Monitoring Economic Integration in SADC, 2006/2007

Overlapping Memberships of Regional Economic Arrangements and EPA Configurations in Southern Africa

Rehabeam Shilimela

FOPRISA Research for Regional Integration and Development REPORT 5

Botswana Institute for Development Policy Analysis
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The opinions presented herein are those of the author and should not be regarded as the views of NEPRU or FOPRISA.

Abbreviations

ACP	A group of African, Caribbean and Pacific countries
AEC	African Economic Community
ASCCI	Association of SADC Chambers of Commerce and Industry
AU	African Union
BIDPA	Botswana Institute for Development Policy Analysis
BLNS	Botswana, Lesotho, Namibia and Swaziland
BOCCIM	Botswana Confederation of Commerce, Industry and Manpower
CET	Common External Tariff
CMA	Common Monetary Area
CMI	Chr. Michelsen Institute
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
ESA	Eastern and Southern Africa
EBA	Everything But Arms
EOWAS	Economic Community for West African States
EPA	Economic Partnership Agreement
EU	European Union
FANR	Food, Agriculture and Natural Resources directorate, SADC
FESARTA	Federation of Eastern and Southern African Road Transport Associations
FOPRISA	Formative Process Research on Integration in Southern Africa
FTA	Free Trade Area
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Country
ICP	International Cooperating Partners
ICT	Information and Communication Technology
IGAD	Inter-Governmental Authority on Development
IMF	International Monetary Fund
IOC	Indian Ocean Community
IS	Infrastructure and Services directorate, SADC
LDC	Least Developed Country
MCCCI	Malawi Confederation of Chambers of Commerce and Industry
MIASA	Mining Industry Associations of Southern Africa
MNC	Multinational Company
MoU	Memorandum of Understanding
NEPAD	New Partnership for Africa's Development
NEPRU	Namibian Economic Policy Research Unit
NGO	Non-Governmental Organisation
NTB	Non-Tariff Barrier (to trade)
PTA	Preferential Trade Agreement
REC	Regional Economic Community
RISDP	Regional Indicative Strategic Development Plan
RoO	Rules of Origin
RoSADC	Rest of SADC (excluding SACU)
RTA	Regional Trade Arrangement

SACU	Southern Africa Customs Union
SADC	Southern Africa Development Community
SADCC	Southern Africa Development Coordinating Conference
SAEN	Southern African Enterprise Network
SAGCH	Southern Africa Global Competitiveness Hub
SARA	Southern African Railways Associations
SBA	SADC Bankers Association
SBF	SADC Business Forum
SCU	Sector Coordinating Unit, SADC
SEG	SADC Employers Group
SEPAC	Small Enterprise Promotion Advisory Council
SHD	Social & Human Development and Special Programmes directorate, SADC
SME	Small and Medium Enterprise
SNC	SADC National Committee
SPS	Sanitary and Phyto-sanitary Measures
STP	SADC Trade Protocol
TDCA	Trade, Development and Cooperation Agreement (RSA-EU)
TIFI	Trade, Industry, Finance and Investment directorate, SADC
TNF	Trade Negotiating Forum
TRALAC	Trade Law Centre for Southern Africa
TSG	The Service Group
WTO	World Trade Organisation
ZACCI	Zambian Chamber of Commerce and Industry

Executive Summary

Monitoring SADC is a project that seeks to monitor and evaluate progress in institutional and programme implementation in the Southern African Development Community (SADC) region. The project forms part of the Formative Process Research on Integration in Southern Africa (FOPRISA) in which the SADC secretariat, CMI and various regional Policy Analysis Institutes and Universities collaborate. The Monitoring SADC team visits member states of SADC (selecting a few countries for each year) in order to collect views and facts on the progress of regional integration in SADC. Stakeholders consulted include government officials responsible for SADC matters in their respective countries, representatives of the private business sector, representatives of civil society, relevant university departments, and international and regional development partners.

The 2006–2007 version of Monitoring SADC has focused primarily on overlapping memberships within southern Africa, both in the context of regional integration blocks and within the framework of Economic Partnership Agreements (EPAs) that are being negotiated between the European Union and various groups of countries in the region. The aim is to outline the implications of these overlaps and to propose solutions to address the problem. Regular issues covered by the Monitoring SADC report include: the assessment of development; the effectiveness of SADC National Committees (SNCs) that are tasked with coordinating SADC programmes at member state level; the readiness of SADC member states to form a SADC Free Trade Area that is planned for 2008, in the light of attaining the agreed upon macroeconomic convergence targets (for instance on inflation, budget deficit and public debt); and on progress in the implementation of the SADC protocol on trade.

This exercise was accomplished through data collection and through discussions with stakeholders in Botswana, Zambia and Malawi. The findings confirmed various issues that were already identified during the mid-term review of SADC, amongst these being the underdevelopment or non-existence of SNCs and the complexity of the new SADC rules of origin. Financing of SNC activities and lack of a common framework for SNC operations continue to hamper development and effectiveness of these important SADC institutions.

SADC member states continue to improve on their key macroeconomic variables such as inflation, budget deficit and GDP growth, although a small number of member states are moving backwards. The main area of concern is the declining importance of manufacturing in the generation of GDP. Manufacturing to GDP ratios are also low for a number of SADC countries to the extent that SADC exports are likely to remain dominated by raw materials, a situation that does not promote intra-SADC trade.

The assessment of readiness of SADC member states to form a SADC free trade area (FTA) revealed different degrees of progress. Some member states are very ready, i.e. the Southern Africa Customs Union (SACU) countries, Mauritius and Mozambique. Malawi, Tanzania and Zambia are partially ready, while Zimbabwe, Angola, DRC and Madagascar are not ready. The main basis for this evaluation is the state of implementation of the SADC protocol on trade. In the consideration of the progress by other trade blocks that either compete or complement SADC, the author urges SADC to go ahead with its plans for establishing an FTA during 2008 and develop a framework that would allow non-qualified members to catch up later and be integrated into the FTA once they satisfy the qualifying criteria.

SADC has on various occasions tried to forge a partnership with the private sector at the regional level. The challenge has always been to find a private sector forum that is active and representative of the key industries that are found in SADC member states. One of the sectors consists of small and medium enterprise (SME) companies, which form the main focus of industrial strategies in SADC member states. The inclusion of SMEs in SADC platforms at the regional level has proved to be a mammoth task because of a number of factors, the main one being the lack of financial resources from the side of SMEs to fund their participation at regional deliberations on a sustainable basis. It is here proposed that the development of a SNC framework that allow for the effective participation of SMEs (not just aggregate chambers of commerce) would enable participation of representative private business in SADC affairs.

The Monitoring SADC exercise has further considered the way forward for SADC in view of the formation of the planned SADC customs union and in the light of the continental economic integration agenda of the African Union. For the SADC customs union, it is proposed that SADC should consider expanding SACU. SACU states have moved ahead in many respects and their existing frameworks that have been tested and applied can be adopted to SADC. In the light of the envisaged African Economic Community, and in the face of the overlapping memberships of Regional Trade Arrangements (RTAs) in southern Africa, it is recommended that SADC should consider the option of harmonising trade relationships with other RTAs in southern Africa, especially with COMESA.

Introduction, Methodology and Focus

The Formative Process Research on Integration in Southern Africa (FOPRISA) is a collaborative research process in which several southern African policy research institutes and universities, the Chr. Michelsen Institute of Norway and the SADC Secretariat are participating (www.foprisa.net). The main objective of the programme is to support the SADC Secretariat through research and monitoring in order to improve and implement its regional integration agenda. This report is the second produced by the Monitoring SADC team, which is part of the FOPRISA programme. The first report was published as FOPRISA Report 2 during June 2006.

The monitoring exercise is accomplished through annual visits to selected SADC member states by the Monitoring SADC team in order to hold discussions with stakeholders in government, the private sector and civil society as well as to share views on progress, or lack thereof, in SADC. The usual issues covered by these reports include the implementation and effectiveness of SADC National Committees in member states of SADC, challenges faced by these institutions, the implementation of agreed-upon SADC programmes and instruments (ratification of protocols, memoranda of understanding, etc.), progress towards achieving macroeconomic convergence targets, tariff liberalisation, removal of non-tarrif barriers (NTBs) and so forth. For the 2006/2007 report, the main focus was on the overlapping memberships of Regional Trade Arrangements (RTAs) and configurations within the framework of negotiating the Economic Partnership Agreements (EPAs) with the European Union (EU). Because of these topics, the issue of stakeholder consultation mechanisms in member states when national and regional economic decisions are made received special attention.

This report is divided into six sections, including the introduction. Section two gives an overview of the restructuring process at the SADC Secretariat – the initiation and an update on the progress. Section three gives an update on the progress of regional integration in SADC. Section four looks at the consultation channels both at the regional level and within SADC member states. Section five looks at overlapping memberships of RTAs and EPA configurations within southern and Eastern Africa. Finally, section six draws some lessons for SADC.

Background and Progress in the Restructuring of SADC Institutions

Prior to the year 2001, the Southern Africa Development Community (SADC) was highly decentralised, with most implementation responsibilities lying with member state-based Sector Coordinating Units (SCUs) and Sectoral Commissions. Various committees of ministers, in line with SADC sectors were responsible for strategic decision-making. This arrangement meant that SADC projects were predominantly of a strong national character (Isaksen 2002:1), but regional achievements were recorded especially in the area of infrastructural development. One key study on the Review and Rationalisation of the SADC Programme of Action was done during 1997 (Chipeta 1997). This study was followed by other studies and executive decisions, including the Review of SADC operations that became a blueprint for SADC restructuring. The SADC summit of 2001 approved the recommendations emanating from these studies to restructure SADC institutions, from key decision-making to implementation structures. Sector Coordinating Units that were based in 12 of the 14 member states were brought together to form four directorates at the SADC Secretariat. For programme coordination at member state level, the SCUs were replaced with SADC National Committees (SNCs). The new directorates or clusters are Trade, Industry, Finance and Investment (TIFI); Food, Agriculture and Natural Resources (FANR); Infrastructure and Services (IS); and Social and Human Development and Special Programmes (SHD). In addition, six units, which are separate from the directorates, were formed – on Gender, HIV/AIDS, Statistics, Policy and Strategic Planning, Resource Mobilisation and Legal Affairs.

