule' experience of the EPA negotiations has exposed three key challenges to collective foreign policymaking in SADC: the weak foundations of the region's integration agenda; the widely disparate nature of the region's economies; and long-simmering regional tensions and mistrust, partly related to perceptions of South Africa's regional hegemony.

Furthermore, it appears that the regional secretariats – SACU in Windhoek and SADC in Gaborone – have played very limited or ineffectual roles in coordinating the region's external trading relations or providing clear policy direction, compared to the COMESA experience (Bilal and Szepesi, 2005). In their present form, the SACU and SADC secretariats represent 'weak intergovernmental regionalism', to paraphrase Khadiagala (2009). This applies to the preparation and conduct, both national and regional, of WTO and EPA negotiating positions. In future, strengthening the coordinating mandates, mechanisms and resources of the secretariats should be encouraged, since:

"Regional institutions may provide the necessary support and appropriate forum for countries to exchange views, share information, generate technical analysis and policy input; define and when relevant co-ordinate positions and identify best practices. Working at the regional level may also offer the opportunity to connect WTO positions to regional strategies and stimulate positive spill-

overs between these two levels of negotiations" (Bilal and Szepesi 2005).

At the pan-continental level, even the AU Commission is now seeking a far stronger coordinating role. The AU High-level Panel (2007: 77) recommends that:

"The Commission, after consulting appropriately, should fully exercise its mandate contained in its Statutes to play a more assertive coordinating and representational role in the global policy arena; and Member States who are leading the African group at international negotiations should work within the Decisions of the Assembly and thereby promote and uphold the collective interest of Africa."

Ultimately, the bane of the WTO and EPA negotiations (as well as other extra-regional or bilateral trade accords) has been the lack of common trade and industrial policies, strategies and vision. This is understandable, given the divergent interests and levels of development across the region. However, as SADC progresses towards deeper integration in future, there will certainly be pressure for more common policies, institutions and instruments. As Khadiagala (2009: 7) suggests, 'The movement toward supra-nationalism creates a dynamic toward the advancement of common foreign policy interests'. SACU presents a crucial test case in this regard.

The South African government believes that SACU has the potential to move beyond a customs union structured around revenue-sharing arrangements. In Pretoria's view, this requires pragmatic regional reforms aimed at establishing a common market and an even closer monetary union. As a first step, SACU must develop a common trade negotiation agenda based on agreed positions in multilateral trade negotiations. The special SACU Council of Ministers meeting in Swaziland in September 2009 also supported greater SACU-wide industrialisation (e.g., production value chains across the member states in agriculture and industry). In addition, South African Trade and Industry Minister Rob Davies argues that SACU must strengthen its trading ties with countries of the South to capitalise on high-growth markets, rather than depend on traditional trading partners:

"For SACU to realise its potential, we need common understanding on how to position ourselves in a changing global economy. Shifting patterns of global trade require a forward-looking response to develop mutually beneficial trade and investment relations with these new sources of global economic growth" (Davies, 2009).

In Davies' view, failure to reach understanding on these issues could trap SACU in 'policy gridlock' and be rendered ineffectual by global developments beyond the region's control (Davies, 2009). As integration progressively deepens in SADC, whether by RISDP benchmarks or not, similar challenges are likely to emerge in the region's foreign policy *vis-à-vis* external trading partners. It is therefore important that policymakers, trade experts and scholars from across the SADC region better understand and draw comparative lessons from the SACU experience.

References

- African Trade Policy Centre (ATPC) (2004) *Trade Liberalization under the Doha Development Agenda: Options and Consequences for Africa*, Addis Ababa: ATPC.
- African Union High-level Panel (2007) *Audit of the African Union*, Addis Ababa.
- Alves, P., Draper, P. and Khumalo, N. (2009) Africa's Challenges in International Trade and Regional Integration:

What Role for Europe? SAIIA Occasional Paper No. 32.

- Carim, X. (2009) 'Opening address' Sixth Southern African Forum on Trade, Pretoria, 3 August.
- Davies, R. (2009) 'Davies clarifies SA's stance on EPA', *Business Report*, 15 September.
- Department of Trade and Industry (DTI) (2001) *A Broad South African Approach to New Multilateral Trade Negotiations in the World Trade Organisation*, Pretoria: DTI.
- (2007) *National Industrial Policy Framework*. Pretoria: DTI.
- Draper, P. and Khumalo, N. (2005) 'Friend or foe? South Africa and Sub-Saharan Africa in the global trading system' Draper, P. (ed.) in *Reconfiguring the Compass: South Africa's African Trade Diplomacy*, Johannesburg: South African Institute of International Affairs.
- Draper, P. and Khumalo, N. (2009) 'The future of the Southern African Customs Union', *Trade Negotiations Insights*, Vol. 8, No. 6, pp. 3-5.
- Goosen, L. (2009) 'Step by step removal of obstacles to EPA', *Namibia Economist*, 20 March.
- Jawara, F. and Kwa, A. (2003) *Behind the Scenes at the WTO: The real world of international trade negotiations*, London: Zed Books.
- Kalenga, P. (2008) 'Presentation at the TRALAC EPA Review Workshop', Cape Town, 23 January.
- Keet, D. (2004) *South Africa's Official Position and Role in Promoting the World Trade Organisation*, Cape Town: Alternative Information and Development Centre (AIDC).
- Khadiagala, G. (2009) 'Forging Regional Foreign Policies in SADC: A Framework for Analysis', mimeo.
- Kwa, A. (2006) 'Recent Assessments: Africa to lose out from WTO negotiations, even in agriculture', Focus on the Global South, 30 June.
- Lee, D. (2006) 'South Africa in the World Trade Organisation' in Lee, D., Taylor, I. and Williams, P. (eds.) *The New Multilateralism in South African Diplomacy*, Houndmills: Palgrave Macmillan.
- Lee, D. and Smith, N. (2008) 'The political economy of small African states in the WTO', *The Round Table*, Vol. 97, No. 395, pp. 259-271.
- McCarthy, C. (2008) 'The challenge of reconciling revenue distribution and industrial development in SACU' in Vickers, B. (ed.) *Industrial Policy in the Southern African Customs Union. Past Experiences, Future Plans*, Midrand: Institute for Global Dialogue.
- Mushiri, S. (2007) 'Economic Integration in SADC and the Economic Partnership Agreement Negotiations'. Paper presented at the 4th Southern African Forum on Trade (SAFT), Pretoria, 3-4 September.
- Narlikar, A. (2003) *International Trade and Developing Countries. Bargaining coalitions in the GATT and WTO*, London: Routledge.
- Oxfam (2007) 'Signing away the future: How trade and investment agreements between rich and poor countries undermine development', Oxfam Briefing Paper No 101.
- Osakwe, P. (2004) 'African research networking in trade policy and multilateral negotiations', paper presented at the OECD-DAC/WTO Meeting on Trade Capacity Building, Paris, 2-3 March.
- SADC (2005) 'Trade Ministers' Communiqué, SADC/Min-WTO/1/2005/5.
- Sampson, G. and Woolcock, S. (2003) *Regionalism, Multilateralism, and Economic Integration. The Recent Experience*, New York: United Nations University Press.
- Shilimeia, R. (2008) *Overlapping Memberships of Regional Economic Arrangements and EPA Configurations in Southern Africa, FOPRISA Report No. 5*. Gaborone: Botswana Institute for Development Policy Analysis (BIDPA).
- Soko, M. and Qobo, M. (2003) 'Championing African trade interests: the Africa Group within the WTO' in *SAIIA Africa after Cancun: Trade Negotiations in Uncertain Times. Trade Report No. 2*, Johannesburg.
- Stevens, C. (2008) 'A tangled web. Factionalism over EPAs reveals SADC fault lines', *Trade Winds*, Vol. 2, No. 1.
- United Nations Conference on Trade and Development (UNCTAD) (2006) *Trade and Development Report 2006. Global Partnership and National Policies for Development*, New York and Geneva: UNCTAD.
- UNCTAD (2007) *Trade and Development Report 2007. Regional Cooperation for Development*, New York and Geneva: UNCTAD.
- UNCTAD (2009) *Economic Development in Africa Report 2009: Strengthening Regional Economic Integration for Africa's Development*, New York and Geneva: UNCTAD.
- Vickers, B. (2009) 'Reclaiming development in multilateral trade: South Africa and the Doha Development Agenda' in Narlikar, A. and Vickers, B. (eds.) *Leadership and Change in the Multilateral Trading System*, Leiden: Brill/Martinus Nijhoff Academic Publishers.

Wilkinson, R. (2006) *The WTO. Crisis and the Governance of Global Trade*. London: Routledge.

WTO (2007) 'Communication from the Southern African Customs Union. 29 October, TN/MA/W/92'.

MONITORING REPORTS

CHAPTER 10: THE SADC FREE TRADE AREA AND THE WAY TOWARDS A CUSTOMS UNION¹

Jacob Nyambe

Executive summary

This study is based on interviews and desktop work that were undertaken from March to June 2009. The study was conducted by the Namibian Economic Policy Research Unit (NEPRU) for the Formative Process Research on Integration in Southern Africa (FOPRISA) Secretariat. The objectives were: to study the progress of the Southern African Development Community (SADC) Free Trade Area (FTA) and the envisaged customs union; to study the effects of the negotiations of Economic Partnership Agreements (EPAs) between the European Union (EU) and African Caribbean and Pacific (ACP) countries on regional integration in the SADC region; and to suggest policy recommendations that would assist stakeholders of the SADC integration agenda, and the SADC Secretariat in particular, on how to overcome existing constraints to integration.

The findings point to SADC FTA as an important platform for the envisaged SADC Customs Union. The fact that Angola, Democratic Republic of the Congo (DRC) and Seychelles (collectively ADS) are not in the FTA has so far not threatened cohesion of the SADC grouping. Their exclusion is acceptable when considering the past experience of Angola and DRC – having lost much of their infrastructure due to wars, and their economic differences with other members of the FTA. Political and economic challenges have for the time being put the Seychelles out of the SADC FTA. During the past seven years, Seychelles went as far as pulling out of SADC and its re-entry comes with careful considerations on what to take and not to take. ADS are not party to the SADC Trade Protocol.

The envisaged customs union is not achievable, although technical committees are working hard to put all necessary things in place for the launch in 2010. It is not about when, but about the fact that SADC will, at some point in future, launch its customs union. The EPA is controversial for SADC member states and thus handling of EPA negotiations should be guarded carefully to avoid disintegrating the SADC grouping. The EU should not have made 'aid for trade' conditional but should have made it mandatory upon signing the EPA pact, so that aid could serve as an incentive to participating countries. To establish a tripartite FTA, involving all three of the regional bodies, requires that member countries agree on how the required activities should be implemented. Though the idea of establishing an FTA is a good one, it requires commitment from political leaders. As to whether the FTA would solve the dilemma of overlapping memberships, indeed that may happen but it will be a temporary solution unless the tripartite FTA could become a permanent home for current regional economic communities (RECs). Politically, the tripartite FTA will pose some challenges in which sovereignty issues are likely to feature at some point. Furthermore, it is essential to understand that some inherent challenges, such as un-harmonised customs systems, could better be solved at each regional grouping than at a broader FTA.

1 The views and opinions expressed in this paper are those of the author. Therefore, these views should not be regarded as an official position of the SADC Secretariat, FOPRISA Secretariat, or BIDPA.

Introduction

It can be argued that the general principle of convening economic groupings is relatively similar across the globe. However, despite the similarities, activities and programmes that drive the group may differ from one grouping to the other. The onus to modernise led to the signing of a declaration that established SADC in 1992. SADC replaced the Southern African Development Coordinating Conference (SADCC). The political arm of SADC is more influential than its economic tenet.

SADC has the following objectives: to promote economic growth and socio-economic development; to promote political values, systems and democratic governance; to maintain peace and security; to ensure self-reliance and interdependence of member states; to harmonise national and regional strategies and programmes; to ensure that there is productive employment of the region's resources; to conserve the region's natural resources; to preserve existing traditional relationships and cultures enjoyed by the people of the region; to combat deadly and communicable diseases such as HIV/AIDS; to reduce poverty in the region; and to ensure that gender concerns be considered in regional development.

In this study, the underlying assumption is that SADC member states² have the political will to ensure that their people enjoy the benefits that come with economic development, peace and stability. It is with this assumption that SADC scaled up its regional aspirations by launching an FTA in 2008, and is to establish a customs union in 2010. This study is driven by a particular problem that is stated below.

Problem statement

The SADC region has set itself an agenda of increasing regional integration. This started with the FTA in 2008, and is to proceed with a customs union in 2010, a common market in 2014, a monetary union in 2016 and a political union in 2018. Whilst building institutional frameworks, and implementing programmes and processes to achieve increasing regional economic integration, SADC faces a number of problems. These include political unrest in some SADC member states, e.g., instability in Madagascar in 2008 following the un-procedural removal of the Head of State. This led SADC leaders to suspend Madagascar from SADC. Other continuing issues include the complexities of EPA negotiations, and widespread poverty due to low levels of economic growth in member states. With all these challenges, it is not known how the SADC programme of regional integration will move. This is the reason for undertaking this study.

Objectives of the study

- To study progress of the SADC FTA and the way to a customs union.
- To study the EU/ACP EPA negotiations, particularly their impact on regional integration in the SADC region.
- To suggest policy recommendations that would assist stakeholders of the SADC agenda, and the SADC Secretariat in particular, to overcome existing constraints to integration.

2 Zimbabwe was left out in the analysis on inflation, real growth and current account balance due to outlier figures that resulted from prolonged economic meltdown in that country.

Research questions

- How will an FTA that does not include all SADC member states affect different member states?
- What effect do the EPA negotiations have on regional integration in SADC?
- What should be considered for the envisaged SADC Customs Union to become a reality?

Research: methodology

Each year for the past four years, three to four SADC member states have been selected for this study. Officials from government, private sector and academia were interviewed. This chapter reports on fieldwork undertaken in Botswana (at the SADC Secretariat and the Southern African Trade Hub), Lesotho, Mauritius, and Swaziland; and on a literature review. An interview guideline (see annex) was used during interviews.

Structure of the study

This study centres on the journey between the SADC FTA to the envisaged SADC Customs Union (CU). The focus has been narrowed to cover the following four main topical issues:

- macroeconomic convergence, covering macroeconomic indicators and the FTA, including tariffs
- EJ/EPA negotiations, covering EU and African historical relations, the EPA and SADC, and progress to date
- the SADC CU, including a general overview of a CU, the SADC CU and its 2010 schedule
- perception-based indexes and conduct.

Strategic and policy recommendation are also included. References and annexes follow at the end.

Status of macroeconomic convergence indicators

The Regional Indicative Strategic Programme (RISDP) sets out benchmarks on which progress in member states should be based. These indicators are challenging to comply with due to macroeconomic mismatches and the unpredictability of policies in member states. The effect of macroeconomic policies is captured by macroeconomic indicators. However, indicators can also be influenced by external shocks. SADC targets for macroeconomic indicators appear in the table below.

