



## **Regional Center for Southern Africa**

# **Regional Strategic Plan 2004 - 2010**

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# Regional Center for Southern Africa Regional Strategic Plan 2004 - 2010

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### I. ACRONYMS

A&A	Acquisition and Assistance
AFR	Africa Bureau
AGOA	African Growth and Opportunity Act
AIDS	Acquired Immunodeficiency Syndrome
AU	African Union
CBNRM	Community Based Natural Resource Management
COMESA	Common Market for East and Southern Africa
CVA	Conflict Vulnerability Analysis
DA	Development Assistance
DFID	Department for International Development
DG	Democracy and Governance
ECOWAS	Economic Community of West African States
EU	European Union
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FSN	Foreign Service National
FEWSNET	Famine Early Warning System Network
FTA	Free Trade Agreement
FY	Fiscal Year
GAO	General Accounting Office
GDA	Global Development Alliance
GDP	Gross Domestic Product
HIV	Human Immunodeficiency Virus
ICASS	International Cooperative Administrative Support Services
ICTs	Information and Communications Technologies
IEHA	Initiative to End Hunger in Africa
IR	Intermediate Result
ISA	Initiative for Southern Africa
IQC	Indefinite Quantity Contract
IWRM	Integrated Water Resource Management
MCA	Millennium Challenge Account
MISA	Media Institute of Southern Africa
MOU	Memorandum of Understanding
NEPAD	New Partnership for Africa's Development
NEP	New Entry Professional
NGO	Non-Governmental Organization
NPC	Non-Presence Country
OE	Operating Expense
OKACOM	Okavango River Basin Commission
OPIN	Online Presidential Initiative Network
OYB	Operating Year Budget
OWG	Overseas Workforce Group
PASA	Participating Agency Services Agreement
PMP	Performance Management Plan
PPP	Public-Private Partnerships
PSC	Personal Services Contractor
PSO	Program Support Objective



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RCSA	Regional Center for Southern Africa
REDSO/ESA	Regional Economic Development Services Office for East and Southern Africa
RFA	Request for Applications
RFP	Request for Proposals
RHAP	Regional HIV/AIDS Program
RISDP	Regional Indicative Strategic Development Plan
RSP	Regional Strategic Plan
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAEDF	Southern Africa Enterprise Development Fund
SIDA	Swedish International Development Agency
SO	Strategic Objective
TCN	Third Country National
TRADE	Trade for African Development and Enterprise
UN	United Nations
US	United States
USDH	US Direct Hire
USG	United States Government
USAID	United States Agency for International Development
WID	Women in Development
WSSD	World Summit on Sustainable Development
WTO	World Trade Organization



## II. EXECUTIVE SUMMARY

The Regional Center for Southern Africa (RCSA) was established in 1995 to implement the Initiative for Southern Africa (ISA), which provided the framework for the first regional strategy from 1997-2003. The 2004-2010 Regional Strategic Plan (RSP) builds upon the solid accomplishments and lessons learned from that period. The following principles guided the development of the RSP:

- greater strategic alignment with United States (US) foreign policy interests in Africa;
- better integration of regional programming with bilateral investments;
- multi-partner, multi-agency approach;
- high-quality customer service;
- results focus;
- agile response to changing US foreign policy priorities and regional trends; and
- continuous business system improvements.

RCSA's goal through the initial strategy period has been to promote equitable sustainable growth in a democratic Southern Africa. This powerfully stated goal is as valid today as it was in 1997. It effectively captures the broad objectives of Africa's new leaders, as outlined in the objectives of the New Partnership for Africa's Development (NEPAD). It is highly congruent with US foreign policy interests in Africa and directly supports mission performance plans and strategic objectives (SOs) of US Embassies and USAID Missions in Southern Africa.

To achieve this goal, RCSA is proposing four SOs and one program support objective (PSO):

**SO 14: A More Competitive Southern African Economy** is based on the premise that increased trade and open markets are the drivers of economic growth and poverty eradication. This SO directly supports President Bush's Trade for African Development and Enterprise (TRADE) Initiative by strengthening the ability of Southern African countries and businesses to develop

their export trade. The proposed approaches are consistent with the Agency's Building Trade Capacity in the Developing World Strategy and with Michael Porter's framework for enhancing a nation's competitiveness. The SO will (a) build the capacity of Southern African nations to negotiate and effectively implement international trade agreements and to develop policies, laws, and regulations that support free trade and competition; (b) strengthen the capacity of selected clusters of export-oriented firms to produce and market competitive goods and services; and (c) support policy, institutional, and procedural changes that reduce the costs of moving goods and services to regional and international markets. The Southern Africa Global Competitiveness Hub, established in Gaborone in June 2002, provides a multi-agency, multi-partner platform from which to pursue the objectives of the TRADE Initiative in Southern Africa.

Multiple factors contributed to the 2001-2002 food crisis in Southern Africa: erratic weather, a poorly functioning agricultural sector, inappropriate government policies and actions, widespread poverty, and the HIV/AIDS epidemic. To help the region emerge from the crisis into sustained recovery and economic growth, **SO 15: Rural Livelihoods Diversified in Southern Africa** will (a) assist emerging commercial farmers to export high-value agricultural commodities to international and regional markets; (b) diversify crop-livestock systems to lay the foundation for more vulnerable groups to participate in market-oriented farming in the future, while helping them to adopt short-term rural livelihood strategies that address food insecurity, poverty, and hunger; and (c) coordinate regional agricultural development and rural livelihoods research and policy. The SO is directly linked to the President's Initiative to End Hunger in Africa (IEHA).

**SO 16: Improved Electoral Competition in Southern Africa** recognizes that democratic governance is the key to an enabling environment that supports equitable sustainable growth



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in Southern Africa. SO 16 will support (a) regional civil society organizations and other regional coalitions that promote accountable and transparent political competition and (b) improved electoral processes through compliance with regional norms and standards. By reducing the prevalence and impact of corruption on political competition and promoting more accountable and transparent governance, this SO will directly support the Agency's Anti-Corruption Initiative.

**SO 17: Improved Management of Selected River Basins** supports the President's Water for the Poor Initiative by improving sustainable management of selected river basins in the region. It will (a) strengthen the capacity of regional river basin commissions and participating governments to reform policies and adopt water management systems that ensure effective planning and efficient utilization of water resources among competing sectors and (b) develop the capacity of communities living in watersheds and other areas of hydrological significance to manage water and ecological resources in a sustainable manner.

RCSA recognizes the strategic role that legal, procurement, financial, program, and technical services and activities have in ultimately improving the lives of Southern Africans. **PSO 18: Maximize Value of RCSA Services and Programs** elevates high quality customer services to the level of a strategic management objective. Customers under this SO include USAID Missions and US Embassies in Southern Africa, USAID/Washington, other US Government (USG) agencies, and regional organizations and networks. RCSA will maximize the value of services and programs provided to these customers through (a) improved customer service; (b) continuous business system improvement; (c) agile response to changing USG objectives; and (d) efficient, compact management of streamlined portfolios. The PSO supports the Agency's business transformation objectives under the President's Management Agenda.

Mitigating the impact of HIV/AIDS will be an important cross-cutting theme rather than a stand-alone SO. RCSA understands that the HIV/AIDS pandemic poses severe challenges to achieving development results in Southern Africa. Each SO working group analyzed the possible impacts of the epidemic on the proposed strategic framework and highlighted possible mitigating actions. For the new strategy, all solicitation instruments will require bidders to propose explicit approaches with cost estimates for mitigating HIV/AIDS in their proposals. The Performance Monitoring Plan (PMP) will include sub-Intermediate Result (IR) indicators to track progress in mitigating impacts. RCSA will coordinate closely with the Regional HIV/AIDS Program (RHAP) in South Africa and with the Regional Economic Development Services Office for East and Southern Africa (REDSO/ESA) to provide regional services and support related to HIV/AIDS mitigation.

RCSA has identified a number of other important cross-cutting themes that will be mainstreamed into the overall program: (a) gender, (b) anti-corruption, (c) conflict mitigation, (d) information and communications technologies (ICTs), and (e) environment. Activity design documents and PMPs will explicitly address each of these cross-cutting issues. SO 16 will provide leadership on cross-cutting anti-corruption, conflict mitigation, and gender activities through technical advisors and participation in the Anti-Corruption Initiative, the Women's Legal Rights Initiative, and the Conflict and Peacebuilding Fund.

RCSA is laying the foundation for a new partner-rich implementation strategy based on Global Development Alliance (GDA) principles and the White House and Agency Faith-Based and Community Initiatives. By forging strategic alliances with a diverse array of partners, RCSA will leverage financial, technical, and other resources to enhance development results. During the strategic planning process, RCSA systematically explored opportunities for devel-



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oping new partnerships and alliances at the SO level. The PSO will establish an Alliance Support Unit as a full-service, one-stop shop to assist RCSA staff, bilateral USAID missions, and US Embassies in non-presence countries to develop and nurture strategic alliances. Forging public-private partnerships will be an integral approach in each SO.



### III. OVERALL ASSISTANCE ENVIRONMENT

#### OVERVIEW

The Southern African Development Community (SADC)<sup>1</sup> has a population of about 200 million with a combined gross domestic product (GDP) of \$188 billion, roughly equivalent to that of Austria.<sup>2</sup> Although the market is relatively small, SADC's share of the aggregate GDP of Sub-Saharan Africa exceeds 55% and compares favorably with figures for other regional groupings in Africa.<sup>3</sup> South Africa accounted for nearly 70% of the region's GDP.

Populations are small and dispersed. South Africa, Tanzania, and DRC have 64% of the region's population, while the smallest five countries account for only 3% of the total. Population growth rates range from 1.1% in Mauritius to 3.2% in Angola and DRC. Population density varies from 2 persons per square kilometer in Namibia to 576 in Mauritius.<sup>4</sup>

The average per capita income in 2000 was \$932, down from \$1,023 in 1980.<sup>5</sup> There are wide income disparities across countries: Mauritius, South Africa, Botswana, and Seychelles have average per capita incomes ranging from

<sup>1</sup> Angola, Botswana, Democratic Republic of Congo (DRC), Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe.

<sup>2</sup> Kritzinger-van Niekerk (2002).

<sup>3</sup> The Common Market for Eastern and Southern Africa (COMESA) has a GDP of \$98 billion, and the Economic Community for West African States (ECOWAS) has a GDP of \$82 billion. Kritzinger-van Niekerk (2002).

<sup>4</sup> *Ibid.*

<sup>5</sup> Although average per capita incomes fell during the past two decades, the SADC region still has higher incomes than other regional arrangements in Africa. For example, the average per capita income for COMESA is only \$260. Kritzinger-van Niekerk (2002).

\$3,000 to \$9,900, while average incomes in Angola, Mozambique, Tanzania, Malawi, Zambia, and DRC fall into the \$110-\$320 range. Poverty is increasing as unemployment rises<sup>6</sup> -- a large percentage of the labor force is surviving on very low incomes from sporadic employment or unrecorded economic activity in subsistence or informal sectors. The percentage of the population subsisting on less than \$1 per day ranges from 36% in Zimbabwe to 64% in Zambia.<sup>7</sup>

Compared to the rest of Africa, the region's infrastructure is relatively well-developed. Southern Africa is richly endowed in natural resources that provide a foundation for rural livelihoods and economic growth. Most of the region's leaders are committed to principles of democratic governance, and the dramatic end of Angola's war in 2002 is an important milestone of regional peace.

Southern Africa can be prosperous and stable. The vision can be achieved through coordinated, focused attention on improving productivity, enhancing competitiveness, reducing poverty, achieving food security, controlling infectious diseases, exercising good governance, and effectively managing natural resources. Technology can accelerate the process of change. The rate of progress, however, will depend upon effective leadership and supportive laws, policies, practices, and institutions that promote growth and stability.

<sup>6</sup> The World Bank estimates that approximately 40% of the region's population is living in extreme poverty and that unemployment has increased from 30% in 1986 to nearly 59% in 2000. Source: Kritzinger-van Niekerk (2002).

<sup>7</sup> GAO (2003).



## **CHALLENGES AND OPPORTUNITIES**

### **Significant Challenges**

Several fundamental challenges confront the Southern Africa region over the next decade.

HIV/AIDS Pandemic<sup>8</sup>: Seven Southern African countries<sup>9</sup> have an estimated adult HIV prevalence rate of 20% or greater, and four others<sup>10</sup> have rates between 5% and 15%. Over the strategy period, most of these infected people will die. The epidemic is robbing Southern Africa of the resources and capacities upon which human security and development depend. HIV/AIDS affects human capital, productivity, savings, and investment; places growing demands on government and services; and changes the way resources are allocated in the economy.

According to an IMF study, HIV/AIDS will lower GDP per capita in 10 to 15 years, ranging from -4% in Mozambique to about -7% in Zimbabwe.<sup>11</sup> Projected average per capita GDP growth rates without HIV/AIDS range from 1.5% for Lesotho to 3.9% for Mozambique. In countries with adult HIV prevalence rates of 20% or greater, national income is projected to be 67% lower at the end of a 20-year period than without the disease. These estimated impacts pose severe challenges to the ability of the region to meet its economic growth and poverty reduction goals.

New evidence demonstrates that prevention strategies alone are unlikely to achieve a short-term reduction in the number of AIDS deaths. 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.

<sup>8</sup> Summarized from Smart (2003).

<sup>9</sup> Botswana, Lesotho, Namibia, South Africa, Swaziland, Zambia, and Zimbabwe.

<sup>10</sup> Angola, Malawi, Mozambique, and Tanzania.

<sup>11</sup> GAO (2003).

Antiretroviral treatment programs may result in a more significant improvement in conditions in the short term, but even with an antiretroviral treatment program in place, the short-term effects of the epidemic are likely to be severe. National and regional development strategies must therefore pay more attention to impact mitigation.

Natural Disasters and Food Security: Food insecurity -- the inability of individuals or households to secure adequate food for a healthy, productive life -- is a pervasive problem in Southern Africa. Food insecurity is associated with high rates of chronic malnutrition in the under-five population, ranging from 30% in Swaziland to 59% in Zambia.<sup>12</sup> Erratic weather patterns triggered the most recent food crisis in 2001/2002, but the underlying causes are more complex and include a poorly functioning agricultural sector; questionable government actions; widespread poverty; and HIV/AIDS.

Macroeconomic Instability: Most Southern African countries have undertaken significant economic reforms, including measures aimed at improving monetary and fiscal policies and management. Despite widespread progress, however, macroeconomic outcomes in the region are mixed. Overall, the economies have failed to achieve sufficiently high and sustainable rates of growth. Unemployment rates and the incidence of poverty are unacceptably high. Real savings rates are low or negative in most of the region. This discourages domestic savings and promotes capital flight. Borrowing costs are high, making the cost of capital to finance business growth prohibitively expensive. Overvalued real exchange rates hurt the competitiveness of Southern African goods on the world market.

Water Scarcity: Water is becoming a critical environmental issue in Southern Africa. The demand for safe water is increasing rapidly due to population growth and economic develop-

<sup>12</sup> Ibid.



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ment, yet there are great disparities in water availability and use within and between countries. Water demand in Southern Africa is projected to rise by at least 3% annually until 2020<sup>13</sup>. By 2025, Malawi and South Africa will face water scarcity<sup>14</sup> and Lesotho, Tanzania, and Zimbabwe will be water-stressed<sup>15</sup>. The rising demand for increasingly scarce water resources is leading to growing concerns about future access to water, particularly where water resources are shared by two or more countries. A major challenge for the region is to prevent and manage conflicts that may arise from competing demands for this scarce resource.

**Urbanization:** Southern Africa is a rapidly urbanizing region. The population is currently 36% urbanized, and more than half of the populations of Botswana and South Africa live in cities. Over the next 30 years, the urban population in the region is expected to increase almost three-fold, largely driven by rural to urban migration.<sup>16</sup> Rapid urbanization will be an important driver of conflict if migration to cities exceeds capacities of governments to cope with the influx. Tensions may arise from the assimilation of new migrants from rural areas, urban self-segregation by ethnicity or home language use, or crowding that leads to poor living conditions.

In contrast to the overall regional trend towards urbanization, Zimbabwe is currently experiencing de-urbanization as the urban economy collapses. Angolans are also moving out of protected urban areas back into rural areas.

**Conflict:** With the cessation of hostilities in Angola in August 2002, Southern Africa has its first good chance in nearly thirty years to build a

<sup>13</sup> Global Environment Outlook (2000).

<sup>14</sup> Less than 1,000 cubic meters per person per year. Source: Global Environment Outlook (2000).

<sup>15</sup> 1,000 to 1,700 cubic meters per person per year. Source: Global Environment Outlook (2000).

<sup>16</sup> Calculated from "World Urbanization Prospects," Population Division, Department of Social and Economic Affairs. UN Secretariat (2002).

secure region free from war, deep social tensions, and self-perpetuating struggle. Nevertheless, there are significant risks for conflict in the region arising from the HIV/AIDS pandemic, food insecurity and famine, water scarcity, uncontrolled urbanization, sluggish economic performance that perpetuates poverty and unemployment, environmental degradation, political competition and failed elections, poor governance, land disputes, gender inequalities, and human rights violations.

### Opportunities for Significant Impact

During the strategic planning process, RCSA identified the following opportunities for significant impact: the TRADE Initiative, IEHA, the African Growth and Opportunity Act (AGOA) and AGOA II, the US-Southern African Customs Union (SACU) Free Trade Agreement (FTA), the World Trade Organization (WTO) Doha Development Round of negotiations, the availability of new agricultural technologies, improvements in telecommunications and information technology, advances in biotechnology, and cessation of conflict in Angola.

## REGIONAL TRENDS

### Economic Trends

Southern Africa is not growing rapidly enough. SADC estimates that the region requires an economic growth rate of 6 to 7% to achieve an effective and sustainable reduction in poverty. In general, growth rates declined over the first eight years of SADC's existence, falling to an average of 4.3% during 1992-2000 from 10.3% in the preceding decade. Growth rates are still declining: the regional average real growth rate for 2001 was only 2%, down from 3% in 2000.<sup>17</sup>

The fourteen member states of SADC are moving towards regional integration. Protocols on trade, transport, telecommunications, energy,

<sup>17</sup> SADC Barometer. South African Institute of International Affairs (March 2003).



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wildlife, shared watercourse systems, and corruption provide important frameworks for achieving cooperation, coordination, harmonization, and integration of policies and strategies. Although the Trade Protocol is an important step towards regional economic integration, the agreement is limited in many respects. The pace of liberalization is very slow -- at the end of eight years of implementation, a number of countries will have achieved only 75% or less of the target for tariff-free trade within SADC. Complex rules of origin protect sensitive industries and limit opportunities for duty-free trade. Although recorded intra-regional trade levels remain low, South Africa has enjoyed a growing annual trade surplus vis-à-vis the rest of SADC: South Africa accounts for more than 70% of the imports of other countries in the region.<sup>18</sup>

Agriculture accounts for only 22% of the region's GDP, but its contribution to the region's employment is estimated at 70 to 80%.<sup>19</sup> It is also a major source of foreign exchange for most Southern African countries. The market is highly differentiated, ranging from traditional subsistence farming on fragile ecosystems to highly sophisticated large-scale holdings that produce for global markets. National economies are generally dependent on a few primary agricultural commodities. With fairly similar climatic and agro-ecological conditions, region-wide agricultural production patterns tend to fluctuate in tandem, limiting the scope for regional agricultural trade.

Foreign Direct Investment (FDI) to Southern Africa increased from an average of \$691 million in the early 1990s to \$3,061 million in 1995-1998. Six countries (Angola, Lesotho, Namibia, South Africa, Tanzania, and Zambia) were among the top ten recipient countries in Sub-Saharan Africa, with South Africa attracting

more than 27% of total flows. Most of this investment was related to privatization; the public-private provision of infrastructure; and exploitation of natural resources such as oil, diamonds, copper, and gold.

However, the region has failed to attract investment in industry and agriculture. The small absolute size of the markets and limited domestic demand due to widespread poverty are constraints to market-seeking investment. Efficiency-seeking investment requires a combination of adequate and efficient infrastructure, a workforce with skill levels that allow for timely and cost-efficient production and delivery of goods to international markets, liberal trade policies, and easy access to export markets.

### Political Trends

Political development in the region is uneven. Democratic transition in the late eighties and early nineties, though dramatic, has shallow roots, is fragile, and is characterized by weak institutions of governance. Nonetheless, there have been positive developments: the formulation of SADC election norms and standards; the application of those standards by observer teams in national elections in Zimbabwe, Zambia, Tanzania, and Lesotho; and the role of the SADC Parliamentary Forum in election observations in the region. A few key elections have been legitimate, an important trend in a region with nascent democracies. It is noteworthy that the unconstitutional third term ambitions of the Presidents of Zambia and Malawi were successfully thwarted by civil society organizations. However, the participation of women in politics and decision-making in most countries is still far below the 30% minimum set by the 1997 SADC Declaration on Gender and Development as a goal for 2005.

Continued executive branch domination in political processes and the lack of transparency and accountability in some countries highlight the fragility of new democracies and underline the importance of a stronger, collective regional

<sup>18</sup> Kritzinger-van Niekerk (2002).

<sup>19</sup> The balance of GDP is contributed by manufacturing (12%), non-manufacturing industry (19%), and services (47%). Figures are for twelve SADC countries, excluding Seychelles and Mauritius. Source: World Bank "Country at a Glance" database (2001).



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civil society. Corruption is frequently identified as a major development constraint. The latest index of perceptions of corruption by Transparency International indicates a general increase in the perception of corruption in Southern Africa. The largely successful defense of media freedom and the use of that freedom to undertake anti-corruption campaigns is an encouraging trend.

### Social Trends

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.<sup>20</sup> The pandemic is decimating a limited pool of skilled workers and managers and eroding the rural labor force. The impact on families and households is enormous. The disease strips families of assets and income earners, further impoverishing the already poor. In Botswana, for example, per capita household income for the poorest quarter of households is expected to fall by 13%, while every income earner in this group can expect to take on four or more dependents as a result of HIV/AIDS. In Zambia, in two-thirds of families where the father had died, monthly disposable income fell by more than 80%.<sup>21</sup> AIDS-related deaths are also increasing the number of orphans and child-headed households -- there were more than 4,000,000 AIDS orphans in eleven Southern African countries in 2002.<sup>22</sup>

The decline of infant mortality in the region is one of the major achievements in the last few decades. The under-five mortality rate for Southern Africa declined from 180 deaths per 1000 in 1960 to 111 deaths per 1000 in 2000.<sup>23</sup> However, AIDS is erasing decades of progress made in extending life expectancies. For example, the life expectancy at birth in Botswana has dropped to a level not seen in that country since 1950. In Lesotho, a person who turned 15 in

<sup>20</sup> Kritzinger-van Niekerk (December 2002).

<sup>21</sup> UNAIDS (2002).

<sup>22</sup> SADC countries excluding DRC, Mauritius, and Seychelles. Source: Smart (2003).

<sup>23</sup> World Bank: World Development Indicators 2000.

2000 has a 74% chance of becoming infected by his or her 50<sup>th</sup> birthday.

Malaria, a major cause of illness and deaths, afflicts approximately 65% of the region's population. It averages about 35% of all inpatient diagnoses and about 40% of all outpatient diagnoses in all age groups. Other major health risks include tuberculosis, cholera, and dysentery. Many HIV infected persons are co-infected with tuberculosis.<sup>24</sup>

HIV/AIDS is straining already weak health budgets and systems. The World Bank estimates that the number of hospital beds needed for AIDS patients could exceed the total number of beds available in Swaziland by 2004 and in Namibia by 2005. In Botswana, hospital expenditures on drugs, linen, blood, and HIV and other tests have increased by 40%.<sup>25</sup>

At the same time, the health sector is losing valuable human resources to AIDS. In Malawi, between 25 and 50 percent of all health care workers may die from AIDS by 2005. In Zambia, deaths of health care workers increased by a factor of thirteen from 1980 to 1990, largely due to HIV/AIDS. On the other hand, the emergence of community-based home care has been one of the outstanding features of the epidemic and a key coping mechanism for mitigating impacts at the household level.<sup>26</sup>

The region is performing relatively well in providing universal basic education, but the performance of secondary and tertiary levels of education lags far behind the potential of the region. On average, less than 50% of students progress to secondary school and less than 1% progress to the tertiary level.<sup>27</sup> The supply of trained teachers is already inadequate and will diminish further as teachers succumb to AIDS. Skilled teachers are not easily replaced, and the impacts in rural areas, where schools depend

<sup>24</sup> UNAIDS (2002).