By 2005/2006, the restructuring at the Secretariat was the main order of business, and the lack of human capacity at the Secretariat meant that a lot of planned activities were moving very slowly, with others frozen. For instance, the very important TIFI directorate had only one high ranking staff member plus the very basic support staff. As will be noted later in this report, the restructuring process has probably come at a critical time especially given the overlapping memberships of RTAs and the start of Economic Partnership Agreement negotiations with the EU. By early 2007, the Monitoring SADC team learned that there was progress in the implementation of SADC institutions (directorates and units) at the Secretariat, with more officials being recruited and new supporting sections being put in place, both within the official ranks of the Secretariat and among Technical Advisors, e.g., in the Monitoring and Evaluation section. And TIFI, for instance, had a staff complement of about 20 people during 2007, plus technical advisors.

The restructuring process has however remained stagnant in member states. The main institutions that are tasked with programme coordination at member state level are the SNCs, and before the creation of these institutions, this function was carried out by SCUs and commissions, whereby the SCUs were largely funded by SADC development partners and mainly staffed through secondments by host governments. After the centralisation of SADC institutions at the Secretariat in Gaborone, most SADC donors have also followed, concentrating their efforts and funding on programmes and projects based at the Secretariat. This has left a funding vacuum at the member state level that has resulted in serious capacity constraints within SNCs. Even though the creation of SNCs was recommended at the very beginning of the restructuring process, funding and capacitating of these institutions appear to have been an after-thought by SADC, as the responsibility for these was not properly assigned. In addition, the functional framework for SNCs has not been clearly defined to enable monitoring, evaluation or accountability for the resources that national governments may allocate to SNC activities. This contributed to the phenomenon where budget proposals for SNCs are usually rejected by governments. Another challenge is coordination at member state level where ministries tend to duplicate efforts by attending to regional issues through the SNCs, and also through other institutions such as Trade Negotiation Forums (TNFs), NEPAD and others.

SNCs still have no infrastructure of their own, and no permanent staff, in most SADC countries, if not in all. They are rather coordinated or chaired by officials who have their main duties within hosting ministries. Even though SADC itself and its Development Partners are busy working out modalities to address the plight of SNCs, the prevailing situation is that SNCs and their sub-committees are currently ad-hoc forums, usually holding meetings to solicit inputs just before the SADC summit or other major SADC events. Predominantly, you find that institutions are represented on the SNC, which is a good practice, but with no continuity in terms of individual experts representing such institutions on the SNC -- participants in SNC activities are always new and therefore always having to learn what the former incumbent had previously learnt. Due to long spells between SNC meetings, their ad-hoc nature, and the lack of administrative support to the meetings, previous minutes are usually not circulated and there is no opportunity for participants to bring up wide-ranging issues in discussions since they are usually pressed to finalise discussions on current burning issues. These weaknesses result in representatives not taking the meetings seriously and hence often delegating attendance to junior staff members.

Since there is no uniform model for the SNC setup, different member states have implemented different structures and even those countries that are in the process of rethinking or setting up SNC structures are not coordinating with other members of SADC. Trade is probably the most important area through which regionally integrating states expect to benefit from these regional processes. In a number of SADC member states, SADC issues are usually handled by ministries responsible for foreign affairs, which according to interviewed stakeholders, are not the best in dealing with trade, investment and similar economic matters. Activities of COMESA are usually coordinated by ministries responsible for trade, industry, investment or economic planning based on the argument that COMESA is specifically pursuing development in these areas while SADC covers a wide range of disciplines including politics and security. These coordination responsibilities compromise the quality and focus of SADC's economic integration agenda because the core business of ministries of foreign affairs is usually on diplomacy and international relations and not trade, investment and similar economic goals that SADC is pursuing.

Trends in Economic and Socio-political Indicators of Progress in SADC

Introduction

This section looks at the progress in the implementation of the SADC Protocol on Trade and revised Rules of Origin, and at the possibility of the attainment of macroeconomic convergence of SADC as agreed upon by the member states under the SADC Memorandum of Understanding on Macroeconomic Convergence of 2002, and further elaborated on in the Regional Indicative Strategic Development Plan (RISDP) of SADC. The section further evaluates progress based on recent developments and trends in economic freedom, political freedom, and civil liberties, as well as in corruption perceptions in SADC.

The member states of SADC have committed themselves to the SADC Trade Protocol (SADC 1996) and have adopted the Regional Indicative Strategic Development Plan (SADC 2003) as main instruments in achieving regional economic integration. In this context, SADC aims to establish a Free Trade Area (FTA) by the year 2008, a Customs Union by 2010, a Common Market by 2015, a Monetary Union by 2016, and a regional Central Bank with a common currency by 2018. This section focuses on the first two targets whose attainment is crucial for the meaningful pursuance of other targets.

To form an FTA, SADC has identified the need for member states to gradually liberalise trade, to attain acceptable levels on selected macroeconomic variables such as inflation, public deficit and others, in order to harmonise policies and other economic instruments, and to diversify their industries and thereby their export products. In order to form an FTA and a Customs Union, SADC has adopted the following economic strategies (SADC 2003:32):

- gradual elimination of tariffs;
- elimination of non-tariff barriers;
- adoption of common rules of origin;
- attainment of internationally acceptable standards, quality, accreditation and metrology;
- harmonisation of customs rules and procedures;
- harmonisation of sanitary and phyto-sanitary measures; and
- liberalisation of trade in services

On tariff reductions, member states have agreed on the *principle of asymmetry*, where more developed members are to reduce tariffs faster than less developed members. Of all intra-SADC trade, 85% is scheduled to be duty free by 2008, while the remaining 15% which is made up of sensitive products (mainly agricultural) is set to be fully liberalised by 2012, two years after the formation of a customs union. The Southern Africa Customs Union (SACU) countries, consisting of Botswana, Lesotho, Namibia, South Africa and Swaziland have jointly decided to reduce tariffs ahead of the agreed schedule (frontloading), and have actually reduced tariffs to other SADC member states. Evaluation of progress in the implementation of tariff reductions is done in the sub-section 'Evaluation of Progress in SADC' below, with references to Table 6.

Following consultations by the monitoring SADC team to Botswana, Zambia and Malawi during February and March 2007, stakeholders indicated that tariffs are not a problem at the moment, and in some instances, tariffs have not even been major obstacles to regional trade before. This is mainly because of numerous bilateral trade agreements that have been in existence and continue to be the main basis for trade between countries. The main factor hampering intra-SADC trade is the lack of capacity (technology, financial resources, etc.) amongst traders that limits their ability to innovate, diversify and to produce non-traditional goods in order to access new markets in the region.

Besides tariffs, SADC has also agreed to eliminate Non-Tariff Barriers to trade (NTBs) and to adopt common Rules of Origin (RoO). It appears to be unanimous that NTBs are on the increase in the region and that intra-SADC trade is much skewed towards the more advanced South African economy. SADC member states have committed themselves to the removal of NTBs which include the harmonisation of customs rules and procedures, the harmonisation of Sanitary and Phyto-sanitary measures (SPS) and the implementation of common Rules of Origin. As has already been expressed in SADC mid-term reviews (Imani 2004; TSG 2004; Kalenga 2005; TSG 2007), the new Rules of Origin are more complicated and represent an increase in NTBs.

Further regional efforts and initiatives aimed at elaboration on the progress of implementation of SADC programmes have been undertaken. One of these initiatives is the audit of the implementation of the SADC Protocol on Trade that was conducted by The Services Group (TSG) early in 2007. This exercise has brought out a number of challenges faced by SADC member states in the implementation of the protocol.

Overlapping memberships of Regional Trade Arrangements (RTAs) and regional configurations within the framework of Economic Partnership Agreement (EPA) negotiations between the African, Caribbean and Pacific (ACP) countries on one hand, and the European Union (EU) on the other are dealt with in the fifth section of this report, but cannot be left unmentioned here because having SADC member states concluding different trade and cooperation agreements with the EU adds to complications that hinder SADC from moving together as a block.

SADC member states that are also members of other RTAs outside SADC are faced with the mammoth tasks of harmonising standards, customs rules and procedures and in some instances they have to apply different tools and measures (e.g. Rules of Origin) for as long as they remain members of various RTAs, and it requires countries to commit more resources to implement various trade regimes instead of a single trade regime. Another factor that has hampered smooth harmonisation of standards and procedures, and in general all aspects of regional integration, has been the prolonged restructuring process of SADC institutions that has also negatively impacted on the effectiveness of regional coordination. SADC coordinating institutions, especially the Secretariat at the regional level, and SNCs at member state level, were not fully established during the initiation of EPA negotiations and the formation of the competing COMESA FTA (SNCs still not fully established). This has increased doubt about the pursuance of SADC programmes and made choosing economic blocks more complicated, thereby slowing down the process of regional integration within SADC.

The key macroeconomic targets relevant for the formation of the SADC Free Trade Area, which are the main focus of the remainder of this section are as below:

- getting inflation rates to a single digit by 2008, to 5% by 2012 and to 3% by 2015;
- keeping budget deficit-GDP ratios at or below 5% by 2008, and at around 3% by 2012 and to be maintained at the 2012 level up to 2018; and
- keeping nominal levels of public debt and public guaranteed debt at less than 60% of GDP by 2008, and this to be maintained until 2018.

Evaluation of the first two targets above and some socio-political indicators of progress are done in the section below. Information needed to evaluate the third target (public debt) is not readily available at the moment.

Evaluation of Progress in SADC

This section provides evaluation of progress in the implementation of the SADC protocol on trade. It also evaluates progress in the attainment of key macroeconomic convergence targets and tracks trends in selected indicators of progress on economic freedom, political freedom and civil liberties, and evaluates efforts in reducing corruption (using a perceptions index). There are concerns regarding sufficiency and quality of data used for some variables such as public deficit and GDP growth.

Table 2 (Appendixshows the annual percentage changes in the consumer price index from 1995 to 2006 for SADC member states, for the SADC region as a whole, and for sub-regional averages. Average figures for SACU, SADC and for the Rest of SADC (RoSADC) are weighted averages, with country shares in GDP used as weights, e.g., the weight for Angola is determined by dividing Angola's GDP by SADC's GDP. It can be read from the last column of Table 2 that price stability has improved tremendously during the period 2001 to 2006 when compared to the earlier period of 1995 to 2000. Looking at the latest inflation rates, one can see that SACU countries have already attained a single digit inflation target and are closing in on the 5% target for the year 2012. However, high rates of inflation constitute a major concern for Zimbabwe and Angola (level and trend indicating the worsening instability in Zimbabwe) and this keeps the regional average still very high.