Table 1 denotes convergence targets which the SADC has put forward as the necessary steps towards introducing a common currency in SADC. Setting convergence targets is regarded as a key strategy for achieving this objective. In addition, achieving reduced budget deficits and lower rates of inflation would help in making the economies of member countries more competitive. Achieving the economic growth targets would be an important step in reducing widespread poverty, which is one of the SADC objectives. The strategy of increasing foreign exchange reserves in relation to imports would also provide some level of preparedness for withstanding

Introduction

It can be argued that the general principle of convening economic groupings is relatively similar across the globe. However, despite the similarities, activities and programmes that drive the group may differ from one grouping to the other. The onus to modernise led to the signing of a declaration that established SADC in 1992. SADC replaced the Southern African Development Coordinating Conference (SADCC). The political arm of SADC is more influential than its economic tenet.

SADC has the following objectives: to promote economic growth and socio-economic development; to promote political values, systems and democratic governance; to maintain peace and security; to ensure self-reliance and interdependence of member states; to harmonise national and regional strategies and programmes; to ensure that there is productive employment of the region's resources; to conserve the region's natural resources; to preserve existing traditional relationships and cultures enjoyed by the people of the region; to combat deadly and communicable diseases such as HIV/AIDS; to reduce poverty in the region; and to ensure that gender concerns be considered in regional development.

In this study, the underlying assumption is that SADC member states² have the political will to ensure that their people enjoy the benefits that come with economic development, peace and stability. It is with this assumption that SADC scaled up its regional aspirations by launching an FTA in 2008, and is to establish a customs union in 2010. This study is driven by a particular problem that is stated below.

Problem statement

The SADC region has set itself an agenda of increasing regional integration. This started with the FTA in 2008, and is to proceed with a customs union in 2010, a common market in 2014, a monetary union in 2016 and a political union in 2018. Whilst building institutional frameworks, and implementing programmes and processes to achieve increasing regional economic integration, SADC faces a number of problems. These include political unrest in some SADC member states, e.g., instability in Madagascar in 2008 following the un-procedural removal of the Head of State. This led SADC leaders to suspend Madagascar from SADC. Other continuing issues include the complexities of EPA negotiations, and widespread poverty due to low levels of economic growth in member states. With all these challenges, it is not known how the SADC programme of regional integration will move. This is the reason for undertaking this study.

Objectives of the study

- To study progress of the SADC FTA and the way to a customs union.
- To study the EU/ACP EPA negotiations, particularly their impact on regional integration in the SADC region.
- To suggest policy recommendations that would assist stakeholders of the SADC agenda, and the SADC Secretariat in particular, to overcome existing constraints to integration.

2 Zimbabwe was left out in the analysis on inflation, real growth and current account balance due to outlier figures that resulted from prolonged economic meltdown in that country.

Research questions

- How will an FTA that does not include all SADC member states affect different member states?
- What effect do the EPA negotiations have on regional integration in SADC?
- What should be considered for the envisaged SADC Customs Union to become a reality?

Research methodology

Each year for the past four years, three to four SADC member states have been selected for this study. Officials from government, private sector and academia were interviewed. This chapter reports on fieldwork undertaken in Botswana (at the SADC Secretariat and the Southern African Trade Hub), Lesotho, Mauritius, and Swaziland; and on a literature review. An interview guideline (see annex) was used during interviews.

Structure of the study

This study centres on the journey between the SADC FTA to the envisaged SADC Customs Union (CU). The focus has been narrowed to cover the following four main topical issues:

- macroeconomic convergence, covering macroeconomic indicators and the FTA, including tariffs
- EU/EPA negotiations, covering EU and African historical relations, the EPA and SADC, and progress to date
- the SADC CU, including a general overview of a CU, the SADC CU and its 2010 schedule
- perception-based indexes and conduct.

Strategic and policy recommendation are also included. References and annexes follow at the end.

Status of macroeconomic convergence indicators

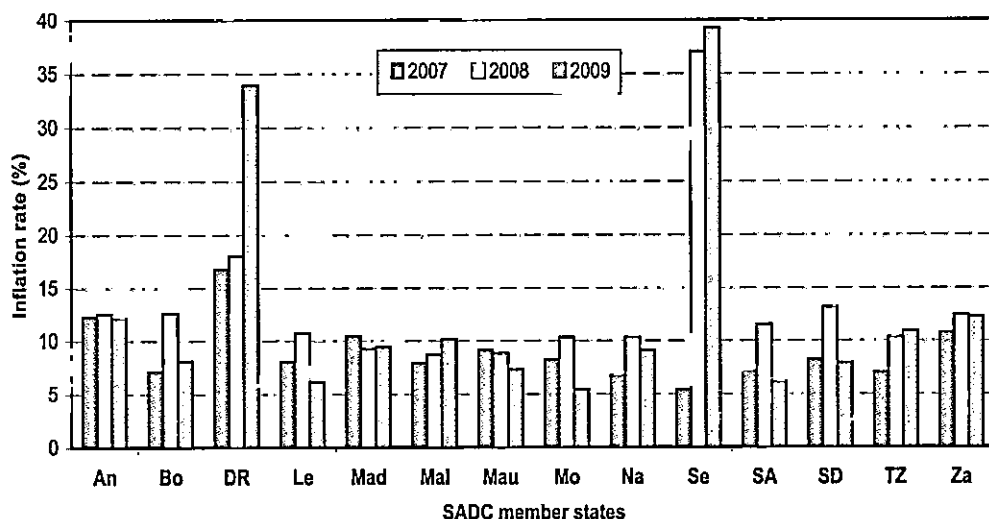
The Regional Indicative Strategic Programme (RISDP) sets out benchmarks on which progress in member states should be based. These indicators are challenging to comply with due to macroeconomic mismatches and the unpredictability of policies in member states. The effect of macroeconomic policies is captured by macroeconomic indicators. However, indicators can also be influenced by external shocks. SADC targets for macroeconomic indicators appear in the table below.

Table 1 denotes convergence targets which the SADC has put forward as the necessary steps towards introducing a common currency in SADC. Setting convergence targets is regarded as a key strategy for achieving this objective. In addition, achieving reduced budget deficits and lower rates of inflation would help in making the economies of member countries more competitive. Achieving the economic growth targets would be an important step in reducing widespread poverty, which is one of the SADC objectives. The strategy of increasing foreign exchange reserves in relation to imports would also provide some level of preparedness for withstanding

economic shocks. It is a problem that this strategy does not address the different economic starting points of member states. As to whether or not the strategy of setting indicators for member states can be successful depends on the value member states attach to the objective of introducing a common currency, and whether the strategy can cope with exogenous shocks.

There are some improvements recorded in recent years with respect to convergence targets. Three of the indicators in Table 1 will be looked at in detail, namely inflation rate, real growth and the budget surplus/deficit.

Figure 1: Inflation rate in the SADC region for the period 2007 to 2009



Note: An=Angola, Bo = Botswana, DR = Democratic Republic of Congo, Le = Lesotho, Mad = Madagascar, Mal = Malawi, Mau = Mauritius, Mo = Mozambique, Na = Namibia, Se = Seychelles, SA = South Africa, SD = Swaziland, TZ = Tanzania and Za = Zambia.

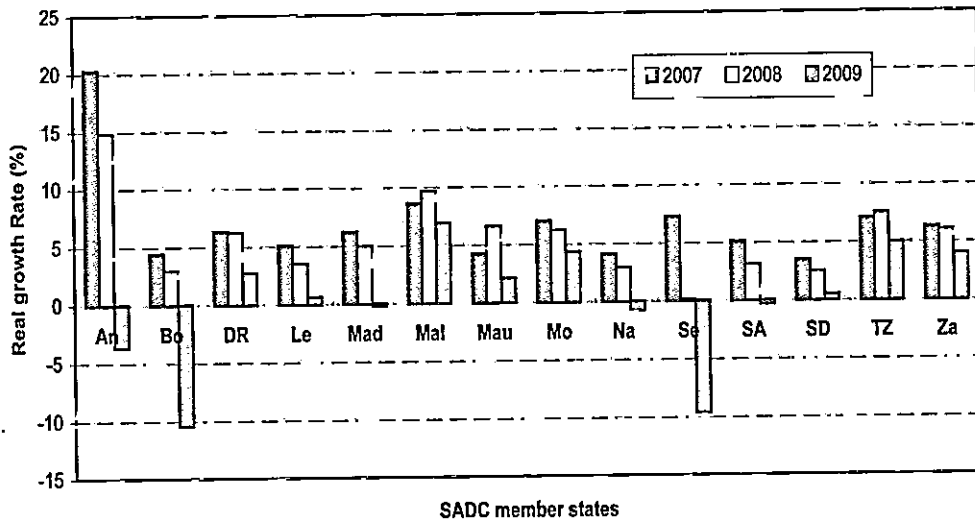
Source: Adapted from IMF (2009).

In Figure 1, 2007 and 2008 data are final while 2009 data are estimated. In 2009, DRC and Seychelles were estimated to have very high inflation rates compared to 2007. In 2009; Botswana, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, South Africa and Swaziland were estimated to have complied with an inflation rate target of a single digit. All other member states were estimated to have double digit inflation. Determinants of inflation may be both endogenous and exogenous. Recent exogenous factors include high global oil and food prices.

In 2009, just over half the members have showed a decline in inflation. There is a high likelihood that inflation may adjust upwards when the demand for commodities increases. The global crude oil price has risen steadily in 2009 though it is still lower than the peak of US\$140 per barrel recorded in the second half of 2008. Oil is a major input in most economic sectors. In SADC, except Angola, none of the member states produce oil. Even Angola imports refined fuel. Thus inflation in all SADC member states is affected by the oil price. In particular, mining activities, widely prevalent in SADC, are high importers and consumers of petroleum products.

Interest rates for 2009 have remained low in most member states. This policy was used as a way of stimulating domestic demand, to offset the decline in the demand for exports due to the global financial and economic crisis. However, the detail on interest rates is not included in this study.

Figure 2: Real growth in SADC member states for the period 2007 to 2009



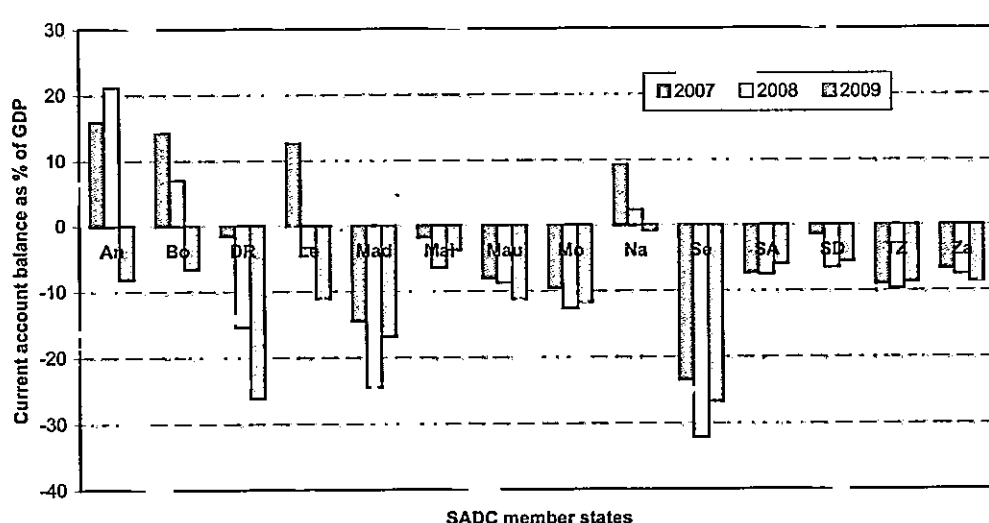
Source: adapted from IMF (2009).

Real growth in 2009 was targeted to be at least 7%. However, Figure 2 shows a disappointing picture for most member states. Malawi is the only member state to maintain a 7% growth rate between 2008 and 2009. The worst hit by the global financial and economic crisis in terms of their 2009 growth rates are Botswana and the Seychelles. Angola suffered also, although to a lesser degree and is followed by Namibia and lastly Mozambique. In some instances 7% was reached in 2008, but that was not sustained in 2009. The 7% target may be high for most member states but it remains an important guiding tool on which to benchmark economic growth.

Growth fell in 2009, below both 2007 and 2008 levels. Inflows of concessional foreign finance and export earnings declined in 2009 because of the impact of the global economic crisis on developed countries. The situation is expected to start improving from the end of 2009 onwards as the global economy recovers. The failure to reach a 7% could also mean that there are some structural problems that continue to offset expected growth. Furthermore, the lending environment was unfavourable in 2009. Real growth impacts on how much revenue is collected in a fiscal year. Therefore, it will be useful to look at fiscal balance.

In 2008 it was targeted that member states reduce their budget deficits to 5% of gross domestic product (GDP). This figure is expected to be reduced gradually to 3% in 2012. So far, estimated figures for 2009 show Malawi, Namibia, South Africa and Swaziland as being within the 5% target. All other member states have not complied, in that deficits were more than 5%. The 2009 deficit record of SADC member states is impossible to sustain for a number of years in that it will destroy the ability of member states to finance their domestic needs and also to afford to pay their external public debts. This goes to show that without finding better ways of managing economies such as employing prudential governance and registering high foreign reserves, among others, member states would continue to be vulnerable as a result of budgetary constraints that might put them at risk of failing to properly cater for public services. Without proper intervention many people in member states may become more entrenched into poverty. The consequence of this quagmire is a likely upsurge in foreign debt which might

Figure 3: Budget surplus/deficit in SADC member states for the period 2007 to 2009



Source: Adapted from IMF (2009)

result from external borrowing to fund public deficit. However, the global recession meant that 2009 external circumstances were exceptional.

The SADC FTA

An FTA refers to a group of states that have agreed to eliminate their tariffs and to lower non-tariff barriers (NTBs) on substantially all trade amongst member states (SADC, 2008). Theoretically, an FTA provides the following opportunities: economic benefits due to lower prices, stronger competition, improved allocative efficiency of scarce resources, induced productivity gains, and a wider market (Centre for International Economics, 2000).

The SADC FTA was preceded by the Southern African Customs Union (SACU) whose members are Botswana, Lesotho, Swaziland and South Africa, and, since 1990, Namibia. This preferential trade arrangement set a basis for the establishment of a SADC FTA. The SADC FTA came at a time when SACU-SADC member states had removed all tariffs except on a few commodities such as vehicles. Integration requires some sacrifices being made. As early as 2001, some of the SADC member states began the process of front-loading tariffs in order to anticipate a subsequent tariff-phasing down process of the SADC FTA. Front-loading tariffs refers to a process in which some member states agree to systematically reduce tariffs substantially, while others continue to maintain them but follow suit at a later time. The other purpose for front-loading tariffs was to improve the terms of trade within SACU. Back-loading tariffs were also implemented by other member states including Mauritius, Mozambique, and Zambia. This process of removing or reducing tariffs by some member states after a group of member states have done so earlier is what is called back-loading of tariffs. This asymmetric way of phasing down tariffs across several product lines when trading amongst each other made it easier for other SADC member states to cope with the need to forfeit tariff revenues. Despite loss of tariff-revenues, member states have agreed to engage in tariff-phase down for the long-term benefits that come with free trade.

While preparing for the launch of the SADC FTA, inflation rates in member states were expected

to be in single digits. This did not happen in that some member states were still maintaining double digit patterns' (see Figure 1). Despite lack of convergence on some macroeconomic indicators, and noting that these were not direct pre-requisites, SADC launched its FTA.