<sup>25</sup> *Ibid.*

<sup>26</sup> *Ibid.*

<sup>27</sup> Kritzinger-van Niekerk (December 2002).



heavily on one or two teachers, are especially devastating.<sup>28</sup>

Many countries in the region are suffering from “brain drain” as entrepreneurs and high-skilled individuals seek opportunities in other countries. Intra-regionally, this is resulting in a shift in the composition of skills, with the southern part of the region attracting the higher-level skills. These same countries are also hosting large numbers of low-skilled illegal immigrants displaced by political or economic hardship from their home countries. Without improved educational systems and a trained workforce, the region will not achieve its growth and competitiveness objectives.

Gender relations need attention in the region. Typically women are impacted more severely than men in terms of incidence of poverty; access to productive resources; literacy rates and school enrolment ratios; mortality rates, life expectancy and survival rates; incidence of HIV infection and its impact, and access to basic social services, including education. Human rights violations against women and children are common.<sup>29</sup>

### **Environmental Trends<sup>30</sup>**

Southern Africa is rich in all aspects of biodiversity, which is the foundation of food security and livelihoods for the majority of the region’s population. This biodiversity is threatened by ineffective conservation projects; land and soil degradation resulting from inappropriate agricultural practices, overgrazing, and poor management of pastoral lands; and population growth and uncontrolled migration. Other negative effects include the impact of climate change on the distribution of organisms and ecosystems, invasive species of plants and animals that are disturbing natural ecosystems, lack of information and knowledge of biodiversity issues, and

reduced government spending on environmental management.

In all Southern African countries, forests are still a reservoir of basic goods and services, although countries differ in both the area under forest and the forest types present. The region is experiencing rapid deforestation due to clearing for agriculture, harvesting of fuel wood, and overgrazing. Deforestation, together with the loss of vegetation, contributes to land and soil degradation and erosion of biodiversity.

Rivers are the dominant form of aquatic freshwater ecosystems in the region, although only a few large ones are perennial. Fifteen trans-boundary river basins of varying size and mean annual run-off support the water requirements of the region. Most of the run-off is concentrated in the less developed countries of the north, while the smaller basins of lower run-off are found in the more developed south.

Southern Africa faces a severe water supply challenge. Frequent droughts result in serious hydrological imbalance, causing crop loss, water shortages, famine, and disease. In recent years, the region has become more prone to severe flooding, which causes water pollution and destroys water supply infrastructure. One study of the potential impacts of climate change on freshwater resources in Southern Africa predicts an overall reduction in rainfall by as much as 10% across the region, and up to 20% in parts of South Africa. Evaporation rates will increase by 5% to 20%, which will reduce run-off and decrease water security and agricultural potential. Environmental degradation also contributes to the decline in water availability through loss of vegetation and the disruption of microclimates and hydrological cycles.<sup>31</sup>

<sup>28</sup> UNAIDS (2002).

<sup>29</sup> Schwoebe & Sisk (2003).

<sup>30</sup> Summarized from Nathan (2003).

<sup>31</sup> Africa Environment Outlook (2002).



## **REGIONAL DEVELOPMENT PRIORITIES**

### **NEPAD**

NEPAD is a program of action for Africa's development conceived and developed by African leaders. Its goals are to promote accelerated growth and sustainable development, eradicate widespread poverty, and halt the marginalization of Africa in the globalization process. African leaders will take joint responsibility for the following actions<sup>32</sup>: (a) strengthening mechanisms for conflict prevention, management, and resolution; (b) promoting and protecting democracy and human rights by developing clear standards of accountability, transparency, and participatory governance; (c) restoring and maintaining macroeconomic stability; (d) instituting transparent legal and regulatory frameworks for financial markets and the auditing of private companies and the public sector; (e) revitalizing and extending the provision of education, technical training, and health services, giving high priority to addressing the problems of HIV/AIDS, malaria, and other communicable diseases; (f) promoting the role of women in social and economic development; (g) building the capacity of states to set and enforce the legal framework and to maintain law and order; and (h) promoting the development of infrastructure, agriculture, agro-industries, and manufacturing to serve both domestic and export markets.

### **SADC Regional Indicative Strategic Development Plan (RISDP)**

Under the current strategy, SADC has been an important strategic partner for the USG. The US Ambassador to Botswana is the Secretary of State's Special Representative to SADC. A US-SADC Forum twice brought together senior USG officials and high-ranking officials of SADC to explore political, economic, social, and transnational issues of strategic significance to

<sup>32</sup> NEPAD (October 2001).

the US and the member states of SADC. These meetings generated agreement on a number of activities that would enhance the welfare of the people of Southern Africa. RCSA played an important support role to the US Embassy in Gaborone by overseeing the activity implementation.

In March 2001, the SADC Heads of State and Government approved the restructuring of SADC institutions, grouping twenty-one sectors under four directorates at the SADC Secretariat in Gaborone. They also asked the Secretariat to develop the RISDP to provide strategic direction for its programs and activities.

The goal of SADC is to eradicate poverty by promoting sustainable and equitable economic growth and socio-economic development. The draft RISDP<sup>33</sup> identifies several priorities: (a) the HIV/AIDS Pandemic; (b) gender equality and development; (c) trade, economic liberalization, and development; (d) infrastructure support for regional integration and poverty eradication; (e) sustainable food security; (f) human and social development; and (g) science and technology, statistics, and private sector development.

The strategic significance of SADC is changing as a result of the SADC stance on Zimbabwe. However, RCSA will remain flexible in its relationship with SADC during the strategy period, seeing it as only one of many partners in the pursuit of USG foreign policy objectives in the region.

### **COMESA**

Several SADC member states also belong to COMESA.<sup>34</sup> COMESA member states are working towards<sup>35</sup> (a) a free trade area guaran-

<sup>33</sup> SADC draft RISDP posted on Southern African Regional Poverty network web site (<http://www.sarpn.org.za>).

<sup>34</sup> Angola, DRC, Malawi, Mauritius, Namibia, Seychelles, Swaziland, Zambia, and Zimbabwe.

<sup>35</sup> From COMESA web site (<http://www.comesa.org>).



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teering the free movement of goods and services produced within COMESA and the removal of all tariffs and non-tariff barriers, (b) a customs union under which goods and services imported from non-COMESA countries will attract a single tariff in all COMESA states, (c) the free movement of capital and investment supported by the adoption of common investment practices, (d) common visa arrangements, and (e) the adjustments necessary to become part of the global economy within the framework of WTO regulations and other international agreements.

### SACU

The SACU countries are strong economic reformers and leading beneficiaries of AGOA. Negotiations on a US-SACU FTA are underway. Building on the longstanding US commitment to trade capacity building in Southern Africa, RCSA is helping the SACU countries prepare for and participate in the negotiations. The FTA will significantly alter prospects for trade and investment-led economic growth in Southern Africa during the strategy period.

## US FOREIGN POLICY INTERESTS

### National Security Strategy

In September 2002, President Bush announced the new National Security Strategy of the United States of America. The goals of this strategy are political and economic freedom, peaceful relations with other states, and respect for human dignity. To achieve these goals, the US will (a) champion aspirations for human dignity; (b) strengthen alliances to defeat global terrorism and work to prevent attacks against the US and its allies; (c) work with others to defuse regional conflicts; (d) prevent enemies from threatening the US and its allies with weapons of destruction; (e) ignite a new global era of economic growth through free markets and trade; (f)

expand the circle of development by opening societies and building the infrastructure of democracy; (g) develop agendas for cooperative action with other main centers of global power; and (h) transform America's national security institutions to meet the challenges and opportunities of the twenty-first century.

The Administration will focus on three interlocking strategies:

- countries with major impact on their regions, such as South Africa, are anchors for regional engagement and require focused attention;
- coordination with European allies and international institutions is essential for constructive conflict mediation and successful peace operations; and
- Africa's capable reforming states and sub-regional organizations (including SADC, COMESA, and SACU) must be strengthened as the primary means to address transnational threats on a sustained basis. This includes support for NEPAD.

### Presidential and Agency Initiatives

The RCSA strategy will directly support the Presidential and Agency initiatives summarized below:

TRADE Initiative: TRADE is a multi-year trade capacity building initiative that promotes regional integration and cooperation and strengthens the ability of African countries and businesses to develop their export trade. The Southern Africa Global Competitiveness Hub in Gaborone, Botswana, directly supports TRADE. The Hub is a multi-partner, multi-agency initiative that brings together the resources and expertise of several contractors and USG agencies to strengthen the capacity of the region to participate in the global economy.

IEHA: As a significant step to meet the United Nations (UN) Millennium Development Goal of halving the number of severely impoverished and malnourished people by 2015, the United



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States will increase by over 25% its financial commitments to boost agricultural productivity and trade in Africa. These investments will focus on harnessing science and technology and unleashing the power of market forces to increase smallholder agricultural productivity. In May 2003, RCSA submitted an IEHA Action Plan to USAID/Washington setting out how this program will be implemented.

Anti-Corruption Initiative: The Africa Bureau's five-year Anti-Corruption Initiative supports President Bush's desire to focus aid on countries that have demonstrated political will and progress towards democratic open government principles. The goal is to reduce corruption in sub-Saharan Africa by addressing the enabling environment for corruption. RCSA has submitted an Anti-Corruption Action Plan to USAID Washington outlining how it plans to support this initiative.

Water for the Poor Initiative: This initiative seeks to improve sustainable management of water resources and accelerate international efforts to achieve the UN Millennium Development Goal of cutting in half by 2015 the proportion of people who are unable to reach or afford safe drinking water. The United States will work with other governmental and non-governmental partners to improve access to clean water and sanitation services, improve watershed management, and increase the productivity of water. RCSA will support this initiative through *SO 17: Improved Management of Selected River Basins*.

Faith-Based and Community Initiatives: President Bush established the White House Office of Faith-Based and Community Initiatives on January 29, 2001, to empower community and faith-based organizations to better confront poverty and social decay. On December 12, 2002, he signed an Executive Order establishing Centers for Faith-Based and Community Initiatives at the US Department of Agriculture and USAID. RCSA proposal for creating a partner-rich implementation strategy (Section VI) directly supports these initiatives.

Volunteers for Prosperity Initiative: On May 21, 2003, President Bush announced a new USA Freedom Corps initiative called Volunteers for Prosperity, which will give America's highly skilled professionals new opportunities to serve abroad for flexible periods such as weeks, months, or longer. Volunteers will work on projects that advance several federally-supported initiatives and programs, including the Emergency Plan for AIDS Relief, the Digital Freedom Initiative, the TRADE Initiative, and the Water for the Poor Initiative. RCSA is exploring opportunities to support this initiative under its new strategy.

### USAID ASSISTANCE TO THE REGION

Table 1 (omitted) summarizes FY 2003 control levels plus Initiative funding for RCSA and the nine bilateral missions operating in Southern Africa. The total of \$314 million represents a substantial USG investment in the region.

RCSA will complement and support these bilateral programs to enhance overall USG results in the region. It will do this by focusing on uniquely regional problems that affect bilateral mission programs; providing technical and business support services to bilateral missions; supporting regional organizations, networks, and initiatives; and choosing problems where a regional approach gives unique leverage.

### REGIONAL DONOR STRATEGIES AND COORDINATION

Table 2 (omitted) summarizes estimated donor assistance for ongoing SADC regional projects from 1999-2007. Table 3 (omitted) shows funding levels for planned projects for the period 2004-2008. The two major donors are the United Kingdom, through its Department for Interna-



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tional Development (DFID), and the European Union (EU).

DFID's new strategy for Southern Africa focuses on poverty elimination in the five SACU countries. It also supports regional approaches to poverty reduction across the wider SADC region. Programmatic priorities to address the regional dimensions of poverty include trade, conflict, water resources, HIV/AIDS, and food security. USAID is already coordinating with DFID on trade issues and there is scope for further cooperation under the new strategy.

The EU is focusing on regional integration, trade, transportation, and communication. RCSA has participated in several joint consultative meetings with thirty-five representatives of the EU and its country diplomatic missions in Southern Africa to collaborate on support to SADC's restructuring process and the development of the RISDP.

The World Bank, with relatively limited grant financing in this region, plans to release its SADC Regional Integration Assistance Strategy upon completion of the SADC RISDP. RCSA has been coordinating with the World Bank on possible areas of collaboration.

RCSA has played a lead role in coordinating an integrated donor response to the recent Southern African drought and famine. On a sector level, RCSA will join DFID and the EU on a regional advisory committee for coordinating donor efforts in trade promotion. These and similar initiatives will improve donor coordination, thus enriching development results for Southern Africa.



## **IV. ROLE OF RCSA IN THE REGION**

### **RCSA REGIONAL PROGRAMS**

RCSA was created in 1995 to implement the Initiative for Southern Africa (ISA), which provided the framework for RCSA's first strategy from 1997-2003. The ISA set forth the goal of promoting equitable sustainable growth in a democratic Southern Africa. It included four SOs in the areas of democracy and governance, regional market integration, agriculture, and natural resources management; the Southern Africa Enterprise Development Fund (SAEDF); and a special objective to support US-SADC cooperation. The ISA will end September 30, 2003, with an additional transition year to complete on-going activities. By the end of FY 2003, the Agency's investment in the ISA will be more than \$200 million.

#### **Lessons Learned**

While implementing the strategy, RCSA has gained considerable experience in regional programming, as well as in providing essential technical and management services to bilateral missions. These crucially important "lessons learned", derived from internal reviews, extensive stakeholder consultations, focus group discussions, and feedback from client missions, include the importance of

- a strong customer orientation;
- addressing priority USG foreign policy objectives;
- integrating regional programming with bilateral investments;
- working with strong regional partners, chosen for their ability to achieve results;
- responding flexibly to changing regional opportunities and constraints;
- being realistic about assumptions and managing them;

- working with more than one principal counterpart;
- not overestimating regional capacity; and
- advance planning and consultation with other donors, bilateral missions, and USG agencies.

Since February 2002, RCSA has accepted new challenges of supporting USG objectives in the region. RCSA has

- launched the Southern Africa Global Competitiveness Hub to follow through on Presidential commitments related to TRADE;
- partnered with other USG agencies to more effectively address goals in trade and regional development;
- collaborated with bilateral missions and embassies in USAID non-presence countries to achieve USG country-level performance plans and strategies;
- reallocated resources to support the development of the US-SACU FTA;
- provided staff and program resources to Angola to support the peace process;
- reconfigured regional programs to isolate Zimbabwe from regional activities; and
- marshaled resources to support election observations in Lesotho.

A continued strategic management focus on agile response to changing opportunities and constraints will enhance the policy relevance and operational effectiveness of RCSA programs under the new strategy.

### **RCSA REGIONAL SERVICES**

Since 1995, RCSA has provided a range of business services to support implementation of the ISA, USAID bilateral programs, and embassy-administered programs. RCSA provides six bilateral missions and four embassies with legal, contracting, and financial services. RCSA service offices view regional SO offices as internal customers who require a range of support services and activities to achieve results.



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**Table 1. The Varied Regional Footprints of RCSA, 2002/2003**

Countries	Regional Groupings			Countries Benefiting From Regional Programs	Legal	Regional Services		
	SADC Member States	AGOA Eligible	SACU			A&A	Financial	Technical
South Africa	✓	✓	✓	✓				
Lesotho	✓	✓	✓	✓			✓ Embassy	
Swaziland	✓	✓	✓	✓			✓ Embassy	
Botswana	✓	✓	✓	✓	✓ RCSA	✓ RCSA	✓ RCSA & Embassy	✓ RCSA
Zimbabwe	✓			✓ Subject to Brooke & USG Policies	✓	✓		
Namibia	✓	✓	✓	✓	✓	✓	✓ Bilateral Mission & Embassy	✓
Mozambique	✓	✓		✓	✓			✓
Angola	✓			✓				✓
Zambia	✓	✓		✓	✓	✓		✓
Malawi	✓	✓		✓	✓	✓		✓
Tanzania	✓	✓		✓				✓
Dem Rep of Congo	✓							
Mauritius	✓	✓		✓				
Seychelles	✓	✓						
Madagascar		✓			✓	✓		✓



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RCSA contracting officers directly obligated \$172 million in FY 2002 for regional and bilateral programs. Bilateral missions have requested increased access to service providers, improved integration of service delivery, improved collaboration between bilateral and RCSA staff, and additional programmatic and technical services. In the final year of the current strategy, RCSA has significantly expanded its programmatic and technical services to bilateral missions in the region.

During FY 2003, RCSA participated for the first time in a joint REDSO/ESA and RCSA scheduling conference for regional services. During the conference, bilateral missions scheduled 694 person-days of travel for RCSA regional service providers.

RCSA is transforming itself to better respond to the needs of bilateral missions through a focus on service quality, innovative technologies, and expanded technical and program services.

### **RCSA'S REGION**

RCSA operates in the Southern African region, which constitutes a unique institutional setting comprising three main regional economic groupings: SADC, SACU, and COMESA. These groupings have overlapping membership -- a situation that poses unique challenges to RCSA in implementing regional programs. RCSA's varied regional footprint is depicted in Table 4.

The regional footprint for core business services varies by service provider. The Regional Legal Office services six missions and the regional program. The Regional Contracts Office services five missions and the regional program. The Office of Financial Management services one mission, four embassies, and the regional program.



## **V. OVERVIEW OF STRATEGIC PLAN**

### **PLANNING PARAMETERS**

USAID/Washington issued the RSP Parameters Guidance Cable (Annex A) on February 6, 2003. RCSA's Concept Paper was deemed sound and an acceptable approach for the preparation of a RSP reflecting a sustainable development strategy for the period FY 2004 – FY 2010.

#### **Regional Programs**

USAID/Washington approved the Concept Paper's proposed long-term development goal: *To promote equitable sustainable growth in a democratic Southern Africa*. RCSA was authorized to develop an RSP that structures the following strategic options into a more limited number of SOs and special objectives:

- Enhanced Southern African Competitiveness in Global Markets;
- A More Integrated Regional Market;
- Reduced Corruption in Southern Africa;
- Improved Democratic Governance;
- Enhanced Regional Food Security;
- Water Resource Management;
- Reduced Regional Impact of HIV/AIDS through a Multi-sector Response;
- US-SADC Engagement; and
- SAEDF.

#### **Regional Services**

RCSA proposed two service and business system improvement SOs: (a) provision of timely, quality services to customers and partners and (b) transformed RCSA role and business practices. RCSA was authorized to develop these as PSOs following the guidance in ADS 201.3.7.10.

### **Technical Analyses and Consultations**

RCSA agreed to undertake several technical analyses to guide the development of the RSP: environmental threats and opportunities analysis, conflict vulnerability analysis (CVA), gender analysis, democracy and governance (DG) assessment, and HIV/AIDS assessment.

### **TECHNICAL ANALYSES**

In addition to the technical analyses mandated by the Parameters Guidance Cable, RCSA also completed the following assessments: (a) macroeconomic analysis, (b) global competitiveness and regional market integration, (c) SADC economic impact assessment, (d) food security and rural livelihoods, (e) water resource management, (f) supplementary gender analysis, and (g) other donor programs. The mandatory and supplementary analyses are summarized in Annexes C and D, respectively. A bibliography of other key reports and documents that significantly influenced the development of the RSP is provided in Annex E.

### **CUSTOMER AND STAKEHOLDER ENGAGEMENT**

#### **Outreach Activities**

RCSA has engaged stakeholders, customers, and partners in extensive consultations through several important conferences and meetings, a series of focus group discussions on key issues, and other outreach events. RCSA organized several major conferences or meetings around strategic themes, bringing together key customers, partners, and stakeholders. Representatives from USAID/Washington and other USG agencies have provided technical support to the strategic planning process. International and regional experts have also made presentations and exchanged ideas with RCSA on strategic options. Copies of the draft RSP were sent to bilateral missions, the US Embassy in Gaborone, and the SADC Secretariat for comment.



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A summary of consultations with bilateral missions is provided in Annex F.

### Governance Models

During the strategic planning process, RCSA explored alternative participatory governance models that could enhance the achievement of USG development results in Southern Africa. RCSA is proposing to establish one or more governance councils for each SO to facilitate coordination, communication, and strategic alignment with bilateral mission, embassy, and USAID/Washington programs. Some of these governance councils will also embrace regional partners, implementing partners, and other key stakeholders.

RCSA will also establish a regional service governance council, with similar roles, whose members will include bilateral mission directors, senior representatives from client embassies, and REDSO/ESA. The governance council will serve as an important vehicle for forward planning, performance reporting, and eliciting client mission requirements for skills and services. The benefits of any proposed regional service governance approach will need to be balanced against the costs of participation. This will require further consultation with bilateral missions, client embassies, and REDSO/ESA.

### STRATEGIC CHOICES

Through technical analysis and engagement with customers and stakeholders, RCSA consolidated the nine strategic options and two proposed service and business system improvement SOs in the Concept Paper into four SOs and one PSO:

- SO 14: A More Competitive Southern African Economy
- SO 15: Rural Livelihoods Diversified in Southern Africa
- SO 16: Improved Electoral Competition in Southern Africa

- SO 17: Improved Management of Selected River Basins
- PSO 18: Maximize Value of RCSA Services and Programs

Reducing the impact of HIV/AIDS through a multi-sector response will be an important cross-cutting theme rather than a separate SO. This and other cross-cutting issues, themes, and approaches are discussed in the next section. SAEDF and US-SADC Engagement are addressed in the Transition Management Section.

### SO 14: A More Competitive Southern African Economy

Southern African nations need to improve their competitiveness in global markets to attain their goals of eradicating poverty and achieving sustainable growth. Governments must create an environment conducive to free trade and investment, and the private sector must produce and sell goods and services that can compete on the world market.

SO 14 will (a) build the capacity of Southern African nations to negotiate and effectively implement trade agreements, including the US-SACU FTA, and to develop policies, laws, and regulations that support free trade and competition; (b) strengthen the capacity of selected clusters of export-oriented firms to meet international quality and safety standards for tradable goods and services, and facilitate their access to US and other international markets; and (c) support institutional and policy changes that reduce the costs of moving goods and services to regional and international markets. This SO directly supports the TRADE Initiative and will partner with other USG agencies through the Southern Africa Global Competitiveness Hub to achieve greater competitiveness in Southern Africa. The SO will also facilitate access of Southern African businesses to the US market under AGOA, which runs through 2008.



### **SO 15: Rural Livelihoods Diversified in Southern Africa**

Food insecurity is very serious in Southern Africa and has been worsening for the last three decades.<sup>36</sup> A large proportion of the population in rural, and to a growing extent, urban Southern Africa is experiencing great difficulty in securing adequate food for a healthy, productive life. Most assessments of the 2001-2002 food crisis see it as a crisis of livelihoods, not simply as a temporary food shock triggered by flooding and drought. Providing emergency aid to the millions facing food shortages is critical but the underlying problems of food crises and the related widespread poverty, malnutrition, and disease are primarily a result of long-term policy failures and declining investments in agricultural research and development, resulting in inadequate growth and productivity in the agricultural sector.

SO 15 will address these issues by (a) increasing exports by emerging commercial farmers of high-value agricultural commodities to regional and international growth markets; (b) diversifying crop-livestock systems to lay the foundation for more vulnerable groups to participate in market-oriented farming in the future, while helping them to adopt short-term rural livelihood strategies that address the food insecurity, poverty, and hunger issues; and (c) coordinating regional agricultural development and rural livelihoods research and policy. The SO will directly support the IEHA and ensure that regional synergies and complementarities from effective coordination and monitoring of IEHA programs in Southern Africa are realized.

### **SO 16: Improved Electoral Competition in Southern Africa**

Democratic governance is the key to an enabling environment that supports equitable sustainable growth in Southern Africa. The dominance of

the executive branch in governments has undermined key elements of democratic governance resulting in little oversight or debate of executive initiatives by parliaments and courts. Under these systems, corruption remains entrenched and human rights abuses continue. Corruption distorts genuine political competition by creating an uneven playing field and impairing the performance of public institutions that promote competition.

SO 16 will address these issues by (a) strengthening regional civil society organizations and other regional coalitions that promote accountable and transparent political competition, and (b) supporting initiatives aimed at improving electoral processes through compliance with regional norms and standards. By reducing the prevalence and impact of corruption on political competition and promoting more accountable and transparent governance, this SO will directly support the Anti-Corruption Initiative.

### **SO 17: Improved Management of Selected River Basins**

The looming scarcity of water in the region seriously constrains economic growth and poverty eradication. Water is critical for domestic water supply and sanitation, agriculture and livestock, manufacturing, hydro-electric power, transport, tourism, and the maintenance of ecosystem functions. Competing claims to water resources can lead to conflict between sectors and among states. To optimize the use of this scarce resource, an integrated transboundary approach to the management of river basins is vital.