Table 3 shows the public deficit as a percentage of GDP for the period 1995 to 2006. Though SADC has set targets for both budget deficit and public debt, the budget deficit is a good determinant of growth in public debt, and in that sense, it is one of the most important variables that countries should keep under control. The budget deficit picture is looking bright in SADC, both in terms of trends and level. Most member states have already attained the 2008 target of 5% deficit-GDP ratio, with a number of them having recorded budget surpluses, but this has not been consistent.

Table 4 shows the real GDP growth in SADC for the period 1995 to 2006. SADC has set a GDP growth rate target of at least 7% per annum in its RISDP. Real GDP growth rates for most SADC countries remained low compared to a 7% target. Exceptions are Angola, Mozambique and Tanzania who recoded average growth rates above 6% during the 2001 to 2006 period. It should, however, be noted that Angola benefits from oil exports and together with Mozambique and Tanzania, started from low levels of GDP. Their growth rates are therefore normal and expected. Botswana, Malawi, Mauritius and Swaziland experienced declining average growth rates between the first period (1995–2000) and the second period (2001–2006). Zimbabwe recorded an economic decline averaging 4.2% over the second period. SADC as a group improved its growth performance from a weighted average of 3.0% per annum during the 1995 to 2000 period, to 4.5% during the 2001 to 2006 period.

Table 5 shows trends in manufacturing to GDP ratios for SADC countries from 1995 to 2006. For SADC to increase its share in global trade, and to reduce vulnerability due to price fluctuations, it is imperative that the region moves away from raw material dominated economies to manufacturing and services. Manufacturing would also enable countries to diversify and realise the basis for enhanced intra-SADC trade. Table 5 shows that manufacturing accounts for bigger proportions of GDP in Swaziland, Mauritius, South Africa and Lesotho, but trends are downwards. At the other end, Botswana, Angola, DRC and Tanzania need to seriously embark on value addition. The challenges faced by developing countries in increasing manufacturing can be attributed to the restrictions in the global trade system. Most developing countries trade more with developed countries where commodity prices are high, while there is a general discouragement of the exportation of processed goods to developed country markets through tariff escalation, where overall tariffs increases with more value addition, e.g., EU tariffs on beef biltong are higher than those applied on beef cuts. In some instances, processed goods are not allowed to enter these markets, e.g., LDCs are allowed to export sugar to EU markets, but not syrup.

Table 6 shows selected indicators for the implementation of the SADC FTA at the beginning of 2007. Of the 14 SADC member states, DRC has not committed itself to the implementation of the SADC Protocol on Trade, while Angola and Madagascar did ratify the protocol, but have not started with implementation. Furthermore, Malawi, Tanzania and Zimbabwe have back loaded tariff reductions. This leaves SACU countries, Mauritius, Mozambique and Zambia to be the only countries on track with the implementation of the SADC FTA. Angola, DRC and Madagascar have not started to implement the new rules of origin, but all other member states are implementing the rules.

Table 7 shows trends in the Index of Economic Freedom for SADC countries as rated by Heritage International, for the period from 1995 to 2007. The Index of Economic Freedom attempts to measure the degree of economic freedom, using a definition similar to that of laissez-faire capitalism, and has been used in many peer-reviewed studies which found many beneficial effects of more economic freedom. The main critics of the index argue that efficient rule of law and functioning property rights, rather than low taxes and a small state are more important (www.heritage.org). The index rates nations on 10 broad factors of economic freedom, using statistics from organizations such as the World Bank, the IMF and the Economist Intelligence Unit. These factors are: Business Freedom; Trade Freedom; Monetary Freedom; Freedom from Government; Fiscal Freedom; Property Rights; Investment Freedom; Financial Freedom; Freedom from Corruption; and Labour Freedom. These 10 factors are then averaged equally to provide the overall score. Using data from Table 7, SADC is slowly improving its economic freedom as a region, with Botswana and Mauritius taking the lead.

Table 8 shows the development of political freedom and civil liberties from 1990 to 2007 for SADC countries, as rated by the Freedom House. These ratings are based on surveys on political rights (electoral process, political pluralism and participation, and functioning of government) and civil liberties (freedom of expression and belief, associational and organizational rights, rule of law, and personal autonomy and individual rights). Both the short-term and long-term trends indicate a constant position (rated as partly free) for SADC, with some countries such as Angola, DRC, Swaziland and Zimbabwe falling into the 'Not Free' category.

Table 9 shows the trend in the Corruption Perceptions Index for SADC countries from 1998 to 2007, as rated by Transparency International. This index ranks 180 countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys. The ranking is on the scale of 0 (highly corrupt) to 10 (corruption-free). According to the data in the table, SADC is perceived to be a corrupt region, and trends point to a deteriorating future. Less corruption members include Botswana and South Africa.

At face value, there are some correlations between the above indicators of progress, where countries with stable economies (e.g., low inflation), and economic and political freedoms tend to do better, but such correlations are not strong.

Public-Private Sector Partnership in SADC

SADC as a regional integration body is governed by the SADC Summit at the top of the hierarchy, followed by other structures, all of which are based on public governance structures in the region, and it follows that the regional integration agenda is predominantly driven by governments. The role of the private business sector was not adequately articulated in SADC frameworks until the formulation of RISDP in 2003. The rationale here is that governments facilitate trade, employment creation and poverty reduction through policy and legislation, but the actual realisation of these goals depends primarily on the performance of the private sector, which is the engine for any market economy. This section looks at challenges faced by SADC in forging an effective partnership with the private sector, and to a limited extent with civil society.

Past attempts by SADC to partner with the private sector include the signing of a Memorandum of Understanding (MoU) with the Association of SADC Chambers of Commerce and Industry (ASCCI) in August 2000 and another with the Small Enterprise Promotion Advisory Council (SEPAC) in February 2001. The SADC–ASCCI MoU formed the basis for the creation of a private sector desk at the SADC Secretariat, which did not really bring the private sector into the SADC decision-making process, but was rather so that SADC could try and address the needs of the sector. The private sector desk was discontinued as from 2003. The SADC–SEPAC MoU on the other hand led to the formation of the SADC Business Forum (SBF) in November 2004, whereby another MoU between SADC and SBF has been formulated, but not signed for over two years. SADC Bankers, Miners and Transporters were recognised as regional associations by SADC on the basis that they were represented in at least three SADC countries and were invited to take part in the formulation of the RISDP. SADC has however realised that the private sector is wider and that it does not augur well for the private sector to be represented by three sectors, which do not represent the majority of businesses or industrial sectors.

What are the constraints to an effective SADC-private sector partnership, and what can be done to overcome these constraints? Firstly, the SADC-private sector partnership can be established either within member states (within the SNC framework) or a regional business association or forum can be formed at SADC level, as is now the case. The reality is that national chambers of commerce and industry or national business forums in some countries represent wide ranging institutions with heterogeneous interests, different targets and from different sectors, making it difficult for them to articulate all their needs, which in some instances are contradictory. In general, membership of the chambers of commerce and industry includes small and medium enterprises, manufacturers, multinational companies, state-owned enterprises, professional trade associations and many other institutions. Another important distinction that spells out differences in strategic interests within chambers, is the inclusion of both the importers and retailers on one hand, and the exporters and manufacturers on the other. These two groups usually prefer different trade blocks, especially when it comes to bilateral and multilateral trade agreements. The critical centre of debate is usually about how much weight should be given to domestic industry development (with some protection, manufacturing and export incentives, preferences for SMEs, etc.) and how much weight should be given to free trade (trade liberalisation, cheaper products for consumers). There appears to be a dichotomy between industry objectives and trade liberalisation objectives.

Retailers and big corporations in extractive industries who source their inputs from abroad would argue for accelerated trade liberalisation which allows them to import their stocks and capital at the best terms available to them. The manufacturers and/or exporters in developing economies would prefer protection from cheaper imports and would prefer that their country develop and maintain trade relationships with other less advanced economies to which they can export with relatively less competition. Some examples on these diverging interests in SADC include the recent proposal by the Zambian private sector requesting Zambia to withdraw from COMESA in order to concentrate more on SADC. The Zambian Government declined on the basis that COMESA is made up of less advanced economies and there are more export opportunities for Zambian exporters in COMESA than in SADC. It was also noticed that the private sector group that recommended the withdrawal of Zambia from COMESA was dominated by South African retailers (importers) doing business in Zambia and it is just apparent that their interests would lie with SADC.

In Malawi, big corporations such as the Illovo Sugar Corporation, the Press Corporation and others have formed their own association. This is regarded as a break-away from the Malawi Confederation of Chambers of Commerce and Industry following some changes in ownership, restructuring and refocusing within these corporations which also meant employing different business strategies. The National Action Group (NAG) is the association that brings together some of the biggest corporations in Malawi, mainly multinational companies. It is just realistic for firms to form an association more effectively with each other when they have common trade interests. The implication of such regroupings is that it becomes easier for a nation or a region to solicit views and interests from related businesses, and to reference such views to that particular business group in question. If the issue is, for example, industrial development policy, one may need to consult manufacturers, small and medium enterprises and then other businesses that are also likely to be affected by the policy. This is unlike having to consult and individual or organisation representing all kinds of businesses – articulation of specific business interests would be limited, or possibly biased.

There is also a capacity factor involved as well. What is required is not only participation of stakeholders with specific interests, but also well-capacitated stakeholders who can effectively engage government and SADC on policy issues. This is exactly one of the factors that have been hindering regional endeavours to forge a formal relationship with SADC. To be precise, SADC has realised that miners and other groupings of big and well-capacitated institutions are set to dominate matters as far as private sector representation is concerned. Small and medium enterprises, with their meagre resources, tend to struggle in sending representatives to regional forums. The key question may not be where to get finance to capacitate the weaker stakeholders whose participation is crucial, but a more feasible option is to make regional policy-making forums more affordable and accessible.

While capacity to analyse and participate effectively can only be addressed on an ongoing basis, one way of ensuring affordability and accessibility to policy-making platforms is to increase the role of the private sector in SNCs (and in SNC sub-committees), which are currently inactive and also largely government-driven processes. Zambian sectoral business associations as well as regional/provincial business chambers of commerce and industry are all members to the Zambian Chamber of Commerce and Industry (ZACCI). There is the Zambian Business Forum at the top of the Zambian private sector the activities of which are concentrated on, as a representative of the private sector, engaging government and resolving issues among their members. In addition, the Zambian Business Council, chaired by the cabinet, resolves issues that could not be resolved by private sector stakeholders, and it has overriding powers in that respect.

