



Regional Center for Southern Africa

Regional Strategic Plan 2004 - 2010

Annexes

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A. PRELIMINARY PERFORMANCE MANAGEMENT PLANS

SO 14: A More Competitive Southern African Economy

Indicator	Unit of Measure	Source	Baseline Data	2010 Target
SO: Growth in AGOA exports (OPIN indicator)	US Dollars – current FY	US International Trade Commission	Yes	+ 40%
IR 1: Selected Policies, Regulations and Laws Support Free Trade & Competition				
Institutional reforms achieved (OPIN indicator)	Number	Hub data	Hub will conduct baseline assessment	
IR 2: Tradable Goods & Services Meet International Standards				
Increased private investment in female-owned and male-owned cluster enterprises	US Dollars	Hub data	Hub will conduct baseline assessment	
Number of strategic partnerships formed with developed country partners	Number			
IR 3: Key Transaction Costs Reduced				
Reduced cost of moving a container along selected transport corridors	Percent Change	Survey	\$3038 per container for the Trans-Kalahari Corridor; data requires updating	- 20%



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SO 15: Rural Livelihoods Diversified in Southern Africa

Indicator	Unit of Measure	Source	Baseline Data	2010 Target
SO: Growth in rural income (OPIN indicator)	Percentage	Surveys in targeted areas	0	+ 25%
IR-1: Exports by Emerging Commercial Farmers of High-Value Agricultural Commodities Increased				
Increased value of exports of high-value agricultural commodities from targeted areas to international markets	US Dollars	National and regional trade data		
IR-2: Agricultural Production in Pilot Vulnerable Communities Diversified:				
Increased availability of non-traditional crops and livestock in pilot vulnerable communities (related to OPIN indicator)	Number	FAO food balance sheets		
IR-3: Regional Coordination on Research and Policy Improved				
Increased public and private investment in market-led agricultural research and development	US Dollars	Track through partners		
Increased number of strategic partnerships advocating policy reforms supportive of market-led agricultural growth	Number of partnerships	Track through partners		



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SO 16: Improved Electoral Competition in Southern Africa

Indicator	Unit of Measure	Source	Baseline Data	2010 Target
SO: Percentage of citizens (women and men) expressing trust and confidence in select electoral competition institutions	Regional Aggregate in percentage	Afrobarometer score	43%. (2002)	70%.
SO: Progress in meeting the Millenium Challenge Account eligibility criteria. (governing justly, improved civil liberties, political rights for men and women)	Regional Aggregate score	Freedom House score (used to determine MCA score)	Freedom House Average Score 4.1 (2002)	Freedom House Average Score 2.9
IR 1: Increased accountability and transparency of electoral competition processes in the region.				
Improved political competition record	Positive statement/ Focus Group Report Analysis	State Dept. Human Rights Report	To be validated	Positive commentary on political competition in all countries
IR 2: Improved electoral processes through compliance with regional norms and standards.				
Degree to which electoral laws and rules conform to regional norms and standards.	Report Analysis	EISA Reports	To be validated	Adoption in all SADC countries



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SO 17: Improved Management of Selected River Basins

Indicator	Unit of Measure	Source	Baseline Data	2010 Target
<ul style="list-style-type: none"> Improved watershed governance through the establishment and operationalization of multi-sectoral and multi-stakeholder decision-making processes at the basin scale (OPIN indicator) 	Index of Improved Governance (See OPIN guidelines)	Monitoring through partners	Assessment during activity design	See below.
IR 1: Institutional Capacity Strengthened				
Number of sustainable watershed management plans in the implementation phase (OPIN indicator)	Number	Monitoring through partners		
IR 2: Improved Community Management of Critical Hydrological Areas				
Extent to which community dimensions of sustainable watershed plans are being implemented	Number of dimensions	Monitoring through partners		

Preliminary Target for 2010: Representation on OKACOM will include a broader cross section of stakeholders than just governments. Community groups will be participating fully in decision making processes affecting water resources management, thereby improving river basin management governance systems. OKACOM and all other stakeholders will be applying appropriate decision support tools in the practices of sustainable and integrated water resources management.



B. MANDATORY ANALYSES

B.1 Environmental Analysis

Southern Africa Country Profiles

The first section of the report introduces the reader to the salient features of the SADC countries and their environments. By way of introduction, it can be stated immediately that the environmental literature on SADC repeatedly draws attention to the following four problems that may be viewed as pertinent to all its countries:

- deforestation;
- desertification;
- soil erosion; and
- decline in biological diversity.

Over the past few years, climate change with its potential impacts of sea level changes, reduced water resources, extreme weather events, eroded food security, and increased health risks from vector borne diseases have been added to the list.

Southern Africa Region Environmental Threats and Opportunities

The report then considers environmental threats and opportunities that are common to the Southern African region as a whole. It covers issues related to biodiversity, tropical forests, freshwater and marine resources, watersheds, conflict, health, food security, and institutional context.

Distribution and Extent of Biodiversity Resources

Southern Africa is very diverse in all aspects of biodiversity. The sub-region covers about 2% of the world's land area but supports some 10% of its plant species. Biodiversity is unevenly distributed across the sub-continent with east-west and north-south gradients in primary productivity probably an important determinant of compositional and structural differences across the sub-continent.

Biodiversity is the very foundation of life for the majority of rural people in the sub-region. Their food security is based on a diversity of crops, domestic animals, forests and wildlife resources. The richness of biodiversity ensures present and future stability of food supply as well as continuing adaptation of natural ecosystems to changing climatic conditions. The loss of biodiversity threatens the livelihoods of local communities because it provides shelter, food, fiber, medicines and other products that ensure their survival.

Conservation Issues and Protected Areas

By 1998, most nations across southern and eastern Africa had ratified the 1992 Convention on Biological Diversity. Progress has been made at regional level in terms of establishing National Biodiversity Strategies and Action Plans. At the core of these biodiversity strategies is the concept of maintaining protected areas. The network of protected areas across the Southern



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African landscape plays an important role in conservation, but biodiversity protection differs from one country to the next, not only in terms of the number of protected areas, but also in the total area they cover and the level of efficiency with which these protected areas are capturing and protecting biodiversity.

Threats to Biodiversity: Inappropriate Land Use (Agricultural) Practices

Inappropriate land-use practices have fragmented natural landscapes into sub-viable ecological units through artificial fencing, either to manage land ownership or to control the movement of livestock and game. Land ownership across large portions of South Africa, Namibia and Zimbabwe led to landscape degradation through large scale commercial growing of crops or keeping of cattle, sheep and goats. Communal lands across the sub-continent have typically been degraded through overgrazing that often gives rise to bush encroachment and the loss of soils and reduced ecosystem functions.

Population Growth and Uncontrolled Migration

The average population growth rate in Southern Africa of 3% per year is higher than estimated economic growth rate. Growth rates are presently affected by the HIV/AIDS pandemic but are still positive in an environment where poverty is on the increase. The predicted declines in economic growth in response to disease-related declines in population growth rates will further constrain budgets for biodiversity conservation. Reduced economic growth will also result in increased dependence on natural resources and their consequent erosion.

Uncontrolled immigration to the regions surrounding protected areas across the sub-continent artificially increases human populations. These populations are increasing, threatening conservation efforts through poaching, uncontrolled land use and the extraction of resources.

Climate Change

Although one of the major results of global warming appears to be increased variability of natural climatic phenomena, and an associated increased potential for climatic disasters, the distribution and range shifts of organisms are probably the most serious and easily observed consequences of climate change for biological diversity.

Invasive Alien Plants and Animals

Alien invasive species of plants and animals are causing massive disturbance in natural ecosystems across Africa. They are posing a threat to the indigenous biodiversity of all countries in Southern Africa.

Lack of Information

There is a marked lack of information available on the diversity of most invertebrates, algae, bacteria and fungi in Southern Africa, including on their genetic diversity. Thus many species in the sub-region, as elsewhere, may be threatened or become extinct before they can be named and described.



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Foreign Debt Servicing

A priority of most Structural Adjustment Programs is a reduction in government spending. Non-essential services are the first targets, with environmental departments seeing some of the largest budgetary cuts and lay-offs. Such cuts reduce capacity to manage existing conservation areas and the ability to prosecute environmental offenders and address environmental problems.

Tropical Forests: Regional Distribution and Forest Resources

Forests are distributed in a wide arc across the northern and eastern parts of Southern Africa. Their distribution in the region, roughly coincides with a mean annual rainfall of more than 400 mm. Not surprisingly, countries in the region differ markedly in both the area under forest and the forest types present. Ecologically, most of the region's forests are tropical moist deciduous (often miombo woodlands), with some tropical rainforest elements in the northern parts of Zambia. In the south, forests are generally limited to the coastal plains and escarpments, and the dominant types consist of subtropical humid and dry forests, with a minor temperate montane forest component.

In all of the countries in the region, forests are still a reservoir of basic goods and services. Indeed, fuel wood is the major consumptive use of forest products in Africa, dwarfing commercial logging. Forests are also a source of income from non-wood forest products (bushmeat, rattans and fibre, edible and medicinal plants, honey, tannins, and gum arabic) and tourism. Direct extraction and consumption of forest products (e.g., clearing for agriculture, hunting, and fuel wood) occur on a scale that arguably makes them the greatest threats to the ecological integrity of forests in the region. Forests are also still of direct cultural significance throughout the region. Many of the medicinal plants used by Africans are from forests and many forest plant and animal species play a role in traditional ceremonies.

Conservation Issues And Protected Area Status

Collectively, forests are the repository of a large part of the world's biological diversity and thus deserve protection. The extent of protection of forests differs vastly across the southern African region. Five of the countries (South Africa, Angola, Mozambique, Namibia and Swaziland) formally protect less than 10% of their forests, and only three (Malawi, Botswana and Zambia) have more than 20% in formal protection. Application of protection laws is poor across the region, but especially so in Angola where these laws for all intents and purposes do not exist. Laws and policies have also not kept pace with strong moves, particularly in South Africa and Zimbabwe, to give control of natural resources to local communities.

Threats to Tropical Forests

Threats to forests are mostly the same as the threats to biodiversity in general. Most forest loss in the tropical areas is due to clearing for agriculture and fuel wood production, but in the drier areas degradation due to overgrazing is more important. Miombo woodland, the dominant forest cover in Zambia and Zimbabwe, is threatened mostly by clearing for agriculture. This situation is worsened by an increase in human populations in these areas and is severest in the drier miombo of Zimbabwe.



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Fragmentation is a major threat to the ecological integrity of forests. Fragmentation causes isolation of many plant and animal populations in (often) too small areas for ecological processes to ensure their persistence. Its impact is usually disproportionate to its scale, because edge effects multiply the net area of impact. Most deforestation occurs at the edge between woodlands and forests, most likely because access is simply easier here. Much of the remaining forests in the southern African region have been fragmented to a greater or lesser extent, and contiguous patches remain in Zambia and Botswana.

