

# **USAID/Regional Center for Southern Africa**

## **Annual Report**

**FY 2005**

June 16, 2005

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## Regional Center for Southern Africa

### Performance:

Background: The countries of southern Africa range from very poor (Angola, Lesotho, Malawi, Mozambique, Tanzania, and Zambia) to low to middle income (Botswana, Mauritius, Namibia, South Africa, Swaziland, and Zimbabwe) reflecting the variations in economic activities. However, even within the wealthier countries in the region, significant income inequality and poverty exists. Although the region is anchored by the modern and diversified economy of South Africa, many of the countries in southern Africa continue to be predominantly agricultural. Agriculture accounts for 70-80% of employment, but contributes only about 20% to regional GDP due to low productivity and value added. Populations are often small and dispersed. A high percentage of the labor force survives on very low incomes from sporadic employment or economic activity in subsistence or informal sectors. Food shortages occur often, 2002 being the most recent. Many subsist on less than \$1 per day (ranging from 36% in Zimbabwe to 64% in Zambia).

That said, southern Africa has relatively well-developed infrastructure and a diverse natural resource base. Economic growth, while less than satisfactory to reach poverty alleviation goals, has been sustained; the average rate of GDP growth was 4.5% in 2003 (not including Zimbabwe). Most southern African countries have undertaken significant economic reforms, including measures aimed at improving monetary and fiscal policies. The steady but less-than-exuberant response of national economies indicates, among other things, that the reforms are not completed (protectionism and overvalued exchange rates continue to hamper trade, for example) and that the private sector often lacks the resources and skills to respond to increased opportunities.

The region achieved full majority rule in the early 1990s. The current struggle is to turn political independence into stable democracies with vibrant economies. Southern Africa remains relatively peaceful compared to other sub-regions of Africa. Only two countries are currently experiencing significant internal conflict - Zimbabwe and the Democratic Republic of Congo (DROC), as the latter continues to strive for full cessation of hostilities. Political development in the region, however, is uneven. Executive branches of government dominate political processes. The years 2004-2005 are major electoral years for national elections in the region - up to eight elections are expected overall. South Africa's national election, seen as a potential trigger for increased insecurity in the region if things went wrong, was assessed by international observers to be free and fair.

Socially, southern Africa has become the face of HIV/AIDS to the rest of the world. Botswana, Zimbabwe, Lesotho and Swaziland have the highest HIV infection rates in the world, and South Africa is home to more HIV-positive persons than any other nation. The epidemic is robbing southern Africa of the resources and capacities upon which human security and development depend.

U.S. Interests and Goals: The United States has three main regional interests in southern Africa. First, the U.S. would like to increase trade and strengthen economic ties with the southern Africa region. Second, the U.S. is very concerned about the region's HIV/AIDS crisis and recurring bouts of food security problems. Finally, these economic and social interests fall under the broader U.S. objective of strengthening democracy to improve the climate for trade and reduce the risk of conflict in the region.

The Regional Center for Southern Africa, USAID/RCSA, provides a regional platform for advancing these interests through Presidential and Agency Initiatives, namely the Initiative on Trade for African Development and Enterprise (TRADE), the Initiative to End Hunger in Africa (IEHA), the Anti-Corruption Initiative, and the Conflict Initiative. The President's Emergency Plan for HIV/AIDS Relief (PEPFAR) is managed at a regional level by the USAID mission in South Africa.

Challenges: The crisis in Zimbabwe continues to affect the design and implementation of regional programs. In 2001, Zimbabwe stopped paying its debt obligations to the U.S. Government (USG); this led to a set of funding restrictions in 2002 that were dictated by the Brooke Amendment, which prohibits assistance to any government of any country that has been in default for a period in excess of one year on loans funded under the annual Foreign Operations, Export Financing and Related Programs Appropriations Act. To avoid frequent disruption of its program, USAID activities under the new strategy were designed largely to exclude Zimbabwe. Should the situation change, the mission will need to dedicate resources for intensive catch-up work with Zimbabwean counterparts in areas of regional import, such as trade policy and cross-border seed certification.

In FY 2003, USAID's strict adherence to USG policy and requirements on not providing assistance to Zimbabwe led to the SADC Secretariat refusing to sign agreements with the regional mission. Unfortunately, this eventually affected the results from several SADC activities that USAID had been supporting, and made more difficult the process of adding new funds to ongoing activities.