The current SADC-private sector relationship is still in the process of finalisation and is based on the MoU between SADC and the SADC Business Forum (SBF), which is made up of recognised regional business associations in SADC (SADC recognises regional associations if represented in at least three SADC countries). The SBF was officially launched on 26 November 2004 and its secretariat is currently hosted by the Southern African Confederation of Agricultural Unions (SACAU). The founding members of the SBF are listed in Table 1 below. The draft MoU that is supposed to formalise the relationship between SADC and the SBF is still stuck at the legal unit at the SADC Secretariat, apparently due to a problematic clause in the draft, but there could still be more problems preventing its finalisation. The RISDP timelines for finalising a SADC policy on public-private sector partnership and the formalisation of the SADC-private sector relationship were all set for June 2004, but until early 2007, non of these were finalised.

Table 1: Founding members of the SADC Business Forum

ASCCI	Association of SADC Chambers of Commerce & Industry
FESARTA	Federation of Eastern & Southern African Road Transport Associations
MIASA	Mining Industry Associations of Southern Africa
SACAU	Southern African Confederation of Agricultural Unions
SAEN	Southern African Enterprise Network
SARA	Southern African Railways Association
SBA	SADC Bankers Association
SEG	SADC Employers Group
SEPAC	Small Enterprise Promotion Advisory Council

Source: SACAU 2004, Newsbriefing no.4

Even the finalisation of the SADC–SBF MoU would not be sufficient to address constraints described above -- SBF is still made up of Apex organisations, which represent a wide variety of interests, and small enterprises are likely to remain excluded, not only due to resource constraints, but also because their regional umbrella, SEPAC, which had a Secretariat in Gaborone, has ceased operating. Apex organisations refer to the most aggregate business associations, usually the highest in the hierarchy of business representation. In brief, a more effective SADC–private sector partnership could be forged starting at member state level where private sector associations representing specific sectoral and sub-national interests can play more significant roles in SNCs and SNC sub-committees. The SNCs themselves need to be capacitated, to be made more effective, and their business needs to be coordinated across the SADC region. A participatory decision-making process at national level is not only affordable by all participants, but ensures effectiveness, in the sense that participants have more knowledge and understanding of their domestic economies than of the whole regional economy.

Whatever coordination mechanisms that SADC chooses to have at the regional level, member state representatives would have informed arguments based on realistic national interests that need to feed into the regional agenda. This proposal would not compromise current decision-making structures within SADC because, even now, SADC decisions are made by member states rather than by its Secretariat. This reform can better be initiated from the regional level for effective coordination rather than being left to individual member states. There is need for a parallel reform at member state level, but that may take time as countries need to rethink their existing structures, i.e., consider reducing layers of business associations. The reform at member state level is likely to take some time because all existing institutions were created with purpose and they have formal relationships with the rest of the country.

Existing structures of private sector representation in various SADC countries do not add much value, and they place a heavy demand on limited resources that their members have available. For instance, three levels can be adopted as:

- sectoral-regional/provincial associations;
- sectoral national associations; and
- a single national association of chambers of commerce and industry or a national business forum.

For small economies, a single national association of manufacturers and the like may be more feasible (given the small numbers of maunufacturers in some provinces of some countries and their limited finances to sustain own associations). This membership can then extend to that of a national association of chambers of commerce and industry or a national business forum, whichever is applicable. A single national association that draws membership from all regions of the country can be as representative as bringing together representatives from regional associations for national deliberation.

Another related issue concerns the influence of International Cooperating Partners (ICPs) in most member states of SADC. Consider the plight of Heavily Indebted Poor Countries (HIPCs) in the region where national development plans including poverty reduction strategies are to a large extent driven by Bretton Woods Institution, i.e. the World Bank and the International Monetary Fund (IMF). Other ICPs also influence national decision making in countries where they are the main funding agencies for national programmes. This makes them important stakeholders in proposing and implementing reforms in the respective countries as well as in the region.

Overlapping Memberships of RTAs and EPA Configurations in Southern and Eastern Africa

Overlapping memberships of RTAs in southern and eastern Africa

The southern, eastern and central African region has seven regional trade arrangements (RTAs) (excluding EPA groupings) with only Mozambique in southern Africa that maintains membership of a single RTA, namely SADC (see Table 10). Other countries maintain memberships of at least two RTAs, including those that are outside the southern, eastern and central African region. Four SADC members – DRC, Madagascar, Mauritius and Swaziland, maintain membership of three RTAs. Madagascar and Mauritius are members to SADC, COMESA and of the Indian Ocean Community (IOC), DRC is a member of SADC, COMESA and the Economic Community for West African States (ECOWAS), while Swaziland is a member of SADC, COMESA and SACU. Similarly, Kenya and Uganda, who are not members of SADC also belong to three RTAs -- COMESA, EAC and the Inter-Governmental Authority on Development (IGAD). The RTAs that compete with or complement SADC efforts directly are COMESA, EAC, IGAD, IOC, SACU and ECCAS. Of these seven, COMESA, EAC and SADC are the only regional trade groupings recognised by the African Union as building blocks for the envisaged African Economic Community (AEC). Below follow the main objectives for each of the three AU recognised RTAs.

The main objectives of SADC as in Article 5 of its Treaty

These are:

- to achieve development and economic growth, alleviate poverty, enhance the standard and quality of life of the people 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 long-standing historical, social and cultural affinities and links among the people of the Region.

The aims and objectives of COMESA

These are:

- to attain sustainable growth and development of Member States by promoting a more balanced and harmonious development of its production and marketing structures;
- to promote joint development in all fields of economic activity and the joint adoption of macro-economic policies and programmes to raise the standard of living of its peoples and to foster closer relations among its Member States;

- to co-operate in the creation of an enabling environment for foreign, cross border and domestic investment including the joint promotion of research and adaptation of science and technology for development;
- to co-operate in the promotion of peace, security and stability among the Member States in order to enhance economic development in the region;
- to co-operate in strengthening the Common Market and the rest of the world and the adoption of common positions in the international fora, and;
- to contribute towards the establishment, progress and the realisation of the objectives of the African Economic Community.

The EAC objectives as in its treaty

These are:

- the promotion of a sustainable growth and equitable development of partner states including rational utilisation of the region's natural resources and protection of the environment;
- strengthening and consolidating the long-standing political, economic, social, cultural and traditional ties by partner states and associations between the people of the region in promoting a people-centred mutual development;
- enhancing and strengthening participation of the private sector and civil society;
- mainstreaming of gender in all its programmes and enhancement of the role of women in development;
- promotion of good governance including adherence to the principles of democratic rule of law, accountability, transparency, social justice, equal opportunities and gender equality; and
- promotion of peace and stability within the region, and good neighbourliness among the partner states.

All three Economic Communities (COMESA, EAC and SADC) are pursuing long-term goals, but it is only SADC that has set clear timelines for the establishment of a monetary union, a common market and central bank with a common currency. Looking at the main objectives of the three groupings, COMESA appears to be an economic block concentrating on trade facilitation, facilitation of the free movement of capital and investment, and a common monetary system. SADC and EAC on other hand, cover a wide range of issues, from gender mainstreaming, democracy, security and political stability to cultural heritage. Integration objectives of these Regional Economic Communities (RECs) are not necessarily the same, but the three institutions can harmonise on common economic issues especially trade, investment and capital.

COMESA was formed in 1994, replacing the Preferential Trade Area (PTA). An FTA was established in 2000, initially starting with nine member states but has recently increased its membership of 14. A customs union was initially planned for 2004, but this target was postponed to 2008. COMESA has worked hard to simplify its rules of origin and its associated value-added criteria, and removed exchange restrictions and other NTBs (Draper *et al.* 2007:10). The mammoth challenge facing COMESA is, however, its underdeveloped and inefficient infrastructure, especially in the areas of transport and communications.

The EAC is a relatively small regional grouping, bringing together Kenya, Uganda and Tanzania, with Burundi and Rwanda being new members since 2007. The headquarters of the EAC is in Arusha, Tanzania. This grouping has in fact integrated very fast and one explanation to this is probably its small membership, geographical concentration of its members and a common history for the three long-serving member states. The EAC treaty was signed in November 1999, came into force during July 2000, and was followed by the launch of the EAC in January 2001, while the customs union came into operation during January 2005. The EAC customs union appears to be at an advanced stage especially in the light that EAC has established rules of origin, customs management regulations, and drafts on competition policy and competition law are available. EAC is pursuing far-reaching goals including the formation of a monetary union and a political federation.

There are two major economic reasons that are keeping countries in more than one REC at the moment. The first reason is *current net benefits*, whereby countries are closely monitoring the costs and benefits of belonging to each of the RECs, and probably more importantly, the potential costs associated with deciding too early to leave one or more of the RECs and forego benefits that accrue as a result of belonging to such RECs immediately. It is clear to every country that there will be a dead-end to multiple memberships, i.e. when all key RECs form customs unions, member states will have to choose to belong to just one of them. If current benefits of belonging to several RECs are high, and membership is not restricted at the moment, it is only rational for countries to maintain multiple memberships for as long as they can.

The second reason for hanging on to multiple memberships is the possibility of *harmonisation* of the regional integration activities by the RECs. The AU and the United Nations Economic Commission for Africa (UNECA) are the key institutions urging RECs to harmonise and rationalise their activities in order to work towards the realisation of the envisaged AEC. The AU has divided the African continent into five regions – the North, East, West Central and South, and has recognised some RECs as building pillars for the formation of the AEC. In this context, SADC is the recognised REC for southern Africa. SADC member states which are also members of COMESA are therefore asking the question, "Why can't SADC and COMESA harmonise on one important aspect of regional integration, which is trade?" This would make it easier as countries would not be required to choose between the two RTAs when it comes to trade? SADC and COMESA have a joint committee that meets annually, but the details and extent of coordination are not known at present.