How then will member states, which are party to the FTA, benefit from the SADC FTA? Benefits may not be realised in a short-term period given the global financial turmoil. One of the possible ways in which benefits could be drawn is to venture into manufactured products that can be exported to the FTA market. This seems to be possible especially for products of a tariff category that has been phased down in the FTA concession. The FTA may also create additional export opportunities for SACU members by permitting better access to cheap inputs from non-SACU SADC FTA members.

Reducing tariffs or removing them is essential for the SADC FTA to succeed. It requires 85% of tariffs to fall to zero, with tariffs allowed to be retained on the remaining 15% of sensitive products. All member states that are in the FTA have complied with zeroing their tariffs except for Malawi which cited macroeconomic problems as a reason why it has delayed zeroing tariffs. Thus Malawi remains under derogatory arrangements due to its economic circumstances.

Table 2: SADC FTA tariff phase down process

Groups of SADC member states	Category A and B tariff position before and during 2009
SACU	Front loaded $\geq 85\%$ of the tariffs before the FTA, later removed all tariffs. Mauritius followed
Non-SACU FTA members	Due to back-loading and the FTA $\geq 85\%$ were phased down (Mozambique and Zambia) and are now zero
Non-SACU non-FTA members	FTA tariff phase down does not apply
FTA members	85% tariffs have been phased-down
	15 % remains on certain products and on sensitive ones

Source: Adapted from Frøystad et al. (2008)

SADC member states that are party to the FTA have removed tariffs on trade with each other, except on a few products (see Table 2). This shows that most intra-SADC trade is becoming tariff-free. However, removal of tariffs has come at a time when member states need financial bailouts due to the global financial and economic crisis. The current status quo of SADC economies is not rosy and thus it leaves more questions than answers.

The SADC FTA market should enable these economies to become more competitive by engaging more in intra-trade activities. This should prepare member states to be ready to compete with countries outside SADC. The challenges in the meantime are, first, lack of information on existing markets and on risks associated with doing business in the region. Second, there are common and similar products across countries, and these products hardly stimulate new opportunities, but this situation may change in future. Supply constraints exist and lead to diseconomies of scale among member states (excluding South Africa) but as new investments come on board production capacities will also improve. Lastly, the existence of NTBs in the region continues to impede free trade. New NTBs will always be developed, when revenue from tariffs is reduced, and when member states find themselves in economic difficulties. Failure to find alternative sources of revenue can easily manifest itself in new NTBs.

It is now time to examine the implications of having some members in the FTA, whilst others are outside. The process of tariff-phase down is a compromise, to ensure that member states are not forced to but participate willingly in the new trade regime. For example, at the time of launching the FTA, Malawi asked for more time to attend to its domestic poverty challenges before joining the FTA. By going that way, Malawi showed its political will but without sacrificing

the concerns of its citizens. Asymmetric entry has been applied in bigger and more experienced economic blocks like the EU.

Allowing member states to exercise their right to asymmetric entry makes SADC healthier than if it were a coercion-type of regional governance which would then leave public concerns behind. According each member state a right to make decisions that relate to its economic position is appropriate for maintaining cohesion in a regional structure. The move not to join the FTA by three member states is not an element of unwillingness or permanent exclusion, but a normal way of exercising a gradual process. Some reasons could be political, given overlapping memberships which the proposed COMESA–EAC–SADC tripartite FTA may attempt to address. This delay in implementing regional programmes shows that there is no quick fix to matters of integration. In essence, integration that leaves its people behind in poverty is not needed. Therefore, this asymmetric move is to prevent the disintegration of the already shaky grouping.

Is the EU/EPA agenda likely to integrate or disintegrate SADC?

The EU and African historical trade relations

In 1975, the EU and ACP countries entered a watershed preferential trade agreement called the 'Lomé Convention', later called Lomé I, and followed by Lomé II, III and IV. Although some of the provisions of the Lomé Conventions are still applicable, Lomé IV has on paper been replaced by the EPA. The Lomé agreements provided preferential access to the EU market for ACP countries for manufactured products, and for some primary commodities subject to quotas. In addition, the European Development Fund, although not comprehensive enough, provided financial and technical assistance to ACP member states. Through the Stabilisation and Export Scheme, EU farmers were compensated for revenue shortfalls due to the preferential arrangements. Some mining companies also benefited from the convention. The main weakness of the conventions is that they failed to pull ACP countries out of poverty as expected by ACP member states (Nyambe 2009).

This well known weakness of the convention is circumstantial in that the convention era was characterised by economic recessions recorded in the EU during the 1970s and 1980s. During the same era, the EU faced problems with integrating its diverse members. This shifted attention towards its internal affairs, including constitutional reforms, and reduced attention that the convention previously enjoyed. Due to incompatibility of the convention with the rules of the World Trade Organisation (WTO), the convention had to be phased out at the end of 2007 to give way to the WTO compatible EPA.

Economic Partnership Agreements in SADC

The past trajectory followed by the Lomé Conventions, especially the failure of the convention that has been mentioned, provides valuable lessons on how to participate in the EPA negotiations. Most ACP countries are concerned about a recurrence of the same failure in the EPA. The world is currently undergoing a global economic and financial crisis, and some EU and ACP countries have gone through recession. It is not known as to when the global crisis will come to an end.

Table 3: Lomé and EPA provisions

Lomé Convention	EPA offers
Preferential market access for ACP in the EU	Reciprocity on market access
Was understood, and created improved trade positions	Aid for trade and expected to improve balance of payments of ACP countries
Failed to address poverty	Not well understood by ACP countries

During the Lomé dispensation, SADC member states, and especially Botswana, Lesotho, Namibia and Swaziland (BLNS) benefited in that there was preferential access for beef, fish and grapes entering the EU market, although beef and grapes were subject to quotas. Some quotas did not in fact limit exports – for example Botswana has been unable to fulfil its beef quota for many years.

South Africa negotiated a free-trade agreement with the EU, the EU/South Africa Trade, Development and Cooperation Agreement (TDCA), in 1999. It will remain operational until 2012 when all trade between the EU and RSA will be completely liberalised. Imports from the EU enjoying reduced tariffs under the TDCA can also enter BLNS freely, because there is free trade within SACU (for almost all products).

Going back to the Lomé dispensation, the EU helped ACP member states with technical and financial support to improve their abattoirs, and introduced livestock traceability chips as a way of certifying the origins of Botswana and Namibian beef.

Coming to the EPA, there are three phases: the Interim EPA (IEPA), the Full EPA (FEPA) and the Comprehensive EPA (CEPA). Angola, Namibia and South Africa (ANSA) have not yet signed, but it is only Namibia that may lose. Angola will continue to benefit under the “Everything But Arms” provision while South Africa has the TDCA. By not signing the IEPA, Namibia faces the problem of finding alternative markets (Nyambe, 2009). Tanzania and Zambia have also delayed signing the IEPA. Other SACU member states Botswana, Lesotho and Swaziland, and non-SACU SADC member states Mauritius, Mozambique, Seychelles and Zimbabwe have signed the IEPA. The final step, ratification of the IEPA by parliaments of IEPA signatories, is awaited.

The process of negotiating the EPA has not been without hitches. Some ACP countries have had demonstrations against signing. In what appear to be acquiescent countries, concerns exist on the impact of going ahead with signing the EPA. This concern ties well with the initial expectation of the African Union (AU) that the EU should negotiate the EPA in a manner that would be mutually beneficial to all parties involved and to respect and consolidate regional integration. The aim of the AU is to integrate all economies of member states. Thus, the aim of the AU would have been satisfied had the EU negotiated with RECs rather than with individual countries (although this does not apply to the SADC EPA).

At the onset of the negotiations, the EU followed the expectation of the AU that suggests negotiating with RECs, but later began to negotiate the EPA with individual countries. This may have been due to two reasons:

- Slow progress of negotiating with RECs, and
- Differential economic structures of countries in the ACP group, and members of the AU in particular.

The FEPA was expected to be signed before the end of 2009. However, this is unlikely to happen for most of the SADC member states. The most difficult one is the CEPA which requires that the service sector, that includes telecommunications, banking and construction,

be reciprocated to EU competitors. The CEPA is contentious because most of the AU countries expect to rely on the service sector in future.

What are the consequences of EPA negotiations so far? First, negotiations between the EU and individual countries have revealed weaknesses in the capacity of African countries to negotiate trade packages. Second, EPA negotiations have revealed the fragility of RECs in confronting common concerns. Third, the SADC-EPA negotiating forum has fragmented. Tanzania has negotiated under the EAC, while Zimbabwe, Zambia, Mauritius and Seychelles have negotiated under COMESA. This fragmentation shows how much politics is at play. Fourth, ANSA has grown stronger as a tripartite forum in which its members advise each other on strategies for negotiating issues of common concern.

Why has signing the EPA taken longer than previously expected by the EU? There are, among others, three complexities. There is a lack of understanding of the provisions of the EPA on the side of ACP countries (due to the multifaceted nature of the pact), a lack of expertise to negotiate trade pacts and to predict likely impacts, and a desire to protect their local economies by individual member states. On the other side, the EU has enormous trade negotiation experience. This places African states on a hard surface when negotiating the EPA.

In an attempt to give impetus to the negotiations and signing thereof, the EU Trade Commissioner visited some SADC member states early in 2009. In March 2009, Angola, Mozambique and SACU member states convened at Swakopmund, Namibia to discuss the EPA and the way forward. At that meeting, it emerged that the countries represented were getting closer to signing the IEPA, and this created a way forward for the subsequent FEPA. The EU made concessions by extending the infant industry protection to include industries that were earlier excluded. The EU agreed to allow export taxes to continue, but added a provision that any proposed new taxes should first be discussed.

Recently the EU Parliament pushed for a speedy delivery of EPA signatures. It is feared that this expectation may frustrate ongoing negotiations. Issues that are still outstanding between the EU and ANSA-SADC members include among others *Definition of Parties*, *Most Favoured Nations* clause, refusal or delays by the EU to include a text that was agreed to at Swakopmund in 2009 and other issues including the Rules of Origin (RoO).

Weaknesses that EPA negotiations have revealed would require SADC to work hard to strive for cohesion. SACU is also in a difficult position because Botswana, Lesotho and Swaziland have signed the IEPA while others have not done so. Recently the concern has been to keep SACU intact as it is regarded in some circles as a nucleus of the proposed SADC CU. Despite lack of consensus among member states with regard to which way to go, EPA negotiations are on-going between the EU and SADC member states that have not yet signed.

SADC member states have incurred costs in negotiating EPA with the EU. The time spent on negotiating could have been spent on other programmes on the SADC agenda, including preparations for the proposed CU.

The proposed SADC Customs Union

An overview of customs unions

A customs union (CU) is an association of member states bound by a particular legal instrument and having a common external tariff they maintain with the outer world. A CU is a more advanced level of integration than a preferential trade agreement (PTA). A CU usually builds

on an existing PTA. However, other RECs may not need to follow the step-by step process as demonstrated with the case of SACU. SACU was established in 1910 and that makes it the oldest CU in the world. Progress to implement the 2002 SACU Agreement has been slow. Often South Africa has been cited as having played delaying tactics through bullying other member states. The truth may be that BLNS are just too weak to make a strong impact compared to South Africa. Besides South Africa, economies of BLNS are very small and depend highly on the South African economy.

On the model of integration the SADC is following, it would not be wrong for a region to attempt another model. Countries may not necessarily have to follow a particular hierarchical model of integration. The speed at which activities and programmes are implemented is vital to the successful advancement of any trade regime. For example COMESA became an FTA in 2000, but up until June 2009 when it launched its CU, only 14 of the 19 members were in its FTA. However, COMESA and SADC are different in that SADC has a wider agenda than the narrow path pursued by COMESA, and SADC is yet to launch its CU. So, the current SADC model of integration is useful in that it proffers ample time to member states to prepare for the next step on the hierarchical ladder of regional integration. The SADC model also allows every step to be consolidated by the preceding one.

CUs have their own pros and cons. Member states of a CU are not supposed to negotiate agreements with other trade blocks without the consent of all members. A CU seeks to observe mutual respect and equality of all signatories. The move to act unilaterally can tamper with the legal basis of such an establishment. For example, in the SACU there is concern because some SACU members have signed the IEPA with the EU leaving the others behind. The SACU Agreement of 2002 provides for consensus by all members in negotiating with a third party. Negotiating separately could imply the legal breakup of SACU. There would be severe political consequences if SACU were to collapse. So far there are no signs that SACU will collapse, but there are weaknesses which should serve as lessons to the SADC grouping. The pros of belonging to a CU are enormous and usually outweigh the cons.

On the multilateral level, the World Trade Organisation cautions its members about the trouble of belonging to two CUs. The General Agreement on Tariffs and Trade Act XXIV makes it clear that belonging to two CU's is problematic and as such cannot be condoned. It can only work if a member state that wants to belong to two CUs joins CUs that share one Common External Tariff (CET). Not satisfying this condition would be unbearable cost-wise for a member state belonging to two CUs, because it would be unlikely to be possible to carry out obligations that are compatible with the expectations of members of both CUs. The three African regional institutions mentioned earlier are likely to have some of their members opting out of membership, unless the tripartite arrangement, that will be discussed later, can in the near future become a reality.

Is SADC ready for a customs union in 2010?

The SADC region plans to launch its CU in 2010. A lot has been achieved in preparing for the CU and also in preparing the region for further integration. Some of the achievements include developing a common customs document, harmonising border procedures and reducing delays at border posts. Further, together with COMESA, SADC has set-up an NTB Monitoring Mechanism (NTBMM) to identify NTBs that are in place and to minimise their impact. Examples of NTBs include: Sanitary and Phytosanitary measures, technical regulation that relates to standards, procedures that relate to customs clearance, transit fees, and import and export regulations

(Regional Trade Facilitation Programme, 2009). Despite progress made so far, establishing the SADC CU continues to encounter problems.

SADC, in order to harmonise product standards, has set up an expert working group on Standardisation, Quality Assurance and Metrology (SQAM). Member states have institutes of standards that are linked to each other by way of sharing information, and being represented at various committees. However, there is a problem because some members of SADC are members of other RECs and they would prefer that SADC should just adopt international standards to avoid wasteful use of resources when international standards could easily be adopted. Member states such as Mauritius export more to the EU than to SADC. Adopting international standards would be better than applying SADC ones, which should anyway be measured against best practice.

In preparation for the CU, SADC has established additional technical groups. This is a mammoth task given the time left before 2010 comes to an end. It will be interesting to see what member states finally settle on. Other committees are working with COMESA, EAC and SACU on matters of common concern.

Pragmatic issues and concerns

There is concern in various circles but there is lack of clear-cut information on what may happen regarding the formation of a CU in 2010, and especially what may be the likely obstacles to its formation and functioning. Stakeholders were interviewed in some SADC countries. The findings show that the SADC CU is needed but has to be handled in such a way that it is owned by member states to avoid imposing it on them. The journey from the FTA to the CU may not be a smooth one. Several issues could still be outstanding in 2010. The SADC CU is an ambitious programme which lacks contact with realities on the ground. These include the need to have effective mechanisms of accountability. The SADC Tribunal needs to be strengthened to work effectively because, with a CU, trade disputes brought to the tribunal have up to now been rare but may turn to be common under a CJ.

