

Acknowledgements

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Acronyms

AfDB	African Development Bank
ART	Antiretrovirals
ASF	African Standby Force
AU	African Union
AU-NPCA	AU NEPAD Planning and Coordinating Agency
AU PIDA	AU Programme for Infrastructure Development in Africa
CCBG	Committee of Central Bank Governors
CIRTs	Computer Incidence Response Teams
COMESA	Common Market for Eastern and Southern Africa
COP	Conference of Parties
CRIDF	Climate Resilient Infrastructure Development Facility
CSC	Climate Services Centre
CSTL	Care and Support for Teaching and Learning
DBSA	Development Bank of Southern Africa
DFID	UK Department for International Development
DFRC-PPP	SADC Development Finance Resource Centre – Public Private Partnership Network
DRC	Democratic Republic of Congo
DSM	Demand Side Management
DTT	Digital Terrestrial Technology
EAC	East African Community
EDF	European Development Fund
EEP	Eastern and Southern Africa Energy Efficiency Partnership
EPA	Economic Partnership Agreement
EU	European Union
EWG	Expert Working Group
FANR	Food, Agriculture and Natural Resources
FAO	Food and Agriculture Organisation
FOCAC	Forum on China–Africa Cooperation
GCI	Global Competitiveness Index
GDP	Gross Domestic Product
GIZ	German Development Cooperation
HSRS	Harmonized Seed Regulatory System
ICAO	International Civil Aviation Organization
ICDP	Institutional Capacity Building Programme
ICP	International Cooperating Partner
ICT	Information and Communication Technology
IDA	World Bank International Development Association
IGAD	Inter-Governmental Authority on Development
IMF	International Monetary Fund
IOC	Indian Ocean Commission
IPF	Investment Policy Framework
I&S	Infrastructure and Services
JICA	Japanese International Cooperation Agency
KfW	Development Bank of Germany
MERF	Monitoring, Evaluation and Reporting Framework
MER	Monitoring, Evaluation and Reporting
MOU	Memorandum of Understanding
MPI	Multidimensional Poverty Index

MW	Mega Watt
NEPAD	New Partnership for Africa's Development
NIXPs	National Internet Exchange Points
OSBP	One Stop Border Post
OPEC	Organisation of the Petroleum Exporting Countries
OVC	Orphan and Vulnerable Children
PAU	Southern African Power Pool - Project Acceleration Unit
PMTCT	Prevention of Mother-To-Child Transmission
PPDF	Project Preparation and Development Facility
PPIAF	World Bank Public – Private Infrastructure Advisory Facility
PPRM	Policy, Planning and Resource Mobilisation
RAPI	Regional Action Programme on Investment
RAIP	Regional Agricultural Investment Plan
RDF	Regional Development Fund
RECs	Regional Economic Communities
REIS	Regional Economic Integration Support
RETOSA	Regional Tourism Organisation of Southern Africa
RIDMP	Regional Infrastructure Development Master Plan
RISDP	Regional Indicative Strategic Development Plan
RLAH	Roam Like At Home
RPC	Regional Political Cooperation
RPO	Regional Poverty Observatory
RPTC	Regional Peacekeeping Training Centre
SACREEE	SADC Centre for Renewable Energy and Energy efficiency
SADC	Southern African Development Community
SAPP	Southern African Power Pool
SARCOF	Southern Africa Regional Climate Forum
SARPCCO	Southern African Police Chiefs Cooperation Organisation
SDGs	Sustainable Development Goals
SE4ALL	Sustainable Energy for All
SEAC	SADC Electoral Advisory Council
SEOM	SADC Election Observation Mission
SHAR	SADC Home and Away Roaming
SIPO	Strategic Indicative Plan for the Organ
SIRESS	SADC Integrated Regional Electronic Settlement System
SNC	SADC National Committee
SPGRC	SADC Plant and Genetic Centre
SSA	Sub-Saharan Africa
TCF	Technical Cooperation Facility
TFCA	Trans-Frontier Conservation Area
TFTA	Tripartite Free Trade Area
TICAD	Tokyo International Conference on African Development
TIFI	Trade, Industry, Finance and Investment
TRF	Trade Related Facility
TSC	Technical Support Committee
TVET	Technical and Vocational Education and Training
UN	United Nations
USA	United States of America
USAID	United States Agency for International Development
WEO	World Economic Outlook

EXECUTIVE SUMMARY

1. This Report summarises key developments in the area of regional cooperation and integration in the SADC region for the period 2016/17.
2. The **political and security situation in the Region** has remained peaceful and stable as Member States continued to adhere to democratic values and practices by holding regular national democratic elections. This notwithstanding, there have been some challenges in the Kingdom of Lesotho and the Republic of Madagascar, and continued insecurity caused by negative forces in the eastern part of the Democratic Republic of Congo.
3. Available data indicate that **economic performance** has continued in a downward trend in 2016 compounded by shocks emanating from weather related factors and natural disasters that the region has faced in recent years. Cost-push factors largely driven by food shortages as a result of drought in some parts of the region in 2015/16 season, have resulted in most Member States recording rising inflation in 2016. These climate change factors (droughts and floods), in addition to declining commodity prices, have largely contributed to the slowdown in real GDP growth, which averaged 2.6 per cent in 2016 compared to 3.3 per cent recorded in 2015. Favourable weather conditions experienced in 2016/17 will result in improved agricultural production leading to improved food supply, thus containing the price pressures in the region.
4. In terms of **implementation of regional programmes**, based on its mandate, which is mainly strategic planning; coordination and harmonisation of policies and strategies; monitoring and evaluation; resource mobilisation; and research, the Secretariat had planned for 304 outputs in its Corporate Plan for 2016/17 to contribute towards the objectives of the RISDP and SIPO. Of these outputs, 243 (80 per cent) were fully achieved and 61 (20 per cent) were not completed. The outputs which were not completed have been re-programmed in the Operational Plans for 2017/18, where resources are available.
5. An overview of key outputs achieved or on-going are summarised below according to the priority areas of the Revised RISDP.

Industrial Development and Market Integration

6. Implementation of major milestones for the Industrialisation Strategy and Roadmap is on-going, and the Action Plan for the Strategy was approved in March 2017.
7. The mineral and pharmaceutical sectors were profiled and potential areas for developing regional value chains were identified. Further work is required in the profiling of both sectors to, among others, undertake detailed feasibility studies on each of the identified value chains and develop bankable projects.
8. The SADC Integrated Regional Electronic Settlement System (SIRESS), which was initially launched in four Member States of the Common Monetary Area has been rolled out to 14 Member States. Efforts are on-going to ensure the remaining Member State (Madagascar) joins SIRESS soon.
9. Ten (10) Member States (Madagascar, Mauritius, Mozambique, Tanzania, Zambia and SACU Member States) have completed the implementation of Category C tariff phase down.

10. Work on the operationalisation of the SADC Regional Development Fund is on-going. The Agreement on the Operationalisation of the SADC Regional Development Fund was finalised, and has been signed by seven Member States.
11. The peer review mechanism continued to operate and the Peer Review Panel met in July 2017 to consider the reports for DRC, Namibia and Zimbabwe.

Infrastructure Support for Regional Integration

12. Ten (10) additional projects were received through the SADC PPDF online application system (www.sadcppdf.org), from April 2016 to 25 January 2017.
13. The SADC-PIDA Acceleration Programme on the Beira and North-South Corridors was launched in June 2016.
14. A Resolution on Cyber Security was adopted in October 2016 which urges Member States to accelerate the domestication of all the SADC Harmonised Model Laws and to operationalise their Computer Incidence Response Teams (CIRTs) by December 2018.
15. Overall access to electricity in the Region increased from 36% in September 2015 to about 45% by the end March of 2017. As at the end of May 2017, fourteen (14) SADC Member States had introduced some kind of regulatory oversight in the form of energy or electricity regulatory authorities.
16. The process of domesticating the One-Stop-Border Post (OSBP) Source Book 2nd Edition was launched. The toolkit is to guide policy-makers, trade and transport practitioners. It will also assist the Secretariat in formulating regional policies and programmes on OSBPs.
17. As part of Transboundary Water Resources Management, a number of initiatives are underway in the various River Basins, including the signing of the Pungwe River Basin Bilateral Cooperation Agreement by Mozambique and Zimbabwe and discussions between the Government of Angola and Namibia to establish a Kunene Water Commission (KUNECOM).
18. The capacity of the SADC Climate Services Centre (CSC) to generate quality, reliable climate information has been improved through the construction of a Laboratory, the provision of equipment, and connecting the Centre to the global meteorological system.

Peace and Security Cooperation

19. Comprehensive (technical, administrative, logistical, and financial) support was provided to regional initiatives, including TROIKA Missions, to the DRC (2), Republic of Madagascar (1) and the Kingdom of Lesotho (3), contributing to relative stability to the respective Member States.
20. To promote democratic institutions and practices in the region, the draft Curriculum, Training Manual and Handbook for SADC Election Observers have been completed and have gone through pre-validation processes of the SADC Electoral Advisory Council.

21. The Republics of Namibia and Botswana were assisted in the development of their Strategies for the implementation of the SADC Regional Counter-Terrorism Strategy.
22. In the area of Defence and Security, among others, the Region's Defence forces continued to participate in peace time military exercises, and the MOU between SADC and the Government of Russia was endorsed by MCO in July 2017.

Special Programmes of Regional Dimension, including Cross-Cutting Issues

23. In the area of Agriculture, Food Security and Natural Resources:

- (i) the Regional Agricultural Investment Plan (RAIP) 2017-2022, was developed and approved;
- (ii) a regional evaluation of the SADC Humanitarian Appeal process and response has been initiated in order to assess the effectiveness of the response by SADC and its partners to the EL Niño induced 2015/16 disaster;
- (iii) all Member States have been capacitated on surveillance and monitoring techniques to facilitate early detection of transboundary plant pests and diseases in order to enhance preparedness while also harmonising control efforts;
- (iv) a range of activities were organised at the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES COP 17) to showcase the SADC Transfrontier Conservation Areas (TFCAs) Programme;
- (v) the SADC Regional Aquatic Animal Health Strategy (2016-2026) and SADC Regional Aquaculture Strategy and Action Plan (2016-2026) were approved, and a number of initiatives taken to facilitate implementation of the two strategies; and
- (vi) the SADC Plant Genetic Resources Centre (SPGRC) initiated and supported efforts to establish National Plant Genetic Resources Centres in Member States.

24. In terms of Social and Human Development:

- (i) the SADC Qualification Framework was approved to serve as a regional mechanism for comparability and recognition of full qualifications and skills, credit transfer, creation of regional standards and quality assurance;
- (ii) a SADC Consolidated Employment Report was produced based on ten SADC Member States national employment reports using the Minimum Labour Market Indicators;
- (iii) the Common Technical Document for Registration of Medicines has been adopted for the region, and the Zazibona Initiative for Collaborative Evaluation of Dossiers for Registration of Medicines is utilizing the updated Guidelines for Registration of Medicines; and
- (iv) a Situational Assessment of Youth Innovation, Entrepreneurship and Productivity has been launched in order to facilitate the development of a Regional Youth

Innovation and Entrepreneurship Framework and Implementation Plan to support youth participation in development.

25. Under **cross-cutting issues**:

- (i) **Poverty Reduction**: the work of the Regional Poverty Observatory is being reviewed in order to strengthen the Observatory and render it more effective;
- (ii) **Combatting of the HIV and AIDS Pandemic**: Phase 2 of the SADC HIV and AIDS Cross Border Initiative, funded by the Global Fund, is under implementation, where services are provided at 32 Wellness Clinics aimed at reducing HIV infections in the region and mitigate impact of HIV and AIDS on Long Distance Truck Drivers, Sex Workers, and affected communities around border areas;
- (iii) **Gender and Development**: The Revised SADC Protocol on Gender and Development was approved and signed by Summit in August 2016; the SADC Gender Responsive Budgeting Guidelines were operationalized; and training courses on trafficking in persons were conducted for law enforcement officers and key service providers;
- (iv) **Science, Technology and Innovation**: The SADC Charter on Women in Science, Engineering and Technology, which is aimed at increasing the participation of women in youth in the fields of science, technology, engineering and mathematics, was adopted;
- (v) **Private Sector**: the first SADC Industrialization Week was commemorated from 23 to 26 August 2016. It culminated in the Esibayeni Declaration, which was adopted by the 2nd Southern Africa Business Forum; and
- (vi) **Statistics**: The SADC Statistical Yearbook 2015, which provides a wide selection of comparable and updated range of socio-economic regional statistics and indicators for the period 2005–2014, was produced, in addition to monthly news releases of the SADC Harmonised Consumer Price Indexes.

26. In terms of **corporate activities**, Budget and Finance, Human Resources and Administration, Internal Audit, Legal Affairs, Information and Communication Technology, Public Relations and Procurement continued to provide corporate services in order to bolster the functioning of the Secretariat. The following was achieved, among others: International Public Sector Accounting Standards compliant 2015/16 financial statements for the SADC Secretariat were compiled and issued; the new Organizational Structure for the Secretariat was approved and operationalised; Internal Audit Reports were produced and submitted to various SADC structures; legal advice/opinions were provided to the Secretariat and other SADC Institutions; the online presence of the SADC Secretariat was intensified; and an automated procurement system was developed and is operational.