Fresh Water and Marine Resources

Fresh water and marine resources in Africa are important for reasons of economic growth and nutrition, as well as a range of ecosystem services such as biodiversity conservation. The ecological and economic productivity of these resources is threatened by several factors, including policy and planning weaknesses, exotic species introduction, over-fishing, deforestation, pollution, agricultural and aquacultural conversion, water diversion, and global climate change.

Fresh Water Resources

Water is unequally distributed across the Southern African region. Water is relatively abundant in the north and east of the region, but decreases to the south and west. However, supply is extremely variable between seasons and across years. Per capita water availability is high in the Zambezi, Congo, Cunene and Cuanza basins, but relatively low in the Orange and Rufiji. These factors have led to high storage levels and inter-basin transfers of water to meet the needs of human populations, especially in South Africa, that have settled in areas with low water availability. Coupled to this is the generally high evaporative demand in the southern and western parts of the region, to such an extent that evaporation often exceeds precipitation rates. Some parts of the region, especially in South Africa, thus often experience water scarcity, a situation that is likely to worsen with high human population growth rates.

Another fundamental driver of water scarcity in southern Africa is population growth. In many SADC countries the population growth has been in excess of 2.5 times since 1961, with some countries showing a staggering 3.2-fold growth over a 40-year period. This places heavy demands on governments and local authorities to deliver potable drinking water.

The Southern African population generally tends to live in areas where there is a limited availability of water. The transfers of water along channels and pipelines are the norm and spatial linkages between the areas where water is available and the areas where water is needed. The high dependency on water transfers is best illustrated by the South African case where seven of the nine provinces generate in excess of 60% of their Gross Geographic Product directly from water that is provided by means of inter-basin transfers. This makes water transfer a strategic issue for the more economically active countries in SADC.

Coastal and Marine Resources

Africa's coastal and marine ecosystems are under extreme pressure from pollution from both land- and marine-based sources. Among these are uncontrolled discharges of industrial waste and sewage from coastal settlements; refuse blown or washed out to sea from formal or informal



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rubbish dumps; general and toxic wastes deliberately dumped at sea; and oil spills and leaks. Effluents from fish processing plants and industries located in the coastal zone are frequently discharged into the sea or surrounding watercourses or wetlands, from where contaminants are washed out to sea. Residues of fertilizers are also washed into the rivers.

Watershed Perspective

The region comprises seven major watershed basins. The Congo basin drains only the northern parts of Zambia and Angola and therefore plays a minor role in the environmental issues around water in the region. Central management organizations exist only for the Zambezi and the Orange -- over the rest of the region water management is highly fragmented and in some places non-existent. The major rivers of Africa share several characteristics that influence their environment. First, the often-dry downstream riparian eco- and agricultural systems are heavily dependent on management actions in the upper reaches. Second, the seasonal and annual flows are subject to wide fluctuations. This has necessitated the construction of large reservoirs on at least six of the major rivers in the region. Both South Africa and Zimbabwe are in the top twenty list of countries in the world by number of dams. Third, water quality in general is higher than for comparative basins in the rest of the world, although water in the region's industrialized basins is becoming more polluted.

Conflict and the Environment

Most Southern African countries experienced internal strife and armed conflict, either as part of the struggle for liberty or in response to decolonization. Armed conflict has had severe implications for the natural resource base of such countries. It gives rise to the loss and degradation of ecosystems, biodiversity, and food security. Entire communities of plants and animals may become impoverished or vanish. Intensive poaching and the destruction of natural habitats may result in the decline of entire populations of animals and the loss of biological diversity.

Health and the Environment

The environment -- physical, economic and social -- exerts a profound influence on health. Many of the world's health disparities arise from underlying environmental conditions. A wide range of factors (including water and sanitation, infections enhanced by environmental conditions, chemical toxins, poverty, and even social conditions such as violence) threaten the health and development of individuals, communities, and nations. The impact of physical environmental factors on human health throughout the world is sobering: each year 6 million people die and tens of millions more suffer serious illness from a combination of water-related diseases, indoor air pollution, urban air pollution and toxic chemical exposure.

Soil degradation has damaged one-fifth of the world's vulnerable dry lands and contributed to widespread malnutrition. Within the next generation, two-thirds of the world's people will live in water-stressed conditions that will further exacerbate a host of health issues.

Unsafe water, which spreads about 80 percent of all disease in developing countries, is the leading cause of public health concerns in Sub-Saharan Africa. Lack of access to clean water



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supplies can spark a whole range of diarrheal diseases -- including typhoid fever, hepatitis A, and cholera.

Global warming may exacerbate these changes in environmental conditions. Changing weather patterns can produce the right conditions for disease. Scientists estimate that a global mean temperature rise of 3 Celsius could create ecological conditions conducive to malaria in 60% of the world's land area, compared to a current 45%.

Food Security and the Environment

There are limitations placed on food security by the environment as well as opportunities for interventions. Low and variable rainfall, drought, and large areas of marginal land constrain the food production potential of the region. Significant land and water resources have been degraded to varying degrees as a result of a number of threats in the region:

- land and soil degradation, or the loss in biological or economic productivity;
- biodiversity loss, here referring to the “agrobiodiversity” on managed or productive land can lead to lost productivity, as agricultural practices tend toward monoculture;
- deforestation; and
- inherent biophysical constraints such as poor soils, variable and limited rainfall, recurrent patterns of drought, flooding, and susceptibility to pest infestation.

Urbanization, Economic Development and the Environment

Sub-Saharan Africa is faced with a wide range of strategic choices related to urbanization, economic growth and the environment. The following are nine key environmental and economic issues:

- Globalization and Self-Sufficiency;
- Exports, Trade and Import Substitution;
- Traditional and Modern Patterns of Consumption;
- Natural Resource Inputs and Urban Waste Outputs;
- Environmental Protection and Economic Growth;
- Green and Brown Environmental Agendas;
- Private and Public Sector Financing of Infrastructure;
- Western and Locally Based Planning; and
- Mechanical and Ecological Engineering Solutions.

Strategic Response

Enhanced Southern African Competitiveness in Global Markets

Evolving patterns of consumption will determine the essential balance to be reached between export and import substitution throughout Sub-Saharan Africa. This creates an urgent need to redefine the direction of development in order to avoid the growth of exorbitant, wasteful patterns of consumption and to achieve a progressive reduction in the un-ecological exploitation of resources. Sub-Saharan governments need to take actions that will encourage the use and consumption of locally made products as opposed to those coming from abroad.



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From the environmental perspective it is also important to ‘get prices right’ by internalizing environmental externalities so as to ensure that the enhanced competitiveness is both sustainable and built on true comparative advantages. The promotion over the past few years by South Africa of carbon-intensive export industries is an illustration of how ‘competitiveness’ should *not* be enhanced. As a springboard to enhanced competitiveness in *global* markets, increased trade *within* the region should be encouraged by building on the comparative advantages of the various countries in the region that result from divergent natural resource endowments. An environmental-economic analytical mechanism is needed that is proactive and very different from the traditional environmental impact assessment that is usually considered to be sufficient to deal with the environmental-economic interface of any proposed development project.

Enhanced Regional Food Security

Emerging opportunities to enhance food security in the region include political stability, cognizance of climatic change and technology, and optimizing the natural resource base by modifying agricultural production systems and taking advantage of biodiversity as a source of food and a source of income. For example, restoring the productivity of land by rehabilitating previously constrained areas will enhance the availability of both animals and plants as food and as a source of income.

Southern African food security is threatened by mono-culture production. Crop diversification (from heterogeneity of food consumption systems to poly-producer systems) would give a degree of food assurance and food security. The diversification of rural livelihoods is strongly supported by this ETOA. However, an increase in agricultural productivity needs to be sustainable. Given the harsh environmental conditions that prevail in much of Southern Africa this is likely to require alternative production methods and new crops.

Additional recommendations to enhance food security and reduce pressures on natural resources and biodiversity include:

- promotion of soil fertility and conservation measures;
- effecting a seed multiplication program in the target areas;
- strengthening the existing agricultural extension service and mobilization of local farmers into cohesive farmers groups;
- improving overall farm management by introducing alternative sources of draught power such as donkeys;
- enhancing agricultural production through promotion of small-scale irrigation schemes;
- boosting overall agricultural development and promotion of drought tolerant crop varieties for local consumption and marketing;
- promoting improved livestock production; and
- diversifying livelihood options from sustainable use of natural resources.

Improved Democratic Systems

In the decade that has passed not only have democratic movements seen some gains and democratic processes have taken root, but also a whole gamut of issues relating to ecology and environment have risen with profound implications from the local to the national level. The emerging issues of ecology and environment cut across questions of political economy, ethnicity, class, and the politics of power of global institutions and the market. More importantly, there are



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growing links at many levels between environmental degradation and destruction of livelihoods. These multilayered links have deep and fundamental consequences for democracy.

Water Resource Management

Water needs to be priced appropriately in order to implement demand management. Location of industry is colored by pricing policy. In a generally water scarce region, the development of exotic tree plantations is an inappropriate form of economic development. It is only made financially viable by inappropriate water pricing.

Thus, sustainable development and the use and management of water resources in ways that provide the most benefits for people, particularly the poor, while still ensuring that the water resources are protected for the benefit of future generations, can only be achieved by paying adequate attention to the environmental aspects of water resources, and by ensuring that environmental issues are brought into the mainstream of all decision-making regarding water resources.

Reduced Impact of HIV/AIDS through Multi-Sector Response

The RCSA should address the HIV/AIDS pandemic, which is affecting, and will continue to affect not only health, but also a) the economic well being of people, b) social structures at the community and family levels, c) the private sector, d) the ability of the public sector to deliver services in all sectors, and e) the environment. This strategic objective recognizes the need for a multi-sector response to reduce the impact of the epidemic. It should integrate activities to address short-term food insecurity and labor productivity issues of these affected vulnerable groups.



B.2 Gender Analysis

Introduction

Over the past 20 years, significant attention has been paid by development experts to matters of gender in the Southern African region. Nonetheless, changes in the lives of women and men have occurred at a lesser pace than might be expected.

In light of the SADC Ministerial Protocol on Gender, the RCSA now appears well-situated to plan implement, learn, and do capacity building through the use of gender analysis. Since the countries of the region and the associated regional bodies possess particular significant talent in the field of gender, a valuable resource exists to be tapped by the RCSA for the broad benefit of the peoples of the region.

Common themes cut across sectors, such as the known value of gender analysis for planning and assessment activities. The RCSA can provide critical support to women's and women-related NGOs in terms of advocacy and monitoring as well. There is important acceptance that approaching matters through a gender lens can bring value for improvement and empowerment in the lives of women and men.

Across the region women hold important roles in such fields as health and education. HIV/AIDS remains a primary and critical concern in both fields, and women's central roles and responsibilities in the larger care economies, for example, become matters of competition with the other demands of the production sectors.

In other sectors, progress on the democracy and governance front creates ripples of benefits in other sectors. Improved economic empowerment of women can allow heightened political participation and result in improvements in seemingly unrelated areas such as land ownership and tenure.