Harmonisation of trade rules makes a lot of sense. Some countries in the region find themselves in complicated positions, politically and economically, as well as in difficult geographical locations. Zambians, for instance, know that the country has played a leading role in the formation of both SADC (from SADCC) and COMESA (previously the PTA) and the country is the host to the COMESA Secretariat at the moment, and also the chair for SADC during 2007/08. The geographical location of Zambia as well as its cultural dynamics suggests that Zambia belongs to SADC. Zambia is a land-locked country and makes use of sea-ports in South Africa and Tanzania, whilst also exploring new port facilities in Namibia; all these are SADC countries. Although most Zambian exports are destined to markets outside Africa, there are strong beliefs in Zambia that COMESA offers more export potential for Zambian firms than SADC, largely because of the presence of the advanced South African economy in SADC, which means that Zambian firms can easily import from, but barely export to South African markets. Synergies between the regional integration agendas of COMESA and SADC exist. The two RECs have annual meetings with each other and it is believed that coordination and harmonisation of their integration instruments are being taken care of.

Malawi is in a similar situation to Zambia. Not only are transportation and communication facilities are less developed and costly in COMESA, but also the proximity of necessary trade infrastructure that the country can use is in SADC, while the potential for balanced trade and industrial growth are seen to be more in COMESA. This means that as far as regional trade and industry development are concerned, the most beneficial arrangement for developing countries (not just limited to LDCs) is the one where RECs harmonise at least on the trade aspect so as to allow countries to enjoy trade relations in more than one REC. The idea of the AU's African integration is to facilitate trade across Africa. This raises the question as to why SADC and other RECs are limiting membership even if they are part of the AU's African integration agenda.

As a result of bilateral trade agreements, trends for small emerging trade blocks within the bigger blocks are visible. An example is the increasing trade and cooperation between Malawi, Mozambique and Zambia. It is believed that development within larger blocks tends to be concentrated in bigger and already advanced member states, while trade within smaller blocks, ideally made up of members at similar levels of advancement, tend to be better targeted and mutual beneficial, especially if they produce different products. This is, for instance, unlikely to occur in SACU because all small SACU members trade with South Africa and very little with each other.

EPA configurations in southern and eastern Africa

Economic Partnership Agreements (EPAs) refer to contractual and reciprocal trade, development and cooperation agreements being negotiated between the European Union as one party, and the six regional groups of African, Caribbean and Pacific countries as the other party. These agreements are set to replace the existing unilateral trade offers by the EU which formed part of the Cotonou Agreement that was concluded in 2000 between the same parties. The Cotonou Agreement is a 20-year partnership agreement that will be in place until 2020. The Lome IV convention (covering only trade in goods) under the Cotonou Agreement provided the framework for non-reciprocal market access to EU markets by the ACP countries for the period 2000 to 2007. This kind of trade arrangement (non-reciprocal) is not compatible with World Trade Organisation (WTO) rules and it is to be replaced by a WTO compatible trade regime in the form of EPAs, which also fall under the same Cotonou Agreement.

South Africa signed a Trade, Development and Cooperation Agreement (TDCA) with the EU in 1998, while LDCs also enjoyed preferential treatment under Everything But Arms (EBA) in addition to preferences under the Cotonou Agreement. EBA is a more favourable trade arrangement given to the group of LDCs whereby EU markets for products from these countries are liberalised, but also risky in that it is a unilateral offer (not contractual) and can be changed at any point in time. In February 2001, the European Council adopted the Regulation EC 416/2001 (EBA Regulation), granting quota-free, duty-free market access to imports of all products from LDCs (except arms and munitions, and bananas, sugar and rice are excluded for a limited period). Arguably, this is a good arrangement as LDCs can export their products to the EU without any obligations to reciprocate the arrangement. In practice, LDC firms lack technologies, economies of scale and competitiveness needed to take advantage of EU markets. The rules of origin, SPS and other requirements usually constitute NTBs that further prevent LDCs from accessing these markets. The end result is that LDCs continue to export predominantly raw materials rather than products that grow their domestic industries. SADC has eight LDCs amongst its membership of fourteen countries, namely, Angola, DRC, Lesotho, Madagascar, Malawi, Mozambique, Tanzania and Zambia.

Amongst the ACP countries, southern and eastern Africa are the only regions where countries are not negotiating EPAs with the EU within their existing regional integration groupings (Meyn

2006). Table 10 shows three EAP groups for the region (last three columns). The EAC EPA group is shown here because this group of countries has agreed to negotiate with the EU together, though they are still to withdraw from existing EPA groupings under which they have been negotiating that far. The EPA negotiations were initiated during 2002, and for the SADC–EU EPA, negotiations were actually launched during July 2004 in Windhoek, Namibia. It is however interesting to reflect on the state of affairs in southern and eastern Africa during the initiation and launching of EPA negotiations, as below.

- Firstly, South Africa which is the regional economic powerhouse in SACU and SADC had the TDCA with the EU and was not allowed to re-negotiate the TDCA from the start. There was no way out of the TDCA for South Africa. This was also a thorny issue because other SACU member states are *de facto* members to the TDCA and had to negotiate around fixed TDCA provisions;
- SADC, as a key REC in southern Africa, was busy with its restructuring process, doing away with SCUs and sectoral commissions, while at the same time preparing to establish a strong secretariat in Gaborone, Botswana. Some stakeholders did cite the active COMESA secretariat on one hand, and the weak or non-existent SADC Secretariat on the other hand, as factors that contributed to some SADC–COMESA members' decisions to join Eastern and Southern Africa (ESA) rather than the SADC EPA. In other words, the SADC Secretariat was still in the process of establishment, and this was at a critical time when SADC needed to show character in initiating EPA negotiation scenarios.
- COMESA had its secretariat in place and took the initiative to form ESA, which is an ideal grouping for LDCs and other less advanced countries. Although ESA has no legal status, it is an ideal grouping given the overlapping memberships of RECs and the presence of the TDCA in SADC during its formation. It gives members sufficient time in which to open up (25 years compared to 12 years with the TDCA) and has drawn members from at least four RECs, with most advanced countries in Africa (e.g., South Africa and Egypt) excluded.
- The European Union had its suggestions on EPA groupings based on the existing RECs that are in the process of forming customs unions. For instance, the EU has always advised that BLNS countries be joined by Mozambique and Angola in the SADC-EPA, while Tanzania should negotiate EPAs under EAC. The persistence by the EU to have countries decide under which groupings to negotiate EPAs is partly justified, e.g., Tanzania is a member of EAC which is a customs union and should get a deal that is similar (if not the same) to what other EAC members get. On the other hand, EU directives are widely cited as major contributing factors leading countries to join particular EPA negotiating groups. Country visits by the Monitoring SADC team to Malawi and Zambia early 2007 revealed that the EU directives had a lot to do with government decisions regarding EPA groupings.

On the 7 March 2006, the SADC–EPA group tabled a proposal that requested the EU to allow the inclusion of South Africa as a fully-fledged participant in the negotiations. South Africa was only participating in negotiations as an observer at the time because of its TDCA and its membership of SACU. This took the European Commission until the 28 November 2006 for it to finally respond to the proposal. The response was a positive one as South Africa was allowed to participate fully in the SADC–EPA with the EU whereby the EPA would replace TDCA trade provisions at the date of its entry into force. Considering South Africa's competitiveness, a different tariff treatment is proposed for the country, while BLNS sensitivities and Lesotho's LDC status would also be taken care of in the agreement (EC 2006:5). The inclusion of South Africa as a participant rather than an observer in SADC EPA has eased the way forward for negotiations, but the 31 December 2007 deadline remains tight considering the limited period of time after the TDCA issue was resolved, and the comprehensiveness of the proposed coverage of the negotiations. After the signing of the EPA agreement, countries would also need some time to get it passed by parliaments and incorporated into their national legal systems.

The parallel request by the SADC EPA (as part of the 7 March 2006 proposal) was for the EU to contractualise EBA (to make it a binding, unilateral and non-reciprocal offer) for the non-SACU SADC EPA members that are LDCs: Mozambique, Angola and Tanzania. This proposal was not accepted by the EU on the basis that it is not compatible with WTO rules as it would discriminate other EBA beneficiaries (EC 2006:5). The ACP countries set to feel the pinch of trade disruptions should EPA agreements not be concluded in time are the non-LDCs, i.e. Botswana, Namibia and Swaziland.

The nine-month period leading up to December 2007, the EPA deadline, saw things moving very fast. At the beginning of April 2007, the EU proposed to remove all remaining quota and tariff limitations on access to the EU market for all ACP regions as part of EPA negotiations, with a phase-in period for rice and sugar (EU Press Release 4.4.2007). This offer was given on the condition that EPA agreements are concluded on or before 31 December 2007 but it excludes South Africa. The offer was probably too good to be true and experts have warned ACPs not to rush into concluding agreements (Suri, S., 2007, Sasman, C., 2007, le Roux, M., 2007). After three intensive rounds of negotiations between the EU and SADC EPA, the two parties are still holding different positions with respect to the issues to be covered in such negotiations, even after the signing of interim agreements at the end of 2007. The EU demands that negotiations should cover trade in goods, trade in services and New Generation issues (investment, competition, government procurement etc.). From the SADC EPA Group's point of view, current negotiations should only cover issues that are necessary to make the EU–SADC EPA trade regime WTO compatible, i.e. covering trade in goods with reciprocal market access, and to approach other issues on a cooperation basis without binding commitments.

The difficulty in negotiating New Generation issues now is well known because most of these issues are heavily-contested between developing and developed countries and are currently suspended under the WTO framework of trade negotiations. The fact that RTAs such as SACU and SADC have no agreements within themselves on trade in services, means that forging agreements in this area with the EU would undermine regional integration efforts in the region, not to mention the fact that SADC EPA countries would have to study and analyse their service sectors in order to come up with market access offers in a limited space of time. Furthermore, issues like procurement are used as developmental tools to support SMEs, citizen economic empowerments and such. This means that to liberalise government procurement, countries need to adjust their development strategies as well. It is rather more likely that we could have a WTO compatible trade regime within the Cotonou Agreement by the end of 2007, but with no agreements on trade in services or on New Generation issues, as otherwise there would be no agreement at all.

Putting it together – overlapping memberships and EPA configurations

With the spaghetti bowl conundrum of overlapping memberships of RECs in southern and eastern Africa already prominent, there is sufficient evidence that EPA configurations have added to overlapping membership complications and further retarded the process of regional integration. This raises serious concerns as countries negotiating EPAs under different groupings may come up with different trade arrangements with the EU and make the formation of envisaged customs unions much more difficult. Members of a customs union are required to have similar, if not the same set of trade arrangements with the rest of the world.