SO 17 will (a) strengthen the capacity of regional river basin commissions and participating governments to reform policies and adopt water management systems that ensure effective planning and efficient utilization of water resources among competing sectors and (b) develop the capacity of communities living in watersheds and other areas of hydrological significance to manage water and ecological

<sup>36</sup> Adelski, E., Riley, B., and Rwekamira, J. (2003).



resources in a sustainable manner. This SO supports the Water for the Poor Initiative by improving management of watersheds and increasing the productivity of water.

**PSO 18: Maximize Value of RCSA Services and Programs**

RCSA recognizes the strategic role that legal, procurement, financial, program, and technical services and activities have in ultimately improving the lives of Southern Africans. Continuous improvement of business systems and services is critical to achieving USG objectives and development results in the region. RCSA will maximize the value of services and programs through (a) adaptive planning, analysis, and learning; (b) improved accountability for achieving results; and (c) improved capacity to achieve results.

PSO 18 will achieve this through activities that increase alignment of regional programs with bilateral programs, monitor regional trends, enhance performance management, strengthen governance of programs and services, increase knowledge sharing, strengthen partner capacity, and expand services and system offerings. These will be carried out over time through a series of incremental investments and improvements.

**CROSS-CUTTING THEMES**

RCSA will mainstream the following cross-cutting themes into its portfolio:

- Mitigating the Impacts of HIV/AIDS;
- Gender;
- Corruption;
- Conflict Mitigation;
- ICTs;
- Environment; and
- Public-Private Partnerships.

**Mitigating the Impact of HIV/AIDS**

RCSA will account for the impact of HIV/AIDS on all of the activities it undertakes and supports.

At its most fundamental level, HIV/AIDS affects economic, social, and political behavior by systematically shortening the time horizons of those who are infected by HIV. Shorter time horizons alter the basic calculations of individuals regarding the net benefits of any future activity. Economic behavior is affected as the expected net gains from investment, education, migration, and job relocation decline. Social behavior is modified by the mounting disincentives that shorter horizons imply for cooperation, reciprocation, sharing, and participation. Political behavior can change as individuals begin to focus on short-term advantages.

HIV/AIDS will dramatically affect the achievement of development results in each of the SOs. On the one hand, the epidemic is removing many individuals who have the skills and knowledge needed to maintain production or ensure the operational integrity of key institutions. On the other hand, the change in behavior alluded to above is affecting the way that individuals -- whether operating alone or within an organization -- will respond to opportunities. These changes in human and institutional capacities will be factored into SO and PSO activities.

During the activity design stage, all Requests for Proposals (RFPs) and Requests for Applications (RFAs) will require bidders to propose effective approaches to mitigating the impact of HIV/AIDS. PMPs will include sub-Intermediate Results (IR) level indicators that track results of mitigation efforts. RCSA will collaborate with RHAP in South Africa to build synergies that enhance the results of both RHAP and RCSA activities. RCSA will liaise with USAID/Zambia and USAID/South Africa, two missions that have already adopted multi-sector HIV/AIDS mitigation approaches. Finally, RCSA will coordinate with REDSO/ESA in the identification of joint or complementary activities that address critical HIV/AIDS issues in the region.



## **Gender**

During the strategic planning process, RCSA identified numerous options for mainstreaming gender across all SOs. A gender training workshop in June 2002 helped launch the strategic planning process. RCSA commissioned a preliminary gender analysis for the Concept Paper, followed by a formal gender analysis and a separate literature review of multi-sectoral gender issues for the Strategic Plan. All scopes of work for technical analysis required contractors to explicitly address gender as a cross-cutting issue. A gender focus group meeting in May 2003 convened regional experts to prioritize gender issues in the context of RCSA's proposed strategic options. These efforts yielded a rich body of issues and concrete recommendations to inform the activity design process.

During the activity design phase, RCSA will build on these analyses and consultations to conduct a formal gender analysis for all proposed interventions, in full compliance with ADS 102.3.12.6. All activity design teams will include gender experts. Through RFPs, RFAs, and Annual Program Statements, all contractors and grantees will be required to propose approaches to mainstream gender into activities. The final PMP will include gender-sensitive IR- and sub-IR indicators.

RCSA plans to engage the services of a Gender Advisor to provide technical leadership and support to RCSA and bilateral Mission staff on gender mainstreaming. This individual will (a) provide training and capacity building in gender-sensitive programming to partners and to USAID regional and bilateral mission staff; (b) convene gender focus group meetings to monitor regional trends and sector-specific developments, including the extent to which policymakers incorporate gender concerns in agreements, laws, and regulations; (c) coordinate gender data gathering and analysis for activity design and subsequent monitoring and evaluation; (d) promote synergies across SOs and programs in addressing gender issues; and (e)

disseminate gender information, tool kits, and best practices to regional partners and stakeholders.

During the first three years of the RSP, RCSA will participate in the Women's Legal Rights Initiative, which will identify and address sector-specific constraints to women's legal rights.

## **Anti-Corruption**

Compared to the rest of sub-Saharan Africa, Southern Africa is relatively more democratic and has institutions of governance that can play a role in making governments more accountable to citizens. Despite the region's relative economic and political progress, levels of corruption remain unacceptably high and are an impediment to sustained economic development.

In April 2003, RCSA submitted a work plan to AFR to implement a regional anti-corruption program that will (a) strengthen regional networks and coalitions of civil society organizations to effectively demand and monitor accountability and implementation of corruption control measures; (b) target the reduction of corruption and its negative effects on electoral and political competition processes and institutions; and (c) improve the availability and access to information on corruption in the region through regular surveys, monitoring of corruption indicators, development of diagnostic tools, and training in investigative journalism.

## **Conflict Mitigation**

The regional CVA, summarized in Annex C, identifies several root causes of conflict and offers recommendations for mitigating conflict in Southern Africa. It highlights the region's forthcoming elections and leadership transitions as one of the most significant risks for conflict escalation, and *SO 16 (Electoral Competition)* directly addresses this issue. Through this SO, RCSA will participate in the AFR Conflict and Peace Building Fund, a vehicle that will facilitate integrating conflict mitigation issues across



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the portfolio. *SO 14 (Competitiveness)* will tackle many of the economic factors underlying violent conflict, and *SO 15 (Rural Livelihoods)* will address food insecurity, another root cause of conflict. Strengthening rural livelihoods also reduces rural-urban migration and hence the likelihood that rapid urbanization will lead to conflict. *SO 17 (River Basins)* will focus on the issue of water scarcity and competing demands for access to water, a significant trigger of conflict. Finally, each of the SOs will target HIV/AIDS-affected households and women -- groups that are especially vulnerable to the consequences of violent conflict.

### ICTs

ICTs have transformed the global economy over the last ten years. They can facilitate information flows between government and civil society, a critical factor in good governance. In the private sector, ICTs are a basic requirement for companies to compete effectively in international markets. ICTs can be used in rural areas to disseminate critical information on new technologies or agricultural practices. River basin commissions can benefit from the use of ICTs such as geographic information systems or online databases to improve water resource management.

RCSA will systematically integrate ICTs into its development programs, using them as cost-effective and efficient tools to enhance development results. RCSA will also leverage ICT advances in the region to improve the cost-effectiveness and quality of service delivery. RFPs and RFAs will include explicit language requesting bidders to address ICTs in relation to proposed activities. Information technology staff at RCSA will coordinate efforts to mainstream ICTs across the portfolio.

### Environment

The environmental threats and opportunities analysis identified potential negative environmental impacts of proposed strategic options and

recommended appropriate mitigation measures. It also highlighted opportunities for integrating and linking environmental activities and considerations both within RCSA's portfolio and with other bilateral mission activities in the region. As requested by AFR, RCSA will have a Regulation 216 Environmental Adviser on staff during the next strategy period who will take on these responsibilities.

During the activity design phase, RCSA will complete detailed Initial Environmental Examinations. RFPs and RFAs will require bidders to explicitly address environmental impacts and strategic opportunities for promoting environmentally sustainable development.

### Public-Private Partnerships

RCSA recognizes that the GDA is an important new business model for USAID. By fully integrating public-private alliances into its strategy and programming processes, RCSA will leverage the resources of a diverse set of development partners in support of shared objectives. Through the PSO, RCSA will offer an integrated package of alliance services to assist RCSA staff, bilateral missions, and embassies in non-presence countries to build and maintain strategic partnerships. More details are provided in the Section VI, Partnering for Success.

## PROGRAMMING FOCUS AREAS

The magnitude and diversity of the region require RCSA to focus its programs and services both geographically and programmatically. *SO 14 (Competitiveness)* will focus on specific economic corridors and industry clusters that have the potential to compete in international markets. *SO 15 (Rural Livelihoods)* will target two groups: emerging commercial farmers who are ready to make the transition to commercial agriculture and pilot vulnerable households that can improve their food security by diversifying away from single-crop, water-intensive strategies. *SO 16 (Electoral Competition)* will concentrate on countries that will have elections in



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2004/2005, using these as a platform to reinforce regional electoral norms and standards. *SO 17 (River Basins)* will initially focus on the Okavango River Basin, possibly adding another basin after the first three years.

The current regional footprint for regional services is provided in Section IV. A responsive and agile approach to meeting customer service needs and responding to the development challenges facing the region will necessitate adjustments in both services and programs over time.

### SCENARIOS AND RISKS

One of the lessons from the current strategy was that assumptions and risks need to be managed. RCSA therefore utilized scenario-based planning tools to examine multiple scenarios of the future. The CVA identified possible sources of conflict and social tension and formulated three scenarios for Southern Africa's future. Two focus group meetings -- one on conflict vulnerability and the other on regional scenarios -- further refined these scenarios: Constrained Growth (baseline), Negative Growth, and Enhanced Growth. Throughout the strategy period, RCSA will monitor key variables and trends to identify whether scenarios are shifting and, if so, will adjust its programs accordingly. More details are provided in Section VII.

### TRANSITION MANAGEMENT

All activities under the current strategy will end on or before September 30, 2004, with two exceptions: SAEDF and Broadened US-SADC Engagement.

#### SAEDF

The current estimated completion date for SAEDF is March 22, 2005, and a current SO has been extended to allow this activity to continue. RCSA oversight responsibilities for SAEDF will continue beyond this date as SAEDF winds up operations and liquidates its investments.

### US-SADC Cooperation

The US-SADC Engagement strategic option was included in the Concept Paper in anticipation of Economic Support Funds. RCSA remains the main operational interface through which the USG pursues foreign policy interests with SADC as a sub-regional organization. At the current time these interests are at odds as a result of SADC's weak response to the fraudulent Mugabe regime in Zimbabwe. A special objective for US-SADC engagement under the current strategy will be extended beyond the end of the transition year to enable RCSA to respond strategically should this situation change.

### Implementation of the New Strategy

RCSA has initiated planning to implement the new RSP in an expedited manner. Short-term activity design support services are being acquired. RCSA will complete activity design and approval by the end of the first quarter of FY 2004 for the major activities under each SO. Award and mobilization under the primary contracts and grants for each SO will be completed by the fourth quarter of FY 2004.

The RCSA acquisition and assistance (A&A) strategy is based on using a few large, flexible, multi-partner implementation instruments designed at the SO or IR level. RCSA plans to award only eight to ten contracts and grants to implement the entire strategy. This will streamline program implementation and allow RCSA technical experts to devote more time to bilateral mission support. The development of PMPs will be accelerated to enable RCSA to integrate performance targets, where appropriate, into performance-based contracts. An initial PMP for each SO will be completed by the first quarter of FY 2004.



## **VI. PARTNERING FOR SUCCESS**

### **CREATING A PARTNER RICH IMPLEMENTATION STRATEGY**

At the beginning of the current strategy, RCSA overestimated the capacity of regional partners to achieve development results. Although many regional networks and associations have benefited from RCSA capacity building activities, their effectiveness is sometimes constrained by lack of human, financial, or technical resources. RCSA has tackled this problem by promoting public-private partnerships that are now successfully addressing specific development issues. However, partners are mostly implementing programs and activities in the traditional way with USAID resources.

RCSA is laying the foundation for a new partner-rich implementation strategy based on GDA principles and the White House and Agency Faith-Based and Community Initiatives. By forging strategic alliances with non-traditional partners, RCSA will leverage financial, technical, and other resources to enhance development results.

During the strategic planning process, RCSA systematically explored opportunities for developing new partnerships and alliances. A series of workshops and presentations exposed RCSA staff to GDA principles, alliance building methodologies, and examples of innovative partnerships and alliances. Results Framework Working Groups identified opportunities for strategic alliances in each SO and invited non-traditional partners, including faith-based organizations, to participate in focus group discussions.

The PSO will establish an Alliance Support Unit as a full-service, one-stop shop to assist RCSA staff, bilateral missions, and embassies in non-presence countries to develop and nurture strate-

gic alliances. The unit will offer outreach, advocacy, negotiating, design, proposal development, technical assistance, and assessment services to support public-private alliances in the region.

### **STRATEGIC PARTNERSHIPS AND ALLIANCES**

RCSA is currently considering strategic alliances with a variety of potential partners:

- InterVet International and University of Florida: RCSA is supporting an alliance between InterVet International and the University of Florida to commercialize a Heartwater vaccine and tick control technologies. The Heartwater disease costs smallholder livestock producers in Southern Africa more than \$95 million a year in lost animals and production. The University of Florida brings expertise on the technologies and license agreements, as well as funding for patent and legal agreements. InterVet International contributes the use of its research stations in South Africa for registration trials; advice on optimal vaccine formulation; registration of products in the region; and manufacturing, marketing, distribution, and sale of the products.
- Trans-Kalahari Corridor Development: RCSA has been supporting an innovative partnership of public and private stakeholders along the Trans-Kalahari Corridor. Successful advocacy for important changes in policies and regulations affecting the transport of goods and services along the corridor has improved the profits for the private sector partners, who are now ready to contribute their own resources towards a common development initiative with RCSA. The Federal Highway Administration will assist countries along the corridor to establish business linkages for sharing informa-



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tion on road technologies, practices, and institutional issues.

- State Transportation Partnership: The Council of State Governments is exploring the possibility of a State Transportation Partnership to support the goals of a Southern African Technology Transfer and Information Exchange Program through state matching grants, a format that will allow the program to leverage additional resources that would not be available through traditional technical assistance instruments.
- Labor Standards in Lesotho: RCSA is pursuing a GDA proposal to develop and implement an innovative labor standards and human resources training program for factory managers and workers in Lesotho. The alliance partners include leading US-based retailers, selected factories in Lesotho, local labor unions, the International Labor Organization, and host country government institutions. This alliance will help selected industries meet AGOA requirements for exports to the US.
- HIV/AIDS Impact Mitigation: The Bureau for Pharmaceuticals and Biotechnology in the International Trade Bureau of the Department of Commerce is proposing an alliance for innovative work in the area of multi-sectoral HIV/AIDS impact mitigation using private sector incentives such as income generation and employment opportunities.

SO narratives identify other general opportunities for public-private alliances under the new strategy. RCSA will apply GDA methodologies to aggressively pursue these opportunities during the activity design stage. RFAs, RFPs, and other solicitation documents will encourage contractors and grantees to propose partner-rich approaches that leverage outside resources.

## FAITH-BASED AND COMMUNITY ORGANIZATIONS

A preliminary inventory and assessment identified the following potential faith-based partners and their linkages to RCSA SOs.

- World Vision (rural livelihoods, HIV/AIDS impact mitigation): has a regional office in South Africa.
- Catholic Relief Services (rural livelihoods, HIV/AIDS impact mitigation, civil society building): has a regional office in Zimbabwe.
- Caritas Internationalis (rural livelihoods, civil society building): an international confederation of Catholic organizations with offices all over Southern Africa; cooperates with other international aid and development organizations.
- Action by Churches Together International (rural livelihoods): global alliance of churches and related aid agencies, active in eleven Southern African countries and Madagascar.
- Economic Justice Network for Church Organizations in Eastern and Southern Africa (rural livelihoods, HIV/AIDS impact mitigation, advocacy work on economic justice, monitoring implementation of NEPAD and AU): membership from the Fellowship of Councils of Churches in Eastern and Southern Africa, active in eleven Southern African countries.
- Food Resources Bank (rural livelihoods): a Christian-based group supporting food security initiatives around the world.
- Global AIDS Interfaith Alliance (HIV/AIDS impact mitigation): interdenominational organization working on small HIV/AIDS activities in Malawi and Tanzania.
- International Red Cross and Red Crescent (rural livelihoods, HIV/AIDS impact mitigation, human rights): HIV/AIDS programs in Namibia and Zambia; rural livelihoods pro-



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grams in Lesotho, Swaziland, Zambia, and Zimbabwe.

- Young Women's Christian Association (rural livelihoods, HIV/AIDS impact mitigation, gender mainstreaming).

Since RCSA will use only a few large procurement mechanisms to implement the new strategy, direct grants to FBOs are unlikely. Scopes of work and subsequent RFPs and RFAs will include language expressing the Mission's desire to include FBOs as partners through sub-grants or sub-contracts.



## **VII. SCENARIO-BASED PLANNING**

### **RCSA Approach to Strategic Planning**

One of the key lessons from a May 2002 “Retrospective on the RCSA 1997-2003 Strategic Plan”, which launched the RCSA strategic planning process, was the need to periodically review critical assumptions and adjust programs in response to changing trends. For this reason, RCSA utilized a scenario planning approach to develop the RSP.

RCSA staff received some training in scenario-based planning at the Strategic Planning Workshop in June 2002. This was followed with a mission viewing and critique of a video that featured five possible scenarios for Southern Africa. A series of internal brainstorming sessions in September-October 2002 explored alternative visions of Southern Africa’s future from several thematic perspectives. The CVA identified possible sources of regional conflict and social tension and proposed three scenarios for the region. Regional experts then reviewed these scenarios at two day-long focus group meetings, one on conflict vulnerability and the other on scenarios. After further consultations with other experts on regional trends, RCSA formulated three scenarios: Constrained Growth (Baseline), Negative Growth, and Enhanced Growth. These are based on a set of “Key Factors for Regional Program Scenarios” (see box) that reflect group consensus on the most critical variables that warrant monitoring during the strategic plan period.

### **Scenarios**

#### Constrained Growth Scenario (Baseline)

There will be a series of elections in the region with ruling parties likely to retain power. This will offer little change to national policies on the economy, land redistribution, HIV/AIDS, and other potentially destabilizing issues. Threats to

human rights, independent media, and free and fair electoral processes will require constant attention.

The region will continue to struggle with economic diversification and remain highly dependent on trade in primary commodities. There will be some positive trends in export of manufactured goods, but growth is still too slow to create enough jobs to reduce poverty. Regional trade will remain constrained. Cyclical droughts and floods will undermine food security and agriculture recovery will be slow. HIV/AIDS infected persons will begin to die in greater numbers, but HIV prevalence rates will start to decline. Cross-border economic migration and urbanization remain high. Education backlogs and skill shortages persist. Water resources become scarcer and water quality will deteriorate.

#### Negative Growth Scenario

Failed electoral processes in a few countries critical to regional economic growth result in the marginalization of opposition parties, and political systems in the region lose legitimacy. Spurred by the flow of small arms in the region, violence increases. The role of the military

<b>Key Factors For Regional Program Scenarios:</b>
<ul style="list-style-type: none"><li>• HIV/AIDS Pandemic</li><li>• Governance and Political Stability</li><li>• Poverty and Unemployment</li><li>• Economic Inequalities</li><li>• Water Scarcities</li><li>• Changes of Leadership in Region</li><li>• Youth Population</li><li>• Urbanization and Economic Migration</li><li>• Availability of Small Arms</li></ul>

becomes more prominent in daily political life. Increasing competition for scarce water resources cannot be effectively managed by regional institutions resulting in weaker regional cooperation and strained relationships between



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countries. More governments are perceived as having widespread corruption. Human rights are abrogated and media freedom severely curtailed in multiple countries.

The economies of the region have high unemployment and increased poverty as investors flee and capital flight accelerates. Tourism declines from the negative publicity from the region's turmoil. Needed economic reforms are not implemented and economic growth turns sharply negative. Economic assets are increasingly concentrated among a select few. Lack of opportunity for the burgeoning youth population is a further source of social tension and crime.

HIV/AIDS prevalence rates, as well as those for other infectious diseases such as TB, increase with greatly weakened health delivery systems, and the effects of AIDS are largely unmitigated. AIDS impacts agricultural and industrial productivity, increases the transaction costs of doing business in the region, and reinforces the decline in economic growth.

### Enhanced Growth Scenario

As a consequence of a series of free and fair elections in the region, democratic systems become more robust. The roles of civil society and the media are strengthened, and effective political parties emerge.

This more stable and transparent environment leads to an increase in investment – both domestic and foreign – resulting in higher employment, reduced poverty, and improved food security. Infrastructure is rehabilitated, resulting in improved economic linkages amongst the Southern African nations, and between the region and the rest of the world. With more countries now MCA-eligible, other countries in the region undertake sustained reform. Continued progress towards implementation of the SADC Free Trade Agreement, as well as implementation of other international trade agreements, leads to an increasingly competitive economy characterized by increased trade and

investment flows. With macroeconomic policies in place that support a more favorable business environment, the middle class expands easing disparities in income.

Improving health, education, and accessibility of anti-retroviral medications, supported by strong political leadership leads to a substantial reduction in HIV infection rates, and an increase in life expectancy. The resulting increase in life expectancy boosts producer and consumer confidence, reinforcing the growth cycle.

### **Programmatic Response**

Initially each SO Results Framework Working Group attempted to derive specific programmatic responses for each of these scenarios. While some broad adjustments could be described for each SO, ultimately RCSA concluded that traditional scenario-based planning is problematic from a regional platform.

RCSA therefore opted to fold scenario-based planning into its PSO, as part of its comprehensive adaptive planning, analysis, and learning approach (see Section VIII - *PSO 18: Maximize Value of RCSA Services and Programs*). Through the PSO, RCSA will monitor trends and events that might trigger a shift from one scenario to another. SO and service governance councils (see Section IX) will periodically assess these trends and recommend programmatic adjustments to the overall strategy. Examples of trigger events are provided below – indicators of major variables, triggers, assumptions, and other measures will be developed during the activity design stage.

### Constrained Growth to Negative Growth

There are several events that could trigger a change from the baseline scenario to negative growth, as follows:

- a failed election in a key country;
- severe recession in South Africa;
- major conflict involving South Africa; and
- another major land tenure dispute.



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### Constrained Growth to Enhanced Growth

The events and processes that could signal a change to a more positive scenario are:

- a Southern African country becoming eligible for the Millennium Challenge Account;
- successful reconstruction in Angola, the Democratic Republic of Congo, and Zimbabwe;
- A series of smooth leadership transitions in several key countries; and
- Rapid economic growth in South Africa.



## **VIII. STRATEGIC OBJECTIVES**

### **SO 14: A MORE COMPETITIVE SOUTHERN AFRICAN ECONOMY**

#### **The Development Challenge and RCSA's Comparative Advantage**

##### Development Challenge

Southern African countries recognize that increased trade and open markets are the drivers of economic growth and poverty eradication. Many of them have responded to incentives under AGOA -- in 2002, duty-free exports from Southern Africa to the US under AGOA totaled \$1.9 billion. AGOA has also brought millions of dollars of new investment to the region, notably in the SACU countries.

Nevertheless, the SADC region's share in total world exports in 2001 was only .77%, far less than what is needed to spur economic growth. For most Southern African countries, the largest trade partner is the EU. Only 12% of Southern African exports went to the US in 2001. As highlighted in the economic trends section, the region is not attracting sufficient private investment. Both domestic and private investors seek more attractive markets elsewhere.

The fundamental problem is that Southern Africa is not competitive in world markets. This is partly due to a policy and regulatory environment that constrains trade, impedes commerce, and increases the costs of doing business. The private sector is also relatively weak, and many businesses cannot produce goods and services that meet the quantity, quality, and cost requirements of external markets.

Multiple memberships in regional integration arrangements (e.g., SADC, COMESA, SACU, East African Cooperation) further complicate the trade environment for most Southern African

countries. Traders operate within a number of trade regimes, each with its own tariff rates, rules of origin, and procedures. The multiplicity of memberships is also a burden on limited institutional capacities and resources. Trade capacity building is necessary to enable these countries to effectively participate in the global trading system.

##### Comparative Advantage

Many of the policy interventions to increase Southern Africa's competitiveness -- for example, implementation of the SADC and SACU trade and investment agreements -- are inherently regional in nature. RCSA has an explicit regional mandate under the TRADE Initiative to manage the Southern Africa Global Competitiveness Hub, coordinating with bilateral missions and other USG agencies to improve Southern Africa's capacity to participate in the global trading system. The Hub, which will house advisors from several USG agencies, is a natural platform for the implementation of activities under this SO. RCSA investments in regional integration and trade capacity building under the current strategy provide a firm foundation for continued engagement.