Opportunities from outside the traditional channels have been presented to the countries of Southern Africa, but time and other constraints frequently impede women's abilities to act upon them. The purpose of the present gender consultancy is to further illuminate these constraints and develop workable solutions to the reduction and eventual elimination of such constraints. This will best be accomplished by close cooperation and coordination between the development practitioner communities of the region, indigenous organizations, and the continued applications of talent and energy, including those of the RCSA.

Common Themes

For the three SOs that address the questions of economic opportunities and livelihoods, there are common issues related to gender relations, specifically women's disadvantages potential contributions with respect to economic opportunities:

- Women's time spent in care giving and social provisioning, which increases with declining public sector support of services and with the increased number of people infected with HIV/AIDS. These time demands will be an opportunity cost inhibiting



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- women's entry into larger scale entrepreneurship as well labor intensive agricultural production.
- Women's lack of legal rights to land and other assets, access to financial services and market information, and lack of access to labor-saving technologies for agricultural production.
 - Both women's and men's need for capacity building with respect to access to market information, trade negotiations, equitable employment policies, membership in business and trade associations, meeting international standards, and other skills required for participating fully in increasing regional and international trade opportunities.

From the perspective of democracy and governance, there are common themes in the DG SO and with community based decision-making envisioned in the SO for Integrated River Basins Management. In both cases, compliance with the SADC norm for 30% representation of women as office holders along with skills training in advocacy and decision-making will provide opportunities for women's voices to be heard in decision-making that affects their and their families' lives.

There is increasing evidence that taken together economic opportunities and democracy and governance can contribute to women's political empowerment and to the reduction of corruption.

Common to all four SOs is the need for the four basic elements of identifying and integrating gender into their activities:

- In planning, monitoring, and evaluation, all people-level indicators should be sex-disaggregated and reported accordingly.
- Technical, sector specific, gender analysis should be conducted to identify the different resources, activities, perspectives, and knowledge of women, men and other significant social groups. In Southern Africa, those suffering from HIV/AIDS and those who care for them may need to be separately identified.
- Gender targeting should be used to match programs to specific social groups.
- Project and sector specific gender training is desirable as an early part of program activities.

SO-Specific Recommendations

Gender and HIV/AIDS as a cross-cutting issue

Gender issues include (a) the consistently higher percentages of female adults (16-49 years living with HIV/AIDS in member states, (b) continuing vulnerability to HIV/AIDS because of their disadvantaged position, and (c) a disproportionate burden caring for the sick and orphans that is likely to limit their involvement and participation in programs and activities that should improve their livelihoods.

Recommendations

- Carry out mandatory HIV/AIDS impact assessment as a prerequisite to all policy and program initiatives.
- Appoint PLWHA and representatives of various groups of affected persons such as home-based care providers into management structure.
- Include assessment of HIV/AIDS impacts in all community level analyses.



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- Develop models for providing home based care that encourages participation of women and men in order to free women's time to engage in community development projects.
- Develop workplace programs that promote mutual skills sharing and transfer of collective knowledge.
- Develop technologies to alleviate heavy workloads resulting from HIV/AIDS illnesses and deaths
- Programs promoting economic competitiveness should propose deliberate measure to include vulnerable groups, especially women.
- Affirmative action should be adopted to ensure participation of women and men directly affected by HIV/AIDS in electoral processes.

A More Competitive Southern African Economy

Both women and men require access to business and trade associations for lobbying, market information, and access to financial services. A rapid appraisal of women's constraints and opportunities for trade would delineate specifically where and what programs would enhance women's competitiveness in the trade sphere. Proposed macroeconomic reforms undertaken in support of regularizing practices within the region could be examined for their implications for women and men by regional experts in gender budget analysis.

Recommendations

- Include and strengthen gender dimensions in the drafting and implementation of new industry, labor and environmental standards to conform to international requirements. ✓✓
- Develop a regional checklist on gender equality and trade related concerns, possibly using the skills of regional gender budget experts.
- Provide services to increase access of women entrepreneurs to formal sector participation through special regional financing initiatives, creation and installation of Business Incubator Centers and Advisory Centers. ✓✓
- Identify new products, barriers to employment and conditions of employment for women and men; foster regional production clusters that identify marketable products for women's production for export and provide skills training for improved products. ✓
- Work with partners to increase the number of gender trade specialists in the region with capacity for both gender-sensitive trade policy formulation and trade negotiation.
- Promote increased NGOs in the formulation of policies and regulations of trade
- Work with governments to broaden notions of accountability and transparency to include the gender impacts of budget processes and macroeconomic policies.
- Improve women's access to improved economic infrastructure including access to ICT, market information and transportation.
- Promote gender aware financial reform among partners focusing on banking, property and contract laws, outreach to women clients, priority lending to sectors with high female participation, and monitor loan use and repayment by men and women.

Improved Electoral Competition in Southern Africa

The emphasis of the Democracy and Governance SO is to improve electoral competition through support of NGOs, civil society organizations, media training, and electoral commissions. The



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SADC declaration that 30% of each national parliament should be women has set a marker that five states have obtained and is increasingly being applied to other decision-making bodies.

Recommendations

- Support national electoral commissions in mainstreaming gender and supporting a fair environment for women candidates and encouraging direct representation by people living with HIV/AIDS and those affected by the epidemic. √√√
- Promote in SADC countries the support the 30% target for women in Parliament, and that women office holders are fully incorporated in the committees and processes of parliamentary decision-making. √√
- Work with media to promote target of 30% women; support training for the media and increased coverage of women candidates. √
- With reference to SADC Declaration on Gender and Development, work to increase the percentage of women in elected office in each country to 30%.
- Promote involvement of women's NGOs and politicians in fighting corruption.
- Encourage women's NGOs to take the lead role in oversight of electoral competition processes.
- Support mitigation efforts on Violence against Women (VAW) as a key human rights abuse, such as promoting passage of VAW laws in countries now considering them (Botswana, Namibia, Zambia).
- Promote increased involvement by women's NGOs and politicians in efforts to mitigate and resolved conflict.
- Support election commissions to work directly with groups representing women and HIV/AIDS in order to identify issues and encourage direct representation by PLWHA and those affected by the epidemic.

Integrated River Basins

This program is focused around building data management tools that can provide sets of results as to the hydrologic effects on the Okavango Delta River Basin (shared by Angola, Namibia, and Botswana) of various demands (community, state, and regional) on water use. Its objective is to arrive at an agreed upon plan that reflects 'maximum joint gain analysis'. Activities include community level stakeholder analyses, establishment of community enterprises, increasing community participation in water management.

Recommendations

- Conduct a PRA that includes gender analysis, including an analysis of HIV/AIDS impact, in a sample of the communities to be affected by the program as one of its first activities. Report separately men's and women's roles and preferences.
- Support community based enterprises of both women and men, taking into account how HIV/AIDS is affecting them and community development.
- Include among SO partners' staff, people who are gender experts, can do technically oriented gender analysis and can work with communities in helping to ensure that women's voices as well as men's are listened to in developing community enterprises and community water management.
- Appoint women and men in river basin communities to relevant boards as much as possible. At least 30% of all community boards should be women. √√√



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- Make aware those responsible for legal and regulatory reform of women's and men's separate and joint interests. Legal documents should be written in a way that provides equal opportunities to women as well as men. √√
- Record men's and women's different traditional knowledge and current uses of water and NRM and study this pattern with respect to optimizing people's needs while conserving natural resources.
- Introduce labor saving technologies and/or new energy sources for some tasks (e.g. solar powered batteries, energy efficient cook stoves, etc.).
- Provide men and women with ready access to market information through whatever channels are appropriate for each.
- Consider community led activities to care for those with HIV/AIDS so that some time is freed up for enterprise development.
- Involve men, women, and youth in participatory monitoring of resources.

Improved Rural Livelihoods in Southern Africa

Gender issues are relevant in identifying profitable enterprises; providing access to market information, transportation, appropriate equipment, including labor saving equipment. Legal access to land can be very important in affecting women's incentives for production. Women will invest in land in which they have guaranteed access or control.

Recommendations

- In order to identify realistic possibilities for agricultural and livestock improvements as market opportunities, a gender-sensitive rapid appraisal of a community's actual resources, current production, and needs for assistance should be conducted.
- Include an analysis of access to inputs by women, men, youth taking into account the impact of HIV/AIDS.
- Conduct a market analysis of the feasibility of providing labor saving equipment and/or provision of energy to relieve labor shortages.
- Insure that improved production technologies for women's crops as well as men's are investigated and disseminated.
- Use media to educate on preservation of foods, how to use fertilizers, etc. √√√
- Identify potential product opportunities for women. √√
- Establish equal access for women and men to commodity exchanges.
- Conduct studies to see how agro-processing can be scaled up to the level of a tradable good.
- Assess whether high micronutrient produce, such as orange fleshed sweet potatoes, are marketable as is or in products, such as chapattis, so that food grown has nutritional benefits for the household members and customers.
- Support reestablishment of market centers for agriculture that like an exposition provides information on and access to inputs to rural communities. √
- Enhance women's and men's economic opportunities by providing training and mentoring to women and men potential entrepreneurs, encouraging both men and women to join or establish agricultural trade associations.
- Improve women's and men's access to information on markets and on new technologies for food production and processing by using or providing information channels most likely to reach each audience.



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- Train women as well as men on using ICT; make ICT available to women and men.

Maximized Value of the RCSA Services and Programs to Improve the Lives of Southern Africans

This new strategic objective emphasizes the RCSA services and responsibility for accountability: more responsive and effective planning, improved accountability for achieving results, improved knowledge sharing and collaboration, and improved capacity to achieve results. With its information gathering and accountability responsibilities, it is ideally placed to insure that gender issues are addressed in planning, monitoring, and evaluation as well as improving connections with regional gender experts and with other sources of information.

Recommendations

- Establish a gender management system within the Mission and give it priority status for its contribution to achieving results.√ Such a system should include an individual with a more than half time responsibility for assisting and monitoring gender integration and a gender working group made up of at least one representative from each SO.
- Require (a) sex disaggregated information on people level results; (b) technical and sector specific gender analysis, analyzing the data to ascertain what aspects of men's and women's respective roles and resources need to be taken into account in implementing the project; and (c) use gender targeting to men and women of appropriate projects and resources. Such studies also provide a baseline prepared on the basis of gender and social analysis and can shape the kinds of information needed for monitoring and evaluation.
- Improve the performance of the programs, partners, and people responsible for specific objectives or intermediate results holding them responsible for measurable people level results reported in a sex disaggregated manner.
- Hold meetings at least once a year with regional gender experts.
- Provide technically focused training in gender and social analysis including the issues related to HIV/AIDS to mission staff and partners.
- Develop a sourcing plan for local and regional consultants similar to the "basic ordering agreements" used by REDSO. Such a plan could provide the RCSA and bilateral missions with more efficient access to regionally available gender experts.
- Increase use of web-based tools for gathering information and analytical and monitoring tools to address gender issues.



B.3 HIV/AIDS Assessment

As the world enters the third decade of the AIDS epidemic, the evidence of its impact is undeniable. Wherever the epidemic has spread unchecked, it is robbing countries of the resources and capacities on which human security and development depend. In some regions, HIV/AIDS, in combination with other crises, is driving ever-larger parts of nations towards destitution.

