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Regional Center for
Southern Africa
Strategic Plan
1997 - 2003

Regional Integration

Through

Partnership and Participation

Gaborone, Botswana
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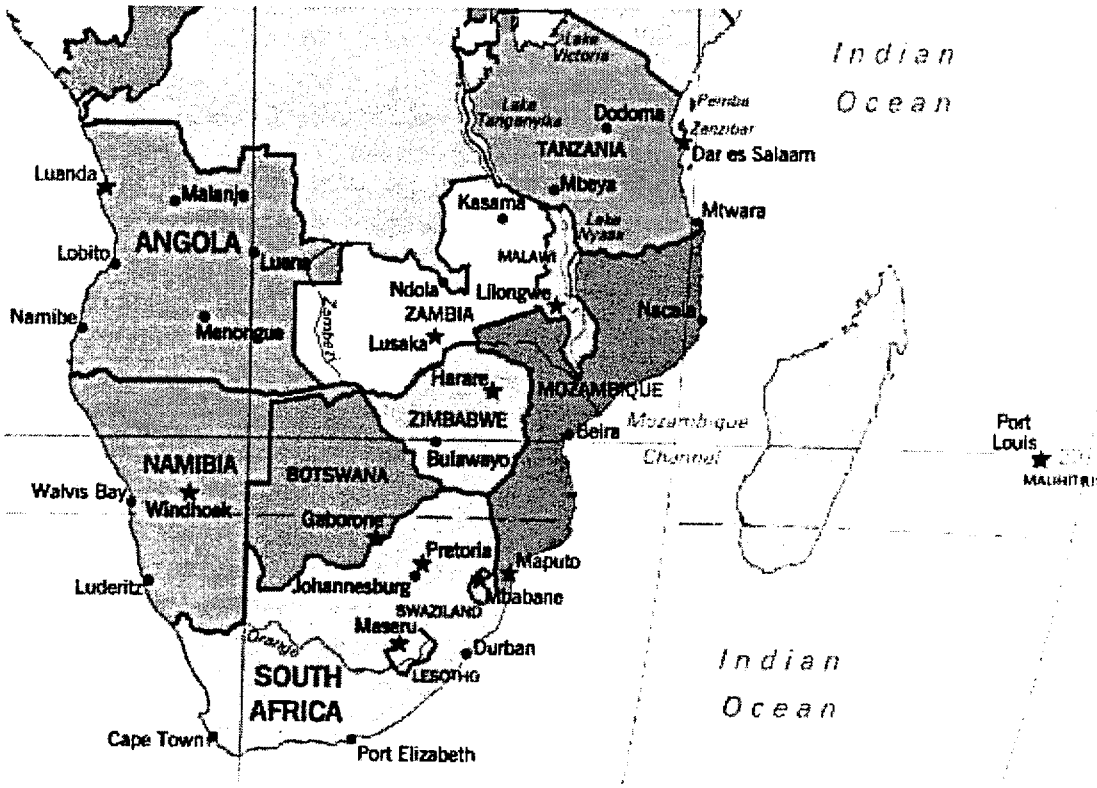
The RCSA and Its Mission

"The United States supports Southern Africa's efforts to improve the quality of life of all of its people and to participate as a stable, prosperous region in the global economy. The RCSA believes Southern Africans can harness the region's potential to achieve goals shared with the United States. Through the Regional Center and bilateral USAID missions, USAID works collaboratively with its partners to bring together expertise, technologies, and ideas that best support regional initiatives to promote an integrated market, strengthen democratic practices, and manage the region's resources in a sustainable fashion." -- RCSA Mission Statement

The RCSA and its partners believe that sustainable development must be based on ownership and relevance that can only be attained through African-led initiatives, and that the bulk of resources (skills, expertise, and raw materials) for development lie within the region. The United States, through the RCSA, will act as a catalyst to bring these regional assets to bear on issues in the region.

Southern Africa



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I. Overview

A. Summary of RCSA Strategy

The political and economic changes taking place throughout the twelve member states of the Southern African Development Community (SADC) indicate the time is right and the time is now to capture the region's potential for sustainable economic growth and development. These countries, Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe, each have something to offer the region. It is in the long-term interest of the United States to have these national assets working together to achieve a viable regional economy which offers more as an economic whole than the sum of its parts.

Building on the strong sense of regional community that is fueled by its rich history, human, capital, and natural assets, the countries and people of Southern Africa can become a potent, united force in international affairs and the global economy. Although real obstacles to development must be acknowledged, the potential of the region is staggering and the time to build on it is now.

The proposed Initiative for Southern Africa (ISA) strategy is designed to respond to opportunities, many of which are immediate and short lived, that will contribute to the realization of this potential. It is rooted in the considerable experience gained from the Southern African Regional Program (SARP) and the work of the bilateral missions operating within Southern Africa, as well as in the work of the past two years under the start-up framework of the ISA. In a sense, what the Regional Center for Southern Africa (RCSA) presents is a regional development strategy of our stakeholders to which we have added value and for which we are willing to accept responsibility for implementing.

The 1997-2003 program builds on the belief that regional integration through collaborative efforts among nations will hasten achievement of the ISA goal of equitable sustainable economic growth and is in keeping with the policies and objectives of the United States Agency for International Development.

The ISA sets forth the goal of promoting equitable sustainable economic growth in a democratic Southern Africa. The RCSA's strategy seeks to contribute to achieving this goal through three Strategic and two Special Objectives:

Strategic Objective 1: Increased regional capacity to influence democratic performance contributes to improved democratic practice and, equally important, to building regional institutions which bolster and sustain democratic progress. By strengthening the capacity and role of governmental and civil society entities promoting transparency and accountability and contribute to convergence on agreed democratic norms within the region, the SO seeks to expand the role, scope for operation, and security of pro-democracy actors within the region.

Strategic Objective 2: A more integrated regional market enhances prospects for economic growth in the region. Broader participation through reduced barriers to entry in the regional market, will require liberalization policies, laws and regulations that reduce investment barriers, rationalized or reduced tariff and non-tariff barriers, and increased use of financial services. Improved infrastructure is essential for economic integration. This requires increased private sector participation in providing infrastructure services and improved policies, laws and regulations related to infrastructure development, maintenance and operation. Finally, sustained advocacy for regional integration will be achieved by improving private/public sector dialogue and by strengthening networks, that may in turn require strengthening institutions and advocacy groups that promote regional integration.

Strategic Objective 3: Accelerated regional adoption of sustainable agriculture and natural resource management approaches will increase the utilization of sustainable and productivity-enhancing technologies by smallholders, while encouraging the sustainable management of the environment. It will strengthen community-based natural resources management programs that have rightly been called "democracy in action" and through which many people for the first time have been given a say in decisions that affect their daily lives. This participation has had positive spill-overs to other facets of life, strengthening civil society and creating demand for more accountable government structures.

Special Objective A: Increased regional capacity to manage transboundary natural resources promotes better understanding and management of shared resources such as water, migratory wildlife, parks and associated ecosystems. It will help ensure that economic growth is not pursued in a manner that promotes short-term economic gain at the expense of long-term sustainability. This is a water-scarce region. Sustainable water resource management is a prerequisite for broader development efforts intended to generate income and employment and to improve quality of life for the region's people. Reducing potential international conflict through the shared management of transboundary resources will contribute to both economic and political stability in the region.

Special Objective B: Impact assessment, monitoring and evaluation develops a coherent and wide-ranging basis on which the RCSA and regional actors can properly weigh regional goals in policy-making and assess progress toward mutually agreed-upon targets and benchmarks. Although the region is increasingly interdependent, information and analytical resources permitting sound decision-making reflecting this interdependence, are distressingly few and of mixed quality. This objective will support a systematic and highly participatory process through which Southern Africans would develop information, conduct analyses and design an integrated set of indicators to permit better assessment of the region's problems and success in addressing issues affecting the region. The RCSA's principal goal will be to foster this process and encourage the preparation of routine regional analyses addressing issues of social, political, economic, and ecological importance in a holistic rather than strictly sectoral manner. Over

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time, it is hoped that these analyses will enjoy widespread authority within the region and positively influence SADC, governmental and private sector/civil society decision making about issues which impact the region.

This strategy corresponds to important U.S. foreign policy objectives: To promote democratic governance; to enhance economic growth and expand world markets; and to protect global natural resources. Moreover, each of the RCSA's objectives targets a current -- perhaps fleeting -- window of opportunity, an impetus toward change that can be capitalized upon or, if ignored, may engender damaging consequences. The end of apartheid and of civil war in the region favors elections and democratic reform, but these developments need reinforcement now in the face of authoritarian actions by some regimes. Similarly, the region's governments have begun to embrace free market economic theory, but they urgently require encouragement to make the institutional and policy changes that will lure regional and foreign investment. Finally, natural resource management is at a critical juncture. An exploding population demands food and employment, largely through agriculture and rural resources, but this population must also be motivated to take responsibility for sustainable management to conserve the common resources, such as the land and water, on which the region depends.

B. Development Potential and Constraints

Potential

Spanning an area comparable in size to the continental United States, the SADC countries are richly endowed with diverse natural resources. Southern Africa includes a wide range of agro-ecological zones, from natural forests and savannah, which cover more than half the region, to substantial deserts, lakes, and wetlands. While less than a third of the total land area is suitable for crop production, the region is capable of producing a variety of agricultural products and enough grain to be self-sufficient in non-drought years. The biodiversity is staggering: the average number of plant species found per unit area in the southern part of the region is eight times that of the world average; and mammals, six times the world average. Southern Africa's mineral resources -- oil, diamonds, gold, copper and other metals -- have long been important sources of wealth.

With a long coastline and no major geographical barriers to movement within the region, Southern Africa also has a valuable asset in its physical geography making the road, rail and communications challenges manageable. Though often suffering from poor maintenance, basic road, rail and communication systems do exist for moving goods and information between major urban areas and throughout the region. With relatively minor improvements at border crossings and at the regions's 11 major ports, economic returns are within grasp.

The region's human resources are important assets. While generally still low relative to Asia and Latin America, standards of health and literacy are improving throughout the region and

there is a small but fast-growing core of well-trained and talented professionals in many critical sectors. The region has a tradition of strong and forward-thinking political leadership, and many countries benefit from an active civil society and broad participation in political, social, and community action.

The people of Southern Africa share a wide range of commonalities on which to build strong institutions. English is a common language of education, commerce, and governance across the bulk of the region. Political and administrative structures are built on similar models and strong local traditions value grassroots participation. The nations of Southern Africa are linked historically by shared independence and anti-apartheid struggles. From this history has emerged a willingness to work together and a solid track record of productive cooperation.

Constraints

In spite of a $168 billion economy (1995) and an impressive range of assets -- natural, physical, human, and institutional -- on which to build sustainable economic growth, the full economic potential of the region has not been tapped. While the World Bank projects that the region's economic growth could reach 3.8 percent annually in the near term, recent growth rates have been less than 1.7 percent per year.

Through bold efforts in recent years, Southern Africa has made enormous strides in the pursuit of democratic and economic growth reforms. Serious development constraints, however, must still be faced in realizing the region's growth potential:

- The ever-present danger of either domestic or regional political instability, which looms as a major obstacle to economic initiative and the ability to attract foreign investment.

- Government human resources and institutional capacity are weak and often insufficient to the challenges they must meet.

- Traditions of paternalism and an expectation that government will take the leading role on public and societal issues.

- Weak civil society throughout the region.

- An improving, but still uncertain policy environment for long-term investment.

- Small domestic market size, which frequently limits opportunities for viable investment, is compounded by poor infrastructure linking rural and urban areas and landlocked countries to ports.

- Low productivity and very low capacity utilization (particularly in state-owned enterprises), coupled with low and declining productivity in rural production (due in part to the preponderance of marginal land for agricultural production).

- Low levels of domestic savings, uneven and declining foreign capital inflows, and sharply rising capital needs to spur and maintain growth.

- Climate dominated by semi-arid conditions and prone to cyclic droughts with management practices that do not reflect this aridity, resulting in serious and prolonged water shortages and increased degradation of aquatic ecosystems.

- Continued degradation of the natural resource base, coupled with inequitable allocation of land and insecure tenure, leading to loss of productivity, biodiversity, and broad-based benefits.

- Key and sometimes critical human resource and institutional constraints driven by shortcomings in basic and professional education.

- Populations predicted to double by the year 2025 (tripling in urban areas).

- High HIV/AIDS incidence, particularly in the economically active and most highly educated groups.

The nations of Southern Africa must take prompt action to address these constraints or recent economic and political reforms could be reversed.

At current rates of investment and growth, job creation in the region will fall far behind labor force growth. High unemployment will pressure political systems to promote protectionist economic policies, cutting off potentially less expensive imports and markets for exports, leading ultimately to lower growth for all countries in the region, but particularly those with smaller economies. Rapid population growth and the demand for jobs will increase social, ecological, and economic strains. Producing food at affordable prices to feed growing urban centers will require more land be under intensive cultivation. Demands on water systems, woodlands, pasture and farmland will continue to rise sharply. These economic and social pressures will undermine the gains made in democratic governance that, in recent years, have been such a promising development throughout the region.

Continued policy and institutional reform and public investment by national governments are essential. But the nations of Southern Africa are inextricably linked -- physically, institutionally, and historically. National-level efforts alone are not enough to accelerate economic growth.

- *Almost 60 percent of the region's population lives in countries with markets limited by small populations and/or low per capita incomes (ranging from $84 to $616). These countries also, by and large, have a limited range of production possibilities, and are dominated by one or two commodities with uncertain long-term demand. For most of these countries, future growth will require more diversified economies and an identification of comparative advantage, which in turn will require external markets.*
- *The natural resource endowments of the region, while abundant, are unevenly distributed. While urban populations are concentrated in South Africa, the best conditions for growing staple food crops are found well to the north, in Zambia. Rich mineral deposits are located far from coasts, requiring transport across great distances and, in many cases, multiple borders to the region's ports for onward shipment. Abundant groundwater supplies are found in areas far from the region's industrial and population centers.*
- *The region's political borders are porous. Ethnic and kinship groupings straddle borders in every country of the region. Substantial unrecorded cross-border trade involves large numbers of entrepreneurs. Tens of thousands of unemployed workers looking for jobs cross into South Africa from neighboring countries each year.*

The full development potential of the countries in the region can only be realized if there is collaboration across national borders.

C. A Regional Vision

Southern Africans have long recognized the significant opportunities presented by a regional approach to development, and have supported regional efforts for many years. However, until recently, politics and history have conspired against fully realizing the potential of these opportunities. Undoing the consequences of decades of apartheid and of misguided governmental policies will require special efforts, but could trigger a cascade of mutually reinforcing benefits.

New Opportunities, New Investments
Increasing market size through reduction of trade and investment barriers affords opportunities for economies of scale, specialization, and increased competitiveness. This in turn attracts much-needed investment capital. The RCSA supports SADC's development of regional trade and investment protocols.

Lower Costs, Lower Prices
Improving regional transportation and communication links and harmonizing border-crossing procedures will reduce costs of doing business for all producers and consumers. This is the aim of the RCSA's collaboration with bilateral USAID missions in Mozambique, Zambia, Zimbabwe and elsewhere in the SADC Transport Efficiency Project which aims to unite and simplify rail systems throughout the region.

Sharing Information for Better Solutions
The sharing of information, expertise, and technologies that respond to problems common across the region can accelerate learning and expedite the flow of benefits made possible through innovative solutions. Coordinated planning and policy research at the regional level can ensure that skills and funding are directed to addressing the areas of greatest need and potential impact. Developing collaborative approaches to managing the resources, such as water and wildlife, that

are shared among countries in the region is a crucial step toward using those resources more efficiently and equitably, reducing conflicts over such resources before they arise. A good example is the Southern African Coordinating Commission for Agricultural Research (SACCAR) whose research, networks and training endeavors have been supported by USAID regional projects since 1983.

A Regional Community

Building on the strong and growing sense of regional community, "peer pressure" and collaboration by region-wide common interest groups can be a powerful force to sustain the advances made in economic policy reform and democratic governance.

Southern Africa is closer than ever to seeing its dreams become a reality. The 1992 Windhoek Treaty establishing SADC was a crucial step toward regional integration. The aspiration to work as a regional community, shared increasingly by the private sector and general public as well as governments, represents a powerful position from which to step into the next century.

> *"...common cultural and social affinities, common historical experiences, common problems and aspirations, remain a firm and enduring foundation for common actions to promote regional economic welfare, collective self-reliance and integration in the spirit of equity and partnership." -- SADC Treaty*

Political cooperation is substantial and regional interaction between individuals and private groups is on the increase. Shared concerns about trade and investment, availability and pricing of electricity, management of international rivers in the region, and transport and communications efficiencies have resulted in a recognition of the need for coordinated solutions and the signing of several protocols for cooperation in these areas.

SADC Protocols

The commitment of Southern African countries to a regional approach to integration is demonstrated by the fact that, through SADC, the countries have concluded a number of protocols in different sectors to guide the region's development within a coordinated and collective framework. SADC heads of state have concluded protocols in energy, water, trade and transport, communications and meteorology, among others. The protocols provide a common vision, approach and framework for dealing with regional issues across the various sectors. The RCSA strategy is therefore in line with the regional approach adopted by the SADC countries themselves.

Mozambique, Botswana, and South Africa's joint efforts to ease the current political crisis in Swaziland, Zambia's facilitation of talks between UNITA and the Government of Angola, and joint intervention by Botswana, South Africa and Zimbabwe to reverse an attempted coup in Lesotho are all expressions of a growing sense of community among the governments of the

region. Created in 1995, the SADC Organ on Politics, Defense and Security formalized this shared concern with ensuring regional stability.

Regional Networks

Indigenous networks are growing as a way to learn from the experience of others in the region and collaborate to achieve shared goals. The Southern Africa Botanical Diversity Network facilitates cooperation among national botanical institutes and herbaria in identifying, cataloguing and preserving the region's rich plant biodiversity, while other nascent networks in the environment field encourage the sharing of information among environmental economists, environmental documentation centers, and advocates of the sustainable use of natural resources. The Media Institute for Southern Africa (MISA) is a well-respected network of organizations that acts as a regional "media watchdog." A number of trade associations are being formed with a regional focus, such as the Federation of Regional Road Freight Associations, a regional network of national trucking associations, and the Federation of Associations of Clearing and Forwarding Associations of Southern Africa. Both now participate fully in regional fora once dominated by government and are already having an impact on issues such as road maintenance practices, standardization of axle weight limits, and cross-border trade facilitation.

Toward a Brighter Future

Through continued collaboration, Southern Africa will become a region with a rapidly growing economy that is internationally competitive. Its governments will create an economic and business environment that will lead to more jobs and increased incomes. The region's natural resources will be conserved and improved for the benefit of current and future generations. The productivity of the agricultural sector will substantially increase, generating sufficient food to feed the region and creating substantial employment. Public policy will be defined with broad participation by a wide range of stakeholders. The average citizen will be able to expect, and receive, continually improving services from more responsive governments, and improvements in living standards will be broadly shared.

Scale and market size influence capital inflows from outside the region. Investors considering capitalizing on Mozambique's considerable hydroelectric potential understand that profitability depends on being able to sell electricity to neighboring countries. Tourist sites in the Okavango Delta are viable only because Botswana's borders are open to tourists traveling from elsewhere in the region. A General Motors automobile assembly plant now under construction in Namibia would make no economic sense without access to the South African market. Regional market integration will make possible investments that would not otherwise occur within the region.

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D. United States Foreign Policy Interests

Trade

An integral part of this vision is a sustained partnership between the United States and Southern Africa, a partnership that would promote strong U.S. policy interests. Southern Africa represents a significant potential market for U.S. goods and services, as well as a valuable source of mineral resources. U.S. exports to the region grew substantially in 1996, flowing largely to South Africa. With the World Bank forecasting regional growth at 3.8 percent per year, Southern Africa will be the second-fastest growing region in the world over the next five years. U.S. business interest in the region is seen in telephone giant SBC's purchase of a controlling stake in South Africa's national telephone company, the largest privatization in Africa's history; the Enron natural gas project in Mozambique; and the Cyprus Amax investment in Zambia's Nchanga copper mines.

Southern Africa is also a region with a strong track record of cooperation between and among governments, and a promising future of even greater benefits from such cooperation. As such, the region can demonstrate to Africa and the larger world community the gains to be had from the hard work of compromise and negotiation on such difficult issues as trade and water. Weaving the fabric of a regional community, whose governments have mechanisms and incentives for peaceful resolution of conflict over trade issues and shared natural resources, and whose stability is based on shared standards of democratic practice, is a long-term investment with high returns for Africa and for the United States. The American public also has an important and deeply felt commitment to seeing South Africa's non-racial democratic experiment work, an experiment whose success will depend on achieving prosperity both in South Africa and in the region as a whole.

Regional Stability

While the region is now at peace, the United States also has a strong interest in preventing such conflict by strengthening the mechanisms of regional cooperation. Certainly there are ideological and commercial interests in peace and stability, but potentially significant savings to the United States from avoiding the need to intervene to resolve or mediate conflict in this strategically important region. Equally important, a peaceful Southern Africa can have a critical stabilizing influence elsewhere in Africa.

Reduced Need for Food Relief

Serious droughts in the past two decades have necessitated costly food aid efforts by the United States and other donors to avoid large-scale famine. It is widely accepted that periodic drought will continue; the U.S. investment needed to help Southern Africans to achieve regional food security is slight when compared to the costs of emergency relief.

Protection of Biodiversity
The United States has keen concerns about protecting the region's endangered wildlife and preserving the genetic storehouse embodied in this biodiversity that could have long-term benefits for mankind. There are potentially important and profitable discoveries to be made from the region's biodiversity, and the costs of not conserving the natural resources base could be devastating to the people of Southern Africa.

E. Criteria Defining RCSA Strategy

Decisions regarding program focus for the RCSA's 1997-2003 strategy were built upon three central criteria:

- a demonstrated commitment by Southern Africans;
- potential for impact; and,
- regional "value-added."

In making its strategy decisions, the RCSA recognized a commitment to continue certain existing activities initiated under the ISA start-up strategic framework, notably the Southern African Enterprise Development Fund (SAEDF). Activities that were carried over from the portfolio of the Southern African Regional Program (SARP), the ISA's predecessor, were considered only insofar as they met these criteria. Among these are the Natural Resources Management Program (NRMP), the SADC Transport Efficiency Project (STEP), the Regional Telecommunications Restructuring Project (RTRP), and the Rolling Stock Information System (RSIS).

Southern African Commitment
Essential ingredients for success, demonstrated over USAID's 36 years of development experience, are commitment and ownership. Therefore, this strategy supports Southern African institutions in meeting needs identified by Southern Africans. The Southern African-driven and Southern African-led Strategic Objectives presented here either originated with the RCSA's Southern African partners or have been wholeheartedly adopted by them, as demonstrated by their taking tangible first steps. The RCSA's role as a true partner is to facilitate Southern African initiatives by offering financial support and momentum through regional institutions and by using regional talent.

Potential for Impact
Given the sheer size of the Southern African region and the limited resources available to the RCSA, difficult choices had to be made to focus the program on a few key areas to ensure that the RCSA's programs will have measurable and meaningful impact. The RCSA will work in sectors to which USAID brings a comparative advantage, whether that advantage is prior

experience working in the region, which brings with it knowledge of the institutions and issues involved and momentum from ongoing efforts; a known and tested methodology to address serious development constraints facing the region; or a potentially relevant body of expertise and experience available from the United States. In addition, the RCSA has sought opportunities to enhance impact by building on synergies within the program portfolio, choosing areas of focus where results in one area will reinforce or increase the impact in another.

Regional Value-Added

The RCSA has limited resources which it must use to best effect. Furthermore, it is important to understand clearly the demarcation between its responsibilities and those of the bilateral USAID missions in areas served by both. Finally, certain activities are best conducted from a regional rather than bilateral platform. For all these reasons, the RCSA has found it necessary to define its "regional value-added."

Regional value-added has two aspects. First, regional approaches can address regional problems -- that is, problems that affect the region (or a significant part of the region) as a whole and that can be resolved most effectively through collaboration, such as reducing trade barriers or managing river basins. Second, regional approaches can address local problems -- where the sharing of experience or other collaboration can significantly improve local responses to development constraints, such as community-based natural resource management programs that test models in one country and apply them to communities in others.

An important component of regional value-added for the RCSA is the potential for offering complementary support to the development programs of bilateral USAID missions in the region. Where possible, the RCSA has selected areas of focus that presented opportunities for building on or reinforcing existing bilateral USAID mission activities from a regional platform. This complementary support might be direct, through information exchange, data collection and analysis, or supplemental resources for capacity-building that benefit bilateral USAID mission implementing partners, or indirect, through the promotion of regional policies or standards that broadly enhance the enabling environment for bilateral USAID mission interventions at the national level. The RCSA has also sought to build programmatic synergies with other donor programs.

An even more important element in the RCSA's program, however, is the potential for building on Southern Africans' own strong sense of forming a single regional community -- a perception that is itself an important asset for development progress in the region. By sharing information, experience and "best practices" from around the region, networks can influence policy on a national level. By working with counterparts elsewhere in Southern Africa, civil society organizations (CSOs) gain broader legitimacy in the pursuit of governmental accountability and human rights. Regional links broaden the base of knowledge, experience and resources with which to address and resolve local problems.

The RCSA can act as a facilitator and catalyst for regional collaboration initiated by Southern Africans themselves, and in doing so give needed momentum to regional initiatives. Through strengthened cooperation and deeper participation in the pursuit of these goals, the regional community will itself be strengthened.

Taken in combination, these criteria have shaped a strategy for the next six years that is tightly focussed in those areas where there are significant opportunities for impact using regional approaches that have strong support and commitment from Southern Africans.

A number of important development issues -- including health, population, and basic education -- are notably absent from the proposed RCSA strategy. They are not areas of strong SADC activity; it is only within the last year that SADC has opened a health office that, as yet, lacks a clear regional agenda. While much concerned with development of advanced technical expertise, moreover, SADC has no strategy, commission or technical office dealing with basic education. Equally, if not more important, these are areas in which, at least given current circumstances, bilateral approaches were deemed to be potentially more effective. For the same reason, certain elements (intermediate results) in DG and economic growth -- areas in which the RCSA will be active -- are also not being pursued by the RCSA in recognition of the greater appropriateness of pursuing them at the bilateral level.

Challenges of Operating from a Regional Platform

Many programmatic and administrative lessons have been learned during the short two-year life of the RCSA. In summary, they are that reengineering has not yet offered the same exciting prospects for streamlining the operations for a regional program that it has for a bilateral one. Overall staffing cutbacks have revealed new challenges associated with designing and implementing a regional program.

A key distinctive feature of a regional program is the fragmented nature of the institutional framework within which it must operate. There is no single reference point comparable to a host country government for a bilateral program. While SADC is an important partner for the RCSA, its roles and powers are limited.

The absence of a single authoritative interlocutor means also that there is no authoritative development plan which serves as a framework for guiding RCSA programming options. The SADC Program of Action reflects donor interests more than it reflects a comprehensive set of development priorities for the region vetted with and affirmed by the governments in the region.

In operational terms, this also leaves the RCSA bereft of the advantages afforded by the traditional USAID grant agreement, or the newer Strategic Objective Agreement, obligation instruments which afford field missions a great measure of flexibility in the management of

yearly obligation targets. Nor is there an established forum or mechanism through which donors meet to report progress, exchange ideas, and coordinate among programs.

This institutional fragmentation means that the RCSA has an even more challenging job to develop and maintain a thorough understanding of the region, its residents and its resources. That task requires covering vastly more territory than for a typical bilateral mission: not one country, but twelve -- twelve different governments, political systems, national economies, each with diverse natural endowments and civil society networks.

But it is made even more demanding by the fact that to understand and monitor regional developments requires on-going consultations with a diverse and disparate set of customers and partners, also a universe twelve times as large as that of any bilateral mission. Ensuring a smooth and effective working relationship with the bilateral USAID missions and Embassies in the countries of the region is yet another challenge which demands RCSA staff time and management attention.

These are some of the unique challenges of operating regionally. The RCSA has already begun to address some of these by recruiting and developing a well-trained staff of Southern African professionals, seeking to establish efficient and effective communications through available information technologies, and ensuring a staffing structure which allows for extensive staff travel. The RCSA will be continuing to explore other approaches, including greater reliance on implementation partners and establishing regular fora for information exchange with bilateral missions and other donors, to strengthen its customer relationships within the constraints of staff time and resources. As the RCSA compiles its "lessons learned" on meeting the challenges of operating regionally, they will be shared with USAID/W to help extend the principles of reengineering to the regional operations of the future.

II. Proposed Strategic Plan

A. Strategic Objectives

The ISA's goal is to promote "equitable, sustainable, economic growth in a democratic Southern Africa." In pursuit of this goal, the RCSA proposes a strategy with three Strategic Objectives (SOs) and two Special Objectives:

- Strategic Objective 1: *Increased regional capacity to influence democratic performance.*
- Strategic Objective 2: *A more integrated regional market.*
- Strategic Objective 3: *Accelerated regional adoption of sustainable agriculture and natural resource management approaches.*
- Special Objective A: *Increased regional capacity to manage transboundary natural resources.*
- Special Objective B: *Impact assessment, monitoring and evaluation.*

1. Strategic Objective One: Increased Regional Capacity to Influence Democratic Performance

a. Development Challenge

Despite Southern Africa's remarkable progress in democratic governance (DG) in the 1990s, these recent advances remain both fragile and reversible. The initial enthusiasm for democratic reform that followed the breakup of the South African apartheid regime and the follow-on wave of "transition" elections throughout the region has begun to fade. Signs of a slowing of the pace of progress, and even some backsliding, are on the increase.

Southern Africa is at a relatively early stage of regional political integration. While the SADC Treaty established an express regional objective of evolving "common political values, systems and institutions," governments of the region have ceded little or no role to SADC or other regional entities in the area of democratic governance. And while such events as the February 1997 African Commonwealth Conference on Democracy and Good Governance, at which heads of government and opposition leaders from eighteen (including eleven SADC) countries meeting in Botswana agreed on principles of democratic governance, demonstrate that the regional

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democratic impulse retains considerable force, it is premature to conclude that progress made to date is either sufficient or adequately institutionalized.

Controversial constitutional changes, such as a disputed election and a series of measures taken against the press in Zambia, Zimbabwe's continuing authoritarian practices, increasing attacks on the legitimacy, independence or patriotism of NGOs, and persistent and growing stories of governmental corruption throughout the region -- all point to a slowing of the pace of democratic progress. Countries such as Lesotho, Malawi, and Namibia are experiencing serious strains associated with the reform process. As high citizen expectations go unmet, unpopular regimes are tempted to retain power by undemocratic means.

Economic reform and structural adjustment have created additional pressures on governments in the short run, straining government resources and the broader economy and forcing new democratic governments to cut popular programs associated with their less responsible predecessors.

In 1990, the governments of Botswana and Mauritius stood alone in fully embracing multi-party, non-racial democracy; by 1997, Swaziland alone did not do so. In the intervening seven years, the "democratic wave" has changed a basic political fact of life for 97 percent of the region's population.

The democratic governance now seen as a distinctive characteristic of the region is a relatively recent phenomenon in Southern Africa. Learning how to make a democratic system work is not easy. Ministries, the judiciary and other governmental bodies often lack the technical and administrative capacity to implement policies and conduct many fundamental functions of government, particularly in a system involving significant checks and balances. Electoral commissions, auditors-general, ombudsmen, and other governmental bodies responsible for ensuring transparency and accountability have small budgets, limited expertise and often encounter suspicion -- albeit for different reasons -- both from within government and from society at large.

The problem of executive dominance is pervasive. The president, executive branch and ruling party are often indistinguishable, and parliaments are generally under-resourced and all too often under the firm control of the executive. Even where there is genuine commitment to opening up the system, a region-wide history of paternalistic government dating to colonial times leaves government and other political actors uncertain how opposition or even participatory roles are properly carried out in a democracy. Government and society alike too often simply assume that problems can be addressed only by government; it is a short step to assume that "State House knows best."

Key non-governmental democratic players are also weak, and as a result have difficulty in claiming and playing the full role they should be playing in a healthy democratic society.

Neither the professionalism nor the economic and political independence of the media is well established. Even where civil society is relatively vigorous overall, individual civil society organizations, and, in particular, advocacy groups, are often organizationally and financially weak, isolated from each other (domestically as well as across borders) and lacking developed constituencies. Many remain dependent on donor funding for their continuing survival.

b. Regional Vision

Hang Together ...

The ISA's stated aim of helping create a "cluster of well-functioning democracies in the region" captures the balance of autonomy and convergent mutual reinforcement that will increasingly characterize relationships among the democratic systems of Southern Africa, should regional influences grow as the proposed strategy envisages.

The RCSA will help Southern Africans to :

- *achieve greater awareness of progress in, and threats to, democracy within the region;*
- *create wide-ranging regional networks effectively promoting democratic values and processes; and*
- *articulate minimum standards for democratic performance.*

For the foreseeable future, the region will continue to include a dozen sovereign states with distinct and autonomous national political institutions. Building on the region's wide-ranging and growing democratic experience and resources, strengthened regional groupings and other influences will fortify and stabilize democratic government throughout Southern Africa. Over time, it will be increasingly accurate to speak of a region-wide democratic culture that supports existing democracies and discourages anti-democratic actions. With this stability, in turn, will come greater confidence on the part of both the citizens of the region and investors in the durability of the Southern African democracies.

... or Hang Separately

The RCSA's strategy aims to reinforce the regional "glue" without which the region as a whole risks losing the cohesion and sense of common purpose it needs to succeed in the broader agenda of economic and other forms of integration that are essential to a successful future for Southern Africa. There is a chance that a growing tendency to revert to authoritarian modes of rule will gather speed, and possibly achieve unstoppable momentum in some countries. The shared commitment to democratic progress and peaceful cooperation that now typify the region may well erode with the rise in some countries of authoritarian or massively corrupt regimes.