27. In the context of **continental cooperation and integration**, the Secretariat continued to actively participate in the Meetings of the Assembly and the Executive Council of the African Union and the NEPAD Planning and Coordinating Agency. The Secretariat also continued to coordinate the participation of SADC in key continental integration programmes, such as the Continental Free Trade Area (CFTA), and the SADC-COMESA-EAC Tripartite Agenda.

28. In the area of **development cooperation and resource mobilization**, development partners that have continued to contribute considerable resources to the implementation of SADC programmes and projects include: the European Union through the European Development Fund, AfDB, World Bank, Commonwealth, World Health Organization, Food and Agriculture Organization, USAID, UN Agencies and the Global Fund. Regional institutions such as the Southern Africa Trust have continued to extend their support to SADC. Significant support was also received from individual countries such as Germany, and consultations are on-going with China and Japan for financial and technical support.
29. Risk Management continues to be an important pillar of **good governance** for the Secretariat. Directorates and Units continue to review and update their risk profiles to ensure that impacts and likelihood of risks are proactively mitigated, while potential opportunities are explored further where possible. A Business Continuity Management Plan is being developed to ensure seamless transition and continuity during disasters, emergencies or any unexpected interruptions to the operations of the Secretariat.
30. **Financial Management framework:** Results for the 2016/17 financial year show: an operating surplus of US\$ 6.1 million (compared to US\$11.8 million in 2015/16) and total assets under the control of SADC Secretariat of US\$ 97.5 million (compared to US\$101.1 million in 2015/16); decreasing contributions from Member States (27%) and declining grants (37%).
31. The overall utilisation of the budget for programmes and corporate services in 2016/17 was 64%, and reflects 81% and 53% for contributions from Member States and ICPs, respectively.
32. The effective and full implementation of regional SADC programmes and projects continues to be affected by a number of **challenges** in areas such as planning and programming; monitoring, evaluation and reporting; project management; financial and human resources; and computerization and ICT systems. In order to address these challenges, a number of reforms to improve the efficiency and effectiveness of the SADC Secretariat's operation have been undertaken. Key measures taken include: strengthening the operationalisation of the planning, monitoring and evaluation functions; developing the SADC Project Management System to improve implementation, efficiency and absorption capacity for the entire project management cycle; reviewing and approval of the SADC organization structure; and automating ICT systems.
33. To continue building on the above reforms, **key recommendations** for the short to medium term include: continued improvement of planning and programming, monitoring, evaluation and reporting processes to ensure that they are in line with existing capacity and availability of financial and human resources; continued strengthening of negotiations between parties to ensure that projects and programme estimates are aligned to SADC priorities and fiscal year, and that funds are disbursed on time; improving recruitment frameworks to ensure that vacant positions are promptly filled; and ensuring that the Secretariat communicates to SADC audiences in ways that are relevant and as engaging as possible.

1.0 INTRODUCTION

The Report of the Executive Secretary is for 2016/17, which is the second year of the Revised Regional Indicative Strategic Development Plan 2015-2020. The purpose of the report is to present a review of the main developments in the area of regional cooperation and integration in the SADC region for the period April 2016 to March 2017, although in some cases reference is also made up to July 2017. The report outlines the following:

- (i) Political and economic developments in the SADC region for 2016-2017 and outlook for 2017-2018;
- (ii) Implementation of programmes of regional cooperation and integration;
- (iii) Implementation of corporate activities;
- (iv) Continental cooperation and integration;
- (v) Development cooperation and resource mobilisation
- (vi) Good governance;
- (vii) Implementation of Financial Management Framework; and
- (viii) Summary of implementation challenges and recommendations.

2.0 POLITICAL AND ECONOMIC DEVELOPMENTS IN THE SADC REGION FOR 2015-2016 AND OUTLOOK FOR 2016-2017

2.1 POLITICAL DEVELOPMENTS

2.1.1 Conflict Prevention Management and Resolution

1. The political and security situation in the Region has remained peaceful and stable as Member States continued to adhere to democratic values and practices by holding regular national democratic elections. This notwithstanding, there have been some challenges in the Kingdom of Lesotho and the Republic of Madagascar, and continued insecurity caused by negative forces in the eastern part of the Democratic Republic of Congo (DRC).

The Democratic Republic of the Congo

2. The political situation in the DRC remained volatile, requiring deployment during the period under review, of regular follow-up missions and continued expression of SADC support to the DRC. These follow-up missions included an Organ Troika Ministerial Assessment Mission to the DRC from 10 to 13 October 2016, a Secretariat Technical Assessment Mission in February 2017, Follow-up Mission of the Ministerial Committee of the Organ Troika (MCO-T) from 19 to 21 April 2017 with the objective of assessing the political and security developments in the DRC, and the on-going efforts related to peace and political stability in the country. There has been an escalation of violence and insecurity in the Kasai Provinces and in eastern DRC, where negative forces continue to wage an asymmetric war against the Government and United Nations Stabilisation Mission in the

DRC (MONUSCO) forces. The DRC stakeholders are yet to finalize the Specific Arrangements for the Implementation of the 31st December 2016 Political Agreement.

The Kingdom of Lesotho

3. At its meeting held in Lozitha, Kingdom of Swaziland on 30-31 August 2016, Summit, among others decided to deploy the Oversight Committee (OC) on the Kingdom of Lesotho to serve as an early warning mechanism, and lend assistance to the implementation of the Constitutional and Security Sector Reforms, where necessary. The OC carried out deployments to the Kingdom of Lesotho between November 2016 and June 2017. The OC has been working closely with the SADC Facilitator and recommended that SADC must maintain involvement in the reforms process in Lesotho, as the process is still at the preparatory stage. With the inauguration of the new Government led by Dr. Thomas Thabane, it is expected that the impetus for the implementation of the reforms process will be achieved through the convening of a multi-stakeholder national political dialogue.

The Republic of Madagascar

4. Madagascar has returned to constitutional normalcy with the holding of the 2013 Presidential and Legislative elections, within the framework of the implementation of the SADC Roadmap. In his investiture speech, H.E. President Rajaonarimampianina undertook to improve the country's political, economic, social and security situation but unfortunately, the situation remains fragile. Maintaining peace and stability in Madagascar remains a top priority. This must be predicated upon a clear agenda of national reconciliation within the framework of the Roadmap. The political, economic, social and security situation in Madagascar remains very fragile as the country still has to contend with political instability and insecurity. Other challenges include, poverty, underdevelopment, natural disasters and social tensions. Through the Special Envoy, SADC is being called upon to again play a more active and leading role in assisting Madagascar to consolidate peace and stability, mobilize international support for post-conflict reconstruction and development to heal the negative impact of the past, and fully address the challenge of national reconciliation, as provided for in the Roadmap.

2.1.2 Strengthening Regional Collective Defence and Security

5. In line with the African Standby Force (ASF) objective of promoting Peace, Security and Stability in Africa, the SADC Standby Force (SSF) is expected to be on the African Standby Force Roster from 1 January to 30 June 2019. A Concept Paper on the implications and requirements related to fulfilling SADC's obligations on the African Standby Force Roster during this period was validated by Member States and endorsed by the DSC at its meeting in Dar es Salaam, Tanzania on 19 May 2017. As such, the SSF has continued to strengthen and enhance operational readiness by undertaking a number of activities which include, among others, striving to put relevant structures like the Regional Movement Coordination Centre and Joint Operations Centre (RMCC/JOC); Command, Control and Communication Information System (C3IS); Deployable Headquarters; Regional Logistics Depot and Policy/Legal Frame Work for smooth deployment.
6. At the same time, as force preparation, SSF has planned for Regional Exercises to take place both in 2017 and 2018. Some of the scheduled Exercises are the SADC Air Forces/Arms/Wings Interoperability Humanitarian Aid (HA), Joint Exercise Blue - Kunene

to be held in Namibia; Medical Health Services Exercise Morwalela to be held in Botswana, Special Forces Exercise Matumbawe to be held in the United Republic of Tanzania and the SSF Command Post Exercise to be held in Malawi.

2.1.3 Consolidating Democratic Institutions in the Region

7. SADC Member States have continued to hold regular democratic elections. This reflects the region's commitment to democratic principles and practices. Between August 2016 and July 2017, elections were held in the Republic of Zambia, the Republic of Seychelles and the Kingdom of Lesotho. In the Republic of Zambia, General Elections were held on 11 August 2016 and H.E. Edgar C. Lungu and the Patriotic Front (PF) party won the elections. In the Republic of the Seychelles the main opposition coalition parties, the Linyon Demokratik Seselwa (LDS) won the elections.
8. On 16 October 2016, the President of the Seychelles, H.E. James Michel resigned from office and was replaced by his former Deputy President, H.E. Danny Faure, to serve the rest of the four-year term of the Presidency as provided for by the Constitution of the Republic of the Seychelles. The Kingdom of Lesotho held Snap Elections on 3 June 2017 and The Right Honourable Dr Thomas Thabane and the All Basotho Convention (ABC) party won the elections. This enabled them to form a government with three other parties, as there was no party with an outright majority of seats. In all three elections the 2015 Revised *Principles and Guidelines Governing Democratic Elections* were used by the SADC Election Observer Missions (SEOM) deployed to the Member States. Similarly, in all three Member States, the SEOMs received advisory services on electoral, democracy and good governance matters from the SADC Electoral Advisory Council (SEAC).
9. A number of Pre-election assessment missions to Member States holding elections were undertaken by the SEAC, to ascertain their levels of preparedness and readiness to hold elections. Post-election assessment missions were also undertaken to determine the extent to which they had complied with the recommendations of the SEOM reports in conformity with the revised SADC Principles and Guidelines Governing Democratic Elections. The forecast for 2017/18 indicates that Member States will continue to embrace democratic practices, uphold the principles of electoral integrity, good governance and continue to strengthen their democratic institutions.

2.2 ECONOMIC DEVELOPMENTS

2.2.1 Global Economic Background

2.2.1.1 Economic Activity

10. Binding structural impediments continue to hold back a stronger global economic recovery. Persistent structural problems, such as low productivity growth and high income inequality; and increasing pressures for inward-looking policies in advanced economies, threaten global economic integration and the cooperative global economic order that has served the world economy well, especially emerging markets and developing economies.
11. According to the IMF World Economic Outlook Report of April 2017, global growth in 2016 slowed down to 3.1 per cent from 3.4 per cent in 2015. Emerging markets and developing economies still accounted for the largest part of the world growth, although performance

across countries continued to be uneven and generally weaker compared to the past two decades (see Table 1).

Table 1: Major Macroeconomic Indicators of Selected Economies

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
World	5.3	2.7	-0.4	5.2	3.9	3.2	3.4	3.4	3.4	3.1	3.5	3.6
Advanced Economies	2.7	0.1	-3.4	3.0	1.7	1.5	1.4	1.8	2.1	1.7	2.0	2.0
Euro Area	3.0	0.4	-4.4	2.0	1.5	-0.6	-0.5	0.9	2.0	1.7	1.7	1.6
USA	1.8	-0.3	-2.8	2.5	1.8	2.8	2.2	2.4	2.6	1.6	2.3	2.5
EM & DE	8.7	5.8	3.1	7.5	6.2	4.9	5.0	4.6	4.2	4.1	4.5	4.8
China	14.2	9.6	9.2	10.4	9.3	7.7	7.8	7.4	6.9	6.7	6.6	6.2
India	9.8	3.9	8.5	10.5	6.3	3.2	6.9	7.2	7.9	6.8	7.2	7.7
Brazil	6.1	5.2	-0.3	7.5	2.7	0.9	2.7	0.1	-3.8	-3.6	0.2	1.7
SSA	7.1	5.7	2.6	5.6	5.5	4.9	5.2	5.0	3.4	1.4	2.6	3.5

Note: (i) EM & DE is Emerging Market and Developing Economies
(ii) SSA is Sub-Saharan Africa.

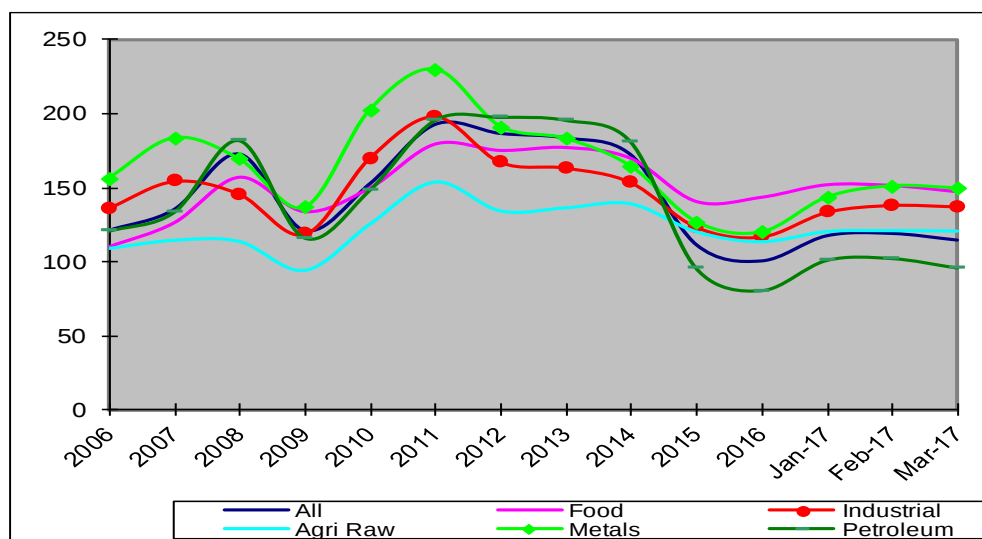
Source: IMF World Economic Outlook, April 2017.