These issues not only retard plans of individual RECs, but also the wider African Economic Community envisaged for the African continent as a whole. The African Union pronounced itself on the issue by making decisions on RECs and declarations on EPAs. During the AU Summit in Banjul, The Gambia on 1–2 July 2006, a decision was adopted to recognise only eight RECs in Africa and to suspend recognition of any new ones in order to stop the increasing overlapping memberships of RECs, and to harmonise existing processes of regional integration within the existing RECs. The Banjul declaration requested member states of the AU, RECs, and the United Nations system and development partners to collaborate with the AU Commission in conducting the harmonisation process.

The AU declarations on EPAs include the Nairobi Declarations on Economic Partnership Agreements at the AU Conference of Ministers of Trade during June 2005 in Cairo, during April 2006 in Nairobi and at other similar conferences. Under these declarations, the AU reiterated: that EPA negotiations should reflect the understanding and agreement in the Cotonou Partnership Agreement; that EPAs should serve as instruments for development and poverty reduction; that EPAs must support the deepening of intra-African trade; requested the RECs to urgently harmonise their trade integration policies before concluding and sign EPAs; recommended that different EPA groupings should harmonise their positions on issues of common interest before final decisions are taken; called on the AU Commission to continue the coordination and harmonisation of EPA negotiations; urged that EPAs should support the process of regional integration in Africa, and so forth.

Various issues can arise out of the above decisions and declarations. Firstly, the active involvement of the AU Commission in harmonising EPA negotiations is not clearly felt. There are countries belonging to various RECs that are currently banking on the possible harmonisation amongst REC activities rather than looking at choosing one REC over another. Despite these challenges, harmonisation within RECs as well as in the context of EPAs is probably the only viable option that would ensure continuation of a regional philosophy in southern Africa, and the advancement of member states through trade and industry development.

Findings and Lessons for SADC

With the process of the restructuring of SADC institutions bearing fruits, as visible in terms of the well-established secretariat in Gaborone, SADC has laid the foundation of becoming more proactive and innovative. Some member states of SADC which are also members to other RECs outside SADC were usually left uncertain about which REC to join as there was no visible progress in driving the regional agenda in SADC. Other RECs such as COMESA have already established active secretariats, and that has attracted some member states of SADC and COMESA to focus more on COMEASA, and to join the COMESA-initiated ESA, at the expense of the SADC EPA group.

With SADC member states negotiating EPA agreements under different groupings, and where such negotiations may be concluded by mid-2008, SADC should develop a realistic road map for the implementation of its milestone targets. One cannot realistically expect every SADC member state to be ready to be part of the SADC FTA by 2008. This can be due to challenges that countries are facing regarding the tariff reduction targets, or be based on different commitments that member states may have with third parties such as the EU, COMESA and EAC. That leaves SADC with limited choices, the most recommendable one being to start an FTA with member states that are ready. The indication here is that SACU countries, Mauritius and Mozambique are ready to form a SADC FTA, based on progress in the implementation of the SADC protocol on trade. Malawi, Tanzania and Zambia are partially ready, while Zimbabwe, Angola, Madagascar and DRC have not fulfilled most of the conditions (e.g. tariff reductions, removal of NTBs, etc.).

The more feasible path for a SADC Customs Union is probably to expand on SACU rather than dismantling it (by 2010), starting by adding non-SACU SADC members that are ready to form a Customs Union. There are already contentious issues in a smaller SACU, especially pertaining to varying feelings on revenue sharing, possibilities of developing common industry, competition policies and other issues, and thus one should not expect things to be easier within the bigger SADC. Forming a customs union is not only about which country is willing to join, but also the degree to which prosperous economies are willing to integrate and accept deeper integration with weaker and declining economies. Qualifying criteria to join the SADC customs union should be elaborated beyond macroeconomic convergence targets and the SADC trade protocol, to include the treatment of non-qualifying members.

Evaluation of progress in SADC in the previous section gives a clear message to SADC and its individual member states. alhough the author remains sceptical about the quality of data used, the region needs to engage more in value-addition if intra-SADC trade is to be realised. Though the majority of member states are implementing the trade protocol, it is imperative for SADC to take another look at constraints faced – The Service Group (2007) recommended that the new Rules of Origin be revised again, and findings from this exercise also points to the complexity of new rules as one of the constraints.

Options should be explored to consider engaging development partners, for instance by inviting them to regional discussion forums because of their influence in national decisions within SADC member states. While there may still be time to do this within EPA negotiations, in which the SADC EPA group is participating, it is equally important for SADC to closely monitor different trade and cooperation arrangements being negotiated between other SADC members who are not part of the SADC–EPA group and third parties. Other important development partners with indirect influences on regional integration are not necessarily visible at regional level, but they are very influential in member states' political and economic decisions. Examples include the IMF and the World Bank which are very instrumental in developing countries in general and even more so in HIPC countries.

SNCs should be strengthened and stakeholder participation within these institutions should ideally be coordinated across the SADC region. Regional economic, social, security and political policy making has always been the prerogative of national governments, with the private sector and civil society airing their opinions in different forums. Whether all three stakeholders should be equal partners in the regional policy making under SNCs is not a simple question to answer. There are some member states where the private sector takes the leading role in SNC (SNC even chaired by the sector), but in most member states, government dominates the SNC affairs. Furthermore, finance and lack of commitment from the drivers of SNCs continues to plunge the development and performance of these institutions. SADC can develop a regional model for SNCs, but it is imperative that SNCs are funded by member states for them to take ownership of these institutions.

Harmonisation in some areas (e.g. trade) across RECs is very crucial to development and poverty reduction in the region, especially within less advanced member states, and it deserves greater and urgent attention. Before reaching a dead-end where each REC in southern and eastern Africa has formed a customs union, it is imperative for SADC to pronounce itself on the possibilities of harmonising its trade regime with COMESA and EAC.

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APPENDIX 1: TABLES

Table 2: Trends in SADC inflation (% change in CPI), 1995 to 2006

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995–00	2001–06	Change
Angola	3783.3	1650.1	147.7	134.8	329.0	268.4	116.1	105.6	76.6	31.0	118.5	112.2	1052.2	93.3	△
Botswana	10.7	9.6	7.8	6.4	8.4	8.5	6.6	8.0	9.2	7.8	8.6	11.6	8.6	8.6	⇄
DRC	381.7	693.0	13.8	134.8	483.7	511.2	135.1	15.8	4.4	9.2	21.0	18.0	369.7	33.9	△
Lesotho	9.7	9.3	8.6	7.8	8.6	6.1	6.9	11.9	5.9	5.1	3.5	6.0	8.4	6.6	△
Madagascar	---	---	---	---	---	---	7.0	16.3	-1.7	13.9	18.4	10.8	---	10.8	---
Malawi	83.3	37.6	9.2	29.7	44.7	29.7	27.5	14.8	9.6	11.5	15.4	13.9	39.0	15.5	△
Mauritius	6.0	6.6	6.6	6.8	6.9	4.2	5.4	6.4	3.9	4.7	3.9	11.9	6.2	6.0	△
Mozambique	56.5	19.3	6.2	–1.0	6.2	11.4	21.9	9.1	13.8	9.1	11.1	9.4	16.4	12.4	△
Namibia	10.1	8.0	8.3	6.2	8.6	9.3	9.3	11.3	7.3	3.9	2.2	5.1	8.4	6.5	△
South Africa	8.7	7.4	8.6	6.9	5.2	5.4	5.7	9.2	5.8	1.4	3.4	4.7	7.0	5.0	△
Swaziland	12.3	6.5	7.2	8.0	5.9	7.3	7.5	11.7	7.4	3.4	4.8	---	7.9	7.0	△
Tanzania	28.4	21.0	16.1	12.8	7.9	5.9	5.1	4.6	3.5	4.1	---	---	15.4	4.3	△
Zambia	34.9	43.1	24.4	24.5	26.8	25.9	21.0	38.0	17.0	18.0	15.8	8.2	29.9	19.7	△
Zimbabwe	22.6	21.7	18.8	31.7	58.5	55.9	71.9	133.2	365.0	350.0	585.8	1,281.8	34.9	464.6	▽
SACU	8.8	7.5	8.6	6.9	5.4	5.6	5.9	9.2	6.0	1.8	3.6	5.0	7.1	5.3	△
Ro SADC	589.1	379.7	34.9	49.4	117.5	113.6	52.9	50.2	73.4	61.1	114.8	198.8	228.2	97.3	△
SADC	117.4	91.4	14.6	16.7	30.6	32.1	19.0	21.6	22.7	17.0	33.3	58.8	56.8	30.3	△

Source: SADC Bankers 2007

Key: improvement, deterioration, remained the same, --- no data. Regional average figures are weighted using GDP shares as weights

Table 3: Public deficit as % of GDP, 1995 to 2006

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995–00	2001–06	Change
Angola	---	---	2.3	7.5	0.7	8.0	0.9	-5.1	6.2	1.5	7.3	7.7	4.6	3.1	▲
Botswana	1.6	1.9	-7.3	4.3	-64.5	-6.1	-8.8	3.0	3.8	0.2	-1.2	8.1	-11.7	0.9	▲
DRC	-0.5	35.4	267.0	251.0	2635.0	3.5	-0.1	-1.2	0.4	-0.8	1.2	0.7	531.9	0.0	▲
Lesotho	-4.9	-3.1	-4.4	3.8	6.5	3.5	0.7	4.3	-0.8	-5.2	-2.8	---	0.2	-0.8	▲
Madagascar	---	---	---	---	---	---	4.4	6.2	4.8	5.7	4.3	---	---	5.1	---
Malawi	5.4	4.0	4.5	7.0	4.9	2.4	4.4	8.5	7.2	6.4	3.4	---	4.7	6.0	▼
Mauritius	5.6	4.5	3.7	3.6	3.6	3.8	6.7	6.1	6.2	5.4	5.0	5.3	4.1	5.8	▼
Mozambique	3.2	3.1	2.5	2.4	1.1	5.1	4.5	7.0	4.5	4.4	3.5	---	2.9	4.8	∨
Namibia	3.9	6.4	2.8	4.4	4.6	1.3	4.3	2.7	7.5	1.6	0.2	-2.1	3.9	2.4	▲
South Africa	5.2	5.0	3.4	2.6	1.7	1.8	0.7	0.6	2.5	1.5	0.1	1.5	3.3	1.2	▲
Swaziland	1.5	1.1	3.0	0.1	1.7	1.3	6.7	4.6	2.9	3.6	4.3	2.0	1.5	4.0	▼
Tanzania	---	0.0	0.0	---	0.0	1.7	1.2	0.5	1.5	3.3	3.1	---	0.4	1.9	▼
Zambia	4.8	3.9	2.4	6.9	3.7	7.0	8.0	6.3	6.6	1.7	---	1.6	4.8	4.8	▼
Zimbabwe	9.4	6.1	5.0	7.8	6.1	21.8	---	---	---	6.7	3.5	5.5	9.4	5.2	▲
SACU	**5.0**	**4.9**	**3.0**	**2.7**	**-0.5**	**1.5**	**0.5**	**0.8**	**2.7**	**1.4**	**0.1**	**1.7**	**3.6**	**1.2**	▲
Ro SADC	**3.1**	**6.8**	**36.3**	**39.3**	**299.0**	**6.9**	**2.4**	**1.2**	**3.8**	**3.4**	**4.2**	**3.5**	**70.5**	**3.0**	∧
SADC ~	**4.6**	**5.3**	**10.6**	**11.2**	**66.9**	**2.8**	**1.0**	**0.9**	**2.9**	**1.9**	**1.2**	**2.2**	**18.4**	**1.7**	∧

Source: SADC Bankers data 2007

Key: improvement, deterioration, remained the same, -- no data. Regional average figures are weighted using GDP shares as weights. A negative figure for deficit means a surplus.