A key element of the proposed strategy is building strong and credible regional "champions" able to take and maintain independent stands on governance issues. Even if a similar strategy were pursued by other donors, it is likely that their interventions would be more oriented toward changing governmental attitudes and structures than toward building up non-governmental

bodies. USAID's field presence gives it a capability, unmatched by other donors, to implement a fully participatory and Southern African-driven DG program. Moreover, it is difficult for other donors to bring either USAID's credibility in democracy and governance issues or the resources necessary to foster a critical mass of "regional activity." Other portions of the regional strategy, as well as bilateral programs, would also suffer absent promotion through this SO of regional pressure to build and maintain an environment supportive of national-level participatory governance initiatives.

c. Development Hypothesis

Regional influences will support stability and maintenance of democratic progress by:

- *enriching domestic debate on democracy and governance issues;*
- *discouraging anti-democratic "backsliding;" and*
- *promoting convergence around common regional norms of democratic practice.*

Southern Africans' sense that the region is, in important ways, a single social and cultural community and their readiness to act on that belief have been brought into play only fitfully with respect to DG matters. Though the fate of democratic governance in the SADC region will largely be determined at the national level and by factors internal to the individual countries, there is strong evidence that -- as in Europe, Latin America and elsewhere -- the Southern African "regional factor" has a powerful potential to promote and consolidate democratic progress. Strengthening and developing this regional asset through stimulation of and support for regional networking, groupings, and articulation of norms will support further democratic progress.

Backsliding

The incentives to compromise democratic achievements derive almost entirely from domestic political considerations, and may be deemed compelling by a party or leader wishing to continue to enjoy power or avoid being called to account. The substantial costs of such actions must also be paid by the backslider's regional neighbors. These costs include the loss of confidence, not only by external investors but, equally if not more important, by Southern Africans, in the region's continued commitment to democratic governance and its ability to maintain progress toward regional economic integration.

It is, therefore, in the self-interest of both the governments and the broader public of those neighboring countries to discourage such backsliding by invoking the "opinion of the region" both in particular cases and, more broadly, in support of the key democratic values of transparency and accountability. Such regional interventions also improve the quality of political debate by placing political issues in a wider context in which their broader implications can be better examined and understood. Although not the principal factor in determining the results of national debates on democracy issues, the regional factor is nonetheless of real weight, has considerable potential for leveraging resources, and may, on occasion, prove decisive.

A Regional Political Community

A number of factors give rise to Southern Africans' unusual openness and responsiveness to the political views of their neighbors. These factors include similar and, in many cases, linked pre-independence histories: Malawi, Zambia and Zimbabwe briefly formed a single Federation of Rhodesia and Nyasaland; Botswana, Lesotho and Swaziland were administered together as the "High Commission Territories;" Namibia was for decades virtually a province of South Africa. Also significant is the region's unique history of meaningful and extended political cooperation during the prolonged anti-apartheid and anti-colonial struggles, dating from the 1976 creation of the Front Line States grouping.

Associated with and underpinning this sense of community are a number of important political norms shared widely within the region today. Most of the countries have similar political and administrative structures, and their political cultures respect such key democratic building blocks as election results, constitutional rules, the judiciary and rule of law, and freedom of expression. Many unassailably "traditional" cultural values are also supportive of democracy, as reflected in a saying repeated throughout the region, "a chief is a chief through the will of the people." However imperfectly respected in practice, these shared values form a broad and important basis for democratic progress and consolidation.

In recent years, regional institutions and public opinion have fostered, and, in turn been strengthened by, parallel democratic and economic reforms in the countries of the region, as well as by SADC's drive for regional integration. The region's leaders have invoked regional opinion and values in a growing range of situations, as in 1994 when the Presidents of Botswana, South Africa and Zimbabwe acted together to reverse the military coup in Lesotho and in 1996 when SADC heads of state collectively indicated their concern about the manner in which Zambia's upcoming elections were being handled.

As significantly, such action also takes place in non-governmental contexts. For example, in response to a Botswana Government proposal to reverse a policy establishing differing rights to automatic Botswana citizenship on male and female foreign spouses of citizens, petitions and protests were organized by Women in Law and Development in Southern Africa chapters throughout the region. This campaign is credited with having been a significant factor in the government's decision to rescind its proposal and comply with the court ruling.

The regional factor is equally important in less contentious circumstances, notably where governmental and non-governmental DG actors seek to identify best practices that will enable them to achieve their goals in the most productive and cost-effective way. Given the social, economic, political and other cultural similarities of the region, the experience of others in the region will frequently offer the most relevant and readily applied solutions to problems of democratic governance. At a less elevated level, Botswana recently established an ombudsman's office following a regional conference at which it found itself the only participant without such

an office; and electoral commissioners from around the region have recently agreed to meet regularly to share information, experience and best practices. Women's groups from Southern Africa joined to develop a common agenda for the Beijing Conference on Women, and, since the conference, have actively and effectively cooperated to ensure that "Beijing issues" remain on the active agenda of regional governments.

The regional asset can be strengthened and brought to bear on domestic political debate in three ways: by ensuring that domestic DG actors are aware of relevant information and experience from elsewhere in the region and that the regional implications of decisions are taken into account; by invoking governmental or non-governmental "peer pressure" in support or opposition to specific actions; and by articulating standards of performance that are widely accepted within the region. (While the strategy focusses on democratic performance, these factors are all equally applicable to other policy debates, such as those on economic growth policies.) The proposed strategy aims at fortifying regional influence in these three ways, maximizing the positive impact of the "regional factor" on political debate throughout the region. In so doing, the strategy capitalizes on a target of opportunity that has gone largely unnoticed, in part due to the strongly "national" character of political structures, in part due to donors' traditional bilateral orientation, and in part because its true potential has become evident only with South Africa's full participation in regional affairs.

The proposed strategy relies on the continued strengthening of national-level civil society and governmental entities that will enable them to participate fully in the regional activities supported by this strategy. Such development is directly and best supported through the programs of bilateral USAID missions and other donors in the region. A major intended consequence of the strategy is, in turn, to increase the capacity and effectiveness of those entities to engage in domestic promotion of democratic values.

A persistent need throughout the region is to integrate women and youth more effectively into the democratic political systems of the region. As groups frequently excluded from political structures, both women and young people are likely to be supportive of more participatory governance and greater governmental transparency and accountability; both are strongly represented in the leadership of the non-governmental organizations (NGOs) and other civil society organizations that will be the RCSA's partners in implementing much of its democracy and governance strategy. By the same token, of course, insofar as the strategy contributes to consolidating and extending democratic practice within the region, it will expand the opportunity for women and younger leaders to play meaningful political roles. The proposed strategy does not single out women for special attention in this sector, but the strong women's presence on the key Southern African Regional Democracy Fund (SARDF) Project Committee implementing mechanism ensures that the needs of women and their potential for contributing to achieving the RCSA's Strategic Objective will remain a primary consideration in assessing strategies and progress as well as reviewing individual grant applications.

d. Results Framework

Achievement of the Strategic Objective will follow from four Intermediate Results:

IR 1 -- Increased information-sharing within the region.
IR 2 -- Increased advocacy and other cooperation bringing regional experience to bear at the national level.
IR 3 -- Regional norms further defined by Southern Africans.
IR 4 -- Continued support and strengthening at national level of civil society and governmental democracy advocates.

Each IR (and in particular IR 1) would produce benefits if pursued individually, but pursuing all four is essential to full achievement of the SO. The RCSA strongly believes that active pursuit of the first three by the RCSA and of the fourth on a bilateral basis is necessary to fully realize the regional capacity to positively influence democratic development.

There is a clear need for better information exchange, but better information will have only limited impact unless regional advocacy capacity is also expanded. It is important as well that Southern Africans, and in particular democracy advocates, develop a fuller (and more fully "owned") understanding of norms for democratic practice derived from Southern African experience and discussion. It is, finally, necessary that national-level governmental and civil society entities promoting transparency and accountability goals, acquire sufficient capability to play the key role envisaged for them to participate fully in the activities under this strategy.

Initial Areas of Focus
The RCSA has provisionally identified media strengthening, election administration, CSO enabling environment and corruption as key areas on which to focus much of its initial effort to achieving this SO. These areas have emerged from the RCSA's own analysis and extensive consultations as ones that are key to consolidating democratic progress and in which regional initiatives appear likely to have substantial impact. This sector is a dynamic one and there is little consensus on specific key areas. Moreover, important targets of opportunity -- such as that presented by the SADC Parliamentary Forum -- are likely to arise, and events and experience will change the RCSA's own understanding of how best to have the impact it seeks. The RCSA thus expects to revisit this list often, and to use it as a focussing device rather than as a straitjacket precluding support for promising activities falling outside its boundaries.

IR 1 -- Increased information sharing within the region.
The necessity for better sharing of information on developments in the region is widely recognized by government entities and CSOs throughout Southern Africa. Such information is an invaluable source of ideas, stimulating or cautionary case studies, comparative data and best practices. Armed with such knowledge, entities promoting democratic governance can craft

better solutions, and advocate more effectively for DG goals. Southern Africa has a great deal of local experience and expertise in addressing issues of democratic governance, and a great deal of highly relevant information is already available at national level. With only limited exceptions, however, information about developments elsewhere in the region is either unavailable, or obtainable only with difficulty and delay. There is a fundamental need to facilitate movement of information around the region to ensure that relevant information and experience is available to those who need it.

To achieve this result it will be necessary to establish or strengthen mechanisms (such as electronic fora, workshops and regional electronic publications) for transferring information in the region (IR 1.1), and to increase the "reach" of those mechanisms (IR 1.2), for example by providing training and limited equipment to electronically link participants to networks. Both to increase mutual understanding and to afford opportunities for effective advocacy, an important goal will be to support or create regional fora promoting dialogue between DG players in government and civil society. While this strategy does not take responsibility for dissemination of this information to the general public, it is expected that CSOs and other participants in information networks will make active use of that information in public advocacy.

IR 2 -- Increased advocacy and other cooperation bringing regional experience to bear at national level.

National-level democracy advocates are key to development of democratic societies in Southern Africa. They are often focussed, however, on immediate and tactical, rather than broader, issues, and may be discredited as pursuing narrow political agendas. By contrast, regional common interest groupings can both give broader legitimacy to issues and provide a forum and mechanism for the efficient exchange of information and best practices. By strengthening the capacity of national-level groups to promote a pro-democracy message, achievement of this IR will directly support achievement of bilateral DG SOs. MISA's stand against Zambian government actions against the press is only the best known recent example of the degree to which such groupings can support national-level civil society and become legitimate "regional voices" to which governments and others feel they must pay heed -- no matter how annoying the message.

There are now few such regional common interest groupings, and fostering development and strengthening of such groups (IR 2.1) will be a critical element in achieving this IR. Such groupings can be freestanding organizations or decentralized mechanisms for structuring cooperation, advocacy groups or neutral discussion fora. In whatever form, however, such "regional voices" can play a critical role in national debates on democracy issues. Ready access to relevant information (IR 1) and ability to reference widely agreed regional norms (IR 3) will directly contribute to strengthening the advocacy and cooperation supported under this IR.

In order to maximize the impact of these common interest groupings, if funding permits the RCSA anticipates providing grants permitting implementation on a pilot or seed money basis of regional activities emerging from work under this IR or IR 3.

IR 3 -- Regional norms further defined by Southern Africans.
There are both important ingrained cultural elements supportive of democracy that are shared across the region and key democracy-supporting constitutional and statutory features common to most or all of the political systems of the countries in the region. Although the view that western-style democracy is an "un-African" foreign import enjoys declining currency, it is undeniable that the indigenous bases for democratic governance are imperfectly understood and appreciated.

Related to this is the frequency with which democracy issues (e.g., the initial phases of the ongoing Namibian debate over changing the constitution to permit a third presidential term) are debated as purely national and even personal issues, without reference to their larger implications or contexts. Advocates for democratic governance must often provide explanations of basic democratic concepts or defend themselves against accusations of pursuing the agendas of "foreign donors."

The strategy seeks to support articulation and further definition of existing regional democratic norms. As such definitions gain acceptance, they will serve as points of reference for national-level groups advocating for democracy goals and will increase awareness of the similarity of issues across the region.

The RCSA sees significant potential for norms-definition in three areas:

- The articulation of existing democratic values that have well-established popular cultural bases in the region will profoundly affect regional perspectives on democracy issues.

- The identification and comparative analysis of constitutional and statutory provisions widely shared in the formal political systems of the region. Awareness of others' success in implementing common provisions will help national-level democracy advocates to demand improvements in national practice and adherence to a "higher" Southern African standard of democratic behavior.

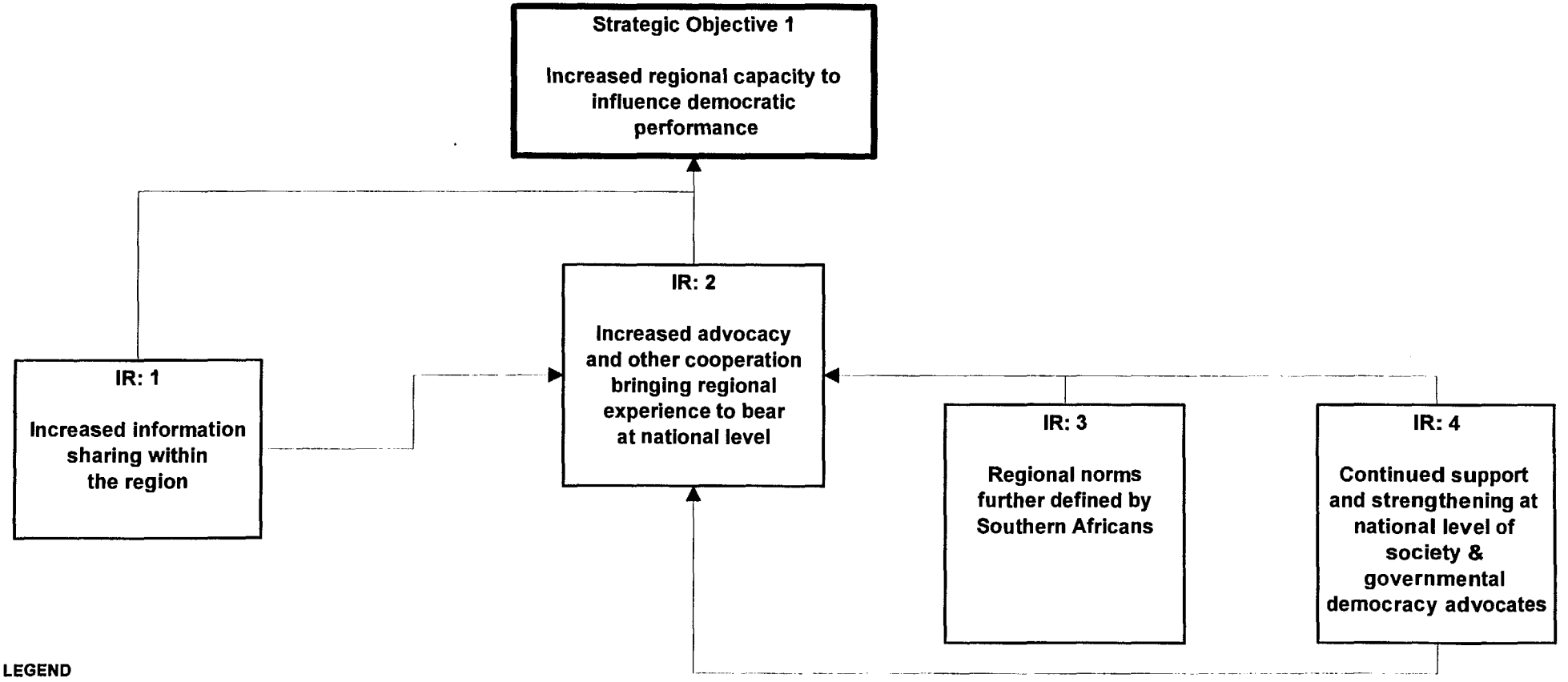
- Professional or common interest-group norm definition. There is clear scope for civil society or governmental entities involved in elections to explore and agree on minimum standards for monitoring, ballot secrecy or campaigning, and such shared work will in turn encourage participants to comply with those standards. Agreement by Southern African NGOs, media, parliamentarians, and other groupings on codes-of-conduct would be a major contribution to establishing participants' legitimacy as responsible democratic players

and ability to self-police without executive branch regulation. Activities of either nature would, again, directly support bilateral efforts to promote democratic governance.

IR 4 -- Continued support and strengthening at national level of civil society and governmental democracy advocates.

CSOs and governmental entities charged with ensuring transparency and accountability in governmental activities are the RCSA's key partners in achieving this SO. Such entities capable of collaborating at the regional level are relatively few and underdeveloped, and it is unlikely that they will be able to play the full role envisaged without continued external donor support. Such support is an explicit feature of almost all the bilateral USAID DG strategies in the region. Although the RCSA will not itself systematically provide such institutional support and capacity development, this IR recognizes the critical role in achieving this SO of such continued support from bilateral donors.

DEMOCRACY AND GOVERNANCE STRATEGIC OBJECTIVE



LEGEND

Multi-reponsibility for thses IR's rests with RCSA, other donors, and/or Bilaterals missions

e. Illustrative Activities

The range of possible activities under this SO is both large and dependent on Southern Africans' own decisions on the most valuable and effective ways to achieve the transparency and accountability goals of this strategy. The RCSA plans to implement IRs 1-3 primarily through its existing SARDF mechanism, the structure of which will be retained although its areas of focus will be changed to reflect this strategy. The newly established Strengthening Regional Economies Through NGOs (STRENGTH) activity will permit expanded support for capacity-building as well as program activities of certain key Southern African partners.

It is anticipated that many individually funded activities will address more than one IR. The RCSA can foresee providing grants to support the following types of initiatives under this SO:

- To the region's national NGO coordinating councils for in-house "regional coordinators" responsible for keeping track of regional electronic and other networking methods, initiatives and resources and for providing advice and technical assistance to national-level CSOs interested in joining and participating in such networks or to contact counterparts in other countries.

- To NGOs concerned with election monitoring for a series of workshops to define a common agenda and develop procedures for reciprocal monitoring support.

- To auditors-general to develop common standards (relating, e.g., to publicity, political interference, standards of proof, reporting detail) for conducting politically sensitive audits.

- To an academic institution, think tank or well-regarded NGO to organize the production and publication of a credible, non-partisan annual state of democracy report on the individual countries and the region as a whole.

f. Indicators[1]

Measurement of progress toward the proposed SO presents problems of causality, attribution, definition, and prediction. The reason for creating regional capacity to influence democratic development is, in the long run, to produce improved democratic practice. But many factors

[1]Throughout this strategy document, the indicators presented at the Intermediate Result Level are illustrative. Final indicators will be determined based on the funding that each SO receives and the activities the RCSA undertakes within each SO. Furthermore, specialists hired under the RCSA's Impact Assessment, Monitoring and Evaluation Special Objective will help refine IR Level indicators. Finally, the RCSA recognizes that USAID is developing sets of common indicators for potential use by all field missions. The RCSA will be examining these common indicators to determine their applicability to the RCSA program.

- Perceptions of the volume, content and effectiveness of regional advocacy. These perceptions will be measured through a survey of politically active target groups.

***Illustrative Indicator for IR 3** -- Regional norms further defined by Southern Africans.*

- The number of USAID-funded common interest groups that have developed significant sets of norms in their own area. This indicator will be linked directly to USAID-funded activities.

***Illustrative Indicator for IR 4** -- Continued support and strengthening at national level of civil society and governmental democracy advocates.*

- Whether sufficient numbers of competent and capable CSOs and governmental entities participate actively and successfully in the activities funded under this SO.

g. Sustainability

Most of the initiatives that will be supported or launched under the proposed DG strategy will be relatively inexpensive for Southern African grantees and other participants to maintain, both in terms of staff effort and financial cost, and are not expected to require long-term technical, managerial or financial support from USAID. (The high non-assistance costs associated with this SO relate to the costs of administering a Southern African driven and led grants program rather than those of implementing the program activities.) Establishment of well-functioning electronic communications will substantially cut communication costs. Even more important, insofar as these initiatives will help participants to "work smarter" by freeing up resources that would otherwise be used to duplicate work already (and often better) done by others, the recurring costs to the participants will be more than offset by real savings.

h. Other Donors and Bilateral USAID Missions

Denmark and, to a lesser degree, the Commonwealth Secretariat and Canada are the only other major donors that now conduct an explicitly regional democracy and governance program. Belgium is, however, beginning a regional strategy. Denmark's program is similar to the RCSA's in its focus on electoral administration and media and in its orientation toward indigenous Southern African partners; the Commonwealth has also focussed on elections and the political process. Each of these donors has indicated interest in closer cooperation with the RCSA in strategy coordination and identifying and working with regional partners. Other donors -- whether governmental or, as is quite often the case in DG, private or quasi-governmental -- appear to conduct their few regional activities as subsets of their bilateral portfolios. The RCSA plans to engage these donors in systematic regional information-sharing and coordination on both a DG-specific and broader mission-level basis.

Seven bilateral USAID missions in the region conduct DG activities; a proposal by the eighth (Zimbabwe) for a DG SO is currently under consideration in Washington. Support for the NGO sector, or for key parts of it such as the media and civic education groups, are a consistent core feature of these strategies, and will both directly support and be directly supported by this SO. Many of the strategies target citizen involvement -- either directly or through a more responsive parliament or other governmental institutions, and improvement in the governmental transparency and accountability on which the RCSA's proposed strategy focusses is a constant theme of the bilateral programs as well.

Bilateral USAID close-out countries will retain a limited DG programming capacity through the Democracy and Human Rights Fund (DHRF), Global Bureau programs and activities conducted by National Democratic Institute and International Republican Institute. While it is clear that there would be significant advantages to coordinating use of DHRF funding closely with Global Bureau and RCSA strategies, such coordination depends largely on individual bilateral decisions; at this time the RCSA can undertake only to ensure that close-out countries are fully aware of the regional democracy and governance strategy and activities supported through it. The results pursued and activities conducted under the proposed strategy will not differentiate between close-out and presence countries, but should benefit both equally. Activities conducted under the strategy will be monitored to ensure that close-out countries participate in, and benefit from, those activities.

i. Funding and FTE Scenarios

The proposed strategy assumes funding in the range of $2 to $4 million per year ($12-21.5 million over the planning period), of which $850,000-900,000 per year would be devoted to administrative and other non-assistance costs and the rest ($7-16.2 million over the full period) to grants or other assistance. The high proportion of non-assistance costs directly reflects the requirements of conducting a participatory, Southern African-driven program; the RCSA believes that the costs of conducting a grants program with integral Southern African involvement in all phases of the activity will be more than offset by the resultant superior targeting and credibility of the program, as well as the support for an expanded regional perspective associated with the Project Committee and RCSA's active outreach programs.

Funding of less than $2 million per year would spread RCSA resources so thinly as to risk sacrificing the complementarity and linkages among activities under this strategy necessary to generate a "critical mass" of regional activity, and would require the RCSA to seriously consider not pursuing this SO or fundamentally re-conceiving it. At funding levels of $2 million, the RCSA would anticipate focussing on fewer and perhaps less ambitious and costly proposals. It might also prove necessary to strictly limit grants to the four identified areas of initial focus, or even to reduce the areas of focus in which the RCSA would be active. Larger sums would permit the RCSA to fund a wider range of proposals, to do so more generously and to fund

more pilot implementation activities; as a result, the RCSA would anticipate higher and accelerated "productivity" under the SO. Experience in implementing the SARDF to date suggests that insufficient numbers of solid Southern African entities now exist to absorb funding of greater than $4 million per year. Although it is conceivable that larger sums would be sought in out years as such entities are identified, at this point the RCSA recommends funding at $3-3.5 million per year.

Staffing requirements for all funding scenarios:
High funding scenario: 1 USDH; 2.3 TCN/CCN PSCs
Medium/Low funding scenario: 1 USDH; 2.3 TCN/CCN PSCs

2. Strategic Objective Two: A More Integrated Regional Market

a. Development Challenge

Southern Africa suffers from widespread barriers to trade and investment. Many of its prospective businesses lack access to capital and reliable market information. Economic policies have historically taken a statist rather than private sector approach to development. The region has inadequate transport, communications, and power networks. These factors serve to isolate the SADC economies from one another and from the rest of the world. Consequently, businesses -- both those within the region and those without -- must treat Southern Africa as twelve separate markets, defeating most economies of scale and economic synergies. The fractured nature of the regional market impedes accelerated economic growth in Southern Africa.[2]

Regional market integration, combining of twelve countries into one market, will benefit producers and consumers. However, there are difficulties in developing a functioning regional market. The large disparities that exist between countries in the region, intricate policy issues, and the need to consider all levels of society in the integration process make this a complex challenge.

The predominance of the public sector (governments and state-owned enterprises) in shaping policies both at the national and regional levels has often meant policies that are far removed from the realities of the modern marketplace: promoting protectionist trade and investment

[2]The Southern African Customs Union (SACU), an agreement among Botswana, Lesotho, Namibia, South Africa, and Swaziland, has to a limited degree "integrated" the economies of its signatories. SACU provides both positive and negative lessons for a broader regional free trade zone. The Union's fate is highly uncertain in light of discussions on its revenue-sharing formula, the SADC Trade Protocol, and the European Union/South Africa Free Trade Agreement discussions.

barriers, and extremely low levels of savings that hinder, rather than ease, business. High rates of formal sector unemployment also contribute to labor migration concerns and protectionist policies.

Inadequacies in the transport, telecommunications and energy sectors, including inadequate physical infrastructure, low levels of private sector investment, and a lack of regional standards have resulted in inefficiencies, high costs and poor service provision, forming another major obstacle to regional market integration.

The problems arising from the fragmented Southern African market are exacerbated by vast differences in the size, diversity, and rate of growth of the SADC countries' economies, from comparatively well-developed South Africa to war-torn Angola and Mozambique.

All the countries in the region have joined the World Trade Organization (WTO) and subscribe to its required tariff reductions and elimination of non-tariff barriers to trade. In many cases, however, their capacity to implement WTO reforms is very weak, as is their ability to analyze the consequences of these reforms. Consequently, actual progress toward reducing trade and investment barriers has been slow.

South Africa dominates the region with:

- *31 percent of its people;*
- *84 percent of its income;*
- *30 percent of its road network;*
- *61 percent of its rail network;*
- *88 percent of the region's rail freight;*
- *89 percent of the region's port tonnage;*
- *87 percent of the region's telephones;*
- *75 percent of the intra-regional exports;*
- *19 percent of the intra-regional imports;*
- *50 percent of the entire continent's electricity generation.*

The economic dominance of South Africa in the region and concerns about the potential impact of free trade on countries that are at markedly different levels of development have created uncertainty about equitable regional economic integration. Many people fear that South Africa's businesses will come to dominate a SADC free trade area, that South African businesses will buy out local producers, or, because they are more efficient, drive local producers out of business.

At the same time, many South African business people, government and labor union officials are concerned about the higher costs of doing business in South Africa compared to other countries in the region, due primarily to higher taxes and labor costs. Most business people do not perceive South African labor as sufficiently more productive to justify the higher wages. As a result, these business people and officials believe a SADC free trade and investment area could result in investments and jobs flowing outside South Africa. High unemployment in South Africa and the important political link between labor unions and the South African government make these fears politically credible.

For these reasons, conflict resolution mechanisms will be important as the region seeks to achieve its free trade goals.

b. Regional Vision

A stable economic and political environment, supported by appropriate policies and efficient regional infrastructure that facilitate the free flow of goods, services, capital and labor will result in a Southern Africa region with a vibrant, growing economy that uses its comparative advantage and economies of scale, and promotes trade creation. A sustained partnership between the private and public sectors and broader participation in economic activity, from the small-scale farmer to the large entrepreneur, will lead to more jobs, increased incomes and improved standards of living for all Southern Africans

Should USAID not pursue the proposed strategy, momentum toward a regional market and broader economic integration would be slowed, leaving Southern Africa further behind in global competitiveness. The absence of USAID's notable and consistent concern with private sector participation in decision making and equitable sharing of the benefits of market integration would decrease the long-term prospects of the integration endeavor. Further, the resulting decrease in U.S. presence in the region could result in lost trade opportunities for U.S. business and decreased access to the region's decision makers.

c. Development Hypothesis

Regional integration promotes higher economic growth through better resource allocation, greater competition, increased transfer of technology, increased access to foreign savings, and improved food security. Macro-economic policy, trade reform, and the improvement of physical infrastructure are all key elements affecting the pace and success of integration.

The RCSA's strategy is aimed at overcoming three principal impediments to an integrated market that can be addressed effectively from a regional platform. Some obstacles are either political or analytical: IR 3 aims at addressing these by supporting groups promoting better understanding of the benefits of market integration, and by fostering closer and sustained interaction between private sector and government representatives to ensure that government policy reflects a full appreciation of business interests and viewpoints. Implementing market integration requires a myriad of specific steps to remove long-standing but unproductive impediments to the free movement of goods, capital and labor. Under IR 1 the RCSA will work with regional bodies and governments to harmonize customs, investment and other regulations around beneficial, simplified and accepted common standards. In Southern Africa, inadequacies in infrastructure create very real barriers to investors or others seeking to benefit from an integrated market. While the RCSA does not plan to finance major capital development, under IR 2 it will encourage regional bodies and governments to establish the investment, management

and maintenance policies and regulations that will attract the private investment required to eliminate those physical barriers.

Benefits of Integration

The substantial benefits to be derived from greater regional economic integration were quantified in a recent RCSA-sponsored analysis of trade and investment in the region and substantiated in studies by the Institute of Development Studies and others. This study conservatively projects that developing a regional free trade area will almost double regional economic growth over the regional average of the past ten years, creating jobs and raising the standard of living throughout the region. These benefits are clearly recognized by the SADC nations.

Integration provides the opportunity for new and existing industries to take advantage of the economies of large-scale production made possible by expanded markets, in addition to offering small business persons and smallholders the potential of increased prosperity. Without integration, the same industry might be established in two or more adjoining small countries with small domestic markets, each operating at less than optimal capacity but protected against the imports of the other by high tariff or non-tariff barriers. This duplication wastes scarce resources and forces consumers to pay a higher price for the product than if the market were large enough for high-volume, low-cost production to take place at a single location.

More open trade will also promote a greater outward orientation and the force of competition will motivate entrepreneurs to identify, license and use the latest, most cost-effective technologies in an effort to stay ahead of competition. The large potential market will attract more foreign direct investment; traditionally, another source of managerial and technical know how. Companies can begin by licensing technology, and then gain experience and confidence in producing for a global market.

Winners and Losers

Not all sectors in individual countries will benefit from regional market integration, nor will they benefit equally, e.g., protected domestic industries such as textiles or steel. Sectoral analysis is needed to assess winners and losers, some of which may come from a SADC-commissioned model that will examine the benefits of economic integration, disaggregated by productive sectors. And though some sectors may be harmed by integration, overall, the region's economies will benefit.

Regional integration implies a change in the status quo and as a result, winners and losers. In the end, Southern Africa, as a whole, will gain as regional integration will bring increased jobs, increased economic growth and higher quality products at cheaper prices. However, in the short term, there will be some pain. The RCSA will carry out a winners and losers analysis to better identify the sectors that will be most affected by these changes.

What is currently known is that protected sectors and industries, and companies receiving government subsidies, because they are "strategic," will stand to lose the most. They will be quite vociferous in opposing change and can be expected to defend their interests vigorously.

The RCSA could assist in responding to these efforts by:

- Working with countries in reviewing and recommending options that could soften the short-term adverse impact of regional integration. This includes encouraging countries to activate job-training programs and social funds that could provide short-term work to workers affected by these changes; and,

- Assisting in developing public education campaigns that would point out the benefits of regional integration.

d. Results Framework

Achievement of a more integrated regional market will follow from three Intermediate Results:

IR 1 -- Broader participation in regional market through reduced barriers to entry.
IR 2 -- Improved telecommunications, transport, and energy infrastructure.
IR 3 -- Sustained advocacy for regional integration.

These three IRs are mutually supportive and re-enforcing. When telecommunications and transport costs and border crossing difficulties are reduced, more players will participate in the regional market. As investment and trade barriers are reduced or eliminated, increased private sector participation will accelerate the pace of infrastructure improvement resulting in new entrants into the transport and telecommunications business. Addressing these issues at a regional level is a complex undertaking that requires continuous advocacy by and dialogue between the public and private sectors. As advocacy groups and networks are strengthened to better address these issues, more Southern Africans will be able to participate in the decision-making process and this participation will accelerate the elimination of barriers to even greater participation.

IR 1 -- Broader Participation in the Regional Market Through Reduced Barriers to Entry. Eliminating trade and investment barriers and increasing access to financial services will strengthen the integrated regional market by expanding opportunity and allowing more people to participate in the regional economy.

Barriers to Trade

Tariff and non-tariff trade barriers are substantial constraints to broader participation in the regional marketplace. Their reduction (IR 1.1) will facilitate the participation of many economic actors, from large corporations to smallholder farmers.

High import duties, trade quotas, licensing requirements, overly complex procedures and corruption in customs, and strict agricultural import regulations all increase the cost of doing business. Liberalized trade would facilitate the entry of small and medium enterprises into the economy.

Another critical barrier is the lack of information regarding market conditions, prices, and availability of commodities. An important component of this initiative, therefore, is to expand the availability and utilization of market information in selected sectors, for example by providing support for the establishment of a regional agricultural commodities exchange.

Reductions in trade barriers are likely to reduce corruption. Corruption is especially prevalent where official approvals are required, for example when goods are moved (ports, customs facilities, border crossings) and in the processes required to establish a business. Harmonization and simplification of trade and investment regulations will reduce the opportunities for corruption.

Investment Barriers

Investment barriers also act as a significant constraint to broader participation in a regional market. Over-regulation of investors, high taxation, a lack of credit, complex licensing and registration requirements, and other barriers to entry have discouraged investment. Removal of investment barriers (IR 1.2) will contribute to increased growth, income, and employment.

- *In Malawi, a foreign firm interested in investing in an infrastructure project was required to make 21 copies of documents thousands of pages long.*
- *Parties wanting to invest in Tanzania face delays of six to nine months to get investment approval, despite government claims to the contrary.*

Removal of trade and investment barriers will transform the region from a set of small, discrete markets to one integrated investment zone, making it far more attractive to potential investors from outside and within the region. These cross-border and foreign investments will also bring with them management expertise, modern technologies and skills, and access to world markets. Increasing access to and utilization of financial services (IR 1.3), including mechanisms for saving, borrowing, and investing, will broaden participation by increasing the level of funds that are available to entrepreneurs who will expand their regional business activities, generating income and employment opportunities throughout the region.

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The RCSA's most visible activity in this area is the Southern African Enterprise Development Fund. The Fund will demonstrate how modern financial techniques and instruments can be used in the region. However, the private sector itself is expected to provide the majority of financial resources for the region's development. An additional role for the RCSA might be to assist in promoting financial policy reform in the region, particularly through assisting with the development and implementation of the planned SADC Finance and Investment Protocol.

IR 2 -- Improved infrastructure.
Improved telecommunications, transport, and energy infrastructure is an essential intermediate result leading to a more integrated regional market. The region will not function as a single market, nor attain its full economic potential, until economic inputs (raw materials, power, spare parts, information, labor) and economic outputs (goods and services) can move easily across borders.