12. Growth in the United States was 1.6 per cent in 2016, down from 2.6 per cent recorded in 2015, largely driven by the uncertainties around the elections. However, growth picked up in the last quarter of 2016 reflecting the assumed fiscal policy easing and an increase in confidence, especially after the November elections.
13. Recovery in the Euro area was not satisfactory largely because of slow growth in Spain and Italy. Real GDP growth slowed down from 2.0 per cent in 2015 to 1.7 per cent in 2016.
14. Growth in the emerging markets and developing economies was mixed. Despite continued policy support, economic activity in China slowed down marginally from 6.9 per cent in 2015 to 6.7 per cent in 2016. Similarly, economic activity in India slowed down from 7.9 per cent in 2015 to 6.8 per cent in 2016, largely because of the impact of the currency exchange initiative. Brazil continued to be mired in a deep recession with real GDP declining by 3.8 per cent and 3.6 per cent in 2015 and 2016, respectively.
15. Economic activity in Sub-Saharan Africa fell sharply with output increasing by only 1.4 per cent in 2016, compared to a growth of 3.4 per cent recorded in 2015. This was largely a result of low commodity prices, structural challenges such as power shortages and climate change related factors.

2.2.1.2 Developments in Commodity Prices

16. Commodity prices largely remained weak for the better part of 2016 with the IMF all primary commodity index declining by 10 per cent from 111 in 2015 to 100 in 2016 (see Figure 1). The weak prices were in part due to concerns about the sluggish resilience of global demand and investors' loss of appetite for commodity investments. Declines in oil prices remained substantial, falling from an average of US\$51 per barrel in 2015 to an average of US\$43 dollars per barrel in 2016. However, oil prices started to pick up in August 2016, in part due to the agreement by the Organization of the Petroleum Exporting Countries (OPEC) and other producers to cut oil production. Stronger activity and expectations of more robust future global demand also contributed to strengthening oil prices.

Figure 1: IMF – Movements in Primary Commodity Prices (2005 = 100, in terms of US Dollars)



Source: IMF World Economic Outlook Database

17. Non-fuel prices weakened with the indices for industrial materials, metals and agricultural raw materials, declining by 5 per cent, 6 per cent and 6 per cent from 124, 127 and 120 in 2015 to 117, 120 and 113 in 2016, respectively. However, there were marginal improvements in food prices with food index increasing by 2 per cent from 141 in 2015 to 144 in 2016.

2.2.2 Regional Economic Performance

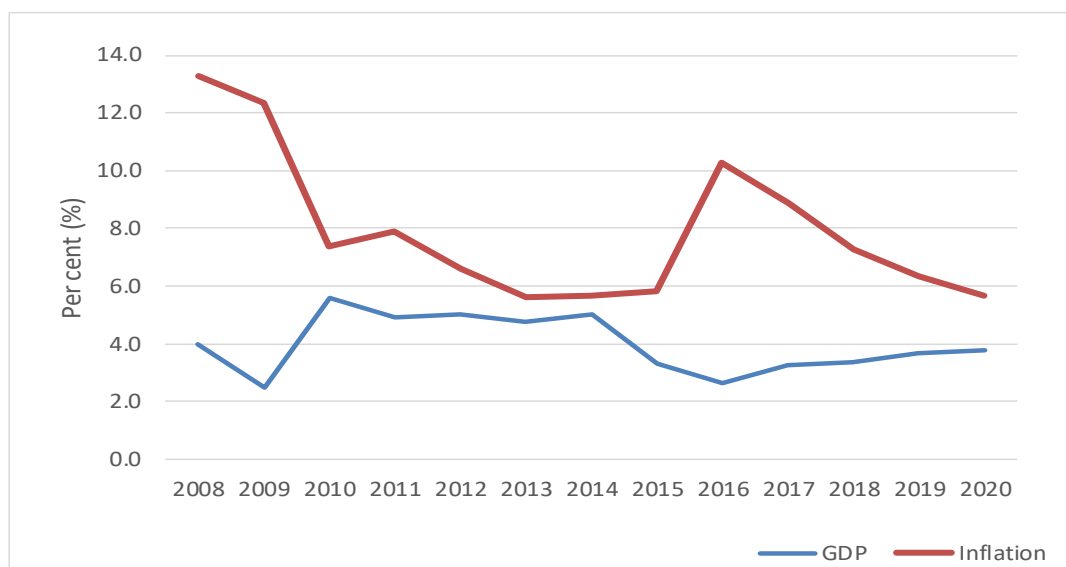
2.2.2.1 Overview

18. Available data provided by Member States in March 2017 and from the IMF World Economic Outlook database (April 2017) indicate that the downward trend in economic growth since the global economic crisis in 2009, continued in 2016 compounded further by shocks emanating from weather related factors and natural disasters the region faced in recent years. Cost-push factors largely driven by food shortages as a result of drought in some parts of the region in 2015/16 season, have resulted in most Member States recording rising inflation in 2016. Fiscal space has vanished and public debt is rising. External positions of most of the Member States continue to deteriorate and exchange rates weakened. This outcome is largely a result of two factors beyond the control of Member States.
19. Firstly, climate change factors affected the region with some of the Member States experiencing drought while others experiencing floods. The immediate impact of these disasters has been on the fiscal account as Member States increased expenditure for relief and humanitarian purposes; and rehabilitation of damaged infrastructure. Secondly, weak commodity prices have affected most Member States, resulting in low revenues at a time when demand for resources for humanitarian and relief purposes was high.

2.2.2.2 Real GDP

20. Real GDP continued to slowdown averaging 2.6 per cent in 2016 compared to 3.3 per cent recorded in 2015 (see Figure 2). However, if average population growth of the region of 2.3 per cent is factored in, the region barely grew in 2016. Only Tanzania recorded real GDP growth rates above the regional target of 7 per cent. Climate change factors (droughts and floods) in addition to declining commodity prices have largely contributed to the slowdown in real GDP growth.

Figure 2: SADC – Real GDP, Per Capita GDP and Inflation



Source: Member States, March 2017 and IMF WEO Outlook April 2017.

21. Consequently, per capita GDP declined by 1.5 per cent in 2016. However, this was a modest decline compared to a decline of 9.4 per cent in 2015. Only five Member States: Botswana, DRC, Mauritius, Seychelles and Tanzania, recorded positive growth in per capita GDP in 2016 compared to only two Member States: DRC and Malawi, in 2015.

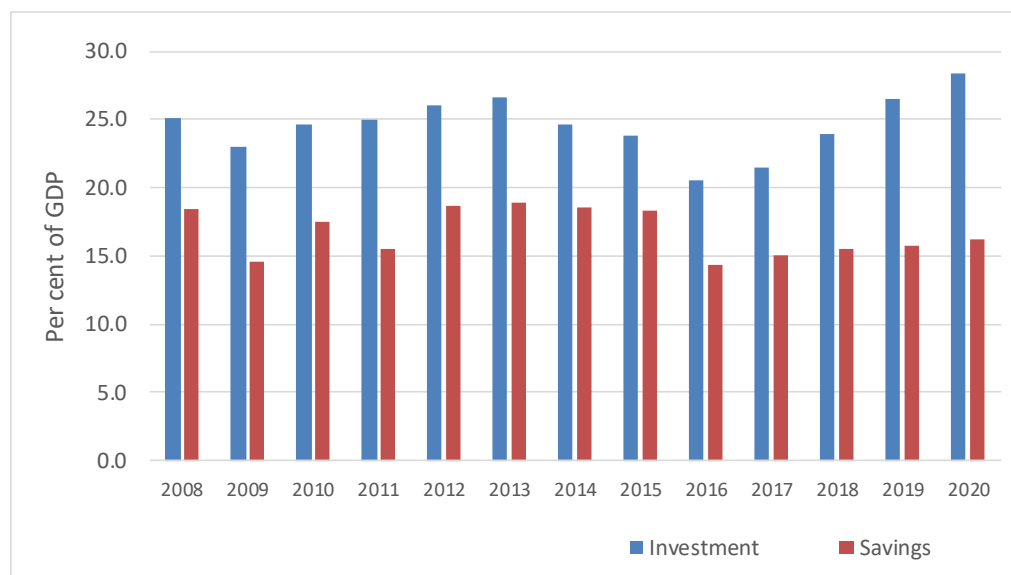
2.2.2.3 Inflation

22. Cost-push factors largely driven by weakening currencies and food shortages as a result of drought in some parts of the region in 2015/16 season, have resulted in most Member States recording rising inflation in 2016. Provisional figures indicate that the region recorded an average inflation rate of 10.3 per cent in 2016 compared to an average of 5.8 per cent in 2015. In 2015 all Member States, except for Angola, Madagascar, Malawi and Zambia, met the regional inflation target range of 3-7 per cent. In 2016, only half of the Member States: Botswana, Lesotho, Madagascar, Mauritius, Seychelles, South Africa and Tanzania, met the regional inflation target range of 3-7 per cent.
23. Zimbabwe remained in a deflationary state (-2.4 per cent in 2015 and -1.5 per cent in 2016) as a result of low aggregate demand; and cheaper imported products compared to locally produced goods.

2.2.2.4 National Savings and Investments

24. Both average total investments and gross national savings have been on the decline since 2013. The region recorded total investments of 21.5 per cent of GDP in 2015, a decline from 23.8 per cent of GDP in 2014. Despite the decline in average terms, Madagascar, Mauritius and Swaziland recorded increases in total investment in 2015. Only three Member States: Seychelles, Tanzania and Zambia, managed to achieve the regional target of 30 per cent of GDP for investment (see Figure 3).
25. On the savings side, the region recorded an average gross national savings of 14.7 per cent of GDP in 2015. This was lower than the gross national savings of 18.4 per cent of GDP realised in 2014. Only Botswana, Lesotho and Zambia achieved the regional target of 30 per cent of GDP in 2015. Botswana, Lesotho and Zambia, were also the only Member States that achieved the regional target of 30 per cent in 2014.

Figure 3: National Savings and Total Investment (% of GDP)



Source: Member States, March 2017 and IMF WEO April 2017.

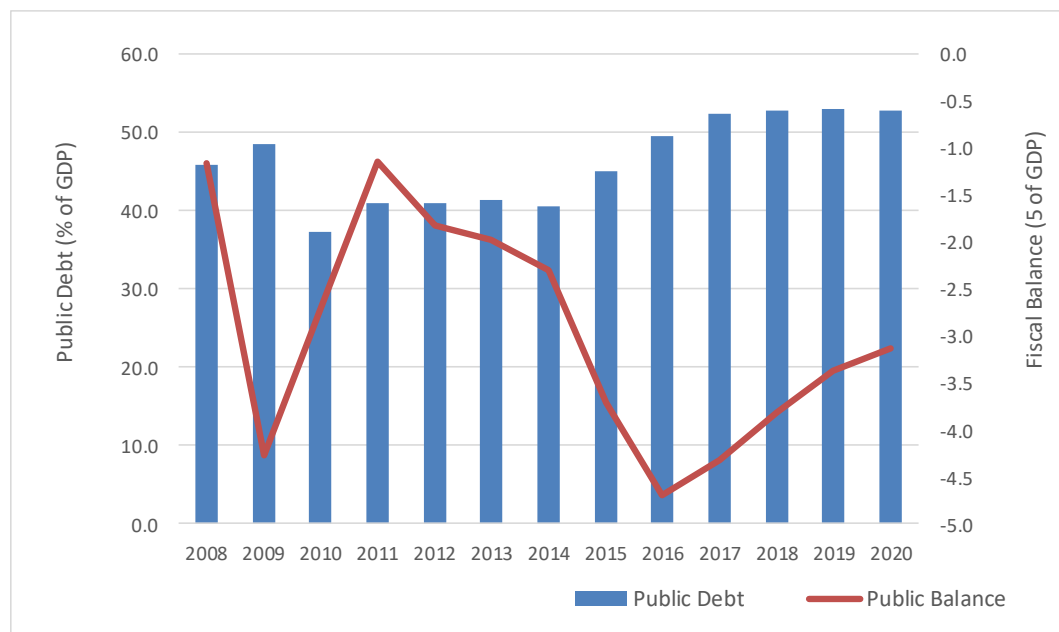
2.2.2.5 Fiscal Sector

26. Poor economic performance has resulted in low government revenues, in turn affecting fiscal balance positions in the face of increased expenditures to support relief and humanitarian efforts. Government revenue declined from an average of 26.7 per cent of GDP in 2015 to an average of 24.9 per cent of GDP in 2016. However, government expenditure remained almost unchanged at 30.5 per cent of GDP in 2015 and 30.1 per cent of GDP in 2016.
27. Fiscal space for a majority of Member States has been exhausted in 2016. The region is estimated to have recorded a fiscal deficit of 4.7 per cent of GDP in 2016 compared to a deficit of 3.7 per cent of GDP in 2015. Only four Member States (DRC, Lesotho, Mauritius and Seychelles) met the regional fiscal deficit target of 3 per cent of GDP in 2016

compared to five Member States (Angola, Botswana, DRC, Madagascar and Seychelles) in 2015.

28. Consequently, public debt has risen almost across all Member States. The region is estimated to have recorded a public debt of 49.5 per cent of GDP in 2016 compared to 45.1 per cent of GDP recorded in 2015. All Member States, except for Mauritius, Mozambique and Seychelles met the regional target of public debt of 60 per cent of GDP, both in 2015 and 2016 (see Figure 4).