Transition Year: Operationally, FY 2004 was a transition year between strategies for USAID, and most of the old activities ended during the year. The new activities begin effective implementation in FY 2005, and although the mission ensured there would be bridging activities in several areas (such as AGOA support), there will be an implementation and regional indicator information gap of 6 to 12 months in several program areas. Accordingly, results from the entire period of the previous strategy were covered in the FY 2003 Annual Report, and this year's report will be relatively brief.

#### Key Achievements:

Democracy and Governance: The SADC Parliamentary Forum (SADC PF) is expanding from its usual role of monitoring and assessing the conduct of national elections to making technical contributions to the reform of national electoral codes. Botswana adopted the regional norms and standards in late 2003, and Zambia completed a review of its electoral process in August 2004. Other areas of USAID assistance included conflict mitigation, particularly training and practices for managing electoral conflict; capacity building for 13 organizations dealing with human rights and victims of torture, and two information/research activities that assess regional issues and regional progress in implementation of regional agreements (the SADC Barometer), and public attitudes about their governments and national economies (the Afrobarometer).

Trade: In FY 2004, the Regional Trade Hub provided trade capacity building assistance to the Southern African Customs Union countries that are in the process of negotiating a Free Trade Agreement with the U.S. Exports to the U.S. under AGOA in 2004 reached \$1.9 billion in September (excluding Angola), or 18 percent above the FY2003 amount for the same period. USAID wound up its activities in telecommunications and energy, but continued to press for and support advances in the development of two international overland transport corridors - both the TransKalahari Corridor and the Dar es Salaam Corridor are being co-managed by private and public sectors. Tax harmonization continued to move ahead, albeit slowly - five double taxation agreements were signed between countries seeking to avoid duplication of taxes.

Agriculture and Rural Livelihoods: After more than a decade of focusing on basic food crops, RCSA initiated an activity that included both basic and non-traditional crops in its technology dissemination package. The results on the basic crops - e.g., improved varieties of cassava and sweet potatoes -- continue to show growth in production and in area planted. For example, the percentage of crop area planted with improved varieties for sweet potatoes increased from 30 to 36%, and the quantity of improved cassava sold to the commercial market increased to over 15,000 metric tons. Work has just begun on disseminating and marketing non-traditional high value crops; this is the first step in program transition to the more market-oriented activities planned under the new strategy.

Natural Resources Management: In 2004, the support from RCSA for three transboundary natural resource management area activities came to an end. The results showed strong promise for the

transboundary concept and for the areas themselves, especially where governments proactively supportive. Before the activities ended, the Greater Limpopo Transfrontier Park straddling Mozambique, South Africa and Zimbabwe had been formally established by agreement between the three governments; the Four Corners area of Botswana, Namibia, Zambia and Zimbabwe was operating on a technical level via collaboration among Ministries; and the tri-national community forum of ZIMOZA (Zimbabwe, Mozambique and Zambia) was beginning to explore options for starting community-based natural resource enterprises. RCSA has moved to the support of river basin management activities, and in that vein, the mission supported a Sharing Water activity that successfully pulled community and government groups together to discuss and make recommendations about river basin management.

**Gender:** As a regional mission, RCSA mainstreams gender into its program but currently has only a few activities with direct gender impact. One of them, the Engendering Parliaments activity managed by SADC/PF promotes gender equality in politics and decision-making. The Regional Women's Parliamentary Caucus carries out activities in countries holding elections in support of achieving the goal of at least 30% female representation in national parliaments.

**Public-private relationships:** RCSA has only one Global Development Alliance (GDA) activity underway at present, but others are in development under the new strategy, particularly in the trade and rural livelihoods programs.

**Other Donors Operating Regionally:** USAID/RCSA utilizes the joint consultative meetings organized by the European Union (EU) and SADC for overall donor coordination. Sector-specific coordination has been developed in two sectors (trade and river basin) and in sub-sectors of the democracy and agricultural areas (e.g. election monitoring and coordinated response to food shortages). Overall, the two donors carrying out the largest regional programs in southern Africa are the European Union and the United Kingdom. The EU, USAID and the UK have the largest regional programs in economic growth and infrastructure. Similarly, the UK, USAID and Denmark have the largest regional democracy and governance programs; the EU, USAID, and Norway have the largest regional environment and natural resource management programs; and the EU, USAID, and the UK have the largest regional agriculture programs. The UK, Norway and the EU have the largest regional HIV/AIDS programs.