Problems in Transport...
Half the SADC countries are landlocked; their economic competitiveness depends on efficient transport. Government monopolies, restrictive policies, lack of harmonization of regulations and technical standards, cumbersome cross-border procedures and the inefficient use of physical assets result in a fragmented transport system that loses money while providing poor, but expensive, service and is a constraint to economic growth.

- *Malawi uses the port of Durban in South Africa, more than 3,000 kilometers away and across three international borders, for one of its major agricultural exports, tea. Out of the $1,100 per ton they receive, more than one-third goes to transporting the tea to Durban.*

- *Development of an integrated regional transport system, which includes improved transport corridors to ports such as Beira in Mozambique -- only 750 kilometers from Lilongwe -- will provide cost-effective alternatives, increasing profit margins and raising the smallholder farmer's net income.*

...Telecommunications...
Excluding South Africa, there is one telephone line for every 116 people in the SADC region, compared to one for every ten people worldwide. Not only are telephone lines scarce, but telephone connections are often undependable, with more than one-third of all calls placed not going through. Inefficiencies in the telecommunications network directly constrain business opportunity, regional integration, and economic growth.

...and Power
Energy, particularly electricity, is also a critical component of the regional integration process, and while there is an electric power grid in the region to distribute power among several SADC countries, it is antiquated and requires upgrading. Electricity costs vary greatly, ranging from one half a cent per kilowatt hour in Angola to more than ten cents in Botswana. The potential

savings from new electricity trading arrangements are estimated at $1.6 billion over ten years, but only if appropriate physical infrastructure and policies are in place.

Infrastructure improvement includes far more than just the construction of physical networks such as roads, bridges, railways and microwave towers. These physical links are critical, of course, but so are the policies, laws, regulations, standards, and agreements that underpin them, providing the basis for their maintenance and efficient use. The RCSA has identified three Sub-Intermediate Results that lead to the Improved Infrastructure Intermediate Result. They are:

IR 2.1 -- Physical infrastructure built and maintained.
IR 2.2 -- Private participation in providing infrastructure services increased.
IR 2.3 -- Regional policies, regulatory frameworks, and operational/technical standards harmonized.

Sustainable infrastructure improvements require results in all three of these areas.

Improved infrastructure must obviously include the construction and maintenance of physical infrastructure (IR 2.1). Laying railway track, building roads and bridges, and rehabilitating ports are extremely capital intensive and beyond the resources of the RCSA. Other donors are actively involved in these projects and the RCSA does not see any comparative or programmatic advantages for its involvement in the building of physical infrastructure.

However, the RCSA can play a critical role in promoting regional policies to improve infrastructure maintenance, extending the economic life of these assets. The RCSA might also help build certain facilities or systems that ease cross border trade, such as a regional computerized customs system, improvements at border facilities, or electronic freight booking systems. Delays at border crossing points caused by inefficient systems and procedures, inadequate infrastructure and poor working arrangements are estimated to cost the region $48 million per year.

USAID is funding the installation of a real-time computerized Rolling Stock Information System (RSIS) for the SADC railways. From a lump investment of $7 million, the railways are expected to realize benefits of about $12 million annually through better management and use of rolling stock. Apart from enabling the railways of the region to function as an integrated system, RSIS will also provide the means for the railways to build a new management culture based on modern information technology.

The Protocol on Transport, Communications and Meteorology defines policy reforms necessary for SADC countries to adopt practices for sustainable maintenance of infrastructure. It commits the countries to creating and maintaining regulatory frameworks, investment regimes and incentives that will facilitate the provision of infrastructure by both the public and private sector. The role of USAID and other donors active in infrastructure, such as the World

Bank, is to provide technical assistance to countries to implement the provisions of the Protocol. These provisions include establishing clear policy frameworks, promoting cost recovery from users in the case of roads, setting up autonomous roads boards whose management will be shared with the private sector, and establishing dedicated road funds. Because there will be a public/private sector partnership in the management of infrastructure, accountability and transparency will be fostered, making it more difficult for governments to divert funds to other uses.

In well-functioning infrastructure systems, both government and business play important roles. In order for there to be marked improvement in the region's infrastructure systems, there must be increased private sector participation in providing infrastructure services (IR 2.2). In most cases, the private sector can operate infrastructure services more efficiently than government, and in some instances, notably telecommunications, the private sector will build networks. Even when government clearly maintains primary responsibility for ensuring that infrastructure is built and maintained, the private sector should play a strong role in determining policies and practices that affect the sector.

Governments throughout the region are increasingly aware and appreciative of the role that private business can play in this sector. The RCSA will capitalize on this by assisting with activities to promote the private sector provision of infrastructure. Such activities, which will be most effectively undertaken in cooperation with bilateral USAID missions, might include assistance to bilateral governments to privatize their national telephone or power companies or to concession the management of their national railways. Successful privatization or concessions in a few countries can serve as powerful examples to other states in the region.

A trucker traveling to Malawi from the port of Durban in South Africa and passing through Mozambique and Zimbabwe must, after a cumbersome process to obtain the proper permits for each country, go through six border checks for customs, immigration, and security. At each border, different forms must be completed and entry fees and insurance charges paid. Border crossing costs alone can account for up to 50 percent of total transport costs.

For the infrastructure systems of the region to function as an integrated whole, regional policies (such as privatization and corporate tax laws), regulatory frameworks, and the technical standards under which businesses operate must be harmonized (IR 2.3). This will enable the private sector and government to work efficiently together to develop regional transport, telecommunications, and power systems that facilitate regional and foreign trade.

Policy reform is a complex undertaking and the countries of the region will need help to undertake and implement policy change. Although much of this work can be best done at the bilateral level, the RCSA is well placed to facilitate regional negotiations and promote dialogue between the public and private sectors. Private sector advocacy groups will also act as

monitoring mechanisms to ensure that individual countries adhere to the regional commitments they have made.

The RCSA will also provide policy analysis support to develop regional models that can be applied at national level and may assist individual countries to implement such models. Criteria that might be used to guide these decisions include the relative importance of the project to regional market integration efforts, the complementarity that exists with ongoing bilateral USAID and other donor projects, and RCSA resource constraints, both human and monetary.

IR 3 -- Sustained advocacy for regional integration.
Engaging the private sector in the regional integration dialogue will ensure that policies reflect realistic business concerns. Such policies have a far greater chance of achieving the region's free trade objectives.

Policies designed to achieve regional integration will not necessarily benefit all sectors or businesses and some powerful "losers" will stand in opposition to integration. Consequently, strengthening and networking groups that support integration is essential to counterbalancing such influences and achieving and sustaining a more integrated regional market. Advocacy groups in one form or another will play a role in the region because businesses understand that they can often have more influence as a group than individually. The RCSA's interest is in supporting advocacy that effectively explains the benefits of regional integration. The RCSA can provide some of the tools (e.g., computers and training) and information links (both within and outside the region) these groups will need to become effective and successful advocacy groups.

Maintaining a frank and open dialogue fully engaging the private and public sectors (IR 3.1) is key to integration efforts. All parties must understand each other's positions and that regional integration efforts, not protectionist policies, are mutually beneficial. SADC has recognized this need and the RCSA has supported and will continue to support their efforts to bring government and business together to discuss the implementation of regional integration.

Strengthening networks among advocacy groups that address regional integration issues (IR 3.2) will allow the private sector to address regional issues more effectively and

- *During the development of the SADC Protocol on Transport, Communications and Meteorology, SADC, with USAID assistance, frequently brought together the private and public sectors to discuss issues addressed in the Protocol. When the Protocol was signed in August 1996, the agreement claimed widespread support from government and business and implementation has begun.*

- *In contrast, the SADC Protocol on Trade, which was signed at the same time, had only superficial private sector input. Nine months after its signing there is still no clear picture of how the Protocol will be implemented nor what resources will be necessary to do so.*

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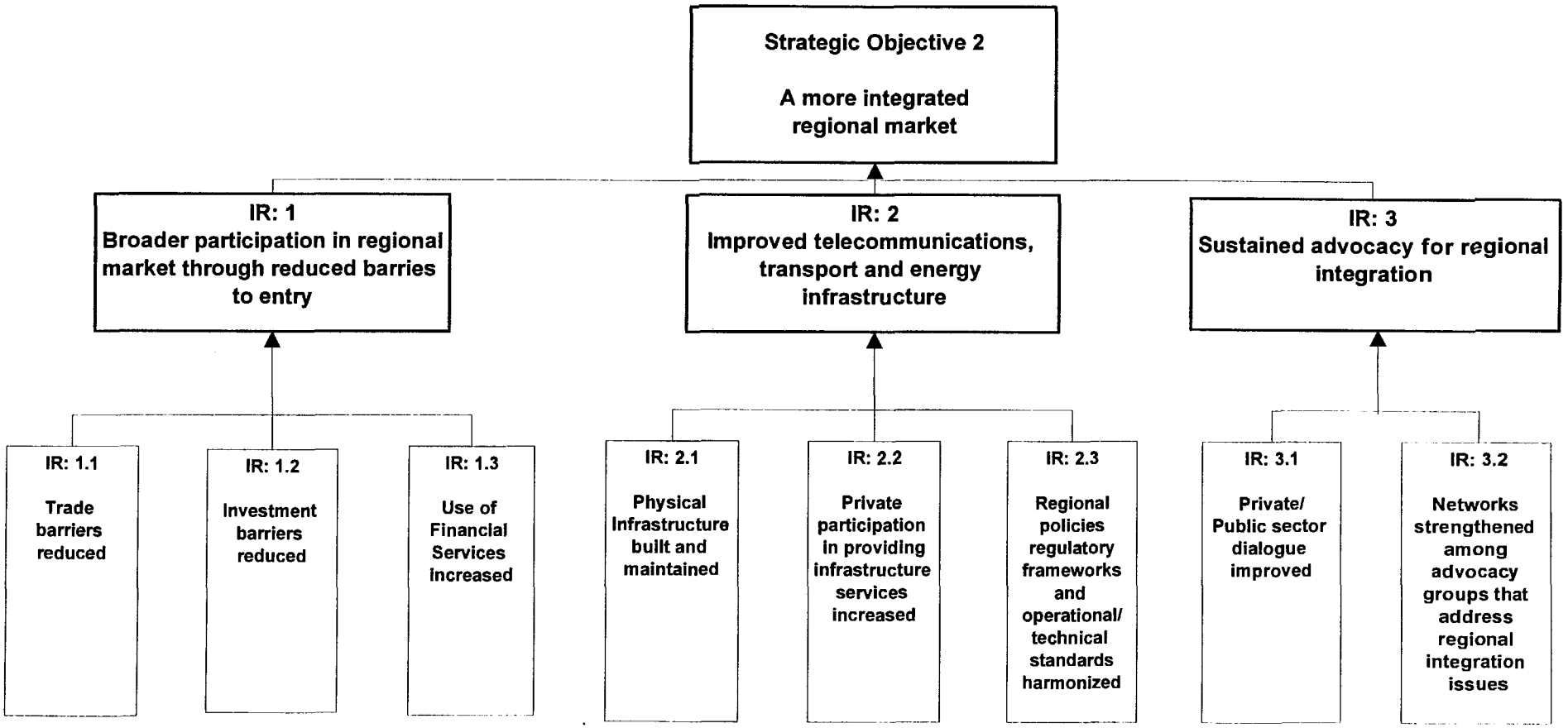
efficiently. A growing number of organizations in Southern Africa have been addressing, or are beginning to address regional issues, and the RCSA can most effectively work with existing organizations, such as chambers of commerce, research institutes, trade and import/export associations, and agricultural policy networks. Electronic and other links will allow them to exchange ideas and opinions on regional issues and to improve the quality of their policy analysis.

ECONOMIC GROWTH STRATEGIC OBJECTIVE



LEGEND

Multi-responsibility for these IR's rests with RCSA , other donors and/or USAID bilateral missions

e. Illustrative Activities

The following are examples of activities that might be carried out under the market integration SO:

- Assist SADC in implementing the Trade Protocol in such areas as analyzing the impact on trade liberalization, identifying investment, tariff and non-tariff barriers, and developing timetables for their removal and identifying priority areas of policy and standards harmonization.

- Assist SADC and private associations in policy reform, particularly assistance in implementing the Transport, Communications and Meteorology Protocol. This could include defining regional regulatory, technical and operational standards for roads, rail, integrated transport and telecommunications systems, and installing regionally based information and networking systems.

- Strengthen networks and the analysis function in the region. Business associations, private organizations and key government departments can actively network, discuss different viewpoints and, in the end, make decisions on regional integration based on fact and analysis.

f. Indicators

The indicators provided here are illustrative. The RCSA also notes that these indicators are all quantitative and recognizes the merits of supplementing them with qualitative indicators.

SO Level Indicators
- Increased value and volume of regional trade.
- Increased wholesale price convergence on selected commodities/products.

***Illustrative Indicators for IR 1** -- Broader participation in the regional market through reduced barriers to entry.*
- Increased volume/value of trade by small and medium enterprises (SMEs) (including smallholder farmers).
- Increased cross-border investment by SMEs.
- Increased loans made to SMEs that do business regionally.
- Increased listings and volume of trading in capital markets.
- Number and types of barriers reduced or eliminated: tariff, non-tariff, and investment.

***Illustrative Indicators for IR 2** -- Improved infrastructure.*
- Reduced transport costs as a proportion of value of imports and exports.

- Reduced clearance times for goods at SADC international border posts.
- Number and types of standards harmonized regionally: regulatory, operational/technical, and documentation.
- Increased number of private sector interests involved in infrastructure provision, operation and management.
- Number of private/public sector fora addressing regional infrastructure issues.

***Illustrative Indicators for IR 3** -- Sustained advocacy for regional integration.*

- The ratio of the number of formal agreements reached in support of regional integration that included meaningful private sector participation in the process to all formal agreements reached on regional integration.

g. Sustainability

The sustainability of the integration process will be supported by three factors. First, agreement by regional governments that market integration is an essential element to any growth strategy for their countries. The RCSA will work closely with SADC, which has been given the mandate to coordinate the integration process, to ensure USAID-funded programs build on and reflect a common vision, while at the same time respecting concerns about the pacing and sequencing of the market integration process by facilitating discussion and debate over such issues.

Second, sustainability of the process depends on a judicious mix of private sector support and public sector enforcement of the commitments undertaken. The RCSA strategy anticipates providing support in both areas, by helping to build a more effective private sector constituency for integration and to design effective enforcement mechanisms.

Third, the tangible economic gains from economic integration will also help to advance the process. Initially these gains will only be prospective and theoretical, and painful adjustments will be required in some countries and some industries. Some countries will benefit more than others, due to differing endowments, lack of serious economic/political roadblocks, comparative advantage, and the overall size of their economies. This initial period will be a difficult one. However, with time there will be new investments, new jobs, and growing incomes. Once those benefits accumulate and can be clearly identified, the process of integration will acquire a momentum of its own.

h. Other Donors and Bilateral USAID Missions

Within the market integration arena, nearly all of the bilateral USAID missions and several other donors in the region have activities that endeavor to reduce investment barriers and promote economic liberalization. The Overseas Development Agency (ODA), in particular, is active in promoting public sector reform throughout the region. The Cross Border Initiative, funded by

the World Bank, International Monetary Fund, African Development Bank, and the European Union (EU) contribute to the reduced trade barriers objective of the strategy. The EU is also assisting SADC in the implementation of the Trade Protocol and other mechanisms to facilitate intra-regional trade. Norway, Denmark, Germany, the ODA, the United Nations Development Programme, and the EU have development programs for small and medium enterprises. The Friedrich Ebert Stiftung and the International Development Research Council also support regional networks to promote small and medium enterprises. Finally, the Commonwealth Development Corporation has set up venture capital and other investment funds in Malawi, South Africa, Tanzania, Zambia, and Zimbabwe.

Most of the donors active in trade and investment policy reform provide assistance directly to governments or to SADC, while the RCSA will focus on ensuring that the private sector and non-governmental organizations are involved in the process of regional integration. Several donors are active in the construction of physical infrastructure but, in contrast with the RCSA, these programs are not usually policy related.

Nearly all of the bilateral USAID missions in the region have activities that aim to reduce investment barriers and improve the policy environment at a national level. Several bilateral USAID missions promote economic liberalization either directly or through their support for structural adjustment programs. Similarly, several bilateral USAID missions have Strategic Objectives that contribute directly to broadening access to and use of financial services. Approaches include improving the technical and managerial capacity of small and medium enterprises, broadening ownership through divestiture of state-owned enterprises, improving the capacity of the financial sector to service emerging entrepreneurs, and improving the policy environment for facilitating access to capital. Except for USAID/Mozambique, bilateral USAID missions in Southern Africa have not been active in the infrastructure sector. USAIDs in Malawi, Tanzania, Zambia, and Zimbabwe have undertaken infrastructure projects with regional funding. USAID/South Africa and USAID/Namibia are working with non-governmental organizations to increase their public advocacy role, and USAID/South Africa is strengthening "think tanks" to formulate and evaluate economic policy options. Since some or all of these entities may have an interest in regional integration issues, at least as they affect national policies, these efforts complement the RCSA sustained advocacy result by improving their capacity to engage in regional policy dialogue.

i. Funding and FTE Scenarios

To implement this strategy, the RCSA will require funding of at least $13.5 million per year, and could absorb up to $16 million per year. At the higher budget levels, the RCSA would extend its policy harmonization work into the power sector, implement improvements in customs facilitation and other trade-related systems, and broaden the extent of its support to regional institutions involved in market integration policy analysis and advocacy.

Staffing requirements would be as follows:
High funding scenario: 1.1 USDH; 9.8 USPSC/PASAs/TCN/CCN PSCs
Medium/Low funding scenario: 1.1 USDH; 7.8 USPSC/PASAs/TCN/CCN PSCs

3. Strategic Objective Three: Accelerated Regional Adoption of Sustainable Agriculture and Natural Resource Management Approaches

a. Development Challenge

The Southern Africa region faces an enormous challenge: balancing the need to conserve its rich but fragile natural resource base as an economic asset for future generations, with the immediate need to feed and provide jobs for a rapidly growing population. Underlying the RCSA's approach to this challenge is the conviction that the delicate balance will only be achieved if the smallholders -- subsistence farmers and herders -- who form the backbone of rural society experience real and rapid benefits from prudent use of natural resources. In order to secure that ultimate result, the RCSA's strategy aims to improve the institutions and systems that can spread innovations capable of increasing smallholders' earnings while protecting the environment. The strategy also supports activities that motivate smallholders to adopt such practices. And finally, SO 3 maintains some long-standing and successful activities for research and development of those improved technologies and practices.

Background -- Sources of Rural Income
The region's diverse natural resource base, including large reserves of minerals, vast coastal fisheries, and abundant wildlife in spectacular natural settings, provides the foundation for the mining and fishing industries and the growing tourism industry throughout the region. Yet it is the land itself that provides the livelihood of most people in the region -- agriculture. But nature contrives to make this occupation a risky one. The region has an uneven and unreliable rainfall distribution and is vulnerable to frequent drought, which is compounded by the absence of perennial rivers in large areas of the region. Much of the region is marginal for food production: only 5.5 percent of the region's land is arable, although up to 30 percent of the land could be farmed with irrigation and other costly inputs. In these areas, dryland farming coexists, and sometimes competes, with extensive livestock grazing, harvesting of products from surrounding woodlands, and eco-tourism.

Despite the limited agricultural potential of the land base, agriculture is the major source of income and employment for nearly two-thirds of the region's population. In better favored areas, cash crops such as tobacco, horticultural products, tea, and cashew nuts are important sources of income and foreign exchange. The region's rural poor, the majority of the population, reside in these marginal agro-ecological zones and, working with the most basic tools and traditions, must

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strive to maximize the use of all the available natural resources. All too often, the result is degradation of the land.

Damaging Trends in Agriculture and Natural Resources

Past and current trends for agricultural production are not encouraging; only a few countries have had agricultural Gross Domestic Product (GDP) growth rates that exceeded population increases. While drought, civil war, and outbreaks of livestock disease have certainly played a role in agriculture's relatively poor performance, other important factors are neglect of rural infrastructure in most SADC countries; extensive controls and regulations governing development and flows of agricultural inputs, including improved seeds; lack of investment in, and effective use of, resources devoted to agricultural research and extension; and a variety of policy failures that have undermined production incentives, made agriculture generally unprofitable due to onerous taxation or inequitable market subsidies, and hindered market development.

Growing human and livestock populations place increasing pressure on the natural resource base. Wildlife numbers are on the decline throughout the region as a result of illegal hunting and loss of habitat. Biodiversity loss is also a concern, with species such as the rhino under particular threat; even South Africa's unique flora are endangered by competition from introduced species. Ironically, even successful wildlife management can create problems of ecological damage and increased human-wildlife conflicts, as is the case with the growing herds of elephants in a number of countries. Ecological degradation and declining wildlife numbers dim the future prospects of the increasingly lucrative regional tourism industry. Unregulated or poorly regulated offtake is reducing the region's fisheries with unknown long-term consequences, and over harvesting has degraded most of the region's forests. Water has emerged as the most critical of the region's resources, with scarcity, poor quality, and inefficient use as major problems in most countries.

b. Regional Vision

Reverse the Trend...

As of now, Southern Africa still possesses great wealth in natural resources and agricultural potential. If the erosion of these resources can be stemmed, the RCSA -- along with most scholars and other donors -- foresees a thriving rural economy capable of sustaining the region's population and conserving the natural wealth. If the natural resources base is maintained or improved as a productive asset, if resources are used to their full economic and ecological values, and if agricultural productivity is increased, agriculture and natural resources can and will generate sufficient food and income on a sustainable basis to improve living standards for the people of the region, particularly rural smallholders.

An indication of the potential for raising incomes from the natural resources base comes from community-based natural resources management (CBNRM). USAID has established pilot CBNRM projects in several countries to address the reality that rural people will not (and cannot

afford to) sustainably manage the natural resource base -- and conserve the biodiversity contained therein -- unless they receive direct benefits from such conservation. Throughout the region, communities now are receiving increased revenues from sustainable use of resources in such diversified enterprises as photo-safari ventures, harvesting of forest products (thatching grass, fruits, mopane caterpillars), spring water bottling, bee-keeping, community campsites and craft sales. In Zimbabwe alone, annual revenues from the CAMPFIRE program have grown from $64,000 (U.S.) in 1989 to $1.6 million in 1996. Governments have recognized the potential this approach affords, and several have passed supporting legislation. Newer projects have benefitted from the experience of the early projects, as USAID-supported exchanges have facilitated the sharing of lessons learned. Demand from both communities and governments for assistance in introducing CBNRM far exceeds what USAID can now supply. Consequently, the RCSA's strategy will be to enhance Southern African institutions' ability to supply the expertise to respond to these demands.

During the period of this strategy, the RCSA plans to expand some activities of the start-up strategic framework but with increased emphasis on improving the transfer to smallholders and community associations of new technologies and management practices. The RCSA inherited a pre-existing regional portfolio focussed on research and development of seed varieties and the like. The new strategy will make good on those investments by expanding the capacities of regional institutions and NGOs that can move these innovations from the laboratory to farms and villages. Successful pre-existing research activities (such as the Sorghum and Millet Improvement Project) will be financed through their planned conclusion because such research ultimately contributes to the goal of improving smallholders' well-being without damaging the land.

...Or Dissipate the Natural Wealth

USAID is -- by a significant margin -- the major donor to CBNRM and regional agricultural research programs in Southern Africa, and no other donors or regional governments are poised to pick up were USAID to withdraw from these fields before the new approaches have become entrenched. Many subsistence farmers within Southern Africa, a majority of whom are women, would be denied the improvements in income and food security that access to improved agricultural technologies and natural resource management practices affords; some incomes would surely decline.

In the longer term, unless the promise of advanced agricultural technology and community-based natural resources development is translated into concrete form for smallholders, this poor rural majority will see no alternative but to overuse the land and decimate the wildlife in the constant struggle against drought. The resulting degradation of the natural resource base would threaten food security, nutritional status and incomes in rural areas while magnifying the problems of the cities that would have to harbor migrants from the depleted countryside.

c. Development Hypothesis

Conditions for Success

Substantially greater numbers of smallholders and communities throughout the region must adopt improved agricultural and natural resource management (Ag/NRM) technologies and practices if natural resource deterioration is to be reversed and smallholder income increased, and if there is to be a decline in smallholder exodus to urban areas.

For this to happen there must be:

- well-functioning, self-sustaining systems to transfer appropriate Ag/NRM technologies and best practices among all actors in the sector across the region: from laboratory to farm; from one community to another; from university to commercial seed producer; from eco-tour operator to village cooperative;

- compelling incentives for smallholders and communities to adopt sustainable Ag/NRM technologies and approaches; and

- improved infrastructure (from rural roads to cross-border marketing licenses) to move goods and people, so that farmers can access needed inputs and market their production, and so that eco-tourism ventures can attract customers.

To accelerate the pace of adoption of new technologies and approaches will require drawing upon the expertise and resources of an increased range of private, non-governmental, and public institutions and networks at local, national and regional levels: universities, farmers' and agri-business associations, agricultural input companies, environmental groups, national agricultural and natural resource research and extension services. These efforts can begin with already proven technologies.

Why Agriculture and Natural Resources Management Mesh

Agriculture and natural resource management must be treated in an integrated fashion because they, literally, rely on the same resources utilized in different fashions by rural people. Experience shows that the smallholder makes management decisions in view of all the resources at his or her disposal. Decisions about best use of water (to irrigate, to provide for cattle or for tourists to fish) necessarily entails or excludes other uses of resources. But good decisions require good information about the true cost of resources, about the choice of different management practices and their effects, and about the potential market for the smallholder's goods or services. Often, the smallholder lacks the information or the access to the potential market. In such a case, the agriculturalist is obliged to fall back on subsistence farming of poor soil, of over-grazing, and of depleted pasture because he (or, more often, she) is unaware of better alternatives such as game farming.

The Regional Advantage

Experience has shown that there is significant value-added in regional coordination, resource pooling, and information sharing across national boundaries. Adoption rates for both agricultural and natural resource approaches can be increased by sharing information on technologies and practices, the benefits of which have been demonstrated in comparable locations elsewhere in the region.

The similarity of agro-climatic and socio-economic conditions among many of the countries, coupled with the fact that many of the region's natural resources -- wildlife, watercourses and even game reserves -- cross national boundaries, all argue for a regional approach to the development and sharing of Ag/NRM technologies and practices. Agricultural research programs can optimize the limited and declining resources available to them by developing integrated regional plans based on research priorities for cross-regional agro-ecological zones, pooling their resources, identifying the comparative advantage of facilities to address those priorities, and then sharing results across the region. One major benefit of this approach is that the technology is not owned by any given national system. Another major benefit is the time and effort saved when screening and testing of materials has been done in one country and others need not wait for full development and testing to benefit from the technology in new locations in similar agro-ecological zones.

Similar benefits can accrue in CBNRM, although the "science" is not so clearly quantifiable. The regional Natural Resources Management Project (NRMP), with component activities in Botswana, Zimbabwe, Zambia and Namibia plus a nascent coordinating center in Malawi, affords numerous examples of the multiplier effect of cross-region experimentation. Through regular participant conferences and coordinators' meetings, lessons are shared of effective uses of village income from NRM, techniques for auctioning safari concessions or drafting legislation that devolves local power upon the communities.

Ultimately, Southern Africa's natural resource base is a shared asset from which all countries in the region derive benefits, and from which all will ultimately suffer the consequences of mismanagement. This is particularly true for the wildlife-based tourism industry, since most visitors to Southern Africa are drawn by multiple attractive sites in neighboring countries, whose wildlife often shares habitats that extend across boundaries. Thus, it behooves neighboring countries to collaborate in insuring that policies on both sides of the border will protect their mobile asset.

d. Results Framework

To achieve the Strategic Objective, the Regional Center has identified three intermediate results that must be accomplished. The RCSA proposes a new focus on the first IR, maintenance of the

momentum that USAID has gained toward the second IR and reliance on bilateral USAID missions and other donors for achievement of the third. The IRs are:

IR 1 -- Functioning systems in place for transferring Ag/NRM technologies and best practices across the region.
IR 2 -- An enabling environment that provides increased incentives for smallholders and communities to adopt sustainable Ag/NRM technologies/approaches.
IR 3 -- Improved infrastructure to move goods and people.

IR 1 -- Functioning systems in place for transferring Ag/NRM technologies and best practices across the region.

Many agricultural technologies and natural resources management practices that would significantly increase Ag/NRM productivity in the region are already available. However, government extension systems and similar systems have been unable to convey the knowledge to the smallholders who most need it. Farmers and communities must see successful examples in operation before they will be willing or able to duplicate them, whether this exposure is through on-farm demonstration plots or CBNRM enterprises.

The RCSA will promote a more sustainable future for the regional institutions with which the RCSA has been engaged over the long term, and explore possibilities for greater public-private collaboration in the development and transfer processes for both agricultural and natural resources management technologies and approaches. Although the SADC institutions will be the RCSA's principal collaborators (SACCAR and the SADC technical units for natural resources management), the RCSA will also work with appropriate NGO and private sector entities operating at the regional level.

To ensure dissemination of this knowledge, regional and national policies and regulations must facilitate cross-border transfer of technologies, goods, information, and people (IR 1.1). Tariff and non-tariff barriers (such as restrictive and non-uniform phytosanitary requirements, inefficient and often corrupt border posts) limit the availability of improved seed and other inputs or make them uneconomical for farmers to use. The RCSA will address these issues through support for policy analysis and broadened public-private sector dialogue on policy issues, managed in concert with the policy work conducted under the market integration Strategic Objective.

A further precondition for spreading valuable innovations is there must be institutions able to determine which technologies and natural resources management practices are suitable for the region's various agro-climatic or ecological zones (IR 1.2). To function effectively, these institutions need staff with improved analytical skills and stronger communication links with research institutions around the region and internationally. USAID will support efforts to make regional networks more effective, better linked, and more financially sustainable.

The benefits of international agricultural research accrue to the United States as well as to the developing world: a recent study by the International Food Policy Research Institute found that for a past investment of $134 million in international wheat and rice research, American farmers and consumers have reaped at least $3 billion in benefits.

Development and testing of experimental agricultural technologies and natural resource management practices is equally crucial (IR 1.3a). Southern Africa already has many sources of such expertise among local, national and regional players, including the public and private sectors, universities and NGOs. Bilateral USAID missions have a leading role to play in research that is location-specific, such as crop management practices. The RCSA will continue to manage ongoing regional programs in crop production research, livestock disease research and pilot CBNRM programs until their completion dates in 1999, but expects to shift emphasis from developing technologies to getting them commercialized and used. In addition, the RCSA will actively explore new institutional and financial arrangements -- public-private partnerships, public corporations, endowments, incentives for private sector technology development and transfer -- to ensure a sustainable flow of new technology for agriculture and natural resources to the region's smallholders.

Instilling local ability to perform the tasks of technology development and testing (IR 1.3b) has been a major focus of past USAID investments. Thousands of scientists and managers have been trained and USAID has invested in developing the capacity of regional training institutions that are now able to provide needed training. Before making further investments in human and institutional capacity building in the sector, the RCSA will assess the results of past efforts and how it can best contribute to meeting remaining institutional and human resource capacity needs. These efforts will be coordinated closely with the other donors who are involved in this area, particularly the Germans.

Considerable progress has been made toward the result of coordinated regional, national and local planning under existing programs such as research master plans, national park plans, wildlife management plans, and community based development plans. There is a clear understanding that plans (IR 1.3c) developed under the RCSA's programs all require participatory involvement if they are to be implemented and enforced, thus giving voice to the smallholder. The RCSA will focus on institutionalizing participatory planning mechanisms within key regional bodies -- deepening their use where such practices are currently implemented, and introducing them where they are not -- and supporting the development of selected regional plans using participatory processes.

Improved data collection and analysis are required for successful policy development and decision-making (IR 1.3d). These tasks must be performed efficiently, using standardized data collection protocols and reporting formats. Future RCSA activities will support targeted efforts to identify priority areas for analysis; improve the quality and timeliness of data collection,

analysis, and dissemination; and strengthen the ability of regional institutions to perform these functions. The RCSA expects to expand upon the successful pilot activity in natural resources accounting that was carried out in Namibia through the Environmental Policy Analysis and Training project in support of coordinated regional efforts at valuation of natural resources and the use of environmental policy tools, as well as to continue work with IUCN's Regional Office for Southern Africa on improved regional environmental information and communication under the ongoing Networking and Capacity Building cooperative agreement.

IR 2 -- An enabling environment that provides increased incentives for smallholders and communities to adopt sustainable Ag/NRM technologies/approaches.

For sustainable Ag/NRM technologies and best practices to be widely adopted, smallholders and communities must see compelling reasons to adopt them. Resource tenure and pricing/fiscal policies must favor sustainable use; markets must exist for the goods and services produced (whether agricultural commodities, eco-tourism sites, crafts made from forest products, etc.); needed inputs and support services must be available and affordable.

Strengthened community capacity for decision-making is central to effective CBNRM (IR 2.1). Communities must decide how to manage the resources over which they have control, and many of the participating communities under NRMP now need to decide how to invest their accumulated revenues in other income-generating projects or social infrastructure, such as schools and clinics. Others are looking to expand the number and types of resources that they manage to include grazing land, water, or other forest products. Most of the community-based organizations (CBOs) developed to lead CBNRM in the region are young, and need further support to assure their sustainability. The RCSA will address the issue of sustainability in an assessment of the status of regional CBNRM initiatives planned for late 1997.

The RCSA believes that its most appropriate future role in CBNRM is to facilitate regional networking and dissemination of best practices, and to strengthening regional institutions performing these functions. However, the RCSA proposes to remain engaged in existing pilot CBNRM activities during the strategy period. The urgency of addressing natural resource degradation in Southern Africa, and the recognized relevancy of CBNRM to meeting this challenge, dictate that CBNRM efforts be given continued support. The RCSA plans to play a leading role in encouraging bilateral USAID missions, other donors and NGOs to become involved in CBNRM. Other donors are involved in strengthening capacity of rural institutions, such as cooperatives. Such institutions could play an important role in accelerating the adoption of new Ag/NRM technologies and approaches.

Southern African governments must be persuaded to target and finance Ag/NRM development. Their policies must promote the adoption of sustainable agriculture and natural resource approaches by smallholders (IR 2.2). The key policy issue is the lack of priority given to agriculture and community-based natural resource management by national governments. To

accelerate adoption of new technologies and approaches, national governments in the region must give higher priority to Ag/NRM, and this must be reflected in their budget allocations for agricultural and natural resources research and extension, rural infrastructure, and tourism development. The RCSA has, on occasion, supported conferences among regional Ministers to discuss such topics as the return on investment in research and the value of increased funding.