#### **The Development Hypothesis and SO Description**

##### Development Hypothesis

To achieve the growth rates necessary to eradicate poverty, Southern Africa must trade competitively in global markets. AGOA, the US-SACU FTA negotiations, the Doha Development Round of negotiations, and the COMESA and SADC FTAs are opportunities for greater access to regional and international markets. To be competitive in these markets, Southern African countries must create an environment that encourages trade, open markets, and productive commerce. Trade capacity building is needed to enable the region to effectively participate in international trade negotiations; comply with and implement trade agreements;



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and formulate, analyze, and implement policies, regulations, and procedures that encourage free trade and competition.

Businesses must respond to global market opportunities by producing and selling competitive goods and services. This will require more productive use of labor, capital, and natural resources; better access to inputs, business services, credit, and export finance; the ability to meet technical, quantity, and quality standards of export markets; and lower input and transaction costs.

### Program Focus Areas

RCSA will focus on several important economic corridors (Figure 1) that link countries to both regional and international markets. These corridors are fundamentally important for moving goods and services to regional and international markets. The priority and sequencing of corridor initiatives will be determined during strategy implementation.

The SO will target specific industries or sectors that have already demonstrated the potential to compete in international markets, emphasizing a cluster approach rather than working with individual firms. By fostering strategic linkages among producer organizations, exporters associations, business development service providers, financial institutions, standards boards, and other actors in the supply-to-market chain, RCSA will leverage resources that improve the competitiveness of selected clusters. Cluster needs and constraints will shape the action agenda for improving the policy and regulatory environment and for reducing transaction costs.

### SO Description

*SO 14: A More Competitive Southern African Economy* directly supports President Bush's TRADE Initiative by strengthening the ability of Southern African countries and businesses to develop their export trade. The proposed approaches are consistent with the Agency's

Building Trade Capacity in the Developing World Strategy (February 2003) and with Michael Porter's framework for enhancing a nation's competitiveness. The SO will (a) build the capacity of Southern African nations to negotiate and effectively implement international trade agreements and to develop policies, laws, and regulations that support free trade and competition; (b) strengthen the capacity of selected clusters of export-oriented firms to produce and market competitive goods and services; and (c) support policy, institutional, and procedural changes that reduce the costs of moving goods and services to regional and international markets.

### *Illustrative Indicator:*

- Growth in AGOA exports -- Online Presidential Initiative Network (OPIN) indicator.

A preliminary PMP is presented in Annex B.

### *Critical Assumptions:*

- Governments continue to implement macroeconomic reforms that remove impediments to trade.
- International trade partners do not impose further barriers to trade with Southern Africa.
- The global economic environment (e.g., recession, oil prices, exchange rate fluctuations, falling commodity prices) does not significantly deteriorate.
- No major spillover effects from global or regional political instability.
- Effective mitigation of recurrent natural disasters such as floods and droughts.
- HIV/AIDS epidemic does not escalate.

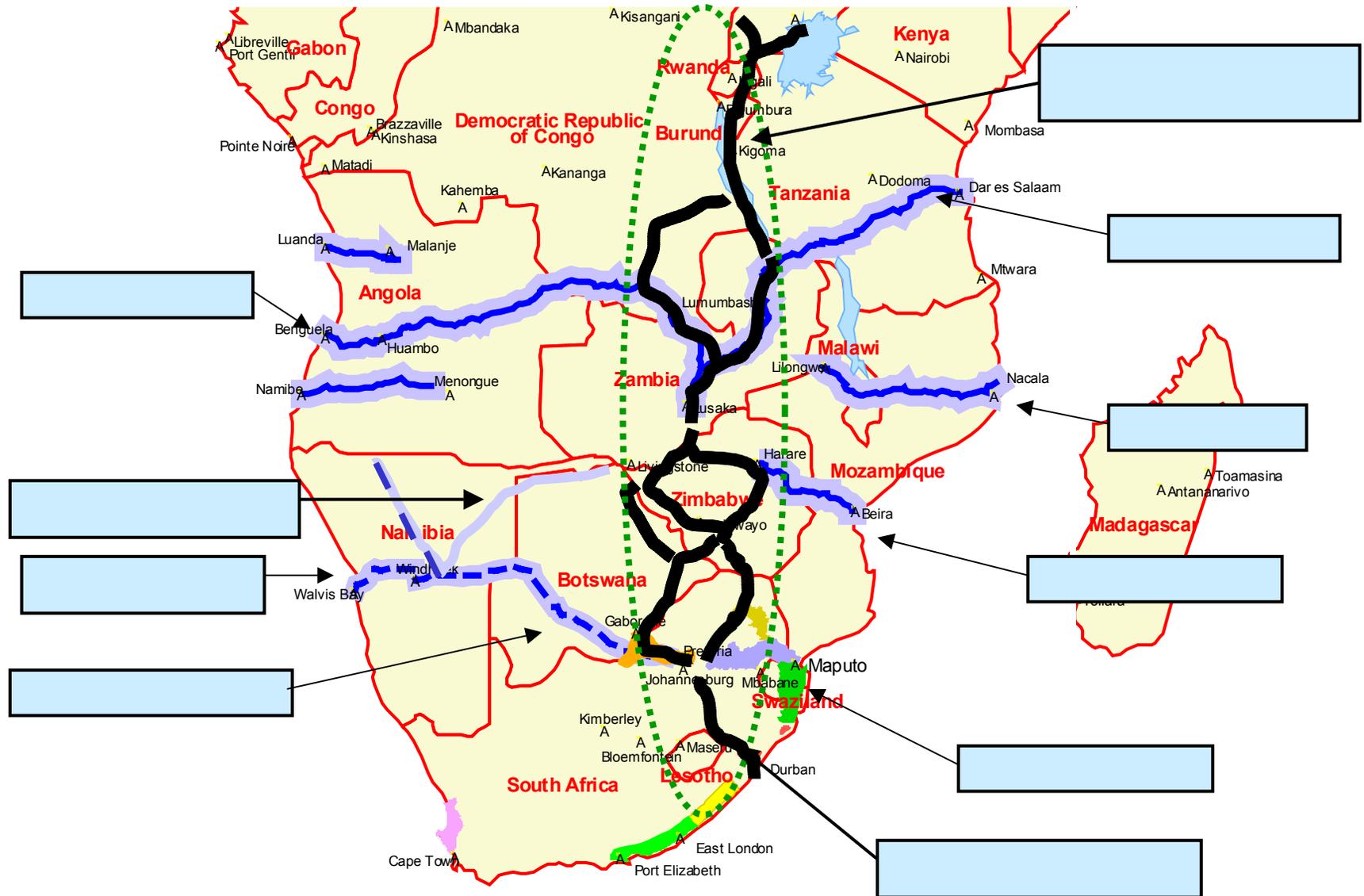
### **Intermediate Results**

Three IRs (Figure 2) will contribute towards achievement of SO 14: (a) *Enhanced policy and regulatory environment for free trade and competition*; (b) *Strengthened capacity of targeted clusters to produce, market, and sell competitive goods and services*; and (c) *Key transaction costs reduced*.



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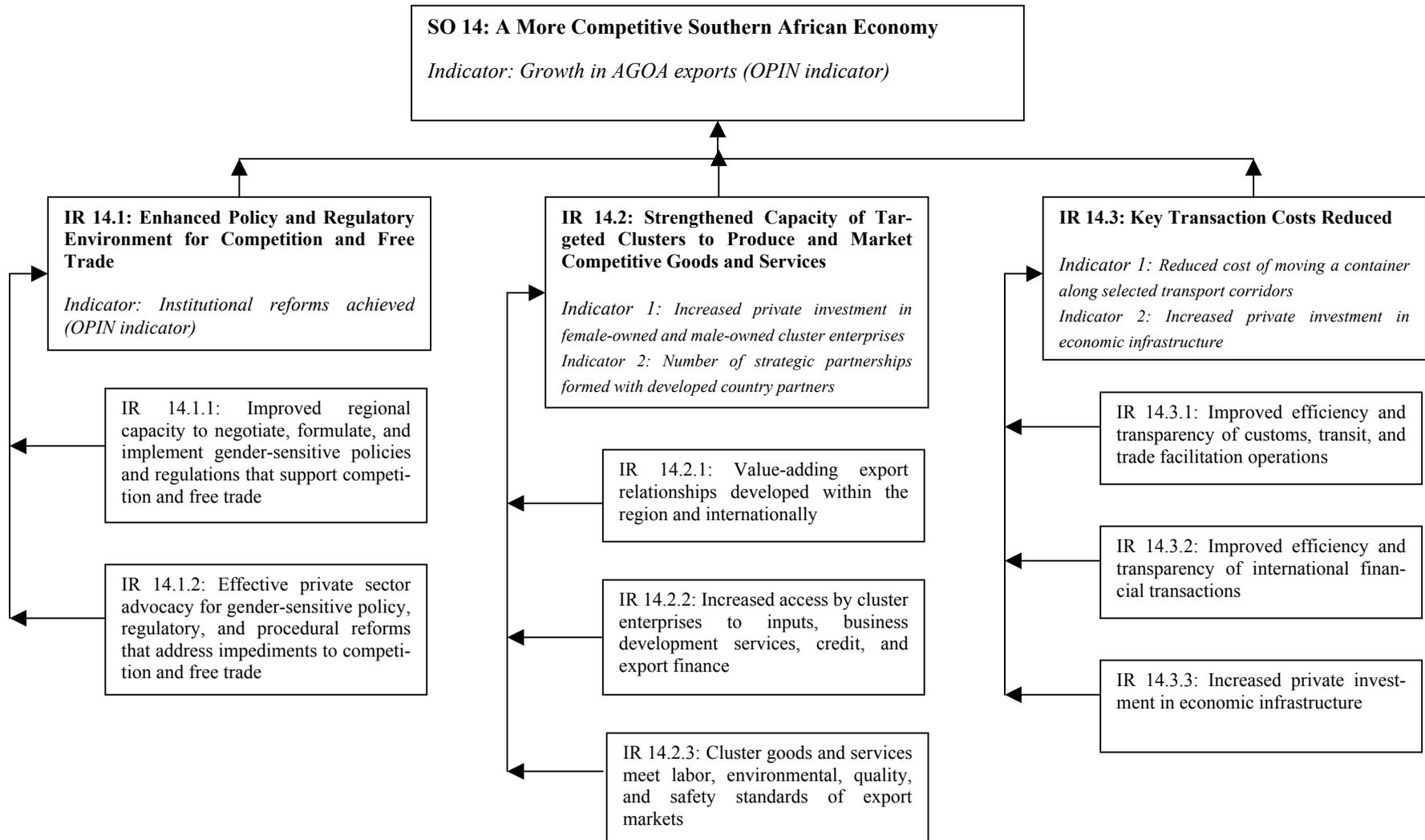
Figure 1. Economic Corridors in Southern Africa





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Figure 2. SO 14 Results Framework





***IR 14.1: Enhanced policy and regulatory environment for free trade and competition***

To achieve global competitiveness, governments must create an enabling policy and regulatory environment. From its regional platform, RCSA will focus on building regional capacity to negotiate, formulate, and implement gender-sensitive policies and regulations that support competition and free trade. RCSA will also strengthen the role of the region's private sector in advocating gender-sensitive policy, regulatory, and procedural reforms that address impediments to competition and free trade.

Southern African countries must have the ability to effectively participate in international trade fora and to implement their commitments under the resulting agreements. RCSA will strengthen regional capacity to participate in the Doha Development Round of WTO negotiations. In close collaboration with the Office of the US Trade Representative, RCSA will continue to support the US-SACU FTA negotiations, which are already underway.

The mandate of the Southern Africa Global Competitiveness Hub is broad, embracing many USG trade-related foreign policy objectives in the highly diverse Southern African region. RCSA is currently negotiating an inter-agency agreement with the US Treasury Department and the US Department of Commerce to provide additional trade-related support to the region through the Hub. Through the Hub and other implementing mechanisms, RCSA will continue to offer broad support for regional trade facilitation, export trade development, trade policy and trade capacity development, and trade-related financial sector development.

*Illustrative Activities:*

- Support the US-SACU FTA negotiations and the Trade Capacity Building Committee.
- Build regional capacity to effectively participate in the Doha Development Round of WTO negotiations.

- Strengthen regional capacity to formulate and implement gender-sensitive policies, laws, and regulations that support competitiveness and free trade.
- Assist the Southern and Eastern African Competition Forum and other networks and associations in promoting regional dialogue on competitiveness issues.
- Build the capacity of cluster businesses and organizations to effectively advocate gender-sensitive policy, regulatory, and procedural reforms that address industry-specific impediments to competition and trade.
- Strengthen regional capacity to address financial market constraints to international trade.
- Through the Women's Legal Rights Initiative, promote the removal of barriers to women's participation in export trade.
- Support legal, regulatory, and policy changes to increase the efficiency of the energy sector.

*Illustrative Indicator:*

- Institutional reforms achieved (OPIN indicator).

***IR 14.2: Strengthened capacity of targeted clusters to produce and market competitive goods and services***

From a regional platform, RCSA can bring together cross-border industry "clusters" -- input providers, producers, and related service providers -- that represent the building blocks of competitive advantage. In the context of Southern Africa, clusters are a particularly powerful tool for regional economic development because they provide a framework to address not only short-term market issues, but also medium- and long-term strategies for sustaining industrial growth and agribusiness development.

It is by forging export relationships – globally and regionally – that firms are driven to produce to international market standards. Through the Hub, RCSA will promote US-African business linkages to help Southern Africans take advan-



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tage of opportunities under AGOA. RCSA will also facilitate strategic partnerships and alliances that leverage private resources to enhance the trade competitiveness of African products and services.

### *Illustrative Activities:*

- Link cluster enterprises to regional and international production and services contracts, distributorships, franchising opportunities, joint ventures, or equity/quasi-equity deals.
- Foster strategic supply-to-market linkages to add value to cluster products and services.
- Train cluster enterprises to meet industry-specific labor, environmental, quality, and safety standards of export markets.
- Mobilize private capital through the Development Credit Authority to develop and expand cluster enterprises (exporters, input suppliers, business development service providers, financial institutions).
- Facilitate the transfer of technology and services to cluster firms through the Global Technology Network and the International Business Linkages activity.
- Support the formulation of cluster workforce development strategies that address issues such as productivity, training needs, gender relations, and the impact of HIV/AIDS on businesses and markets.

### *Illustrative Indicators:*

- Increased private investment in female-owned and male-owned cluster enterprises.
- Number of strategic partnerships formed with developed country partners.

### ***IR 14.3: Key transaction costs reduced***

The high cost and difficulty of moving goods to markets across borders, and high input costs that increase overall costs of production, reduce the competitiveness of goods from Southern Africa. RCSA will support institutional changes to increase efficiency and transparency at SADC country borders, and to lower the cost (both in terms of money and time) of bringing goods to

market. By identifying and focusing on those input costs that are of the highest priority to the selected industry clusters, RCSA will seek to effect policy changes to increase the long-term efficiency of key economic infrastructure. Finally, trade activity will be enhanced by improving the ease and reliability of international financial transactions.

### *Illustrative Activities:*

- Support regional initiatives that improve the efficiency and transparency of customs, transit, and trade facilitation operations along selected transport corridors.
- Stimulate private investment in economic infrastructure through Development Credit Authority tools such as bond guarantees.
- Support regional efforts to improve the efficiency and transparency of international financial transactions.
- Facilitate use of ICTs to promote trade efficiency.

### *Illustrative Indicators:*

- Reduced cost of moving a container along selected transport corridors.
- Increased private investment in economic infrastructure.

### **Cross-Cutting Themes**

Mitigating the Impact of HIV/AIDS: HIV/AIDS is straining the human and financial capacities of governments to implement their complex development agendas. Efforts to strengthen regional capacity to negotiate, formulate, and implement policies and regulations must explicitly address HIV/AIDS impacts. One way to do this is to encourage governments to scale down the policy agenda by focusing on private sector priorities that are directly related to export competitiveness. Another is to help governments conduct HIV/AIDS impact assessments of policies, laws, and regulations that affect trade and competitiveness.

HIV/AIDS will affect the profitability and productivity of cluster firms, and hence their



ability to compete in global markets. One study estimates that the costs of benefits related to HIV/AIDS may be 2-6% of total payroll for many firms, and higher in some cases.<sup>37</sup> Productivity falls as workers become ill or miss work to attend funerals. Businesses incur recruitment and training costs to replace lost workers and plan for worker redundancies. The direct and indirect workplace costs of HIV/AIDS erode already narrow profit margins.

Firms need to think strategically about the long-term consequences of AIDS-related morbidity and mortality on the local and regional markets for their goods and services. HIV/AIDS may disrupt the delivery of intermediate goods and services that are inputs into other firms' production processes. Export-oriented firms will need to diversify their market outreach geographically away from the epicenter of HIV/AIDS, putting further pressures on them to produce competitively to international market standards. AIDS has also increased the risk profile for investment in Southern Africa: investors now seek premium rates of return of 15-20% in South Africa and even higher rates in the rest of the region.

RCSA will work with business associations and business development service providers to formulate workforce strategies, benefit policies, training policies, and new training methodologies that address the workforce implications of HIV/AIDS. Activities designed to improve quality and safety standards of exports must mitigate the impacts of HIV/AIDS on productivity. RCSA will facilitate brainstorming sessions on the long-term indirect effects of HIV/AIDS on the structure and behavior of markets and the implications of those effects for future commercial diversification and FDI. Finally, RCSA will liaise with the RHAP Corridors of Hope initiative to address impacts at borders and along transport corridors.

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<sup>37</sup> Smart (2003).

Gender<sup>38</sup>: While Southern Africa must increase its competitiveness in global markets if it is to increase growth rates and eradicate poverty, trade liberalization is not gender-neutral in its effects. For example, AGOA has resulted in higher-cost producing least developed countries being flooded with cheap imports from lower-cost producing countries. This has negatively affected small-scale agriculture and craft production of African women, due to declining markets for their products.

The Trade Related Intellectual Property Rights agreement potentially undermines the livelihoods of African women farmers who are traditionally custodians of seeds and medicinal plant knowledge. The General Agreement on Trade and Services could have negative impacts on African women employees and entrepreneurs, who are concentrated in vulnerable lower and middle echelons of national service industries.

Trade liberalization has also had negative differential impacts on females and males in the agricultural sector. Women benefit more from expansion of horticultural crops and groundnuts, which use a higher share of female labor, than they do from expansion of male-intensive crops such as tobacco and coffee. However, the impact varies for women of differing educational levels, benefiting those with primary education the most. Reallocation of assets from production of maize to production of female-intensive crops makes women more productive and increases their wages relative to those of men. Women working for wages in horticultural production are more likely to control their income compared to women who depend on family-produced crops, which are controlled by men.

On the other hand, small-scale female producers are not able to compete with medium- and large-scale producers (mostly men) for new market opportunities because of their unequal access to land, credit, and new technologies and market-

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<sup>38</sup> Summarized from Kandiero, Keller, & Reynolds (2003).



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ing knowledge. Gender-based differences in resource control have particularly adverse effects where women are mostly self-employed or work as unpaid family workers.

Not only are women and men differently affected by the implementation of trade policies, but gender-based inequalities also impact on trade policy outcomes. Gender inequality constrains export performance, especially in agricultural economies dominated by smallholder producers and where women's contribution is significant.

Although there are few explicit laws and regulations that pose barriers to women, there are many customary laws and cultural practices that effectively restrict women's participation in many sectors. For example, in most Southern African countries, the marriage laws relegate women to the status of minors by bestowing the marital rights to the husband. As a result, married women cannot enter into transactions without the consent of their husbands, thus preventing married women from obtaining access to credit or pursuing their goals of participating in trade, commerce, public office, or other endeavors. RCSA plans to address this issue through the Women's Legal Rights Initiative.

Through its competitive solicitation process, RCSA will explicitly address the differential socio-economic impacts of changing trade patterns on women and men. Women are particularly vulnerable to wage exploitation in the context of regional production clusters. A gender perspective is therefore critical in analyses of the consequences of trade liberalization and competitiveness initiatives, and RCSA, through its implementing partners, will build regional capacity to address these issues.

**Corruption:** Corruption undermines good governance and has an economic cost that negatively impacts on the region's efforts to attract FDI. This SO addresses corruption by (a) supporting institutional changes that will lead to

greater transparency in border transactions, (b) promoting the adoption of competition and related laws that limit the scope for unfair business practices, and (c) strengthening the regulation of financial institutions. Participation in a rules-based global trading system also reinforces good governance and reduces the opportunities for corruption. For example, the RCSA may provide technical assistance in the form of trade capacity building in the context of the WTO government procurement agreement.

**Conflict Mitigation:** A leading underlying source of conflict is sluggish economic performance that perpetuates poverty and unemployment, heightens or fails to alleviate significant inequalities, sharpens disputes over land, and contributes to high rates of crime and social violence. HIV/AIDS will intensify the pressures on governments to provide economic opportunities. With rapidly declining life expectancy rates, but continued high birth rates, Southern Africa will experience a "youth bulge" in the coming years, and many of these children will be AIDS orphans. Higher dependency ratios mean less income for fewer people and greater incentives to turn to crime, gangs, and illicit trade in drugs or other precious commodities to survive. A more competitive Southern Africa will perform better economically, reducing the potential for regional conflict.

**ICTs:** RCSA will support regional efforts to develop and implement policies that give information service providers access to facilities, networks, and network services on a non-discriminatory and low-cost basis. Open access to facilities and networks will maximize consumer choice and enable businesses to operate more efficiently. Improving global interconnectivity and liberalizing international telecommunications will enhance the region's competitiveness.

At the cluster level, business linkage and market information initiatives will utilize ICTs extensively. ICT-based training programs are more cost effective than traditional classroom ap-



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proaches and lend themselves to broader distribution in the region. ICTs are also an important tool for improving the efficiency and transparency of international financial transactions and customs, transit, and trade facilitation operations.

Environment: Sustainable competitiveness must be built on true comparative advantage. This requires planners to internalize environmental and social externalities through full-cost pricing. Environmental-economic analyses -- rather than traditional environmental impact assessments -- must underpin investments in specific industries or sectors.

Public-Private Partnerships: RCSA will pursue GDA alliances that add value to cluster products and services and improve business linkages with export markets. Use of the Development Credit Authority is another approach to leveraging private sector resources. Through the Volunteers for Prosperity Initiative, RCSA will forge partnerships that strengthen business development and support services in support of cluster development. RCSA will also utilize the International Business Linkages activity to assist small firms to become part of the value chain of larger firms on a for-profit, demand-driven basis without USAID subsidy.

RCSA will also continue to develop relationships with US industry, government, and university partners to enhance trade-related investments in telecommunications, energy, and marketing and regulatory infrastructure.

### Strategic Linkages

Agency Program Goals and Objectives: This SO directly supports *USAID Program Goal 1, Broad-based economic growth and agricultural development* encouraged and *USAID Objective 1.1, Critical, private markets expanded and strengthened*.

Presidential and Agency Initiatives: This SO was specifically designed to implement the

TRADE Initiative. IR 14.1 will strengthen African capacity for trade policy formulation and implementation, strengthen the enabling environment for African businesses, and expand the role that trade can play in African poverty reduction strategies. IR 14.2 will promote US-African business linkages and enhance the competitiveness of African products and services. IR 14.3 will also address the enabling environment and the competitiveness of products and services by reducing transaction costs.

The SO directly supports the Administrator's competitiveness mandate (July 8, 2003). It relies heavily on the fundamental concepts of Michael Porter's work relating to achieving sustainable competitive advantage by strengthening value or supply chains. The SO will also utilize the Volunteers for Prosperity Initiative to support cluster development.

SO 14 plays a vital and explicit role in supporting IEHA by seeking to increase high-value agricultural exports, thus raising rural household incomes and increasing regional self-reliance.

SO 14 also supports the Digital Freedom Initiative by promoting pro-growth regulatory and legal structures and frameworks to enhance business competitiveness, leveraging technology and communication infrastructure in new ways to help entrepreneurs and small businesses better compete in both regional and global markets.

RCSA Goal and Other SOs: The SO will contribute to the overall RCSA goal of *Equitable, Sustainable Economic Growth in a Democratic Southern Africa* by increasing trade and promoting open markets.

*SO 14 (Competitiveness)* and *SO 15 (Rural Livelihoods)* are strongly linked. SO 14 strengthens the enabling environment for free trade and competition, providing a foundation for SO 15 to promote market-led agricultural growth. Support to the Doha Development Round and US-SACU FTA negotiations will increase market access for the region's agricul-



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tural products. Cluster development under SO 14 embraces agribusiness, thus directly supporting SO 15. The Southern Africa Global Competitiveness Hub has already expanded its scope to facilitate agricultural exports, recognizing that agriculture is the foundation of the region's economy. The efforts of SO 14 to reduce key transaction costs will make agricultural products more competitive in regional and international markets.