Trade is made easier by standard road, rail and telecommunications infrastructure. Currently these networks are in good condition in less than half of the SADC membership. Customs procedures and infrastructure at border posts, as well as harmonised customs systems, are still not up to standard. Issues such as agreeing on a Common External Tariff (CET) and processes of transparency for handling CU revenues are outstanding. Agreeing on a CET may be challenging given that member states have individual revenue concerns. However, knowing that a CU would provide significant benefits, issues that have long held back progress should by now have been addressed.

Two cross-border scenarios

This study has also found problems (NTBs) that disturb trade flows. It was found that commuters crossing from Lesotho to purchase marketable commodities in South Africa are frustrated because taxi drivers often demand that Basotho commuters should only travel in South African taxis. This issue should be resolved by authorities in the two countries. This is a sorry problem which, if it receives no intervention, will continue to be a trade barrier. The crux of the matter is the element of opportunism by taxi operators.

There is another frustration that is evident between South Africa and Swaziland. Truck drivers from Swaziland to South Africa have not been allowed to pick up consignments on their way back after they have offloaded their cargo, while South African truckers do pick consignments

on their way after having delivered their cargo in Swaziland. This issue is not balanced. By law, picking up consignments on the way is not permitted. The law should be applied equally to avoid disadvantaging Swazi truckers. This issue is also a trade barrier. If the two authorities fail to resolve it, they could seek legal counsel from the SADC Secretariat.

Summary

The SADC project of establishing a CU will be an interesting development for the region. However it is being considered at a time when many things are happening both at a global and at a regional level. The desire to launch the proposed CU should not be time bound. This means that of importance is not 2010 *per se* but about putting in place necessary structures and programmes that may strengthen the proposed CU. Given all the issues that have been raised, especially infrastructural related matters and systems-based operations, a 2010 SADC CU deadline is not achievable.

The potential merger of COMESA, EAC and SADC into a tripartite FTA

Regional integration is a process that is both time and resource consuming. SADC is following the AU's suggestion of turning RECs into building blocks of the United States of Africa. This dream is an ambitious project that leans heavily on political drive. It could be helpful in that it may stimulate economic integration efforts in areas where such efforts are slow. Unfortunately, many African RECs have registered slow progress. For example, the EAC, SACU, COMESA and SADC should have long been integrated. In the past, they have been driven by political agendas and wars such that it took long before the idea to form one big FTA was accepted. Peace and political stability is a concern, and SADC is not an exception to this threat.

The proposed tripartite FTA is expected to help with reducing reliance on a small market. Currently this idea is receiving attention from the three regional blocks. It is hoped that constituting it will be beneficial to many African economies. However, it may take some time before all the modalities that should be put in place are formally agreed. There are common areas that have already been identified. These include harmonisation of civil aviation policies, communication policies, Rules of Origin, and transport policies. It is expected that progress on these issues as they relate to the tripartite FTA will soon be announced.

Another issue that may hold up progress in the tripartite FTA concerns power. What will happen to the Secretariats of COMESA, EAC and SADC when a tripartite FTA kicks off? The challenge to the sovereignty of the new secretariat could perhaps be addressed by merging the current secretariats. The other option would be maintaining existing secretariats as sub-structures within the regional institutions, although maintaining three sub-secretariats would be expensive.

Freedom and a check on conduct

Human rights

Political freedom, civil liberties and economic (socio-economic) rights are heralded as essential elements that characterise a free society. The United Nations holds that a country's citizens

should enjoy all forms of freedom that humanity deserves. The African Charter on Human and People's Rights also espouses the rights that should be accorded to humanity. All SADC member states are members of the AU.

Political leadership that violates the rights of the people should account for such actions. Perpetuation of violations of human rights could bring a member state before the United Nations. The SADC Treaty also suggests that human rights should be defended. On paper, it is expected that undemocratic governance be questioned and appropriate steps be taken. Intervention by SADC has been inconsistent. Some political leaders that seriously infringe the rights of their people have not been brought before the SADC Tribunal or any other judicial platform. On the other hand, some countries have been suspended from membership following a coup, most recently Madagascar.

This should not mean one is a proponent of suggesting a foreign interference in SADC affairs. Being supportive of citizens in the same regional structure is essential but it is also important to deter inhumane acts by neighbours so that all people may be protected from violation of their rights. Thus, there is a need to find better ways of dealing with violators of human rights as a way of improving governance in member states.

Table 4 reflects a decline in the perception on matters of economic freedom in the SADC region. Seven out of the thirteen member states for which there are recent statistics registered a decline in economic freedom in 2008, although one year's results do not constitute a trend and some of the countries with the highest rating were among those showing a decline in 2008. Negative changes could be attributed to the manner in which people are hindered or not assisted when conducting businesses and when they consume goods and services. This can become worse if property rights are not respected and judiciary structures are not adequately empowered to rule on appointed matters without fear or favour. Hindrance on consuming goods and services and on operating businesses in a democratic society should be avoided.

Table 4: Development of the Index of Economic Freedom from 1995–2008

Country	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	Change 2007-2008
Angola	27.2	24.3						43.3	43.5	47.1	Positive
Botswana	55.1	61.2	62.7	60.9	68.5	69.5	69.8	70.3	68.4	68.6	Positive
DRC	44.8	26.4									
Lesotho		49.9	52.3	49.1	50.7	48.6	52.9	57.0	54.1	51.9	Negative
Madagascar	51.7	54.5	54	56.5	62.9	59.1	61.6	63.0	61.4	62.4	Positive
Malawi	51.9	53.7	52.3	54.1	51.3	52.0	53.4	57.9	55.5	53.8	Negative
Mauritius		67.5	66.7	65.4	64.5	64.3	64.3	66.5	69.0	72.3	Positive
Mozambique	43.1	51.4	55.7	56.8	58.1	55.5	54.6	55.1	56.6	56.6	Constant
Namibia		64.6	63.7	64.2	66.5	61.6	60.0	60.9	63.8	61.0	Negative
South Africa	61.4	61.3	60.6	62.8	66.0	65.0	61.5	66.3	64.1	63.2	Negative
Swaziland	61.4	61.0	63.7	60.2	60.1	56.8	58.0	62.2	61.6	58.9	Negative
Tanzania	54.6	56.9	55.7	57.7	54.1	57.3	54.0	59.3	56.4	56.4	Constant
Zambia	54.5	62.4	57.4	57.7	53.5	51.9	54.5	59.1	57.9	56.4	Negative
Zimbabwe	47.8	44.4	37.0	33.9	33.9	31.6	33.9	34.0	35.8	29.8	Negative
SADC	50.3	52.8	56.8	56.6	57.5	56.1	56.5	58.1	57.5	56.5	Negative

Note: 80-100 means free; 70-79.9 means mostly free; 60-69.9 means moderately free; 50-59.9 means mostly not free; and 0-49.9 means repressed.

Source: The Heritage Foundation (2009)

Perception of Corruption

It is widely accepted that corruption is a serious scourge that wastes scarce resources. All over the SADC region and elsewhere in the world, corruption has become commonplace. In the SADC region alone, mechanisms for arresting corrupt practices seem not to have been exhausted. Allowing corrupt actions to persist can continue to undermine efforts geared towards better service delivery. Political leadership that values its citizens should ensure that proper tools for fighting corruption are employed. Furthermore, corrupt practices by those entrusted with management of public resources should be punishable. Below are indexes that pertain to corruption in the SADC region.

In Table 5, perception about corruption remains stubborn in member states. Unless checked and addressed, corruption can affect the general picture of member states and of the SADC region at large. Corruption siphons away scarce resources that are meant to assist the poor. Table 5 shows that between 2007 and 2008, perceptions of corruption in six member states have risen.

Table 5: Trends in the Corruption Perception Index from 1998-2008

Country	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Change 2007-2008
Angola			1.7		1.7	1.8	2.0	2.0	2.2	2.2	1.9	Negative
Botswana	6.1	6.1	6.0	6.0	6.4	5.7	6.0	5.9	5.6	5.4	5.8	Positive
DRC Congo						2.2	2.0	2.1	2.2	1.9	1.9	Constant
Lesotho								3.4	3.2	3.3	3.2	Negative
Madagascar					1.7	2.6	3.1	2.8	3.1	3.2	3.4	Positive
Malawi	4.1	4.1	4.1	3.2	6.9	2.8	2.8	2.8	2.7	2.7	2.8	Positive
Mauritius	5.0	4.9	4.7	4.5	4.5	4.4	4.1	4.2	5.1	4.7	5.5	Positive
Mozambique		3.5	2.2			2.7	2.8	2.8	2.8	2.8	2.6	Negative
Namibia	5.3	5.3	5.4	5.4	5.7	4.7	4.1	4.3	4.1	4.5	4.5	Constant
South Africa	5.2	5.0	5.0	4.8	4.8	4.4	4.6	4.5	4.6	5.1	4.9	Negative
Swaziland								2.7	2.5	3.3	3.6	Positive
Tanzania	1.9	1.9	2.5	2.2	2.7	2.5	2.5	2.9	2.9	3.2	3.0	Negative
Zambia	3.5	3.5	3.4	2.6	2.6	2.5	2.6	2.6	2.6	2.6	2.8	Positive
Zimbabwe	4.2	4.1	3.0	2.9	2.7	2.3	2.3	2.6	2.4	2.1	1.8	Negative
SADC	4.4	4.3	3.8	4.0	4.0	3.2	3.2	3.3	3.3	3.4	3.4	Constant

Note: Ranking from 0 to 10 where 0 denotes highly corrupt and 10 denotes corruption free.

Source: Transparency International (2009)

Political freedom and civil liberties

In Table 6, it appears that political and civil liberties declined slightly in Madagascar, Mauritius and in Swaziland in 2008. For Madagascar, a low index should be expected in the near future due to recent political unrest and an undemocratic change of government in that country. On average, perceptions of political and civil liberties have been constant in SADC. Nevertheless, the absolute score is unsatisfactory.

Policy suggestions

The SADC FTA has not been well marketed to small entrepreneurs to enable them to take advantage of the opportunities brought by the FTA. Tariff changes have to be communicated to

Table 6: Development of Political Freedom and Civil Liberties from 1990-2008

Country	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	2008	Change 2007-08
Angola	7.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.5	5.5	5.5	Constant
Botswana	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	Constant
DRC	6.0	7.0	7.0	6.0	6.0	6.0	6.0	6.0	6.0	5.5	5.5	Constant
Lesotho	6.0	4.0	4.0	4.0	4.0	2.0	2.0	2.0	2.5	2.5	2.5	Constant
Madagascar	4.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.5	3.5	Constant
Malawi	7.0	2.0	3.0	4.0	4.0	4.0	3.0	4.0	4.0	3.5	4.0	Positive
Mauritius	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	1.5	Negative
Mozambique	6.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.5	3.5	3.0	Negative
Namibia	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	Constant
South Africa	5.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.5	2.0	2.0	Constant
Swaziland	6.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0	6.5	6.5	6.0	Negative
Tanzania	6.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	3.5	3.5	3.5	Constant
Zambia	6.0	3.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0	3.5	3.5	Constant
Zimbabwe	6.0	5.0	6.0	6.0	6.0	6.0	6.0	7.0	6.5	6.5	6.5	Constant
SADC	5.0	3.6	3.8	3.8	3.7	3.6	3.6	3.7	3.7	3.7	3.6	Negative

Note: 1.0 to 2.5 means free; 3.0 to 5.0 means partly free; 5.5 to 7.0 means not free.

Source: Freedom House (2009)

all business operators in member states, not only to big business. Member states that are not party to the FTA should be allowed to address issues that have hindered them from joining the FTA. The fundamental issue is to ensure that FTA members should benefit, and help those not in the FTA to begin to see reasons for joining.

Establishing the SADC CU in 2010 would be a good idea, but postponing it would also not be a bad one especially if there first can be more progress on integrating the economies, and dealing with operational issues on the ground, to enable the FTA to become meaningful. SACU member states fear that unless SACU and SADC policies are harmonised, including developing compatible customs systems and adopting a CET, there might be serious confusion about which CU to join when SADC launches its own. SACU has experience on sharing revenues (though its system of sharing is contentious) but adapting SACU policies to a SADC CU may strengthen the process of creating a SADC CU.

On the proposed tripartite FTA between COMESA, EAC and SADC, this is a step in the right direction. However, given the narrow path that COMESA has been following and a broader SADC agenda, there is more work to be done at a political level by leaders in the three RECs prior to making further progress on the tripartite FTA. The tripartite FTA, like similar structures, should have its secretariat, either by amalgamating the existing secretariats, or by retaining them as subordinate institutions. All these are issues that take time to arrive at, and processes of seeking to resolve them should begin soon.

On how to benefit more from EPA and the way forward, SADC member states should seek to find better incentives with the EU in the EPA package. The process of negotiating the EPA should continue. The need to strengthen the regional integration agenda should be prioritised. The main challenge that remains to be unravelled, though, is one that requires casting a look beyond concerns of reciprocity on market access. SADC member states in their different negotiation forums should explore how the EU can be convinced to offer 'aid for trade' to infrastructural

development projects of EPA signatories. MFN and definition of parties and RoO remain outstanding issues for ANSA members. If a solution to the current delays in EPA negotiations is not found, the process will become a costly exercise to many ACP countries. Negotiating the EPA has also been frustrating, given worries about what will be political and economic gains from this deal.

Negotiating the EPA should take place while protecting cohesion of the SADC region. Destroying either the SADC or the SACU would not be in the interest of the region's citizens as it would undo the gains made so far. The EPA has been divisive in nature and neither the EU nor the SADC region are to blame. The timing and the hastiness of the process of negotiations has not given enough room for member states to have time to consult sufficiently. This speedy way of negotiating a significant package of this nature comes at a time when SADC member states (except South Africa) still lack experience in negotiating trade packages with bigger economic blocks. There is a lack of skilled trade negotiators and trade experts, with experience of successful trade agreements in the rest of the world, and who can quantify the impact of the EPA.

SADC member states should continue to work towards macroeconomic stability, which in turn would create macroeconomic convergence. Stability would help member states to attract more investors as would low corruption, respect for property rights and a stable political environment.

References

- Centre for International Economics (2006) Economic benefits from an AFTA-CER free trade area. A report prepared for the Department of Foreign Affairs and Trade. Canberra: Centre for International Economics.
- Günzel, K. Nyambe, J. and Schade, K. (2009) *Quarterly Economic Review*, No 67, March. Windhoek: NEPRU.
- Freedom House (2009) *Political freedom and civil liberties*. Available at <http://www.freedomhouse.org>.
- Frøystad, M., Günzel, K., Kalili, N., Nyambe, J., Osterkamp, R. and Schade, K. (2008) *Quarterly Economic Review*, No 66 of September 2008. Windhoek: NEPRU.
- Heynes, C. and Kiliander, M. (2006) *Compendium of Key Human Rights: Documents of the African Union*. Pretoria: Pretoria University Law Press.
- Knedlik T. and Povel F. (2007) "The state of convergence in SADC" in A. Bösi, W. Breytenbach, T. Hartzenberg, C. McCarthy and K. Schade (eds.) *Monitoring Regional Integration in Southern Africa, Yearbook*, Tralac: Konrad Adenauer Stiftung and NEPRU.
- McCarthy, C. (undated) Macroeconomic convergence in SADC – a policy perspective for the central banks of the integration agreement. Available at <http://www.sarpn.org.za/documents/d0000559/index.php>
- Nyambe, J. (2009) "Can Namibia afford to sail through the EPA storm?" *Namibia Economist*, 24th July.
- Nyambe, J. (2005) Evaluating two international agreements for consistency with GATT/WTO rules: A methodological study with regard to EU/RSA Trade, Development and Cooperation Agreement and Southern African Development Community agreements. Unpublished MSc dissertation. Pretoria: University of Pretoria.
- Regional Trade Facilitation Programme (2009) Non-Tariff Barriers Monitoring Mechanism. Available at <http://nrb.africonnect.com/>
- SADC (2008) *SADC Free Trade Area Handbook*, Gaborone: SADC Secretariat.
- The Heritage Foundation (2009) Index of economic freedom. Available at <http://heritage.org>.
- Transparency International (2009) Corruption perception index. Available at <http://www.transparency.org>.
- Von der Ropp, K.B. (2000) The challenge of change: Comparative lessons from the experiences of the EU and SADC. Available at <http://www.iss.co.za/Pubs/ASR/9No2/VanderRopp.html>.