Another critical issue is tenure over natural resources, including land, water and wildlife. Although several countries have adopted legislation that gives communities rights to manage defined natural resource, this legislation must be implemented where it exists, and encouraged to exist where it does not. Other important policy issues include tariff and non-tariff barriers to agricultural trade in the region (addressed under IR 1.1), subsidies that contribute toward the inappropriate use of natural resources, and the lack of legislation and guidelines for the management of protected areas.

The RCSA will work in close collaboration with regional partners and other donors to address these and other policy issues, and activities will be coordinated with those planned to address similar Market Integration and Transboundary Resource Management issues. The RCSA is well placed to help elevate policy discussions beyond the national level to ensure regional impacts and factors are taken into account, and to ensure that comparable regional data sets are available for sound policy making. Support could include funding for analytical work, policy workshops, or the development of policy networks.

Without strengthened regional market structures (IR 2.3a), including systems for distributing inputs like improved seeds (IR 2.3b), farmers cannot adopt new technologies. And, for farmers to obtain the full benefit of these technologies, market information must be improved (IR 2.3c). Farmers are all too often unaware of potential markets for their products in neighboring countries. Lack of information also hampers natural resource enterprises developed under CBNRM programs. Community-based tourism operations, including campsites, traditional villages, and craft shops, need linkages with commercial tourism operations and key national or regional markets. The profitability of such enterprises, and their potential for employment and income creation on a broader scale, can be greatly enhanced by collaboration with regional tourism associations.

Other donors and the private sector are expected to be the major actors in achieving these results. The RCSA foresees a very limited role in activities to improve input distribution or increase market information. One activity might be to identify constraints to private sector seed production and distribution and selectively support policy reforms that remove such constraints. Under the Market Integration Strategic Objective, a possible activity will be to support the development of a regional commodities exchange, which would be an excellent vehicle to expand market information on agricultural commodities. Under existing CBNRM programs, assistance

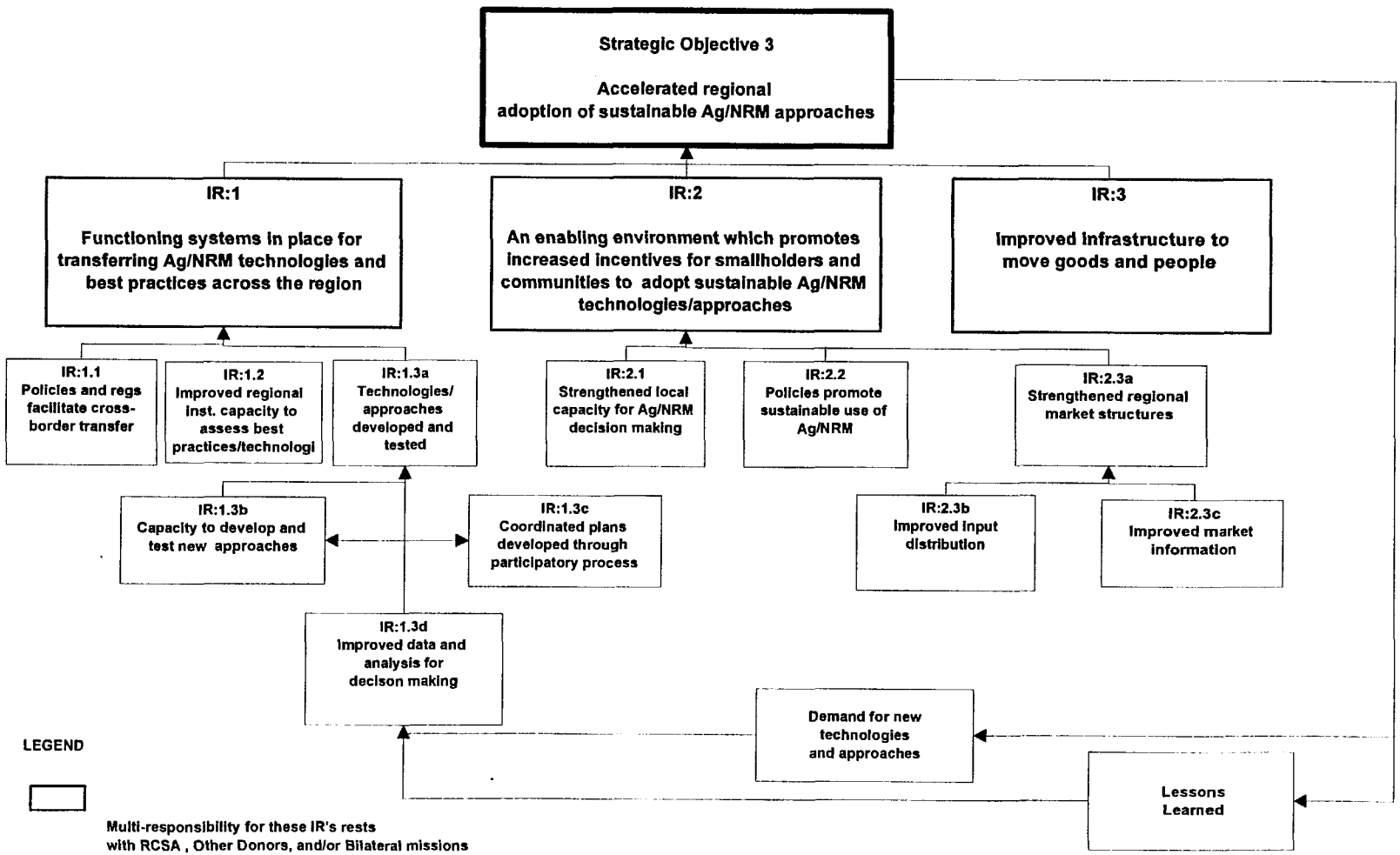
may be provided for communities to expand contacts with commercial tour operators or national/regional tourism associations.

IR 3 -- Improved infrastructure to move goods and people

A host of infrastructure constraints provide disincentives to the adoption of new Ag/NRM technologies, from on- and off-farm storage facilities and market structures, to water supply systems. But the most critical infrastructure constraints revolve around transport. Physical access to markets is a critical factor in the adoption of new technologies and approaches, because smallholders will have little incentive to produce marketable surpluses if there is no possibility of selling them at a favorable price. CBNRM tourism ventures will never succeed if tourists are not able to get to the sites.

The region's investment needs for infrastructure to service rural areas are well beyond the capacity of the RCSA, and indeed, many such needs are more appropriately addressed at a national level. Some bilateral USAID missions are financing farm-to-market roads and other market structures, and a number of other donors (particularly the World Bank) are engaged in major infrastructure projects. The RCSA proposes to address a number of the regional transport-related constraints through the Market Integration SO in conjunction with other donors. To the extent that such constraints are not addressed by others, rates of adoption of new technologies may reach a ceiling beyond which they cannot rise due to infrastructure constraints.

AGRICULTURE AND NATURAL RESOURCE MANAGEMENT STRATEGIC OBJECTIVE



e. Illustrative Activities

A number of ongoing activities are contributing to the creation of functioning systems to share knowledge:

- Support for SACCAR and several research networks (sorghum and millet, root crops) in establishing e-mail links, newsletters and databases, and carrying out workshops and field days to which the private sector is invited.

- Funding for IUCN's Regional Office for Southern Africa (ROSA), which coordinates and implements several networks that promote sustainable resource management and biodiversity conservation.

- Funding for the SADC Technical Coordination Unit for Wildlife, which has responsibility for CBNRM programs in the region, and sponsors peer exchange visits, workshops, radio programs and a newsletter.

Other activities help build capacity in Southern African institutions:

- Through the Agricultural Research Management Training program and specific research programs -- the Sorghum and Millet Improvement Project, the Southern African Root Crops Research Network, and the Heartwater Research Project -- thousands of scientists and managers have been trained.

- USAID has invested in developing the capacity of regional training institutions that are now able to provide needed training.

- Under NRMP, the capacity of Botswana's Wildlife Training Institute and Zambia's Nyamaluma Training Institute have been strengthened, and organizational capacity developed in a range of NGOs and CBOs in participating countries.

- USAID has also supported the development of a regional training strategy for agriculture and natural resources management by SACCAR.

New activities could:

- Provide support for public-private partnerships.

- Strengthening the role of agribusiness associations and farmer cooperatives in technology dissemination.

- Promote the use of a range of new media and information products.

f. Indicators

SO Level Indicators

- Rate at which percentage area on which improved technologies and management practices are utilized increases.
- Sales of improved seeds.
- Increased private sector involvement in technology development and transfer (TDT) as measured by the number of networks with private sector representation.

Illustrative Indicators for IR 1 *-- Functioning systems in place for transferring Ag/NRM technologies and best practices across the region.*

- The number, geographic reach, and sustainability of networks/partnerships including increased private sector, farmer association, and NGOs, involved in transferring technologies and best practices.
- Key policy impediments identified and removed, e.g., harmonized phytosanitary regulations within the SADC region.
- A yearly assessment made of the quality and quantity of publications of key regional institutions that identify appropriate technologies and practices to be transferred. If monitoring and evaluation resources are available, an organizational capacity index will be used to track the improved analytical and information processing capacity of key regional institutions.
- Number of new technologies released through USAID-supported programs, including seed varieties, crop management practices, and NRM practices.
- Number of regional strategic plans developed and implemented that are informed by key customers/stakeholders.
- Agreed protocols in place for standardized Ag/NRM data collection.
- Improvements in timeliness and completeness of publication of regional research results.
- Quality of analytic work produced by regional institutions.

Illustrative Indicators for IR 2 *-- An enabling environment that provides increased incentives for smallholders and communities to adopt sustainable Ag/NRM technologies/approaches.*

- Number of CBOs involved in Ag/NRM programs.
- Number of communities that form legally recognized institutions.
- Number of communities or CBOs with recognized legal or customary rights to manage, and increased organizational capacity in such institutions as measured using a capacity development index.
- Number of key policy impediments identified for which policy changes have been effected.
- Quantities of improved seeds and heartwater vaccine sold.

g. Sustainability

A concern for sustainability has led the RCSA to focus its assistance on strengthening the capacity of existing regional institutions and networks. Effective, well-established institutions that provide valued services are more likely to receive broad based support into the future. In view of the limited public sector resources, the RCSA has supported efforts to address the sustainable financing of specific institutions, including a diversification of sources of income. For example, both evaluators and technical assistance teams have explored the potential for an endowment to perpetuate the SMIP, commercialization of vaccines to support research in bovine heartwater disease and a variety of income-producing uses of veldt products for CBNRM enterprises. These efforts will be continued during the strategy period, along with efforts to expand private and non-governmental involvement. Experience elsewhere in the world indicates that the private sector can complement, if not substitute for, governmental efforts, if given proper incentives.

h. Other Donors and Bilateral USAID Missions

A number of donors are active in the agriculture and natural resources sector in Southern Africa, yet USAID remains the largest donor to the sector on a regional level. While most donors operate on a bilateral basis, the EU, Canada, International Agricultural Research Centers (IARCS), and the World Bank also provide some assistance on a regional level. Both the IARCs and the World Bank support agricultural research in the region: the IARCs through crop specific programs in maize, sorghum, millet, beans, cassava, sweet potato, livestock, and research management initiatives; and the World Bank through its Special Program of Assistance to African Agricultural Research. One unique regional program is that of Canada, which focusses its natural resources activities in the region on the Zambezi River Basin. The EU, the United Nation's Food and Agricultural Organization, Germany, Japan and Norway also support one or more of SADC's Technical Coordination Units in the Food, Agriculture, and Natural Resources Sectors of Forestry, Fisheries, Food Security and Agricultural Research, either in terms of organizational support and funding for specific projects coordinated by those units. Twenty percent of the EU's proposed Lome IV program of action is designated for agriculture and natural resources, including parks management and community based natural resources management.

Several bilateral USAID missions -- Malawi, Namibia, Zambia, and Zimbabwe -- collaborate in the implementation of the regional NRMP. In addition, USAID/Malawi and USAID/Tanzania have recently initiated bilaterally-funded natural resources management activities. A close connection exists between the USAID regional agricultural research portfolio and several of the bilateral USAID missions' agricultural programs. In Zimbabwe, increases in sorghum and millet production resulting from the SMIP program's improved varieties are tracked by the bilateral USAID mission as a key contributor toward increased household food security. USAID

programs in Malawi, Mozambique, Zambia, and Zimbabwe aim to increase rural incomes through interventions that liberalize agricultural input and output markets, expand rural agribusiness and marketing activities, and reduce the transportation cost of agricultural inputs and outputs through road and/or railroad rehabilitation and restructuring. USAID/Zimbabwe provides oversight for a USAID/W (AFR/DRI) funded program of assistance to SADC's Food Security Unit for a Famine Early Warning System based in Harare.

i. Funding and FTE Scenarios

To implement this strategy the RCSA will require funding of $8-12 million per year. Under the low budget scenario of $8 million, the RCSA would reduce work on IRs 1.3a, 1.3b and 2.1, and in particular would scale back the number of institutions and countries in which grant assistance for disseminating improved Ag/NRM technologies and best practices would be provided and the size/reach of capacity-building programs. Under a medium scenario of $10 million, work on IR 1.3a and b would be scaled back to work with fewer institutions and/or partnerships reaching fewer beneficiaries.

Staffing requirements would be as follows:

High funding scenario: 1.7 USDH; 5.1 USPSC/TCN/CCN PSCs
Medium/Low funding scenario: 1.7 USDH; 4.6 USPSC/TCN/CCN PSCs

B. Special Objectives

The RCSA proposes two Special Objectives: Special Objective A supports increased regional capacity to manage transboundary natural resources, and Special Objective B proposes to monitor and evaluate on a regional basis. Both meet the criteria for a Special Objective, as stated in ADS 201.5.10c, in that they are experimental activities that merit further exploration and respond to new developments in the Southern African region. Furthermore, managing transboundary natural resources supports the achievement of the Agency's environmental objective, while the impact assessment, monitoring and evaluation objective supports the Agency's reengineering objective of "Monitoring for Results."

1. Special Objective A: Increased Regional Capacity to Manage Transboundary Natural Resources.

Stakeholders consulted during the development of the strategy agreed that the most important regional natural resource issues are those associated with the management of transboundary water resources. They repeatedly stated that these issues are not being adequately addressed and

have the potential to lead to regional conflict. Wildlife issues have also emerged as a critical area in need of attention. This Special Objective is in direct response to these stated concerns.

In addition, other transboundary natural resources (TBNR), such as transboundary parks and associated ecosystems, present a target of opportunity for USAID to help Southern Africa build on its excellent record of setting aside areas for conservation and support regional resource management planning that provides for protection and sustainable use of the region's biodiversity and wildlife. This Special Objective also recognizes that land and water management are inter-related and an integrated approach to their management is necessary.

Transboundary natural resource management is a new area of involvement, not only for the RCSA, but also for the region. SADC efforts to address these issues are in a formative stage: the SADC Protocol on Shared Watercourse Systems signed in 1995 still awaits ratification pending the resolution of several substantive issues; the SADC Water Sector Coordinating Unit was formed only in 1996; and the SADC Wildlife Coordinating Unit has limited capacity to tackle issues of migratory wildlife and transboundary parks. Also, there are few other regional institutions with a mandate or ability to address these issues. Further, many of the existing models for regional natural resource management such as river basin commissions have proven to be costly, cumbersome, and non-participatory. Others, such as park plans often reflect national priorities, not regional interests.

There is need, therefore, for an experimental and research approach to USAID's engagement in this field; to explore more participatory, informal or alternative institutional arrangements to ensure that efforts in regional TBNR in Southern Africa truly reflect regional priorities and needs. Because of all this factors described above, it was deemed most appropriate to address these regional issues under a Special Objective. Placing transboundary resources in a Special Objective does not limit the RCSA's commitment to working in this sector. Rather, it acknowledges the learning process that will occur over the first several years of involvement.

a. Development Challenge

Sustainable development in Southern Africa hinges on effective management of natural resources, and in particular water. Decision makers throughout the region have begun to realize that it is no longer sufficient to manage these resources, particularly transboundary resources, as solely national issues. Rivers and migratory wildlife are not constrained by political borders unless dammed or fenced; they are regional resources and potentially regional problems. The development challenge associated with balancing the complex and often contradictory demands for transboundary resources is considerable.

Water

Water is critical for every major economic sector in the region. Agriculture, energy, industry, mining, tourism, and fisheries all depend in one way or another on water. Southern Africa is largely a water-scarce region, and is already experiencing increasing competition for limited supplies. The region faces the challenges of providing adequate, safe water supplies and increasing food production to keep pace with the fast-growing population, all while protecting the environment. Despite its limited use, irrigation consumes over 50 percent of all water used in the region, and 40-60 percent of this water is lost through inefficient irrigation practices. As demand for water increases and competition between alternative uses escalates, the scarcity of water resources in the region will become a principal threat to sustainable development. At current population growth rates, the region will experience chronic water shortage by 2030, and some parts of the region much sooner.

The idea of national food self-sufficiency is leading many nations in the region to grow food with relatively expensive water resources. South Africa is growing grain in semi-arid regions using imported water, while there is abundant, unexploited water in Zambia, yet Zambia imports grain from South Africa.

Water has two germane dimensions -- quantity and quality. As water flows across borders, it carries with it an imprint of its upstream use: its quality. Manufacturing, service, and mining industries produce millions of tons of effluence that are usually disposed of directly into water bodies. Southern Africa has some of Africa's most important and pristine wetlands, many of which are threatened by water development schemes, overgrazing and deforestation, unregulated development and pollutant discharges. More than half of the people in the region do not have access to safe water and sanitation. As industrialization, urbanization, and land development accelerate in the region, demand for water will increase, pollution loads will rise, and countries will need to become more adept at coordinating and negotiating over both dimensions of this resource.

Institutional capacity for effective water resources management is weak in many countries in the region. This limited capacity particularly to disadvantage countries that are downstream users, who are unable to negotiate equitable solutions in international agreements. There is a critical need to go beyond traditional engineered solutions to water shortages and incorporate economic and ecological goals in water resource planning.

Ecosystems and Wildlife

Southern Africa has a range of ecosystems from desert to rainforest, grassland to wetlands. The biological wealth of the region stands out in comparison to other areas of the world. The protected areas network of Southern Africa is extensive, perhaps unequaled in the world, providing refuge to some of the largest free-roaming wildlife populations in the world and a number of endangered species. Of the region's total land area of almost seven million square kilometers, over one million square kilometers, or 15.7 percent, is designated as protected areas.

Despite the significant amount of land that has been given protective status, this status often exists more on paper than in fact, and the boundaries of protected areas often curtail the ability of wildlife to migrate when necessary. It is expected that expansion of cultivation into rangelands and uncultivated woodlands will continue to cut dramatically into available wildlife habitat. In some areas, fences have been constructed to keep wild animals and domestic livestock apart, often with huge and deadly consequences for the wild animals.

In 1991, approximately 4,000 hunters from abroad brought approximately $50 million to South Africa's economy and comparable amounts to Botswana, Namibia, Tanzania, and Zimbabwe.

As pristine areas shrink globally and the rate of species extinction accelerates, it is a safe prediction that tourism, the world's fastest growing market, will be chasing the world's fastest shrinking product: wilderness. Southern Africa could capitalize on its natural wealth to gain a larger share of this market. Wildlife provides the basis for the market for region's tourism market, and recent years have seen a growing recognition in recent years that the attractiveness of this asset can be enhanced by taking down the fences between parks straddling national boundaries and managing the areas as an integrated whole. For example, a small cross-border park linking the Chimanimani Highlands in Zimbabwe with an area in Mozambique's Manica Province is planned. Namibia is interested in creating a continuous coastal park stretching from south of the Orange River delta in South Africa, all along the Namibian coast linking with the Skeleton Coast Park and into the Iona Park in southwest Angola. Discussions have begun on incorporating adjacent privately owned game reserves, ranches and other public lands into broader ecosystem management plans.

b. Regional Vision

If the RCSA and its development partners take an active role in increasing capacity in the region to effectively manage these resources and in transferring the best management practices and appropriate technology from hard lessons learned globally, the RCSA expects to see several positive outcomes. First, in relation to regional water resources management, countries will define their water management plans in consultation with each other and make claims that are in accord with the water available (taking into account environmental demands) from shared river systems and aquifers. Water stress (both in terms of quantity and quality) will be avoided in the region with the poorest segments of society and women no longer disproportionately bearing the burden of this stress. Also, downstream users or weaker countries without the capabilities or data today to negotiate over shared resources will be capable of articulating their needs and international settlements will reflect their interests.

In relation to wildlife and transboundary parks, the vision for the future would include management of national parks and game reserves, not as islands of biodiversity, but as part of integrated land-use conservancies that merge wildlife management programs with the many needs

of human settlements. The region would build on its already established conservation areas, quality of experience, and infrastructure, and to become a world leader in conservation and inspire the creation of a network of contiguous protected areas. Nearby communities would also benefit, through their participation in community based ventures as well as through the increased trade in goods, including traditional crafts, and through the development of service-related business that increased tourist visits would encourage.

If the emerging challenges and opportunities associated with TBNR management are not addressed by the RCSA, there will be a continued reliance on expensive external expertise that may not fully respect local needs and social and cultural sensitivities, concurrent with a continued lack of regional confidence to address these complex issues. The RCSA would also expect that as population increases and land use intensifies, the window of opportunity to expand and link the existing protected areas through coordinated management of non-protected areas will narrow. Once these lands are locked into ownership and land-use patterns, it will be potentially too costly in terms of funding, timing, and political will to retroactively re-zone these areas to safeguard regional ecosystems. The chance to provide a full representation of the rich natural heritage of Southern Africa, thereby providing a sustainable and unique source of wealth for the region, will be lost.

Further, the ecological and economic value of the region's wildlife and wetlands will not be clearly understood, potentially leading to less rational decision-making. There will be an increased risk of national-level planning associated with transboundary resources creating conflicts between states in the region. The mere perception of such risks can be a serious threat in its own right, undermining confidence-creating measures between countries. Lastly, the management of protected areas would not emerge from a dialogue between local stakeholders and national and regional governmental bodies, but instead would be dictated by a much smaller range of interests.

c. Development Hypothesis

Actual or proposed uses of TBNR often spark high level political discussions between neighboring countries or groups of countries. For such discussions to lead to sustainable and equitable use of the natural resource, it is imperative that all participating countries have available national expertise that understands the issues and is able to negotiate international conflicts over competing management scenarios. Recognizing this political milieu, the Special Objective deliberately aims at increasing regional capacity, rather than providing short-term outside technical assistance to craft solutions to these issues. In addition, the RCSA has been informed repeatedly that a major constraint to progress in TBNR is lack of capacity, both in terms of human resource development and also institutionally. In particular, there are major deficiencies in the areas of legal and economic analysis, ecological assessment, and in

formulating inter-sectoral linkages necessary for the development of integrated management plans.

The RCSA's approach to increasing regional capacity to manage TBNR will involve broadening management discussions to include the full range of stakeholders. The RCSA understands the effectiveness of participatory development and supports the idea that natural resources cannot be sustainably managed unless those who use the resources perceive the proposed management scheme to be in their interest and have a voice in answering the question: sustainable development for whom? Efforts will be focussed so that those countries and groups who have the most to lose from management decisions and who historically have had the smallest voice in these discussions are supported and given access to the decision-making process.

The RCSA will define thematic focus by the expertise that the United States can bring to these issues, coinciding with strategic areas currently not funded by other donors. For example, the United States is the originator of the concept of national parks and has an arguably clear comparative advantage in the management of parks and their greater ecosystems, particularly in relation to wildlife habitat requirements and conflict management associated with livestock/wildlife interactions. Also, the Colorado River, with its source in mountainous headwater states and its long river run through arid and semi-arid states with high demands for water, closely resembles many of the major international rivers in Southern Africa. The United States' experiences in watershed management (both good and bad) could have significant relevance for Southern Africa. In addition, the United States has substantial transferable experience in environmental impact assessment applied to aquatic ecosystems, pollution prevention, and the use of satellite-based technology in resource management.

The Regional Advantage

Transboundary resource issues are by their very nature "regional" -- having impacts in, and requiring solutions by multiple countries in Southern Africa. The water resources issues of the SADC region are dominated by international river basins. As demand for water and hydroelectric power increases, and exclusively national sources of water are fully developed, countries will turn to international watercourses. Most countries lack significant alternatives to developing these shared rivers. In many cases, development goals in different countries are currently premised on mutually exclusive claims for water from international basins and it is unlikely that these basins will be able to meet the sum of planned diversions. For example, Botswana, Namibia, South Africa, and Zimbabwe have all at some time considered significant withdrawals from the Zambezi River. Combined, these diversions would exceed the river's maximum flow, even in wet years. Furthermore, many of the aquifers in the region are also transboundary, and issues over shared groundwater will appear as surface water resources become fully appropriated.

In addition, given that water demand and supply are unevenly distributed throughout the region, it is inevitable that major water schemes will be proposed that suggest moving water from areas of high availability to areas of high demand. In fact, these inter-basin transfer schemes are already being implemented (Lesotho Highlands Project) and considered (Namibia pipeline). These immense engineering feats require sophisticated regional consultations among experts in a range of technical disciplines to determine the most strategic regional use of the scarce resource and the costs and benefits of such developments.

With regards to transboundary parks and wildlife, the RCSA will support regional plans to provide links within the mosaic of wilderness or semi-wilderness areas in the region, including national parks, wilderness areas, game farms, and game reserves, thereby helping to create a regional land use map that is informed by ecological and community needs. This land-based network would permit integrated management across a range of land use zones, benefitting both the wildlife and ecology of the area, as well as its human inhabitants who would receive increased incomes over time from sustainable multiple land uses. This approach leverages the value of the existing national protected area systems by attempting to replicate at a regional level the principles of biodiversity and wildlife protection that have been successfully applied at a national level. In so doing, a regional eco-tourism route will be created that should capture an increased proportion of the world market.

In addition to the obvious need to address these issues in a regional context, there may be a less apparent, but equally important outcome of doing so that extends beyond the management of natural resources. Successful regional planning around ecosystems and wildlife will help create both a model and a mind set for regional cooperation in other, more challenging areas. If successfully created, a network of transboundary parks could physically bind countries together and stand as a physical monument to peace and cooperation in the region, in a way that symbolizes less tangible negotiations. Indeed, in the Middle East, the Red Sea Marine Peace Park, jointly developed by Jordan and Israel, has served as both a manifestation of existing cooperation and inspiration for further resolution when other more intractable political negotiations were stalled.

d. Results Framework

The RCSA has structured a threefold framework necessary to increase regional capacity to manage transboundary natural resources.

IR 1 -- Regional institutions strengthened.
IR 2 -- National capacity to address TBNR management issues increased.
IR 3 -- Models for improved transboundary natural resource management developed.

IR 1 -- Regional institutions strengthened.
In order to build sustainable capacity in the region, this capacity should arise from and be housed in regionally based institutions. Indigenous institutions are best placed to identify and address appropriate issues and are most likely to provide this capacity over time. It is these entities that will shepherd transboundary debates within the region, and, thus, decisions made will only be as informed and sophisticated as are these institutions. These institutions are needed to play several critical roles: to join national interests into regional dialogue; to define and articulate issues; to collect and analyze data; to harmonize methodologies; to share knowledge across borders; to train decision-makers to think regionally; and to mediate the inevitable disputes that will arise over these thorny issues.

These regional institutions could be characterized by formal institutional arrangements such as transboundary park authorities, river basin commissions, or universities, or they might have a less structured arrangement such as a coalition of NGOs, a regional stakeholder group, or a network of technical experts. At present, there are few regional institutions (or institutional arrangements) with the capacity to lead discussions or even enter into dialogue over the complex management of TBNR. Without this regional capacity, little progress can be made toward joint and integrated management of these resources.

While the proximate goal of an activity may be to solve some defined issue, by working with and through regional institutions, the ultimate goal of strengthening regional capacity will be met. For example, the RCSA might decide to fund a study aimed at harmonizing water management legislation in individual countries with the regional protocol on shared watercourses. With an eye to increasing capacity, the RCSA would fund this study through a regional institution, providing outside assistance only when clearly necessary. In this case, the primary focus of these activities will be on the process of implementation (building capacity to conduct legal analysis), with a secondary focus on the product (harmonized national and regional legislation).

To strengthen regional institutions, first, management skills need to be developed (IR 1.1). For instance, the RCSA might support training in strategic planning, fund raising, financial management, etc. Second, analysis needs to be improved (IR 1.2). Illustrative activities that the RCSA would support under the rubric of this category fall into three classes. The first class represents data collection and analysis and includes such activities as: technical assistance to help develop harmonized data collection methodology; development and training in joint monitoring systems for shared resources; or twinning institutions with other, more developed, ones in the region to spread capacity throughout the region. The second class represents analytical capacity and includes such activities as developing capacity for economic and ecological analysis, including the use of Environmental Impact Assessments for transboundary natural resources. This increased analytical capability will help determine the potential of the resource base so that resource negotiations are fully informed. One assumption the RCSA makes

is that better information and skills will lead to better and more sustainable decisions. The third class represents more general management training in such areas as conflict management, communication and public outreach.

In addition to management and analytical skills, regional institutions are in need of facility and equipment upgrades (IR 1.3). Many regional institutions are constrained in their ability to play a networking role due to lack of necessary facilities and equipment. The RCSA does not intend to fund major facility upgrades or construction under this intermediate result, but will pinpoint critical needs that allow the institutions to carry out their regional roles. Illustrative activities that the RCSA could support under this intermediate result include: supplying necessary computer software and hardware (and ongoing training in its use) to allow regional institutions to store, analyze and disseminate information; or providing hydrological or specialized technical equipment for monitoring of a regional resource and the necessary networking equipment to share this information across borders.

IR 2 -- National capacity to address transboundary natural resource management issues increased.

Because negotiations associated with TBNR can only take place effectively where there is a more-or-less "level playing field" of capacity and information among negotiating parties, this intermediate result is aimed at building national-level capacity where necessary. The key activity that the RCSA is contemplating funding under this result is training of negotiators in water law, negotiating skills, and conflict resolution, to respond to the priority needs identified by Southern African stakeholders. The RCSA will collaborate with its partners and other donors to identify and address other critical needs. Traditional forums for addressing policy conflicts such as more stringent legislation or bureaucratic solutions have often not resolved issues. Alternative processes that incorporate direct participation by affected parties and the public, joint data collection and analysis, mediation and negotiation have proven to be more effective and more sustainable.

IR 3 -- Models for improved transboundary natural resource management developed.

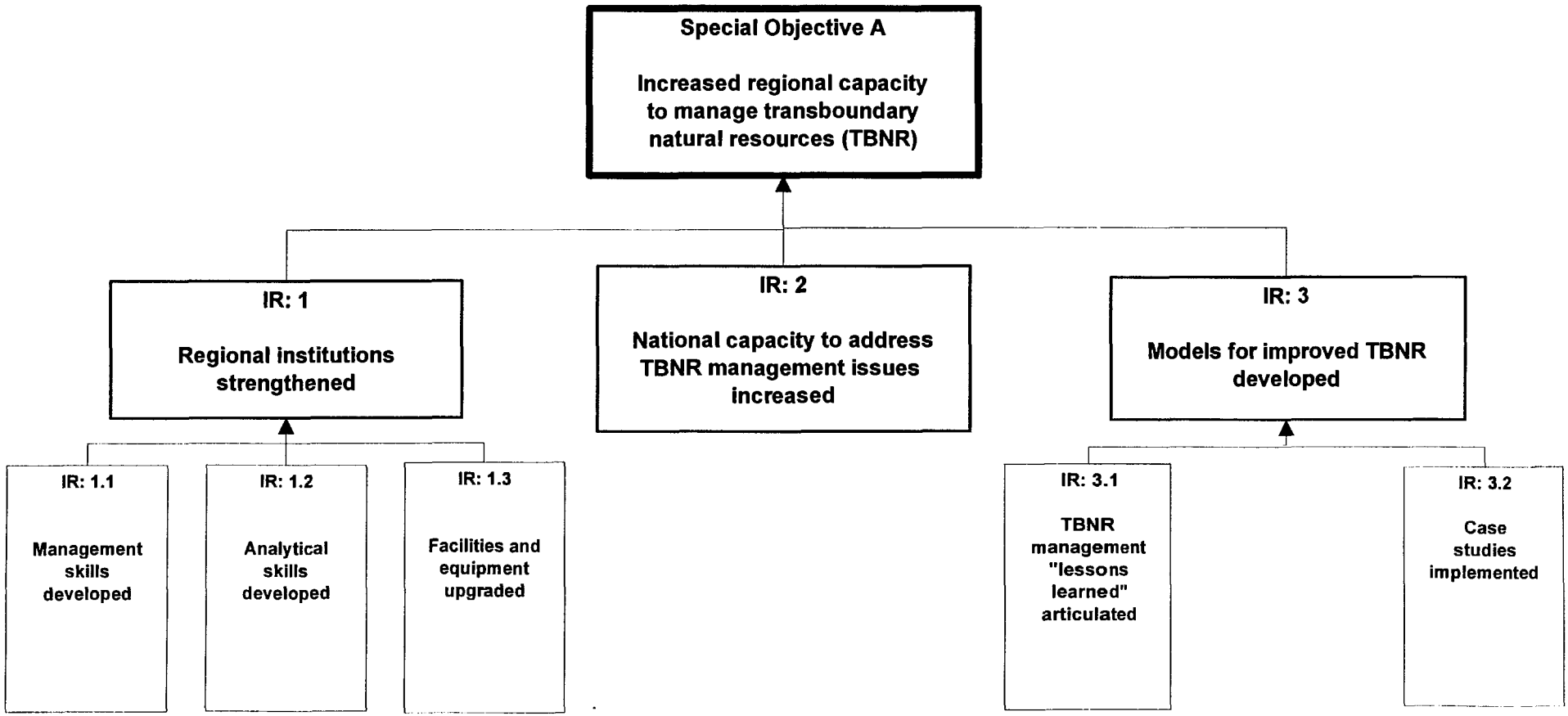
The third result essential for increased regional capacity involves developing options for improved management of TBNR. It is not clear what approaches would be most effective to managing migratory wildlife or international rivers in Southern Africa. This result is centered in part on the internal learning that the RCSA must undertake to define how and where to become significantly involved in these complex issues. The outcomes of this learning and the learning process itself, however, need not be undertaken in isolation; it is a research activity that will be done in consultation with and where appropriate, through regional institutions and stakeholders. To achieve this result, the RCSA will first focus on articulation and sharing of "lessons learned" on TBNR, both in the region and elsewhere (IR 3.1). Activities funded under this result could include: studies to determine under what conditions transboundary resource management has failed and succeeded and which of these conditions or institutional arrangements

are applicable to Southern Africa, and workshops to discuss case studies with regional participants.