SO 15, on the other hand, supports SO 14 by focusing on emerging commercial farmers who have the potential to compete in regional and international agricultural markets. IEHA, upon which SO 15 is based, is a market-led strategy that is built on a competitiveness framework.

Good governance is the foundation for free trade and competitive markets. *SO 16 (Electoral Competition)* promotes good governance by encouraging political competition, advancing regional election norms and standards, addressing corruption, mitigating regional conflict, and improving women's participation in political processes.

Finally, this SO is supported by *SO 17 (River Basins)*, which explicitly recognizes that water security is crucial for the region's economic growth. SO 14 will explicitly take water scarcity into account in promoting cluster development.

**Bilateral Mission Programs:** During the strategic planning process, RCSA liaised closely with other missions that were developing new strategies or undergoing a mid-term strategy review. As a result, SO 14 is strongly linked to the following bilateral mission SOs: Mozambique (*Labor Intensive Exports Increased*), Namibia (*Increased Economic Benefits from Trade and Investment*), South Africa (*Economic Capacity Building*), and Zambia (*Increased Private Sector Competitiveness in Agriculture and Natural Resources*). Mozambique and Zambia explicitly acknowledge the link to RCSA programs in their strategy documents, and RCSA provided direct technical assistance to Namibia in the develop-

ment of its strategic plan. RCSA is also collaborating with South Africa on a number of TRADE-related activities and has provided substantial support to Angola in its development of an economic portfolio. RCSA technical officers have continued to liaise with their counterparts in other missions to obtain feedback on draft strategic frameworks for SO 14.

Starting in June 2002, with the opening of the Southern Africa Global Competitiveness Hub, RCSA has been consulting with bilateral missions in the development of Hub work plans. The Hub was formally launched in May 2003, in conjunction with a regional symposium on "Competing in the Global Marketplace". Bilateral missions were invited to both events to share their views on the future directions of the Hub.

In November 2002, RCSA co-funded the First Annual Trade Symposium of the Southern Africa Trade Research Network as part of the strategic planning consultation process. The theme was "Integrating the SADC Countries into the Global Trading System", and bilateral mission representatives were invited to engage with the RCSA on strategic themes related to global competitiveness.

RCSA and several bilateral missions are already exploring the joint design of implementation tools that will reinforce the linkages between regional and bilateral trade and competitiveness programs. A Trade Round Table scheduled for mid-August will engage bilateral mission representatives in activity design for this SO. Participants in this event will form the nucleus of an SO governance council (see Section IX, Program and Service Management) that will guide activity design and ongoing strategic planning.

**Other Donor Programs:** RCSA will collaborate with several donors who are active in promoting competitiveness and free trade in the region. Specifically, RCSA will participate in a regional trade donor coordination group to be chaired by DFID.



Two DFID programs complement this SO: (a) the Regional Trade Support Program, which targets small-scale producers and traders and also addresses issues such as technical barriers to trade and (b) the Making Commodity Markets Work for the Poor Initiative. DFID's focus on the SACU countries also reinforces RCSA's support to the US-SACU FTA negotiations. RCSA and DFID are exploring specific opportunities for collaboration.

SO 14 will also complement EU support for SADC regional programs in trade, industry, finance, and investment. RCSA and EU advisors already work together on a number of issues of common interest and this collaboration will continue under the new strategy.

Finally, RCSA will collaborate with the World Bank as it rolls out its Regional Integration Assistance Strategy for Southern Africa. RCSA and the World Bank have been consulting regularly to identify possible synergies between their strategies for the region.

African-Led Initiatives: Promotion of US-Africa business linkages will support NEPAD's Capital Flows Initiative, which has the goal of increasing private capital flows to Africa. Efforts to build capacity for trade policy and analysis will support components of the Market Access Initiative, which seeks to develop the export potential of African products and to promote the diversification of African economies. This SO also supports SADC's goals of promoting deeper regional integration, increasing the region's competitiveness in the world economy, and promoting public-private sector dialogue.

## **SO 15: RURAL LIVELIHOODS DIVERSIFIED IN SOUTHERN AFRICA**

### **The Development Challenge and RCSA's Comparative Advantage**

#### Development Challenge

The level of food insecurity in Southern Africa is high and rising: the number of undernourished people in the region increased from 52.7 million in 1990-92 to 77.2 million in 1997-99.<sup>39</sup> The 2001-2002 food crisis, triggered by scattered flooding and sub-regionally inadequate rainfall, left 15.3 million people in six countries (Lesotho, Malawi, Mozambique, Swaziland, Zambia, and Zimbabwe) in need of food aid. For most of the affected communities, the extra burden of acute transitory food insecurity exacerbates pervasive chronic food insecurity. Since droughts and floods will continue to affect the region with some regularity, eliminating the threat to famine in the future will require addressing the long-term inadequacies of livelihoods of the food insecure rural poor.

Food insecurity stems from long-term policy failures and declining investments in agricultural research and development, resulting in inadequate growth and productivity in the agricultural sector.<sup>40</sup> Farmers in Southern Africa face many constraints: (a) overdependence on maize, a moisture-sensitive and therefore high-risk crop; (b) declining soil fertility; (c) difficulty obtaining inputs such as fertilizers and seeds; (d) water shortages; (e) limited access to new productivity-enhancing technologies; (f) lack of credit; (g) inadequate extension services; (h) weak market integration, preventing the transfer of food from surplus to deficit areas at affordable prices; (i) insufficient market information; and (j) poor linkages between producers and buyers.

<sup>39</sup> SADC draft RISDP.

<sup>40</sup> Von Braun et al. (2003).



Livelihood options and strategies have been changing throughout sub-Saharan Africa, with 55-80% of rural African household incomes now coming from non-farm sources.<sup>41</sup> The role of the male head of household as dominant income earner is eroding, and rural women are increasingly earning cash income from the sale of goods and services. The future of the African rural poor lies increasingly in labor force participation outside the agricultural sector, which, in turn, requires new skills. Nevertheless, the livelihoods of most people are still dependent on agriculture.<sup>42</sup>

### Comparative Advantage

From its regional platform, RCSA can support international and regional networks to facilitate information sharing on cross-border policy constraints, regional agricultural recovery, monitoring of rural livelihood needs, regional sanitary and phytosanitary requirements, tariff and non-tariff barriers to trade in food and seeds, and best practices by farmer and producer organizations. RCSA is well positioned to identify zones and conditions where pilot interventions could diversify production, marketing, and thus the income base of the more vulnerable households.

The Southern Africa Global Competitiveness Hub has already launched an export-oriented growth program that directly supports this SO. Through the Hub, RCSA can facilitate sharing of best practices and dissemination of innovative approaches and technologies across borders. Commodity chains link emerging commercial farmers, processors, and traders with regional and international buyers and export markets. These linkages, which can be complex, are more effectively pursued from a regional platform. Regional economies of scale enable RCSA to provide highly specialized technical assistance

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<sup>41</sup> Bryceson (2000).

<sup>42</sup> Ibid.

to bilateral missions and embassies in countries where there is no USDH presence.

Common trade negotiating positions on agriculture and food safety issues will strengthen the region's bargaining power and facilitate integration into global agricultural market systems. Regional approaches to agricultural research and development are more cost-effective and efficient for countries that have scarce human and financial resources, particularly as AIDS diminishes national capacity. RCSA can effectively promote regional synergies and complementarities from IEHA investments in Southern Africa, extending the reach from IEHA focus countries to non-focus countries.

### **The Development Hypothesis and SO Description**

#### Development Hypothesis

There is compelling empirical evidence that successful agricultural development projects are driven by market-led strategies. To achieve significant growth rates, emerging commercial farmers -- both women and men -- will need to produce high-value tradable goods for export markets. Expenditure of increased farm incomes on locally produced, labor-intensive, non-tradable goods and services ultimately drives employment creation in the non-farm sector, leading to reduction in poverty levels.<sup>43</sup>

In the shorter term, diversification of crop-livestock systems will address the needs of more vulnerable communities and lay the foundation for more market-oriented farming in the future.<sup>44</sup> As a result of previous investments in agricultural research, nutrient-rich and disease-resistant crops that are already "on the shelf" can be multiplied out and disseminated to producer organizations from a regional platform. Rural livelihoods strategies in more vulnerable communities must also include non-farm activities

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<sup>43</sup> Mellor (2000).

<sup>44</sup> Adelski et al. (2003).



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that generate income for purchasing food. A combination of diversifying crop-livestock systems and broader rural livelihoods strategies will more effectively address the problems of hunger and malnutrition in the region.

Agricultural growth requires an enabling policy environment and sustained public investment in the supply side of agriculture. The countries of Southern Africa must implement an array of integrated policy measures and programs, including those for building capacity and research support systems. Policies should foster agricultural and rural development, with a focus on increasing the productivity of emerging commercial farmers, especially women.

### Program Focus Areas

Programmatically, the SO will focus on two groups: small producers -- both women and men -- who are ready to make the transition to commercial agriculture (emerging commercial farmers) and more vulnerable rural households that can improve their food security by diversifying away from single-crop, water-intensive strategies. This diversification will lay the foundation for their future participation in more market-oriented strategies.

Geographically, RCSA will target accessible areas with higher than average yield potentials under IR 15.1 and, under IR 15.2, more vulnerable communities that have the potential to benefit from pilot interventions that diversify crop-livestock systems and rural livelihoods. RCSA will support IEHA focus countries, starting with Mozambique, Zambia, and perhaps Malawi, to complement IEHA investments. However, RCSA will also extend the reach of IEHA to non-focus countries to promote synergies and spillover effects.

### SO Description

*SO 15: Rural Livelihoods Diversified in Southern Africa* will promote rural livelihoods, food security, and agricultural growth by (a) increas-

ing exports by emerging commercial farmers of high-value agricultural commodities, (b) diversifying crop-livestock systems in pilot vulnerable communities, and (c) improving regional coordination on agricultural and rural livelihoods research and policy.

### *Illustrative Indicator:*

- Growth in rural income (OPIN indicator).

A preliminary PMP is presented in Annex B. During the activity design stage, RCSA will work closely with AFR/SD to integrate IEHA indicators, currently under development, into the PMP.

### *Critical Assumptions:*

- Regional governments continue to implement macroeconomic reforms that remove impediments to trade.
- International market access for Southern African agricultural commodities is not further restricted.
- There is no deterioration in the global economic environment.
- There are no major spillover effects from global or regional political instability.
- Recurrent natural disasters such as floods and droughts are effectively mitigated.
- The HIV/AIDS epidemic does not escalate.

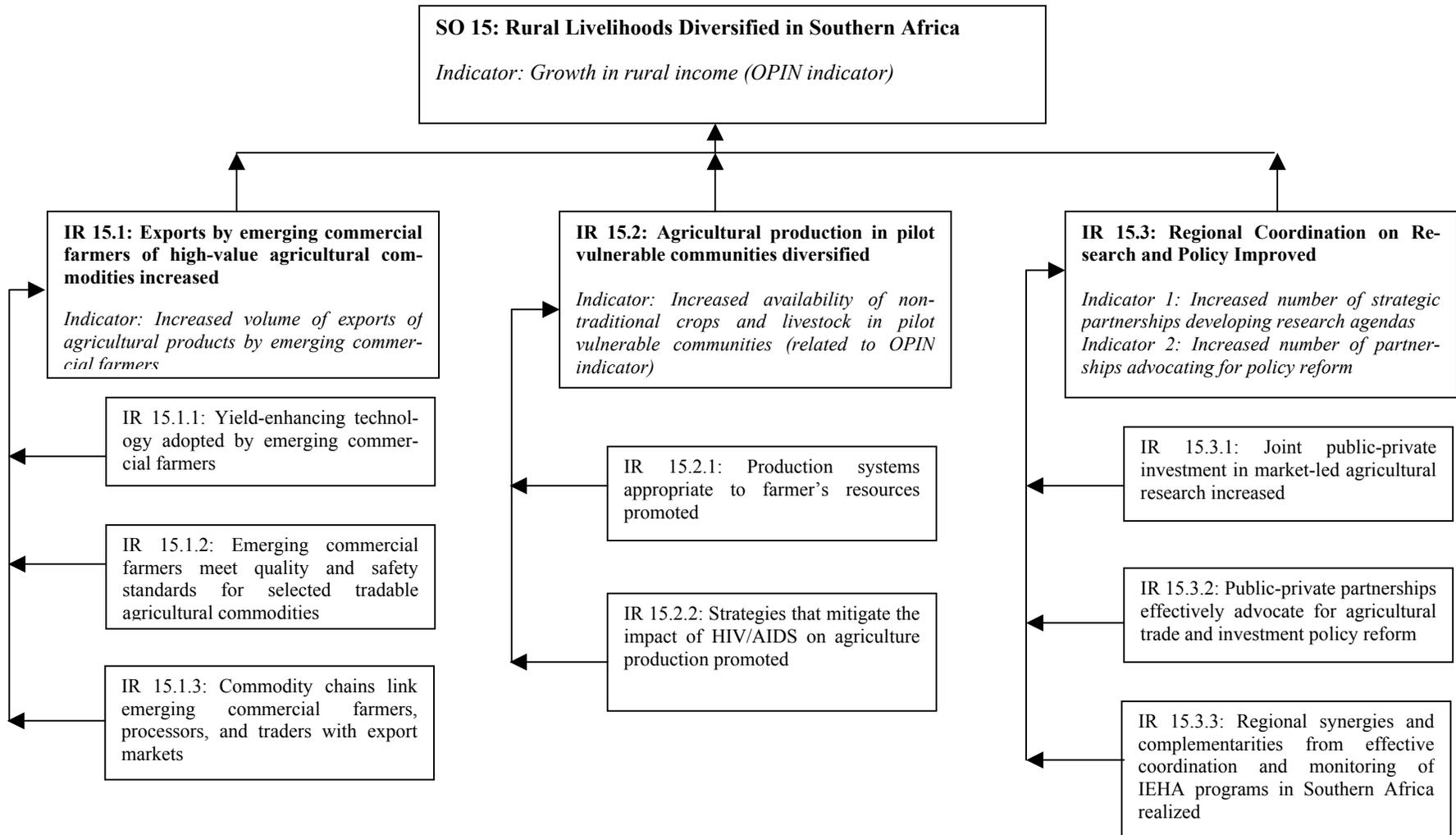
### **Intermediate Results**

Three IRs (Figure 3) will contribute towards the achievement of SO 15: (a) *Exports of high-value agricultural commodities increased*; (b) *Agricultural production in pilot vulnerable communities diversified*; and (c) *Regional coordination on agricultural research and policy improved*. Most activities under this SO will continue through 2010. Activities that are specifically linked to IEHA will end in FY 2008.



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Figure 3. SO 15 Results Framework





***IR 15.1: Exports of high-value agricultural commodities increased***

Producing high-value agricultural commodities for regional and international export increases economic security for both farming and non-farming households. Emerging commercial farmers must have access to yield-augmenting technology packages and they must meet quality and safety standards for selected horticultural, livestock, and other non-traditional agricultural exports. They also need commercial linkages to processors, traders, and others in the agricultural marketing chain. RCSA will work with emerging commercial farmers primarily through producer organizations and supply chain mechanisms.

With increased supermarket trade development in Africa, emerging tourism markets, and cyclical demand for emergency food in drought/flood-prone areas, the regional market demand for agricultural commodities is significant. Regional markets provide a springboard for emerging commercial farmers to (a) establish quality assurance and quality control, (b) enter new niche markets, (c) add value to production processing, and (d) enter into partnerships with large-scale producers. Smaller farmers will find it easier to supply local market demand, at least initially, than to supply more sophisticated international markets. Thus IR 15.1 will also promote regional agricultural trade and market development.

*Illustrative Activities:*

- Disseminate yield-enhancing agricultural technologies for selected high-value crops and livestock to emerging commercial farmers.
- Develop regional public-private sector consortia to link large private sector firms to locally supplied inputs such as seeds and fertilizers.
- Address technical, institutional, and policy constraints to meeting sanitary and phytosanitary standards for selected high-value agricultural commodities.

- Build the capacity of emerging commercial farmers, industry associations, packers, processors, packaging manufacturers, and others in the agribusiness marketing chain to meet food safety and quality standards for selected high-value agricultural exports.
- Facilitate commodity chain linkages through strategic alliances with private sector partners, including regional supermarket chains.
- Promote diversification of export-oriented cash crops, livestock products, and natural plant products to diminish vulnerabilities to price fluctuations, dependence on chemical fertilizers, and vulnerability to disease.
- Strengthen regional producer and agricultural trade associations, including organizations of women farmers.

*Illustrative Indicator:*

- Increased value of exports of high-value agricultural commodities from targeted areas to international markets.

***IR 15.2: Agricultural production in pilot vulnerable communities diversified***

Diversification of crop-livestock systems increases food security by reducing dependence on high-risk maize monoculture systems. RCSA has identified many nutrient-rich and disease-resistant crops that can be multiplied out and disseminated regionally to reduce hunger and malnutrition. To intensify production, farmers will need to use low-external-input technologies and farming methods. Dissemination of best practices in agricultural science and technology on a pilot basis will demonstrate viable diversification strategies that can be applied throughout the region.

In many areas of Southern Africa, livelihood diversification means moving beyond traditional crop and livestock systems to alternative rural production systems based on wildlife, veldt products, sustainable natural plant products, tourism activities, and community based natural resource management (CBNRM) initiatives.



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During the activity design stage, RCSA will systematically explore these other options.

Rural livelihoods strategies that mitigate the effects of AIDS on human capacity, work flow, and family resources of farm households will provide an additional safety net in the short term before agricultural growth has an impact on rural wages. RCSA will support household vulnerability assessments and rural livelihoods activities of the Famine Early Warning System Network (FEWSNET) and other potential partners such as Save the Children, the Food and Agriculture Organization, and the World Food Program. RCSA will also liaise with the Regional Network on HIV/AIDS, Rural Livelihoods, and Food Security and other programs that holistically address HIV/AIDS, food and nutrition insecurity, and livelihood insecurity in the region.

Although this SO primarily addresses the longer term underlying causes of food security, RCSA will continue to support disaster management and mitigation activities, as the need arises, building on previous work with FEWSNET. The SO will focus special attention on HIV-affected and women-headed households early in a developing crisis.

### *Illustrative Activities:*

- Adapt best practices from non-governmental organization (NGO)-implemented projects on natural resources management and community-based input programs.
- Adapt less labor-intensive agricultural technologies to the needs of households that have been affected by HIV/AIDS.
- Disseminate low-external-input technologies and methods of farming, using organic material and different farming arrangements.
- Facilitate collaboration between farmer associations, NGOs, and for-profit firms to reduce marketing, extension, and credit costs.
- Forge partnerships with the Commonwealth Regional Health Community Secretariat, the Asian Vegetable Research and Development

Center (Africa Regional Program), and other health and nutrition institutes to strengthen linkages between agriculture and nutrition.

- Support rural livelihoods activities and household vulnerability assessments of the regional FEWSNET office in Botswana.
- Through the Women's Legal Rights Initiative, address property and procedural rights.
- Promote greater collaboration among small-holder farmers to reduce production and transaction costs, increase quality and uniformity of products, and increase marketing margins.

### *Illustrative Indicator:*

- Increased availability of non-traditional crops and livestock in pilot vulnerable communities (related to OPIN indicator).

### ***IR 15.3: Regional coordination on agricultural research and policy improved***

A coordinated research-for-development agenda that addresses competitiveness, productivity, and diversification of regional agricultural and rural livelihoods systems will support the objective of market-led agricultural growth. Public-private sector partnerships that advocate the adoption of more liberal agricultural trade and investment policies bolster efforts by emerging commercial farmers to access export markets. Regional synergies and complementarities from IEHA investments in Southern Africa will also enhance market-led agricultural growth.

RCSA recognizes that Southern Africa lacks the institutional and political mechanisms for regional research collaboration that are present in East and West Africa. In an effort to nurture new partnerships to build a stronger regional platform for enhancing agricultural productivity, RCSA co-sponsored a Regional Dialogue on Agricultural Recovery, Trade, and Long-term Food Security in March 2003, which convened more than 100 agricultural economists, policy advisors, researchers, private sector leaders, and NGOs to articulate the key constraints to agricultural recovery, trade, and food security in



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Southern Africa. A subset of this group can form the nucleus for an expanded SO governance council (see Section IX, Program and Service Management).

### *Illustrative Activities:*

- Support strategic partnerships involving the Consultative Group on International Agricultural Research, regional and international NGOs, faith based organizations, regional policy networks, government researchers, the academic community, extension workers, private sector operators, cooperative development agencies, local community organizations, farmer and producer associations, women's groups, and public sector leaders to influence the agenda and develop innovative methodologies for market-led research for development.
- Support information and knowledge management activities of regional networks.
- Build strategic alliances to leverage resources for research on producing, processing, or marketing high-value agricultural exports.
- Strengthen capacity of strategic networks of public and private partners to analyze critical policies and advocate reforms that support market-led agricultural growth.
- At the policy level, promote balanced strategies of income growth, food availability, and food utilization, including food and nutrition policies and food-based nutrition programs, to accelerate reductions in hunger and malnutrition.
- Address land tenure issues at a regional policy level to encourage farmers -- especially women -- to make long-term investments in agricultural technology.
- Support regional agro-biotechnology program to harness technology for the benefit of resource poor farmers.
- Disseminate science-based information on agricultural biotechnology.
- Support development and implementation of IEHA Analysis and Knowledge Management Support System, giving special attention to gender-disaggregated information

that can guide researchers and policy makers.

### *Illustrative Indicators:*

- Increased public and private investment in market-led agricultural research and development.
- Increased number of strategic partnerships advocating policy reforms supportive of market-led agricultural growth.

### **Cross-Cutting Themes**

Mitigating the Impact of HIV/AIDS: HIV/AIDS poses a major threat to food security and rural livelihoods. Sickness and the need to care for infected family members reduce agricultural productivity -- one study estimates that two person-years of labor are lost by the time one person dies of AIDS.<sup>45</sup> Rural households cope by shifting to less labor-intensive subsistence crops with lower nutritional or market value. Credit intended for agricultural production may be used for food or medical care, resulting in low crop yields and income. To survive, households sell assets such as land, equipment, and livestock, further eroding their capacity to produce and purchase food. Inadequate nutrition increases susceptibility to infection and consequently worsens the severity of the disease. Children, especially girls, drop out of school to care for sick household members or to participate in agricultural activities. Traditional systems of social learning that pass skills and knowledge from generation to generation are no longer functioning because of increased mortality of parents in prime working ages. HIV/AIDS further impoverishes already poor households.

The productivity of emerging commercial farmers is constrained by many of the same factors. Their ability to export their commodities to regional and international markets is impaired by the impacts of HIV/AIDS on firms and service providers along supply-to-market commodity chains.

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<sup>45</sup> Adeslski et al (2003).



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RCSA will mitigate the impacts of HIV/AIDS in pilot vulnerable communities by facilitating the dissemination of technologies that meet the changing needs of rural households, including child-, elderly-, and female-headed households. Approaches might include reorienting food production, processing, and preparation; promoting initiatives to alleviate labor and capital constraints; fostering the use of labor-saving tools and crops; and introducing more productive agro-technologies. The mitigation strategies proposed to support cluster enterprises under *SO 14 (Competitiveness)* will be extended to emerging commercial farmers and to firms and service providers along agribusiness commodity chains. RCSA will also help integrate HIV/AIDS impact assessments and mitigation strategies into the agricultural development and rural livelihoods research-for-development agenda.

Gender<sup>46</sup>: Women are disproportionately important in African agriculture, yet they have secondary social and legal status. Men generally control the allocation of land and labor for food- and cash-crop production, as well as the derived outputs and income. Marketing food crops for cash for household needs is mainly women's work, but men ultimately control that activity also. Animal husbandry is, characteristically, a component of livelihood systems for many households. Women are typically responsible for small livestock but they also help care for the large livestock that men control. Childcare and women's related responsibilities tie them to the home and income-generating activities linked to farming, such as food processing, marketing, and wage labor. Men are more likely to seek off-farm wage labor outside the agricultural sector, leaving the household farm in the hands of wives and other extended family members. In many parts of Southern Africa, women head 40% or more of rural households and carry most of the burden of dealing with the impacts of HIV/AIDS at the household level.

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<sup>46</sup> Much of the material in this section is summarized from Adelski et al (2003).