ANNEX 1: Interview guideline

NB: Not all the issues were applicable to all stakeholders

The implementation of SADC Protocols: Progress on the removal of tariffs and non-tariff trade barriers.

Institutional implementation capacity: Functioning of SADC National Committees, institution building, human resources etc.

Standardisation and harmonisation of customs and excise standards, road authority standards, standardisation of goods in general and of legal institutions.

Consistency of SADC policy objectives with National Policy Objectives – internal consistency with regard to national development plans and visions, consistency with other regional plans and objectives (e.g., CMA, SACU, AU/NEPAD, EPAs etc).

The progress or otherwise of other inter-state initiatives in which member states of SADC are participating may strengthen SADC (SADC as a stepping stone to African integration, SACU as a building block for deeper integration within SADC), but it may also direct scarce human and financial resources away from SADC.

Costs and benefits of the regional integration processes and the perceptions of these on countries and various interest groups. Fiscal implications of tariff reductions, competitiveness of the private sector, etc. This is believed to be a key driving force for the speed and sustainability of regional integration.

Progress towards macro-economic convergence: recent macro-economic developments, impact of the global economic recession.

Overlapping memberships in Regional Economic Communities and EPAs, How are decisions formed about which grouping to join? Who is involved in the decision-making process? What role does the private sector play? Formal/informal communication channels. What is the way forward for the EPA negotiations?

The role of the SADC Secretariat in the quest for regional integration

Financing of SADC Secretariat: sufficiency for present and planned activities, dependence on International Cooperating Partners (donors), and distribution of membership fees. Funding of SADC National Committees: Sufficiency of funding; contributions by governments, donors, others.

National and Supra National Legal structures and their adequacy to monitor compliance with signed protocols.

Relation to the private sector and civil society (including trade unions, churches, media, NGOs, etc.): Degree of their knowledge of and participation in the process of regional integration as well as consultation between public and private sector concerning regional integration issues.

ANNEX 2: List of stakeholders

Ms Nomusa Tibane, Chief Economist: Ministry of Planning and development. Mbabane

Mr Sizwe Vilane, Director: Swaziland Investment Promotion Authority. Mbabane.

Mr Sabelo Mabuza, Director: Swaziland Investment Promotion Authority, Mbabane.

Ms Zodwa Mabuza, CEO: The Federation of Swaziland Employers and Chamber of Commerce. Mbabane.

Mrs Dumisile Magagula, Director: Ministry of Finance. Mbabane.

Mr Muzikayise Dube, Director: The Federation of Swaziland Employers and Chamber of Commerce, Mbabane.

Mr Henson Dlamini, NAEP. Mbabane.

Mr F. Fakudze, Project manager: Small Enterprise Development Company, Swaziland.

Mr Retselisitsoe Lechesa, Chief Executive Officer: Basotho Enterprise Development Corporation, Maseru.

Mr Newman Ntshangase, Director: Ministry of Foreign Affairs and Trade.

Mr Albert Cibi, Economist: Ministry of Economic Planning, Mbabane.

Ms Zanele Dlamini, Economist: Ministry of Economic Planning, Mbabane

Mr Maqhawe Mnisi, Assistant Economist: Ministry of Economic Planning, Mbabane.

Mr Bongani Dlamini, Assistant Economist: Ministry of Economic Planning, Mbabane.

Ms Nombuso Dlamini, Assistant Economist: Ministry of Economic Planning, Mbabane.

Ms Dumisile Magagula: Ministry of Finance, Mbabane.

Mr Mcusi Shongwe, Programme Officer: Ministry of Foreign Affairs, Mbabane.

Mr Labane Chokobane, Lecturer: Department of Economics, National University of Lesotho, Roma.

Mr Ramaele Moshoeshoe, Lecturer: Department of Economics, National University of Lesotho, Roma.

Mr Pitso Damane, Director: Ministry of Trade and Industry, Maseru.

Ms Lekoetse Leuta, Chief Development Officer: Ministry of Trade and Industry, Maseru.

Mr Tlohelang Aumane, Chief Development Officer: Ministry of Trade and Industry, Maseru.

Mr Thlako Mokhorro, Director: Department of Standards and Quality Assurance, Maseru.

Molebatsi Rabolinyane, Chief Standards Officer: Department of Standards and Quality Assurance.

S.K. Phafane, President: Lesotho chamber of Commerce and Industry, Maseru.

Lebeka Notsi, Executive Director: Lesotho Chamber of Commerce and Industry, Maseru.

Moepi Sementlane, Director: Ministry of Finance, Maseru.

R. Masenyetse, Principal Researcher: Central Bank of Lesotho, Maseru.

Mr Jabulani Mthetwa: Programme Officer: TIFI, SADC Secretariat, Gaborone.

Mr Happia Kuzvinzwa, Programme Officer: TIFI, SADC Secretariat, Gaborone.

Ms Briget Chilala, Director: Southern African Trade Hub, Gaborone.

Dr Sonia Katz, Advisor to TIFI Director: SADC Secretariat, Gaborone.

Mr Charles Chaitezvi, Team Leader: Customs, SADC Secretariat, Gaborone.

Prof Sanjeev Sobhee, Dean: Faculty of Humanities, University of Mauritius, Reduit.

Mr L. Pin Wing, Principal Industrial Analyst: Ministry of Industry, Port Louis.

Ms Rooma Narrainen, Manager: Trade Division: at Mauritius Chamber of Commerce and Industry, Port Louis.

Mr Assad Bhuglah, Director: International Trade Division at the Ministry of Foreign Affairs, Port Louis.

Mr A. Mansoor, Financial Secretary: Ministry of Finance, Port Louis.

Mr Guness Beejadhur, Divisional manager: Mauritius Institute of Standards, Momuka.

CHAPTER 11: A DEVELOPMENT ROAD SHOW? FROM MONTERREY AND PARIS TO DOHA AND ACCRA: IS THE WINDHOEK DECLARATION IMPROVING RELATIONS BETWEEN SADC AND ITS INTERNATIONAL COOPERATING PARTNERS?

Munetsi Madakufamba and Elling N. Tjønneland

Introduction

In 2006 SADC and its International Cooperating Partners (ICPs) adopted the Windhoek Declaration. This Declaration was intended to provide a platform and framework for more effective international support and aid to SADC. Both SADC and the ICPs committed themselves to a range of obligations to ensure that aid became more effective in meeting the overall objective: reduction of poverty and achievement of the Millennium Development Goals.

The Windhoek Declaration was a local adaptation of the 2005 Paris Declaration on aid effectiveness. This OECD-initiated document emerged as a main pillar of the global aid architecture in the new millennium. In 2008, another conference, in Accra, reviewed progress in implementation and adopted a new Accra Agenda to facilitate better implementation. The second pillar in the global aid architecture was the mobilisation of increased development finance. It began with the Monterrey conference in 2002 and progress was reviewed in Doha in late 2008. Both pillars emerged as a response to the UN Millennium Summit in 2000.

The first part of this paper critically examines the evolving global aid architecture. What do we know about achievements and impacts? Are there lessons for international support to SADC? The second part provides a review of the current 2008-2009 state of the SADC Secretariat and the Windhoek Declaration.

From Monterrey to Doha: development finance and resource mobilisation

The March 2002 *Monterrey Conference on Financing for Development* is the key reference for the current efforts to mobilise additional development finance. This conference in Mexico followed the 2000 Millennium Summit which adopted the Millennium Development Goals. The Consensus Document adopted at Monterrey identified the need for action in six areas:

- Mobilisation of domestic financial resources for development;
- Mobilisation of foreign direct investment and other private capital flows;
- International trade as an engine for development;
- Increasing international financial and technical cooperation (development aid);
- External debt; and

- Systemic issues and coherence in development support.¹

Official development assistance (ODA) was seen as a central pillar in the global partnership geared towards the reduction of poverty. Heads of State and Government agreed – through this Monterrey Consensus – to revitalise efforts to unlock all development resources including ODA. The Monterrey conference “urged” developed countries that had not yet done so to make concrete efforts toward the aid target of 0.7% of gross national income.

Developing countries welcomed this renewed emphasis on mobilisation of development finance. African countries, in particular, had emphasised the importance of domestic savings and improvements in public revenue collection as well as in private capital flows, in the NEPAD founding statement of 2001. The Monterrey Consensus was seen as an important step in scaling up efforts to mobilise domestic and external resources for growth and poverty reduction.²

Responses and commitments from developed countries came in two main “waves”. During and after Monterrey, they entered into substantial commitments to increase ODA, including a commitment by the EU to reach an interim target of 0.39% as a proportion of gross national income by 2006.

These commitments made no specific reference to Africa, but such promises came in the second wave in 2005. First, the EU member countries as a group pledged to reach the UN goal of allocating 0.7% of GNI as ODA by 2015 with an interim collective target of 0.56% in 2010. In practical terms this would increase EU’s development aid from €46 billion in 2005 to €66 billion in 2010, rising to more than €90 billion in 2015.³ At least half of the increase should go to Africa.

The G8 leaders meeting in Gleneagles made a number of important commitments.⁴ The US and Japan provided extra money to the EU’s commitment to reach the UN target of 0.7%. This was expected to release an additional US\$50 billion per year by 2010. Of this US\$25 billion would go to Africa, more than doubling aid to Africa compared to 2004.

In addition to the increase in budgeted development assistance, the G8 agreed to a number of other important steps. These included cancellation of 100% of outstanding debts of eligible Heavily Indebted Poor Countries to the IMF, IDA and the African Development Fund. This was expected to be worth over US\$50 billion once implemented and 90% would go to Africa. This included writing off US\$18 billion of Nigeria’s debt, the biggest single debt deal for an African country.

Donor countries also agreed to launch several innovative financing mechanisms involving new forms of taxation and securitised borrowing to increase development finance. This included a new airline ticket levy (which finances the purchase of drugs to help combat AIDS, TB and Malaria) and other measures to mobilise additional funding for health related purposes, as well as – more recently – clean development mechanisms and other emission trading schemes.

In November 2008 a conference in Doha took stock of achievements since the Monterrey conference in 2002. Officials from more than 160 countries and nearly 40 Heads of States or Governments took part in this Follow-up International Conference on Financing for Development

1 The Monterrey Consensus and related documents are available from the United Nation’s dedicated website on Finance for Development. See www.un.org/esa/ffd

2 For more on African perceptions, see in UN Economic Commission from Africa (2007).

3 See also the 2005 press statement from the EU: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/05/699&format=HTML&aged=0&language=EN&guiLanguage=en>.

4 See www.g8.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1078995902703

to Review the Implementation of the Monterrey Consensus. The Doha Declaration basically reaffirmed the principles adopted at Monterrey. The UN member states reconfirmed their aid commitments, including that aid should reach 0.7% of GNI.⁵

It is important to emphasise that although the G8 and members of the OECD Development Assistance Committee (DAC) are the main providers of development assistance, both aid and development finance are also coming from other countries. The non-DAC members of the European Union are increasing their aid contributions and are committed to increase ODA targets to 0.17% by 2010 and 0.33% by 2015. Turkey and South Korea have also expanded their aid (each providing about US\$800 million in 2008). Arab states and funds, led by Saudi Arabia, are also significant players. They provided about US\$2.5 billion in 2007, including significant allocations to Africa (mainly to North and Northeast Africa).

More significant is the emerging role of Brazil, India, China and South Africa. These countries all provide significant development finance, including development assistance, for development in Africa. Together they have provided a new dimension to South-South cooperation in Africa.

China's role is particularly extensive and important. China has provided development aid to Africa for the last fifty years although its role as provider of traditional development assistance is still limited. China emphasises co-operation with African countries and has made great efforts over the past few years to develop and strengthen political ties. This has included a strong commitment to support development and poverty reduction in Africa. At the Africa-China Summit in Beijing in November 2006 a 2007-2009 Action Plan was adopted based on a number of significant pledges by China. These included a doubling of Chinese development aid from the 2006 level by 2009; preferential loans amounting to US\$3 billion and preferential buyer's credits of US\$2 billion; creation of a development fund of US\$5 billion to support investment by Chinese companies in Africa; cancellation of some debts; and increases in scholarships and technical assistance (mainly in health, education and agriculture). In addition, China promised a major expansion in the list of zero-tariff products that African products can export to the Chinese market.⁶ Further Chinese commitments were made in November 2009.

China has emerged as a major economic and political power on the African continent over the past ten years. Trade between Africa and China now equals the trade between the US and Africa. Its role is much more significant in rapidly expanding offers of financial and technical assistance to infrastructure projects linked to the purchase of oil and other natural resources, coupled with the emerging trade and economic development zones. This appears to be strongly shaped by China's own experiences in fostering economic development – including the assistance from Japan from the late 1970s in providing loans for infrastructure in exchange for access to China's natural resources, as well as China's own economic development zones. This was successful in reducing poverty in China. We do not yet know how it will impact Africa.

Achievements

Since Monterrey, important achievements have been recorded in mobilising development finance for Africa, but the results available at Doha also indicated setbacks, serious challenges and obstacles. The evolving global financial crisis and economic recession have led to further

5 The Doha Declaration and other reports and documents from the conference are available from <http://www.un.org/esa/ffd>.

6 There is an exponentially expanding literature on China and Africa. Among recent contributions see Ampiah & Naidu (eds.) (2008), Alden (2007) and Brautigam (2009).

constraints.⁷ In terms of mobilising domestic resources in Africa there has been a steady improvement. There has been a significant increase of government revenue as a share of GDP throughout the continent. It increased by almost 4 per centage points of GDP between the pre-Monterrey period and 2007, reaching an average of over 25% in 2007 for Sub-Saharan Africa as a whole. The boom in oil and commodity exports and higher commodity prices have undoubtedly contributed to this in oil-exporting and resource-intensive countries, but the trend is also evident in other African countries which testify to a general improvement in tax administration and revenue collection.⁸

At Monterrey, developed and developing countries also committed themselves to facilitate increased private capital flows to African countries. This was to be achieved both through investments (particularly in infrastructure) and through remittances and access to financial services. Substantial progress has been recorded in foreign direct investment (mainly in extractive industries and some services). Furthermore, recorded flows of remittances from the African Diaspora to Sub-Saharan Africa nearly quadrupled from 2002 and reached US\$19 billion in 2007 (this figure excludes unrecorded remittances which are believed to be significant).