Single-aspect measures provide not only a partial, but often a fundamentally distorted view of impact. Viewed solely through a GDP prism, for example, the costs of cleaning up a disastrous oil spill may be reflected as a positive contribution to national income and therefore to national well-being.

To further achieve this result, the RCSA proposes to implement these lessons through the development of site-specific case studies (IR 3.2). In specific transboundary watersheds, national parks, or ecosystems (in the case of wildlife), selected through further analysis and discussions with other donors and stakeholders, the RCSA will help support an integrated planning process, applying the best practices gleaned from the studies described above to develop a model (including institutional arrangements and practices) that, if successful, could be replicated across the region. The RCSA will fund such activities as development of draft model agreements for the management of TBNR and development of standards of behavior/best practices associated with a resource use, such as regional water conservation standards.

TRANSBOUNDARY NATURAL RESOURCES (TBNR) SPECIAL OBJECTIVE



LEGEND

Multi-responsibility for these IR's rests with RCSA , Other Donors , and/or Bilaterals

e. Time Frame

The RCSA expects that work under this Special Objective through March 1999 will be spent responding to several strategic needs that have already been identified, as well as exploring areas of future focus. At the end of this period, the RCSA expects to have a clear understanding of the role that it can play in this complex area, based on a knowledge of other donor activities; USAID's comparative advantage and expertise; an articulation and sharing of global lessons learned about the management of transboundary natural resources; identification of appropriate regional partners; and criteria for selection of geographical areas of focus. With this acquired understanding, the RCSA then expects to develop this Special Objective into a Strategic Objective. At that time, a decision will be made whether to continue on the track of capacity building, or to refine the objective to address improvements in management of selected transboundary natural resources directly.

f. Indicators

At this stage in its understanding of transboundary natural resource management, it would be premature to define specific indicators toward which the RCSA would measure progress. Development of realistic targets also would not be based on sufficient information. The RCSA expects that after the first year of exploratory work under this Special Objective, it will have refined the rough framework described above and will be able to specifically define indicators to measure progress toward the results it expects to achieve. Information collected over the time frame necessary to this task will include: 1) baseline information on existing capacity in the region; 2) an understanding of ongoing work related to monitoring in these sectors; and 3) an assessment of appropriate indicators and realistic targets. The RCSA expects in this first year to develop a system for evaluation and monitoring that would be jointly implemented by the RCSA and its partners and would be designed to serve multiple purposes including: priority setting, reporting, and ongoing evaluation.

g. Sustainability

This Special Objective focusses on capacity building with the idea that building regional capacity to address transboundary issues is a more sustainable approach than providing technical or analytical solutions that may not be implemented because of limited regional capacity. Activities in the first years will identify sustainable processes and institutional arrangements through which the RCSA will direct resources.

h. Other Donors and Bilateral USAID Missions

Most of the donors who are involved in water resources management are working on a national level, many with a focus on rural water supply. Several donors are, however, currently

involved in regional water resources management. The United Nations Development Program has launched a SADC regional Round Table process on water resources and the World Bank has a regional initiative in participatory water resource policy reform. In 1996, Sweden launched the Southern African Initiative for Support to Sustainable Management of Water Resources that is currently managed by one representative based in Harare. Norway and Denmark continue to support planning efforts in the Zambezi Basin. The EU is planning to support a SADC seminar on transboundary rivers in May 1997. The newly established Global Water Partnership (GWP) seeks to translate an emerging global consensus on water resources management into responsive action on the ground. The GWP has identified Southern Africa as the region with the highest priority for initial GWP action and is working to coordinate donor activity in the water sector.

In general, the bilateral USAID missions in the region have not been extensively involved in freshwater resource management issues. USAID/Angola is undertaking a two-year activity to provide assistance in the design and development of an appropriate model for private sector participation in the operation of Luanda's water supply and sanitation systems. USAID/Namibia had been involved in a community-level water supply project that ended in 1996. USAID/South Africa is beginning a municipal infrastructure program that will address water supply and wastewater treatment primarily in the former townships, focusing on financing issues. The Center for Environment in the Global Bureau is initiating an activity within a South Africa umbrella project, entitled "Working for Water" -- an activity that will take place in the Western Cape and is aimed at eliminating invasive tree species that threaten the natural vegetation and decrease water yields from the area. It is envisioned the RCSA will work closely with affected bilateral USAID missions especially when on-the-ground transborder management activities are initiated.

It is anticipated that the assessment referenced above will suggest roles for other donors and the bilateral USAID missions in relation to transboundary parks and wildlife. The World Bank is involved in transboundary national park planning in the region. None of the bilateral missions have been involved in this type of work to date; however, there is a clear relation between some of the community-based natural resources work that several of the bilateral missions have been supporting and transboundary wildlife issues.

i. Funding and FTE Scenarios

The RCSA expects to commit $2.5 - 3.0 million per year to this effort for the first two years (FY 1998 and FY 1999). In terms of staffing, a total of 2.5 FTEs will be allocated to this Special Objective. One American Association for the Advancement of Science (AAAS) fellow will provide technical assistance and three positions will be allocated half-time to this objective.

By March 1999, the RCSA will have defined the projected extent of involvement in this area and will then determine necessary staffing requirements. It is expected that at this point, this Special

Objective will be translated into a Strategic Objective, with significantly more resources committed to it, on the order of $4-6 million/year. If these funding levels cannot be met, the RCSA would expect to focus only on one of the transboundary resources (most likely water); attempting to cover all three areas without adequate staff and monetary resources would lead to insignificant and haphazard results.

The RCSA expects to commit $1.5-2 million/year for the first two years to this effort years (FY 1997 and FY 1998) and $4-6 million/year for the remaining years (FY 2000 - 2003), as areas of focus within this Special Objective become more defined. The effort will be evaluated after two years, although it is expected that at this point, it will be translated into a Strategic Objective, with significantly more resources committed to it. If these funding levels cannot be met, the RCSA would expect to focus only on one of the transboundary resources; attempting to cover all three areas without adequate staff and monetary resources would not be prudent.

For the first three years (FY 1997, FY 1998, FY 1999), there will be a total of 2.5 FTEs allocated to this Special Objective. One AAAS fellow will provide technical assistance and three positions will be allocated half-time to this objective. In March 1999, the RCSA will define the projected extent of involvement in this area and determine necessary staffing requirements.

2. Special Objective B: Impact Assessment, Monitoring and Evaluation.

a. Development Challenge and Regional Vision

Among the most glaring impediments to Southern African policymaking on a genuinely regional basis is the shortage of information and analytical resources assessing the region as a whole, and the mixed quality of much of the resources that do exist. As a result, Southern African decision makers lack the materials for making sound policies based on the needs and realities of the region. More insidiously, by presenting no alternative to the national-level data and studies that are more readily available, this absence encourages the view that regional factors are unimportant and that the national perspective alone matters. The consequences of this lack become more important as the region becomes more interlinked and interdependent, and as the institutionalization of regional economic integration and cooperation means the making of more and more decisions with region-wide scope and impact.

A second key gap, equally significant at national and regional levels, is of serious efforts to view the situation, problems and prospects of the region holistically rather than in a sectoral manner. Whether at the community, national or regional level, sustainable development balances three development processes: economic development, social/political development and ecological sustainability. Particularly where there are fundamental and near-term challenges in all three of these sectors, attempting to address any sector in isolation from the others risks (and may in

fact guarantee) failure to achieve goals in the selected sector while making even more difficult progress in others. Promoting "privatization" without adequate attention to ensuring a competitive and transparent process, may result in fire-sale transfers of public assets to political cronies, eliminating the economic efficiency benefit that is a principal justification for selling public assets to the private sector while increasing corruption or cynicism about government; thereby increasing the difficulty of achieving democracy and governance goals.

Both needs have been addressed elsewhere by structured, participatory projects involving diverse participants from a wide range of sectors. "Sustainable Seattle," "Oregon Benchmarks," "Sustainable America," "Sustainable Europe" and similar exercises have in some cases had significant success in promoting establishment of informed and integrated development plans for at the local, provincial, national and even international level.

A third need is to meet the RCSA's own internal impact assessment, monitoring and evaluation requirements. Monitoring and measuring impact on a regional rather than national or local basis, particularly in view of the overlapping Strategic Objectives of the RCSA and bilateral USAID missions, will present unique and daunting attribution and other technical challenges to the RCSA. The effectiveness of its programs also depends on having reliable and comparable information across twelve countries, in most of which the RCSA lacks an on-the-ground presence, and from this information developing valid data and assessments for the region as a whole. Information of this nature is rarely now available.

b. The Special Objective

The RCSA proposes a Special Objective in Impact Assessment, Monitoring and Evaluation intended to develop, both within the Mission and in the region as a whole, a coherent and wide-ranging basis for accurately assessing "regional" interests and impacts in decisions at both the regional and national levels. In implementing this Special Objective, the RCSA will first focus on meeting its own internal monitoring and evaluation needs, building on its performance monitoring plan. The RCSA anticipates relying heavily on respected Southern African institutions in developing performance indicators, targets and methodologies for measuring achievement of its regional programmatic goals.

While launching this undertaking will likely require pump-priming through production of RCSA-defined studies and related work, a fundamental goal of the Special Objective is to promote development in the region of an indigenous capacity to research, analyze and measure progress toward regional development goals. The RCSA anticipates working both sectorally and, if possible, in an integrated multi-sectoral manner to support development by knowledgeable Southern Africans from government, the private sector and civil society of information and analyses of regional issues. While both process and product will be driven by Southern Africans' conclusions about the most valuable avenues to take, among the results the RCSA

would hope for would be development of a credible, integrated set of social, political, economic and ecological indicators to permit better assessment of the region's problems and success in addressing issues affecting the region as a whole.

This Special Objective is highly experimental: in its goal of producing holistic rather than sectorally-autonomous analyses, in its attempt to address development issues on a regional rather than national basis, in its orientation toward transferring full "ownership" (or, with respect to the RCSA's internal monitoring and evaluation needs, substantial conduct) of the analytical process to Southern Africans and in its goal of creating analytical tools not only for governmental and donor use, but which will also support public participation in "regional" policy making. Insofar as the RCSA is successful in supporting creation of an integrated, locally-owned and regional monitoring and evaluation system, it will have given rise to a new and extremely valuable tool for USAID, other donors and Southern Africans alike. Success is by no means certain: the difficulty of communication and of obtaining information, the unfamiliarity of the approach and the great differences in the needs and resources of the countries of the region are but a few of the many obstacles that the RCSA and its partners must overcome to achieve the Special Objective.

c. Development Hypothesis

Most decision makers within the region, whether in government, business or civil society, have recognized the value and necessity of closer regional cooperation and are therefore likely to be reasonably open to taking "regional" factors into account in their decision-making. Such regional bodies as SADC or COMESA, moreover, are institutionally oriented toward a region-wide perspective. The RCSA believes that, if it were available to them, Southern African private and public sector policy makers would take well-founded and unbiased information and analyses on regional trends into account in their decisions, and that development decisions reflecting such data and studies will be superior in sustainability and other results to those based essentially on national-level information.

Models and information derived from other parts of the world, while suggestive, will inevitably mesh only partially with Southern African needs. While there are skilled and sophisticated Southern African researchers and analysts, there has been insufficient support for them to produce the necessary range and quality of analysis on regional trends. The RCSA does not anticipate providing institutional development support under this Special Objective. In both its internal M&E work and in developing an autonomous regional assessment capability, however, it will work with a limited number of institutions (such as the Southern Africa Research and Documentation Centre in Harare) whose reputations and existing institutional capacity are sufficiently well-established to give reasonable confidence that work done under this Special Objective will be continued and built on following termination of USAID support.

d. Time Frame

With respect to building an indigenous and autonomous regional analytical capacity, the RCSA sees its role as being primarily facilitative. Its intent, moreover, is to promote the greatest and earliest possible Southern African implementation of, leadership in, and ownership of work toward this Special Objective. It is not only possible, but likely that the RCSA's Southern African partners will prefer other approaches than those suggested below. So long as those approaches are consistent with achieving the Special Objective, the RCSA would expect to follow their lead. For those reasons, the illustrative activities described below must be understood as only one possible way ("Sustainable Southern Africa") in which one portion of this Special Objective might be pursued. Many of the elements are based on a model for conducting "Sustainable" exercises in Europe and North America, and would undoubtedly require significant modification to reflect the different character and resources of Southern Africa.

The RCSA's top priority during the first year following approval of this strategy will be to meet its own internal monitoring and evaluation needs. While the perspectives reflected in this Special Objective will influence both the character of those internal M&E systems and the design and conduct of all research and analysis sponsored by the RCSA, work in Year One will be confined to in-house (RCSA and USAID) discussion and limited informal consultations with selected Southern Africans. Systematic activities to achieve non-internal purposes under this Special Objective will begin only in Year Two (starting in late FY 1998).

During Year Two, the RCSA would host roundtable discussions with current partners and other Southern Africans to confirm the feasibility of the regional capacity-building element of the Special Objective, brainstorm on possible approaches to achieving it and develop a plan of action. Through this process, the RCSA would both learn how to make participation in achieving the Special Objective attractive to the busy leaders who could make the greatest contribution to it, and begin to secure commitments to participate from a core of governmental, business, civil society/non-governmental, academic, SADC, and other leaders from around the region.

One action plan might include commissioning of a series of discussion papers or analyses on regional issues to be used to kick off a series of initial meetings; a conference to launch a "Sustainable Southern Africa" initiative; establishment of reference groups of interested citizens in several locations around the region to provide input on regional development goals; and identification of sectoral experts able to prepare further analyses and provide continuing technical input. This structure would permit initial discussions and development of integrated regional goals and targets, as well as associated preliminary work to design indicators that will permit assessment of progress toward achieving those goals.

This work would continue in Year Three, and could culminate in drafting, discussion and release of a "Sustainable Southern Africa" report designed to be useable by governments, the private sector, civil society at large and private citizens' groups as well as by USAID and other donors. Consistent with the dynamic nature of the region and the development process, the RCSA would see such a report as being the first in a periodic series rather than as a single, static document.

e. Expected Results

Achievement of this Special Objective will contribute to sustainable development in the region by expanding the availability of reliable regional information and analysis, building an informed and well-placed regional constituency for considering Southern African development issues on a holistic basis bearing in mind the full range of regional (rather than purely national) interests, and by increasing Southern African capacity to document performance and measure progress toward achieving development goals. Within USAID, development of a successful methodology for measuring impact of regional programs and monitoring and evaluating progress toward achieving regional programmatic objectives will greatly improve the RCSA's ability to conduct its program, and may provide lessons of values to other missions.

While committed to following a Southern African lead in the external aspects of this Special Objective, the RCSA makes no bones about its hope that implementation of this Special Objective will result in the successful institution of a "Sustainable Southern Africa" project. Such a project could combine the wide-ranging database, holistic approach, soundly-based indicators and credibility that would ensure maximum impact on the public and other decision makers.

Even if this hope were fully realized, however, implementation of the Special Objective would involve a range of less ambitious activities as well. Within and in support of each RCSA sector, for example, a systematic effort would be made to develop regional databases and analyses extending beyond the strict confines of the SO, and to do so through use of Southern African researchers and institutions. Other related opportunities are likely to arise in particular sectors: there is considerable Southern African interest, for instance, in preparing a periodic regional "State of Democracy Report," an initiative the RCSA would be strongly inclined to support through the SARDF or other appropriate mechanism.

Some of the anticipated product under this Special Objective will be valuable even if further support is not given after three or six years: solid and comparable regional baseline data, analyses of the fundamental relationships and tradeoffs between Southern African development goals, and an integrated set of development indicators and targets will all remain valuable resources for several years, if not much longer. Other results -- such as networks developed to support a "Sustainable Southern Africa" project -- will be of high value if the RCSA has been successful in institutionalizing this Special Objective, but in other circumstances may prove

evanescent. If a "Sustainable Southern Africa" activity did succeed, a key performance milestone would be production of a major report enjoying substantial authority within the region and serving as an important resource for decision makers and the public.

The information and studies produced under this Special Objective, as well as those that would be produced in future with the expanded indigenous capacity to do such work, would of course be invaluable not only for Southern Africans but for USAID and other donors as well. Not only would it be as helpful to donors as to regional players in making development decisions, such work would provide an authoritative common reference point for discussions among donors and between donors and SADC or Southern African governments. A "Sustainable Southern Africa" report, or less ambitious but equally indigenous undertakings such as a "State of Democracy" report, would have the further great advantage of providing alternative perspectives from the internally-generated, and inevitably to some degree blinkered, analyses on which donor decisions are often made.

The objective of developing an indigenous analytical capacity will, as noted above, be achieved through building up human capital and databases in existing Southern African bodies rather than by direct institutional support. The RCSA expects as well to stimulate creation of a region-wide and multi-sectoral constituency of individuals and institutions oriented toward seeking regional and holistic solutions to Southern African problems.

f. Evaluating Results

The RCSA will undertake an evaluation at the end of Year Three (late FY 2000) to assess the extent to which it has achieved this Special Objective and the likely contribution doing so will make to improved policy making on "regional" issues. The evaluation will consider, among other things, the volume and soundness of regional data produced; the use to which information and analyses deriving from these activities are being put by governmental and non-governmental decision makers; the extent to which they are relied on by the RCSA, other USAID entities and other donors in their regional analysis; whether there is more widespread discussion and recognition of regional issues among the general public; and whether pursuit of this Special Objective has resulted in significant growth in the reasonably well-informed constituency for looking at Southern African development issues on a holistic region-wide basis. Future directions, or termination of RCSA support for this Special Objective, will be decided jointly by the RCSA and its Southern African partners on the basis of this evaluation.

g. Funding and FTE Scenarios

At the higher funding level ($0.5 million in FY 1998; $2.5 million in FY 1999; and, $2.0 million per year thereafter), the RCSA could support the establishment of a regional capacity to carry out participatory monitoring of regional trends. At a low funding scenario, the $2

million incremental funding provided in FY 1999 would require the RCSA to concentrate on the analytical work necessary to comply with Agency monitoring and evaluation requirements for the Strategic Objectives. FTE requirements under all funding scenarios require .5 USDH.

C. Critical Assumptions

The RCSA makes certain critical assumptions as it seeks to achieve its Strategic and Special Objectives. Failure of a critical assumption would necessitate a fundamental re-evaluation of one or more of the RCSA's Strategic and Special Objectives.

Continued Political and Social Stability
Political and social stability is important to the achievement of the RCSA's objectives. Acceptable levels of political and social stability now generally prevail in the region. It is assumed that the governments of the region will retain at least some significant commitment to continued democratic reform and expanded regional cooperation and that there will be continued societal support for such cooperation. This assumption is especially important for Strategic Objective 2 (Market Integration) since business people within and without the region must feel confident that the risks associated with investing in Southern Africa are not unacceptably high due to political or social unrest.

Continued Macroeconomic Stability
The assumption is that macroeconomic stability will continue to improve under ongoing stabilization and structural adjustment programs with the assistance of international financial institutions, host government programs, and other donor activities. Currency convertibility, taxation, monetary policies, and other macroeconomic factors are particularly important to SO 2 (Market Integration).

A Stable South Africa Committed to the Region
The RCSA's strategy assumes that South Africa will continue to peacefully address the effects of centuries of racial division and that it will remain committed to regional integration. Given the size of its economy and its place in the social, cultural and educational life of the region, it is critical that South Africa remain committed to Southern Africa. Although there will be protectionist and isolationist factions in South Africa, the RCSA's strategy assumes that South Africa will recognize that embracing the region is in its best interest. In turn, an increasingly prosperous Southern Africa will decrease social stresses within South Africa by decreasing illegal movements of labor and responding to demands for water and electricity that will soon compel South Africa to import these essential commodities from its neighbors.

Continued Progress in Responding to Drought and Food Security Issues
The RCSA's strategy assumes that, despite highly variable rainfall patterns and cyclical drought that must be expected to afflict parts of the region in any given year, improved disaster response mechanisms will prevent the significant displacements of population that have occurred in the past from natural disasters, particularly drought. The strategy also assumes that increased urbanization and growing consumer demand will provide increased incentives for food crop production within the region.

Continued Progress in Addressing Population Issues
The RCSA's strategy assumes that national governments will continue to pursue development policies and objectives that reduce population growth rates. It is assumed as well that society's response to improvements in social and economic conditions will include reduced family size.

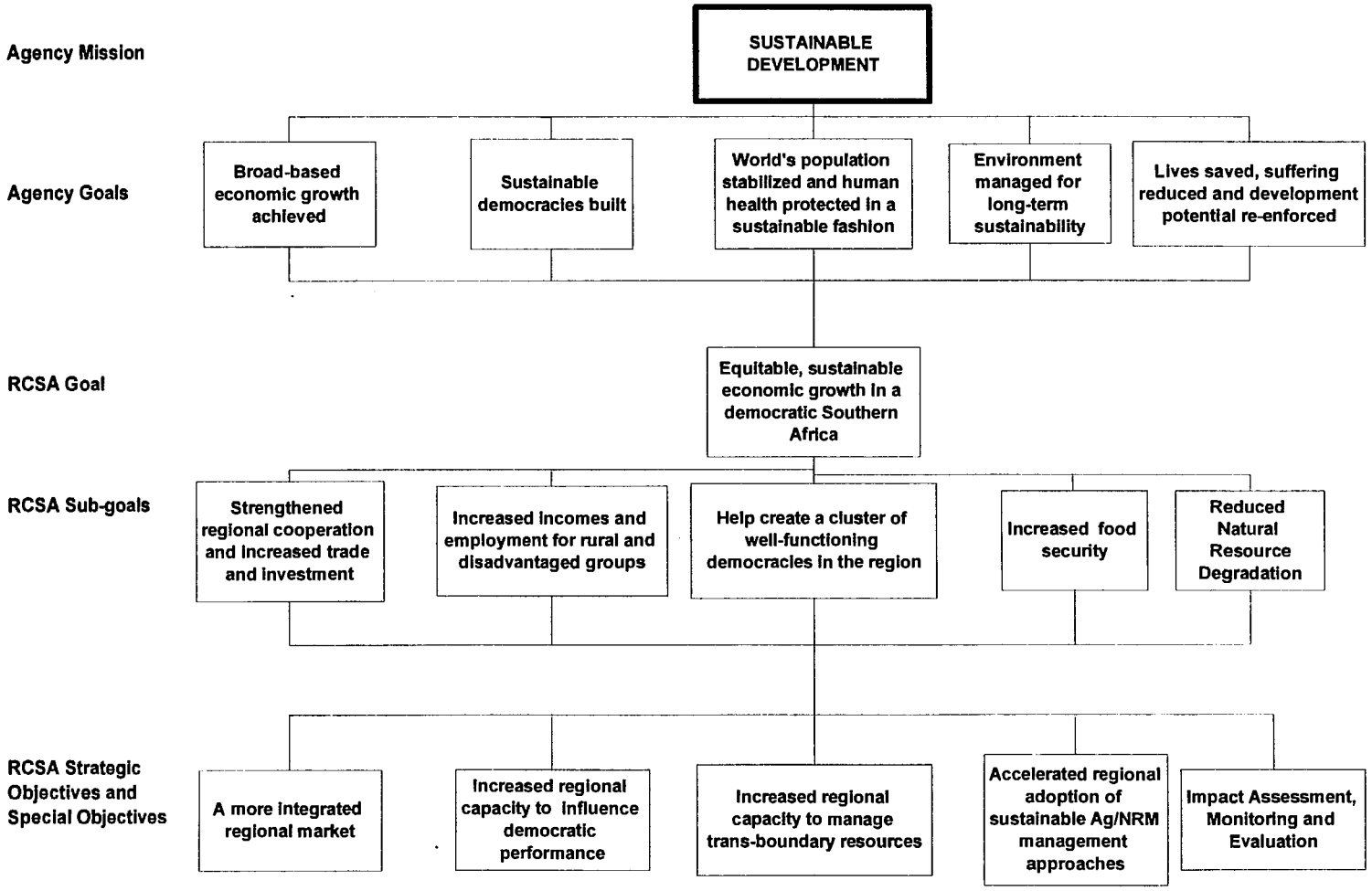
Continued Progress in Addressing HIV/AIDS
Although AIDS-related mortality may significantly affect individual enterprises within certain sectors its effect on macro-economic growth will be limited. This assertion assumes that:

- basic and post-basic education and training will continue to be provided to the general population; and,
- management in both the public and private sectors will continue to respond positively and creatively to HIV/AIDS, educating employees and accommodating HIV infected workers who remain productive.

D. Linkages

1. RCSA Strategy to Agency Goals

The RCSA's Strategic and Special Objectives contribute to accomplishing the ISA goal of promoting equitable, sustainable economic growth in a democratic Southern Africa. They also directly support three of the Agency's four overarching strategic goals: Agency Goals I (Economic Growth), II (Sustainable Democracies) and IV (Environment Managed for Long-Term Sustainability).



Special Objectives

2. Cross-Cutting Linkages

The proposed RCSA strategy displays strong interdependencies among its Strategic and Special Objectives. Progress in each of these objectives is critical to achieving success in the others. These synergies offer potential for the RCSA and its partners to make a significant overall contribution to the region's future in the areas of economic growth, democratic progress and environmental protection.

The linkages between SO 1 and the other elements of the RCSA strategy lie in their shared emphasis on strengthening the participation and weight of the private sector in public policy debate and decision-making. Participation in governmental processes is key to ensuring transparency and accountability in the public sector on a sustained basis, providing critical reassurance to private sector investors in the region wishing to take advantage of the commercial opportunities created by market integration. Participation in public sector decision-making is also key to effective reform of policies and institutions needed to support sustainable agricultural and natural resource management practices.

The relationship between well-functioning democracies and economic growth is reciprocal: there can be no doubt that success in achieving balanced, sustainable economic growth through the combined efforts of market integration and accelerated adoption of improved agricultural and natural resource management approaches will contribute significantly to achieving the ultimate aim of creating a cluster of functioning democracies in the region. In contrast, the social and economic pressures caused by increasing unemployment in the urban areas, stagnant or declining real incomes in the rural areas, or unresolved conflicts over natural resources place overwhelming obstacles in the way of achieving that objective.

New market opportunities will derive from successful integration of the regional market under SO 2, which will create incentives for adopting improved, productivity-enhancing agriculture and natural resource management technologies. This, in combination with easier cross-border trade and improved agricultural market information, will increase food availability and keep food prices affordable, promoting greater food security throughout the region. By ensuring wider dissemination of sustainable agricultural and natural resource management approaches, work under SO 3 will facilitate smallholder participation in the potential benefits of an integrated regional market. For the region's long-term economic growth and political stability, however, it is critical that market integration bring tangible economic benefits to the region's large rural population without risking deterioration of the region's priceless natural resource base. Without these efforts, the production incentives created under successful market integration could be damaging to the future productivity of the region's non-renewable natural resources over the long-run.

The Strategy's proposed two special objectives also support and provide linkages within the mission's portfolio. TBNR supports adoption of community-based natural resource management practices, which are essential to the management of transboundary wildlife and national parks. Integrating the management of buffer areas with the management of protected areas to provide migratory routes and viable population sizes is a realm in which these two objectives will work in overlapping and supporting ways. There is also a clear link between increased sustainable agricultural practices and sustainable water resource management. As agriculture is currently the biggest water user in the region, it becomes obvious that water resource management and agricultural practices in the region share a related and complex future. Transboundary natural resources also supports the mission's efforts in democracy, in that one central expected result is the broaden participation in the decision-making processes associated with these resources. Defining interests and rights vested in these natural resources and developing voices and platforms to express them, are activities fundamentally supportive of good democratic practices.

Finally, the second special objective of impact assessment, monitoring and evaluation is intended to develop, both within the mission and in the region as a whole, a coherent and wide-ranging basis for accurately assessing "regional" interests and impacts which may result from decisions at both the regional and national level. Among the most glaring impediments to Southern African policymaking on a genuinely regional basis is the shortage of information and analytical resources assessing the region as a whole. A fundamental goal of this objective is to promote development in the region of an indigenous capacity to research, analyze and measure progress toward regional development goals, as well as to develop solid and comparable regional baseline data. Analyses of the fundamental relationships and tradeoffs between Southern African development goals, and an integrated set of development indicators and targets will all remain valuable resources for the mission's portfolio and the region. Whether at the community, national or regional level, sustainable development balances on the development processes of economic development, social/political development and ecological sustainability. Particularly where there are fundamental and near-term challenges in all three of these sectors, attempting to address any sector in isolation from the others risks (and may in fact guarantee) failure to achieve goals in the selected sector while making even more difficult progress in others. The effectiveness of the RCSA's objectives depend on reliable and comparable information across twelve countries, in most of which the RCSA lacks an on-the-ground presence, and from this information developing valid data and assessments for the region as a whole.

E. RCSA's Customers and Partners

The RCSA works with a wider variety of customers and partners than most bilateral USAID missions: Southern African governmental and non-governmental bodies and individuals on both the regional and national level, other donors, bilateral USAID missions and U.S. embassies, and USAID/W entities such as the Global and Africa Bureaus. Achieving success in its program is

fundamentally dependent on productive cooperation with the full range of entities with which it interacts.

1. Southern Africans

The RCSA's programs benefit two groups -- the general public, and the participants in the intermediary-level institutions with which the Regional Center works in implementing its activities.

The General Public

The ultimate purpose of the RCSA's activities is, of course, to improve the lives of the general public of Southern Africa who will directly or indirectly benefit from broadened participation in the economic and democratic processes of the region. The poor majority will benefit most immediately from effective action to slow degradation of the environment on which their incomes directly depend. As the effects of market integration are felt in the economy, incomes in the region should rise not only for those directly participating in the larger market, but also for the broader population as well. Promotion of governmental transparency and accountability will contribute to greater access of the average citizen to government services and greater responsiveness to his or her concerns. While these eventual benefits are real and important, in many cases measurable, significant, and sustainable benefits from the strategy will be realized by these "ultimate customers" only over an extended period of time -- often beyond the strategic plan period.

Two important groups that the RCSA wishes to bear in mind in implementing its strategy are women and youth. Women and young leaders are disproportionately represented in the ranks of NGO leaders and activists, and as such are likely to be strongly represented among the RCSA's partners. Exposing younger Southern Africans to the values associated with thinking regionally now is a crucial investment in the future integration of the region. Activities designed in support of achieving the Strategic Objectives set forth in this strategy will address the effective utilization of these two critical segments of the region's population.

Intermediary Entities

Intermediary entities are the customers with which the RCSA is most directly concerned. Due to the unique characteristics associated with planning and implementing from a regional platform, the RCSA will principally work with and support institutions in the region that advance the interests of the general public. These intermediate customers include non-governmental and civil society organizations (NGOs/CSOs) -- private voluntary organizations, universities, regional trade and business associations, agribusiness cooperatives, policy research institutes, and other non-governmental groupings of all kinds -- SADC units, electoral commissions and other governmental entities promoting transparency and accountability, regional commissions, and others.

These groups stand to gain more immediately from the RCSA's activities. Market integration, for example, will expand the opportunities open to the medium-sized enterprises for whom the high costs of participation in the larger economic community have been a major barrier to expansion. Democracy advocates participating in regional networks will gain greatly in effectiveness as they tap into new sources of information, expertise and solidarity.

Working with the Customer

Working effectively with its Southern African customers and partners requires that the RCSA have a strong understanding of their needs and circumstances. The RCSA has relied on reviews of research and analyses (including bilateral USAID missions and other donors' strategic plans) and the knowledge of the RCSA's Southern African staff and other USG personnel in the region to assist it in developing this understanding. Substantial Southern African participation in the completion of several major studies on subjects ranging from the private sector to water has enhanced the insight and relevance of these studies.

Equally important, however, the RCSA has also devoted considerable energies to directly consulting its intermediate customers and partners. Since 1994, such consultations have been ongoing in several sectors and in a wide range of fora, including joint review of studies and assessments, workshops and brainstorming sessions with targeted audiences, formal and informal consultations with SADC and its technical units, ongoing dialogue in project steering committees, and interviews with and field visits to a wide range of recipients and other non-governmental and intermediary organizations across the region.

Southern Africans have been engaged directly in development of the RCSA's strategy. Two workshops were held in December 1996 and February 1997 to engage Southern African (as well as USAID and embassy) stakeholders in discussions crucial to the design of this proposed strategy. The December workshop was an opportunity to build consensus on sectoral visions for the Southern African region, the critical changes required to attain them, and the appropriate role of the RCSA in making these changes. The February workshop, in particular, helped the RCSA to define the basic strategic directions for the RCSA reflected in this strategy.

Southern African customer involvement in planning and implementing the RCSA's program will continue and intensify once the basic strategy is approved. In a population of some 140 million people spread across twelve countries, where customer, partner and stakeholder groups are large and dispersed, broad-based consultations can be extremely resource-intensive. The RCSA's intermediate and ultimate customers will be identified more precisely during activity selection and definition and their involvement in planning, monitoring and implementation will be deepened. Indeed, to the extent that the RCSA's intermediate customers, such as SADC and its technical units, are partners in implementation, they will continue to be directly and substantially involved in achieving, monitoring and refining the planned results.

The management structures of the Southern Africa Regional Democracy Fund (SARDF) and of the RCSA's infrastructure projects provide models for customer and partner consultation.

The SARDF Project Committee comprises two citizens from each of ten countries in the region and includes representatives of legal, academic, NGO and other sectors; two-thirds of its members, including its chair and co-chair, are women. The RCSA relies on the Committee's growing expertise (in part through SARDF activities) and on their readiness to serve as independent but committed supporters, and scrutinizers, of the program. Their contacts, and their participation in determining strategic directions and making tactical decisions, are essential to the strategy's success. A separate standing reference group of USAID and Embassy representatives from each post in the region provides local insights and contacts, as well as ensuring that planned RCSA activities are understood by and acceptable to the Embassies and bilateral USAID missions in the region.

The Infrastructure Steering Committee convenes every quarter. It is a mechanism to facilitate coordination, joint review and monitoring of the two major ongoing infrastructure projects, the SADC Transport Efficiency Project (STEP) and the Regional Telecommunications Restructuring Project (RTRP). It involves SATCC, the regional inter-governmental body responsible for transport and telecommunications, RCSA, bilateral USAID missions (Malawi and Mozambique), the project contractors and other donors active in the sector such as the EU. These quarterly meetings have helped to rationalize and better target assistance given to SATCC as well as to develop linkages with other donors active in infrastructure.