Women generally do not own, inherit, or control land in Southern Africa: customary law gives these rights to men through patrilineal inheritance. A widow's land tenure is insecure and often is claimed by the husband's family – a growing problem as AIDS deaths mount. Insecure land tenure creates many problems for women. Lack of control over the primary resource in an agricultural economy is a fundamental cause of their marginalization from other resources of production. They have limited influence over important decisions such as crop choice, production methods, and the allocation of products to marketing and household consumption.

The World Bank has documented significant improvements in productivity resulting from better access to inputs by women farmers.<sup>47</sup> Yet women are less likely to obtain the necessary inputs. Women use less organic and inorganic fertilizers and fewer hybrid seeds than men. Studies in Malawi showed that the average female-headed households used only two-thirds the amount of inorganic fertilizer used in male-headed households, mostly because they could not afford it. On average, African women receive less than 1 percent of the credit available for agriculture. The lack of access to inputs constrains the ability of women to diversify away from single-crop, water-intensive strategies.

Agriculture extension services are collapsing due to HIV/AIDS, resulting in a much-reduced rate of adoption of new agricultural technologies by both women and male farmers. However, these services remain male-dominated and generally target men more than women, cash crops more than food crops, and larger farmers more than smaller farmers. Lack of access to formal information and communication systems associated with agricultural research, extension, and marketing is one of the biggest constraints to effective participation by women in agriculture.

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<sup>47</sup> DevTech Systems Inc. (2003).



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RCSA will encourage better access to information on new technologies for food production and processing by developing information channels that are more likely to reach women and HIV/AIDS affected households. In adapting and disseminating new productivity-enhancing technologies, RCSA will pay specific attention to the technology needs of women farmers. Through its partners, RCSA will explore the feasibility of establishing rural technology innovation centers to provide inputs and information on agriculture and alternative rural livelihoods. RCSA will also encourage the development of women's agricultural trade associations.

The production for export of higher value agricultural products can make a greater contribution to food security and rural livelihoods if gender-sensitive policies and interventions are developed. In designing activities under this SO, RCSA will explicitly promote the participation of women farmers, processors, and traders in market-led growth opportunities.

RCSA will encourage agricultural research programs to focus more on the needs of women farmers and to include them as innovators and customers. RCSA will help build capacity to disaggregate research findings by gender and marital status so that policy makers and development planners can more clearly identify the degree to which gender is a factor influencing decisions.

Corruption: Corruption in agricultural production affects land title and tenure, credit availability, quality of supplies, water allocation, product standards and certification, marketing, and the development of agribusinesses. At the activity design stage, RFAs and RFPs will require bidders to explicitly address these issues in their proposals.

Conflict Mitigation: Lack of economic opportunity and relative economic deprivation are possible sources of conflict in rural areas, where livelihoods are increasingly at risk. Food insecurity

has been the cause of public rioting and violence in recent years. Disputes over agricultural inputs and assets such as land, fuel, and water could stimulate conflict. HIV/AIDS introduces new social stigmas and creates new classes of vulnerable groups such as AIDS orphans, who may be particularly susceptible to conflict mobilization. This SO focuses on diversifying rural livelihoods, thus relieving the economic and social tensions that could lead to conflict in rural areas.

ICTs: Radios are ubiquitous in rural Africa and can be used to disseminate market information, introduce new agricultural technologies, and deliver strategic HIV/AIDS messages. Farmers might use mobile phones to verify prices and arrange transport for the sale of produce. Rural technology information centers, telecenters, or cyber-cafes link rural producers to other actors along the agricultural market chain. ICT-based networking and information sharing will enhance regional coordination on agricultural development and rural livelihoods research and policy. ICTs can be an especially effective tool for reaching women farmers. During the activity design process, RCSA will explore opportunities for effectively using ICTs to enhance rural livelihoods.

Environment: Given the biophysical constraints to agriculture in much of Southern Africa, sustainable increases in agricultural productivity will require effective management of natural resources. Biological degradation, deforestation, and loss of biodiversity constrain rural livelihoods options and threaten food security. The impacts of land degradation on agricultural productivity need to be addressed.

The use of fertilizers and pesticides to enhance agricultural yields could potentially have adverse environmental impacts, including polluting the water supply. On the other hand, a 1997 review of fertilizer and environmental impacts in Africa concluded that the lack of inorganic fertilizer has had greater negative environmental



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consequences than increasing the use of such fertilizer.

RCSA will carefully examine these issues during activity design, explicitly integrating environmental concerns into activities designed to increase agricultural production and diversify rural livelihoods.

Public-Private Partnerships: RCSA will strengthen agribusiness marketing chains through strategic alliances with private and public sector partners. For example, several major supermarket chains have demonstrated a willingness to work with small producers to ensure that their products meet quality standards. Commercial linkages between emerging commercial farmers and input suppliers will increase agricultural productivity and improve access to credit. Through the RFP and RFA process, RCSA will require bidders to propose partner-rich approaches that leverage private resources to support export-led agricultural growth.

### Strategic Linkages

Agency Program Goals and Objectives: This SO directly supports *USAID Program Goal 1, Broad-based economic growth and agricultural development* encouraged. It contributes to *USAID Objective 1.2, More rapid and enhanced agricultural development and food security encouraged* and *USAID Objective 1.3, Access to economic opportunity for the rural and urban poor expanded and made more equitable*.

Presidential and Agency Initiatives: The SO addresses all IEHA focus areas: science and technology; agricultural trade and market systems; community-based producer organizations; human capital, institutions, and infrastructure; vulnerable groups and transition countries; and sustainable environmental management. Through IR 15.3, RCSA will encourage synergies and complementarities from IEHA investments in the region. The SO also supports the TRADE Initiative by promoting international trade in agricultural products.

This SO also directly responds to two recent GAO recommendations for maximizing the effectiveness of the US response to future food crises in Southern Africa.<sup>48</sup> Through IR 15.3, RCSA can support a comprehensive review of the issues pertaining to biotechnology foods in emergency food aid. The SO will work with the US Department of Agriculture, international organizations, donors, and national governments to develop a comprehensive, targeted strategy to ensure sustained recovery from the food crisis. The GAO recommends that such a strategy must integrate agricultural development, HIV/AIDS awareness and action, natural disaster management, and other appropriate interventions.

Finally, this SO supports the Water for the Poor Initiative. One of the three core focus areas of this initiative is water productivity, which refers to the increased efficiency and effectiveness of water resource management as it relates to agricultural productivity.

RCSA Goal and Other SOs: The SO will contribute to the overall RCSA goal of *Equitable, Sustainable Economic Growth in a Democratic Southern Africa* by stimulating market-led agricultural growth and diversifying the livelihoods of vulnerable rural communities.

*SO 15 (Rural Livelihoods)* and *SO 14 (Competitiveness)* are mutually reinforcing. *SO 14* strengthens the enabling environment for agricultural trade and builds regional capacity to negotiate trade agreements that affect access to agricultural markets. *SO 15* in turn supports *SO 14* by increasing regional competitiveness in the agricultural sector. Complementarities between *SO 14* and *SO 15* will be explicitly addressed during the activity design phase.

Both *SO 15* and *SO 17 (River Basins)* address rural livelihoods. RCSA will conduct rigorous land use analysis to identify the most viable rural livelihoods options. These may include

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<sup>48</sup> GAO (2003).



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crop and livestock systems, but wildlife, veldt products, sustainable natural plant products, and tourism activities may be more appropriate land uses in some areas. Such analysis will underpin the identification of potential focus areas for IR 15.2. RCSA will also identify opportunities to scale up successful CBNRM activities as a means of diversifying rural livelihoods.

Rural livelihoods and food security depend upon sustainable water resource management, and agriculture depends upon a reliable water supply. At the same time, sustainable management of water resources at the community level will only be feasible if the rural livelihoods and food security needs of these communities are addressed.

SO 15 could potentially undermine the sustainable natural resource management goals of SO 17. For example, SO 15 encourages increased agricultural production among commercial farmers, which may result in higher use of yield-stimulating fertilizers and pesticides. This could negatively affect the region's water basins. During the activity design stage, RCSA will explicitly address the linkages between SO 15 and *SO 17 (River Basins)* so that activities complement rather than work against each other.

SO 15 also has strong linkages with *SO 16 (Electoral Competition)*. For rural Africans, major governance issues include control and access to resources and robust systems of accountability and representation. Through the Anti-Corruption Initiative and the Women's Legal Rights Initiative, SO 16 will support SO 15 efforts to strengthen the relationships among governance, natural resource management, and agricultural intensification.

**Bilateral Mission Programs:** RCSA hosted a Southern Africa Regional Workshop for IEHA in January 2003 to obtain inputs from seven bilateral missions, REDSO/ESA, the Partnership to Cut Hunger and Poverty in Africa, USAID/Washington, and other regional and international partners on the development of an

IEHA Action Plan. This SO is explicitly based on IEHA and the guidance received at that workshop. RCSA staff continued to consult with technical counterparts in bilateral missions after that workshop to refine the SO.

*SO 15 (Rural Livelihoods)* will complement and support several bilateral mission programs. Mozambique is accelerating rural income growth by focusing on the fundamental impediments to rapid private sector-led agricultural growth and rural development. Zambia is increasing private sector competitiveness in agriculture and natural resources. Tanzania is promoting the commercialization of agriculture through market linkages and regional trade, empowering smallholders through agribusiness and association development, and accelerating agricultural marketing and business development. Malawi is increasing crop diversification, improving market access through farmer associations, developing agriculturally linked enterprises, and diversifying incomes through CBNRM. Angola is launching a development relief program to restart the agriculture sector and expand rural household incomes. South Africa has a model program that links smallholders and producers with first world farmers and markets.

All of these programs offer opportunities for collaboration, technical support, and sharing of best practices and lessons learned. In its regional coordination role for IEHA, RCSA will assist bilateral missions with multi-country activities and partnerships and provide them with technical and analytical support services. RCSA will serve as an IEHA clearinghouse, facilitator, and convener -- providing regional context on trends, analyses, and results. Bilateral missions will be represented on an SO governance council (see Section IX, Program and Service Management), a forum that will engage them in activity design and planning.

**Other Donors:** There are three prominent donors in the rural livelihoods sector in this region: DFID, the EU, and the Food and Agriculture



Organization (FAO). These donors have activities in rural infrastructure, production of staple food security crops, and research and policy analysis. The World Bank is exploring options for a regional food security strategy.

RCSA will coordinate with FEWSNET, Save the Children, FAO, and the World Food Program, which are all establishing offices in Gaborone to facilitate coordination with the SADC Regional Early Warning Systems and the Regional Vulnerability Assessment teams. RCSA will also coordinate with the World Food Program, the Office of Foreign Disaster Assistance, and other UN offices working on disaster and emergency relief issues in Johannesburg.

African-Led Initiatives: The NEPAD Comprehensive Africa Agriculture Development Program identifies three pillars on which to base the immediate improvement of Africa's agriculture, food security, and trade balance: (a) extending the area under sustainable land management and reliable water control systems, (b) improving rural infrastructure and market access, and (c) increasing food supply and reducing hunger. NEPAD recognizes the role of agricultural research and of technology dissemination and adoption in stimulating agricultural production in Africa.

The SO overlaps with two SADC focus areas in sustainable food security: food availability and access to food. RCSA will support these objectives by increasing crop and livestock production, productivity, and profitability; promoting diversification of food crops; promoting labor saving agricultural support systems and technologies for resource poor farmers; promoting trade in food and non-food agricultural products and enhancing advocacy for fair trade practices in agriculture; encouraging public and private investment in agriculture, including research and technology development, promoting rural non-farm income generating activities, including agro-processing, and promoting agribusiness.

## **SO 16: IMPROVED ELECTORAL COMPETITION IN SOUTHERN AFRICA**

### **The Development Challenge and RCSA's Comparative Advantage**

#### Development Challenge

Southern African leaders and political elites have long endorsed democracy and the establishment of democratic norms, practices, and procedures. Further democratization in most countries will require political and economic reforms that can only be implemented with high-level commitment to change. While formal disenfranchisement from meaningful political, economic, or social participation is minimal, exclusion is still effected through selective application of the law. The overall lack of citizen inclusion in political processes impedes competition within the political system.

The dominance of the executive branch in governments has eroded key elements of democratic governance, resulting in weak oversight and limited debate of executive initiatives by parliaments and courts. Under these systems, levels of corruption and instances of basic human rights abuses are rising.

Good governance is suffering from inadequate checks and balances. The abuse of power for private gain in the area of political competition is especially acute. Cumbersome bureaucracies and entrenched patronage networks -- debilitating legacies of the one-party state -- have created new opportunities for electoral corruption. In some countries, media freedom is at risk and an engaged civil society is considered a threat to state security. Ineffective new local government systems and the impacts of HIV/AIDS on the capacity of individuals to participate in civil society exacerbate the situation.



### Comparative Advantage

Addressing issues of political competition, accountability, transparency, and the protection of human rights at the national level without regional backing is unproductive. The region requires strong inter-country alliances and vibrant cross-border civil society networks. The more democratic countries need to exert a positive influence on their less democratic neighbors. Regional approaches to promoting consensus between opposition and ruling parties on common electoral standards can be especially effective in polarized national settings. Reinforcement of mutual strengths at the national level enhances the ability to deal with negative developments when they occur.

Bilateral democracy and governance programs routinely focus on improved accountability, transparency, and the rule of law, as well as on improved political consensus and inclusion. A regional program has a comparative advantage in promoting regionally acceptable procedures for public contestation and in ensuring a competitive public arena that is accessible to all political forces. RCSA can also facilitate regional networking and information sharing to complement and reinforce bilateral mission efforts.

### **The Development Hypothesis and SO Description**

#### Development Hypothesis

Democratic governance is the key to an enabling environment that supports sustainable economic development in Southern Africa. Countries in the region with relatively greater political competition have the most dynamic economies. Democracy benefits greatly from a growing regional economy, but sustained economic growth also requires strong political competition.

Southern African states are characterized by fragile systems of governance that are vulner-

able to retrogression and political conflict. The pervasive dominance by the executive branch of government in the public sphere undermines economic and political competition.

Political leadership that is accountable to all citizens and a set of procedures and institutions that allow contestation for power in free, fair, and legitimate elections will improve competition. Electoral competition in its broadest definition encompasses voter rolls and registration, media competition and freedom, political party organization and regulation, campaign finance and other resource allocations for political competition, elections, political participation, and policy development and legislation on political competition.

This SO will improve electoral competition processes in Southern Africa to promote an environment that will sustain economic growth. It will foster oversight of government competition processes by a variety of actors including civil society, mass media, and political parties. Fair and free processes will lead to sounder development policies subject to greater debate in parliaments.

#### Program Focus Areas

Geographically, RCSA will focus on countries with planned elections in 2004/2005: Botswana, Namibia, South Africa, Malawi, Mozambique, Tanzania, Mauritius, and possibly Angola and Zambia. Programmatically, the emphasis will be on electoral processes from the end of these elections until the next round of elections in 2008/2009. RCSA may direct additional resources to countries where the 2004/2005 elections result in conflicts and abuses.

#### SO Description

*SO 16: Improved Electoral Competition in Southern Africa* will increase the accountability and transparency of political competition and improve electoral processes through compliance with regional norms and standards.



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### *Illustrative Indicators:*

- Percentage of citizens (women and men) expressing trust and confidence in electoral competition processes.
- Progress in meeting the Millennium Challenge Account eligibility criteria (governing justly, improved civil liberties, political rights for women and men).

A preliminary PMP is presented in Annex B.

### *Critical Assumptions:*

- Regular elections are held at the national level.
- There is continued regional political support for improving electoral competition.
- There are no major spillover effects from global or regional political instability.
- There is broad regional consensus on political competition and election norms and standards.
- The HIV/AIDS epidemic does not escalate.

### **Intermediate Results**

Two IRs (Figure 4) will contribute towards the achievement of SO 16: (a) *Increased accountability and transparency of electoral competition processes in the region;* and (b) *Improved electoral processes through compliance with regional norms and standards.* IR 16.1 will be implemented over a period of four years (FY 2004 to FY 2007), corresponding to the time-frame for the Anti-Corruption Initiative. IR 16.2 will require seven years for implementation. Resources from the AFR Conflict and Peace Building Fund and the Women's Legal Rights Initiative will support this IR during the first two to three years.



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Figure 4. SO 16 Results Framework



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## SO 16: Improved Electoral Competition in Southern Africa

*Indicator 1: Percentage of citizens expressing trust and confidence in select electoral competition processes*

*Indicator 2: Progress made in meeting the Millennium Challenge Account eligibility criteria – governing justly, civil liberties, and political rights*

### IR 16.1: Increased accountability and transparency of electoral competition processes in the region \*\*\*

*Indicator: Improved political competition record*

IR 16.1.1: Improved access by partners to resources and information that address electoral competition processes in the region

IR 16.1.2: Increased oversight of electoral competition processes by regional NGO coalitions

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

• *Indicator: Degree to which national electoral legislation conforms to regional norms and standards*

IR 16.2.1: Increased participation of women and disadvantaged groups in key political competition processes

IR 16.2.2: Increased regional capacity to mitigate conflict and human rights abuses

IR 16.2.3: Improved consensus on regional election norms and standards

\*\*\* This result is linked explicitly to the AFR Anti-Corruption Initiative and it will be implemented jointly with other SOs in the mission including competitiveness, rural livelihoods, water management, and the services PSO.



***IR 16.1: Increased accountability and transparency of electoral competition processes in the region***

Corruption distorts genuine political competition by creating an uneven playing field and impairing the performance of public institutions. Most regional democracy and governance organizations have been “missing in action” on corruption issues. This can be attributed to (a) limited capacity to effectively monitor electoral processes; (b) weak internal governance structures of political parties; (c) ineffective partnerships between civil society, the public sector, and private sector actors; and (d) the absence of strategic approaches to address corruption in electoral processes. This SO will address these impediments to political competition by strengthening regional civil society organizations and other regional coalitions that advocate accountable and transparent political competition processes.

*Illustrative Activities:*

- Facilitate regional networking and knowledge sharing on political competition issues.
- Build capacity of civil society networks to oversee electoral processes.
- Train journalists in investigative journalism.
- Develop capacity of political parties to oversee electoral processes.

*Illustrative Indicator:*

- Improved political competition record.

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

Another key arena for political competition is a properly managed electoral process in which individual and group rights are respected and conduct is governed by acceptable norms and standards. RCSA will support regional initiatives that (a) incorporate regional norms and standards into national electoral laws and regulations; (b) use them to assess the legitimacy of elections; (c) advocate improved protection of basic political rights; (d) address human rights

abuses; and (e) increase civic participation, especially of women, in electoral processes. Through the AFR Conflict and Peace Building Fund, RCSA will build regional capacity to monitor, mitigate, and respond to election-related conflict. The Women’s Legal Rights Initiative will advance regional efforts to protect the rights of women and to mainstream gender issues into sector laws and regulations.

*Illustrative Activities:*

- Facilitate application of regional election norms and standards that promote improved conduct of elections and better protection of human rights.
- Develop institutional capacity of the Electoral Commissions Forum.
- Mobilize civil society to implement the SADC Declaration on Gender and Development.
- Support development and adoption of effective internal governance models for political parties.
- Build capacity of regional organizations to investigate, monitor, and document election-related conflict and human rights violations.
- Strengthen capacity of parliamentarians and others to lobby for women’s legal rights from an informed position.

*Illustrative Indicator:*

- Degree to which national electoral legislation conforms to regional norms and standards.

**Cross-Cutting Themes**

Mitigating the Impact of HIV/AIDS: HIV/AIDS affects many dimensions of political competition. Impaired human and institutional capacity lessens the effectiveness of election support programs such as voter registration, voter education, election monitoring, and dispute resolution. Reduced political participation by HIV/AIDS affected persons may shift the balance of political power, influence electoral outcomes, weaken electoral mandates, and undermine the legitimacy of governments. HIV/AIDS diminishes the



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capacity of representative institutions such as parliaments and decimates the ranks of skilled and experienced leaders, administrators, civil servants, and public service providers. Increasing government wage bills due to HIV/AIDS, diversion of resources to the health sector, shrinking tax bases, and declining government revenues will have impacts on all development sectors. Ultimately public confidence in and support for democratic processes may erode.

RCSA will strengthen the capacity of regional institutions, associations, networks, faith based organizations, and civil society organizations to mitigate the impacts of HIV/AIDS on election support programs and political participation. By building advocacy and analysis skills, mandating discussion about HIV/AIDS at every RCSA-funded conference or event, and supporting regional networking and information sharing, RCSA will encourage broader public dialogue on HIV/AIDS impacts and mitigation strategies.

Gender: An explicit objective of IR 16.2 is to increase the level of female participation in the electoral process, both as activists and as candidates. The political participation of women in Southern Africa increased dramatically in the 1990s for the following reasons: (a) the efforts of women's organizations that worked for political, legislative, and constitutional change; (b) a larger pool of educated women; (c) their long experience in organizing their own associations; (d) political commitment by leaders of countries such as Uganda, Mozambique, and South Africa; and (e) international advocacy by entities such as the Inter-Parliamentary Union.

However, there are still constraints -- notably cultural -- to women's participation in electoral politics. Women's political participation is also constrained by their marginalization in political party structures, their lower levels of education, lesser access to campaign funds, and the voting public's ignorance about gender equality issues in political campaigns. Through IR 16.2, RCSA will explicitly address these issues.

In addition, through the Women's Legal Rights Initiative, RCSA will strengthen regional capacity to campaign for gender sensitive laws and regulations in all sectors. A gender advisor attached to SO 16 will also oversee the mainstreaming of gender issues across the RCSA portfolio.

Corruption: IR 16.1 directly addresses corruption in political processes. The SO will also support the integration of anti-corruption activities into other SOs and bilateral mission programs.

Conflict Mitigation: Political competition and issues of power are critical sources of conflict in Southern Africa. In arenas of intense poverty where wealth and status are hard to obtain, politics offers a path not only to power but to prosperity and individual aggrandizement. Political contests are intensely fought, and those in power sometimes turn to fraud, intimidation, torture, or murder to retain political power. This SO will directly address these sources of conflict by increasing the accountability and transparency of electoral competition processes, improving compliance with regional electoral norms and standards, and strengthening regional capacity to mitigate conflict and human rights abuses. The AFR Conflict and Peace Building Fund will provide resources to support these efforts.

ICTs: RCSA will encourage and support the use of ICTs to facilitate regional networking and information sharing on corruption, political competition, conflict, and women's legal rights issues. An anti-corruption website will highlight corrupt practices that impede political competition.

Public-Private Partnerships: Strategic alliances between civil society organizations, representative institutions such as parliaments, and the private sector will increase regional demand for improved transparency and accountability in political processes.



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### Strategic Linkages

Agency Program Goals and Objectives: This SO directly supports *USAID Program Goal 2, Democracy and good governance strengthened*. It contributes to *USAID Objective 2.2, Credible and competitive political processes encouraged* and *USAID Objective 2.3, The development of politically active civil society promoted*.

Presidential and Agency Initiatives: SO 16 directly supports the Agency's Anti-Corruption Initiative, the AFR Conflict and Peace Building Fund, and the EGAT/WID Women's Legal Rights Initiative.

RCSA Goal and Other SOs: Good governance is a prerequisite for achieving the overall RCSA goal of *Equitable, Sustainable Economic Growth in a Democratic Southern Africa*. SO 16 (*Electoral Competition*) supports all other SOs through cross-cutting activities and approaches that mitigate conflict, strengthen the legal rights of women, and address anti-corruption.

Bilateral Mission Programs: During the strategic planning process, RCSA convened two meetings of the DG Officers group (see Section IX, Program and Service Management), comprising bilateral mission and US embassy representatives, to obtain their specific inputs to SO 16. The evolution of the SO 16 results framework explicitly reflects these consultations with bilateral missions and embassies in countries where there is no USDH presence.

SO 16 will complement bilateral programs that support civic advocacy, increase citizen participation in governance, strengthen legislatures, and encourage investigative journalism. The bilateral programs will benefit from regional programs that improve transparency and accountability, as well as from efforts to improve electoral competition processes based on regional norms and standards. RCSA will coordinate and collaborate with bilateral missions and embassies in non-presence countries on conflict

mitigation and human rights issues related to electoral processes.

Other Donor Programs: DFID, the British Council, and the Friedrich Ebert Foundation have participated in regional election monitoring activities. DFID's new regional poverty reduction strategy promotes accountable and transparent governance. NORAD is developing a regional program that will include anti-corruption activities. The United Nations, through its Office for Drug Control and Crime Prevention and Electoral Assistance in South Africa, sponsors regional forums on corruption and elections. The World Bank and the Commonwealth fund a number of initiatives that strengthen national capacities to control corruption. The EU, Canadian International Development Agency, the Konrad Adenauer Foundation, and the Global Coalition for Africa also support election and anti-corruption initiatives in the region.