UNAIDS; AIDS epidemic update: December 2002

Clearly, all four interventions (improved treatment for sexually transmitted diseases, voluntary counselling and testing, mother-to-child transmission prevention and antiretroviral treatment) can contribute significantly to reducing the number of new HIV infections. However, prevention strategies alone are unlikely to achieve a short-term reduction in the number of AIDS deaths. In the 'prevention only' scenario, the cumulative reduction in AIDS deaths would reach 510 000 by 2015. A combined 'treatment and prevention' programme, on the other hand, would result in a cumulative reduction in the number of AIDS deaths of 3.1 million by 2015.

When programmes that focus exclusively on HIV prevention are compared with ART programmes, it is apparent that prevention alone will not address many of the immediate consequences of the epidemic. Although prevention will, in the longer term, reduce levels of AIDS mortality, morbidity and orphanhood, **it will not mitigate these effects by a substantial amount within the next decade** (own emphasis). Antiretroviral treatment programmes may result in a more significant improvement in conditions in the short term, but even with an ART programme in place, the short-term effects of the epidemic are likely to be severe.

Johnson, LF & Dorrington, RE; The demographic and epidemiological impact of HIV/AIDS treatment and prevention programmes: an evaluation based on the ASSA2000 model – presented at the 2003 DEMSA conference.

Key country comparative data are presented for Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. The data illustrates important similarities across countries as well as some significant differences. This is followed by information on the impact of the epidemic in Southern Africa, with reference to a number of studies. Increasingly the main international and national policy frameworks that guide country responses to HIV/AIDS are development and poverty reduction policies and strategies.

The inter-relationships between HIV/AIDS and a number of issues are explored in some detail, including the identification of potential areas for mainstreaming action. The issues are

- Nutrition and food security
- Humanitarian crises
- Security
- Conflict
- Gender



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- Mobile populations
- Policy environment
- Governance
- Water resource management

Major channels of HIV/AIDS impact on the economy

For firms:

- Insurance/benefits up → affects costs, profits, savings
- Disruption/absenteeism → affects overall productivity
- Worker experience down/morbidity → affects labour productivity

For government:

- AIDS spending up → affects other spending, deficit
- Production structure shifts → affects revenue from VAT, trade taxes
- Household incomes, spending shift → affects income tax receipts, transfers

For households:

- Loss of income/orphans → vulnerable households require transfers
- Caring for HIV/AIDS → changed expenditure patterns, reduced savings, asset sales, lower investment in human capital

For the macro economy:

- Lower physical & human investment → reduced growth trajectory
- Class biased impacts → uneven welfare effects

Recommended Actions

HIV/AIDS, Nutrition and Food Security

- Strong advocacy strategies are needed to raise awareness of governments, policy makers, ministries, opinion leaders and the general public about the impact of HIV/AIDS on food security and rural livelihoods.
- Concerted action should be undertaken by a broad coalition of actors from affected communities, local and national governments, religious and social institutions, UN agencies, NGOs, the private sector and concerned individuals.
- Analysis of the effects of HIV/AIDS on rural social security systems, assets and other resources needed to sustain rural livelihoods, demographic patterns, gender dynamics and other social and economic processes.
- Review of laws and practices concerning access to land and resources – to ensure that the livelihoods of widows, orphans, and other poor HIV/AIDS-affected households are protected.
- Promotion, by agriculture extension programmes, of technologies that meet the changing needs of the rural households. Activities might include reorienting food production, processing and preparation; promoting initiatives for alleviating labour and capital constraints; fostering use of labour-saving tools and crops; introducing more productive agro-technologies and shifting to higher value crops.
- Programmes to ensure that agricultural sector staff are aware of HIV/AIDS and trained and encouraged to identify and assist affected households, communities and institutions.



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- Participatory household food security and community nutrition programmes, which present a neutral and acceptable way to initiate discussion about HIV/AIDS where the disease generates stigmatisation. This can simultaneously address household food security, health and care while improving the nutritional situation of people living with HIV/AIDS.
- Nutrition education and communication strategies which include appropriate dietary recommendations for individuals living with HIV/AIDS, and that take into account local food sources and production systems.

HIV/AIDS and Humanitarian Crises

- There is a lack of capacity in policy analysis across the region in all sectors but particularly in the public sphere. There is also a lack of access to policy documentation, strategies and discussions.
- Institutional capacity within civil society to participate in policy-making processes is poor.
- There is a lack of inter-sector dialogue to feed into food security policies and programmes at national and regional levels. A major gap identified in food security debates in general, was around effective co-ordination of understanding food security crises and a need to develop frameworks to guide responses.
- A standard guideline is required for the Region to better co-ordinate responses to food security crises.
- Scenario planning and mapping is required to support long-term response to the crisis, to better anticipate the impact.
- The issue of accountability, particularly for recipient governments, is a key requirement for an effective response to food insecurity – this was raised in terms of tracking what was happening to food aid and its distribution.
- Questions around the NEPAD peer-review mechanism were raised in the context of ensuring national food security and effective response to ensure regional stability.

HIV/AIDS and Conflict

- There is a serious lack of reliable, contemporary data on the spread of HIV in conflict settings. Conflict and vulnerability analysis should be conducted to identify the most influential determinants of vulnerability in each context to inform program and policy development.
- HIV/AIDS poses a particular threat to one pillar of the international system, and that is international peacekeeping.
- Agreements have been reached with all humanitarian agencies to integrate HIV/AIDS components into their relief work. UNHCR, WHO and UNAIDS have developed a ‘minimal initial services package’ (MISP), which includes essential programmes for HIV/AIDS information, condom access, and materials for universal precautions in camps for refugees and internally displaced persons.

HIV/AIDS and Gender

- Develop an understanding about differences in poverty among women themselves.
- Look beyond obvious forms of gender discrimination and analyse the complex socio-economic realities – such as class, ethnicity and geographic location – of the disparities that exist between men and women.



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- Identify the interplay between determinants and outcomes, notably the ways in which they reinforce each other.
- Use these kinds of data to assess the gender impacts of human development policies, inter alia for benchmarks to measure progress.
- Incorporate such gender-specific data into planning frameworks at the national level, notably PRSPs, which currently lack a gender dimension.
- Undertake a comprehensive engendering of the development paradigm, by revisiting many analytical and empirical issues and assumptions about human well-being.

HIV/AIDS and Mobile Populations

- There are many policies and programmes in place to address the vulnerability of various mobile populations to HIV/AIDS. Many are related to the workplace and address issues such as discrimination, confidentiality, recruitment and employment, testing and treatment. Some government departments have established strategic plans on HIV/AIDS for specific sectors, though their implementation has been slow.
- Most workplace programmes cover peer education, condom distribution, dissemination of information, education and communication (IEC) materials, HIV/AIDS awareness programmes and support to voluntary counselling and testing (VCT). These programmes, though extremely important, do not address the root causes of vulnerability.
- Some trade unions have been active in addressing some of the socio-economic factors driving the epidemic like housing and working conditions of migrant workers.
- Some successful programmes, mostly funded by international donors, have specifically addressed HIV vulnerability of certain mobile workers such as truck drivers, CSWs, traders and miners in mining towns, border areas and other risk-areas along transport routes.
- Overall, however, few policies and programmes address the specific socio-economic conditions that increase HIV risk for mobile workers. Conditions that devalue people's dignity signal to individuals that their lives are considered to be of little worth. In such circumstances the fight against HIV/AIDS is unlikely to encounter much success.
- Dangerous work environments – the heat and noise of a cramped mine stope, the ferocity of a battlefield, the rush to meet tight transport deadlines – imperil life. Why worry about HIV/AIDS when one may die in a rock fall, a landmine explosion or an accident?
- SADC governments, companies and NGOs need to take such factors into consideration when they develop policies and programmes on HIV/AIDS and mobile populations. To reduce the HIV vulnerability of mobile populations in the long term, the socioeconomic and political factors that drive mobility should be addressed, including the uneven distribution of resources, unemployment, socio-economic insecurity, economic instability and political unrest. Specifically, each SADC country should develop a policy framework to reduce the vulnerability of mobile populations.
- Conduct more research to inform policies and programs on mobile populations.

HIV/AIDS and Policy Environment

- Promote macroeconomic policies that remove internal and external imbalances. These will not guarantee that an economy will grow but without such policies growth will be blocked.
- Scale down the country's development agenda to match the available human capacity. An over-extended agenda has never promoted growth and development. High HIV prevalence African countries will not be an exception.



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- Adapt development programmes, including programmes to counteract the effects of HIV/AIDS, to local circumstances. This may involve scaling up some activities. Most likely it will mean that governments need to focus on doing small things well and building from there.
- Explore means of fostering the broadest possible co-operation between government and business so as to boost the capacity of public sector agencies. Under present conditions, the key agencies are over-burdened. They need restructuring and refocusing on their core (scaled down) mission. Private sector enterprises can support this process.
- Seek assistance from the international agencies on ways to use relevant information, knowledge, and technology to more effectively organize the country's financial, human, and physical resources. This assistance should economize on the country's use of its scarcest resources, one of which is skilled labour.
- Adopt macro and micro policies that boost exports, especially agricultural exports. The goal is to provide the economy with a source of output and income linked to the expanding external market. Policies should also ensure that export-induced growth linkages spread throughout the economy especially to the rural sector.
- Adopt special measures (school subsidies, life-skills programmes, food relief, income transfers, sponsored foster parents, social grants, micro-credit) to deal with orphans and vulnerable people (children and grandparents). These programmes represent an investment in future economic growth and social stability.
- Make special efforts to ensure foreign aid is used efficiently and effectively. This will require countries to refuse assistance if it overwhelms their capacity or does not focus on activities that boost growth and development.
- Seek synergies in official programmes to counteract the effects of HIV/AIDS. For example, the South Africa "cluster system" for boosting administrative capacity and quality of teaching may have broader applicability, for example, in health, agriculture, and security services.
- Disengage from areas and activities for which there is no compelling social reason for government involvement. This will boost the private sector by expanding opportunities for enterprise and removing state-sponsored inefficiencies in commercial activities.
- To accelerate disengagement, the public sector should seek to promote competition as broadly as possible. This economizes on the use of scarce administrative skills and maximizes the generation and productive use of information.

HIV/AIDS and Water Resources Management

- Capacity building and institutional development activities of the river basin institutions should be prioritized – in the areas of HIV/AIDS in general and impact mitigation in particular.
- Ensure that women participate in and benefit from community activities linked to water resource management activities.



B.4 Democracy and Governance Assessment

The team recommends that RCSA work within the framework of a new sub-goal: strengthening internal governance within key institutions of the democratic process. It recommends that RCSA adopt as its key higher-level objective, within the foregoing sub-goal, the strengthening of internal political party governance. This strategic objective embraces in one way or another all the central empirical requirements of democracy but especially the objective of effective political competition. Vigorous political competition during and between elections is necessary to democracy but not sufficient in and of itself, as often chaotic and undisciplined, sometimes intimidating and violent Southern African politics attest. Equally important are agreed-upon rules that allow the expression and advocacy of political ideas and agendas free of intimidation and suppression by others. The team sees improved internal governance within key democratic institutions as the key to furthering democratic consolidation.