Customer involvement will be achieved through many of the methods listed above, but more innovative methods will be required as well. Growing electronic links will provide new tools for communication, including bulletin boards, list-serves and a World Wide Web homepage. Additional strategies for future consultation include wide dissemination of the strategic plan and greater reliance on Southern African partners for monitoring and analysis of results.

Face-to-face consultation between RCSA staff and its customers and partners will continue to be important, however. RCSA program staff travel frequently throughout the region, a way of doing business that guides all of the RCSA's activities, processes and procedures. Such continuous consultation is essential to monitor the status of the critical assumptions on which this strategy is grounded. The SO analyses above set forth the assumptions (relative political stability, continued macroeconomic stability, and the like) underlying the strategy's design. They are not all absolute requirements for strategic success. If there are significant changes in the assumptions underlying its SOs, for example assumed circumstances, the RCSA will seek the advice of the RCSA's regional partners and stakeholders to understand the nature and scope of the changes and determine whether and how the strategy should be modified.

SADC

As a particularly important institutional partner/customer of the RCSA, SADC deserves special mention. Under the ISA, SADC is a primary, but not the exclusive, partner with the RCSA in pursuing its goals in the region. SADC's Secretariat was repeatedly consulted, and provided substantive input, during the development of the RCSA's proposed strategic plan. SADC's Commissions and Technical Coordinating Units, including SATCC, SACCAR, and others, are

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also critical partners. Implementation of protocols and strengthening the sustainability of research institutions will require close collaboration with them. The RCSA can assist SADC to further provide a meaningful role for private and non-governmental institutions in the region's development. As a champion of regional integration, SADC is well positioned to play a pivotal role in promoting rational policies that could lead to broader economic growth. As implementation of the strategy continues, SADC and the RCSA will consider how to best target combined efforts on the activities that promise the greatest impact.

2. Complementarity with Other Donors and Bilateral USAID Missions

Achievement of this strategy will also require close coordination both with other regional donors and with bilateral USAID missions.

Donors

The involvement of other donors at the regional level currently includes support for specific regional institutions, such as SADC and selected non-governmental and civil society organizations; support for regional initiatives, such as the implementation of SADC protocols; and facilitation of linkages among national or local institutions that can contribute to the dialogue on regional integration. The RCSA's strategy is fully consistent with both these specific initiatives and with the broader and growing consensus among donors that regional cooperation represents the most promising opportunity for significant development in Southern Africa.

There is no established donor's forum through which information on such regional activity is exchanged, and there is no SADC or other single key recipient with which all donors work. The RCSA is taking a lead in increasing donor coordination at the regional level. At the SADC Annual Consultative Conference in Windhoek in January 1997, the RCSA hosted an informal gathering, with fourteen other donors attending. This was followed by a one-day meeting, held at the RCSA in April 1997 at which other donors and the RCSA presented their current and future portfolios. The outcome of this meeting was agreement on a more formal coordination framework and recognition among participants of the need and opportunities for greater coordination.

Bilateral USAID Missions

As described throughout this document, there is significant complementarity between the proposed RCSA strategy and the strategies of bilateral USAID missions in the region. Every bilateral USAID mission now has, or has proposed, an objective in the democracy and governance arena; in the interest of increasing governmental transparency and accountability, most are actively involved in supporting the governmental and civil society organizations upon which the RCSA strategy is built and that it, in turn, aims at supporting and strengthening. In addition, U.S. Embassies in all the countries of the region have Democracy and Human Rights programs under FAA Section 116(e). Five of the eight bilateral USAID missions have

objectives related to economic growth, business development, or improvement of macroeconomic conditions. The policy reforms they are pressing support the RCSA's efforts to open up protected markets, while the regional harmonization and other initiatives supported by the RCSA will promote their own economic growth goals. USAID/South Africa is contributing $50 million to the funding of SAEDF. Although there is not significant investment in agriculture at the bilateral level, some missions have programs that address rural poverty and food security, and half of the bilateral USAID missions have natural resource management objectives.

3. USAID/Washington

The RCSA has worked closely with the Global Bureau's Democracy Center in implementing the start-up strategy and in designing this long-term strategy. Several Global Bureau endeavors have also assisted the Mission in the economic and environmental portfolios.

The economic growth objective has requested field support from the Global Bureau in several critical assistance areas. A pre-feasibility assessment for a regional agricultural commodity exchange market will be undertaken in response to strong expressions of interest from regional stakeholders. The assessment will have implications for both the RCSA's trade and investment activities and for regional food security concerns. Field support will also help the RCSA to better understand the regional environment for investment in order to focus policy efforts on areas most apt to encourage harmonization of investment policies. Field support will also be used to conduct key evaluations.

The RCSA environmental portfolio benefits from its collaboration with the Global Bureau in many ways. The mission has used Bureau activities to carry out key analytic assessments needed for the development of the strategy, such as the Private Sector Assessment. In FY 1997, the RCSA will work with G/HCD to undertake an assessment of human capacity development needs for the strategy period, and to design appropriate interventions to address those needs most effectively. Additionally, the Bureau staff and activities have been and will continue to be key partners in carrying out analysis and formulating options for the RCSA's work in the area of transboundary natural resources management. One concrete way in which the RCSA benefits is from an ability to buy-in to the Cooperative Agreement with AAAS to provide the specialized technical expertise the mission, and the Agency, lacks in this area. The Bureau's technical staff have assisted also in the management of RCSA activities, such as G/EG providing critical technical guidance for the Heartwater Livestock Disease program led by the University of Florida.

Finally, a possible future assistance activity between the mission and Global is the Bureau's "WEB: Measuring Development Performance" activity. The Bureau's Economic Growth Center has developed a comprehensive, multi-dimensional measurement system to assess development needs across countries, as well as assessing economic performance. As proposed under the

strategy's Special Objective B, the RCSA will seek Global Bureau assistance in the development of a such regional multi-sector impact analysis.

The RCSA, which relies heavily on the region's inadequate communications systems, has a strong programmatic interest in fostering rapid and easy communication as a means of regional integration and cooperation, and sees access to electronic information sources as a highly productive means of expanding the expertise and information available to regional and national actors in Southern Africa. For all these reasons, the RCSA has welcomed teams implementing the Leland Initiative, USAID's program to promote greater internet connectivity throughout Africa, which it views as directly supportive of the RCSA's own program.

F. Management Issues

1. Parameters Cable

The RCSA and USAID/W met in November 1996 to discuss the parameters of the proposed 1997-2003 RCSA strategy. The RCSA strategy is in compliance with all agreed-upon tenets of the December 1996 Parameters Cable. The key foci of the strategy are trade and investment and the environment, accelerated regional adoption of sustainable agriculture and natural resource management approaches, and a Special Objective to increase capacity in managing transboundary natural resources. Given the importance of democracy and good governance to United States foreign policy interests and USAID priorities, the RCSA continues to support consolidation of democracy in the region through its efforts in the increased regional capacity to influence democratic performance objective. These objectives address issues that transcend Southern African borders; that can be managed more efficiently on a regional, as opposed to bilateral, platform; and that complement bilateral activities.

The resulting formulation of each objective was based on a highly participatory approach with Southern African, bilateral and other colleagues, as well as through detailed regional analyses. These processes provided the information needed to determine the RCSA's vision for what it can and cannot realistically accomplish by the year 2003 and, equally important, what the vision for Southern Africa would be without the mission's presence. As agreed, child survival and the issue of HIV/AIDS are not components of the strategy; SARP and other residual bilateral activities remain.

The RCSA's primary responsibility is to implement the Initiative for Southern Africa. In addition, it provides a limited ranger of services (contract, legal, and financial management) for bilateral USAID missions in the region. It also provides program management assistance for residual bilateral activities in the non-presence countries of Botswana, Lesotho and Swaziland.

An analysis of the RCSA's role in future closeout countries is not contained in the strategy due to limited RCSA staffing and time constraints, as well as to limited Washington assistance. A number of approaches to this transition are under consideration, however. An analysis will be included in the RCSA May and June Program Week presentations.

Finally, the proposed high, medium and low staffing and funding scenarios are within the established parameters.

2. Transitional Issues

Since the RCSA was initially conceived as a cutting-edge regional center to design and implement the new Initiative for Southern Africa, the list of its responsibilities has steadily grown. In addition to serving its ISA management mandate, the RCSA has also been asked to provide selected support services to client missions in the region and to provide oversight to residual programs from close-out missions in the region, including the large SARP portfolio.

Currently, countries with bilateral USAID presence include almost 97 percent of the region's population. With the planned closures of missions in Zimbabwe in 2003 and Namibia and South Africa in 2005 this figure will drop to 55-60 percent. These closures will leave the RCSA the primary source of U.S. foreign assistance for the majority of Southern African countries and much of the region's population.

The broad scope of these operational mandates affects every office of the RCSA, and has placed significant strain on human resources. This was particularly true up through September 1996 when the RCSA was operating at less than 60 percent of its approved staffing level. This continual strain on human resources has hampered program effectiveness, created serious management vulnerabilities, and deflected time and attention away from opportunities for responding innovatively to the original ISA mandates.

Since the RCSA opened its doors 24 months ago, it has sought opportunities for rationalizing its program management responsibilities: first, through orderly close-out and consolidation of its assigned management responsibilities for residual programs; second, by focussing its RCSA strategy on a few key development issues; and third, by seeking where practical to exclude from that strategy activities that require substantial on-the-ground management at the national level. Taken together, these steps will enable the RCSA to more effectively respond to the mandate of the ISA to carry out an innovative regional program within the given staffing constraints. These steps and associated management decisions are described below:

a. Consolidation of RCSA Program Management Responsibilities

Since October 1995, the RCSA has been assigned management oversight for two residual projects in Botswana, one project in Lesotho, and three projects and two endowments in

Swaziland. All of these with the exception of the two endowments have closed out or will do so this Fiscal Year.

In addition, the RCSA inherited management responsibility for sixteen active projects in the SARP portfolio[3] in agricultural research, transportation, and natural resource management. These projects represented a total portfolio value of $287 million and involved no fewer than six different accounting stations and eight different missions or USAID/W offices with direct project management responsibilities. Of these projects, one agricultural research project and four transportation projects will close by end of FY 1997.

The remainder of these SARP projects continuing into FY 1998 have been fully integrated into the ISA portfolio. The RCSA will have direct management responsibility for all but the following:

- The Southern African Root Crops Research Network (SARRNET) will continue to be managed by USAID/Malawi (PACD 9/98)
- The SADC Transport Efficiency Project/Policy Analysis Assistance to SATCC (STEP/PAAS) will continue to be managed by USAID/Mozambique (PACD 9/98)
- The Namibia, Zambia, and Zimbabwe components of NRMP will be managed by the respective bilateral USAID missions (last PACD 8/99), and the RCSA will manage the Botswana and regional coordination (with the SADC unit in Malawi) components (PACD 8/99).

It is the RCSA's expectation that, upon the termination of these projects, any follow-on regional activities would be managed directly by the RCSA unless there are compelling reasons otherwise. In any case, the RCSA will provide the technical oversight for all regionally funded activities.

b. Focus of RCSA Strategy

The size of Southern Africa compared to the limited resources available to the RCSA requires a tight focus in the RCSA strategy. At the RCSA's February stakeholder workshop, bilateral USAID mission directors, USAID/Washington representatives, and Southern Africans alike explicitly recognized this limitation and urged the RCSA to focus its efforts to get the most significant regional impact possible. This has been done by narrowing the range of sectors targeted.

[3]Counting STEP/PAAS, STEP/RSIS, and the individual country components of the Regional NRMP as separate projects.

This narrow focus limits the RCSA's ability to respond to the range of development needs in the countries in the region. These limits will be felt acutely by the close-out countries of Botswana, Lesotho, and Swaziland. It will also place constraints on the RCSA's ability to pick up activities that are being phased out by the next generation of close-out missions as they progressively scale back their portfolios. However, the RCSA believes that within the Strategic Objectives proposed in this strategy, there are nevertheless promising opportunities for interventions that offer important development benefits to all countries in the region.

c. Implementation of RCSA Programs at the National Level

In the design of the proposed RCSA strategy, the RCSA has sought to exclude any activities that required national-level interventions and hence could be better addressed by bilateral USAID missions or by others operating at a national level. However, it is apparent that achievement of results at the SO level in most if not all of the proposed SO areas would require interventions with national governments or institutions at the national level. These may involve policy dialogue for policy harmonization, drafting of national legislation, training of public sector officials, conducting research at the national level to be shared regionally, data collection activities coordinated through national universities.

While the RCSA recognizes the comparative advantage of bilateral USAID missions or other donors in implementing activities at the national level, it nonetheless recognizes that this alternative may not always be a realistic option. Where it is not, the RCSA believes it is critical for it to consider assuming implementation responsibility. Such responsibility would need to be carried out in close consultation with bilateral USAID missions and embassies as appropriate, as is currently being done under the Regional Telecommunications Restructuring Project, which provides technical assistance in support of national-level policy dialogue and parastatal restructuring.

Where on-the-ground management is crucial to success, the RCSA is prepared to consider other management approaches, including providing funding to bilateral USAID missions willing to manage a national component of a regional program, as has been done with the Namibia component of the Regional NRMP.

III. Resource Requirements

A. Programming Scenarios

Based on the December 1996 Parameters Cable, the RCSA has established three funding scenarios within the range of $25 million to $40 million in annual OYB. The RCSA's preferred, or high, funding scenario would start with $35 million a year in OYB in FYs 1998-99, which would represent a transition period during which the RCSA would close out existing SARP projects and design activities for its new portfolio. In keeping with the ISA's operating philosophy of Southern African-led design and implementation,the RCSA would need this transition period to pursue collaborative design efforts involving a broad range of customers and partners. Beyond the FY 1998-99 transition period, the RCSA would seek funding at $40 million a year. Total ISA funding over the planning period under this preferred, or high, funding scenario would be $230 million, bringing the total funding for the ISA since FY 1995 (including USAID/South Africa's $50 million contribution to the SAEDF) to over $428 million.

At this high funding scenario, the RCSA could move ahead quickly to take advantage of the many windows of opportunity which currently exist in the region to achieve important development objectives. The sense of promise and potential of the new and expanded Southern African region since 1994 needs to be translated into tangible benefits soon or important momentum could be lost.

A crucial window of opportunity is that represented by the SADC protocols and its agenda of economic integration. Inspired not only by the timetable for WTO compliance but also by the heightened interest in the region's investment potential following the transition in South Africa, this agenda is time-sensitive. With existing levels of support by the region's political leadership, it offers many opportunities to pursue further economic liberalization, capitalize on past investments in the region's transport infrastructure, and create markets for the region's stagnant agricultural sector.

Another window of opportunity which has opened since 1994 is that of harnessing the combined natural resource assets of the new, enlarged Southern Africa to capture their intrinsic economic benefits while preserving them for future generations. The growing foreign interest in eco-tourism presents both opportunities and risks; Southern African decision-makers need to be equipped to identify and manage those risks to preserve the region's wilderness and wildlife. The potential for rational management of the region's scarce water supplies must be captured now, before planned development projects preempt more economic water-sharing schemes.

Finally, the emergent sense of regional community itself may be ephemeral if divergences in political practice start to divide the unity of SADC's political leadership. Links must be

constructed now which can ensure the champions of democratic reform in the countries of the region are equipped with ideas and approaches which have worked in the country next door.

These are exciting and promising windows of opportunity which the ISA was designed to take advantage of. However, these windows may soon close due to the growing political and social pressures from population growth, resource depletion, and economic stagnation. The RCSA's high funding scenario would ensure that new initiatives could begin under the SOs and Special Objectives described above to respond to this urgency. For example,

- In the high funding scenario, the Democracy and Governance SO would be funded at a maximum level of $4 million a year, permitting it to make more, and larger, grants under the SARDF, perhaps contributing sufficient resources to selected institutions to establish them as genuine centers of excellence in the region.

- The Market Integration SO would provide critical support to implementation of the SADC protocols in Trade, Transport, Communications and Meteorology, Energy and possibly Finance. It would contribute toward selective financing of agreed improvements in the region's customs facilitation services, establishment of a regional agricultural commodity exchange, development of methods to better maintain the region's roads and more efficiently linking up the regional power grid.

- The Ag/NRM SO would be able to invest in institutional and human capacity building, initiate an innovative technology development and transfer program working with the private sector, and accelerate replication of successful CBNRM approaches in several countries on a scale that would ensure attainment of the SO target.

- Under the TBNR Special Objective, the RCSA would be able to support pilot projects in transboundary water resource management and possibly contribute to private sector initiatives in establishing transboundary parks.

- Finally, the M&E Special Objective would be fully funded to support establishment of a regional capacity to carry out participatory monitoring of regional development trends.

Design and implementation of these initiatives under the high funding scenario would, however, require additional positions in the RCSA workforce ceiling, as follows: two program-funded TCN/CCN positions assigned to the Market Integration SO; one program-funded TCN/CCN PSC and one OE-funded support staff would be required to support activities under the Ag/NRM SO and the TBNR Special Objective A, in addition to whatever staffing requirements are identified in FY 1998 (which is likely to include an additional USDH position beginning in FY 1999); and one program-funded TCN/CCN PSC to help coordinate the work of participating Southern African partners in implementing the M&E Special Objective B.

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The allocation of funding by objective under this high funding scenario is shown in the table below:

Table III.1

	PREFERRED FUNDING SCENARIO ($000,000)							
SO	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	TOTAL	%
SO 1	3.0	3.0	3.5	4.0	4.0	4.0	21.5	9%
SO 2	18.5	16.5	17.0	16.0	16.0	16.0	100.0	43%
SO 3	10.5	10.0	12.0	12.0	12.0	12.0	68.5	30%
SpO A	2.5	3.0	5.5	6.0	6.0	6.0	29.0	13%
SpO B	0.5	2.5	2.0	2.0	2.0	2.0	11.0	5%
TOTAL	35.0	35.0	40.0	40.0	40.0	40.0	230.0	100%

Without these program levels and additional staff resources, the RCSA would be unable to respond in a timely fashion for the opportunities present in the region. It would have to focus on maintaining its obligations to on-going activities designed under the start-up ISA strategic framework and the new activities begun in FY 1996-97, deferring new initiatives until later in the planning period. Yearly obligations to SARDF would drop to $2 million, reducing the number of focus areas and grantee organizations the RCSA could support. Obligations against the SAEDF mortgage under the Market Integration SO would need to be stretched out to FY 2000, which would require an adjustment to the final disbursement date of 1999 established in the grant agreement. Only under the medium-funding scenario would there be adequate resources to initiate any new activities under the Market Integration SO, and these would likely be limited to assisting in the development of a regional agricultural commodities exchange until after FY 2000. Under the Ag/NRM SO a modest follow-on to the regional agricultural research coordination project would build in recommendations from the AFR/SD Sustainable Financing Initiative activity but significant investments in human and institutional capacity building would be dropped. Activities to consolidate and extend successful models for community-based natural resource management would have to be deferred until FY 1999 or later and remain modest in scale. Constraints on staffing would require new program design in the Special Objectives for TBNR and M&E to concentrate on analytical work and information-exchange, foregoing opportunities to invest in promising pilot efforts and demonstration projects.

Table III.2

SO	MEDIUM FUNDING SCENARIO ($000,000)							
	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	TOTAL	%
SO 1	3.0	3.0	3.0	3.0	3.0	3.0	18.0	9%
SO 2	16.5	15.0	15.0	15.5	15.5	15.5	93.0	45%
SO 3	10.5	10.0	10.0	10.0	10.0	10.0	60.5	30%
SpO A	2.5	3.0	5.0	5.0	5.0	5.0	25.5	12%
SpO B	0.5	2.5	1.5	1.5	1.5	1.5	9.0	4%
TOTAL	33.0	33.5	34.5	35.0	35.0	35.0	206.0	100%

Table III.3

SO	LOW FUNDING SCENARIO ($000,000)							
	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	TOTAL	(%)
SO 1	2.0	2.0	2.0	2.0	2.0	2.0	12.0	8%
SO 2	13.5	12.0	12.0	12.0	12.0	12.0	73.5	48%
SO 3	8.0	8.0	8.0	8.0	8.0	8.0	48.0	31%
SpO A	1.5	1.5	4.0	4.0	4.0	4.0	19.0	12%
SpO B	0.0	2.0	0.0	0.0	0.0	0.0	2.0	1%
TOTAL	25.0	25.5	26.0	26.0	26.0	26.0	154.5	100%

B. Staffing Requirements

The staffing configuration of the RCSA is complex and reflects its varied mandates: to design and implement the ISA and residual SARP programs; to manage residual programs and provide EXO support in the close-out countries of Botswana, Lesotho, and Swaziland; and to provide services in legal, contracting, and financial management support to selected client missions in the region. For purposes of this plan, the RCSA has separately identified the staffing needed for managing the ISA

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portfolio (which has fully integrated remaining SARP activities) proposed under this strategy from those required for the other RCSA mandates.

1. Staffing Needs to Manage ISA Program

The RCSA has learned that management of a regional program is significantly more staff-intensive than may have originally been appreciated when conceiving the RCSA. The task of understanding and monitoring socio-economic and sectoral developments in twelve SADC countries covering such vast distances is a challenge in itself. Ensuring adequate communication with an extended and diverse network of partners takes staff time and management attention, especially considering that a regional network includes government ministries, NGOs, donor representatives, and consultants in not one but up to twelve countries, plus: bilateral USAID missions themselves, Embassies in close-out countries, SADC and its 17 sector coordinating units, and regional NGOs. These are not inconsiderable responsibilities that fall above and beyond the normal program management work of a traditional bilateral USAID mission.

Table III.4

WORKFORCE RESOURCES
ISA PROGRAM MANAGEMENT: LOW AND MEDIUM FUNDING SCENARIO

WORKFORCE CATEGORIES		OE Funded Positions			Program Funded Positions	Total Positions Allocated	Fellows
		USDH	Inter-nationally Recruited	Locally Recruited			
ISA SO MANAGEMENT STAFF	Strategic Objective 1: (DG)	1.0			2.3	3.3	
	Strategic Objective 2: (Market Integration)	1.1			7.8	8.9	
	Strategic Objective 3: (Ag/NRM)	1.7			4.6	6.3	
	Special Objective A: (TBNR)	[4]		0.5	1.3	1.8	1.0
	Special Objective B: (M&E)	0.5				0.5	
	Subtotal SO Staff	4.3	0.0	0.5	16.0	20.8	1.0
ISA SUPPORT SERVICE STAFF	Mission Management	1.7		1.0		2.7	
	Controller	1.0	1.0	8.4		10.4	
	EXO	0.5	0.9	32.5		33.9	
	Contracts	1.0		3.0		4.0	
	Legal	1.3		0.6		1.9	
	Program	1.5		3.0		4.5	
	Project Development	0.8		1.5		2.3	
	Other	0.6				0.6	
	Subtotal Support Staff	8.4	1.9	50.0	0.0	60.3	
CLIENT MISSION SUPPORT SERVICE STAFF		3.3	0.1	9.5		12.9	
TOTAL RCSA WORKFORCE POSITIONS		16.0	2.0	60.0	16.0	94.0	1.0

[4]This Special Objective is likely to require one USDH position beginning in FY 1999. This is to be reviewed in next year's R4 submission.

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Table III.5

WORKFORCE RESOURCES
ISA PROGRAM MANAGEMENT: HIGH FUNDING SCENARIO

WORKFORCE CATEGORIES		OE Funded Positions			Program Funded Positions	Total Positions Allocated	Fellows
		USDH	Inter-nationally Recruited	Locally Recruited			
ISA SO MANAGEMENT STAFF	Strategic Objective 1: (DG)	1.0			2.3	3.3	
	Strategic Objective 2: (Market Integration)	1.1			9.8	10.9	
	Strategic Objective 3: (Ag/NRM)	1.7			5.1	6.8	
	Special Objective A: (TBNR)	[5]		0.5	1.8	2.3	2.0
	Special Objective B: (M&E)	0.5			1.0	1.5	
	Subtotal SO Staff	4.3	0.0	0.5	20.0	24.8	2.0
ISA SUPPORT SERVICE STAFF[6]	Mission Management	1.7		1.0		2.7	
	Controller	1.0	1.0	9.4		11.4	
	EXO	0.5	0.9	32.5		33.9	
	Contracts	1.0		4.0		5.0	
	Legal	1.3		0.6		1.9	
	Program	1.5		3.0		4.5	
	Project Development	0.8		2.5		3.3	
	Other	0.6				0.6	
	Subtotal Support Staff	8.4	1.9	53.0	0.0	63.3	
CLIENT MISSION SUPPORT SERVICE STAFF		3.3	0.1	10.5		13.9	
TOTAL RCSA WORKFORCE POSITIONS		16.0	2.0	64.0	20.0	102.0	2.0

[5]This Special Objective is likely to require one USDH position beginning in FY 1999. This is to be reviewed in next year's R4 submission.

[6]Includes the R4 request for an additional nine OE funded locally recruited positions which assumes that contracting support to USAID/Zambia is transferred to another mission.

The RCSA has estimated its staffing needs to manage the proposed strategy based on this operating experience to date. These estimates show that current program-funded staffing ceilings are only sufficient to manage a portfolio such as the current one at the low or medium funding scenarios averaging between $25 - 35 million a year over the planning period. Funding significantly above that level will require 1) at least four additional program-funded staffing ceiling, as identified above in Section A;[7] and 2) four additional OE-funded positions in OFM, RCO, and ADNR to support ISA program management. In addition, as documented in this year's R4 submission, an additional nine OE-funded CCN PSC positions are required to address management vulnerabilities in administrative and contracting operations. (Please refer to the R4, pp. 34-35 for further detail.)

[7]The TBNRM Special Objective is also likely to require additional positions beyond FY 1999. These will be identified in the RCSA's R4 submission next year.

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2. RCSA Services to Bilateral USAID Missions

The RCSA responsibilities for providing financial, legal, administrative and contracting services to client missions in the region represents a significant commitment of staff resources, as represented in the table below.

Table III.6
RCSA Client Mission Services

Client Missions	Legal Services	Contract-ing Services	Financial Services	Admini-strative Services
USAID/Namibia	√	√	√	
USAID/Zambia	√	√		
USAID/Malawi	√	√		
USAID/Zimbabwe	√	√		
USAID/Tanzania	√			
USAID/Mozambique	√			
USAID/Madagascar	√			
USAID Representative to Angola			√	
Botswana - Residual Activities	√	√	√	√
Swaziland - Closeout Activities	√		√	√
Lesotho - Closeout Activities	√		√	√
RCSA - ISA Activities	√	√	√	√

It is expected that the level of services required to support residual activities in the three close-out missions will significantly decline through the remainder of FY 1997 and early FY 1998. Excluding those services, an estimated 13 positions of the RCSA's total authorized positions are currently dedicated to servicing needs outside ISA program management requirements and the staff assigned to regional client mission support positions.

As documented in the RCSA's R4, these responsibilities are placing considerable strain on the RCSA's RCO and OFM offices. In response, the RCSA has initiated discussions with AFR/SA on possible changes to client mission financial and contracting service configurations in the region. In addition, an increase of two OE-funded positions are needed for the RCO, and were requested in the R4 submission. Depending on final USAID/W decisions on how non-NMS sites will be supported once NMS is fully implemented, further realignments of client services and/or additions to RCSA support office staffing may be required.

C. Operating Expense Requirements

The Operating Expense (OE) Budgets for FYs 1998 and 1999 have been modified from the FY 1999 R4 submission to reflect the staffing levels required to support the USAID/RCSA's strategy at both the Low/Medium and High funding scenarios. These urgently needed staffing levels and related OE budget increases were discussed in the R4 submission but were only included in the FY 1999 Request Level as per the R4 instructions. To the extent possible, USAID/RCSA tried to absorb the cost of the additional nine positions requested in the R4 in FY 1997 and FY 1998 by deferring procurement plans and applying other cost savings efforts. However, to contend with staff shortages, internal control weaknesses and training needs, TDY and other contract support services will be required in FY 1998 and have now been budgeted accordingly.

The OE budget figures in Tables III.7 and III.8 below reflect the salaries and related allowances, equipment and furniture for the additional OE funded Cooperating Country National staff requested. The Tables do not, however, include figures for the possible addition of a U.S. Direct Hire as noted in the Workforce Resources Tables. This position would require additional OE funds of approximately $75,000 beginning in FY 1999 for travel and transportation to post, allowances, furniture, equipment, housing and related maintenance and utility costs.

At the low and medium funding levels, the FY 1998 OE requirement will increase by 2.3 percent over the R4 budget figures. No change in the FY 1999 OE budget is expected under these funding scenarios. At the high funding scenario an additional increase of 4.2 percent in FY 1998 is anticipated, and an increase of just 1.9 percent over the FY 1999 R4 level will be required to support the expanded program. For the period FY 2000 to 2003, the Operating Expense requirements will total $16.5 million at the low and medium funding scenarios and $16.8 million at the high funding scenario.

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Table III.7
Low and Medium Funding Scenarios
Projected Operating Expenses
($000)

	FY 1997	FY 1998	FY 1999	FY 2000-03	Total
OE Totals	3,134.2	3,340.4	3,639.2	16,469.7	26,583.5

Note: As in the R4 submission, an inflation rate of 5 percent has been assumed throughout the planning period, and no significant exchange rate fluctuations are expected.

Table III.8
High Funding Scenario
Projected Operating Expenses
($000)

	FY 1997	FY 1998	FY 1999	FY 2000-03	Total
OE Totals	3,134.2	3,480.5	3,709.3	16,786.8	27,110.8

Note: As in the R4 submission, an inflation rate of 5 percent has been assumed throughout the planning period, and no significant exchange rate fluctuations are expected.

Regional Center
for
Southern Africa
Strategic Plan
1997 - 2003

ANNEXES

Annex I
RCSA Strategy (1997-2003)
DEMOCRACY AND GOVERNANCE IN SOUTHERN AFRICA

I. Background: Facts and Trends

The end of apartheid and of the Cold War dramatically transformed Southern Africa. From 1990 onwards, apartheid-related civil conflict ended and credible transition elections were held in four countries; one-party regimes were overturned by elections in two others and changed peaceably in a third, while a ruling party goal of formalizing the one-party state was abandoned in a fourth; and the general climate for democratic progress improved throughout the region. In 1990, the regimes ruling over 98 percent of the region's population banned or disapproved advocacy of non-racial multi-party democracy; seven years later, the governments of more than 99 percent of the region's population are at least nominally committed to non-racial democracies.

The continuing efforts of Mozambique, Namibia, South Africa, and others to institutionalize their new political systems and address their many problems through democratic means are less dramatic than the overthrow of apartheid but more telling indications of genuine commitment. Most governments in the region harbor a deep and genuine commitment to accountable and, to a somewhat lesser degree, transparent democratic governance, and there is little advocacy within the region for halting or reversing the "democratic advance" of recent years. SADC and many of its individual members have shown a growing readiness to insist on democratic government as a sine qua non of full participation in regional affairs.

Nonetheless, the post-apartheid glow has dimmed and some unrealistically high expectations have been dashed by democracy's failure to bring the millennium. Political tensions in Swaziland are high as it emerges from a lengthy strike aimed at forcing more rapid political change. The re-election of Zambia's president was tarnished by a non-participatory and highly controversial constitutional amendment designed to exclude his major potential rival, as well as by a partial election boycott and allegations of vote-rigging; following the election, actions against opposition party members and the press have risen as well, while the president himself has acknowledged a serious problem of corruption. Asserting that only the ruling party may make policy, Zimbabwe's president recently denounced the view that parliament has any role in initiating or deciding on policy change, while allegations of abuse of official position continue to grow in that country. A police mutiny and associated events in Lesotho raise questions about the stability and responsiveness of that country's political system as well.

It is clear, in short, that democracy is by no means firmly rooted in the region.

Political Characteristics of the Region

The political cultures of Southern Africa share a number of important features. Distinctive and positive features of Southern Africa's approach to democracy include: the value placed on regular elections expressing a mandate by the voters, a reasonably free and independent press, respect for judicial independence, a relatively competent and uncorrupt state administration, and constitutional government.

The following summarizes the regional situation with respect to five important dimensions of the "cluster of well-functioning democracies" to which the ISA committed the United States. Characterizations of the region contained in the following comments may not be fully applicable to all countries, and in particular to Angola. (Due to its different political culture, history and practice, Mauritius has for the most part not been included in the regional DG program.)

Rule of law/law-based state. The formal structures of a law-based state are in place virtually everywhere in the region. Constitutional forms are generally respected: lawsuits against the state, for example, are properly argued and adjudicated, and adverse judicial rulings are either followed or dealt with "correctly" (e.g., by changing the constitution or statutory provision). In many if not most states, however, the reality is that there is little differentiation -- in fact or general perception -- between the state and the party in power and the executive is overwhelmingly dominant within government and the predominant actor in society as a whole.

The justice system of every country in the region is under stress, with resources of all kinds insufficient to meet demand. Even where judges are skilled and capable, the formal court system is rarely seen as an effective means of vindicating the rights of the ordinary citizen. Legal codes are often outdated, internally contradictory or otherwise inadequate to the needs either of citizens or of business; there are far too few trained legal professionals; resources to administer the justice system are grossly insufficient. On the positive side of the ledger, however, is the fact that court judgments are generally respected and the judicial function held in reasonably high regard.

Functioning state. The region's political systems, with the exceptions of Angola and Mozambique, are broadly based on the Westminster model; most administrative systems generally follow similar British models.

In most countries (again except Angola), the state is reasonably well-functioning. The degree of corruption in state institutions varies greatly and is growing, but on the whole corruption does not appear to be a determining factor in provision of state services. Civil servants, administrators and judges often possess adequate skills and training, but legislators rarely have the skills or knowledge to function effectively. Governmental resources range widely, but in even a "best case" such as Botswana reflect budgetary stresses.

Less positively, administrative traditions inherited from colonial days are centralizing and paternalistic, and thus discourage the participation at the local level which is increasingly viewed as key to instilling democratic norms and habits in the citizenry. More participatory traditional authority systems exist with wide variations from country to country. Although their authority is generally respected, the judiciary and legislature are rarely able to check or challenge the executive power. The state -- and in particular the executive -- is generally seen (and sees itself) as the guiding element in society; but its human and other resources are frequently insufficient to play a strong leading role.

Government's role has changed and, often, diminished in most countries in the region, due both to reduced resources and the ideological and pragmatic discrediting of socialist models. While the overall impact of this decline remains unclear, among the effects are the increased scope for non-governmental entities and civil society to influence DG developments in the region. The need to assure administrative transparency is increasingly recognized, and at least some mechanisms, such as ombudsman's offices, anti-corruption commissions or auditors-general, are in place in most countries. Their authority and performance have been mixed, and they cannot yet be said to have become an institutional part of the administrative picture.