There has also been significant progress in meeting the Monterrey commitments of increasing ODA.⁹ There has been a steady increase in ODA globally, especially to sub-Saharan Africa. However, the ODA flows fall far short of the 2002 and 2005 commitments. Much of the substantial increases in 2005 and 2006, were, moreover, accounted for by debt relief operations. In 2007, ODA to Africa fell by 18% in real terms, mostly due to the completion of the debt relief operations, especially for Nigeria, in 2006. Figures for 2008 suggest an increase in bilateral ODA to Sub-Saharan Africa of about 10 per cent excluding debt relief. Estimates by OECD, based on forward spending plans, indicate that ODA from DAC countries to Africa will increase over the coming years, but also that that it will fall far short of the targets set in 2002 and 2005. At least US\$10-15 billion additional funds will have to be found if donors are to meet their 2010 commitments.

Emerging challenges

The recent past has seen the emergence of a number of new challenges which are already having a profound impact on the mobilisation of development finance. First, most sub-Saharan African countries were badly hit by food and fuel price shocks in 2008, causing inflation, plus fiscal and balance of payments problems. While food and fuel prices have since declined they are expected to remain high for several years. This could also lead to substantial increases in poverty rates in many countries given that the average household in Sub-Saharan Africa spends about half of their income on food. Furthermore, the adaptation costs which African countries face due to the impact of climate change are becoming increasingly clear (Africa Partnership Forum, 2008a).

Above all, the global financial crisis that emerged in September 2008, and the consequent economic recession, will inevitably affect global growth prospects and the mobilisation of development finance.¹⁰ The global recession has had strong negative impacts on Africa with major downturns in domestic revenue, sharply lower export revenues, declining remittances from the African diaspora and a loss of access to international capital markets. Beginning in

7 A good overview is provided by the African Partnership Forum (2008b) and the update provided by the Forum (2010). See also the African Monitor (2009). This report seeks to track actual delivery on commitments made.

8 See also Brautigam, *et al.* (2008).

9 Flows of ODA can best be tracked through the OECD DAC database. See www.oecd.org.

10 See, e.g., the provisional findings from a major new study by the Overseas Development Institute (2009).

2008 and accelerating in 2009 we have witnessed a significant reduction in economic growth for most African economies, most strongly for oil-exporting and middle-income countries, but all countries are negatively affected. There has so far not been widespread resort to trade and investment restrictions as a response to the crisis, but the danger of protectionism from the North – e.g., through increasing import tariffs or agricultural export subsidies – cannot be ruled out.

The impact on ODA flows is difficult to predict. Slower growth in OECD economies will reduce the volume of ODA implied by commitments linked to gross national income. Combined with tightening fiscal pressures in donor countries this will add to the challenge of meeting 2002 and 2005 commitments by the current target dates. The EU concluded recently that the “prospects for reaching the EU collective commitment to provide 0.56% of its GNI as ODA by 2010 remain bleak” (EU Commission, 2009). OECD projections suggest that there will be a marked slowdown in 2009 and 2010. ODA to Africa increased to US\$44 billion in 2008, but this was far less than what was promised. Only 34% of the increase in total aid has gone to Africa – significantly below the 50% promise. OECD projections indicate that Africa – at best – will receive US\$47.5 billion in 2010 (in constant 2008 prices) or around 25% below the levels implied by the commitments made in 2005.

The role of the “emerging powers” has also been highlighted. Will the position of these powers, and of China in particular, help soften the impact of the global recession? The global economic crisis may affect Chinese engagement in Africa across three areas: aid, trade and investment. China has reiterated its commitment to continue to increase its aid and to honour its promise to double aid between 2006 and 2009. Trade on the other hand, seems set for a decline in 2009, mainly due to the fall in the price of oil, which dominates Chinese imports from Africa. Updated investment figures are not available, but there are indications of reduced interest in African business by Chinese banks and firms, as well as deals that have slowed down because of the crisis.

Three areas stand out in the current Chinese engagement (Brautigam, 2009b). Some Chinese industries facing increased competition at home due to market slowdowns are setting up factories in African countries. Chinese natural resource companies are expanding in a counter-cyclical fashion, using China’s still massive foreign reserves to buy up assets at bargain prices from companies unable to wait out today’s lower prices. Finally, Chinese banks continue to team up with Chinese construction companies to finance and build infrastructure projects. These trends illustrate China’s interest in and capacity to use the global crisis as a countercyclical opportunity. The long-term impact is uncertain, but China’s political influence in Africa is likely to further increase.

From Paris to Accra: What happened to aid effectiveness?

The issue of aid effectiveness is the other key issue which has dominated global aid architecture since the adoption of the Millennium Development Goals. Three international conferences have been important in shaping this debate. The first was in Rome in 2003, where a number of donor countries agreed to harmonise and streamline their aid activities with one another and decided to create a body – the Working Party on Aid Effectiveness under the auspices of the DAC – to take the initiative further. This paved the way for the next meeting in Paris in 2005 where 130 countries and agencies signed off on the ground-breaking Paris Declaration where they agreed to a potentially fundamental reform of the delivery and management of development assistance

with performance measures to be achieved by 2010.¹¹

In September 2008 the donor community and aid recipients – 1500 participants from 130 countries, 30 international aid organisations, 80 civil society organisations and the private sector – met again in Accra. At this third high level meeting, they agreed on the Accra Agenda for Action which sought to galvanise renewed efforts for reform regarding Paris Declaration commitments where performance was perceived to be lagging.

The Paris Declaration remains the core document in the aid effectiveness debate. The signatories endorsed twelve indicators for monitoring progress regarding country ownership, alignment, harmonisation, management for results and mutual accountability. These indicators apply to both donors and recipients. The bulk of the commitments relate to the aid process itself, including improving predictability, reducing missions and sharing analytical work, aligning with country priorities, increasing programme-based approaches and untied aid. Each indicator was underpinned by explicit, quantifiable targets to be reached by 2010.

The Accra conference reviewed progress and the conference document established 48 new commitments, 34 for donors, 29 for developing countries and 15 shared by both. The new commitments were basically an attempt to deepen and more clearly differentiate existing commitments from the Paris Declaration.

The Accra Agenda also sought to expand the Paris Declaration into new areas. These included aid to fragile states, South-South cooperation and more explicitly recognising the developmental role of civil society.

Achievements

Some data has now become available on what has and is being achieved following the 2005 Paris Declaration. A baseline survey was carried out in 33 developing countries in 2005 and this was followed by a monitoring survey and evaluation synthesis report covering 54 countries in 2008. In preparation for the Accra-meeting, a mid-term review of progress was made (OECD 2008a, 2008b and 2009). This review concluded that progress has been made in developing shared clarity of purposes, momentum in new ways of co-operating, and some results on the ground. However, shortcomings were also identified, and the review notes that a shift of gear is required if the 2005 commitments are to be met by 2010. Progress in untying aid and improving predictability of aid flows is less than expected and many partners find that conditionalities are being reshaped rather than being reduced.

Above all there is uneven progress by both donors and partners. Partners with the strongest performance can be found in low-income countries with high dependence on aid and strong government institutions. Here we can find partners pushing for improved ownership, use of country systems and better harmonisation. Much less progress is -- as expected -- found in countries with fragile states where the Paris Declaration may have limited relevance. Also among donors there are great variations. Multilateral agencies are often less able to adhere to Paris principles compared to bilateral donors, and among the latter some of the major G8 countries are lagging behind.

Most significant however, is the finding that implementation of the Paris Agenda in African

11. The OECD website (www.oecd.org) has a good sub-site on aid effectiveness. All documents discussed in this section can be found there. Most of the major donor agencies also have sections on their websites dealing with these issues. Several research institutions are monitoring and analysing developments. See especially the websites of the Overseas Development Institute (www.odi.org.uk) and the Institute of Development Studies at the University of Sussex (www.ids.ac.uk).

countries is lagging substantially behind developing countries in other regions. In some cases, there has also been a decline in Africa such as in the donors' use of country public finance management and procurement systems and in the donors' ability to coordinate missions and country studies.

The emergence of new actors providing development assistance is presenting new challenges and opportunities for the Paris Agenda.¹² New actors include the increasing number of aid donors outside the OECD DAC as well as the growing importance of large (often US-based) foundations such as the Gates or Clinton Foundations.

The financial crisis

How will global financial crisis and economic crisis impact on the aid effectiveness agenda? Its main and immediate impact will be on the amount of development finance available (see above), but it may also have a number of wider ramifications for how development assistance is managed and delivered. First, it may have an impact on the ability of the aid agencies to deliver aid more predictably. This may – at least for some donor countries – be weakened. Secondly, the efforts to continue to untie aid may be undermined as donor agencies will be under pressure for aid recipients to procure more goods and services from their home countries. However, most of the key donor agencies are expected to remain committed to the Paris and Accra-agenda and to continue to make efforts to ensure that (some) goals and objectives are being met and agreed actions implemented. We may see further progress related to the key issue of donor harmonisation, but this is likely to be more evident in aid-dependent countries where progress already has been recorded, where there is a strong element of budget support, and where the partners have ownership and remain committed.

Further changes may have more far-reaching and long-term implications for the Paris agenda. This is linked to the implications of the financial crisis for the power relations in international politics, reshaping of international economic institutions and the role of emerging South powers as actors in African development processes. The current global economic recession is in many ways unique: in its magnitude and origin; in its rapid spread to all corners of the world; and in its emerging shift in power from G8 to G20. While policy makers are focused on responding to the immediate impact of the crisis, there is also a growing effort to develop preventive measures so that future crises can be better contained and managed. This has inevitably implied a new look at needs for institutional reform of political institutions.

Perhaps the most immediate outcome of the search for international reform can be found in the high-profile outreach to emerging powers through the G20 forum rather than the reliance on just the G8. The G20 includes countries like Argentina, Brazil, Mexico, South Africa, Saudi Arabia, India, South Korea and China. Will this imply real changes in the governance of international relations and finance? The current crisis has highlighted the need for improved international financial regulation and institutions capable of monitoring and enforcing such regulations. Furthermore, there is a need to broaden the representation in the institutions of global economic governance.

What implications will these developments have for the aid effectiveness agenda? Shifting global realities have undermined the position of the traditional major powers and donor countries. New and emerging powers like China and India are playing an increasingly important role in the global economy and in mobilisation of development finance. Although subscribing

12 In addition to the earlier FOPRISA reports on SADC/ICP relations see also the report from the recent IDRC study of emerging donors (Brazil, South Africa, India and China) in Rowlands (2008).

to the Paris principles, their policies and practices, especially those related to harmonisation and untying of aid, have deviated substantially from Paris objectives. The contributions from the South powers have primarily been indirect: as providers of development finance (primarily through investment); through shifting the emphasis to infrastructure development; and by providing aid which is very much less conditional than that provided by the traditional aid donors, which in turn has increased the bargaining powers of many recipients of development assistance. The role of these South powers in other developing countries will be an increasingly important dimension in the evolving aid effectiveness agenda.

Accra, Doha and Gaborone: SADC and its co-operating partners

How have the global development finance and aid effectiveness debates impacted upon SADC and the southern Africa region?

Resource mobilisation and development finance

Table 1 below provides a country breakdown of ODA to SADC member states from 2002 to 2008. The main statistical source on ODA flows – the OECD database – does not capture aid flows to SADC or other regional programmes. It only records allocations and disbursements to countries and “Africa unspecified”, but it provides a reasonably good indicator of ODA resources provided to the region in the period up to 2008.

The table shows large annual fluctuations in the total volume of aid from 2002, if debt relief is included. When debt relief operations are excluded, the table reveals that other forms of aid to the region have increased in real terms in most years, with the largest increases in 2007 and 2008.

Trends in ODA-support to SADC and other regional projects and programmes have been captured in earlier studies (Tjønneland, 2008, SADC, 2008). The main new developments since then have revolved around new efforts by donor agencies to focus on climate change issues and on north-south transport corridors (following initiatives by the three regional communities – SADC, COMESA and EAC). There also appear to be more ODA resources available than SADC can actually absorb, according to frequent complaints by traditional donor agencies. SADC’s capacity to come up with fundable projects is still considered to be weak. Implementation capacity is also far too limited. It is expected that a SADC project and preparation facility unit will become operational in mid-2010, hosted by the Development Bank of Southern Africa. This may speed up identification and development of bankable projects, especially in the infrastructure sector.

External development finance goes well beyond traditional ODA. There has been a significant increase in foreign investment from both traditional and new investors in the region. There has also been a significant inflow of other types of development finance – export credits and concessional lending from non-OECD members – especially to infrastructure projects.

Of particular importance here is the role of China. Chinese development finance and investment can be found in nearly all 15 SADC member countries, but it is heavily concentrated in Angola and South Africa. They are also increasingly engaged in a number of regional projects. Energy projects are emerging as a central feature of this. China had a strong presence at the SADC Power Sector Investors Roundtable in Zambia in July 2009. Through Chinese co-operation with South Africa’s financial institutions (including a Chinese mega-investment in the Standard

Bank), further Chinese engagement in regional projects is expected.

China's role in Angola is also critical from a regional perspective.¹³ China is involved in a number of infrastructure projects in this country (particularly in transport) with regional implications. China Construction Bank and China's EximBank provided the first funding for infrastructure development in Angola in 2002. The funding was provided directly to Chinese firms and was concentrated on transport (railways) and energy (electricity networks). This was followed in 2004 by a major financial package (US\$2 billion) for public investment (credit lines/concessional loans through EximBank) in a range of sectors, including energy and transport. A new oil-backed loan (US\$2 billion) from EximBank was secured in 2007 to finance an additional 100 projects. In December 2008 an additional US\$1 billion loan from EximBank was secured.

In 2005 a private Chinese institution, the Hong Kong-based China International Ltd, extended US\$2.9 billion towards reconstruction. This credit facility is managed by Angola's Reconstruction Office (GRN) which, until recently, was exclusively accountable to the Angolan Presidency. How funding has been allocated across sectors is not known, but it was expected to kick-start a number of infrastructure projects, including regional railway links (Benguela, Mocimbedes). China International ran into financial problems in 2007 and had to be bailed out by the Angolan Government. A new loan from China Development Bank from 2009 was interpreted partly as compensation for this.

Southern Africa has been badly affected by the onset of the financial recession from late 2008, both directly through reduced inflow of development finance, falling commodity prices and global demand, as well as through reduced economic growth in the economic power engine of the region, South Africa.

The Windhoek Declaration and aid effectiveness

Most SADC member states are signatories to the Paris Declaration. Three countries – South Africa, Tanzania and Zambia – are also members of the OECD-based Working Group on Aid Effectiveness which has been driving the "Paris to Accra" process. How have these global efforts to improve aid effectiveness impacted on SADC-ICP relations?

The Windhoek Declaration on a New SADC-ICP Partnership adopted at the consultative conference in 2006 was an attempt to translate the Paris Declaration into a southern Africa document. The Declaration was widely hailed as the foundation for a fresh start to the donor-recipient relationship between SADC and ICPs.¹⁴ What are the results four years down the road?