In proposing this strategic sub-goal, the team works within conception of democracy shared by the academic community and USAID itself, with one additional criterion: processes of interest articulation and aggregation. It works with a conception of civil society that centers on its function, well grounded in political theory, of defining and defending the basic rules of the political game. It envisages a broadened focus of the rule of law to include not only formal constitutional and legal provisions, but also the internal rules by which key democratic institutions govern themselves.

While Southern Africa has participated actively in democracy's Third Wave, we perceive an implementation crisis in getting governments to accept limits on their power and to live by agreed norms, values and principles. This implementation crisis threatens future democratization progress and may endanger popular support for democratization. The countries of the region have experienced uneven democratic progress. However, all confront major obstacles to further progress including lack of rule-based political behavior, lack of civil society capacity, inadequate implementation of the rule of law, slow implementation of gender equity, insufficient implementation of human rights guarantees, inadequate policy implementation capacity, emasculation of sub-national governmental autonomy, and insufficient care and nurturing of human resources – most notably in the HIV/AIDS pandemic.

The team recommends RCSA implement this strategic objective via one or more regional civil society networks with which it shares the objective of strengthening internal party governance. It recommends this venue rather than working through one or more SADC-related inter-state platforms. It views this strategy as complementary to, rather than duplicative of, USAID bilateral democratic governance programming. Evidence suggests that rival political actors can work more effectively with each other at regional levels than in national environments within which their rivalries emerge.

The recommendation implies a broadened role for civil society as both a cause and effect of maturing new democracies. To sustain their ongoing influence on the advancement and defense of democracy, civil society organizations should combine advocacy capabilities with expertise with which to engage governmental and political bodies in actually strengthening their internal governance. The recommendation assumes continued civil society motivation to further



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consolidate democratic governance and its recognition that internal governance within key organizations of the democratic process is a major obstacle to realizing democratic consolidation.

The strategy envisages RCSA as a clearinghouse for mobilizing expertise on democratic internal party governance, which it would make available to one or more regional civil society networks sharing that objective. Limited USAID funding would go to designated civil society networks to support periodic regional meetings, and to support an RCSA staff position for this strategy.



C. OTHER ANALYSES

C.1 Macroeconomic Analysis

There is extreme diversity among the fourteen members of SADC. Gross national income ranges from \$3630 in Botswana to \$80 in the DRC. Most of the population lives in the poorest countries. The region is dominated by South Africa, which accounts for approximately 70% of SADC GDP.

Despite encouraging macroeconomic trends in some countries in recent years, GDP growth has been insufficient to alleviate poverty and allow the region to move towards achieving its goal of halving the number of people living in poverty by 2015. Many countries still have high inflation and/or debt, and almost all have low savings and investment rates.

As the SADC region attempts to make the transition from agriculture to a manufacturing base, it finds itself hampered by a lack of global competitiveness. Aside from the countries with extractive industries, few SADC countries attract significant foreign direct investment or derive an important portion of GDP from exports of goods and services. The region's uncompetitiveness is a result of over-valued real exchange rates, poor infrastructure, low skill levels, political unrest, high transaction costs, and poor economic governance.

Efforts to increase regional trade and investment through the SADC Trade Protocol have been hindered by policy back-sliding and the persistence of both tariff and non-tariff barriers among the member states. Going forward, the SADC region hopes to benefit from improved access to the US market through AGOA and the proposed US-SACU FTA. To take advantage of these opportunities, however, the SADC nations must improve their macroeconomic fundamentals.



C.2 Global Competitiveness and Regional Market Integration

The authors of this report concur that global integration with the world trading system is the appropriate emphasis for the RCSA's economic SO. From the work of the World Economic Forum's Global Competitiveness Program, we know this strategy should be based on support for a balanced and stable macroeconomic policy framework, a "competitive" private sector (i.e., one that is at the forefront of innovation and the use of technology for maximum productivity), and sound institutions to support private sector growth.

Global Trade Integration

The broad literature on economic growth, poverty reduction, and global trade integration confirms that countries that are open to global trade grow -- and thereby improve standards of living for their people -- more rapidly than countries that remain closed or skeptical of integration. Developing country concerns about the risks of increased openness need to be assessed as comprehensively as possible, balancing the welfare gains to consumers from improved access to cheaper goods and services, increased allocative efficiency in the economy, and increased foreign assistance and debt relief for countries on the path to global integration, with the welfare losses to producers from reduced protection, the likelihood of increased inequality of per capita incomes, the possibility of increased social and political tensions, and the increased costs associated with managing the transition.

In other words, global integration is not instantaneous or smooth. It is facilitated by helping countries (and their private sector interests) develop the capacity to fully participate in global trade negotiations, by policy and regulatory reform, by infrastructure investments, and by private sector development assistance (see Global Competitiveness section to follow).

Regional Trade Integration

Regional trade integration is an important input into this global integration objective, not because small economies are somehow disadvantaged, but as a means to the ultimate end of global integration rather than as an end in itself. Regional integration should be viewed as a broader package than just free trade within SADC. It should ultimately involve cross-border integration of capital and labor markets, infrastructure, institutions and regulatory frameworks, inter-firm collaboration through joint ventures and outsourcing arrangements, and, of course, flows of actual goods and services. The purpose of this integration is to allow goods and services to flow into and out of SADC member countries to/from the global market as efficiently as possible. Regional integration may also further the production of goods and services for the world market from within regionally integrated value-chains, if overall competitiveness is thereby enhanced.

Regional integration is also not instantaneous or smooth. It is facilitated by the same things as above, i.e., helping countries (and their private sector interests) develop the capacity to fully participate in regional trade negotiations, by policy and regulatory reform, by infrastructure investments, and by private sector development assistance.



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Global Competitiveness

Global competitiveness is first and foremost a private sector concept, emphasizing productivity and technology. “Being competitive” also refers to a range of business relations in which firms (farms are considered within this broader term) are part of a strategic compact within a “cluster” or subsector. This strategic compact may encompass relations within the firm (between management and labor), between the firm and its clients, between the firm and suppliers, among firms, and between the firm and the government.

An open, competitive economy in Southern Africa (either viewed as consisting of fourteen individual countries or of one regionally integrated economy) will probably look different than it did when it was relatively closed to global competition. We know that, left unfettered, economic activity migrates in a geographic sense over time to cities, coasts, and areas of dynamic clusters. It is also reallocated over time across sectors in the economy. Since workforces in higher income countries are far more heavily concentrated in services and industry than in primary sectors, we would expect a shift of SADC employment out of agriculture over time.

Economic transitions in pursuit of global competitiveness are not instantaneous or smooth either. They

can be facilitated by providing workers with portable skills of a technical, entrepreneurial, or managerial nature that are desired by dynamic, competitive clusters; supporting the growth and maturation of institutions, and assuring business development and financial services to promote enterprise growth.

Implementation Priorities

What activities should the RCSA consider to implement its economic SO? The RCSA’s latest thinking focuses on activities in regional competitiveness corridors, organized in three broad areas: policy, regional and global export relationships, and economic infrastructure. Further specification on these programmatic areas is provided below.

Policy

The RCSA needs to consider policies both within the region as well as relative to international trade fora. Greater harmonization of macro and sectoral policies (e.g., fiscal balance, inflation, exchange rate, banking sector, capital controls, labor migration) is required to introduce greater economic stability and increase investor confidence in the region. Greater simplification of trade policy among imperfectly overlapping regional trade regimes is also needed.

Trade capacity building is critical if SADC member countries are to be able to interpret the implications of regional and global trade commitments for their own stakeholders and play active roles in regional and global trade fora in the future. The RCSA should encourage individual SADC member countries to maximize their participation in the WTO and its myriad of agreements as individual countries. To the extent that SADC as a regional entity has any role to play at the WTO, it is most likely to be as a participant in the Africa bloc in the development of regional positions. SADC may play a role in negotiating preferential trade arrangements with other bi/multilateral partners, such as in pursuing a regional economic partnership agreement with the European Union EU or an FTA with the U.S.



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SADC member countries also need support from USAID for coherent international trade policies. Of key importance is the need to ensure that developed countries provide meaningful market access to developing country exports and reduce the tariff escalation that penalizes value-added processing by developing countries.

Forging Competition

A competitive cluster is one in which workers have the entrepreneurial, managerial, and technical skills required by global markets, in which firms produce goods and services according to the quality and other standards demanded by those markets, and in which institutions exist -- e.g., legal, regulatory, policy, financial, research, education and training, market development, utilities, public safety, trade facilitation, social services --that allow firms to have confidence in the business environment and invest in the future. The public sector clearly has a role to play in assuring the existence and efficient functioning of these institutions.

The RCSA should take a closer look at barriers to global competitiveness within specific regional sectors or clusters. To the extent that regional value-chain collaboration makes sense, as in the pursuit of efficient triangular or cross-border commercial collaboration possibilities to take advantage of AGOA for instance, the RCSA can help to foster commercial cross-border collaboration among private enterprises in the region. This will attract investment capital, both from within the region (e.g., South African capital) as well as from abroad, to productive regional investment opportunities.

Human capital infrastructure is required to accomplish this. The RCSA's strategic plan should include recognition of the importance of understanding supply and demand forces in the region's labor markets, the need to balance those forces and thus create employment, the need to look at the wage effects of increased global integration, and the need to understand the likely trends in the region of future demands for labor. Finally, the RCSA should initiate regional reflection on the implications of these labor market trends for education and training needs, which could perhaps be satisfied on a regional basis.

Support for global competitiveness in the region should also include an emphasis on the creation of sustainable markets for the delivery of "competitiveness-enhancing services," i.e. the development of private or public-private collaboration/transactions for R&D, productivity enhancement, information systems, market development assistance, etc. between firms and potential competitiveness service providers in the region (universities, technical colleges, training institutes, research centers, think tanks, consulting firms, etc.).

Improving Economic Infrastructure

The RCSA's definition of economic infrastructure should include all aspects of physical infrastructure -- e.g., getting transport, telecommunications, energy/water utilities, and waste treatment systems to work properly. This is not only a question of physical investments, but again of investments in human capital to ensure that operations personnel and regulators have the skills required to maintain these networks.



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HIV/AIDS and Competitiveness

As the effects of HIV/AIDS are beginning to be felt throughout the economies of SADC member countries, private firms will need assistance with long-range strategic planning in two areas. First, firms will need to learn how to cope with the effects of HIV/AIDS on workforce issues such as benefits policies regarding care, sick leave, and personal leave, as well as training policies to ensure adequate skills coverage either through multi-skilling of individual workers or planning for worker redundancies. More broadly, firms need to begin to think about the longer term consequences of HIV/AIDS-related morbidity and mortality on the local and regional markets they face for their goods and services. Diversification strategies may be required to examine alternative products or alternative markets in which to sell their traditional products.