Political society. Multi-party democracy is a very recent novelty almost everywhere in the region. While the countries of the region are all in varying degrees committed to multi-party democracy, they have little significant experience with genuinely contested elections or peaceful changes of power through elections. Parties are generally not ideologically-based and frequently derive their support largely from personal, "liberation" or other historical, or ethnic loyalties, a factor that contributes to the region's patronage-based politics and abuse of power following from failure to distinguish between political and governmental roles.

Elections have often been viewed as one-time events rather than as only part of a continuing process of democratic governance. The failure of democratically-elected governments to deliver on their promises, and the venality of many of those elected on democratic platforms, contribute to a sense that the genuine "culture of democracy" is not yet entrenched in the region.

Government is viewed more as something that is done to people than as something that the people control. Active engagement with government in any form by women and other historically marginalized groups is minimal; popular participation in elections, and understanding of their purpose as a mechanism for testing public support, are often low. There is little or no tradition of constituent service by elected officials and elections are not yet established as an effective means of responding to political or social pressure. On the other hand, most political leaders in the region appear to place real value on obtaining some form of genuine electoral mandate. In part for this reason, the elections held throughout the region in recent years have been widely regarded as successful.

The absence of effective political pressure, combined with paternalistic administrative traditions, results in low levels of transparency and accountability in government at both political and administrative levels. Parliaments have no tradition of public hearings or of conducting other forms of oversight of the executive, but parliamentary interest in performing this function is growing around the region.

Civil society. With the partial exception of South Africa, the NGO sectors in all eleven countries are weak to non-existent. The strong tradition of state leadership and control over society stands in the way of acceptance by governments, or by society as a whole, of the positive, guiding role to be played by civil society. What NGOs exist generally have little outreach beyond capitals and are often led by members of the privileged elite with limited ties to the population at large. NGOs are frequently viewed as both alien and inherently opposed to government, and treated accordingly.

South Africa not excepted, NGOs struggle to sustain themselves in an environment where the scarcity of local funding sources is compounded by lack of a tradition of voluntary support for civil society or a legal structure encouraging such support. Donor funds are declining; what corporate resources exist are rarely made available to the "controversial" NGOs disproportionately concentrated in DG.

Despite the proliferation of new newspapers, the media -- perhaps the most important single civil society "check" on government -- are weak and vulnerable almost everywhere. Save for the major South African media, professional skills are low and the media's commercial viability is questionable at best. Government-media relations are often tense, and freedom of the press rests on an economically and, often, politically shaky base throughout the region.

Regional integration. The region-wide democratic trend has accentuated a sense of community among some DG groups, together with a readiness to coordinate their activities, and a new awareness that progress or setbacks in one country can significantly affect the DG situation elsewhere. Both government and civil society groups within some countries see regional cooperation and integration as essential to their national survival. Thus, region-wide adoption of the democratic political ideology has increased the opportunities for regional coordination by both governmental and non-governmental groups. Nevertheless, there are very few civil society entities with a regional perspective and few of the national-level human rights and other groups have (or can afford to have) a regional orientation. Progress in regional cooperation in DG has therefore taken place principally through various national-level bodies. An exception is the recent proliferation of effective media cooperation initiatives. Ad hoc cooperation, often at the sub-regional level, also appears to be growing in electoral administration and among NGOs active in DG issues.

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With the passing of anti-apartheid solidarity as its principal *raison d'être*, SADC has come explicitly to recognize that creation of a genuine regional community requires a degree of political compatibility which can be achieved only through continued democratic progress in all member countries. DG activity is inherently difficult for an inter-governmental organization to handle, however, and although the SADC has promoted the regional SADC Parliamentary Forum, SADC NGO Council and the SADC Security Organ, it is otherwise inactive in the sector.

II. Participatory Analysis of Options in the Strategy Development Process

Consultations

The proposed strategy was developed on the basis of extensive consultations conducted since authorization of SARDF (the sole DG activity under the start-up framework) in August 1995. Consultations occurred in a number of ways. RCSA staff have traveled to most countries of the region, holding substantive meetings on strategy issues at bilateral missions and embassies and individual or small-group discussions with approximately 90-95 representative CSOs, governmental bodies, donors and others.

Strategy issues were discussed extensively by the SARDF Project Committee in plenaries held in February 1996 and February 1997; subcommittees of the Project Committee also analyzed strategy issues with RCSA staff in several-day meetings held in August 1995 and June and September 1996. The Project Committee, made up of two citizens from each of ten of the eleven SARDF countries, includes representatives of legal, academic, NGO and others sectors. Two-thirds of its members, including its chair and co-chair, are women.

SARDF Post Coordinators, usually USAID DG staff or Embassy DCMs or political officers, have been consulted regularly by E-mail, phone and fax on strategic as well as implementation issues throughout the past 18 months. The Post Coordinators considered strategy issues both jointly with the Project Committee and separately in the February 1996 and 1997 plenaries. As separately discussed in this strategy document, a broader grouping of Southern Africans, finally, along with Mission Directors and other bilateral and USAID/W personnel, was consulted in December 1996 and February 1997 strategy meetings.

The basic analytical conclusions emerging from these consultations are reflected in the body of the narrative. These conclusions, as well as most if not all of the specific decisions on programming options noted in this annex, developed progressively from the highly interactive and continuing consultations described above, and it is for this reason difficult to associate specific discussions or events with specific conclusions. Development of the proposed strategy was based principally on consultations, supplemented by existing analytical work.

Programming Options Considered

It was recognized quite early that the most effective long-term strategy might require approaches and focusses significantly different from those in the start-up framework. Starting in November 1995, RCSA staff sought the views of the SARDF Project Committee and many others around the region on these issues; many of these issues were extensively discussed in particular during plenary and Small Group meetings throughout 1996 and early 1997.

Relationship to regional inter-governmental bodies. SADC and other regional "governmental" bodies such as COMESA and the several river basin commissions play a very small part in the RCSA's proposed DG strategy. The principal reason is that only SADC has an official interest in DG developments, and its own activities in this sensitive area have to date been few and tentative. The RCSA did, however, consider the possibility of conducting a program to improve the internal working of such regional entities, much as bilateral donors work with their host governments. This option was not adopted, for several reasons. Among the most important of these was that the RCSA has fewer advantages in doing such work as compared to other donors, e.g., the EU with SADC. The RCSA's strongest comparative advantage lies in working with non-governmental (or non-executive) entities. Finally, it was concluded that in specific areas where such bodies were likely to play an important role in achieving RCSA objectives, such basic DG objectives as improving transparency and accountability were already being pursued under the Market Integration and other SOs.

Civil society or government? Because states in the region have limited capacity to provide either general governmental services or, specifically, those necessary to encourage and support economic development, it has been suggested that the RCSA's DG strategy should be aimed at improving the functioning of government rather than focus on civil society and participation. Two reasons led to retaining the emphasis on civil society established in the RCSA's start-up period. The impediment to democratic consolidation most frequently identified in consultations was the dominance of the executive in national political life, and the related weakness of CSOs seeking to play an active and independent role vis-a-vis the executive. While recognizing that governmental capacity to handle not only rising expectations of performance but the demanding procedural aspects of greater transparency, accountability and participation is also critical for democratic governance, it was concluded that the highest priority for achieving a healthy polity lay in strengthening non-executive actors.

Second, bilateral missions and donors have a clear comparative advantage in the intensive (and often expensive) work of improving governmental systems and internal practices. Each state has its own unique structures, and is a closed and autonomous system to a far greater extent than are CSOs. In the absence of any supranational governmental structures or other coordinated governmental initiatives to work regionally, there is no particular motivation on their part to participate in such efforts. Relatedly, CSOs appeared readier to recognize the commonality of problems, better able

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to apply regionally-shared information and lessons drawn from others, and motivated to work regionally.

Stand-alone or EG-oriented SO? The RCSA seriously considered whether its DG activities should be focussed on direct support for economic growth rather than having a "stand-alone" character supportive of the subsidiary ISA aim of "a democratic Southern Africa." One such approach would be to focus on the quality and effectiveness of institutions the reliability and soundness of which are of immediate relevance to both internal and external investors. Such a program would focus on building the specific conditions (e.g., respect for contracts, neutral dispute resolution, property rights and security of tenure) the presence of which would have the greatest impact in drawing and retaining investment.

A second approach, closer to the existing SARDF orientation, would focus networking and advocacy grants on groups directly affecting EG policymaking -- farmers' unions and other economic interest groups, chambers of commerce, etc. A test for all grant-making would be whether supported activities directly related to improving the quality of EG policymaking (e.g., support for training in economic and business reporting, rather than for reporting in general or political reporting).

In the end, the mission concluded that a comparable contribution to promoting EG-specific advocacy would result from broad promotion of transparency and accountability and "regionalizing" democratic advocacy and values as from supporting individual EG advocacy groups -- particularly as some more targeted support will also be provided under the Market Integration SO.

A related question is whether, by unleashing undisciplined forces challenging the existing order, democratic reform risks destabilizing governments and in so doing undermining other RCSA goals. While the problem is real, the risk appears relatively small since the impacts of the regional activities described in this strategy are at a significant remove from the domestic political grassroots. Perhaps more important, the greater long-term danger comes from executive-dominated political systems which are structurally ill-suited to meet the complex demands of operating in the modern world. The greater flexibility associated with more transparent and accountable political systems is in fact an essential means of reducing the risk of violent destabilization.

Single-country interventions? Generally speaking, activities confined to a single country are inconsistent with the "regional" mandate. The RCSA is also aware of the sensitivity of proposing any stand-alone activity in a non-presence country. There may, however, be occasions when a single-country activity will have significant regional DG implications. Although the RCSA has no expectation of funding such activities, it would not preclude doing so in the event an important opportunity arose which could not readily be met by other donors or other USG funding mechanisms.

Conflict prevention/resolution. With the exception of the slow wind-down of apartheid-fed wars, as in Angola, there has been no significant armed conflict in Southern Africa since the end of apartheid, and the commitment of regional leaders to ensuring continuing peace has been shown in many ways, including the recent institutionalization of the SADC Organ on Politics, Defense and Security. Despite recent cause for concern in Swaziland, Zambia and elsewhere, the risk of active conflict in the region is relatively low. While consideration was given to devoting significant funding to a regional conflict prevention activity such as ACCORD's initiative in Southern Africa, the RCSA can make a greater contribution to conflict prevention by promoting more flexible governance and greater "regional" thinking on DG as well as EG and other issues such as water which have the long-term potential of producing conflict. Success in those elements of the strategy will lead to greater prosperity and interdependence, encourage the region to address issues before they reach the point of conflict, and reduce the attraction of appeals to ethnic or nationalist division. In that sense, the entire proposed strategy aims at conflict prevention. The RCSA sees no regional comparative advantage in working on intercommunal, labor-management or other internal/national-level conflict prevention or resolution issues.

Local government. The RCSA was asked, during review of the start-up strategy, specifically to consider the possibility of supporting local government reform. This issue was raised consistently in consultations, and a study was prepared exploring the possibility of conducting regional local government-strengthening activities. While it is clear that local government faces similar basic problems in much of the region, neither consultations nor the study produced persuasive evidence of any real or perceived significant regional comparative advantage in promoting such reform as a major area of focus. The RCSA does not preclude supporting initiatives in local government otherwise meeting its regional criteria and offering the prospect of significant sharing of expertise and solutions, but does not envisage making it a defined area of focus for its work.

Grassroots focus. The SARDF start-up framework focussed in large part on helping create a broad "culture of democracy," and envisaged a program having grassroots impacts around the region. Experience under SARDF has demonstrated the rarity with which genuinely grassroots impacts can be achieved through genuinely regional programs: the vast majority of applications promising such impacts were in fact "bundled bilateral" projects the regional character of which was highly questionable, and which in any event fell afoul of the mandate that the regional program should avoid activities which could be conducted as well through bilateral programs. Discussions with USAID missions in the region confirmed that attempts to have such impacts were likely to fail due to the RCSA's lack of an on-the-ground presence in the region. The RCSA therefore concluded that having direct grassroots impacts should not itself be a criterion for the long-term strategy, and that due to their comparative advantage in conducting such work, activities focussing on grassroots impacts should generally be left to bilateral programs.

To the extent that CSOs and others are better informed and more aware of successful practices elsewhere in the region, we can anticipate that their performance in serving their constituents will

be improved and that there will be follow-on grassroots impacts. This strategy, however, principally seeks to influence the views and actions of CSOs and other institutions, and through them the politically active population. It is this group which participates most actively in and provides most of the leadership for civil society; influencing them will, of course, have important and favorable implications on the democratic system within which the general population functions, and it is at this level on which the RCSA hopes to promote a democratic culture.

Donor-led or Southern African-driven? A fundamental precept of the ISA has been that the RCSA's programs be "Southern African-driven." This precept is maintained in the RCSA's proposed strategy. While there is considerable respect for U.S. expertise and good faith in promoting DG goals, and less inclination to suspect the worst than in some other parts of the world, an African-driven approach remains particularly important in the DG sphere.

There is already very substantial DG capacity and expertise in Southern Africa, which if tapped leaves the need for outside technical expertise which is far smaller than in other parts of the continent. A high proportion of CSOs and governments have the capacity to participate actively in networks and offer and make good use of such indigenous expertise.

DG initiatives are inherently sensitive, opening donors to charges of interference in domestic affairs. The regional program suffers from the additional handicap that it lacks a single authoritative interlocutor (corresponding to bilaterals' host government) whose agreement to DG activities serves to legitimize those activities. While the broad commitment of the SADC governments to compatible democratic progress is clear and valuable, the RCSA nonetheless takes some risk by conducting DG activities without such institutional "cover." There is, moreover, the ever-present risk that activities seen as responding to a donor's rather than an indigenous initiative will be seen as "neo-imperialistic" or as simply irrelevant. Insofar as recipients of such assistance considered the donor, rather than Southern Africans, as their principal point of reference, such criticism might well be fundamentally valid.

The RCSA, therefore, considers it essential to retain an African-driven approach. A key element of this approach in the DG area is the existing SARDF Project Committee, the role of which is anticipated to expand to a broader reference group for the entire DG strategy. This strategy itself reflects the views and extensive input from the Project Committee. Operationally, the RCSA plans to conduct the proposed strategy -- and in particular IR 2 ("increased advocacy") -- on the basis of Southern African proposals, through indigenous Southern African entities and on the basis of reviews by the Project Committee. While the RCSA expects to bring the expertise of relevant U.S. groups to the attention of applicants when appropriate, involvement of such groups should be confined to supporting Southern African initiatives when requested by Southern Africans.

Annex II
RCSA Strategy (1997-2003)
MARKET INTEGRATION IN SOUTHERN AFRICA

I. Background: Facts and Trends

Population

The SADC have a population of 142 million inhabitants. This figure is expected to increase by almost four million people per year to 268 million by the year 2035, representing an average annual growth rate of 3.1 percent. This significant population increase will put considerable pressure on the region's resources and infrastructure.

There is considerable variation in population density. Mozambique and Namibia are comparable in size but Mozambique's population is roughly 10 times that of Namibia. Three countries, South Africa, Mozambique and Tanzania, account for 60 percent of the total population of SADC. South Africa alone accounts for 29 percent of the region's population.

Gross Domestic Product

The regional economy reflects the dominant position of South Africa. The region has a total Gross Domestic Product (GDP) estimated at US$117.414 billion of which South Africa's contribution is about 75 percent. Or, stated differently, South Africa has three times the GDP of the other eleven SADC countries combined. Any economic or infrastructure strategy must recognize that South Africa will be the engine of growth in the region.

Although the region's population is predominantly rural and predominantly employed in agriculture, the contribution of agriculture to the regional economy is only 21.4 percent. The service sector is by far the largest, contributing 41.9 percent to the economy of the region, followed by industry at 26.8 percent.

Trade

The regional economy is oriented toward external trade. The major economic activity in the region is exports (largely of agricultural and industrial raw materials) to overseas markets. Imports are also sourced overseas. The terms of trade -- that is, the net balance between what the region exports and what it imports -- are against the region.

Within the last few years, imports for other SADC countries, are increasingly being sourced from South Africa instead of from overseas markets. South Africa exports more to other SADC countries than it imports from all of them.

In 1993, South Africa's exports to the rest of Africa totaled 12.8 percent of the country's total exports, compared with exports to Europe of 47.5 percent, to Asia of 26.2 percent, and to America of 12.4 percent. South Africa sourced only 3.1 percent of its imports from the rest of Africa, compared with imports from Europe of 49.1 percent, from Asia of 29.1 percent, and from America of 17.3 percent.[1] Thus, if other countries can break into the South African market, the potential for increasing African and intra-regional trade is enormous.

Investment

The region has a low internal savings capacity; the difference between Gross Domestic Savings and Gross Domestic Investment is negative. In other words, most investments taking place in the region are not from internal resources, but external inflows.

Foreign Direct Investment (FDI), that is, long-term capital inflow to the region is marginal. The major source of investment funds is ODA which accounts for about 72.5 percent of FDI.

ODA inflows are unlikely to increase during the period of this RCSA strategy. Nor is a sudden increase in internal investment resources expected. FDI is the only likely source of investment funds. The challenge is to attract FDI to boost economic growth in the region.

Some basic considerations for attracting FDI are universal. The prime consideration is that opportunities for investment must be present. If governments of the region insist on playing a dominant ownership role in their economies, these investment opportunities may never appear. Another is positive return on investment, that is, investments must be profitable. Lastly, the environment for conducting business must be right; governments must establish stable and predictable macro-economic policies, achieve political and social stability, assure security of investment, and establish a responsive money market and a supporting legal and institutional framework. These are critical assumptions for the development of the region and affect all of the RCSA Strategic Objectives.

Regional Infrastructure

Economic infrastructure normally refers to transport, telecommunications, water and energy. The infrastructure environment with respect to transport and telecommunications in the Southern African region is characterized by government monopoly in provision, supply and management. Most infrastructure entities do not generate returns on investment, although some are able to cover their operating costs. Consequently, they place heavy demands on government budgets and contribute to government budget deficits. Investment in infrastructure is also not from internally generated resources or from financial markets but through government guaranteed loans and donor grants. At present, there is a welcome trend to privatization of railroads and telecommunications companies as well as introduction of new cellular telephone systems.

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[1]The Structure of the South African Economy - 1994\1995 (J. du Toit and H. B. Falkena - ABSA Bank).

II. Participatory Analysis of Options in the Strategy Development Process

Identification of Constraints -- Trade and Investment

In late 1995, the RCSA contracted J.E. Austin to conduct a private sector assessment of the region. Its purpose was to identify the most critical constraints to rapid, sustained, and broad-based economic growth; to assess which of these could be addressed on a regional basis; to consider which interventions might provide the greatest impact for the level of resources available; and to suggest specific options to carry out.

The methodology of the study included a review of over 300 reports, interviews with over 100 stakeholders in nine countries of the region, focus groups with Southern African stakeholders and strategy sessions with Southern African consultants who were integral parts of the team. The key findings were:

- The quality and efficiency of investment in Southern Africa has been adversely affected by government policies.
- Southern Africa as a whole has a poor policy environment (in terms of trade, investment, institutionalization of business dialogue) which is not conducive to rapid private sector-led growth.
- For the region, trade barriers are the biggest impediment to growth but investment policy and the lack of an institutionalized dialogue between private and public sectors in most countries and at the regional level are also important.
- Human resource constraints include low literacy rates and the lack of specific technical, managerial and entrepreneurial skills.
- The financial sector suffers from lack of depth and breadth, and from absence of mechanisms to link the formal financial sector to small and medium enterprise.
- Excessive parastatal involvement and the exclusion of the private sector in the planning, delivery and maintenance of energy, transport and telecommunications has resulted in an absence of crucial infrastructure and poor maintenance of that which exists.
- Entrepreneurs and business leaders lack access to information, contacts, markets and networks which is a major constraint to business expansion.

The RCSA also carried out an analysis of trade and investment constraints in the SADC region which was finalized in August 1996. The team traveled extensively throughout the region, consulted with a large number of stakeholders, and examined much trade data in the region. They

concluded that there are serious constraints to trade and investment in the region. The model that they developed showed that if a regional free trade area were developed in the SADC countries, real economic growth would increase by 1.5 percentage points per year. This would almost double the annual growth rate in the region.

Constraints and Limitations to Infrastructure Efficiency

Studies, analysis, regional workshops, meetings and submissions from the business community, bring out the following as the major constraints and limitations to the efficient operation of the region's infrastructure systems:

- Excessive government involvement in the provision and management of infrastructure resulting in monopolies, high costs and poor service quality.
- Absence of appropriate legal and policy framework to support efficient operation of infrastructure systems.
- Weak management systems and practices and a unmotivated labor force without incentives for performance.
- Poor asset management resulting in loss making operations and lack of returns on investments.
- Absence of reliable and accessible data bases and management information systems to support effective decision making, planning and management.
- Lack of standardization and harmonization of regulations and operating practices.
- Government monopoly in dialogue to the exclusion of the business community.

The Trend in Regional Cooperation

In August 1996, SADC member nations signed two important Protocols, one having to do with Trade and one with Transport, Communication and Meteorology. The former commits the member nations to develop a Free Trade Area in eight years. The Transport, Communication and Meteorology Protocol calls for harmonization of policies and standardization of operating systems in the region.

The two Protocols are milestones in SADC's history which, if properly implemented, will dramatically increase economic growth rates and thus the well being of Southern Africans. SADC hopes that these protocols herald a spirit of cross-border, multi-sectoral cooperation.

Selection of Strategy Options
In December 1996, the RCSA convened a stakeholder workshop to obtain input from key members of the Southern African community, bilateral Missions and USAID/W on the direction that the RCSA strategy should take. What was emphasized to the participants at these workshops was that the RCSA was looking for ideas on what the RCSA should be doing on a regional basis.

The conclusions from this workshop further reenforced what had been learned previously: the importance of regional integration as a method to promote economic growth in the region, the need to establish effective networks so they can serve as effective advocates for the regional integration process, the need to reduce trade and investment barriers that are impeding business growth and the need for improved infrastructure in order for economic growth to take place. What came through quite strongly from this workshop was the importance that Southern Africans place on regional integration and the need for increased trade within the region.

From all the knowledge that had been gained to date, three programming options in the trade and investment sector were developed. The same was done in the infrastructure area.

The options were as follows:

Trade and Investment
implement/operationalize trade and investment elements in the SADC Protocols; and strengthen regional research and analysis, private sector (business), and educational institutions; and, deepen the participatory process and understanding of trade and investment issues.

Infrastructure
promote reform and harmonization of policies governing the region's key economic infrastructure; promote private sector participation in the provision of economic infrastructure; and, promote the information service and networking sector.

To test these programming options, the RCSA held another stakeholder's workshop in February 1997. Participants at this workshop included Southern Africans, bilateral Mission Directors, and USAID/W personnel including the Acting Assistant Administrator for Africa.

What emerged was a solid consensus for the RCSA to work in the regional integration area. Policy harmonization, strong networks which could serve as advocacy groups on integration issues and the need to facilitate public and private sector dialogue were deemed essential to this process. In the infrastructure area, the harmonization of policies and the importance of networking were emphasized.

Combining Trade and Investment with Infrastructure

Strategic objective drafting teams were formed to develop an SO in trade and investment and one in infrastructure. However, team members rapidly came to the conclusion that in order for trade and investment to take place in the region, there had to be good infrastructure. Rather than have two SO's, the drafting teams argued for combining their efforts into one SO. This was approved by Mission management and work began.

The strategic objective that the drafting team decided upon was "A More Integrated Regional Market." In addition, and even more importantly, it is the firm belief of the RCSA that the private sector has to assume an ever-increasing role in building and maintaining the infrastructure of the region.

Annex III
RCSA Strategy (1997-2003)
AGRICULTURE AND NATURAL RESOURCES IN SOUTHERN AFRICA

I. Background: Facts and Trends

Natural Resource Base

The countries of the SADC occupy an area slightly larger than the continental United States. The region is renowned for its diverse and rich natural resource base, including large reserves of minerals such as diamonds, uranium, gold, copper, coal and petroleum; abundant wildlife in spectacular natural settings such as Botswana's Okavango Delta and Namibia's coastal deserts; natural wonders such as the Victoria Falls; high biodiversity in aquatic environments such as Lake Malawi and in the unique flora of South Africa's Cape Province; and vast coastal fisheries. This natural resource base provides the foundation for the mining industries in Botswana, Angola, Namibia, Zambia and South Africa; the fisheries industries in Malawi, Namibia and Tanzania; and the growing tourism industry throughout the region.

The table below shows the notable inter-country variations in population, land use and role of agriculture in the economies of southern Africa. As the table indicates, the Ag/NRM sector plays a key role in employment, income and external trade earnings in every country in the SADC region.

Table 1. Key Indicators for Agriculture and Natural Resources in the SADC Countries[2]

CATEGORY	MOZ	TAN	MAL	ZAM	LES	ZIM	SWA	BOT	ANG	NAM	RSA
Population(130mil) 1993	19	26.1	9.51	8.65	2.0	10.7	0.9	1.4	10.8	1.8	40
Avg. Annual Growth of Pop (%)	3.80	2.8	3.7	3.2	2.6	2.9	3.2	3.3	2.7	3.0	2.5
Average Growth Rate of Agriculture (1980-92)	1.3	3.8	1.4	3.3	0.5	1.1	NA	3.4	NA	0.5	1.7
Percentage of Labor force in Agriculture (1990)	82	81	75	69	80	68	66	63	72	35	14
Agriculture as percent of GDP (1992)	64	61	28	16	11	22	24	5	46	12	4
Percent of land in arable agriculture	4.0	5.0	17.6	2.0	13.0	6.0	12.4	2.0	2.0	0.9	10.7
Percent of land under wildlife conservation	6.7	14.1	9.0	29.8	0.2	12.0	3.1	20.5	6.6	12	6.1
Fisheries contribution to agriculture GDP (%)	3.2	5.0	2.0	5.2	NEG	3.0	NEG	NA	4.0	17	NA

Over two-thirds of the region's population depends on agriculture for employment and income, while much of the remainder earns its livelihood directly or indirectly from mineral resources and wildlife-based tourism. Agriculture's share of the labor force has declined over the past decade, but the absolute size of the agricultural labor force has increased due to rapid rural population growth. Agriculture's share of GDP is substantially less than its share of employment, exceeding 60 percent for only two countries (Mozambique and Tanzania), and constituting less than 10 percent in Botswana, Lesotho, Namibia and South Africa in 1992.[3] However, a large proportion of industrial GDP is intimately linked to agriculture, with over 50 percent of the value added in manufacturing

[2]Sources: SACCAR, Consultancy Report on the Long-term Strategies for Regional Research Programmes on Food Agriculture and Natural Resources in SADC; WRI, World Resources, 1994-1995; USDA, World Agriculture: Trends and Indicators, 1970-1991; IBRD, World Development Report, 1994. Note: 1992 was a year of drought in many countries of the region.

[3]World Bank. *World Development Report*, Oxford University Press, New York, 1994.

industries accounted for by the food, beverages, tobacco processing, textile, and clothing industries.[4] In Botswana, Namibia, Zambia, South Africa and Angola, mining contributes the largest share to GDP.

Crops

The major agricultural crops in Southern Africa are maize, sorghum and millet, while the principal grain producers are South Africa, Zambia, Angola, Mozambique and Zimbabwe. Although some variability exists in the regional food crop production pattern and mix depending on the agro-ecological zone, maize is the staple for nearly all countries in the SADC region, and accounts for over half of the area planted to food crops. Excluding South Africa, sorghum and millet occupy about one quarter of the total area planted to coarse grains. Cash crops are important in some countries, such as tobacco in Malawi and Zimbabwe, cashew nuts in Mozambique, tea in Tanzania and Malawi, and horticultural products in Zimbabwe and South Africa. Dualistic agricultural systems are prevalent in the region, wherein large-scale capital intensive farms thrive alongside small, undercapitalized family farms.

Livestock

The livestock industry in the SADC region is based on over 38 million cattle (of which over 15 percent are dairy), 39 million sheep (65 percent are in South Africa), and 17 million goats. With the rapid growth in human population, and opportunities afforded by the privileged access to the European Community market, livestock numbers nearly doubled in the period 1967-92.[5] Reduced during the 1992 drought, herds are again on the increase. Although livestock productivity data are generally unreliable, they reflect low productivity per animal. Traditional extensive systems of livestock management continue to be the norm. Diseases are endemic, and periodically ravage the region's herds. In 1996, Botswana was forced to kill over 200,000 cattle in efforts to control cattle lung disease.

Natural Resource and Agricultural Trends

Growing human and livestock populations are placing increasing pressure on the fragile natural resource base. Wildlife numbers are on the decline throughout the region as a result of population pressure on land, illegal hunting, and conversion or degradation of habitat. Unregulated or poorly regulated offtake is reducing the region's marine and inland fisheries with unknown long-term consequences, and over-harvesting has degraded most of the region's forests. Water is emerging as the most critical of the region's resources, with scarcity, water quality, and inefficient use major problems in most countries. Competition for water is growing, and trade-offs will soon have to be made between water for human consumption and for ecological functions, including wildlife

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[4]World Bank. *Prospects for Major Primary Commodities,* Washington D.C. 1990.

[5]Southern Africa Development Community, *Regional Policy and Strategy for Food, Agriculture and Natural Resources*, Food Security Technical and Administrative Unit, Harare, Zimbabwe, October 1992, p. 9.

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conservation. Pastureland, too, has been impacted by overgrazing, resulting in bush encroachment in places such as northern Namibia. Many of these problems stem from a lack of adequate tenure over natural resources and policies which unwittingly subsidize inappropriate use of resources.

Past and current trends for agricultural production are not encouraging. Production is characterized by wide fluctuations on an annual basis due to such discontinuous factors as drought and producer price changes, alongside slower changing factors such as population size, soil fertility, farming practices, improved crop varieties and changing crop mixes.[6] Excluding South Africa, grain output growth in SADC countries averaged less than 1% per year from 1980-92 due to limited arable land available for expansion, low yields, and other problems described below. Only two countries -- Tanzania and Zambia -- achieved agricultural GDP growth rates exceeding 3 percent per annum over the same period, and four saw a decline in the real value of agricultural GDP. However, 1996 saw a large increase in per capita food production in every country in the region due to good rainfall. The extreme variability in production from year to year sustains concern over food insecurity in the face of the region's recurrent droughts.

Despite the trends described above, there are indications that the agriculture and natural resources sector can make a significant contribution to accelerating the region's economic growth and increasing regional food security. The first indication is the success that has been achieved in agricultural research programs, along with the growing capacity of the region's agricultural research systems. As the dominant food crop, maize has received the most attention in grain research in Southern Africa. While average maize production grew by 2.8 percent between 1974-83 and 1984-93, average area declined by 9.8 percent, reflecting a 14 percent increase in average yields. Sorghum and pearl millet yields increased on average by 15 percent over the period, largely due to the expansion in area planted to the improved varieties introduced under the USAID-funded Sorghum and Millet Improvement Program. However, the large differences between yields obtained on research stations and those on farmer fields (50-150 percent vs. 10-40 percent on average) indicate the potential that exists for further productivity increases if improved crop management (weeding and use of small amounts of fertilizers) is practiced along with the adoption of higher yielding seed varieties. This potential can only be realized through increased efforts at technology transfer by a range of private as well as public sector organizations, and improvements in market infrastructure. Results from ongoing research on cash crops in the commercial farming sector in the region -- with private funding -- demonstrate that it can be done.

Another indication of the potential for raising incomes from the natural resources base comes from the work in CBNRM. Pilot CBNRM projects have been established in several countries to address the reality that rural people will not (and cannot afford to) sustainably manage the natural resource base -- and conserve the biodiversity contained therein -- unless they receive direct benefits from such conservation. Throughout the region, communities now are receiving increased revenues from

[6]FEWS/SA, Personal Communication, 1996.

sustainable use of resources in such diversified enterprises as photo safari ventures, harvesting of forest products (thatching grass, fruits, mopane caterpillars), spring water bottling, bee-keeping, community campsites and craft sales. In Zimbabwe alone, annual revenues from the CAMPFIRE program have grown from US$ 64,000 in 1989 to $1.6 million in 1996. Governments have recognized the potential this approach affords, and several have passed supporting legislation. However, if the region's natural resource base is to be sustained -- and the economy built upon it to grow -- efforts to introduce sustainable natural resource management approaches must be extended throughout the region on an urgent basis.

II. Participatory Analysis of Options in the Strategy Development Process

The analysis of constraints in the Ag/NRM sector and identification of promising opportunities for the RCSA's regional program were conducted with the participation of at USAID missions and Southern African partners and stakeholders. These consultations have included interviews with hundreds of individuals, six sector specific workshops with target audiences,[7] and brainstorming sessions with participants/beneficiaries of current programs including NRMP. In addition, information on development constraints, stakeholder interests and priorities has been obtained from questionnaires sponsored by USAID and others and a literature review, including the proceedings of significant regional conferences such as a meeting of the ministers of agriculture on "Getting Agriculture Moving in Southern Africa." The results of evaluations of all of our programs have been factored into the analysis.

Among the more important analytic pieces is the report produced for USAID in November 1994 entitled "Initiative for Southern Africa, Regional Agriculture/Natural Resources Management Stakeholder Analysis and Analytical Guide to Priority Setting." This report summarizes the results of four sectoral workshops and interviews carried out prior to that date. Building from that base, a study reassessing USAID's work in agricultural research was completed with the assistance of USDA in November 1996, which served as the discussion piece for two workshops with stakeholders in late 1996. Through these consultations a number of priority constraints in the Ag/NRM sector have emerged. In brief, the primary constraints are:

Policy Environment

[7]These consultative meetings include: 1) Gaborone, Botswana, August 1994, Stakeholders Meeting on Regional Food, Agriculture and Natural Resources Management; 2) Kariba, Zimbabwe, August 1994, Workshop on Regional Trade and Agriculture Comparative Advantage Analysis; 3) Harare, Zimbabwe, August 1994, USAID Field Staff Meeting on Agriculture and Natural Resources; 4) Harare, Zimbabwe, August 1994: Southern African Stakeholders Meeting on Agriculture and Natural Resources; 5) Pretoria, South Africa, October 1995, NRM Stakeholders Meeting; 6) Gaborone, Botswana, October 1996, Roundtable Session on Agricultural Constraints in Southern Africa; 7) Pretoria, South Africa, November 1996, USAID A/NR Officers meeting.