Figure 4: SADC – Fiscal Deficits and Public Debt (% of GDP)



Source: Member States, March 2017 and IMF WEO April 2017.

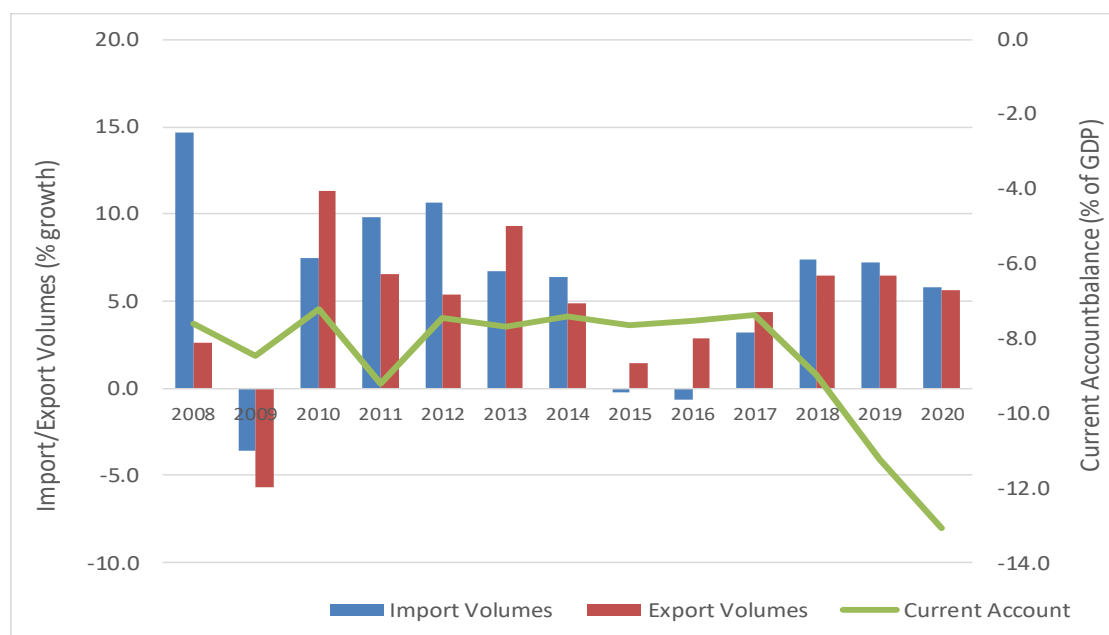
2.2.2.6 External Sector

29. Performance of the external sector in general remained unsatisfactory in 2016 on account of low commodity prices. Export volumes improved slightly by 2.9 per cent in 2016 compared to a growth of 1.4 per cent in 2015. Import volumes declined by 0.6 per cent in 2016 compared to a decline of 0.3 per cent recorded in 2015.
30. In value terms, the Report on Recent Economic Developments in SADC produced by the Bank of Mauritius for the Committee of Central Bank Governors (CCBG) indicates that SADC goods exports decreased by 7.8 per cent from US\$165.4 billion in 2015 to US\$152.5 billion in 2016. Exports by South Africa and Angola accounted for the two largest share of these exports, with 49 per cent and 18 per cent of total SADC exports in 2016, respectively. The individual shares of all other Member States were in the range of 1-7 per cent of total SADC exports. Intra-SADC exports amounted to US\$35.8 billion in 2016, representing 23.5 per cent of total exports of the SADC region, higher than 22.8 per cent in 2015.
31. Values for total goods imports decreased by 13.1 per cent, from US\$189.6 billion in 2015 to US\$164.8 billion in 2016. South Africa and Angola imports had a share of 45 per cent

and 17 per cent of total SADC imports, respectively, in 2016. The individual shares of all other Member States were in the range of 1-6 per cent of total SADC imports. Intra-SADC imports amounted to US\$30.8 billion, representing 18.7 per cent of total imports of the SADC region, slightly higher than 17.8 per cent in 2015. Consequently, intra-SADC trade progressed mildly from 20.1 per cent in 2015 to 21.0 per cent in 2016. Compared to Europe and Asia where intra-trade exceeds 60 per cent, the current level of intra-SADC trade remains inadequate, holding back significantly the regional integration process. In this context, the SADC Industrialisation Strategy and Roadmap 2015-2063, launched in April 2015, comes at an opportune time for Member States to redress the situation.

32. Consequently, current account deficit for the region averaged 7.5 per cent of GDP in 2016 compared to an average of 7.6 per cent of GDP in 2015. All Member States, except for Malawi, Mozambique, Namibia and Seychelles, recorded current account deficits within the regional target of 9 per cent of GDP in 2016. In 2015 all Member States, except for Angola, Malawi, Mozambique, Namibia and Seychelles, recorded current account deficits within the regional target (see Figure 5).

Figure 5: SADC – Export and Import Volumes and Current Account Balance



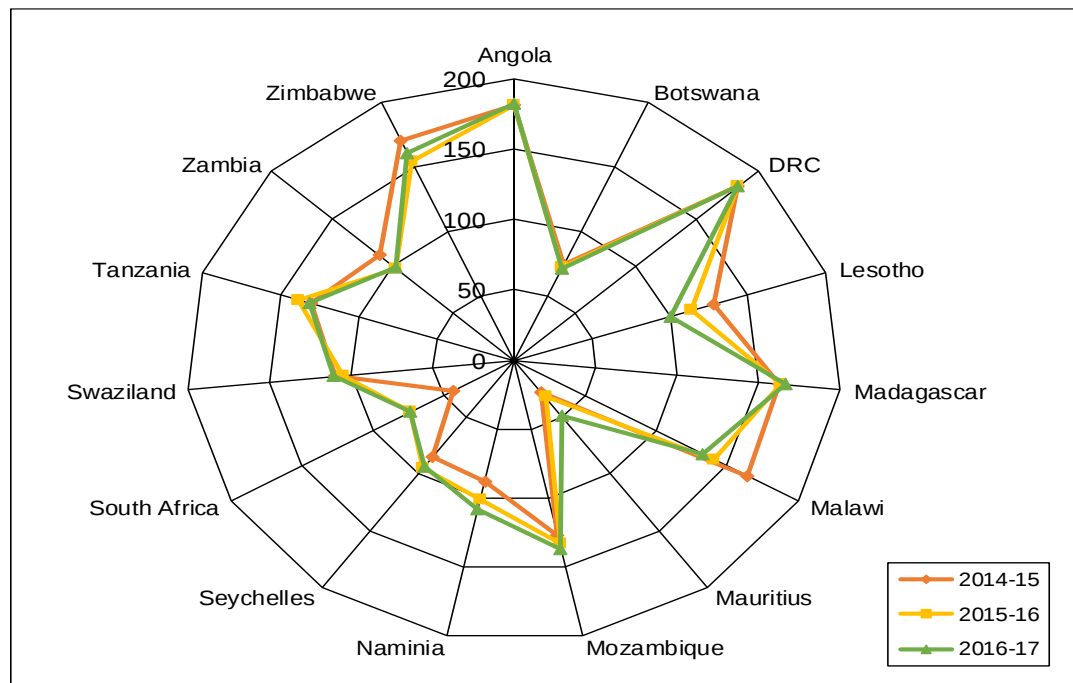
Source: Member States, March 2017 and IMF WEO April 2017.

33. In terms of foreign exchange reserves, SADC average import cover improved slightly from 5.1 months of imports in 2015 to 5.2 months of imports in 2016. Botswana had the largest level of international reserves in SADC, representing an import cover of 17.5 months, followed by Angola with 10.5 months and Mauritius with 9.3 months. The other Member States did not meet the criterion of 6 months of import cover, with some of them even falling short of the IMF benchmark of 3 months of import cover.

2.2.2.7 Business Environment

34. Data from the World Bank Ease of Doing Business 2016-17 indicate that the SADC region is making progress in improving the business environment and its competitiveness in general, although performance during the year under review was mixed, a reflection of the macroeconomic background. Over half of the Member States slipped in ranking, while some showed steady improvements in the ease of doing business ranking.
35. Performance with regard to ease of doing business indicate that Botswana, Lesotho, Malawi, Seychelles and Tanzania improved in their ranking with Lesotho, Malawi and Tanzania moving up by fourteen, eight and seven positions, respectively. On the other hand, Mauritius slipped by seventeen positions from 32 in 2015/16, while Swaziland and Zimbabwe slipped by six positions from 105 and 155 in 2015/16, respectively. Nonetheless, Botswana, Lesotho, Mauritius, Seychelles, South Africa and Zambia remain the only Member States in the region ranked within the first 100 bracket (see Figure 6).

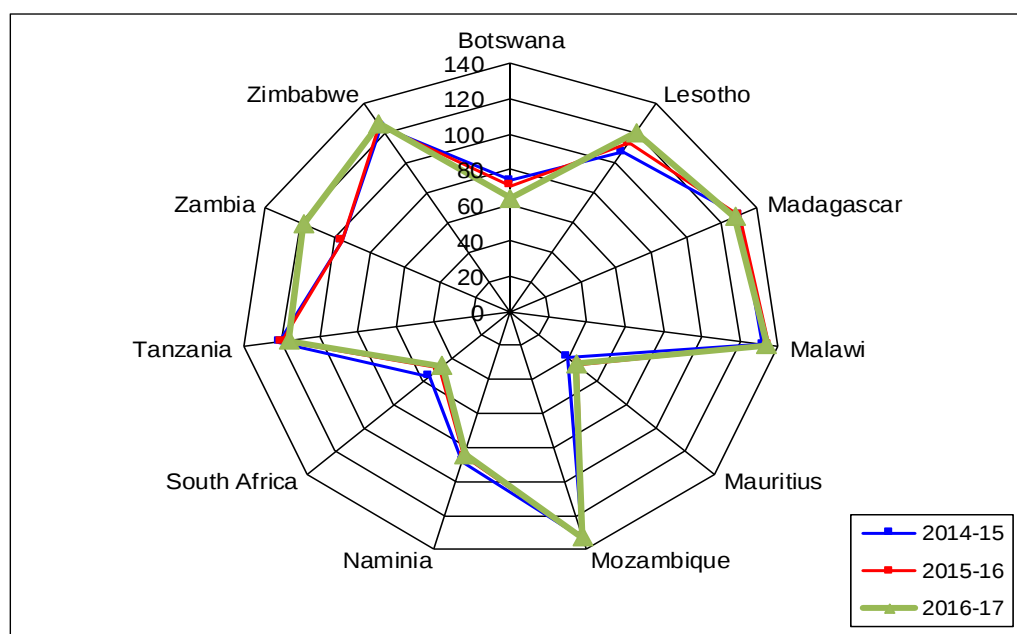
Figure 6: SADC – Rank Ease of Doing Business



Source: World Bank Ease of Doing Business, 2016-17.

36. The picture with regard to improving the business environment is the same if one considers the World Economic Forum Global Competitiveness Index (GCI), although the GCI indicates fair improvements in some respects (see Figure 7). The GCI measures the competitiveness of an economy by considering all factors from basic factors that enable it to be competitive to factors that make it efficient and innovative.

Figure 7: Ranking – Global Competitiveness Index



Source: WEF Global Competitiveness Index, 2016-17.

37. Seven Member States improved in the GCI ranking, namely: Botswana, Madagascar, Malawi, Mauritius, Namibia, South Africa and Tanzania. Two Member States (Botswana and Tanzania) demonstrated exceptional improvements by moving up seven and four positions from 71 and 120 in 2015-16 to 64 and 116 in 2016/17, respectively. However, Lesotho and Zambia slipped in the ranking by seven and twenty-two positions from 96 and 113 in 2015-16 to 118 and 113 in 2016/17, respectively.
38. Mauritius, South Africa and Botswana remain the top performers in the region. Increased uptake of ICTs, especially higher Internet bandwidth and improvements in innovation, continue to establish South Africa as the region's most innovative economy. South Africa also hosts the continent's most efficient financial market and benefits from a sound goods market, which is driven by strong domestic competition and an efficient transport infrastructure. On the other hand, Mauritius halted its fall which occurred in 2015/16 as a result of declines in the efficiency of labour and the financial markets. Mauritius moved up by one position from 46 in 2015/16 to 45 in 2016/17.

2.3 PROSPECTS FOR 2017 AND THE MEDIUM-TERM

39. The medium term economic prospects are being shaped by a number of factors taking centre stage globally and regionally. The momentum gained by the world economy in the fourth quarter of 2016 is expected to persist on the back of buoyant financial markets and a long awaited cyclical recovery in manufacturing and trade underway. Activity is projected to pick up markedly in emerging markets and developing economies because conditions in commodity exporters experiencing macroeconomic strains are gradually expected to improve, supported by the partial recovery in commodity prices, while growth is projected to remain strong in China and many other commodity importers. But risks on the downside remain, including low productivity growth and high income inequality; and pressures in the developed countries for inward looking policies.