Priorities under Gender

There is a need for greater regional dialogue on the gendered effects of trade liberalization issues. Donors should ensure greater consultations with and involvement by women in trade policy-making positions. SADC member countries also need to strengthen their public and private sector analytical capacity to assess the effects of trade liberalization policies on women's income, women's employment, and migration flows, and to explore options to mitigate the potentially negative social outcomes of trade liberalization policies on women. Finally, as part of a general focus on labor market issues as the region seeks to improve its global market competitiveness, attention should be paid to the promotion of labor legislation that ensures fair and equitable working conditions for women.



C.3 Assessment of the Economic Impact of the SADC Free Trade Area

Introduction

The past decade has witnessed a proliferation of regional trading arrangements in both the developed and developing world. Southern Africa is no exception. A key question is the extent to which these regional trade integration initiatives contribute to increasing economic growth in Member States and to enhancing the capacity of regional firms to compete in global markets. A number of studies on regional trading arrangements in Eastern and Southern Africa have highlighted the complexity of negotiating and implementing tariff reduction schedules among diverse economies arising from a multiplicity of regional and international trade agreements. Some commentators have also alluded to the differing levels of external protection within the regional groupings in conjunction with rules of origin that goes beyond the minimum authentication requirements. The present study examines the extent to which a South-South regional preferential agreement can act as a ‘stepping-stone’ along the path to increasing global competitiveness and greater involvement in world markets.

The SADC and COMESA Secretariats have coordinated studies to assess the impact of the existing trade regime on economic competitiveness within Member States. The two regional integration organizations (RIO) have been engaged in the negotiation and implementation of free trade areas. They have overlapping membership and include countries of widely differing sizes and income levels. Many of the least developed countries within Eastern and Southern Africa have undergone substantial structural adjustment over the past fifteen years, which has resulted in increased macroeconomic stability. Tariff reform was an integral component of the structural adjustment packages along with other measures aimed at bringing domestic prices closer to their economic prices.

The demise of apartheid and the emergence of a democratic South Africa reinvigorated the commitment to regional and pan-African cooperation. South Africa joined SADC in 1994 and was a driving force behind moves to establish the New Economic Partnership for African Development (NEPAD). South Africa, together with other members of SACU, has witnessed a trend towards ‘trade openness’ as a result of the accession to the World Trade Organization (WTO) in 1995 and the conclusion of a free trade agreement with the EU. The prospective SACU – US free trade agreement and the EU-ACP (Cotonou Agreement) is expected to add further impulse to trade reform in the region.

SADC economies face the challenges of adjusting to the rapid pace of globalization and the ongoing multilateral trade negotiations. They are implementing and negotiating a multiplicity of regional and international trade agreements, each with its own negotiated tariff reduction schedules (often differentiated), rules of origin and other requirements. This has created a complex set of incentives facing investors, producers, importers and exporters. The impacts of these trade agreements are also influenced by domestic taxation, regulation and unilateral tariff reform. The net effect of all these programs and policies on particular activities, on the general investment environment and on the prime goal of promoting sustainable and equitable



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development are not always transparent or self evident. Indeed based on the record of international experience particular policy measures can often have unintended effects. The need to adjust to regional and global developments has resulted in a debate on the unique circumstances of small economies in the world economy. This includes small least developed and landlocked countries as well as small vulnerable island economies, which are also found within SADC.

Against the background of rapid global and regional political and economic transformation the present study seeks to assess the extent to which the national and regional economic strategies are contributing towards augmenting their competitiveness and promoting sustainable and equitable development through increasing their participation in the global economy. The study estimates the impact of the existing incentive regimes in the SADC Member States with particular reference to trade policy in relation to their contribution to the region's international competitiveness. Based on detailed company and product specific data the study examines how the implementation of a SADC Free Trade Area will impact on incentives to trade within the region and to increase exports to the rest of the world.

Approach

The study provides an overview of the structure of incentives provided by the existing trade policy regimes. This includes a review of the structure of nominal protection and the pattern of effective protection based on firm level input-output coefficients. Using the standard questionnaire consultants collected the firm level survey data. Data on the current level of tariffs and duty rates, the implementation of the SADC Trade Protocol, trade flows and the structure of incentives were all obtained from official sources.

During the course of the work a number of important sectors based on a combination of size (output/employment), potential for growth, or vulnerability to changing policies were identified and subjected to more in-depth interviews. These seek to identify how regulatory and tax policies impact on the overall incentive regime for a specific sector. The studies show how the incentive regime impacts on investment, production, import and export decisions and the implications for competitiveness.

Conclusions

The study of the impact of trade policies on incentives for firms within SADC shows:

- The existing levels of nominal protection on inputs and final products throughout SADC Member States results in widely varying levels of effective protection both within sectors in countries and between countries;
- The structure of nominal protection with higher levels of protection for consumer goods and import competing activities results in significant anti-export bias against firms competing in global markets;
- The ability of firms to compete in export markets is made possible by allowing for duty rebates on imported inputs;
- The removal of tariffs under the SADC Trade Protocol, without reducing or harmonizing Member States external tariffs will create substantial incentives to produce for the regional market. Given the high level of domestic protection afforded to manufacturing in



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- SADC virtually all of this additional intra-regional trade can be classified as trade diversion;
- Attempts to prevent trade diversion through adopting strict rules of origin aimed at ensuring high level of local content will prevent trade from the non-SACU countries from qualifying for SADC preferences.
 - For the SADC Trade Protocol to contribute to increased growth and to facilitate international competitiveness it is necessary for Member States to consider reducing the disparities on their external tariffs.
 - The relatively small size of the SADC economies requires Member States to increase international exports in order to realize increased economic growth and employment.

In order to promote greater integration into the world economy it is necessary for SADC Member States to continue to implement policies aimed at lowering the anti-export bias.



C.4 Food Security and Rural Livelihoods

This report provides (a) an analytical synthesis, based on a broad-ranging literature review, of the state of and trends in household food insecurity in Southern Africa; (b) a brief review of what has been and is being done to confront food insecurity; and (c) suggestions about RCSA's possible role in dealing with the causes of food insecurity in the region during 2004–2010.

Lack of access to adequate amounts of food is extremely serious in Southern Africa and has been worsening for at least three decades. Development strategies intended to increase the pace of economic growth in the region have “disappointed and failed” in the main sectors—mining, industry, and agriculture. As a result, growth in production, productivity, employment, and household income have all lagged growth in population. The agriculture sector, upon which so many depend for their livelihood, has failed to generate enough broad-based growth to enable the food-insecure poor to gain adequate entitlements to needed quantities of food on a regular basis.

Specifically, more than one-fourth of the total populations of the six countries most affected by the 2001-2002 food emergency remain, as of early 2003, in a state of acute food insecurity; between one-fourth and one-half of children under the age of 5 suffer from chronic undernutrition; and more than half of the total population of the region (i.e., more than 50 million people) can be numbered among the chronically food-insecure poor. In addition, close to one-fourth of the adult population in these countries is infected with the HIV/AIDS virus. The causes of these conditions are numerous and mutually reinforcing:

- Three decades of negative per capita economic growth.
- Failed growth strategies in all major sectors of the economy.
- Increasing frequency of droughts and other episodic shocks in the region.
- Apparent climate change contributing to increasing variability in annual and seasonal rainfall and rising average daily temperatures.
- Environmental deterioration, particularly evident as deteriorating soil health, degraded watershed effectiveness, and declining resilience of pastureland.
- Decreasing per capita availability of water for human, animal, and crop use.
- Reduced viability and coverage of traditional social insurance and other safety net mechanisms.
- Continued underinvestment in women as agents of economic growth.
- Deteriorating transport infrastructure and increasing geographic isolation of larger numbers of rural poor.
- The rapid spread of HIV/AIDS among the entire population.

The poor have coped with this situation primarily by rapidly diversifying their livelihoods. One study (Bryceson, 2000) determined that by the late 1990s 55-80 percent of rural household income was derived from non-farm sources in surveyed areas—a significant increase from the comparable figure of 40 percent of just 2-3 years earlier. These substantial changes are a response to diminishing returns to land and labor in the face of market failures and impediments preventing movement into agricultural niches with higher returns. Such profound changes in traditional livelihoods have important implications for agriculture growth strategies that have sought to improve food security by raising on-farm productivity and crop-based incomes. Speeding asset



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creation and sustainability through the relatively frictionless and well-integrated operations of markets and institutions has not created sustainable conditions for production, productivity, remuneration, and household food security.

What has been done and should be done to improve household food security in the region? At present, the notion that food security requires a food system that builds confidence is gaining popularity. Food security policy is intended to maintain the conditions underpinning that confidence over time. During the 1970s and 1980s, the region's governments and donors focused—with varying success—on macroeconomic reforms, market liberalization in agriculture and other sectors, and reduction in government involvement in commercial endeavors. At the same time, investment in agriculture development programs decreased, especially in agricultural services and research. Agricultural inputs, marketing opportunities, and agricultural credit for smallholders, especially those far from roads or who farmed in less-favored geographic areas, also declined.

In the late 1980s and early 1990s, investment in education, health, and other social sector programs also fell as a result of declining government revenues. After the World Bank published its 1990 World Development Report (WDR) on poverty, poverty reduction began emerging as central to development programming. Country development strategies were more likely to focus on the extent and causes of poverty and the impact of development growth strategies on it. While economic and especially agricultural growth was still viewed as essential, such growth had to be achieved in ways that lifted large numbers of the poor out of poverty quickly. In the late 1990s, this concern was institutionalized in the Poverty Reduction Strategy Paper (PRSP) process in several countries in the region. At the same time, interest grew in “livelihood security” strategies (initially among the NGO community, but later throughout the donor community and governments generally) that would involve the poor in all aspects of program activities to raise their economic and social status.

At present, the notion that development programs in sub-Saharan Africa should focus on the agriculture sector as the “engine of economic growth” is gaining popularity. Research by Mellor and others on Southern and Eastern Asian economic growth seems to authenticate agricultural growth as the major contributor to economic development in countries such as India, Indonesia, and Egypt. Within agricultural growth, “middle sector” farming households are key in generating growth “multipliers.” Their increases in productivity, income, and expenditures on non-tradables seem to be associated with the largest economic multipliers and the most rapid spread of growth from rural agricultural producers to rural non-agricultural good and service providers and then to urban population groups—all linked to increases of production in both non-tradables and tradables.

While an agriculture-led growth strategy seems appropriate for development programs in Southern Africa, the rate and the spread of growth there might not lift the incomes of poorer farm households within 8-10 years. The positive impact on livelihood and food security might well be less, or take substantially longer, than in Asia and North Africa. And corollary concerns abound:

- The size of the factor and product market multipliers might well be less, and the velocity slower, than in the studied countries. The much higher percentage of households with high quality land and other productive assets might, through greater “friction” or inertia, greatly slow or block the spread of agricultural growth. There may, thus, need to be a corollary element in sub-Saharan Africa involving approaches that focus on livelihood.



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- Too little attention is devoted to women's role in agriculture and their continued under-representation in agriculture growth strategies is troubling.
- Intraregional and international trade must be more effectively addressed.
- The issue of appropriately focusing agricultural research—either on the better-off areas or on food-insecure poor smallholders—needs to be resolved.
- Governance problems in fragile and, in some cases (the DRC) failed, polities makes the already daunting task of effectuating pro-poor, food security-focused, agriculture-led development programs even more difficult and complex.