Table 4: Real GDP Growth (%), 1995 to 2006

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	199500	2001–06	Change
Angola	10.7	11.3	7.7	5.5	2.7	3.6	5.2	15.5	3.4	11.7	20.6	19.5	6.9	12.8	∧
Botswana	3.2	5.5	5.6	14.5	7.1	7.3	9.1	1.6	9.5	3.4	9.2	-0.9	7.2	5.3	▽
DRC	0.7	-1.1	-5.4	-1.7	-4.3	-6.9	-2.1	3.5	5.8	6.6	6.5	5.1	-3.1	4.2	△
Lesotho	4.4	10	8.1	-4.6	2.2	1.3	3.2	3.5	3.3	4	2.9	6.2	3.6	3.9	∧
Madagascar	---	---	---	---	---	---	---	-12.7	9.8	5.3	4.6	4.9	---	2.4	--
Malawi	13.8	10.9	5	3.3	6.7	0.8	-4.1	2.1	3.9	5.1	2.2	8.5	6.8	3.0	▽
Mauritius	5.3	6.2	5.6	5.8	2.1	9.5	5.4	2.1	4.4	4.8	2.3	4.7	5.8	4.0	∨
Mozambique	3.3	6.8	11.3	12.1	9	1.9	13.1	8.2	7.9	7.5	7.7	7.9	7.4	8.7	△
Namibia	5.1	3	2.6	2.4	2.9	3.5	2.4	6.7	3.5	6.6	4.7	2.9	3.3	4.5	∧
South Africa	3.1	4.3	2.6	0.5	2.4	4.2	2.7	3.7	3.1	4.8	5.1	5.0	2.8	4.1	△
Swaziland	3.8	3.3	3.8	3.3	3.5	2	1.7	3.6	2.9	2.1	2.0	2.1	3.3	2.4	∨
Tanzania	3.6	4.2	3.3	4	4.8	4.9	5.7	6.2	5.7	6.7	6.7	6.2	4.1	6.2	△
Zambia	-2.8	6.9	3.3	1.9	2.2	4	5	3	4	5.4	5.1	6	2.6	4.8	∧
Zimbabwe	0.2	9.7	1.4	0.5	-3.6	-7.9	-2.8	-5.7	-8.3	-2.5	-3.8	-1.8	0.0	-4.2	▽
SACU	3.2	4.3	2.8	1.0	2.5	4.2	3.0	3.6	3.4	4.8	5.2	4.6	3.0	4.1	△
Ro SADC	3.1	6.3	3.2	3.3	1.9	1.2	2.9	3.9	3.4	6.3	8.3	8.8	3.1	5.6	△
SADC	3.2	4.8	2.9	1.6	2.4	3.5	3.0	3.7	3.4	5.2	6.0	5.8	3.0	4.5	△

Source: SADC Bankers 2007 and country sources

Key: improvement, deterioration, remained the same, --- no data. Regional average figures are weighted using GDP shares as weights.

Table 5: Manufacturing to GDP ratios (%), 1995 to 2006

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	1995–00	2001–06	Change
Angola	4.0	3.4	4.4	6.3	3.3	2.9	4.1	3.7	4.0	4.0	3.6	4.6	4.1	4.0	▽
Botswana	5.0	5.1	5.0	5.0	4.8	4.4	3.9	3.9	4.0	2.6	2.4	2.2	4.9	3.2	▽
DRC	6.0	5.9	2.0	1.9	2.3	4.8	4.8	5.3	5.3	5.4	5.0	4.0	3.8	5.0	△
Lesotho	15.9	16.5	16.3	17.5	16.4	16.8	17.7	18.4	17.6	16.2	14.1	13.5	16.6	16.3	▽
Madagascar	---	---	---	---	---	---	12.1	13.1	13.3	13.1	12.9	13.1	---	12.9	---
Malawi	16.0	14.4	13.8	13.4	12.8	12.9	11.5	11.3	11.2	11.4	12.0	11.7	13.9	11.5	▽
Mauritius	23.0	23.4	23.6	24.0	23.9	23.5	23.3	22.4	21.5	20.9	19.8	19.8	23.6	21.3	▽
Mozambique	7.4	8.6	9.4	9.9	9.8	12.0	13.6	12.0	12.6	13.5	12.8	---	9.5	12.9	△
Namibia	12.4	10.1	14.2	16.3	16.5	10.0	9.4	10.1	10.9		10.7	10.4	13.3	10.3	▽
South Africa	21.2	20.2	19.9	19.4	18.5	19.0	19.1	19.7	19.4	18.9	18.6	18.2	19.7	19.0	▽
Swaziland	27.8	25.8	25.9	25.3	25.0	24.9	25.0	24.0	---	---	---	---	25.8	24.5	---
Tanzania	7.2	7.4	6.9	7.5	7.3	7.5	7.4	7.3	7.2	7.0	6.8	6.5	7.3	7.0	▽
Zambia	9.9	11.8	11.6	11.5	10.8	10.0	10.0	10.0	11.0	11.0	10.6	---	10.9	10.5	▽
Zimbabwe	19.3	16.4	14.9	13.9	13.4	17.6	17.1	16.2	15.6	18.6	18.6	18.6	15.9	17.5	△
SACU	**20.6**	**19.5**	**19.3**	**18.9**	**18.0**	**18.3**	**18.3**	**18.8**	**18.3**	**17.5**	**17.4**	**17.0**	**19.1**	**17.9**	▽
Ro SADC	**10.5**	**9.8**	**9.3**	**9.0**	**8.7**	**9.5**	**10.9**	**10.1**	**10.1**	**10.3**	**9.8**	**8.2**	**9.4**	**10.2**	△
SADC	**18.7**	**17.3**	**17.0**	**16.6**	**15.9**	**16.1**	**16.2**	**16.2**	**16.3**	**15.7**	**15.4**	**14.6**	**16.9**	**16.0**	▽

Source: SADC Bankers 2007

Key: improvement, deterioration, remained the same, --- no data. Regional average figures are weighted using GDP shares as weights.

Table 6: Indicators for the implementation of the SADC FTA, 2007

Indicator	ANG	BOT	DRC	LES	MAD	MAL	MAU	MOZ	NAM	RSA	SWA	TAZ	ZAM	ZIM
Subscribed to the SADC Trade Protocol	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Tariff phase down offers gazetted	No	Yes	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Tariff phase downs fully and timely implementation (as planned)	No	Yes	No	Yes	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	No
Tariff phase downs partly/late implementation	No	No	No	No	No	Yes	No	No	No	No	No	Yes	Yes	Yes
Tariff phase downs not implemented at all	Yes	No	Yes	No	Yes	No	No	No	No	No	No	No	No	No
Revised Rules of Origin gazetted	No	Yes	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Revised Rules of Origin implemented	No	Yes	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Source: TSG 2004, 2007

Table 7: Development of the Index of Economic Freedom 1995 to 2007

Country	1995	2000	2001	2002	2003	2004	2005	2006	2007	Short term trend (2006–2007)	Long term trend (1995–2007)
Angola	27.2	24.3	---	---	---	---	---	43.3	43.5	Positive	Positive
Botswana	55.1	61.2	62.7	60.9	68.5	69.5	69.8	70.3	68.4	Negative	Positive
DRC	44.8	26.4	---	---	---	---	---	---	---	---	---
Lesotho	---	49.9	52.3	49.1	50.7	48.6	52.9	57.0	54.1	Negative	Positive
Madagascar	51.7	54.5	54.0	56.5	62.9	59.1	61.6	63.0	61.4	Negative	Positive
Malawi	51.9	53.7	52.3	54.1	51.3	52.0	53.4	57.9	55.5	Negative	Positive
Mauritius	--	67.5	66.7	65.4	64.5	64.3	64.3	66.5	69.0	Positive	Positive
Mozambique	43.1	51.4	55.7	56.8	58.1	55.5	54.6	55.1	56.6	Positive	Positive
Namibia	--	64.6	63.7	64.2	66.5	61.6	60.0	60.9	63.8	Positive	Constant
South Africa	61.4	61.3	60.6	62.8	66.0	65.0	61.5	66.3	64.1	Negative	Positive
Swaziland	61.4	61.0	63.7	60.2	60.1	56.8	58.0	62.2	61.6	Negative	Constant
Tanzania	54.6	56.9	55.7	57.7	54.1	57.3	54.0	59.3	56.4	Negative	Constant
Zambia	54.5	62.4	57.4	57.7	53.5	51.9	54.5	59.1	57.9	Negative	Constant
Zimbabwe	47.8	44.4	37.0	33.9	33.9	31.6	33.9	34.0	35.8	Positive	Negative
SADC	**50.3**	**52.8**	**56.8**	**56.6**	**57.5**	**56.1**	**56.5**	**58.1**	**57.5**	**Negative**	**Positive**

Source: www.heritage.org
Key: 80–100 (free), 70–79.9 (mostly free), 60–69.9 (moderately free), 50–59.9 (mostly unfree), 0–49.9 (repressed)