African-Led Initiatives: SO 16 supports the NEPAD Democracy and Political Governance Initiative, which aims to strengthen the political and administrative frameworks of participating countries in line with the principles of democracy, transparency, accountability, integrity, respect for human rights, and promotion of the rule of law. The mitigation and prevention of election related conflicts under SO 16 bolster the NEPAD Peace and Security Initiative. Encouraging the participation of women in political processes furthers the NEPAD objective of integrating women into politics and the SADC Declaration on Gender and Development. Cross-cutting anti-corruption activities complement the African Union Convention on Preventing and Combating Corruption and the SADC Anti-Corruption Protocol.

Regional organizations and networks that will benefit directly or indirectly from SO 16 activities include the SADC Parliamentary Forum, Electoral Institute of Southern Africa, Electoral Commissions Forum, Southern Africa Trade Union Coordination Council, Council of



Churches, Southern Africa Human Rights NGO Network, Women in Law and Development in Africa, Gender Links, Women and Law in Southern Africa, Southern African Resource and Documentation Centre, and Women's Parliamentary Caucuses.

## **SO 17: IMPROVED MANAGEMENT OF SELECTED RIVER BASINS**

### **The Development Challenge and RCSA's Comparative Advantage**

#### Development Challenge

The most significant water resource management issue in the region is water scarcity, as reflected in the competition for a unit of available reserves. Climate is a major factor in the availability and quality of water in the region. Rainfall is erratic and unevenly distributed, resulting in extreme variation in effective soil moisture and river inflows. Over 70% of the region is semi-arid, and evaporation often exceeds precipitation rates. Periodic, but endemic, catastrophic droughts and floods exacerbate water insecurity.

On the demand side, population growth is a fundamental driver of water scarcity. Increasing demands for domestic consumption, sanitation services, manufacturing, power generation, transport, agriculture and livestock, wildlife, tourism, and maintenance of ecosystem functions are straining capacities of governments and local authorities to deliver. Chronic water shortages will constrain regional and economic growth and contribute to the continued existence of poverty.

Countries are increasingly turning to shared watercourses to meet their needs. The region has fifteen river basins, each shared by two or more countries. The population has tended to concentrate in areas where there is limited availability

of water, especially in South Africa. Dry downstream riparian eco- and agricultural systems are therefore heavily dependent on management actions in the upper reaches. Yet water management, especially at the river basin level, is highly fragmented or non-existent.

#### Comparative Advantage

To resolve water scarcity and optimize the use of limited water resources, an integrated and transboundary approach to the development and management of watercourses is vital. This approach emphasizes the need for each riparian state to undertake water development planning that involves the participation of all stakeholders and the interests of other basin states. Hence, working at the river basin level is inherently regional.

Over the past three years, RCSA has supported transboundary natural resource management programs that have resulted in the development of natural resource management plans and collaborative mechanisms. Under the new strategy, RCSA will shift its focus to watercourse management and add value to the natural resource management and rural income programs of bilateral missions by providing technical services in integrated water resource management and CBNRM. RCSA can also play an important role in facilitating regional information sharing on lessons learned and best practices from CBNRM programs.

### **The Development Hypothesis and SO Description**

#### Development Hypothesis

Without purposeful, constructive international collaboration and management, scarce resources with public good characteristics will deteriorate when stressed and their regional allocation may be inequitable and inefficient. The concept of integrated water resources management applied to river basins requires one to deal with the entire river, from the watersheds in the upper



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river basin to the final users in the lower basin. The elements of improved management include institutions, information, policies, and incentives at the user level.

RCSA will assist cooperating river basin states to institute water management systems that ensure effective planning and efficient utilization of water resources among competing sectors. RCSA will also promote improved management of water and ecological resources at the community level by strengthening local governance and fostering the creation of enterprises based on sustainable management of natural resources.

River basin institutions with increased capacity to use analytical and management tools will produce and implement integrated river basin management plans. These plans will serve as a platform for addressing conflicts over access to water and developing regional norms and standards for water policies. River basin institutions will also facilitate legislative reforms and harmonization of national laws with SADC treaties and international water laws.

At the user level, increased community participation in water resource management will reinforce basin-level institutions and promote development of community-managed enterprises, the use of efficient water management technologies, and increased water productivity, thereby linking community livelihoods and resource management. Addressing the livelihoods needs of the rural poor is essential to any sustainable natural resources management program.

### Program Focus Areas

RCSA will focus on the Okavango River Basin for the first three years of the strategy. After three years, RCSA may add a second river basin, depending upon progress, resources, the interest of other donors in working with RCSA on a second complete basin, and the political situation in the region.

RCSA is basing its choice of the Okavango River Basin on several factors that increase the likelihood of achieving tangible development results during the strategy period. The cessation of hostilities in Angola opens the door to cooperation among Botswana, Namibia, and Angola on the management of the Okavango River Basin. Because each of these countries will benefit from integrated river basin management in different ways, the Okavango River Basin is an interesting model that could be extended to other river basins in the future.

The Okavango is also a relatively unaltered river basin with unique ecological values. Its upper reaches are coincident with the Angolan Plateau, which is the source of Southern Africa's major river systems. This provides a basis for supporting integrated catchment management activities.

The Permanent Okavango River Basin Commission (OKACOM) is the most mature river basin management institution in Southern Africa and it is already developing an integrated management plan through a process involving national governments, community groups, the private sector, and environmental NGOs.

Finally, RCSA efforts would complement several ongoing initiatives in the Okavango River Basin: (a) the "Every River Has its People" program supported by the Swedish International Development Agency (SIDA) and implemented by the Kalahari Conservation Society; (b) research activities spearheaded by the Harry Oppenheimer Okavango Research Center; (c) the Okavango Basin Project supported by the Global Environmental Facility; and (d) the Botswana Okavango Management Program of IUCN - The World Conservation Union.

### SO Description

*SO 17: Improved Management of Selected River Basins* will (a) strengthen institutional capacity of river basin institutions and (b) improve com-



munity management of critical hydrological areas.

### *Illustrative Indicator:*

- Improved watershed governance through the establishment and operationalization of multi-sectoral and multi-stakeholder decision-making processes at the basin scale (OPIN indicator).

This indicator is based on an Index of Improved Governance, which measures the achievement of important enabling conditions required to strengthen the decision-making framework for multi-stakeholder management bodies at the river basin scale. Specific enabling conditions targeted by the SO will be identified during the activity design process using the OPIN index components as a guide.

A preliminary PMP is presented in Annex B.

### *Critical Assumptions:*

- The political will to collaborate on water resource management will continue.
- Other donors will continue to support the development of river basin management institutions.
- Recurrent natural disasters such as floods and droughts are effectively mitigated.
- The HIV/AIDS epidemic does not escalate.

### **Intermediate Results**

Two IRs (Figure 5) will contribute towards the achievement of SO 17: (a) *Institutional capacity strengthened* and (b) *Improved community management of critical hydrological areas*.

#### ***IR 17.1: Institutional capacity strengthened***

The management of transboundary water resources requires strong and effective river basin institutions. RCSA will work with existing institutions to strengthen their technical and planning capacity and to reform policies. The primary focus will be on helping river basin commissions and participating governments use

appropriate analytical tools in the development of sector and joint management plans. This IR will address sector management plans and allocation concerns related to agriculture, urban water supply, hydropower, and ecosystems. RCSA will also support the rationalization and reform of national laws and regulations so that the policies of the riparian states lead to improved management of the river basin. This will include promoting national level policies that encourage CBNRM within the river basin.

### *Illustrative Activities:*

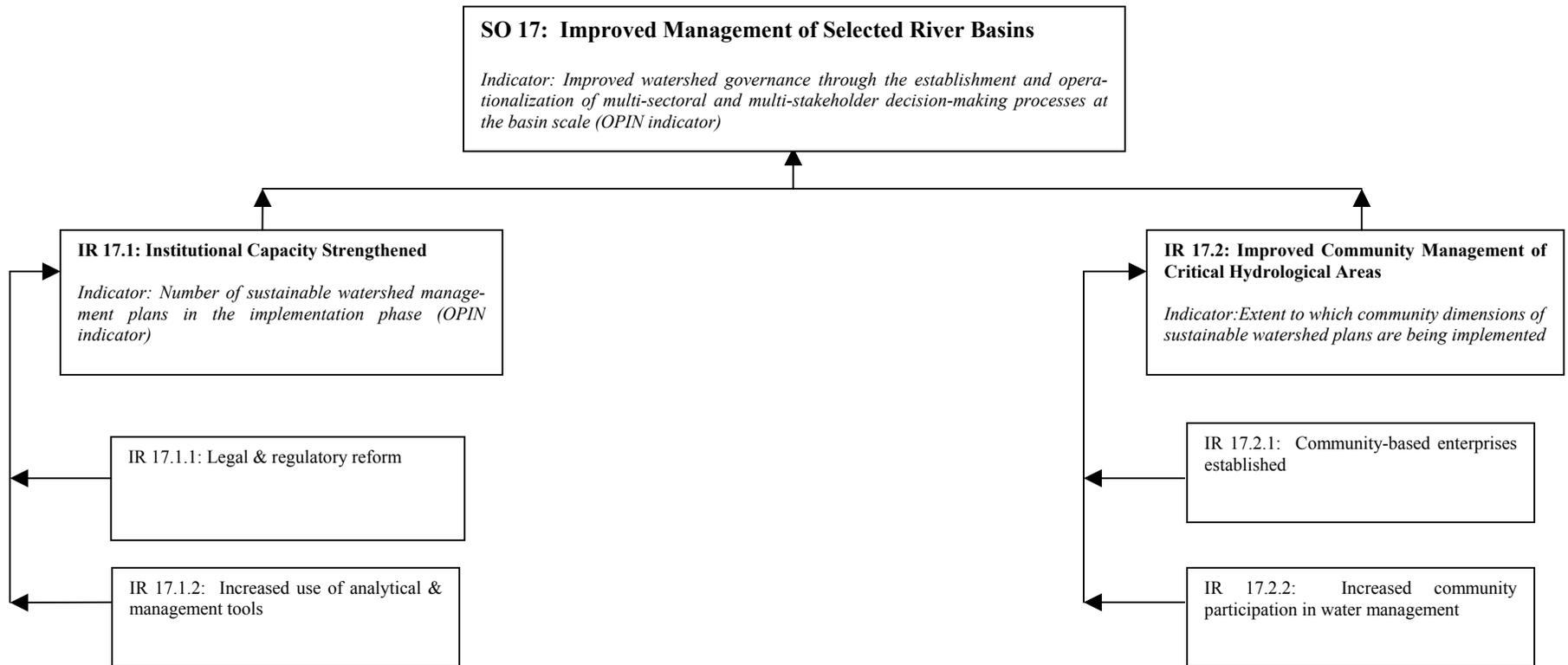
- Perform basin-wide management assessments of institutional frameworks, planning processes, decision support systems, and legislative frameworks.
- Develop norms and standards to guide water allocation, investment, and policy decisions.
- Support harmonization of legislation and policies that improve river basin management.
- Train staff in river basin and national institutions in conflict mitigation, strategic planning, economic modeling, tariff structures, hydrological modeling, geographic information systems, and other decision support tools.
- Build capacity to utilize tools such as environmental impact assessments and strategic environment assessments in project planning and decision-making.
- Facilitate the development of sectoral plans (water, biodiversity, tourism, agriculture).
- Facilitate the development of a joint river basin management plan.
- Facilitate and support regional sharing of knowledge and experiences.
- Promote local land use planning and zoning as tools for integrated management of water and other natural resources.

### *Illustrative Indicator:*

- Number of sustainable watershed management plans in the implementation phase (OPIN indicator).



Figure 5. SO 17 Results Framework





***IR 17.2: Improved community management of critical hydrological areas***

Improved management of water and ecological resources at the community level gives depth to the work of the technical and political leaders in the river basin commission. It links to the river basin institutions and gives voice to user and civil society organizations. It also gives the implementers an opportunity to validate the policy and regulatory changes being made by governments.

Watersheds and other areas of hydrological significance are sensitive to land use practices. The capacity of communities living in these critical areas to manage natural resource-based enterprises (e.g., fisheries, tourism, natural plant products, and non-timber forest processing) will be strengthened to avert land degradation that impacts negatively on water quantity and quality. Increased rural incomes based on such enterprises will create the incentive for residents to adopt sustainable management practices.

RCSA will apply CBNRM approaches developed in collaboration with bilateral programs to empower communities to participate in river basin management. These approaches entail devolving management responsibility to legally constituted and recognized community organizations such as trusts or conservancies. Trusts and conservancies with natural resource management capacity and authority derive livelihoods from a range of natural resources: land, minerals, forests, wildlife, and water. Access and control of these resources contributes to improved civic participation and environmental governance.

*Illustrative Activities:*

- Conduct socio-ecological surveys of resource endowments, economic activities, water technologies, HIV/AIDS coping activities, existing water rights, and local institutions.

- Assess anticipated water resource developments and major threats to water quality and quantity in the basin.
- Develop and implement mechanisms to facilitate community involvement in all aspects of water resource management, from national strategies to local development plans.
- Strengthen community institutions and local governance processes for water resource management.
- Establish natural resource-based enterprises.
- Provide business information and skills to community enterprises.
- Build water resource management capacity.
- Facilitate transfer of technology to improve water quality and quantity.
- Facilitate regional information sharing on CBNRM lessons learned and best practices.

*Illustrative Indicators:*

- Extent to which community dimensions of sustainable watershed plans are being implemented.
- Percentage increase in rural incomes in targeted areas (per capita and total).

**Cross-Cutting Themes**

Mitigating the Impact of HIV/AIDS: HIV/AIDS will impair the human and institutional capacity of river basin commissions to effectively manage the region's water resources. Government expenditures on water resource management may dwindle as spending priorities shift in response to the HIV/AIDS epidemic. Diminished capacity to manage water resources will reduce the availability and quality of water, increasing health risks to individuals whose immune systems are already compromised. Changing demographic profiles will affect the demand for water and the ability of users to pay for services.

HIV/AIDS also alters the use of land, water, and other natural resources at the community level. Interest in sustainable natural resource management may evaporate as rural households focus



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on short-term livelihoods problems, including taking care of infected family members. CBNRM programs involve intensive training and development of champions who are ready to apply new conservation and development approaches. HIV/AIDS affected individuals may not be able to effectively participate in these programs unless their special needs are explicitly addressed.

Human capacity building and institutional development activities under this SO will explicitly address the impact of HIV/AIDS on river basin commissions. HIV/AIDS impact assessments will inform water management strategies, policies, laws, regulations, and management plans. RCSA will partner with faith based organizations, NGOs, civil society groups, and private enterprises to integrate HIV/AIDS mitigation activities into ongoing CBNRM programs.

Gender<sup>49</sup>: Water deprivation results as much from social processes, including gender relations, as from the physical scarcity of water. Although the poor suffer the most from water deprivation, poor women and poor men do not have equal access to water as an input into their businesses and livelihoods. This situation arises partly from the widespread assumption that men, not women, are the primary stakeholders in local water management systems. As a starting point, there needs to be a more gender-sensitive definition of stakeholder that recognizes the multifaceted commercial and domestic uses of water in rural areas.

Women are inadequately represented in decision-making bodies at high levels, resulting in a lack of progress in including a gender perspective in water policies and water resource management. Although decentralization of resource management to lower levels is occurring in some parts of the region, gender-based discrimination continues even at these levels. Few women actively participate in sub-catchment councils,

irrigation and water management boards, water user associations, or other institutions responsible for water resource management.

To ensure that gender equality becomes a guiding principle in water resource management, river basin commissions and national governments must explicitly integrate gender issues at the policy and planning level -- including river basin management plans. For example, as governments shift from providing subsidized water services to a market-oriented approach, poorer women and men in rural areas may experience unequal access to water. A gender analysis of local practices of resource use and allocation is necessary in the formulation and implementation of sustainable national water policies.

Finally, although environmental degradation impacts on both women and men, the consequences for women are often more severe. They must spend more time and energy on natural resource use activities (e.g., obtaining fuel wood and water) and, together with children, are more exposed to pollutants from biomass fuels. Reduction of soil fertility and diminishing availability of fuel wood force women to economize by using less nutritious, more quickly cooked foodstuffs, thus affecting household nutritional status and contributing to long-term food insecurity. Rural livelihood strategies must therefore be based on context-specific analyses of gender relations at the community level.

Through its competitive procurement instruments, including requirements to identify strong partnerships that support a gender-sensitive approach to river basin management at the regional, national, and community levels, RCSA will ensure that the above issues are explicitly addressed during SO implementation.

Corruption: Robust systems of accountability, transparency, and democratic governance are at the heart of successful community based water resource management. This SO will address corruption by strengthening institutional and governance structures at the local level. The

<sup>49</sup> Summarized from Kandiero et al (2003).



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baseline surveys and follow-up planning activities for legal and regulatory reform and for water management at the community level will specifically address corrupt practices in water access and management. The SO will promote a more transparent decision-making process at the river basin level.

**Conflict Mitigation:** Southern Africa is experiencing severe environmental stress as a result of numerous pressures on the region's integrated ecosystem. If effective water-sharing and allocation arrangements are not established for the region's water basins, the potential for transnational water conflicts is significant. This SO will strengthen the role and capabilities of river basin commissions to manage competing demands for water resources, thereby reducing one of the potential causes of conflict in the region. The SO will also encourage decentralization, devolution of rights, security of tenure, and other approaches which make access to natural resources more equitable, thereby preventing and mitigating water management conflicts at the local level.

**ICTs:** RCSA will employ ICTs to increase the productivity of human, financial, and physical resources of river basin commissions. These institutions will use ICTs such as geographic information systems to develop river basin management plans and monitor water supply and demand. ICTs will support networking and information sharing between river basin commissions and community groups in critical hydrological areas. ICTs are also useful tools for disseminating technologies and best practices to river basin communities and for improving the operations of natural resource-based enterprises.

**Environment:** Water, poverty, and environmental degradation are intricately related. The water resource management approach of this SO integrates the development of water, land, and related environmental resources to maximize socio-economic benefits in an equitable manner without compromising the sustainability of ecosystems. RCSA will promote the develop-

ment of environmental policies and regulations that lead to the rational, sustainable use of natural resources and that control the amount of pollution that might result from the utilization of these resources. This will include capacity building in conducting environmental impact assessments and environmental-economic analyses.

The maintenance of forests and vegetative cover is critical for successful watershed management. Deforestation and uncontrolled cutting of vegetative cover have resulted in devastating floods along numerous rivers in Southern Africa. RCSA will explore options for promoting reforestation and the replacement of trees and vegetation as part of its integrated river basin management program. This may be phased in after the first three years.

**Public-Private Partnerships:** This SO will pursue private sector partnerships in the context of joint ventures for community based natural resource enterprises, including tourism. Natural resource-based enterprises will be an area for a possible Global Development Alliance activity.

### Strategic Linkages

**Agency Program Goals and Objectives:** This SO directly supports *USAID Program Goal 5, The world's environment protected for long-term sustainability* and *USAID Objective 5.5, Sustainable management of natural resources increased*.

**Presidential and Agency Initiatives:** At the World Summit on Sustainable Development in Johannesburg in August 2002, the USG announced the "Water for the Poor Initiative" to improve sustainable management of freshwater resources and accelerate and expand international efforts to achieve the UN Millennium Development Goal of cutting in half by 2015 the proportion of people who are unable to reach or afford safe drinking water. This SO responds primarily to two of the three focus areas in this Initiative: (a) improved watershed management



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(development of regional and national policies and regulatory frameworks for joint and integrated management of shared water resources, using advanced technologies -- such as geographic information systems -- for better watershed management) and (b) increasing the productivity of water use in agricultural activities.

The SO also contributes to IEHA through its impact on rural incomes and on the management of the main source of freshwater in Southern Africa -- watercourses.

The SO will liaise with the Congo Basin Forest Partnership to learn from this initiative's experience in promoting the conservation of the forest and wildlife resources of DRC and five other Central African countries.

RCSA Goal and Other SOs: With a rapidly growing population, and demands from the domestic, agricultural, and industrial sectors for water, freshwater availability is a priority concern for Southern Africa.<sup>50</sup> *SO 17: Improved Management of Selected River Basins* addresses this potentially serious constraint to achieving the RCSA goal of *Equitable, Sustainable Economic Growth in a Democratic Southern Africa* by promoting better management of the region's water resources.

There are strong programmatic linkages between *SO 15: (Rural Livelihoods)* and *SO 17: (River Basins)*. At a minimum, RCSA will need to ensure that SO 15 does not work against sustainable natural resource management goals, e.g., by polluting water through chemical fertilizers. The importance of a reliable water supply to agricultural development is another link. Both SO 15 and SO 17 address CBNRM approaches and other rural livelihoods options. During the activity design phase, RCSA will develop mechanisms to encourage synergies between the two SOs.

<sup>50</sup> Africa environment outlook: Past, present and future perspectives, UNEP, 2002.

*SO 14 (Competitiveness)* will take water scarcity into account when selecting industries and products to support. SO 14 will also consider the environmental impacts of producing goods and services for export. As highlighted under SO 14, environmental-economic analyses will underpin investments in specific industries or sectors.

The strengthening of civil society organizations under *SO 16 (Electoral Competition)* will contribute to increased transparency, improved accountability, and stronger local governance in targeted areas. CBNRM approaches are natural vehicles for improved governance at the local level.

Bilateral Mission Programs: CBNRM activities have been a part of the natural resources or rural development portfolio of four missions (Botswana, Namibia, Zambia, and Zimbabwe). RCSA has consulted with the missions during the development of SO 17 and, specifically, at a March 2003 meeting on "Sharing Best Practices for the Future" in Windhoek, Namibia, RCSA solicited inputs from bilateral missions and other stakeholders on opportunities for capitalizing on USAID CBNRM investments in the region.

Through this SO, RCSA is positioned to roll out best practices from successful CBNRM programs, such as the one in Namibia, to other parts of the region. The SO is also complementary to other bilateral programs aimed at diversifying rural livelihoods or increasing incomes in rural areas (see SO 15).

No bilateral mission is presently working in the area of water resource or river basin management. However, through this SO, bilateral missions will have access to technical assistance to address river basin or water management issues at the national or local level.

Other Donor Programs: There are more than fourteen donors working in the water resources sector and meeting regularly as the Water Sector Reference Group. The most important for



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RCSA's projected work in the Okavango are the Global Environmental Facility and SIDA. The Global Environmental Facility plans to provide \$5 million to help support OKACOM, and SIDA plans to help establish the OKACOM Secretariat. SIDA is also financing a project called "Every River Has Its People" that is promoting the creation of community based organizations with management rights over land and natural resources in the form of land trusts.

African-Led Initiatives: Water is recognized as a pivotal resource in a number of NEPAD priority areas. The Africa Water Vision and its Framework for Action are based on the following integrated water resource management principles: (a) management at the river basin level; (b) management at the lowest appropriate level; (c) demand-driven approaches; (d) ownership and participation by all stakeholders, especially women and youth; (e) promotion of knowledge and information exchange aimed at institutional sustainability and conflict prevention.<sup>51</sup> IR 1 supports (a) and (e), while IR 2 supports (b), (c), and (d).

The SO will support the establishment and strengthening of shared watercourse systems, an important element of the Infrastructure Support for Regional Integration and Poverty Eradication initiative in the draft SADC RISDP.

### **PSO 18: MAXIMIZE VALUE OF RCSA SERVICES AND PROGRAMS**

#### **The Development Challenge and RCSA's Comparative Advantage**

##### Development Challenge

RCSA recognizes the strategic role of legal, procurement, financial, program, and technical services and activities in ultimately improving

<sup>51</sup> Ramsden & Zhou ( 2003).

the lives of Southern Africans. Continuous improvement to business systems and services is essential to achieving USG objectives and development results in the region. RCSA provides these services to internal customers (e.g., USAID Bureaus and bilateral missions) and external customers and partners (e.g., other USG agencies, regional partners, and implementing partners). RCSA regional programs also require a range of services from support offices to achieve results.

RCSA faces several important challenges in providing essential services and implementing regional programs. Some of these challenges were identified in a 1999 GAO audit<sup>52</sup> of the ISA:

- tracking political and economic activities in twelve (now fourteen) SADC countries;
- coordinating with a disparate set of regional stakeholders;
- maintaining relationships with US diplomatic missions and donors;
- limited capacity of African partners to implement regional programs; and
- lack of quality regional data to assess impact.

Other challenges have been identified through extensive internal and external customer consultations:

- providing improved services to bilateral missions in a resource constrained environment;
- building strategic linkages between regional and bilateral programs;
- regional knowledge sharing and collaboration;
- modernizing and integrating business systems; and
- managing performance of services and programs in a regional context.