Should donors and governments pursue an agriculture-led growth strategy for all the countries of the region? It seems the approach most likely to generate broad and inclusive economic growth and increased production and incomes throughout Southern Africa over the long term. The need for a second (livelihoods) element is compelling; it would enable poorer smallholders and service providers to participate early on. This would require targeted efforts to assist communities in less well-endowed areas in creating and maintaining sustainable assets (e.g., rural road rehabilitation and maintenance, small water projects, erosion control structures, community-owned grain storage facilities, and similar physical assets). Local and international NGO development agencies would likely manage or assist such efforts, which would be financed through food aid, social action funds, and bilateral donor projects. Early involvement of small-scale farmers in export crops—using the Malawi NASFAM model—is also proposed.

Those designing and implementing an agriculture-led, livelihood-focused, growth strategy must grapple with the growing vulnerability of households to drought and other shocks and the growing risk that these events will occur at any time. The depth and pervasive nature of the poverty in which they are enmeshed makes the food-insecure even more vulnerable. It is one thing not to be able to grow enough food to eat, but without cash income, assets, or social insurance networks these poor can become malnourished and starve.

Most work for an agriculture-led, livelihood-focused, growth development strategy will need to be undertaken and accomplished at local, community, and national levels, but RCSA, with its regional mandate, can play an important role. First, it should buy into the strategy as the guiding modality for achieving food security. Second, it should directly support aspects of USAID's AICHA strategy best dealt with in a regional context. This might include efforts to expand regional and international trade, facilitate riparian rights agreements for the use of scarce river and lake water resources, and invest in cross-national evaluations of the long-term effectiveness of USAID and NGO program and projects in generating employment, household income, and food and livelihood security. Third, RCSA should focus on programs that reduce vulnerability to and risk of experiencing shocks, disasters, and calamities that affect multiple countries simultaneously or sequentially. Whatever RCSA undertakes, it should aim to facilitate the effectiveness of national and subnational programs in improving household food security for the long term.

RCSA has already identified some domains for inclusion in a regional food security-focused strategic objective. Our suggestions for these are as follows:

Science and Technology: Many elements in agriculture research and in application of research lend themselves to a single regional approach, rather than duplicative national approaches. Applied research in food and cash crops that can be grown in two or more countries is the most



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obvious example. Regional research on high value crops or livestock produced in agronomically favored regions should be supported rather than research on crops produced in less-favored regions. Remote regions are much more likely to achieve significant returns on investments in, say, road and rail links, than they are to achieve returns on crop research.

Agribusiness, Markets, and Trade: Expanding agriculturally based trade will be essential for agricultural and income growth. RCSA should devote a substantial share of its agriculture-focused program to improving the region's ability to market crops and livestock intraregionally and internationally. Particular attention should be paid to improving the sanitary and phytosanitary processing of Southern Africa's agricultural products as a means for expanding into European, Asian, and North American markets. In addition, RCSA should assist the region in finalizing and ratifying a regional trade protocol for both intraregional and international trade.

Disaster Management and Mitigation: The aftermath of the 2001-2002 drought illuminated weaknesses in data gathering and adequacy, validity of analysis, and in the veracity and timeliness of reporting. These weaknesses need to be addressed within a regional context. RCSA is in a good position, in theory, to undertake or support the rehabilitation of regional disaster management and mitigation. RCSA should also consider determining the efficacy of a regional strategic grain reserve system and the usefulness of a regional entity that would use grain futures markets to hedge the risk by member governments or private trading entities of under-availability of staple foods during drought or other emergencies. In addition, RCSA should consider a comprehensive examination of past and possible effectiveness of food aid as a development instrument and how NGOs and WFP have and could promote an agriculture-led, livelihood-focused strategy.

In sum, claiming that a development strategy and activities aim for food security is easy because so many mutually reinforcing factors contribute to insecurity. Some factors are, of course, more important than others in creating, spreading, and perpetuating food insecurity at the household level. RCSA should ensure that whatever is done under its food security SO addresses the most significant causes of food insecurity in Southern Africa.



C.5 Water Resource Management

The authors of this report recommended that RCSA select an appropriate basin where a number of the proposed result areas (summarized below) can be achieved through integrated interventions. Lessons learnt can then be disseminated and replicated in other basins. An example is where basin management institutions, policies, plans, community livelihoods, water supply-demand and ecosystem approach issues can all be addressed in one basin.

Some selected critical interventions that can have the most significant impacts at regional level could also be supported. Such initiatives could take advantage of SADC structures to avoid excessive resource requirements that such regional initiatives would normally require to implement.

Importance of water to the region

The region is heavily dependent on water since it is agro-based, but at the same time it is largely water scarce due to climatic variability. Due to the disparity in water resources availability between river basins, the region has started to depend on inter-basin transfers of water and disagreements on how to utilize water resources in certain river basins are being witnessed among some riparian states.

People living in poverty view the natural environment as sources of food and other essentials and are seldom concerned about protecting it. Unless activities to alleviate poverty are part of the integrated water resources management, any attempts to achieve sustainable water resources management are doomed to failure.

Strategic Options

Potential water resources management strategic options were analysed in relation to alleviating water scarcity, improving community livelihoods and cross cutting issues related to water resources management.

Alleviating Water Scarcity

Integrating surface and groundwater stocks: A project to address groundwater management in the region has been prepared by the SADC Water Sector Co-ordination Unit (WSCU) and will be funded by the Global Environment Facility. Further support will be required in various forms e.g. compilation of groundwater resources map in basins and establishment of a regional groundwater information system.

Integrated river basin and natural resource management: The contractor developed criteria for selecting a river basin in the region where the USAID/RCSA activities could be concentrated and recommended working in the Okavango and/or the Limpopo.

Water demand management: Management techniques and best practices employed by some countries should be fully exploited to avoid or postpone investments in water supply and



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development. Further work is needed on estimates of how much water is needed to support natural ecosystems. With respect to economic activities that affect water quality, regional effluent discharge standards and proven cost-effective technical interventions are lacking.

Improving community livelihoods

The contractor recommended natural resource/biodiversity management and ecotourism as ways of increasing incomes for communities and hence improving livelihoods. A good example of a successful pro-poor strategy for community based tourism approach is the NACOBTA (Namibia Community Based Tourism Association). Strategic options should take cognizance of HIV/AIDS, women, and other vulnerable groups to ensure complete improvement of community livelihoods.

Cross-cutting interventions

The areas considered important for inclusion across the board were water governing structures, policies and laws, information, planning, and investments. The report also stressed that the RCSA water resource management component should be aligned with the results areas proposed by the SADC WSCU and the activities initiated under the SADC protocol.

Recommended Strategic Options

The interventions or strategic options that the contractor recommended as a result of the technical analysis were as follows:

- Policy development and dialogue for water quality management; biodiversity management; water use efficiency; community based management; public-private sector partnerships; and integrating regional and international agreements /protocols/ conventions in national policies and laws.
- Building and strengthening institutions for proper water governance at SADC, basin and national level; commissions for basin and natural resources management; creation of information systems, conflict resolution and water financing
- Information sharing on best practices in water resources management, long term biodiversity conservation; basin/catchment management, water demand management, and water data base systems on surface and groundwater resources.
- Research on adaptation to withstand impacts of climate change/variability; flood and drought impacts management and mitigation; rain/flood water capture; water supply-demand modeling and planning for all end uses including the environment; community knowledge to improve livelihoods through natural resource management; and valuation of wetlands goods and services.
- Resource allocation for SADC water strategy, particularly groundwater programs, and centers of excellence on ecosystem approach.
- Community training and empowerments for basin/natural resource management; enhancing coping strategies and incomes in water scarce situations for communities, HIV/AIDS



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circumstances, and women; involvement of rural communities in water planning and management; and access to information for improving livelihoods.



C.6 Donor Coordination Analysis

Summary

This report, based on easily available sources, reviews 10 of the 22 official bilateral donor programs among Development Assistance Committee (DAC) countries including the five largest ones and others which have a particular focus in southern Africa in the RCSA's strategic areas. It also reviews five multilateral donors programs. The relations between and among donors, executing agencies, partner organizations, NGOs are complex and our objective is not to unravel them but to uncover broad policy directions in the strategic areas of interest as they complement RCSA activities and what lessons can be drawn from that experience.

An Inventory of donor projects in RCSA selected areas—tables of recently completed, on-going and near to starting activities were prepared for each of the RCSA strategic plan areas of interest by donor and by country. This information should best be thought of as a sample, representative of the kinds of activities that other donors carry out and on which analysis can be based.

The move from general policy prescriptions to actual policies and practices in southern Africa is problematic; and is more nearly justifiable in some donor programs than others. It is also clear that southern Africa represents a variety of situations, which provoke from the donor side, a variety of responses. Donor practices in Tanzania and Mozambique are probably the arch-typical ones. The others—South Africa, Botswana and Namibia, Angola and DRC, Seychelles and Mauritius, Lesotho and Swaziland—are all special cases in one way or another. Zimbabwe and maybe Zambia and Malawi are programs that are being reduced or redirected due to political concerns.

Donors use and understand similar terms in different ways. The concept of Public Private Partnerships is used to describe at least three different activities by donors, for example. But this is just one issue and a narrow one at that. More broadly, one cannot easily separate the areas of RCSA concern. To enhance rural incomes is to concern oneself with HIV/AIDS, gender and even global competitiveness. Placing donor activities into one or another of our categories is at times somewhat arbitrary.

The ten bilateral programs include seven in the European Community and the EC itself. It is not surprising that there are strong similarities among them. Among these there are even closer relations: the group of "like-minded" countries share a common view of development, in particular concerning environment, gender, and poverty reduction. A further subset of this group the "Utstein Group" meets regularly at different staff levels to coordinate their development assistance.

Yet surprisingly there are significant differences among these donors as well. If one were to imagine a continuum between two extremes: the program approach and the project approach then on the programmatic side you'd have British Aid and on the project side you'd find German Aid, with the others lying somewhere in the middle. Of course what each donor understands by the term programmatic (budget support, pooled resources, sector-wide approaches etc.) and the means by which programmatic support is executed may vary from donor to donor.



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Donors are almost universally prioritizing poverty alleviation in their programs based on the Millennium Development Goals. However, there is also an increasing recognition that all aspects of a country or a regional program are related—gender, food security, water, trade, environment, governance all impact on a country's poverty situation. Going beyond poverty, donors have similar sub-themes which their programs address: both those that are addressed directly and those that are considered crosscutting or overreaching.

Some donors do seek to specialize, especially the smaller programs: Irish Aid in HIV/AIDS issues, Japanese Aid in social issues generally, Australian Aid in governance, Norwegian Aid in fishing and Finish Aid in forestry. But when examining the actual projects which donors carry out, they seem to be more diffused in their approach.