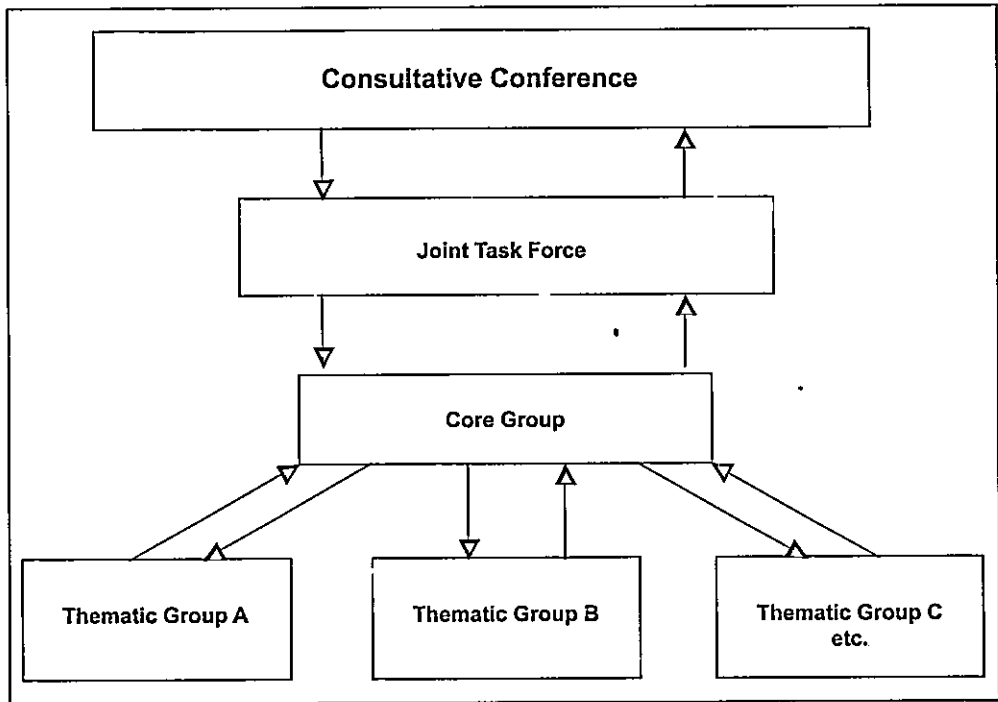
The Windhoek Declaration was meant to ensure more effective development cooperation, based on principles of ownership, alignment, harmonisation and streamlining of operational procedures and rules, as well as other practices relating to the delivery of development assistance. The commitments by SADC and by the ICPs were basically a replica of the commitments made in the Paris Declaration.

The Declaration established an institutional structure for dialogue on political, policy and technical issues, seeking to improve coordination of efforts between SADC and the ICPs and allow for a Joint Financing and Technical Cooperation Arrangement (JFTCA), see Figure 1 overleaf.

The Consultative Conference has been the key mechanism for SADC and ICP interaction since the establishment of SADCC in 1980. The last such conference was held in 2002 (Adelmann,

13 On this see, especially, Campos and Vines (2008), Corkin (2009) and a forthcoming article by Luis Bonfin and E. N. Tjønneland on Angola and regional infrastructure.

14 See the first FOPRISA report, Tjønneland (2006) and *SADC Today* (2006: 3).

Figure 1: SADC-ICP Coordination and Dialogue Framework

Source: SADC Secretariat

2008). The Windhoek Declaration reconstituted the Conference at ministerial level. The purpose of the Conference was to provide high-level guidance to the decision-making entities on both sides. Its general mandate includes unlocking issues that require political decisions or transmitting such issues through relevant fora such as the Council of Ministers, Member State governments, the Summit or appropriate bodies of the ICPs. It should ensure that development cooperation modalities remain in harmony with the ever-changing political environment. It should also keep political authorities and the policy or technical level groups apprised of any new approaches, and their implications for development cooperation. Essentially, it was intended to serve as the powerful filter of political and policy information in line with an ever-changing development cooperation landscape.

The Joint Task Force, which had been in operation as a body bringing together a wider group of ICPs and the SADC Secretariat, links the top-level political decision makers and groups on the ground in identified thematic areas. It comprises the SADC Secretariat, senior officials from the SADC Double Troika and ambassadors from SADC and the ICPs.¹⁵ The Core Group, which had brought together the ICPs with representation in Gaborone and the Secretariat, was to manage and coordinate the day-to-day operations of the task force.

The Declaration recognises the importance of thematic coordination which is intended to evolve in a flexible manner within the context of the Joint SADC/ICP Task Force. Thematic groups were envisaged to cover priority areas that were defined by SADC in accordance with its Common Agenda and as outlined in the Regional Indicative Strategic Development Plan (RISDP) and the Strategic Indicative Plan for the Organ (SIPO).

¹⁵ The Double Troika refers to the incoming, outgoing and current Chair of SADC as well as the SADC Organ.

Table 1: Total ODA disbursements (excluding debt relief) to SADC member countries from OECD DAC countries 2002–2008 (constant 2007 US\$ million)

Year	2002	2003	2004	2005	2006	2007	2008
Recipient							
Angola	397	454	361	274	-67	86	145
Botswana	47	31	36	32	37	63	240
Congo, Dem. Rep.	324	226	444	547	683	671	909
Lesotho	42	41	41	44	42	62	61
Madagascar	166	187	190	226	257	306	257
Malawi	308	377	353	360	381	384	426
Mauritius	5	-24	17	21	9	44	15
Mozambique	901	883	850	865	937	1073	1287
Namibia	126	138	142	99	113	144	142
Seychelles	6	6	7	9	6	1	5
South Africa	554	609	529	522	610	597	855
Swaziland	8	15	7	18	12	12	17
Tanzania	924	1158	1059	969	1083	1188	1317
Zambia	455	446	454	546	565	648	674
Zimbabwe	248	207	195	212	219	370	518
Total ODA (excluding debt relief)	4513	4755	4685	4744	4886	5649	6869
Total ODA	6904	11360	7605	5954	6612	6573	7314

Source: Data extracted on 06 Feb 2010 from OECD.Stat

Figure 2: Organogram of the SADC Secretariat

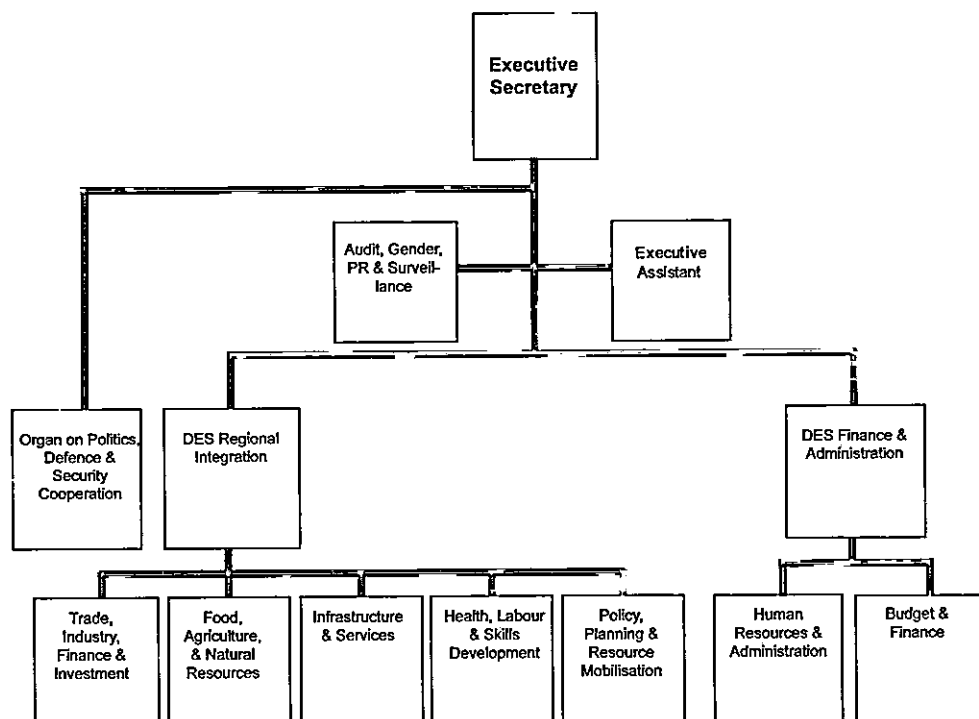


Table 2: SADC Thematic Groups

Areas for Thematic Coordination	Lead ICP	Status in brief
Trade, Industry, Finance and Investment	European Commission (Gaborone)	Formed in 2006, one meeting in 2009.
Water	Germany (GTZ) (Gaborone)	Was operational before 2006, two meetings in 2009.
HIV and AIDS	Sweden (SIDA) (Lusaka)	Was operational before 2006, has advanced and are now implementing a Joint Financing and Technical Cooperation Arrangement, two meetings in 2009.
Agriculture and Food Security	UK (DFID) (Pretoria)	Est. in February 2007, two meetings 2009 held jointly with Natural Resources and Environment.
Natural Resources and Environment	FAO (Harare)	Est. in February 2007, two meetings in 2009.
Transport	UK (DFID) (Pretoria)	Est. in 2008, two meetings in 2009.
Energy	Norway (Maputo)	Est. in 2007, activities at level of networking and information sharing, six meetings, two of which were in 2009.
Peace and security	Austria (Pretoria)	The group is not constituted, but SADC has requested Austria to lead and they have responded favourably. No meetings as of December 2009.
Institutional Strengthening and Capacity Development	SADC/ICP Core Group	Two meetings since 2008 Mauritius Consultative Conference, meetings were in February 2009 and February 2010.

Source: Interviews with SADC Secretariat staff and donors

Fundamentally, the Declaration requires SADC to show renewed leadership and assume greater ownership in the implementation of its programmes and projects. The renewed leadership is to be demonstrated through setting of clear priorities, and ensuring that programmes and projects are implemented to attain regional objectives. It also requires that SADC puts the necessary management structures in place to enable external partners to channel funding through SADC's own structures.

On their part, the ICPs undertook, *inter alia*, to respect SADC leadership and to assist the region in building its capacity to implement identified programmes and projects.

In summary, the Declaration commits both SADC and ICPs to adhere to specific principles that would improve ownership, harmonisation, alignment, management for results and mutual accountability. However, in contrast to the Paris Declaration, the Windhoek Declaration was never followed by the development of indicators and timeframes for implementation.

The SADC Strategic Plan: 2008-2011 and 2008-9 achievements

Having adopted the RISDP and SIPO four years ago to provide SADC's long term policy

direction, there were self-acknowledged concerns of lack of implementation as confirmed in the Council decisions of February 2005 and March 2007.¹⁶ Consequently, a retreat of senior Secretariat officials was organised, which came up with a re-prioritised SADC Programme of Action for implementation over a three-year period 2008 to 2011. The Strategic Plan 2008-2011 was approved at the August 2007 Council meeting.

The Strategic Plan, which outlined the financing arrangements of the prioritised strategies as well as their monitoring and evaluation frameworks, amalgamated the priorities into the Secretariat's directorates and units. The various directorates subsequently developed business plans for their activities.

The revised Organogram of the SADC Secretariat as adopted by the Council of Ministers in 2008 is summarised in Figure 2 above

The Secretariat's progress report for 2008/2009 does not say much about relations with ICPs and aid effectiveness. It notes that the SADC Secretariat experiences severe financial constraints and suffers from insufficient capacity. It also notes that there has been much progress in developing a resource mobilisation strategy, but does not specify beyond stating that relations with ICPs are being strengthened. In the 2008-2011 Strategic Plan it is stated that contributions from external donors are expected to continue to increase in absolute terms, but remain constant as a relative share of the source of income. They are expected to continue to account for roughly half of SADC's financial requirements in the period).

Infrastructure and Services

The infrastructure portfolio are Transport, Communication and Meteorology, Energy, Tourism, and Water. For the 2008/09 year, the directorate's primary focus did not deviate from previous years, focusing on "coordinating the transformation of the region into an integrated economy by promoting the provision of adequate, interconnected and efficient regional infrastructure".

While it may seem to be one of the reasonably staffed directorates with at least a programme officer for each of the above sub-sectors, this global picture in fact belies reality. The Energy Unit for example has only two officers plus a GTZ-supported technical advisor on bio fuels despite its vast mandate.¹⁷ Only the Water Division is well staffed, but mostly with technical officers supported by donor-funded projects.

One of the biggest challenges facing the directorate is a lack of implementation of cross-border infrastructure projects, and one reason that has been repeatedly cited is limited political will.¹⁸ Due to the trans-boundary nature of these projects, such as the proposed Kazungula Bridge project which involves Botswana, Zambia and Zimbabwe, the political will has to be expressed regionally or by the three governments involved, rather than nationally.

A related problem has been the inability of the SADC Secretariat or its subsidiaries to produce bankable projects, a shortcoming that was acknowledged through efforts to set up the SADC Project Preparation and Development Facility (PPDF). A Memorandum of Understanding was

16 This section is based on personal interviews and unpublished documents by the SADC Secretariat (2007, n.d.). See also the 2008 report from FOPRISA on SADC-ICP relations by Tjønneland (2009).

17 At the recent (April 2009) meeting of SADC energy ministers it was decided that the Secretariat should undertake a gap analysis to determine the ideal staffing level of the energy division, the power pool (SAPP) and the regional electricity regulator (RERA). A recommendation from the Secretariat to hire a technical advisor (power sector) was put on hold awaiting the outcome of this gap analysis.

18 The need to drum up political will to accelerate implementation of infrastructure development prompted a special session of SADC Heads of State and Government during their Summit in August 2007. See also SADC (2007).

signed in August 2008 between SADC and the Development Bank of Southern Africa (DBSA) as an initial step towards setting up of the facility. The facility did not become operational in 2009, but was expected to become active following the adoption of operational guidelines in 2010. Since the PPDF is to be established within the context of the Regional Development Fund, the process is actually driven by the Trade, Industry, Finance and Investment (TIFI) directorate and falls under the Ministers of Finance Committee.¹⁹

Trade, Industry, Finance and Investment (TIFI)

The main focus of the TIFI directorate in the 2008/09 period has been the Free Trade Area that was launched by the SADC Summit in August 2008, and preparations for the planned Customs Union in 2010.

A lack of financial resources was cited as the main constraint limiting the development of a comprehensive communication strategy in support of the Free Trade Area (SADC, n.d.). Failure to agree on a common position for the Economic Partnership Agreements with the EU also had severe negative impacts. While the directorate is also responsible for coordinating implementation of the Finance and Investment Protocol, its work was hampered by the slow pace in ratifying the protocol by SADC Member States.

Programme work also centred on trade facilitation and customs modernisation, areas that are said to be fully staffed and operational while a Non-tariff Barriers monitoring officer was recruited in September 2008.

However, the directorate was still seriously incapacitated for its vast work programme. As many as 17 sector economists had still to be recruited by June 2009, although vacancies for the positions had been advertised in regional media.

Food, Agriculture and Natural Resources (FANR)

The main priorities for FANR are food security, against a backdrop of very unstable global food prices, and ongoing monitoring and implementation of the 2004 Dar es Salaam Declaration and Action Plan on agriculture and food security. The directorate is in the process of developing a Regional Agricultural Policy with funding from FAO, for which a regional coordinator and national consultants have been recruited.

Social, Human Development and Special Programmes

Unlike other directorates, this did not seem to have a clear focus for 2008/09, apart from a statement that the directorate was guided by the decisions of the June 2008 Integrated Committee of Ministers. Perhaps this is because the directorate covers a wide area, including such sub-sectors as Education and Training, Health and Pharmaceuticals, HIV/AIDS, and Employment and Labour. It has, however, a strong unit working on HIV/AIDS (largely funded by external agencies).