<sup>52</sup> GAO, Foreign Assistance: USAID Faces Challenges Implementing Regional Program in Southern Africa, September 30, 1999.



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### Comparative Advantage

USAID is transforming itself into a world class, 21<sup>st</sup> century international development and humanitarian assistance organization. Agency managers are working on a business transformation plan that addresses:

- strategic alignment and strategic budgeting;
- right-sizing overseas presence;
- business system modernization and deployment;
- strategic management of human capital; and
- knowledge management.

RCSA is well positioned to support these Agency-wide initiatives. RCSA is a designated regional platform for coordinating and supporting a number of Presidential initiatives. Several bilateral missions rely on RCSA for essential legal, contracting, financial, program, and technical services. RCSA has the human resources, facilities, systems, services, and programs to assist bilateral missions in achieving their development objectives and to support the Agency as it implements its business transformation initiatives. RCSA continuously seeks ways to improve the quality, efficiency, and effectiveness of its services and programs in support of these objectives.

### **The Development Hypothesis and SO Description**

#### Development Hypothesis

The success of USAID bilateral programs and other USG objectives in the region depends upon RCSA regional services and programs. RCSA will maximize the value of regional services and programs to measurably improve the lives of Southern Africans. This will be achieved over time through a series of incremental investments and improvements that align regional programs with bilateral programs, monitor regional trends, enhance performance management, strengthen governance of programs and services, increase knowledge sharing,

strengthen partner capacity, and expand services and system offerings.

#### Program Focus Areas

Section IV describes the role of RCSA in Southern Africa and identifies the country focus areas for regional programs and services. A responsive and agile approach to meeting customer needs and responding to the development challenges facing the region will necessitate adjustments in both services and programs over time.

#### SO Description

RCSA will maximize the value of regional services and programs through

- adaptive planning, analysis, and learning;
- improved accountability for results; and
- improved capacity to achieve results.

The PSO will implement activities that support the achievement of both RCSA and bilateral mission SOs. Results will be visible through and largely attributed to program SOs and regional service performance plans. However, some PSO-specific results and indicators will improve management focus and accountability for regional services and programs.

#### *Illustrative Indicators:*

- Percentage of regional services evaluated by customers as being satisfactory or better.
- Percentage of RCSA service performance targets met or exceeded.
- Regional program performance against performance targets.

#### *Critical Assumptions:*

- Bilateral mission workforce levels are sufficient to effectively implement bilateral programs.
- Adequate OE resources support regional service provision.
- Agency-wide integrated business systems are deployed overseas.



## **Intermediate Results**

Three IRs (Figure 6) will contribute towards the achievement of PSO 18: (a) *Adaptive planning, analysis, and learning*; (b) *Improved accountability for achieving results*; and (c) *Improved capacity for achieving results*. The implementation period will coincide with the strategy period. A mid-cycle program review in FY 2007 will enable RCSA to update and refocus the PSO in response to changing circumstances.

### ***IR 18.1: Adaptive planning, analysis, and learning***

The GAO<sup>53</sup> reports that leading results-oriented organizations consistently strive to ensure that their day-to-day activities support their strategic goals. For RCSA, planning will be a dynamic and inclusive process that strategically aligns programs with US foreign policy priorities, Agency initiatives, and regional needs. This will require on-going monitoring of key trends and triggers that drive shifts from one planning scenario to another. It will require continuous knowledge sharing and collaboration with USAID Bureaus, bilateral missions, embassies, and regional partners.

An adaptive planning process is essential to creating a responsive and agile organization. The process includes regular reviews of strategic alignment to Washington priorities, bilateral mission needs, and changing regional priorities. Providing support to bilateral missions in developing strategic plans and action plans for Washington initiatives is another important element. These efforts will enable RCSA to understand opportunities for strategic alignment and achieve greater complementarities between regional and bilateral programs.

Effective program management requires accurate, useful, and timely information on key regional trends to complement program per-

formance data. Managing services and core business processes also requires current information on best practice approaches, performance metrics, challenges facing bilateral missions, and Agency trends affecting service provision. Targeted analytical products and services will support day-to-day management decisions and inform continuous strategic planning.

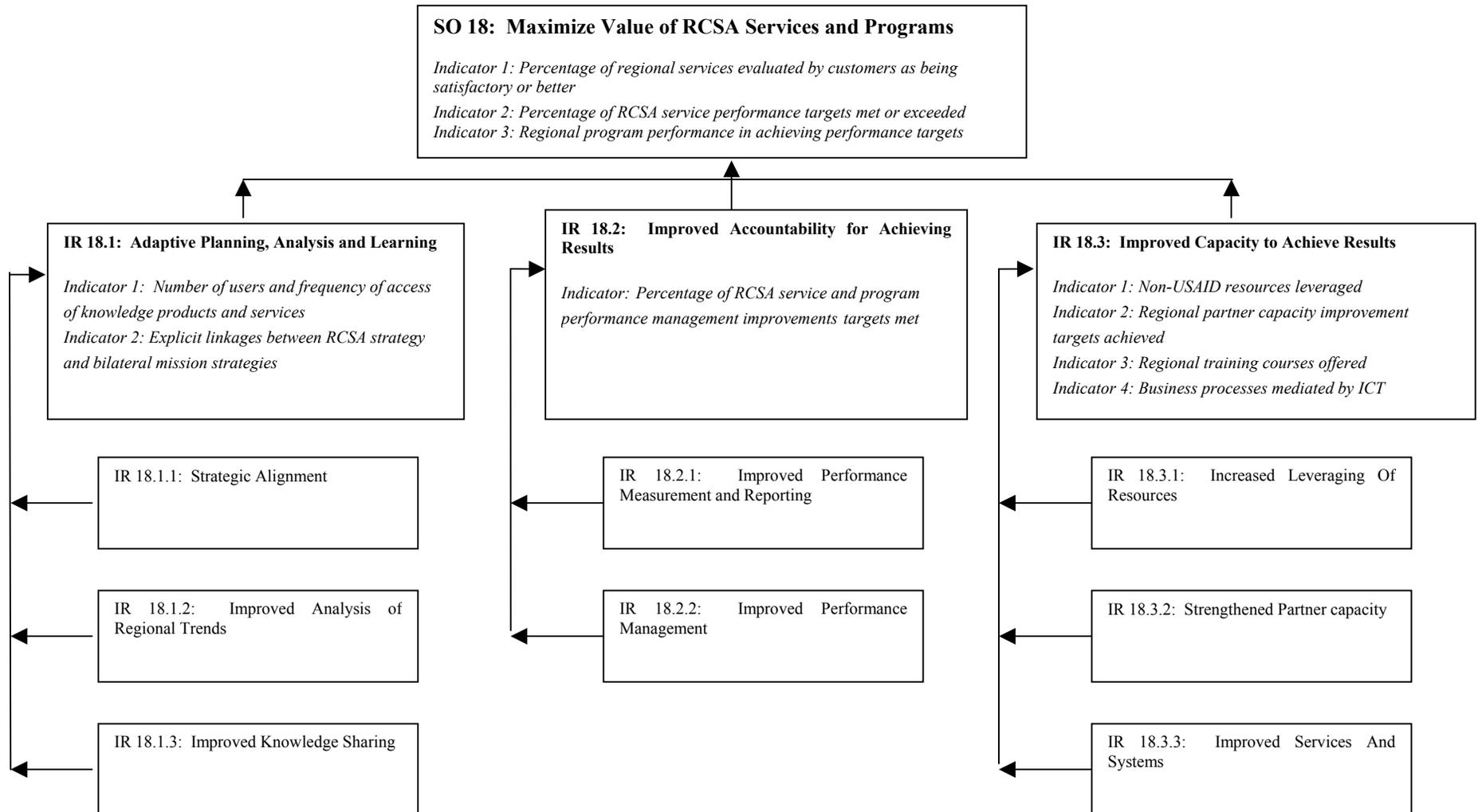
USAID is a knowledge organization that must continuously cull information from internal and external sources to strengthen its development practices and improve the efficiency and effectiveness of its business processes. USAID operations in the region and its regional partners are widely distributed and employ a diverse workforce. Knowledge repositories are also highly dispersed, of varying quality, and not easily accessible. The experience of this diverse workforce is not routinely shared. To be effective, RCSA will systematically manage, integrate, enhance, and share the organizational knowledge work of geographically dispersed professionals. It will also work with regional partners distributed across Southern Africa to strengthen their knowledge management and knowledge sharing capabilities.

<sup>53</sup> GAO-03-231, Architect of the Capitol, January 2003



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Figure 6. PSO 18 Results Framework





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### *Illustrative Activities:*

- Support bilateral missions in developing strategic plans.
- Leverage knowledge and strengthen capacity of regional institutions to monitor and report on regional trends.
- Provide regional economic and policy analysis services.
- Provide knowledge management services and training.
- Implement web-based knowledge management and knowledge sharing tools.

### *Illustrative Indicators:*

- Number of users and frequency of access of knowledge products and services.
- Explicit linkages between RCSA strategy and bilateral mission strategies.

### ***IR 18.2: Improved Accountability for Achieving Results***

Achieving results requires continuous attention to improving performance measurement, reporting, and management. Performance measurement and reporting are the essential underpinnings of effective service provision to bilateral missions. Better regional service scheduling and service management agreements with client missions will provide a basis for measuring performance. Improved performance measurement and reporting systems will increase accountability for services, for programs, and by implementing partners.

Effective performance management is critical for creating a results-oriented culture at USAID and among implementing partners. This will require management controls, systems, skills, and disciplined practices that base management decisions upon performance measurement and reporting. Performance management will involve bilateral missions and other key stakeholders in evaluating program and service performance.

### *Illustrative Activities:*

- Develop and implement service management agreements between RCSA and client missions.
- Establish performance measurement and reporting program for regional services.
- Secure web-based tools for service scheduling and performance management.
- Provide program monitoring and evaluation services.
- Introduce integrated portfolio performance reporting supported by implementing partners.

### *Illustrative Indicator:*

- Percentage of RCSA service and program performance management improvement targets met.

### ***IR 18.3: Improved Capacity to Achieve Results***

USAID programs in Southern Africa can be more efficiently and effectively implemented by improving the capacity to achieve results. Improved capacity is accomplished through:

- increased leveraging of resources;
- strengthened partner capacity;
- improved employee performance; and
- improved services and systems.

The combined value of RCSA and bilateral mission programs cannot address all of the significant development challenges of the region. There are opportunities for leveraging federal and non-federal resources to support USAID programs in the region through building partnerships and alliances (see Section VI, Partnering for Success). Building capacity at RCSA to identify and implement partnerships and alliances will bolster both regional and bilateral programs.

There are a limited number of potential partners who operate in a regional context. Many of them require capacity building to strengthen the management systems, policies, and practices essential to establishing and maintaining their grant worthiness. Regional partners need assis-



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tance to mitigate the impact of HIV/AIDS on their capacity to perform. Their ability to manage their relationships with USAID and achieve program results may require targeted training and technical assistance.

The success of the Agency's programs in Southern Africa requires a diverse, distributed, and skilled workforce capable of meeting the development challenges on the ground. Enhancing employee performance through targeted training and mentoring will have a direct impact on achieving results in regional and bilateral programs.

Improved services and systems starts with a firm understanding of customer and partner requirements. The strategic direction, organization, and workforce of RCSA must be continuously aligned to meet the changing requirements of its customers and partners if it is to deliver exceptional services and systems. Bilateral missions have requested expanded services offerings beyond legal, financial, and procurement services. Program planning and technical services will be expanded to address workforce changes, better utilize specialized technical skills, and strengthen strategic alignment between regional and bilateral programs.

Workforce changes may further reduce USDH presence in Southern Africa over the period of the strategy. Streamlined program management, reduced numbers of management units, and increased emphasis on strategic alignment between regional and bilateral program to support Washington initiatives will create a need for simplified A&A implementation approaches.

Competitive sourcing of service provision has the potential to generate both savings and performance improvements. The commercial marketplace can provide many services now provided by RCSA staff. Services to support RCSA operations and programs as well as some technical services for bilateral missions will be evaluated to determine whether public or private sources provide the best value.

RCSA will leverage ICT advances in the region to improve the cost-effectiveness of service delivery. During the period covered by this strategy, the Agency will acquire and deploy a suite of web-based financial, A&A, budget planning, performance management, knowledge management, and human resource systems. These will fundamentally change the structure, workforce, business processes, and operations of overseas missions. Bilateral missions will need the support of regional centers to respond to these changes and utilize these systems. RCSA will implement interim solutions while awaiting Agency-wide systems and will deploy other systems to support services and manage relationships with bilateral missions and partners.

### *Illustrative Activities:*

- Offer services to identify, develop, and implement alliances.
- Design and implement tools for assessing partner capacity.
- Implement fewer, multi-partner, flexible implementation instruments.
- Establish a regional training center for Agency-wide training programs.
- Competitively source administrative and technical services.
- Introduce web-based productivity tools, videoconferencing, and secure wireless access to regional staff and services.
- Support Agency-wide modernized business systems.
- Expand program and technical service offerings to bilateral missions.

### *Illustrative Indicators:*

- Non-USAID resources leveraged with RCSA support.
- Regional partner capacity improvement targets achieved.
- Regional training courses offered.
- Business processes mediated by ICTs.



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### Cross-Cutting Themes

PSO 18 will support the integration of cross-cutting themes into RCSA programs and activities. For example, HIV/AIDS will require each SO to consider its impact on human and institutional capacities. These are areas where the HIV/AIDS epidemic is having the most dramatic erosive effect. To mitigate the impact of HIV/AIDS, all training programs supported under this PSO will provide for redundancy and promote multi-skills and multi-tasking. Information systems will be designed to avoid critical choke points that depend heavily on a small number of highly skilled individuals. As noted earlier, HIV/AIDS adds to the resource cost (including time) required to achieve any given set of goals. The disease increases the difficulties organizations have maintaining any systems or changes that might have been introduced. As a means of mitigating the impact of HIV/AIDS, greater attention will be paid to the operational sustainability of the systems that are being developed and utilized. Performance management plans will also address the impact of HIV/AIDS. Finally, RCSA can provide additional technical services to bilateral missions that are losing personnel to HIV/AIDS. In these ways, the PSO can support and complement the work of other SOs to mitigate the impact of HIV/AIDS.

### Strategic Linkages

Presidential and Agency Initiatives: The PSO supports the Agency's business transformation objectives under The President's Management Agenda. The four major business transformation initiatives (strategic management, human capital, business systems modernization, and strategic budgeting) are all supported under the PSO. This SO also supports strategic alignment between regional and bilateral programs in the context of other Presidential initiatives.

RCSA Goal and Other SOs: The PSO provides a broad range of support services that are essential to achieving SO results. Personal services con-

tracts and other contracts funded by multiple SOs will be managed under the PSO. For example, the PSO provides services to each SO to mainstream HIV/AIDS and gender. It also provides planning, performance management, knowledge management, capacity building, analytical, and other technical services to each SO.

Bilateral Mission Programs: The PSO is designed to improve the efficiency, effectiveness, quality, and range of RCSA services to bilateral missions. It will also enable RCSA to achieve greater strategic alignment between regional and bilateral programs. It will deploy web-based tools and systems to streamline coordination of program implementation between RCSA and bilateral missions.

Other Donor Programs: Donors are increasingly turning to regional platforms as a more cost-effective way of implementing both regional and bilateral programs. Individual SOs will collaborate and develop strategic synergies with other donor programs. The PSO will facilitate regional donor cooperation in knowledge sharing, coordinated responses to regional issues, and collaboration to achieve complementary results in selected sectors.



## **IX. PROGRAM AND SERVICE MANAGEMENT**

### **TRANSFORMING REGIONAL PROGRAM MANAGEMENT**

Regional program management will undergo a fundamental transformation as RCSA adopts more participatory governance models, realigns organizational structures, expands service offerings, and utilizes more disciplined performance management practices. The changes and investments RCSA will make in these areas are aligned to *PSO 18: Maximize Value of RCSA Services and Programs*.

#### **Regional Program Governance**

During the strategic planning process, RCSA explored alternative participatory governance models that could enhance the achievement of USG development results in Southern Africa. RCSA is proposing to establish one or more governance councils for each SO to facilitate coordination, communication, and strategic alignment with bilateral mission, embassy, and USAID/Washington programs. Some of these governance councils will also embrace regional partners, implementing partners, and other key stakeholders.

For example, under the current DG SO, there are two “governance councils”. One is a DG Officers group comprising representatives from USAID bilateral missions and US embassies. The other is a DG reference group of regional experts who have been nominated by USAID missions and embassies. These groups meet at least once or twice a year to discuss strategic priorities in the DG sector, to exchange information and share best practices, and to identify concrete opportunities for collaboration.

Under the new strategy, the SO governance councils will have charters that define the purpose, guiding principles, scope, mandate, level

of authority, and roles and responsibilities of their members. In some instances, the charter may set forth agreements or protocols that govern technical service delivery and program implementation. Each SO governance council will meet at least annually and will communicate on a regular basis using e-mail, video-conferencing, web-based collaboration tools, and other ICTs. The SO governance councils will serve in an advisory capacity to RCSA program managers. Members of council management committees will communicate and collaborate frequently on key implementation decisions regarding requirements and resources.

Emulating the very successful RHAP model of collaboration, RCSA will also establish an HIV/AIDS governance council that will include USAID/Washington, bilateral mission, RHAP, REDSO/ESA, RCSA, and other USG and private sector representatives. An expanded HIV/AIDS governance council might include partners who are active in HIV/AIDS multi-sectoral and impact mitigation initiatives, such as the University of Natal, the University of Cape Town, several regional policy research institutes, and a number of faith based organizations.

Other cross-cutting activities may or may not have formal governance councils. However, RCSA will identify reference groups of key regional partners and stakeholders who can advise on regional trends and priorities. For example, during the strategic planning process RCSA convened a focus group meeting of regional gender experts. These individuals form the nucleus of a regional reference group that can advise RCSA on effective approaches to gender mainstreaming.

#### **Organizational Streamlining and Expanded Service Offerings**

Key to the success of this transformation initiative is reorganization and streamlining of RCSA regional program operations. This will begin with an A&A strategy that reduces the number



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of management units. As further elaborated in Section X, Transition Management, RCSA will establish a few large multi-partner implementation mechanisms that will flexibly respond to changing requirements, support buy-ins from bilateral missions, and leverage non-USAID resources to achieve results.

The workforce configuration will be streamlined following an evaluation of the costs and performance benefits of providing technical advisory services to regional programs and bilateral missions through on-board staff or institutional contracts. More details are provided in Section XI, Resource Requirements.

Under the previous strategy, six offices and SO teams managed a \$21 million annual program. Going forward, RCSA will have just two programmatic offices, one responsible for regional program planning and another responsible for regional program implementation. The streamlining of operations will enable these offices to offer an expanded range of technical services to bilateral missions.

The regional program planning office will provide the following services to RCSA and bilateral mission programs:

- strategic planning;
- program planning, budgeting, and reporting;
- A&A planning;
- economic and policy analysis;
- monitoring and evaluation; and
- knowledge management.

Activity managers assigned to the regional program implementation office will have highly specialized technical skills that will be available to bilateral missions and regional partners for strategy development, activity design, and activity implementation support. The menu of technical skills includes:

- agribusiness development;
- trade policy and trade facilitation;
- competitiveness;
- infrastructure;

- engineering services;
- rural livelihood diversification;
- environment and natural resource management; and
- democracy and governance.

The regional program implementation office will also offer technical advisory services that help RCSA and bilateral missions integrate the following cross-cutting themes, issues, and approaches into their programs:

- HIV/AIDS impact mitigation;
- gender mainstreaming;
- anti-corruption;
- conflict mitigation;
- ICTs;
- environment; and
- public-private partnerships, including GDA services.

These offices will manage contracts and grants that will implement regional programs and, through strategic alignment with bilateral programs, assist bilateral missions and embassies in achieving their SOs and mission performance plans. Annual contractor work plans will be developed in close consultation with bilateral missions, embassies, and regional partners to maximize results in Southern Africa.

### **Improved Performance Management Practices**

Improved performance management practices will be adopted and integrated with contractor performance management plans. They will leverage the important role implementing partners have in performance measurement, reporting, and management. Both RCSA and partner capacity building activities will be required to ensure that skills, policies, procedures, controls, and systems are in place to support performance measurement, reporting, and management.

Access to organizational knowledge and performance information are essential components of effective performance management. Planned



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investments in web-based knowledge management tools, performance reporting tools, and emerging portfolio management systems with a public sector focus will further strengthen performance management.

### Countries with No USDH Presence

RCSA will significantly increase its support to embassies in countries where USAID does not have a USDH presence. Over the period of the strategy, RCSA expects expanded roles for regional programs in Lesotho, Swaziland, and Botswana. RCSA will designate a position to serve as a point of contact and coordinator for the delivery of regional programs and services to embassies in these countries. This individual will facilitate discussions with embassy personnel on how to integrate mission performance plans into RCSA program work plans. RCSA will also find ways to address unplanned opportunities presented by embassies.

One or more USAID presence countries may undergo changes which result in more direct RCSA oversight of bilateral programs in the absence of a USDH. Through realignment of the bilateral programs to achieve synergies with regional programs and the use of regional implementation mechanisms, RCSA will be able to maintain bilateral programs in these countries.

## TRANSFORMING REGIONAL SERVICE MANAGEMENT

Regional services management will be transformed to respond to changing needs of bilateral missions and embassies in the region. A more participatory governance model will be adopted. Service management agreements between RCSA and client missions on shared roles, responsibilities, and standards will ensure timely and quality services. RCSA will adopt web-based and other innovative tools for requesting, scheduling, evaluating, and reporting on services. Collectively, these innovations will transform regional service management, customer relationships,

and service quality. The changes and investments RCSA will make in these areas are aligned to *PSO 18: Maximized Value of RCSA Services and Programs*.

### Regional Service Governance

RCSA will establish a regional service governance council whose members will include bilateral mission directors, senior representatives from client embassies, and REDSO/ESA. The governance council will focus on coordination, communication, and strategic alignment. It will serve as an important vehicle for forward planning, performance reporting, and eliciting client mission requirements for skills and services.

The regional service governance council will have a charter that defines the purpose, guiding principles, scope, mandate, level of authority, and roles and responsibilities of its members. It will meet at least annually in conjunction with an AFR mission directors' conference or the joint REDSO/ESA-RCSA scheduling conference. At other times, regional service providers will coordinate with bilateral mission and embassy staff on the scheduling and delivery of services.

The benefits of any proposed regional service governance approach will need to be balanced against the costs of participation. This will require further consultation with bilateral missions, client embassies, and REDSO/ESA.

### Regional Service Management Tools

RCSA will implement service management agreements with client missions. Working to negotiated service standards and understanding the roles, responsibilities, and expectations of each party in a customer service relationship are vital to enhancing service quality. The specific elements of the agreement will vary depending upon the type of regional service (e.g., legal, procurement, financial, program, technical) provided to a particular mission. The agreement will set forth the performance management



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measures, evaluation approaches, and reporting requirements for effective service management.

RCSA must manage services in an environment of changing customer requirements. RCSA will implement a secure web-based system to request and schedule services. This will automate some the labor intensive aspects of service management. It will also integrate service evaluation and management reporting to create a total customer relationship management tool. The same tool will be used by implementing partners so that client missions know the dates and purpose of RCSA-sponsored travel and technical assistance in their countries. In addition to these web-based tools, RCSA will utilize the annual REDSO-RCSA scheduling conferences to identify customer requirements. Virtual teams of RCSA and client mission staff will develop and pilot these streamlined business processes and web-based tools.



## **X. ANNEXES (SEPARATE DOCUMENT)**

### A. PRELIMINARY PERFORMANCE MANAGEMENT PLANS

### B. MANDATORY ANALYSES

#### B.1 ENVIRONMENTAL ANALYSIS

#### B.2 GENDER ANALYSIS

#### B.3 HIV/AIDS ASSESSMENT

#### B.4 DEMOCRACY AND GOVERNANCE ASSESSMENT

### C. OTHER ANALYSES

#### C.1 MACROECONOMIC ANALYSIS

#### C.2 GLOBAL COMPETITIVENESS AND REGIONAL MARKET INTEGRATION

#### C.3 ASSESSMENT OF THE ECONOMIC IMPACT OF THE SADC FREE TRADE AREA

#### C.4 FOOD SECURITY AND RURAL LIVELIHOODS

#### C.5 WATER RESOURCE MANAGEMENT

#### C.6 DONOR COORDINATION ANALYSIS

### D. BIBLIOGRAPHY