Donors are increasingly more selective in the countries that they support. In most cases donors have cut back on the number of countries to support both world-wide and in southern Africa. Without doubt Mozambique and Tanzania are the two most favored countries in the region if the number of donors active in these two countries is any guide. On the other side Zimbabwe, Zambia and Malawi seem to be currently out of favor due to governance concerns. Angola and the DRC are special cases in that donor programs are focusing in on post-conflict issues and emergency aid. The five continental middle income countries are receiving less attention overall, but considerable concentrated attention, in areas such as HIV/AIDS in South Africa. The two island economies of SADC receive only highly specialized assistances from a few donors.

The increasing selectivity of donors allows them to lessen their concerns for performance and therefore for conditionality. These are built into the selection process. It allows them to consider general and "Sector Wide" budget support and pooled funding and increasingly a reliance of NGOs and greater contributions to multilateral organizations such as the United Nations. However, such an approach does raise the issue of how to monitor aid effectiveness and to link results with specific donor support. This is particularly critical for British Aid, requiring a closer collaboration between it, the British government and British public—to increase their understanding of aid-country dynamics beyond a few summary statistics.

Donors are increasingly promoting more comprehensive approaches to their areas of interest. In HIV/AIDS for example, Irish Aid has developed a more thorough view of what is involved although it remains to be seen how such an understanding is translated into practice. Water, forestry, fishing, energy and the environment are also areas where donors are providing selective support.

The bilateral donors also cover regional issues, but their supra-national involvement is somewhat limited to special concerns. There is some support to SADC and indeed renewed interest in the institution itself under the recent reorganization. There are even suggestions that donors utilize the same techniques –budget support and pooled funding—to fund SADC. This is under consideration by Norwegian Aid for example. However, (based on fairly limited information) it does not appear that SADC is the central focus of attention, as donors seem to be undertaking other regional initiatives outside the SADC framework. More information needs to be gathered on the administration of regional activities and donor partners in these activities than was possible for this review.



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Multilateral donors also promote a poverty alleviation focus to their regional programs. The African Development Bank has recently shifted its strategy towards the one adopted by other multilateral as well as bilateral donors. The multilateral donors are distinguished broadly by perhaps two features—one, the more regional focus of their programs and two, by the interests in partnerships. The World Bank especially has formed numerous sector specific partnerships and within the context of the Comprehensive Development Framework is promoting country partnerships driven by countries themselves. It has established an MOU with the African Development Bank to define their mutual activities, both complementary as well as independently within the region. Among the five multilateral donors considered in this report, the World Bank appears to have the most comprehensive regional focus in areas such as transport, water, HIV/AIDS, energy and the like. It's support for SADC however, seems to be fairly limited to sectors such as transport.

There are estimated to be around 17,000 NGOs in the southern African region, the large majority (10,000) located in South Africa. A large majority of the total however are quite small. Donors have for the most part relied on their own national NGOs to implement their programs in southern Africa. However, donors may be moving away from such programs and indeed away from project implementation in which NGOs have typically been utilized. There are nevertheless, among RCSA strategic objectives, areas where NGOs and particularly locally based ones will continue to play critical roles. These are in the areas of D&G, conflict vulnerability, food security and health.

The major difficulty of current support is that NGOs on the one hand appear too dependent on donor support and, on the other, do not respond well enough to the requirements of “results-oriented” donors. The Norwegians are currently assessing the availability and quality of governance NGOs to determine what kinds of support it might provide to enhance D&G in the region. There are a small number of regionally based NGOs.

The Southern African Council of NGOs is being established to interact with SADC but so far seems to be a marginal player. The Southern African Regional Poverty Network carries out analysis of poverty and options for its reduction; to provide wider access to information, research and opinion on poverty and to enhance public debate is fairly new but does not seem to a major player either. A D&G NGO the Electoral Institute of Southern Africa (EISA) has proposed a number of initiatives on electoral reform, but again is too new to evaluate. A more successful regional NGO is MISA, the Media Institute of Southern Africa was established in 1992 to promote free, independent and pluralistic media and seeks ways in which to promote the free flow of information and cooperation.

Findings and Conclusions

The review of other donor activities has brought forth the following general observations:

Objectives

Poverty Alleviation was the explicitly stated motivating force driving multi-lateral and bilateral and some country/institutional aid program. Countries are now encouraged to prepare Poverty Reduction Strategy Papers and for the Heavily Indebted Poor Countries, PRS processes are now the basis for World Bank and IMF concessional lending and for the conversion of debt into aid. Bilaterals are increasingly requiring a PRS as a precondition for their own programs. National



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interests are being redefined to support poverty alleviation in countries where aid programs are active.

The Modalities of Aid Delivery

Donors are changing substantially the way they organize and coordinate assistance at the country level, both in relation to the recipient and among the donors themselves. The Comprehensive Development Framework (CDF) and PRSPs have come to represent significant changes in the frameworks for the donors' country approach in countries where this is relevant. Most important among these, perhaps, is the "Sector Wide Approach." The move away from project lending towards SWAs has broad implications for donor work and for donor cooperation. Another favored modality of other donors is in the pooling of resources to achieve specific ends—whether a SWAp or a specific project or program. These may be managed jointly, or one of them may be designated to manage the combined resources of the others. Direct budget support is a third modality that donors are turning to under their new programs. Mozambique receives substantial budget support from donors, for example, some outside of SWAs some within a SWAp, the most well known being PROAGRI support with the Ministry of Agriculture. PROAGRI receives support from as many as 14 donors at one time or another.

Donor Coordination

In a country like Mozambique and also in Tanzania with many donors some coordination could clearly be beneficial. Coordination, despite some successes, remains an elusive process, not least because it is sometimes seen by the host government as "ganging up". But donors insist in the importance of coordination, as evidenced by the World Bank observation that "to make headway..., aid coordination must come first and foremost." Coordination is easiest to achieve at the policy and priorities level. Even in their approach to crosscutting issues, there is widespread agreement. Going down one level to procedures and practices, it is clear that there is a good deal to be gained from better coordination. But it is here where most difficulties lie and where transactions costs are large.

Relations with Partner Countries

Most donors are retreating from large geographic support. In a way this is the result of an expressed need to have their programs become more effective and more targeted towards more needy countries. Countries are being selected under not necessarily compatible criteria: need and shared goals. Mozambique and Tanzania are among the poorest in the world but according to most donors are among the few countries that share the donors' development goals. Donor support for Mozambique and Tanzania is considerable, yet the development needs of the two countries are vast and could easily absorb the support of all donors. Perhaps to keep out of each others way or perhaps to limit the problem to more manageable dimensions, the practice of some donors has been to concentrate assistance at the sub-national, mostly provincial level. It may be that such provincial support will diminish over time given the new orientation of development assistance, but there have been no signs of that yet at least in Mozambique and Tanzania. The preferred modalities mentioned above require ownership and commitment of partner governments.



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Relations with Supra-National Partners

While one typically discusses partner countries, it is of considerable importance to also determine or identify partners for regional programs both at the level of SACU and SADC. The history of many donors with SADC organizations has apparently not been a happy one, whether a typical outcome when donors deal with regional bodies composed of national interests, or because of the diversity of countries and issues involved. The recent reorganization of SADC may motivate greater cooperation with that entity but there are other means for establishing regional cooperation.

Priority Sectors

At first glance the stated priorities of donors are close to those of RCSA, in many cases almost identical; crosscutting issues the same. However, the implementation of policies is heavily nuanced among donors. It must be recalled that there has been apparently a crucial change in other donor policies over the past few years and that the overreaching priority of most programs is poverty alleviation. The other priorities in USAID terminology are intermediate results with crosscutting issues included. The changes in the modalities of AID are not just an attempt at increased efficiency but also recognition that all the intermediate results are mutually dependent and mutually reinforcing. Improvements in gender equality, rural incomes, D&G, anti-corruption, HIV/AIDS, increased competitiveness are all part of a larger poverty alleviation program.

Results

Poverty alleviation is the overreaching goal of most other donors' aid programs and they are therefore changing the way they do business; some more slowly and some more quickly. The more extreme in this regard is British Aid. It appears that they have agreed with the British Government that they will target the Millennium Development Goals or at least the poverty alleviation component as their own objective. This has led to a reorganization of their country and regional approach and has led to an apparently more aggressive partnership approach. Evidently, a discrete project approach will not be sufficient to achieve such results. Indeed the way forward is that being put forward with increasing frequency, the pro-poor PRSP and its follow up. This is a high-risk strategy and a difficult one, requiring substantial donor coordination and government cooperation. Even if the development process is, as all donors desire, government owned and led, projects are still necessary whether the government initiates the process or the donor.

Monitoring and Evaluation

Donors have placed renewed emphasis on results based management techniques over inputs, activities or outputs. If improvements in those indicators are achieved through greater cooperation among donors, a more rigorous selection of partner countries, rather than the individual efforts of a single donor or single project seems to be acceptable or even welcome. However, in several donor programs, the indicators that are devised for M&E themselves, even at the level of RBM, often drive the program. Rigorous adherence to such performance indicators may serve to straightjacket projects, making national projects serving regional objectives difficult. In fact M&E is even more difficult when project objectives are say trade, but crosscutting issues of gender, environment, HIV/AIDS are also taken into account.



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A transformation of other donor activities is being proposed and will be carried out over the next few years. The transformation will impact on the countries donors are willing to work with, the way in which they will work with those countries and the way they will work amongst themselves. This transformation is being driven by the Millennium Development Goals as well as increasing dissatisfaction with the results obtained from current practices. It is now accepted that development is possible only with a willing and able partnership between donor and host country.

The new approach is not clearly developed; donor coordination or cooperation is not all that easy and different approaches are being tried out. In fact some of the new developmental ideas are not so new, were tried and despite some successes, were abandoned out of frustration because of the large numbers of failures. Project work is attractive because it is easier to control: building a well or a dam or a road for that matter is easier than building institutions to combat HIV/AIDS or promote rural development.

Recommendations

- USAID should continue to work with SADC but consider approaches that donors are using in country programs—pooling resources or budgetary support combined with hard but realistic time frames for accomplishments of milestones.
- SADC might be the appropriate instrument when negotiating market access with the United States and the EC, however for most of the smaller countries in the region its real advantage would be in bringing down the barriers to intra-regional trade.
- Donor cooperation may certainly be useful but not an overreaching objective as it is becoming in certain countries at the national level. Although to differing degrees and with different approaches, other donors share RCSA's priorities. Ad hoc donor cooperation on specific activities could be beneficial.
- Working with national or indigenous NGOs at the regional level could be problematic. Strictly regional NGOs might offer some benefits in particular circumstances, but the impression obtained from the other donor experience is that they seem to offer little, becoming an entitlement rather than an instrument for change.
- International NGOs do provide special expertise and vision. They also may offer the regional coverage that RCSA might require. Some seem to be successful in working with private sector entities.
- South Africa is an important donor as well as participant in the region. Consider the importance of South African buy-in in regional activities.
- Consider the regional dimensions of projects carried out by country missions.
- For all RCSA priority areas except perhaps for promotion of SADC itself, sub-regional programs may be more appropriate.
- PPPs with RCSA will likely not conflict with similar activities by other donors.



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