A macroeconomic and Ag/NRM policy environment that undermines incentives to increase production and/or to adopt improved land and natural resource management practices. Related to this is the low priority assigned to agriculture and rural development by national political leadership. Other major policy constraints identified by stakeholders include weak integration of agricultural and other sectoral policies, attempts to jump stages of development, lack of security of tenure for smallholders, urban food subsidies, cross border tariff and non-tariff barriers, excessive agricultural taxation, and policies which (perhaps unwittingly) discourage sustainable resource use, including subsidized prices for water.

Inadequate Infrastructure
Inadequate physical infrastructure, transportation systems (vehicles, roads, railways), communications facilities, marketing structures, market information, and other rural institutions.
Slow Technology Development and Transfer
Research and development of improved technologies and management practices is slow and smallholders receive the benefits of such development very slowly if at all.

Limited Institutional and Human Resource Capacity
Inadequately funded public and private rural institutions, staffed by poorly trained personnel, lack the leadership and capacity to service the smallholder sector. SADC's sub-sector organizational structure needs to be streamlined and made more productive.

Unplanned Natural Resources Management
There is a notable lack of planning and management for sustainable use of the region's natural resources, including its land, water, flora, fauna and minerals. Other major NRM constraints identified by stakeholders include lack of community-based organizations, inadequate local level ownership and responsibility for natural resource management, and limited natural resource conservation-based appropriate technology, development and utilization. Water was frequently cited as the most critical natural resource issue needing attention at a regional level, in light of both existing and potential problems of quality and supply resulting from competing uses. Other natural resource management issues cited as being more appropriately addressed at a regional level are migratory wildlife and fisheries.

Stakeholders from the SADC countries focussed particularly on the importance of facilitating SADC and similar regional integration efforts. At meetings with the SACCAR Board of Directors and other partners, the following primary themes and principles were recommended to guide the RCSA's choices in the Ag/NRM sectors:

Recognize the Links Between Agriculture and Other Natural Resources
For most of the region's population, agriculture and natural resources management are considered inseparable. Without agriculture, growth is not sustainable; without effective management of the

natural resources, agriculture is not sustainable; without strategies for sustainable use of the environment, the natural resource base is not sustainable.

Support Regional and Intersectoral Cooperation
Stakeholders across the board recognize constraints and limitations to regional cooperation, but a very positive force is the extraordinary high level of political will and consensus on regional integration and cooperation in Southern Africa.

Choose Regional Interventions that Benefit All or Most SADC Member States
Regional initiatives in Ag/NRM only make sense within the context of common regional interests which are important to and benefit all (or at least the majority of SADC Member States), and are more cost efficient than individual bilateral interventions.

Improve the Knowledge Base and Technology Transfer
To promote planning and sustainable management of natural resources, stakeholders identified the need for better information and an increased capacity to conduct regional resource inventories, to monitor the status of natural resource use and natural resource programs and practices, and to present analyzed information more effectively to resource users, resource planners, decision-makers and the public. Stakeholders identified a comparable need for focused natural resources research providing marketing analysis, new products and services and new techniques for exploration and management of those resources.

Use Existing Institutions
Limited regional and donor resources should not be used to build new institutions. Rather, the RCSA should work with institutions that have demonstrated responsiveness and effectiveness.

Increase Institutional Sustainability
There was general concern for the number of organizations and projects which are not sustainable without a continuous flow of government or donor resources. USAID programs should strive to enhance sustainability of key regional institutions.

Improve Accountability
The importance of employing low-cost and efficient techniques for continuous socio-economic assessment of program progress was stressed by many persons interviewed, including the use of project impact evaluation techniques with well identified indicators and measurements of progress toward increasing productivity and sustainability.

Develop Human Capacity
Critical shortages of middle management professionals and lower-level technicians were viewed as perhaps the greatest constraint to sustainable interventions in agricultural/natural resources and

environmental management. However, there was little consensus among stakeholders on priority focus areas for training.

Enhance Communication and Networking
Increased networking (e.g., workshops, site visits, newsletters, use of electronic mail, etc.) frequently received mention as an important regional function, particularly as a means of elevating Ag/NRM policy issues higher on the political agenda through regional and national fora.

Support Stakeholders' Initiatives in Ag/NRM
USAID and other donors must respect and support Southern African governments' issue identification and priority-setting processes. However, Southern African heads of state need to continue to openly demonstrate their political will and commitment to acting regionally in an effort to achieve sustainable positive change in Ag/NRM.

Based on these identified constraints and principles, the RCSA's staff prepared a Background Paper which summarizes the key sectoral trends in Ag/NRM, experience from past programs, and emerging priorities was produced by RCSA staff in November 1996. This report was circulated to missions and to a group of stakeholders who were invited to a mission-wide strategy meeting the first week in December 1996. At this meeting, participants developed a vision statement for the sector, and identified several options for programmatic focus of the new long-term strategy. These options were then further developed by RCSA staff into a series of "Programming Options" papers, three for agriculture and three for natural resources as follows:

Agriculture

- Improve the Policy Environment for Agriculture through the Development and Implementation of a Regional Policy Network
- Improving Agricultural Technology Development and Transfer (TDT)
- Strengthening the Capacity of Agribusiness to Operate Regionally

Natural Resources

- Water Resources Management
- Community Based Natural Resources Management
- Regional Natural Resource Based Tourism

These options reflected the RCSA mission statement, are consistent with Agency and Southern African priorities, complement programs of other donors and bilateral USAID missions, and promote Southern African initiatives and collaborative approaches. After review by our stakeholders, the options were revised and discussed in a series of workshops held in February 1997 in Gaborone. Participants debated the programming options; reviewed their relevance in light of regional priorities, USAID's comparative advantage for addressing them from a regional platform, and the potential for impact.

This work led to the development of the strategic objective of "Accelerated regional adoption of sustainable Ag/NRM approaches," and a special objective of "Improved regional capacity to manage transboundary natural resources."

In the process of developing the strategic plan, two of the original options were dropped or merged with related areas. The RCSA program will not focus explicitly on strengthening the capacity of agribusiness to operate regionally (Ag option 3 above). This concern is better addressed through the policy changes under the Market Integration SO and with increased financing available to emerging agribusinesses through the SAEDF. Nor will SO 3 focus on promoting eco-tourism (NR option 3 above), which was perceived as something more appropriately done by the private sector, although it is expected that transportation improvements and networking for CBNRM enterprises will have some positive impact on regional tourism.

Annex IV
RCSA Strategy (1997-2003)
TRANSBOUNDARY WATER AND PARKS MANAGEMENT IN SOUTHERN AFRICA

I. Background: Facts and Trends

Transboundary Water Management

In Southern Africa, sustainable development hinges on effective management of water resources. Water is critical for every major economic sector in the region: agriculture, energy, industry, mining, tourism, and fisheries, and thus, the regional economy depends on its efficient management. Effective water management is also an essential condition for poverty alleviation, human health, food security, environmental sustainability, and regional security and peace. The uses of and demands on water in the region are many; below we briefly sketch an overview of the water resources management situation in Southern Africa with a focus on trends and major issues.

Precipitation

The distribution, occurrence and availability of water resources is uneven in the region as well as in individual countries. Much of the region is arid or semi-arid and rainfall is often unreliable.

Surface Water

The distribution of surface water throughout the region reflects the uneven rainfall pattern. Several major river systems, including the Orange, Limpopo/Save, Okavango, Zambezi and Zaire rivers rise in the uplands, and have lengthy runs through dry downstream terrain. Seasonal and annual flow variations vary greatly.

Groundwater

Although there are four major aquifer systems present in Southern Africa, a cruel hydrogeological reality in the region is the fact that the major sedimentary basins with the highest capacity are often found in arid or desert zones with little or no recharge from rainfall. Groundwater potential in the region is thus limited, although it is widely available close to human settlement in small but sufficient quantities for domestic water supply and for small scale irrigation.

Wetlands

Southern Africa has some of Africa's most important and pristine wetlands (including World Heritage sites), such as the Okavango Delta in Botswana (newly designated a Wetland of International Importance under the Ramsar Convention, claiming the title of the world's largest Ramsar site), the Bangweulu Swamps in Zambia, the Malagarasi and Utengule swamps in Tanzania, the Elephant marshes of Malawi, and Mana Pools in Zimbabwe. There are also several international lakes in the region including Lake Malawi and Lake Tanganyika. Many of these

wetlands and river systems are now threatened by water development schemes, overgrazing and deforestation, unregulated development and pollutant discharges. These environmental impacts have direct consequences for water quality and supply, fisheries, biodiversity, tourism earnings and agricultural productivity.

Hydropower

The region has a large number of dams which generate hydro-electricity, including the Kariba, Cahora Bassa, and Kafue Gorge. Only about one percent of the region's hydroelectric power potential, outside of South Africa, has been developed.[8] Angola's sources contain the greatest potential. The demand for electricity is certain to increase with population and economic growth, encouraging the development of more hydroelectric power projects. There is little capacity or experience in the region in evaluating the environmental impacts of these large developments and weighing the long-term costs and benefits of various options.

Irrigation

Only 1 percent of the region's agricultural land is irrigated, yet this produces 30 percent of the value of the agricultural production. Despite this limited irrigation, withdrawals for irrigation consume over 50 percent of all water used in the region. Of this, 40-60 percent of the water withdrawn from rivers and dams is lost before it reaches the land to be irrigated, mainly through inefficient irrigation practices resulting in seepage and evaporation. This loss often results in soil salinization and waterlogging, creating often undesirable conditions for crops and ultimately removes land from production. Southern Africa has an estimated 9.1 million hectares of land where productivity could be improved through proper irrigation.

Urbanization

Rapid population growth and increased urbanization (averaging 6.5 percent annually for the region - double average annual population growth for the region[9])are leading to both water scarcity and water pollution. This rapidly growing urban population places heavy demands on water resources for consumption, power, mining, industry and agriculture.

Industrialization

The present level of industrial development in a majority of the countries in the region is still small compared to world standards. As economic development picks up in the region, it is expected that industrial growth will increase, including requirements for manufacturing. This growth in industrial activities will exert added pressure on demand for water across the region. At present, manufacturing and service industries are the primary sources of pollution in the region, producing

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[8]USAID, SARP-Southern Africa Regional Water Sector Assessment, USAID/Stanley Consultants, Gaborone, Vol. 1, July 1995, p. 1.3.

[9]SADC/IUCN/SARDC, State of the Environment in Southern Africa, Maseru/Harare, 1994, p.2

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millions of tons of effluent which are usually disposed of directly into water bodies. For mineral-rich Southern Africa, mining is another source of water pollution.

Environmental Demands

In the SADC region, a large fraction of the potentially available water is needed to support the region's wildlife, and basic ecological services.[10] For example, it is estimated that by the year 2000, 13 percent of the total water demand in South Africa will be required for environmental management.[11] The region currently lacks the expertise to define these complex environmental demands (both in terms of water quantity and quality) as they vary from one ecosystem to the next and over time. Also lacking is the regulatory capacity to monitor for compliance.

Dams

The SADC region has many dams, with Lake Kariba on the Zambezi being Africa's largest artificial reservoir. Approximately 30 other dams have been constructed on the Zambezi and more are planned along the river. The major rivers in the region and their tributaries have been dammed for various activities ranging from hydroelectricity generation, to water supply for irrigation, and municipal use.

Drought

Southern Africa's climate and rainfall patterns have been highly variable for at least the last three centuries, leading to droughts of varying severity.[12] In the early 1980's and 1990's, severe droughts had serious social and environmental impacts, bringing famine, disease, land degradation, loss of domestic stock and wildlife and even loss of human life. During the 1991-92 drought, only the Zambezi River retained a significant dry-weather flow amongst all the perennial rivers in the region.

II. Development Challenges for Exploration under this Special Objective

Food Security

The alluring idea of national food self-sufficiency is leading many nations in the region to grow expensive, subsidized food with non-renewable water resources. For example, semi-arid South Africa is growing grain in the middle reaches of the Orange River, causing water scarcity, thereby necessitating South Africa to seek new sources, some as far north as the Zambezi. At the same time, there is unexploited irrigation potential in Zambia with abundant water in the floodplain of the Kafue River, yet Zambia imports grain from South Africa. In this case, trade in food, not

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[10]SADC/IUCN/SARDC. *Water in Southern Africa.* 1996. p.47.

[11]Department of Water Affairs. *Management of Water Resources of the Republic of South Africa.* Government of South Africa, Pretoria, 1986, p.2.25.

[12]Tyson, P.D., *Climate Change and Variability in Southern Africa*, Oxford University Press, Cape Town, 1987.

water, would create a more sustainable regional water management situation and would bring greater opportunities for regional economic integration and significant benefits to the poorer northern area of the region.

Institutional Capacity

Institutional capacity for effective water resources management is weak in many countries in the region. Many countries have inefficient, local or national government-run utilities; however, increasingly there is a drive to commercialize utility services in order to achieve efficiencies. In addition, much of the water resource management in the region is being undertaken by well-trained engineers; there is a critical need, however, to go beyond traditional engineered solutions to water shortages and incorporate economic and ecological goals in water resource planning. Further, limited capacity in the private consulting industry leads to extensive reliance on international consultants and advisors.

Water Quality and Scarcity

Today more than half of the 145 million people in the region do not have access to safe water and sanitation.[13] Although lack of sufficient data on water quality makes trends difficult to ascertain, water quality is thought to be deteriorating throughout the region. Pollution of both surface and groundwater is a major threat to human and animal health in the region.[14] These rural and urban people are the region's poorest and most vulnerable, in part because of lack of such services.[15] Directly associated with poor sanitation services and unclean drinking water are severe waterborne diseases, including: dysentery, cholera, and many parasitic diseases.

The demands on water in southern Africa are constantly growing with the rapid increase in population.[16] With an average three percent annual growth rate, the population of the SADC region is expected to double in less than 25 years. To meet the food needs of an increasing population,

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[13]SADC/IUCN/SARDC. *Water in Southern Africa.* 1996. p.10.

[14]SADC/IUCN/SARDC. *Water in Southern Africa.* 1996.

[15]For example, in South Africa alone, between 13 - 16 million people do not have access to clean drinking water while 21 million do not have access to adequate sanitation. The lack of potable water and sanitation contributes to the poverty trap into which these people have been pushed. Short-term aims of the African National Congress (ANC) - led Government of National Unity are to provide every household in the country with at least 20-30 liters per capita per day within a 200-meter radius.

[16]Water scarcity is also due to water pollution, flashier river flows caused by watershed degradation, and possibly to the effects of climate change.

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forested or grazing land may be brought under cultivation, and irrigated production intensified.[17] Only two countries (Angola and Swaziland) are expected not to face serious water scarcity problems by the year 2025. At current population growth rates, Southern Africa as a region will experience chronic water shortage by 2030.[18]

In summary, Southern Africa is largely a water-scarce region experiencing increasing competition for limited supplies. The region faces the challenges of providing adequate, safe water supplies, increasing food production to keep pace with the fast-growing population, and protecting the environment. The scarcity of water resources in the region represents a principal threat to the sustainable development and political stability in the Southern African region if not managed carefully.

III. Transboundary Wildlife and National Parks

The Natural Resources

Straddling summer and winter rainfall belts, Southern Africa has a range of ecosystems from desert to rainforest to grassland and woodland. The variety of habitats in the region harbors a wide diversity of plant and animal species from the species-rich Lake Tanganyika[19] to the highest mountain in Africa, Kilimanjaro, to the fynbos zone on the southern tip of the continent. The biological wealth of the region stands out when compared to other areas of the world. For example, the average number of plant species per unit area in Lesotho, South Africa and Swaziland is almost double that of Brazil and four times that of the United States.[20] For the case of mammals, these three countries average 0.18 species for every 1,000 square kilometers -- six times the world average.[21]

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[17]South Africa and Lesotho, through the multi-million-dollar Highlands Water Project, are spearheading intercountry water transfer to meet escalating water demands. There are also discussions of tapping Zambezi River waters to supply arid areas further south.

[18]SADC/IUCN/SARDC, State of the Environment in Southern Africa, Maseru/Harare, 1994, p.198.

[19]Lake Tanganyika is 20 million years old and has 1,300 species - of which more than 500 are endemic to the Lake alone (SADC/IUCN/SARDC, State of the Environment in Southern Africa, Maseru/Harare, 1994, p.182).

[20]Huntley, B.J. (ed.) Biotic Diversity in Southern Africa: Concepts and Conservation, Oxford University Press, Cape Town, 1989, p.42.

[21]Huntley, B.J. (ed.) Biotic Diversity in Southern Africa: Concepts and Conservation, Oxford University Press, Cape Town, 1989, p.188.

Protective Areas Network
Relative to its size, the protected areas network of Southern Africa is extensive, perhaps unequalled in the world. Over 90 percent of mammal, amphibian and reptile species are represented in protected areas, making Southern Africa a popular tourist destination.[22]

IV. The Development Challenges

Fragmentation
Despite the significant amount of land that has been given protective status, the division of non-protected land for various uses, curtails the ability of wildlife to migrate when necessary. The most conspicuous victims of fragmentation are migratory species such as zebra, wildebeest, elephant, and buffalo. Some of the larger national parks, including Zimbabwe's Hwange National Park, have been separated from other habitats and ecosystems. The migratory routes to and from these areas have been cut off or blocked by human settlements and other human activities.[23] In some areas, fences have been constructed to keep wild animals and domestic livestock apart with major impacts on the wild animals. For example, in Botswana, about 80,000 wildebeest died in 1964 and 50,000 in 1983 because they could not reach food or water in the Okavango delta and the Bobeti river.[24] It is expected that expansion of cultivation into rangelands and uncultivated woodlands will continue to cut dramatically into available wildlife habitat.

Illegal Hunting (Poaching)
Poaching has caused a severe drop in wild animal numbers in some parts of the region. The rhino is the animal most affected. Its numbers are down from 65,000 in 1970 to 3,000 in 1990.[25] Other animals whose numbers have shrunk from over-exploitation include the giant sable, pangolin, and turtles. Birds have also been subject to over-utilization through smuggling.

An Opportunity
Unlike transboundary water resources that are glaringly in need of attention due to looming problems, transboundary parks and associated ecosystems are an exciting target of opportunity with potential for long-term impact. Instead of aiming to reduce the decline of a particular resource or

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[22]SADC/IUCN/SARDC, State of the Environment in Southern Africa, Maseru/Harare, 1994, p.160.

[23]Also, the existing protected areas are often not aligned with ecological reality. For example, Kruger National Park runs from north to south, while all its rivers flow from west to east. In its early years, thousands of zebra and wildebeest died against the fence, all of them trying to follow natural migration paths to the catchments of the rivers.

[24]SADC/IUCN/SARDC, State of the Environment in Southern Africa, Maseru/Harare, 1994, p.167.

[25]Borner, M. "The Black Rhino," Kakakuona, 1990., Vol 2, no 1, p.4.

trend, which is often the most realistic approach in environmental development work, the RCSA sees an opening to build upon the substantial progress that has been made in setting up protected areas in Southern Africa and to accelerate this positive trend into a global model for international ecosystem management. Some believe that the Southern African ecosystem network, if created, could potentially be the most profitable conservation system on earth, with humans, plants and wildlife sharing the wealth.[26] Southern Africa remains among the few regions in the world where abundant quantities of wildlife roam the wild.[27] If expanded and managed with an aggressive long-term view, this wealth in wilderness has the potential generate sustainable profits in the region through eco-tourism and use of wilderness products.

Tourism and Hunting

As pristine areas shrink globally and the rate of species extinction accelerates, it is a safe prediction that tourism, the world's fastest growing market, will be chasing the world's fastest shrinking product: wilderness. Tourists are not the only source of income for protected areas in the region. The Africa sub-continent is the favorite destination for hunters worldwide. In 1991, approximately 4,000 hunters from abroad brought approximately US$67 million to South Africa's economy and similar amounts to Namibia, Botswana, Tanzania, and Zimbabwe.

Natural Products

Inventories of wild species used by rural communities indicate great opportunities for improving food security. In Swaziland, for example, over 200 wild plants are routinely collected for food. Also, seventy percent of the people in Southern Africa eat the fruit of the marula tree which is a seasonal staple in local diets.[28] In addition to local consumption, cash income derived from the collection and exchange or sale of wild products continues to be of great value to rural people.[29] There is a regional trend to privatize wildlife or develop other means to give it value, the result being an increase in farms turning to game ranching and community-based wildlife schemes in communal lands.

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[26]This vision is articulated in: "Superparks: the Impossible Dream?" in Getaway, November 1996: pgs. 88-92,94 -95,97,161.

[27]SADC/IUCN/SARDC, State of the Environment in Southern Africa, Maseru/Harare, 1994, p.157.

[28]The kernels of the marula fruit are rich in oil and protein, and contain eight times more vitamin C than oranges. Without this fruit many people, particularly children who are most vulnerable, would suffer from dietary deficiency diseases (SADC/IUCN/SARDC, State of the Environment in Southern Africa, Maseru/Harare, 1994, p.23).

[29]Use of wild resources, including consumption by local people in controlled areas, was estimated to contribute a gross annual value of more than US$120 million in Tanzania in 1988 (SADC/IUCN/SARDC, State of the Environment in Southern Africa, Maseru/Harare, 1994, p.23).

V. The Participatory Analysis of the Special Objective

The statement of this special objective is: "increased regional capacity to manage transboundary natural resources." Transboundary natural resources are defined as water, wildlife, and transboundary parks and associated ecosystems. The RCSA is entering into the area of transboundary resource management in response to the overwhelming interest and concern of stakeholders consulted in the development of the long-term strategy. These stakeholders indicated that important transboundary resource issues such as management of shared water courses and migratory wildlife are not being adequately addressed, and have the potential to lead to regional conflict. They also have noted that these issues are most appropriately addressed at the regional level.

Why Transboundary Management Merits Further Development

The RCSA has decided to embark upon activities under a special objective to highlight the fact that transboundary resource management is a new area of involvement for the RCSA. In terms of transboundary water management, not only is the RCSA new to this field, but the field is new to the region: the Protocol on Shared Watercourse Systems which was signed in 1995 still awaits ratification pending the resolution of several substantive issues; the SADC Water Sector Coordinating Unit has just been formed and has a staff of only six; and of the eighteen river basins in the region, only two have functioning river basin commissions. Further, USAID's global experience with river basin commissions indicate that working through such cumbersome, formal structures can be costly, frustrating, and arduous. There is need, therefore, for an experimental and research phase of this work to explore more participatory, informal and/or alternative institutional arrangements to ensure that efforts in regional water management in Southern Africa are more fruitful than past experiences.

Similarly, the region has only begun preliminary discussions in relation to such issues as wildlife migrations, as exemplified by Botswana's recent construction of veterinary fences in a response to an outbreak of Contagious Bovine Pleuropneumonia ("lung disease"). Despite their probable regional impact on wildlife migration due to habitat fragmentation, these fences were constructed without either consultations with Namibia or environmental impact studies. Lastly, as mentioned above, the development and management of transboundary parks and ecosystems is only now in the visionary phase; to implement such an ambitious plan will take years of consensus building and mustering of political will.

Region-Wide Consultations and Research

In relation to regional water resources management in Southern Africa, USAID has facilitated an extensive discussion with a range of stakeholders over involvement in this sector. In 1995, USAID completed a study to assess regional water resources and infrastructure for Southern Africa. The study was entitled "Southern Africa Regional Program Regional Water Assessment." The objectives of the study were three-fold: 1) determine what institutional and legal structures exist

within the Southern Africa region for the development and management of water resources; 2) assess how water resources can be effectively coordinated on a regional basis; and 3) prioritize specific projects worthy of financial support by USAID and other sponsors. The study reviewed and analyzed 52 potential regional projects and short-listed 30 activities and ranked them. Over 250 people were consulted in this process. The assessment concluded that there was a need and a desire among the water sector entities in the region to pursue a more regional emphasis on water sector management.

Through several different mechanisms, the RCSA is updating and evaluating these recommendations in consultation with a range of stakeholders and other donors. First, the RCSA is jointly supporting with USAID, Global Bureau, Center for Environment, Dr. Elizabeth Soderstrom, an overseas fellow, through the cooperative agreement with American Association for the Advancement of Science (AAAS) to help further define the RCSA's involvement in this sector. Dr. Soderstrom has conducted study visits to Lesotho and Namibia, sent out a questionnaire to other stakeholders to ascertain their response to the Stanley Report, completed a draft donor study that is out for review, participated in regional meetings with the Global Water Partnership, and has conducted meetings in Washington, DC to consult with NGOs, other donors, and USAID/W about RCSA's strategy. In addition, the RCSA has engaged with Drs. Hal Cardwell and Devin Reese, another AAAS fellow from USAID/W, to review USAID and global experiences in river basin management. Lastly, under the activity entitled, "Regional Activity to Promote Integration through Dialogue and Improved Policy (RAPID)," the RCSA is conducting regional consultations and a stakeholder workshop (May 1997) to help specify the RCSA's role in this sector.

The RCSA has less knowledge about the state of affairs related to wildlife and transboundary parks compared to the information that has been accrued for regional water resources management. One of the first activities planned under this special objective will be to complete a comprehensive regional assessment of the activities underway associated with planning and management for transboundary parks and wildlife, regional needs for better management, and the current and planned roles of the various donors and actors in the region. Undertaken with close associated with a regional institution, this study will not only provide the background information that the RCSA needs to make informed decisions about strategic involvement, but will be one of the first capacity-building activities under this special objective.

Annex V
RCSA Strategy (1997-2003)
SOUTHERN AFRICAN DEVELOPMENT COMMUNITY

I. Background

In the Declaration entitled *Southern Africa: Towards Economic Liberation*, adopted in Lusaka, Zambia, on April 1, 1980, the Heads of State or Government of independent states of Southern Africa committed themselves to pursuing policies aimed at economic liberation and integrated development of the economies of the region. This 1980 Declaration established the Southern African Development Coordination Conference (SADCC), a regional organization for economic cooperation. A SADCC Program of Action was adopted covering projects in several priority sectors to be coordinated by the Member States. First priority was accorded to cooperating in infrastructural projects, largely in response to major deficiencies in the region's transport and telecommunications networks which were, in their words at the time, "exacerbated by South African aggression and destabilization."[30]

The emphasis of SADCC later shifted from specific projects towards the coordination of sectoral plans and programs, and also from the development of infrastructure to measures intended for the promotion of investment and production. These efforts were made to reduce dependence -- particularly economic dependence on the Republic of South Africa -- and to lay the foundation for "genuine and equitable integration." SADCC's objectives, apart from reducing economic dependence, included mobilizing resources to promote the implementation of national, inter-state, and regional policies; and building of links to create a genuine and equitable regional integration with concerted action to secure international cooperation within the framework of a strategy for economic liberation, all of which would ultimately lead to a program of progressive integration.

II. From Coordination to Community...

Twelve years later, as a result of long preparations and consultations, a Declaration, Treaty and Protocol establishing the Southern African Development Community (SADC), the successor organization to SADCC, was signed by the Heads of State or Government of the majority ruled Southern African States on 17 August, 1992, in Windhoek. The Treaty not only formalized the legal status of SADCC -- the Treaty replaces the "Memorandum of Understanding on the

[30]All quotations and references are from the "Declaration Treaty and Protocol of Southern African Development Community," August 17, 1992.

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Institutions of the Southern African Development Coordination Conference," dated July 20, 1981 -- but marked the Member States' commitment to move beyond development coordination towards the equitable integration of their economies.

To the signatories, "[the nations'] common cultural and social affinities, common historical experiences, common problems and aspirations, remain a firm and enduring foundation for common actions to promote regional economic welfare, collective self-reliance and integration, in the spirit of equity and partnership." This solid foundation, they believed, is necessary for the Southern African Development Community to achieve their ideals of "economic well-being, the improvement of the standard and quality of life, freedom and social justice, and peace and security, for the peoples of Southern Africa...and to serve as a vehicle for the development and integration of the region."[31] In committing themselves to this higher ideal, the Community called upon the people of Southern Africa to make the same commitment as their Governments and to participate fully in the process towards regional integration. In addition, the Community specifically asked the international community to continue to support the efforts of the countries of Southern Africa to realize their ideals as stated in the Declaration and Treaty.

III. ...Toward Integration

"SADCC: Towards Economic Integration," the Theme Document for the 1992 SADCC summit at which the new treaty was signed, argued that the region had reached a point where concrete steps towards regional integration were warranted, necessitating a higher level of cooperation. Such cooperation would enable the countries of the region to address problems of national development and adjust to the challenges posed by the increasingly complex regional and global environment. The ability to respond more effectively to changes in the world economy would lead to self-sustaining development and growth which would be more feasible on a regional, rather than a national, basis. Collectively, the countries in the region could overcome the sharp disparities in the performance of the various national economies, the only viable basis for fulfilling the principles of balance, equity, and mutual benefit in the long-term. These characteristics are what form the foundation for regional integration in Southern Africa.

The 1992 SADC Treaty aims to give practical effect to the goals addressed in the 1992 Theme Document. The Treaty provides for member States to conclude a series of protocols to "spell out the objectives and scope of, and institutional mechanisms for, cooperation and integration." After negotiation of the protocols and approval by the Summit, the protocols are to become an integral

[31]SADC has since expanded in membership from the nine founding members of Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia, and Zimbabwe. Currently, SADC is a twelve-member community comprising the original nine members and three new ones, namely, Namibia (1990), South Africa (1994), and Mauritius (1995).

part of the Treaty. While additional areas of cooperation are permitted, the Community agreed that cooperation towards integration (i.e., protocols) would be pursued in the following areas:

(a) food security, land, and agriculture;
(b) infrastructure and services;
(c) industry, trade, investment and finance;
(d) human resources development, science and technology;
(e) natural resources and environment;
(f) social welfare, information and culture; and
(g) politics, diplomacy, international relations, peace and security."

While the Treaty is the legally binding framework of the Community, the Protocols serve as the strategic instruments to achieve the Community's goals. In August 1996, Heads of SADC Member States signed two protocols: the Protocol on Trade Cooperation calls for the establishment of a free trade area among signatory nations within eight years; and the Protocol on Transport, Communications and Meteorology provides a framework for harmonization of policies and standards across the region. Implementation of the latter protocol has already begun in several countries. Further, a protocol for shared watercourse management is in its final stages and work on an investment protocol is planned later this year.

In addition to the protocols, the Community has recognized that regional programs and projects required a regional approach to sector planning in order to yield the maximum results for the integration process. Because most member States had in existence policies and plans in many of the areas in which protocols were to be developed, the Community was interested not only in the successful integration of sector policies and plans and sector policy coordination, but also in the harmonization of macro-economic policies. Such an approach requires strong sector policy coordination; thus, the Community decided that the integration process must include institutional arrangements to promote the coordination of harmonization of sector policies and plans and, ultimately, to harmonize their general macro-economic, fiscal and monetary policies.

IV. Structure and Progress

The SADC Summit, comprising Heads of State or Government from member nations, is the Community's highest policy making body; its Council of Ministers oversees policy implementation. Each member state is assigned responsibility for one or more sectors in which the Community has agreed to cooperate, resting mainly with Commissions or Sectoral Coordinating Units charged with the coordination and guidance of sectoral policies in the region. SADC's Commissions are established by mutual agreement of the Summit as regional institutions supported by each member of the Community. For example, the Southern African Centre for Coordination of Agriculture and Natural Resources Research (SACCAR) -- a commission -- maintains a multi-national staff and receives funding through quotas of $90,000 from each member state annually. Sectoral

Coordinating Units are staffed and supported mainly by the country with responsibility for a given sector. The SADC Secretariat is responsible for coordination between sectors, strategic planning and overall management of SADC programs. Communication between these various institutions is through National and Sectoral Contact Points in the governments of each member state.

Through these institutions, SADC is making broad progress in addition to work on its specific projects and protocols :

- An important theme in its work over the last two years has been "community-building" -- an effort to reach out to the non-governmental sector and develop approaches for bringing NGOs into its deliberations. This has taken various forms, from sponsoring "community-building" workshops as part of the preparatory work leading to draft protocols; to exploring the possibility of organizing an NGO Forum under SADC.

- SADC continues to grow in membership and scope. It has added Mauritius as its twelfth member. It has also added three new sectors of responsibility: the new sector of Finance and Investment has been assigned to South Africa; Culture has been assigned to Mozambique; and Labor has been assigned to Zambia.

- After extensive discussion, governments in the region have agreed to constitute, under SADC auspices, a mechanism for coordinating peacekeeping and conflict-resolution activities; this mechanism consists of a council on Politics, Defence and Security which will operate at the level of Ministers of Defence and Heads of State.

V. Challenge of the Future

SADC's vision is one of a shared future through economic and political cooperation and integration. Its members have agreed to cooperate with and support each other, the initiatives of the people of the region and NGOs, and regional and international organizations. The Community is aware of the challenges facing them. They recognize that the primary responsibility for uplifting the people of the region and raising their standard of living rests primarily with the people themselves and their Governments. Member States, therefore, "recognize that the attainment of the objective of regional economic integration in Southern Africa will require [them] to exercise [their] sovereign right in empowering the organization to act on [their] behalf and for [their] common good. This is the challenging mission of SADC."

Annex VI
RCSA Strategy (1997-2003)
ACRONYMS

AAAS	American Association for the Advancement of Science
Ag/NRM	Agriculture/Natural Resource Management
CBNRM	Community-Based Natural Resource Management
CBO	Community Based Organization
CSO	Civil Society Organization
DG	Democratic Governance
DHRF	Democracy and Human Rights Fund
EG	Economic Growth
EU	European Union
FDI	Foreign Direct Investment
FTE	Full Time Equivalent
GDP	Gross Domestic Product
GWP	Global Water Partnership
IARC	International Agriculture Research Center
IR	Intermediate Result
ISA	Initiative for Southern Africa
IUCN	World Conservation Union
IUCN/ROSA	IUCN/Regional Office for Southern Africa
M&E	Monitoring and Evaluation
MISA	Media Institute for Southern Africa
NGO	Non-Governmental Organization
NRMP	Natural Resources Management Project
ODA	Overseas Development Agency
RCSA	Regional Center for Southern Africa
RF	Results Framework
RSIS	Rolling Stock Information System
RTRP	Regional Telecommunications Restructuring Project
SACCAR	Southern African Coordinating Commission for Agricultural Research
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAEDF	Southern African Enterprise Development Fund
SARDF	Southern African Regional Democracy Fund
SARP	Southern African Regional Program
SATCC	Southern Africa Transport and Communications Commission
SME	Small and Medium Enterprise
SMIP	Sorghum and Millet Improvement Project

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SO	Strategic Objective
STEP	SADC Transport Efficiency Project
STRENGTH	Strengthening Regional Economies through NGOs
TBNR	Transboundary Natural Resources
TDT	Technology Development and Transfer
USAID/W	USAID/Washington
WTO	World Trade Organization