40. Improvements in the commodity markets are expected to support growth prospects in the short to medium term. Prices for most industrial commodities are expected to strengthen further, a trend noticed in the first quarter of 2017, while global agricultural prices are likely to remain stable. Crude oil prices are forecast to rise to an average of \$55 per barrel in 2017 from \$43 per barrel in 2016, a reflection of balancing forces: upward pressure on prices from production cuts agreed by OPEC and non-OPEC producing countries; and downward pressure from persistently high stocks, supported by the faster-than-expected rebound of the USA shale oil industry. Metals prices are projected to increase by 16 percent as a result of strong demand in China and various supply constraints, including labour strikes and contractual disputes in the case of copper and environmental and export policies for nickel. Agricultural commodity prices, which gained in the first quarter of 2017, are anticipated to remain broadly stable in 2017, with moderate increases in oils and meals and raw materials offset by declines in grains and beverages.
41. At regional level, the favourable weather conditions experienced in most parts in 2016/17 will result in improved agricultural production. This will result in improved food supply, thus containing the price pressures in the region. It will also ensure stable supply of agro-related raw materials for agro-processing industry. However, this expected improvement is against a number of nature and climate-related factors such as the attack by Fall Army Worms, *El Nino* effects and earthquakes.
42. As of mid-February 2017, almost 223,000 hectares had been affected by Fall Army Worms in Zambia, of which almost 90,000 hectares were maize; 17,000 hectares in Malawi; 50 000 hectares of maize and millet in Namibia; and up to 130,000 hectares in Zimbabwe. Mozambique was hit by Cyclone *Dineo*, which affected 551,000 people and led to the loss of 7 lives; totally and partially destroyed more than 33,000 hectares and 71,294 houses, respectively; and damaged 389 Government offices, 70 health facilities and 1,687 classrooms. Zimbabwe has been affected by flooding which has claimed the lives of 246 people; left almost 2,000 people homeless; and damaged 2,579 homesteads and 74 schools. Madagascar was affected by Cyclone *Enawo* which led to floods in the north-eastern part of the country causing 51 deaths, 21 disappearances, injury to some 238 people, 328,972 people homeless, 37,988 houses destroyed; and adding some 78,895 people to the already displaced population of 153,561. Namibia experienced floods due to the heavy rains in the northern parts of the country, namely: Omusati, Oshana, Ohangwena and Zambezi regions. More than 20 schools in the Omusati region alone were closed due to the floods. Tanzania was also affected by an earthquake while Seychelles was affected by a hurricane in one of the Outer Islands.
43. In view of the above, world output growth is projected at 3.5 per cent in 2017, rising further to 3.6 per cent in 2018. Growth in advanced economies in 2017 is projected to improve marginally to 2.0 per cent in 2017, and remaining at the same level in 2018. USA will continue to champion this growth, growing by 2.3 per cent in 2017 and 2.5 per cent in 2018. Growth in the Euro area is expected to remain subdued at 1.7 per cent in 2017 and 1.6 per cent in 2018.
44. Emerging markets and developing economies will continue to uplift global growth with their growth as a whole improving from 4.1 per cent in 2016 to 4.8 per cent in 2018. Brazil and Russia are projected to grow marginally in the medium term compared to the negative growths recorded in the past three years. Growth in the SSA is projected to improve by

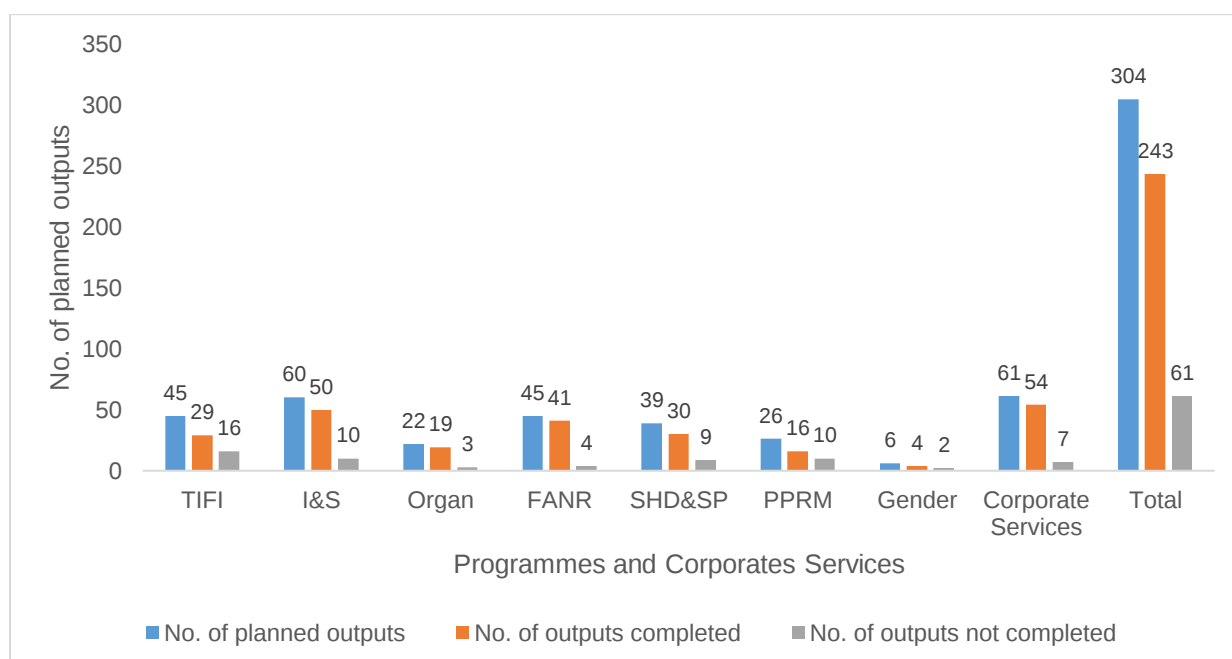
1.2 percentage points from 1.4 per cent in 2016 to 2.6 per cent in 2017, and rising further to 3.5 per cent in 2018.

45. Economic growth in the SADC region is expected to increase by an average of 3.3 per cent in 2017, an improvement from 2.6 per cent in 2016. None of the Member States is expected to achieve the regional target of 7 per cent growth in real GDP in 2017. However, growth in Tanzania is expected to be strong at just below 7 per cent. Per capita GDP for the region is expected to improve modestly from US\$3,602 in 2016 to US\$3,801 in 2017.
46. Savings at regional level are projected at 15.0 per cent of GDP in 2017, an improvement from 14.4 per cent of GDP recorded in 2016. Only Botswana and Zambia are expected to record gross national savings above the regional target of 30 per cent of GDP. As for total investment, the region is expected to record a slight improvement from 20.6 per cent of GDP in 2016 to 21.5 per cent of GDP in 2017, with only Botswana, Mozambique and Zambia expected to record total investments of above 30 per cent of GDP in 2017.
47. Regional inflation is projected to slow down to 8.9 per cent in 2017 from 10.3 per cent in 2016. All Member States, except for Angola, DRC, Malawi, Mozambique, Swaziland and Zambia, are expected to achieve the regional inflation target range of 3-7 per cent in 2017.
48. The regional fiscal deficit is expected to improve marginally from 4.7 per cent of GDP in 2016 to 4.3 per cent of GDP in 2017. A total of four Member States (DRC, Lesotho, Mauritius and Seychelles) are expected to meet the regional target of fiscal deficit of less than 3 per cent of GDP. Average public debt for the region is projected to deteriorate further to 52.3 per cent of GDP in 2017 from 49.5 per cent of GDP in 2016. All Member States are expected to record public debts below 60 per cent of GDP, except for Angola, Mauritius, Mozambique, Seychelles and Zimbabwe.
49. In the external sector, imports volumes of goods and services for the region are expected to increase by 3.2 per cent in 2017, which is an improvement compared to a decline of 0.6 per cent in 2016. In terms of exports volumes, the region is expected to record an increase of 4.4 per cent in 2017 compared to an increase of 2.9 per cent in 2016. The current account balance is projected at 7.4 per cent of GDP in 2017, almost same level of 7.5 per cent of GDP recorded in 2016.

3.0 IMPLEMENTATION OF PROGRAMMES OF REGIONAL COOPERATION AND INTEGRATION

1. The year 2016/17 marked the second year of implementation of the Revised Regional Indicative Strategic Development Plan (RISDP) 2015-2020, which was approved by the Extraordinary Summit in April 2015 in Harare, Zimbabwe. The strategic objectives of the Revised RISDP are:
 - (i) Sustainable industrial development, trade integration and financial cooperation;
 - (ii) Improved and integrated regional infrastructure;
 - (iii) Improved peace and security cooperation; and
 - (iv) Improved human capacities for socio-economic development.
2. In order to contribute towards the above objectives, which are central to regional cooperation and integration, in 2016/17, the Secretariat, in collaboration with its stakeholders, facilitated the coordination and implementation of 304 outputs and milestones across the sector Programmes and Corporate Services. Out of the 304 outputs, 243 were for sector programmes and the remaining 61 were for Corporate Services. The overall performance, as shown in Figure 8, indicates that of the 304 planned outputs, 243 (80%) were completed and 61 (20%) were not completed; representing 189 (78%) outputs completed for sector Programmes and 54 (89%) completed for Corporate Services.

Figure 8: Planned Outputs and Status of Implementation by Programmes and Corporate Services in 2016/17



3. The outputs which were not completed as planned in 2016/17 are either being implemented as part of the 2017/18 Corporate Plan, where resources are available, or deferred to subsequent years, where the required resources are not readily available. A

summary of key achievements for the year under review and their contributions to the outcomes of the Revised RISDP is given in the following sections.

3.1 INDUSTRIAL DEVELOPMENT AND MARKET INTEGRATION

3.1.1 Industrial Development

4. Work on the implementation of the key milestones on Industrialisation Strategy and Roadmap, as outlined in the Implementation Framework of the Revised RISDP 2015 - 2020, continued in 2016/17. The Ministerial Task Force (MTF) on Regional Economic Integration in July 2016 noted progress on the development of the Draft Costed Action Plan and referred it for further consultations at national level.
5. Following the consultations at the national level, meetings of the Private Sector and Senior Officials of the Task Force were convened to provide input into the revised Draft Action Plan in November 2016. The Action Plan was approved by Summit in March 2017, after it was recommended by the MTF which met in the margins of Council in March 2017. The Action Plan details the key actions, organized with reference to the three pillars of the Strategy, namely, industrialization, competitiveness and regional integration, and outlines the requisite activities as well as the key enablers needed to unlock industrial potential. The next steps are to roll out the Action Plan in all Member States, including its costing at the national level.
6. The mineral and pharmaceutical sectors were profiled and potential areas for developing regional value chains were identified. The exercise on profiling mineral beneficiation identified, among others, the following as potential areas for developing regional value chains:
 - (i) Energy Mineral Value Chain (coal, oil, gas can be used for power generation as well as for manufacturing polymers);
 - (ii) Ferrous Minerals Value Chain (iron ore, zinc, chromium, nickel, manganese, tungsten for steel production);
 - (iii) Base-metals Mineral Value Chains (copper and aluminium can be used to produce products that can be used in manufacturing processes and infrastructure development);
 - (iv) Fertilizer Mineral Value Chain (nitrogen from coal and gas, phosphate and potassium can be used to produce fertilisers); and
 - (v) Cement Value Chain (limestone resources could be used to produce cement).
7. The exercise on profiling the pharmaceutical sector has identified the following as potential areas for developing regional value chains:
 - (i) Antiretrovirals (ARV) value chain;
 - (ii) Anti-TB drugs value chain;
 - (iii) Artemisinin Value Chain;
 - (iv) Condom value chain; and
 - (v) Bed Net value chain.
8. Further work is required in the profiling of both the mineral and pharmaceutical sectors. For the mineral sector this will include undertaking detailed value chain mapping on each product/mineral and development of regional value chain strategies. As for the exercise

on the pharmaceutical sector, detailed feasibility studies need to be undertaken on each of the identified value chains and develop bankable projects that could be funded by investors or development finance institutions.

9. The Industrial Development and Trade Directorate has been established within the Secretariat to strengthen the institutional set-up to effectively implement the SADC Industrialization Strategy and Action Plan 2015-2063.