Table 8: Development of Political Freedom and Civil Liberties, 1990 to 2007

Country	1990	1995	2000	2001	2002	2003	2004	2005	2006	2007	Short term trend (2006–2007)	Long term trend (1990–2007)
Angola	7.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.5	5.5	Constant	Positive
Botswana	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	Constant	Constant
DRC	6.0	7.0	7.0	6.0	6.0	6.0	6.0	6.0	6.0	5.5	Positive	Positive
Lesotho	6.0	4.0	4.0	4.0	4.0	2.0	2.0	2.0	2.5	2.5	Constant	Positive
Madagascar	4.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.5	Negative	Negative
Malawi	7.0	2.0	3.0	4.0	4.0	4.0	3.0	4.0	4.0	3.5	Positive	Positive
Mauritius	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	Negative	Constant
Mozambique	6.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.5	3.5	Constant	Constant
Namibia	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	Constant	Constant
South Africa	5.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.5	2.0	Negative	Constant
Swaziland	6.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0	6.5	6.5	Constant	Negative
Tanzania	6.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	3.5	3.5	Constant	Positive
Zambia	6.0	3.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0	3.5	Positive	Positive
Zimbabwe	6.0	5.0	6.0	6.0	6.0	6.0	6.0	7.0	6.5	6.5	Constant	Negative
SADC	**5.0**	**3.6**	**3.8**	**3.8**	**3.7**	**3.6**	**3.6**	**3.7**	**3.7**	**3.7**	**Constant**	**Constant**

Source: www.FreedomHouse.org
Key: 1.0 to 2.5 (free), 3.0 to 5.0 (partly free), 5.5 to 7.0 (Not free)

Table 9: Trends in the Corruption Perceptions Index, 1998–2007

Country	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Short term trend (2006–2007)	Long term trend (1998–2007)
Angola	---	---	1.7	---	1.7	1.8	2.0	2.0	2.2	2.2	Constant	Positive
Botswana	6.1	6.1	6.0	6.0	6.4	5.7	6.0	5.9	5.6	5.4	Negative	Negative
DR Congo						2.2	2.0	2.1	2.2	1.9	Negative	---
Lesotho	---	---	---	---	---	---	---	3.4	3.2	3.3	Positive	---
Madagascar					1.7	2.6	3.1	2.8	3.1	3.2	Positive	Positive
Malawi	4.1	4.1	4.1	3.2	6.9	2.8	2.8	2.8	2.7	2.7	Constant	Negative
Mauritius	5.0	4.9	4.7	4.5	4.5	4.4	4.1	4.2	5.1	4.7	Negative	Negative
Mozambique	-	3.5	2.2	-	-	2.7	2.8	2.8	2.8	2.8	Constant	Constant
Namibia	5.3	5.3	5.4	5.4	5.7	4.7	4.1	4.3	4.1	4.5	Positive	Negative
South Africa	5.2	5.0	5.0	4.8	4.8	4.4	4.6	4.5	4.6	5.1	Positive	Negative
Swaziland	---	---	---	---	---	---	---	2.7	2.5	3.3	Positive	---
Tanzania	1.9	1.9	2.5	2.2	2.7	2.5	2.5	2.9	2.9	3.2	Positive	Positive
Zambia	3.5	3.5	3.4	2.6	2.6	2.5	2.6	2.6	2.6	2.6	Constant	Negative
Zimbabwe	4.2	4.1	3.0	2.9	2.7	2.3	2.3	2.6	2.4	2.1	Negative	Negative
SADC	**4.4**	**4.3**	**3.8**	**4.0**	**4.0**	**3.2**	**3.2**	**3.3**	**3.3**	**3.4**	**Positive**	**Negative**

Source: http://www.transparency.org
Key: Ranking on scale of 0 (highly corrupt) to 10 (corruption-free)

Table 10: RTAs in Southern, Eastern and Central Africa

	Usual RTAs							EPA Groups		
	SADC	COMESA	SACU	EAC	ECCAS	IOC	IGAD	SADC	ESA	EAC
Angola	♦				♦			♦		
Botswana	♦		♦					♦		
Burundi		♦		♦	♦				♦	♦
Comoros		♦				♦			♦	
Djibouti		♦					♦		♦	
DRC	♦	♦			♦				♦	
Egypt		♦								
Eritrea		♦					♦		♦	
Ethiopia		♦					♦		♦	
Kenya		♦		♦			♦		♦	♦
Lesotho	♦		♦					♦		
Madagascar	♦	♦				♦			♦	
Malawi	♦	♦							♦	
Mauritius	♦	♦				♦			♦	
Mozambique	♦							♦		
Namibia	♦		♦					♦		
Rwanda		♦		♦	♦				♦	♦
Seychelles		♦				♦			♦	
South Africa	♦		♦					♦		
Sudan		♦					♦		♦	
Swaziland	♦	♦	♦					♦		
Tanzania	♦			♦				♦		♦
Uganda		♦		♦			♦		♦	♦
Zambia	♦	♦							♦	
Zimbabwe	♦	♦							♦	

Source: Draper et al 2007 and RTA websites

Appendix 2: Interview Guidelines

The implementation of plans and institutions and obstacles: adherence to agreed principles, actions and functioning of created institutions (e.g. SADC National Committee), tendencies of bureaucratisation. Policies and progress in the removal of *tariffs* and *NTBs*

Consistency of policy objectives – internal consistency, consistency with other regional plans and objectives (e.g. CMA, SACU, SADC, AU/NEPAD, EPAs etc).

Institutional implementation capacity: Institution building, human resources etc.

Financing of SADC: sufficiency for present and planned activities, dependence on International Cooperating Partners (donors), distribution of membership fees. Sufficiency of funding; contributions by governments, donors, others.

Overlapping memberships of 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.

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 RI.

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.

Effects of regional integration on economic and human development: The promise and test of the success of regional integration is convergence of SADC with the richer world ('catching up'), but also of the poorer countries within SADC with the richer members.

Costs and benefits of the regional integration process and the perceptions of these on countries and various interest groups. This is believed to be a key driving force for the speed and sustainability of regional integration.

Appendix 3: List of Interviewees

Official	Title	Institution
Mr. Farai Zizhou	FOPRISA-SADC Research Fellow	FOPRISA/SADC
Prof. Jonathan M. Kaunda	BIDPA – FOPRISA Coordinator	FOPRISA/BIDPA
Dr. Maxine Kennett	Director, SAGCH	SAGCH
Dr. Sonja Kurz	Trade and Economic Policy Adviser	GTZ/SADC
Ms.Yvonne Ruf	GTZ Associate Expert	GTZ/SADC
Mr. Robinson Chakwana	Monitoring & Evaluation	GTZ/SADC
Dr. Michael Melin	Economic Attaché	EU Delegation to Botswana
Mrs. Maria Machailo-Ellis	Executive Director	BOCCIM
Mr. Norman T. Moleele	Deputy Executive Director	BOCCIM
Mr. Evangelist L. Raditedu	Executive Director	Exporters Association of Botswana
Mr. Kidibonye Laletsang	Acting Director	Department of International Trade, Botswana
Ms. Mosandinyana Nthomiwa	Chief Trade Officer	Department of International Trade, Botswana
Mr. Nokokure Murangi	Director, TIFI	SADC Secretariat
Prof. Bizek. F. Phiri	Prof. Humanities & Social Sciences	University of Zambia
Mr. Lubasi Mungandi	Snr Economist (Dev Cooperation)	Ministry of Foreign Affairs, Zambia
Mr. Brighton Litula	SADC Desk Officer/Snr. Economist	Ministry of Foreign Affairs, Zambia
Mr. Rafael A. Unceta	1st Counsellor – Head of Operations	EU Delegation to Zambia
Mrs. Jennifer Kargbo	Director	UNECA Southern Africa
Mr. Wilfred Lombe	Economics Affairs Officer	UNECA Southern Africa
Mr. Justin M. Chisulo	CEO	ZACCI Secretariat, Zambia
Mr. Kuf Munyinda	Vice Chairman South	ZACCI Secretariat, Zambia
Mr. Simomo S. Akapelwa	Managing Director	Elite Insurance Brokers Ltd (member of ZACCI)
Mr. Maxwell.D. Sichula	Executive Director	ZCSMBA, Zambia

Official	Title	Institution
Mr. Muyangwa Muyangwa	Commissioner: Customs & Excise	Zambia Revenue Authority
Ms. Lilian S. Bwalya	Senior Economist	Ministry of Commerce, Trade and Industry, Zambia
Dr. Moses Tekere	Chief Technical Advisor -- EPA	COMESA Secretariat
Mr. Stephen R. Karangizi	Director: Legal & Institutional Affairs	COMESA Secretariat
Mr. Maxwell Mkumba	Asst Director: International Cooperation	Ministry of Foreign Affairs, Zambia
Mr Gleanam C. Kasumpa	Coordinator	Zambia Business Forum
Dr. Chris Ingelbrecht	First Counsellor (Infrastructure)	EU Delegation to Malawi
Mr. Jerome Pons	Economics & Public Affairs	EU Delegation to Malawi
Mr. Diamond Chikasu	Trade Officer: EPA negotiations	Ministry of Trade & Private Sector Dev, Malawi
Mr. Steven Banda	D. Director: Economic Affairs	Ministry of Finance, Malawi
Mr. Chimwene Mpaso	Manager: Planning & Research	Malawi Investment Promotion Agency (MIPA)
Mr. Patrick Kamwendo	Principal Secretary	Ministry of Economic Planning and Dev, Malawi
Mr. Temwa R. Gondwe	Programme Manager: Trade	Malawi Economic Justice Network (MEJN)
Mr. Alick K. Manda	Principal Secretary	National Research Council of Malawi
Dr. Wilson T. Banda	General Manager	Reserve Bank of Malawi
Mr. George H.Thindwa	Operations Director	Economics Association of Malawi
Chancellor L. Kaferapanjira	CEO	Malawi Confederation of Chambers of Commerce & Industry – MCCCI

Rehabeam Shilimela was a Researcher with the Namibian Economic Policy Research Unit (NEPRU) between January 2002 and January 2008, and Assistant Coordinator for the Southern and Eastern African Policy Research Network (SEAPREN) between January 2005 and January 2008. Core research interests are in the areas of Trade, Regional Economic Integration, Competition and Fiscal Policies. He is currently a Chief Economist at the Ministry of Finance in Namibia, in the Fiscal, Monetary and Financial Development Division. Contact: rehabeam.shilimela@gov.mof.na or rehabeam.shilimela@gmail.com.

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