USAID has identified the chief donors working in the same sub-sectors as USAID, and when most appropriate and needed, takes care to coordinate interventions among donors. Some examples include the International Monetary Fund (IMF), who works on anti-corruption initiatives, and the UK's Department for International Development (DFID) who is involved in electoral norms and standards. Sweden (SIDA) and the UNDP Global Environmental Facility are supporting regional river basin management activities in the Okavango River Basin. The economic growth areas in which USAID is working receive support from a number of donors, namely the EU, DFID, and GTZ in regional trade; the EU, World Bank and IMF in economic and financial sector reforms; the World Bank, EU, and DFID in Customs reform and administration, GTZ in private sector development, and DFID in food security.

## Results Framework

### **690-001 Increased Regional Capacity to Influence Democratic Performance**

IR 1.1 Increased information sharing within the region

IR 1.2 Increased advocacy and other cooperation bringing regional experience to bear at national level

IR 1.3 Regional norms further defined by Southern Africans

### **690-002 A More Integrated Regional Market**

IR 2.1 Reduced barriers to broadened participation in the regional market

IR 2.2 More efficient provision of infrastructure

IR 2.3 Advocacy for sustained regional integration strengthened

### **690-005 Create Capacity for More Informed Regional Decision Making**

### **690-011 Broadened U.S.-SADC Cooperation**

### **690-012 Increased Regional Cooperation in the Management of Shared Natural Resources**

#### **SO Level Indicator(s):**

Number of transboundary natural resource management areas established

IR 12.1 Viable Practices for sustainable management of shared natural resources adopted

IR 12.2 Policies, protocols and agreements enacted

IR 12.3 Organizations and institutions capable of effective regional intervention

IR 12.4 Ecological monitoring systems for decision making improved

### **690-013 Expanded Commercial Markets for Agricultural Technologies and Commodities in the SADC Region**

#### **SO Level Indicator(s):**

Quantity of commodity sold to the commercial market (MT)

Quantity of improved seed sold in selected private sector markets (MT)

IR 13.1 Laws and Policies that increase Trade in Agricultural Technologies and Commodities Enacted

IR 13.2 Adoption of sustainable agricultural technologies and practices increased

IR 13.3 Private Sector participation in delivery systems for improved agricultural technologies

increased

IR 13.4 New sustainable agricultural technologies and practices developed

### **690-014 A More Competitive Southern African Economy**

#### **SO Level Indicator(s):**

Exports of Selected products in targeted sectors

Total Exports

IR 14.1 Enhanced Policy and Regulatory Environment for Competition and Free Trade

IR 14.2 Strengthened Capacity of Targeted Clusters to Produce and Market Competitive Goods and Services

IR 14.3 Key Transaction Costs Reduced

### **690-015 Rural Livelihoods Diversified in Southern Africa**

#### **SO Level Indicator(s):**

Growth in rural income (OPIN)

Number of jobs created in targeted areas

IR 15.1 Exports by emerging commercial farmers of high-value agricultural commodities increased

IR 15.2 Agricultural production in pilot vulnerable communities diversified

IR 15.3 Regional Coordination on Research and Policy Improved

### **690-016 Improved Electoral Competition in Southern Africa**

#### **SO Level Indicator(s):**

Percentage of national elections conducted according to regional norms and standards

IR 16.1 Increased demand for accountability and transparency of electoral competition processes in

the region

**IR 16.2** Improved electoral processes through compliance with regional norms and standards

**IR 16.3** Increased capacity of targeted regional organizations to mitigate election related conflict

**690-017 Improved Management of Selected River Basins**

**SO Level Indicator(s):**

Number of Integrated Watershed Management Government Groups Strengthened

Number of national or local entities involved in Integrated Water Resource Management plans in selected river basins

**IR 17.1** Institutional Capacity of Water Management Authorities Strengthened

**IR 17.2** Improved Community Utilization of Critical Hydrological Areas

**690-019 Strengthened Response to HIV/AIDS in Southern Africa**

**SO Level Indicator(s):**

Client countries and organizations satisfied with RHAP Number of client countries satisfied with RHAP assistance

**IR 1** Increased access to select HIV/AIDS services in target populations across the region

**IR 2** Improved quality of Mission programs to combat the HIV/AIDS epidemic in the region

**IR 3** Increased participation of regional networks and institutions in combatting the HIV/AIDS epidemic