3.1.2 Market Integration

10. In terms of liberalising trade in goods, ten (10) Member States (Madagascar, Mauritius, Mozambique, Tanzania, Zambia and SACU Member States) have completed the implementation of Category C tariff phase down. Seychelles acceded to the Protocol on Trade in June 2015 and has commenced implementation of its obligations under the SADC Free Trade Area. The Committee of Ministers of Trade considered three standing items on its agenda involving submissions from Member States who either have outstanding tariff commitments or were requesting derogation in implementing their tariff obligations. Final decisions on the submissions are still to be made.
11. Negotiations on Trade in Services are on-going. To date, fourteen (14) Member States have presented their offers in the first four (4) priority sectors covering financial, tourism, transport and communication services. Of the offers presented, technical negotiations have been concluded on nine (9) offers (submitted by DRC, Lesotho, Madagascar, Mauritius, Mozambique, Seychelles, Swaziland, Tanzania and Zambia) in the four priority sectors and cross-sectoral (horizontal) commitments, including the movement of natural persons (Mode 4). Negotiations are close to conclusion on the offers presented by Botswana, Malawi and South Africa, while those with Namibia and Zimbabwe are still in progress. Angola is still to present its offer, and is expected to do so following recent initiatives, including the provision by the Secretariat of requested technical assistance to assist in this regard.
12. In terms of enhancing the quality and standards competitiveness of goods and services, the following was achieved:
 - (i) The SADC Cooperation in Standardization (SADCSTAN) harmonized eleven (11) fish standards for use in fish trade in the region;
 - (ii) The Equivalence Methodology for harmonizing technical regulations was finalised. This was a major breakthrough as it would facilitate easier and faster harmonization of the technical regulations, thus considerably reducing the probability of occurrence of NTBs;
 - (iii) The regulatory authorities of 7 Member States were instructed on the regional Approach of Regulatory Impact Assessment. This will harmonise the way regulations are developed and applied across the region;
 - (iv) The Quality Awards received 21 private sector entries in 2016/17, which shows that more companies are finding it easier as well as beneficial to apply standards in their daily operations;

- (v) With more companies in the private sector applying standards, the work and the need for the SADC Accreditation System (SADCAS) increases, since accreditation is now the key to international markets. An additional 22 Lead and Technical Auditors were qualified for SADC registration in 2017;
 - (vi) Capacity building and installation of National Notification Authorities and National Enquiry Points in all the Member States was facilitated in order to ensure compliance with the transparency Clause of the WTO SPS Agreement; and
 - (vii) A regional SPS Early Warning and Rapid Response System is being initiated in order to respond to pest invasions such as the Fall armyworm (*Spetoptera frugiperda*) and the Tomato Leaf Miner (*Tuta absoluta*).
13. The EU-SADC Economic Partnership Agreement (EPA), which established a free trade area (FTA) between the EU and six SADC EPA States (Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland), entered into force in October 2016 following signature in June 2016 and ratification by September 2016. The seventh SADC EPA State, Angola, remains an observer. The First Trade and Development Committee (a Joint Committee of Senior Officials) was established in February 2017, and it, among others, adopted its Rules of Procedure, mandated the operationalization of implementation of the Agreement as well as further establishment of technical structures to implement the Agreement.
14. All eligible Member States have developed and submitted their project applications, with most Trade Related Facility (TRF) interventions targeting industrial development and enhanced market integration through addressing non-tariff barriers induced by critical gaps in customs operations. The projects are in line with SADC integration priorities and EPA implementation agenda. This included undertaking administrative and technical evaluation of project applications as laid down in the TRF Operational Guidelines to conclude Financing Agreements for TRF projects. The approved projects for financing from 12 eligible SADC Member States under the TRF is valued at Euro 22.8 million.

3.1.3 Financial Market Integration

15. The SADC Integrated Regional Electronic Settlement System (SIRESS) was initially launched in four Member States of the Common Monetary Area, namely: South Africa, Namibia, Lesotho and Swaziland, in July 2013 to effect cross border payment instead of using correspondent bank payment system. To date SIRESS has been rolled out to the 14 Member States. Efforts are on-going to ensure that the remaining Member State (Madagascar) joins SIRESS soon.
16. As at end of March 2017, SIRESS had settled a total number of 712,099 transactions, representing ZAR 3.1 trillion. Currently, there is a total number of 83 participating banks, including Central Banks in SIRESS.
17. Discussions are underway to transform SIRESS into a multicurrency settlement system, where all SADC currencies, including the US Dollar, will be used to settle transactions in the system. There are also proposals to consider inclusion of the Chinese Yuan in the system. There is also need to broaden the payment system to cater for low value transactions as a means of promoting financial inclusion. Efforts are underway to have the SIRESS registered as the official SADC electronic settlement system in the region.

3.1.4 Development Finance

18. With regard to project preparation, the SADC Project Preparation Development Facility (SADC - PPDF) continues to support Member States to strengthen regional infrastructure connectivity by providing grants for project preparation and development for cross-border regional infrastructure projects in energy, transport, ICT and trans-boundary water. This directly supports the region's integration and industrialization efforts as well as trade in goods and services, and helps to improve the quality of lives of its people by improving access to infrastructure services – electricity, transport, communications and water.
19. The PPDF which is currently funded by the European Union and KfW and hosted by the Development Bank of Southern Africa (DBSA) supports SADC Member States to undertake feasibility, technical and engineering designs, environmental and social impact assessment studies, as well as preparation of tender documents and transaction advisory services to make projects bankable for financing and implementation. Additional information on the status of approved regional projects covering energy, transport and water is given below in section 3.2.1.
20. Work on the operationalisation of the SADC Regional Development Fund is on-going. The Agreement on the Operationalisation of the SADC Regional Development Fund was finalised, and seven Member States have signed the Agreement, namely: Angola, DRC, Lesotho, Mozambique, Swaziland, Tanzania and Zimbabwe. None has yet submitted instruments of ratification of the Agreement to the Secretariat.

3.1.5 Investment and Tax Related Matters

21. The SADC Investment Policy Framework (IPF) has been developed together with Implementing and Monitoring Indicators in collaboration with the Organisation for Economic Co-operation and Development (OECD). Some Member States, including Botswana, Madagascar, Malawi, Mauritius and Zambia have started the process of developing their National Investment Action Programmes with assistance from the Southern Africa Trade and Investment Hub. The SADC Bilateral Investment Treaty Model Template is being reviewed to address and adjust to global economic changes. Annex 1 of the Protocol on Finance and Investment (FIP) – Cooperation on Investment, has also been amended and approved by Summit in August 2016.
22. In the area of Value Added Tax (VAT), Member States agreed that it is best practice that exemptions and zero-rating (other than on exports, which is consistent with the destination principle of VAT) should be minimised. Member States further agreed to develop as a benchmark for the region, standardised minimum lists of exemptions and zero-rated items. This is in recognition that zero-rating and exemptions from VAT undermine the revenue efficiency and neutrality of the tax. As such, a Minimum Standardised List of Zero-Rated and Exempted products was developed and adopted by the Ministers of Finance and Investment. The intention of the standardised list is to encourage and monitor the co-ordination of the use of the zero-rating and exemptions with the view to reaching a harmonised approach within the region.
23. In terms of excise taxes, a Mode of Charge for High Revenue Risk Excisable Goods (alcohol, tobacco and fuel) has been developed after analysing the current practice

existing in Member States. In proposing the Mode of Charge, a number of factors were considered, notably: flexibility and ease of administration; specific circumstances obtaining in some Member States due to specific circumstances arising from international agreements/commitments affecting fiscal policy; and membership to certain international conventions or agreements. The Mode of Charge will form a basis on which Member States will report, through the Secretariat both their status with regard to the basis of charge and effective tax rates in a standardised format.

3.1.6 Macroeconomic Convergence Programme

24. Member States' performance against Macroeconomic Convergence set targets deteriorated further in 2016 largely due to external factors, unfavourable commodity prices, weakening exchange rates and nature and climate change related factors, as already elaborated in section 2.2.2.
25. The peer review mechanism was launched in May 2013. Lesotho and Malawi were the first Member States to be reviewed in 2014/15; and Angola and Namibia were the peer reviewers. Angola, Swaziland and Tanzania were reviewed in 2015/16 by Mozambique, South Africa and Zimbabwe. DRC, Namibia and Zimbabwe were reviewed in January-February 2017 by Malawi, Mauritius and Tanzania. The Peer Review Panel met in July 2017 to consider the peer review reports for DRC, Namibia and Zimbabwe.

3.2 INFRASTRUCTURE SUPPORT FOR REGIONAL INTEGRATION

3.2.1 Progress on the Roll Out of the Regional Infrastructure Development Master Plan

26. Implementation of priority Infrastructure Support for Regional Integration of the Revised RISDP continued through implementation of the SADC Regional Infrastructure Development Master Plan (RIDMP). The RIDMP focuses on the realisation of SADC Infrastructure Vision 2027 and contributes towards the Industrialisation Strategy and Roadmap as well as other regional strategic frameworks. Significant progress has been made in terms of creating a pipeline of projects that would be attractive to prospective investors, the first priority in rolling-out the RIDMP Short Term Action Programme (STAP).

SADC PPDF

27. To date, all the funds of the SADC PPDF amounting to US\$16, 260,000 have been approved and US\$15,361,000 has been committed and facility agreements signed with beneficiaries. Seven (7) out of the eight (8) projects in the approved 2016/17 pipeline were committed on time.
28. Ten (10) additional projects were received through the SADC PPDF online application system (www.sadcppdf.org), from April 2016 to 25 January 2017. The Secretariat conducted Tier One assessment on these projects and five (5) of them did not pass the criteria for a regional project or a priority project in the SADC region. One (1) project was referred to the DBSA for consideration as the PPDF funding has been fully subscribed and due diligence has been completed on one of the remaining four (4) projects. The appraisal report was approved for funding, subject to the provision of additional funding for the PPDF.

Infrastructure Investment Conferences

29. Key Infrastructure Investment Conferences held include:

- (i) Investment ready projects in ICT, Transport and Meteorology were showcased at the joint ICT/TRANSPORT/METEOROLOGY Infrastructure Investment Roundtable held in Swaziland in October 2016;
- (ii) A parallel Thematic Roundtable for Small Landlocked and Oceanic Member States was held in Swaziland in October 2016, to respond to the special infrastructure needs of small landlocked countries and oceanic countries;
- (iii) The Special Infrastructure Programme for Oceanic Member States was revised in February 2017 in Port Louis, Mauritius, to include submissions from Madagascar. The meeting was attended by officials from Madagascar, Mauritius, Seychelles and the SADC Secretariat;
- (iv) The Japan Infrastructure Investment Conference was held in June 2016 in Tokyo, Japan, organised and hosted by the SADC Committee of Ambassadors in Tokyo; and
- (v) The High Level Ministerial Resources Mobilisation Workshop and Energy Investment Forum were convened by the Chairperson of SADC in July 2017 in Ezulwini, Swaziland, and produced a Summary of Recommendations for policy direction on energy.

Collaboration between SADC-DFRC, AU-NPCA and SADC Secretariat on the AU PIDA Acceleration Programme

- 30. The SADC-PIDA Acceleration Programme on the Beira and North-South Corridors was launched in June 2016 in Victoria Falls, Zimbabwe by the Ministers responsible for Beira and North-South Corridors. The Ministers approved the list of projects for the two Corridors; the criteria for prioritising projects; and a roadmap for finalisation of the Memorandum of Understanding on the North-South Corridor (NSC) and the Agreement on the Beira Development Corridor (BDC).
- 31. The top five projects were successfully taken for pre-feasibility studies through technical assistance from World Bank PPIAF to SADC DFRC-PPP Network. The process culminated in a private sector and high level (Ministerial) roundtable that was convened on 20th October 2016 to discuss private sector long term investment financing in infrastructure in the BDC and NSC, in particular on the Phase I priority projects.
- 32. The Dondo Dry Port and Francistown-Nata Road projects have qualified for grant application from the PPDF, following a joint effort with the SADC DFRC-PPP Network. Three projects, Palapye-Martin's Drift Road; Francistown-Nata Road; and Batoka Gorge Hydro Electric Project were presented at the World Economic Forum Africa in Durban, South Africa in collaboration with the New Sustainable Development Investment Partnership (SDIP) Africa Hub (OECD/WEF Initiative) hosted by DBSA.
- 33. The Regional Fund for Water Infrastructure and Basic Sanitation has provided project implementation funds for the Lomahasha/Namaacha Cross-border Water Supply Project

(Mozambique and Swaziland) and Kazungula border Water Supply and Sanitation Project (Zambia).

34. The Southern Africa Power Pool Project Advisory Unit (SAPP-PAU) is working on preparation and implementation of the following selected and agreed priority regional electricity projects:

- (i) Mphanda Nkuwa and Mozambique Backbone STE Transmission;
- (ii) Luapula Hydropower Project;
- (iii) Kolwezi-Solwezi Interconnector Transmission; and
- (iv) Mozambique-Zambia Interconnector.

3.2.2 Communications and ICT

35. In addition to the four (4) Member States (Malawi, Mauritius, Namibia and United Republic of Tanzania) that achieved the International Telecommunication Union (ITU) Analogue Switch-Over (ASO) deadline of 17th June 2015, one (1) more Member State (Swaziland) completed migration in December 2016. Zambia has its DTT network in operational mode; South Africa has launched DTT in the Square Kilometre Array (SKA) area and is on track to migrate by 2018; and Lesotho and Seychelles are at an advanced stage. Mauritius has completed the DTT Migration process with DVB-T and MPEG2 compression, and therefore has no immediate plans to migrate to DVB-T2. This means that more Member States are implementing sustainable broadcasting platforms, which increases opportunities for SADC citizens to create and access content and modern technologies.

Strengthening Regional Cross-Border Internet Interconnection and Cyber Security within the Region

36. Following the selection of South Africa and Zimbabwe to develop their National Internet Exchange Points (NIXPs) to serve as SADC Regional Internet Exchange Points (RIXPs) in 2015, as part of the African Internet Exchange System (AXIS) initiative, the region has initiated a process to develop the SADC Regional Cross-Border Interconnection Policy and Regulatory Framework for RIXPs/RICs which has completed and subject for approval.

37. In line with the SADC initiative to strengthen cyber security in the region, all Member States have either transposed some of the SADC Harmonised Model Laws on Cyber Security or have a cyber-security legal framework in place. The SADC Ministers responsible for Communications and ICT adopted a Resolution on Cyber Security, in October 2016 which urges Member States to accelerate the domestication of all the SADC Harmonised Model Laws and operationalise their National CIRTs by December 2018. Three (3) Member States already employ Public Capital Infrastructure (PKI), while one (1) Member State is testing a PKI freeware version. Four (4) Member States already have operational National Computer Incidence Response Teams (CIRTs), six (6) Member States have completed the International Telecommunications Union (ITU) CIRT Assessment and are awaiting the enactment of appropriate legislation to commence operation of a National CIRT, while the process is still ongoing in two (2) other Member States.