Organ for Politics, Peace and Security (the Organ)

The Organ's main focus remains the creation of a political environment conducive to achieving SADC's broad socio-economic objectives (Tjønnelard, 2009). The Organ does not have a proper business or work plan. Its work has been dominated by election observation and mediation and the SADC standby force, including the organisation of a number of extraordinary SADC and

¹⁹ Interviews with SADC Secretariat staff.

Troika Summits to deal with political emergencies.

The Organ coordinated and deployed the SADC Elections Observer Missions to Angola, Swaziland, Zambia and Zimbabwe in 2008, and for the general elections in South Africa in April 2009 and Malawi in May 2009. The Organ was actively involved in post-electoral talks in Zimbabwe leading to the formation of the inclusive Government in that country in February 2009. It was also involved in mediation in Madagascar, DRC and Lesotho.

The work of the Organ Secretariat has been severely constrained by lack of funds for operational activities and its skeleton staff.

Cross-cutting issues

The cross-cutting issues are Gender and Development, Science and Technology, Statistics, and Corporate Services. A major highlight regarding gender was the signing of the Gender Protocol at the August 2008 Summit in South Africa. The focus will now shift towards the process of ratification and implementation. Despite its role in producing key planning data up until 2005, the Statistics Unit has now become largely ineffectual.

Issues related to climate change are quickly becoming important in SADC's work. These issues are dealt with by the directorates of FANR and Infrastructure.

Following the 2008 Mauritius conference efforts are being made to improve the poverty reduction focus of SADC, but so far it appears mainly to revolve around the further development of a SADC Poverty Reduction Framework, including the role of a poverty observatory. Funding from the Southern African Trust has been crucial in facilitating this process.

The challenges

Although SADC has successfully re-prioritised its programmes and produced directorate-specific business plans, the same momentum does not seem to have filtered into the next level, that is, the implementation phase. This would allow financial resources to be allocated to specific projects necessary for the region to attain its stated regional integration objectives.

The situation in the Infrastructure and Services directorate can help illustrate this argument. Despite acknowledging the critical role that regional infrastructure plays in support of regional integration, and while SADC leaders have unanimously agreed to accelerate regional infrastructure development, there is still no regionally agreed list of priority infrastructure projects.²⁰ Needless to say, there are far too many infrastructure projects for the available financial resources from Member States, ICPs and private sector. A priority list would allow financial resources to be committed to a few key projects.

This state of affairs is a result of lack of capacity at the SADC Secretariat, at subsidiary institutions and in SADC Member States as well as difficulties in reaching political agreement. Insufficient political commitments are often manifest through national interests tending to override regional interests. In other words, for regional projects to take off, leaders need to think regionally rather than nationally. This also helps explain the very slow implementation of SADC's projects for generation and transmission of power, despite the acknowledgement that the shortage of energy in the region can only be solved through joint efforts and regional approaches. Despite efforts by the Southern African Power Pool (SAPP), progress in advancing regional cooperation to ease the energy shortage remains limited.²¹

20 See Communiqué of the SADC Heads of State and Summit, August 2007, Lusaka, Zambia.

21 See the presentation of the status of SADC's programmes and projects in the SADC (2009) as well as the presentation of projects at the SADC Power Sector Investors Roundtable in Zambia in July 2009 (many

Capacity remains a major constraint for effective delivery by the SADC Secretariat. Several key positions remain unfilled. One hopes that the Capacity Building Framework that was adopted by Council in August 2008, following a needs assessment, will speed up recruitment processes as well as guide support from ICPs. This framework is also intended to ensure that the Secretariat can receive external funding in accordance with the commitments made through the Windhoek Declaration. This requires, *inter alia*, improved systems for financial management at the Secretariat.

Low absorptive capacity of financial resources is another constraint. It has now become perennial and cannot to a large extent be divorced from the human resource capacity deficiency discussed above. The risk here is a potential vicious cycle if donors withdraw their funds in the event that they are not used within the agreed timeframes.

Thematic co-ordination

Three years on since the adoption of a new SADC-ICP partnership, the institutional structure provided for by the Windhoek Declaration is largely in place (Figure 1 above). It is, however, not always functional. The consultative conference took place in Mauritius, but the political representation from ICPs was very low, especially compared to the high-profiled consultative conferences of the 1980s and 1990s. The Joint Task Force and the core group, which were quite active before Mauritius, have only met once through a core group meeting in February 2009. This meeting discussed SADC's Capacity Building Framework.²² On the other hand, 8 of the 9 thematic groups have been established and are functional.

In addition to the original nine groups, the SADC Secretariat initiated a new thematic group on Education, Science and Technology in September 2009.

It is worth noting, while various thematic groups have been created and have started meeting, that their work has barely moved beyond the level of networking and information sharing to that of pooling resources for joint financing and implementation. There are a few cases where harmonisation has moved beyond information sharing. In some cases, notably in Water and HIV/AIDS, two or more donors have pooled resources with one donor managing funding and support on behalf of the other(s).

The shortcomings in harmonisation can be illustrated by the slow progress in starting a sub-site on the SADC website on SADC/ICP relations which would include posting of analytical work and project documents.

Some of the thematic groups have developed work plans which can provide a framework for donor funding. This has facilitated improved alignment and ownership. Generally, thematic groups seem to work best where the thematic co-coordinator is based in Gaborone with dedicated staff and support (water) or, if they are based elsewhere, have dedicated staff/resources and can make frequent visits to Gaborone (HIV/AIDS and energy).

Some of the groups struggle to function. Donor representatives interviewed generally complain of a lack of direction and leadership from SADC directorates or units, a shortcoming that can be in part attributed to the existing capacity constraints at the Secretariat. It is also partly because donors do not seem to know how to provide capacity building support to the directorates. An opportunity is, however, presented by the Capacity Building Framework. The Core Group meeting of February 2009 agreed that all capacity building support to the Secretariat, whether from the thematic groups or individual donors, should be channelled through the Capacity

presentations are available from the Southern Africa Power Pool (SAPP) website.

22 *Record of the Core Group Meeting*, 5 February 2009 (unpublished).

Building Framework. The EU was expected to commission a new institutional assessment of the SADC secretariat towards the end of 2009 to assess SADC's progress in strengthening the Secretariat and its management.

Although the initial intention was to create thematic groups in line with the SADC priority areas, albeit with some flexibility, it can be noted that some of the groups as presently constituted have a much narrower focus than the SADC intervention areas or directorates and units. Only TIF, FANR and the yet to be established Peace and Security group appear to have the same focus as the existing SADC institutional structure as represented by the directorates. Other sub-sectors, and cross-cutting themes, have been largely overlooked for now in terms of thematic coordination, or perhaps left to be covered by individual donors or the Core group. This apparent mismatch between SADC priorities and thematic areas has the potential to create incoherent funding mechanisms *vis-à-vis* the regional integration agenda.

The effectiveness of thematic groups and the overall implementation of the Windhoek declaration have also been hamstrung by turnover among donor staff. It was noted that most of the ICP staff who were involved in developing the Windhoek Declaration had since moved on.

A major challenge remains: there appears to be limited co-ordination between what happens at the level of the thematic groups and the overall co-ordination through the core group/joint task force. The combination of weak capacity and leadership from the directorates and poor co-ordination from the Core group may lead to a situation where the thematic groups could degenerate into donor-funded project management units.

Concluding remarks

SADC continues to experience an acute deficiency of the human and institutional capacities needed to implement the identified priorities of the different directorates and units. This can be attributed to a variety of causes including lengthy recruitment procedures, and the ripple effects of the centralisation that came with the restructuring exercise that started in 2001. SADC is, therefore, well advised to reform its current recruitment policies if it is to fill current vacancies more quickly and attract the right skills for future positions. With the August 2008 decision to abolish the Integrated Committee of Ministers, a key product of the restructuring exercise, one wonders whether this could be an initial sign of a major policy u-turn to come.

While it may be too early to assess the work of thematic coordination groups as provided for in the Windhoek Declaration on SADC-ICP Partnership, one can observe that the partnership lacks cohesion given that the thematic areas as constituted from the onset are at variance with the stated SADC priorities. To succeed, it will require much better communication between the thematic groups and the core group and better interaction between the core group and the Secretariat. This mismatch has no doubt contributed an extra burden to the already inadequate SADC human capacity, as the organisation must actively participate in the meetings of the thematic groups. A potential way out of this may be for SADC to delegate this responsibility to its subsidiary organisations, where they exist, as in the case of the Energy Thematic Group where SAPP and RERA play an active role.

By and large, the implementation of the Windhoek Declaration is moving ahead, albeit slowly in a number of areas. The progress may correspond to a global trend in implementing the Paris agenda, but progress in the SADC case is probably less than average and behind progress in some of SADC's member states. There appears to be need for a much firmer commitment with specified deadlines for implementation on both sides. There are, however, other challenges

facing the implementation of the Windhoek Declaration compared to the Paris model. The Paris Declaration was focused on individual countries while the Windhoek Declaration applies to a regional entity. Crucially, the Windhoek Declaration is silent on one of the most critical obstacles to progress, the need to ensure alignment between national and regional programmes.

References

- Adelmann, M. (2008) 'Fundraising or common foreign policy? 30 years of SADC Consultative Conferences', in A. Bösl *et al.* (eds.) *Monitoring Regional Integration in Southern Africa Yearbook, Volume 8*, Stellenbosch: Trade Law Centre for Southern Africa.
- African Monitor (2009) *Development Support Monitor 2009*, Cape Town: African Monitor.
- Africa Partnership Forum (2008a) *Climate Challenges to Africa. A Call for Action*, Report prepared for the 10th Africa Partnership Forum Meeting, Tokyo, 7-8 April.
- Africa Partnership Forum (2008b) *Development Finance in Africa: from Monterrey to Doha*, Report prepared for the 11th meeting of the Africa Partnership Forum in Addis Ababa 17-18 November.
- Africa Partnership Forum (2010) *Development Finance in Africa: Update of the 2008 Report*, Report prepared for the 13th meeting of the Africa Partnership Forum in Addis Ababa, 25 January.
- Alden, C. (2007) *China in Africa*, London: Zed Books.
- Ampiah, K. and Naidu S. (eds.) (2008) *Crouching Tiger, Hidden Dragon? Africa and China*, Scottsville: University of KwaZulu-Natal Press.
- Brautigam, D. (2009) *The Dragon's Gift. The Real Story of China in Africa*, Oxford: Oxford University Press.
- Brautigam, D. (2009b) 'China: steaming forward in Africa', *The China Monitor*, June: 8-10, Stellenbosch: Centre for Chinese Studies.
- Brautigam, D., Fjeldstad O. and Moore M. (eds.) (2008) *Taxation and State Building in Developing Countries*, Cambridge: Cambridge University Press.
- Campos, I. and Vines A. (2008) 'Angola and China. A pragmatic partnership', March, working paper presented at a CSIS conference, 'Prospects for Improving US-China-Africa cooperation', Washington, D.C.
- Corkin, L. (2009) 'Angola's relations with China in the context of the Economic Crisis', *China Monitor*, March, pp. 4-7
- EU Commission (2009) *Commission Staff Working Paper accompanying the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. Supporting developing countries in coping with the crisis. Annual progress report 2009 on financing for development*, Brussels, 8.4.2009, SEC (2009) 444.
- OECD (2008a) *Aid Effectiveness. A Progress Report on Implementing the Paris Declaration*, Report prepared for the Third High-Level Forum on Aid Effectiveness (Accra), Paris: OECD Development Assistance Committee.
- OECD (2008b) *Better Aid. 2008 Survey of Monitoring the Paris Declaration*, Paris: OECD Development Assistance Committee.
- OECD (2009) *The Mutual Review of Development Effectiveness in Africa: Promise and Performance*, A joint report by the Economic Commission for Africa and the OECD Development Assistance Committee, Paris and Addis Ababa.
- Overseas Development Institute (2009) *The Global Financial Crisis and Developing Countries. Preliminary Synthesis of Ten Draft Country Reports*, London: ODI
- Rowlands, D. (2008) *Emerging Donors in International Development Assistance: A Synthesis Report*, Ottawa: Partnerships and Business Development Division, International Development Research Centre
- SADC Secretariat (2007) *Strategic Plan for the SADC Secretariat*, November, unpublished.
- SADC Secretariat (no date) *Progress Report on the Implementation of the SADC Secretariat Business Plans for 2008/2009 Fiscal Year*.
- SADC Secretariat (2008) *Mobilising External Development Support for the Millennium Development Goals in SADC. Promises, Progress and Challenges*, unpublished background document for the SADC International Conference on Poverty and Development, Mauritius, April.

- SADC (2009) Final Record of the 30th Meeting of SADC Energy Ministers, 29 April 2009, Maputo, Mozambique, unpublished.
- SADC (2006) *SADC Today*, Vol. 9, No 2.
- SADC (2007) *SADC Heads of State and Government Action on Infrastructure: Accelerating Provision of Priority Regional Infrastructure*, Harare: Southern Africa Research and Documentation Centre.
- Tjønneland, E. (2006) *SADC and donors – Ideals and Practices: from Gaborone to Paris and back*, Gaborone: BIDPA.
- Tjønneland, E. (2008) *From Aid Effectiveness to Poverty Reduction*, Gaborone: BIDPA
- Tjønneland, E. (2009) 'SADC Restructuring, Prioritisation and Donors, 2006-2008' in Kaunda, J. and Zizhou, F. (eds.) *Furthering Southern Africa Integration, Proceedings of the 2008 FOPRISA Annual Conference*, Gaborone: BIDPA
- UN Economic Commission for Africa (2007) *The Monterrey Consensus and Development in Africa, Progress, Challenges and Way Forward*, Addis Ababa: UNECA

OTHER FOPRISA PUBLICATIONS

Furthering Southern African Integration: Proceedings of the 2008 FOPRISA Annual Conference, (Report 7) (ISBN 978-99912-71-45-8). Edited by Jonathan Mayuyuka Kaunda and Farai Zizhou (October 2009) (15 papers)

Towards Political and Economic Integration in Southern Africa: Proceedings of the 2007 FOPRISA Annual Conference, (Report 6) (ISBN 978-99912-71-42-2). Edited by Gavin Gawhra and Jonathan Mayuyuka Kaunda (March 2009) (16 papers)

Monitoring Economic Integration in SADC, 2006/2007: Overlapping Memberships of Regional Economic Arrangements and EPA Configurations in Southern Africa, (Report 5) (ISBN 978-99912-71-41-5). By Rehabeam Shillimela (May 2008)

From Aid Effectiveness to Poverty Reduction: Is Foreign Aid Donor Support to SADC Improving? (Report 4) (ISBN 978-99912-71-40-8). By Eiling Tjonneland (May 2008)

Proceedings of the 2006 FOPRISA Annual Conference (ISBN 978-99912-71-38-5) (Report 3). Edited by Jonathan Mayuyuka Kaunda (July 2007) (15 papers)

Monitoring Economic Integration in SADC, 2005 (ISBN 99912-71-34-1/978-99912-71-34-1) (Report 2). By Dirk Hansohm and Rehabeam Shillimela (July 2006)

SADC and Donors – Ideals and Practices: From Gaborone to Paris and Back (ISBN 99912-0-574-8) (Report 1). By Eiling Tjonneland (April 2006)

ISBN 978-99912-71-46-0



9 789991 271460