SADC Home and Away Roaming (SHAR) using Roam Like at Home (RLAH) principle implemented, monitored and evaluated in all Member States

38. Further to the November 2014 decision of Ministers responsible for ICT, to adopt the RLAH regime by regulating both the wholesale and retail-roaming tariff using the glide paths for the next six (6) years, nine (9) Member states had implemented the SHAR using RLAH principle on a reciprocal basis by December 2016. As a result, the region has renegotiated 160 roaming agreements and an additional 76 are still being negotiated. Tariffs for voice, SMS and data roaming services have been reduced by an additional 19% in comparison to October 2016.

3.2.3 Energy

Status of Power Supply and Demand in the Region

39. At end of May 2017 the installed generation capacity in the mainland Member States was 59,543 MW compared to 61,894 MW in May 2016. The installed capacity was affected by reduction of installed capacity of -3260MW as a result of decommissioning of old power plants in South Africa. The available operating capacity stands at 54,397 MW against a demand and reserve of 53,478 MW. When taking into account the current peak demand and generation capacity reserve margins, the Regional capacity surplus is 919 MW. The installed capacity in Oceanic Member States is 782 MW, 246MW, and 106 MW for Mauritius, Madagascar and Seychelles, respectively. These result in total installed capacity of 60,677 MW for all SADC Member States.
40. In 2016, the region commissioned 4 180 MW against the planned 3771 MW. The additional capacity came from the following Member States Angola - 780 MW; Malawi - 10 MW; Mozambique - 175 MW; Namibia - 15 MW; South Africa - 2,550 MW; Tanzania - 150 MW; Zambia - 300 MW and Zimbabwe - 200 MW. The projects were commissioned by both Public Utilities and Independent Power Producers (IPPs).
41. Out of the power plants commissioned in 2016, hydro-power, solar and wind contributed 64% of generated power, wind 24%, whilst fossil fuels (coal and diesel) added only 12 percent. In addition, the share of renewable energy is gradually increasing in the overall power generation mix.
42. As part of the initiative to strengthen the supply side of the sector, Member States are adjusting tariffs on an annual basis and gradually migrating towards cost reflective tariffs with a pro-poor component. This is expected to attract investment into infrastructure development and result in supply stability.
43. On the Energy Demand Side Management (DSM), Member States have a standing DSM Annual Target to save 4 500 MW from implementing efficiency initiatives. The initiative is supported by the Energy Ministers decision of July 2015 to phase out energy intensive incandescent bulbs in the region by the end of 2017.

Energy Sector Regulatory Framework

44. The region is committed to reach cost reflective electricity tariffs by end of 2019. As at the end of May 2017, fourteen (14) SADC Member States had introduced some kind of

regulatory oversight in the form of energy or electricity regulatory authorities. In 2016/17 Botswana and Mauritius joined other Member States by operationalising their energy regulators.

Energy Access

45. In pursuing the attainment of the United Nations Sustainable Development Goal 7 (SDGs) on increasing energy access for all, the region is, among others, participating in the global processes of the UN Sustainable Energy for All (SE4All) Initiative, whose principal objective is to achieve Universal Energy Access by 2030. The region is also pursuing initiatives to ensure universal access to modern energy services; doubling the rate of improvement in energy efficiency; and doubling the share of renewable energy in the regional energy mix.
46. Overall access to electricity in the Region increased from 36% in September 2015 to about 45% by the end March of 2017.

Renewable Energy

47. The interim operationalisation of SADC Centre for Renewable Energy and Energy Efficiency and development of the SADC Renewable Energy and Energy Efficiency Strategy and Action Plan are key initiatives at the regional level that support scaling up of small scale renewable energy initiatives to fulfil the objectives of the SE4All Initiative.
48. One of the notable initiatives at regional level, is the participation of eight (8) Member States (Botswana, Lesotho, Mozambique, Namibia, South Africa, Swaziland, Tanzania and Zambia) in Phase 2 (2013 – 2017) of the EEP programme that will come to an end by December 2017. However, the supporting Partners, including the governments of Finland, the United Kingdom and Austria, have initiated the planning process for the third Phase of the EEP. The intention is to transform EEP into a multi-donor trust fund that will be managed by the Nordic Development Fund (NDF). Details on this third phase will be announced during the second half of 2017.

3.2.4 Transport

49. In addition to the two major undertakings relating to corridor transport below, more on what was completed regarding transport activities is described in sections 3.4.1.2 and 5.2.

One-Stop-Border Post

50. A key element of the Corridor transport and logistics infrastructure programme is the development of One Stop Border Posts (OSBP) as a means to reduce transaction costs for crossing a border.
51. The Secretariat, NPCA, DBSA and JICA have launched and started the process of domesticating the OSBP Source Book 2nd Edition. The Source Book is a toolkit to guide policy-makers; trade and transport practitioners, which would also assist the Secretariat in formulating regional policies and programmes on OSBPs. Member States are also developing their OSBP work plans that will form the bigger SADC/COMESA OSBP Programme to be implemented.

Lobito Development Corridor

52. The Secretariat, in collaboration with the African Development Bank, participated in the appraisal missions to Angola and Zambia for consultations concerning the design of the Lobito Development Corridor Trade and Transport Project. The Lobito Development Corridor Trade Facilitation Project is a technical assistance and capacity building project to support development and implementation of trade facilitation measures and the development of value chains and economic clusters along the Corridor. The objective is to contribute to the expansion of domestic and cross-border trade and inclusiveness along the Corridor. The Project will be financed through a UA6 million (approximately USD8.4 million) grant from the African Development Fund-Regional Operations Envelope (ADF-ROE).

3.2.5 Water

Water Infrastructure Pilot Projects

53. In addition to the completed Pilot Projects in Botswana, Lesotho, Mozambique and Namibia under the Integrated Water Resources Management (IWRM) programme, which were handed over to the benefiting communities in September 2015, the Zimbabwe pilot projects in the Limpopo River Basin have been completed. These included the community irrigation and water supply projects in Ntalale in Zimbabwe. The pilot projects for South Africa within the same Basin will be undertaken in the next phase of the project.

Lomahasha-Namaacha Water Supply and Sanitation Project

54. The Beneficiary Member States (Mozambique and Swaziland) and the Regional Water Fund Management Unit (hosted by DBSA) are negotiating the project Financing Agreement for €8.0 million for financing Phase 1 of the project. Phase 1 covers water supply from Simunye, Swaziland to both the Lomahasha (Swaziland) and Namaacha (Mozambique) border towns. The Environmental Impact Assessment (EIA) study is currently being updated to meet requirements of the national environmental authorities of the two Member States.

Kazungula Water Supply and Sanitation Projects

55. Negotiations on the project implementation Financing Agreement between the Government of Zambia and the Regional Fund Management Unit are at advanced stage. The DFID Climate Resilient Infrastructure Facility (CRIDF) which funded upstream work for the project has also offered to fund the detailed project designs for the project.

Transboundary Water Resources Management

56. Pursuant to the implementation of the Revised Protocol on Shared Watercourses in the SADC region, a number of initiatives are underway in the various River Basins. These include the recent (July 2016) signing of the Pungwe River Basin Bilateral Cooperation Agreement by Mozambique and Zimbabwe; the initiation of discussions between the Government of Angola and Namibia to establish a Kunene Water Commission (KUNECOM); and the process of operationalizing the establishment of the Inco-Maputo Basin Commission Secretariat to be hosted by the Government of the Kingdom of

Swaziland on behalf of the riparian states of the two basins, namely Mozambique, South Africa and Swaziland.

57. Strengthening of the Cuvelai Watercourse Commission institutions has also been accelerated with the commissioning of two studies, funded by GIZ, namely the Scoping Study for the Enhancement of Transboundary Water Management of the Basin, and the Rapid Assessment of the Cuvelai Basin. The studies aim to improve flood risk management and to support institutional and joint planning dialogues between the riparian states of Angola and Namibia.

Climate Change and Disaster Risk Reduction

58. In response to the pervasive climate change related challenges, the Water and Meteorology sectors have combined effort to undertake preparedness and responsiveness initiatives. The intention is to inform policy decision-making and planning by providing reliable information to support early warning for flood and drought management and for disaster preparedness. A key element which has been built into these responses is sustainability.
59. The SADC Hydrological Cycle Observation System (SADC HYCOS) Project which was implemented jointly by the Meteorology and Water sectors has been completed, and products have been circulated to all Member States for their use and future reference. These include regional flood hazard/risk maps and Disaster Risk Reduction strategies for flood risk management in selected transboundary River Basins flooding hot spots; Regional Strategies on climate change and variability based on hot spot areas in the Zambezi and Limpopo Basins.

3.2.6 Tourism

Implementation of the Regional Tourism Growth and Development Strategy (2020)

60. The Institutional Transformation of RETOSA has been completed in line with the decision of the Ministers of Tourism taken in July 2016. The completion of the transformation process marks an important milestone in the region's endeavour to strategically poise itself as a destination of choice in the global tourism market. The transformed RETOSA, supported by the newly established Tourism development desk of the SADC Secretariat, will continue to play a lead role in promoting the region as a single multi-faceted tourism destination by providing policy guidance and coordination for the sector, thus enabling RETOSA to effectively undertake the regional tourism marketing function.
61. RETOSA continued to support Member States on soft infrastructure development and enhancement of tourism services as part of the Regional Tourism Growth and Development Strategy. RETOSA also produced the revised Southern Africa Harmonised Star Grading Standards which have been adopted by Member States. This is a Comprehensive Standards List covering more than 1,850 standards ranging across 6 categories of accommodation, namely: urban hotels; vacation hotels and resorts; self-service accommodation; guest houses and B&Bs; nature lodges; and campgrounds and caravan camps.

62. In terms of training, RETOSA has trained and certified 24 Regional Quality Standards Assessors from 9 Member States and 40 delegates from 10 Member States in digital and social media marketing. RETOSA also conducted training in Meetings, Incentives, Conferences and Events (MICE) Destination Marketing in June 2016 as part of the Regional Tourism Marketing, Communications and Public Relations Forum.
63. The Online Certified Southern Africa Travel and Tourism Training Programme for Service Providers (<https://certifiedexpert.retosa.co.za>) launched during 2015 has trained over 200 learners who were certified during 2016. It is expected that the number of certified practitioners will continue to increase once the ongoing development of the Portuguese and French versions of the e-learning programme on marketing the region as a tourism destination of choice is completed.

3.2.7 Meteorology

Compliance to International Aviation Safety Regulations

64. Assurance of aviation safety has improved significantly in the region, as ten (10) Member States have obtained Quality Management System (QMS) ISO9001.2008 certification. The remaining Member States are at various stages of satisfying the QMS ISO9001.2008 certification requirements. The compliance on Quality Management System (QMS) provides assurance to users that the supplied meteorological information is in line with the stated requirements for geographical and spatial coverage, format and content, time and frequency of issuance and period of validity, as well as the accuracy of measurements, observations and forecasts.

Provision of Reliable Climate Information for Early Warning

65. The capacity of the SADC Climate Services Centre (CSC) to generate quality, reliable climate information has been improved through the construction of the CSC Laboratory, provision of equipment and connecting the Centre to the global meteorological system. Construction of the laboratory was completed in September 2016. Equipment for climate monitoring, dynamic seasonal forecasting and issuing climate watch products; and a Telecommunication System called Automatic Message Switch System (AMSS) for rapid data collection, exchange and dissemination which connects the centre to the WMO Global Telecommunication System and to the Global Producing Centre were installed by December 2016. The Centre is now better equipped to collect global meteorological and climate information to generate regional forecasts which Member States are, in turn, able to downscale to generate national forecasts.
66. Following the 19th Annual Southern African Regional Climate Outlook Forum (SARCOF-19) for the 2015/16 rainfall season, which warned the region of drought, the 20th Annual Southern African Regional Climate Outlook Forum (SARCOF-20) provided the seasonal climate forecast, which advised about the waning of the drought that had gripped most parts the region in the 2015/16 rainfall season. However, the SARCOF-20 warnings indicated that the drought will continue to grip most of Tanzania during the 2016/17 season. During SARCOF-20, the Climate Services Centre carried out capacity building for 25 regional and national climate experts on statistical seasonal forecasting, and provided training on interpretation of SARCOF products for more than 30 end-users.

67. The CSC also issued the Integrated Regional Early Warning Bulletin (REWB), on climate sensitive sectors as part of SARCOF-20. Another key milestone, was the launch of the SADC Climate Services Centre website in December 2016. The site is still under beta testing and when it is fully operational, it will enhance access to and availability of information to all users.
68. The Chairperson of SADC, King Mswati III as part of his familiarization visit to the SADC Secretariat had occasion to tour the Climate Services Centre on 9 May 2017. His Majesty, King Mswati III appreciated the technological configuration and functionality of the CSC Laboratory and Training Centre. Following His Majesty's visit, the CSC noted the need to provide comprehensive climate information and prediction services to enhance sustainable socio-economic planning and development in Member States.

3.3 PEACE AND SECURITY COOPERATION

69. In addition to the accomplishments described in Section 2.1 of the report on political developments, linked with the Revised RISDP Priority C on Peace and Security Cooperation as well as the SIPO objectives, progress was also made in the areas described below.

Conflict Prevention Management and Resolution

70. The Mediation Support Unit (MSU) provided comprehensive (technical, administrative and logistical, and financial) support to regional initiatives, including TROIKA Missions, to the DRC (2), Republic of Madagascar (1) and the Kingdom of Lesotho (3), contributing to relative stability to the respective Member States. Four (4) Mediation Missions of the Oversight Committee to Lesotho were also undertaken. The Mediation Missions to Lesotho have been accompanied by capacity building and training components which has been extended to various stakeholders to deepen the Member State's internal capacity to respond to conflict.
71. The MSU finalised the Regional Mediation Training Curriculum (RMTC) and training has been conducted in seven regional workshops. A total of 215 mediators have been trained in the seven regional and national workshops held within the third and fourth quarters, aiming for a target of 500 by March, 2018. The MSU is also facilitating the implementation of UN Security Council Resolution (UNSCR) 1325 on Women, Peace and Security in the SADC region in collaboration with the UN Department of Political Affairs, UN Women and the SADC Gender Unit. The draft Regional Strategy on Women Peace and Security has been considered by Member States experts and is ready for validation. The MSU has collaborated with the Civilian Component of the SADC Standby Force, the RPTC and the African Union in efforts to explore possible formats and frameworks for the development of the database, which is currently under development.

Democratic institutions and practices in the region

72. The draft Curriculum, Training Manual and Handbook for SADC Election Observers, which aim to instil expert skills in Long- and Short-Term Election Observers, in line with the relevant provisions of the *revised SADC Principles and Guidelines Governing Democratic Elections*, have been completed and have gone through pre-validation processes of the SADC Electoral Advisory Council (SEAC). The draft *SEAC Strategy for the Prevention of Election-Related Conflicts*, which will assist in the early detection and resolution of conflict

in the electoral process; and contribute to the overall strengthening of the Organ on Politics and Security Cooperation Conflict Prevention Strategies, has also been completed and validated by the SEAC meeting in June 2017.

73. The SEAC, has also undertaken a number of pre-election and post-election assessment missions. These included awareness-raising interventions on the revised *SADC Principles and Guidelines Governing Democratic Elections*, involving electoral stakeholders (e.g. Electoral Management Bodies, Political Parties, Civil Society, Media) across the region to deepen the culture of democratic practice that will contribute to various aspects such as the assessment of post-electoral climates and follow-up on the implementation of recommendations from the SADC Electoral Observation Mission (SEOM) and SEAC reports in electoral processes and the promotion of adherence to common electoral standards.

Implementation of the SADC Regional Counter-Terrorism Strategy and Action Plan

74. Member States are at different stages of developing their respective National Counter-Terrorism Strategies. During the period under review, the Secretariat assisted the Republics of Namibia and Botswana on the process to develop their Strategies. A workshop to review the implementation of the Strategy and Action Plan was held in Dar es Salaam in March 2017, and a Roadmap to towards its completion was developed. The workshop also observed that the implementation of the Strategy and Action Plan was encountering several challenges, including the absence of harmonized legislation to address terrorism at national and regional levels; inadequate resources to implement the measures; lack of capacity of security and border personnel to effectively implement the Strategy; and poor understanding of the indicators of radicalization and violent extremism.

Regional Peacekeeping Training Centre (RPTC)

75. The RPTC developed a five-year Strategic Plan which was approved by the MCO in July 2016. The Plan aims at strengthening support towards training and planning for SADC Peace Support Operations. The RPTC also assessed training needs and identified capacity gaps at Regional and Member State levels and formulated the SADC RPTC Operational Plan (2017 -2021) for the implementation of the Strategy. The Report on the SADC RPTC Training Needs, the SADC RPTC Operational Plan 2017-2021 and the SADC RPTC Training Calendar 2017/18 were approved by the MCO in July 2017. The MCO meeting also congratulated Col. Panganai Kahuni for his appointment as the Deputy Commandant of the RPTC.

Coordination of regional cooperation in the area of Defence and Security

76. Coordination of regional cooperation in the area of Defence and Security continued during the reporting period. This included exchange of information vital for decision-making in this area as well as participation of the Region's Defence forces in peace time military exercises. Defence establishments in the Region continued to participate in peace time military exercises such as the Sixth Edition of the SADC Air Forces/Arms/Wings interoperability Humanitarian Aid (HA) Joint Exercise Blue - Okavango in 2015, Botswana. The exercise, based on HA Operations coupled with an element of Peace Support Operations, transported a total of 448.65 Metric Tonnes (MT) from the planed 150 MT of HA from Gaborone to Maun.

77. With regard to the MOU between SADC and the Government of Russia, the MOU in the Area of Military and Technical Cooperation was endorsed by MCO in July 2017 and is being submitted to Summit for approval. The African Peace and Security Architecture (APSA) Support Programme III has resumed. Initially, the programme was scheduled to run for two years from 1st January 2017 to 31st December 2018, however, owing to some administrative challenges, its commencement was delayed. The programme which started in July 2017 and will end in December 2018, is to the tune of Euro 4,500 million and allocation for this financial year is about Euro 1,830,000 Euros.
78. The operationalisation of the SADC Regional Logistics Depot (RLD) remains on course. The draft Layout Plans for the RLD, was approved by the Defence Sub-Committee (DSC) at its meeting held in Dar es Salaam, Tanzania in May 2017. The process of developing a MoU between SADC and the Government of Botswana for the protection of the RLD is on-going and a Project Manager was recruited and began work in June 2017.

Southern Africa Liberation Day

79. In line with Council Decision of August 2016 for the Secretariat to develop a Criteria and Guiding Principles for the commemoration of the Southern Africa Liberation Day, in February 2017, the Inter State Politics and Diplomacy Committee (ISPDC) identified 8 December and 23 March as the two dates on which to commemorate the Day. The two dates are deemed to be of historical significance to the region; the 8th December 1974 marks the date when the Frontline States initiated the liberation of struggle of Southern Africa, while the 23rd March 1988 marks the end of the liberation struggle where the liberation armies of Namibia, South Africa and Angola defeated the apartheid South African Defence Force with the support of Cuban troops. The MCO in July 2017 referred the matter back to Member States for further consultations. The MCO also recommended that Southern African Liberation history be included in school syllabuses to ensure that the younger generations in the region learn the history of the liberation struggles.

Trust in Honour of SADC Founding Fathers

80. The August 2015 meeting of Summit directed the Secretariat to devise a mechanism to honour the SADC founding fathers. Various meetings of Council, the MCO and the ISPDC have considered the proposal to operationalise the mechanism which is aimed at recognising and honouring SADC's founding fathers for their contribution to regional integration in Southern Africa. It is expected that the internal consultations in Member States will be concluded soon to enable the implementation of the mechanism in honour of the SADC Founding Fathers.

SARPPCO Centre of Excellence

81. SARPPCO Centre of Excellence was conceived through Decision 11 of the 18th SADC Police Chiefs Sub Committee Annual General meeting held in Dar es Salaam, United Republic of Tanzania on 15 May 2013. The Centre of Excellence offers ten (10) courses. The first intake of 16 students has been enrolled and the programme will be funded by Member States. Staffing levels need to be considered for improvement through secondment of officers. There is also a need to conduct sustainability assessment for funding modalities for the Centre.

3.4 SPECIAL PROGRAMMES OF REGIONAL DIMENSION

3.4.1 AGRICULTURE, FOOD SECURITY AND NATURAL RESOURCES

82. Agriculture plays contributes between 4% and 27% of GDP and approximately 13% of overall export earnings in the region. Despite its importance in the regional economy and food security, the agriculture and natural resources sector continues to face challenges that include food shortages, under production and declining yields in agriculture, land degradation and unsustainable use of some of the region's natural resources. In its efforts to try and address these challenges, the Secretariat is guided by the Revised RISDP 2015 - 2020 and the Regional Agricultural Policy.

3.4.1.1 REGIONAL AGRICULTURAL POLICY

83. The Regional Agricultural Policy (RAP), which defines common agreed objectives and measures to guide, promote and support actions at regional and national levels in the agricultural sector, was endorsed by Council in August 2014 in Victoria Falls, Zimbabwe. The Regional Agricultural Investment Plan (RAIP) 2017-2022, was developed and approved by Ministers responsible for Agriculture and Food Security in July 2016 in Ezulwini, Swaziland and endorsed by Council in March 2017 also in Ezulwini, Swaziland. It defines the first five-year priority programmes for implementation as follows:

- (i) Increase Agricultural Production, Productivity and Competitiveness;
- (ii) Increase Access to Markets and Trade of Agriculture Products;
- (iii) Increase Investments in and Access to Finance for Agriculture;
- (iv) Reduce Social and Economic Vulnerability in the Region; and
- (v) Improve Food and Nutrition Security for the Region.

84. The 2017/18 Annual Operational Plan and Budget for the FANR Directorate incorporates the priority interventions identified from the 2017 – 2022 RAIP. The Secretariat has also mobilised some €9.0 million under the 11th Cycle of the European Development Fund (EDF11) to support the operationalisation of priority interventions through a project titled "Support Towards the Operationalization of SADC Regional Agricultural Policy (RAP)". The Project, to be implemented over a period of 36 months, is aimed at:

- (i) enhancing access to information on agricultural production, productivity and competitiveness for evidence-based decision-making;
- (ii) improving access to markets through implementation of strategies towards the control of plant and animal pests and diseases at the regional level; and
- (iii) providing support towards implementation of the Regional Food and Nutrition Security Strategy.

85. Moreover, the region is working on establishing an Agricultural Development Fund (ADF) as a Special Facility under the Regional Development Fund (RDF) in accordance with Article 8 of the Agreement and Operationalisation of the SADC RDF to support for the implementation of Regional Agricultural Investment Plans of the RAP.

3.4.1.2 THE REGIONAL FOOD SECURITY SITUATION

86. The Regional Early Warning System and Vulnerability Assessment programme continued to collect, analyse and disseminate data and information on food security situation in the region. The information is aimed at facilitating preparedness and early action in order to prevent or reduce the impact of food insecurity disasters. The data and information collected also supported the development and monitoring of the SADC Regional Humanitarian Appeal which was launched in July 2016 as a result of the 2015/16 El-Nino induced disaster.

Overview of 2016/17-rainfall season performance

87. The 2016/17 rainfall season was characterized by a slow onset during October and November 2016, but improved significantly in December 2016 and was well above normal until March 2017. The above average rains were received in the central and southern parts of the region, with over 150 per cent of normal rainfall recorded in many areas over the December to March period.

88. The high rains led to good soil moisture conditions, which was conducive for crop development with prospects of improved harvests across the region. In some parts of the region, such as Madagascar, Malawi, Mozambique, Namibia, central parts of Tanzania and Zimbabwe, the high rainfall led to flooding. This resulted in increased risk for waterborne disease outbreaks, damage to crops and properties and the loss of human and animal lives. There were also cases of waterlogging, and leaching of soil nutrients.

89. In contrast to the high rains received in the central and southern areas of the region, western and northeastern parts of the region, received well below average rainfall. Areas affected included western parts of Angola and Namibia, northern parts of Mozambique, northern and eastern parts Madagascar, western parts of South Africa and central Tanzania. The poor rains, combined with high temperatures in these areas negatively affected crop development and are likely to reduce harvests in the affected areas.

Agricultural Performance and Food security

90. Overall, the 2017/18 food security situation across the region is expected to improve significantly as a result of better rainfall experienced during the 2016/17 growing season, except for the western and north eastern parts where there was below normal rainfall.

Cereal production

91. The current food security situation in the region indicates an overall cereal (maize, wheat, sorghum, millet and rice) production of 43.74 million tonnes compared to season's harvest of 30.52 million tonnes (see Table 2) for the eleven Member States that submitted production data of the two past seasons. This represents an increase of 43.3% from the previous harvest, which was affected by the severe drought that was experienced across most of the region.

Table 2: Cereal Production trend 2010/11 to 2016/17

<u>Country</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2016/17 vs 2015/16</u>	<u>2016/17 vs 5 Yr Avg</u>
<u>Angola</u>	<u>1,367.4</u>	<u>505.8</u>	<u>1,672.2</u>	<u>1,820.3</u>	<u>2,016.6</u>	<u>2,374.2</u>	<u>2,820.6</u>	<u>19%</u>	<u>68%</u>
<u>Botswana</u>	<u>61.8</u>	<u>52.6</u>	<u>33.8</u>	<u>260.0</u>	<u>90.3</u>	<u>54.0</u>	<u>94.4</u>	<u>75%</u>	<u>-4%</u>
<u>DRC</u>	<u>2,537.1</u>	<u>2,602.1</u>	<u>2,583.2</u>	<u>2,797.3</u>	<u>3,127.3</u>	<u>3,257.8</u>	-		-
<u>Lesotho</u>	<u>103.2</u>	<u>58.2</u>	<u>120.1</u>	<u>103.5</u>	<u>89.0</u>	<u>26.7</u>	<u>238.4</u>	<u>791%</u>	<u>200%</u>
<u>Madagascar</u>	<u>4,729.5</u>	<u>4,998.6</u>	<u>3,989.9</u>	<u>1.4</u>	<u>4,051.7</u>	<u>4,530.4</u>	-		-
<u>Malawi</u>	<u>3,895.2</u>	<u>3,623.9</u>	<u>3,639.9</u>	<u>3,978.1</u>	<u>3,001.7</u>	<u>2,531.7</u>	<u>3,709.7</u>	<u>47%</u>	<u>11%</u>
<u>Mauritius</u>	<u>219.1</u>	<u>99.0</u>	<u>123.7</u>	<u>126.1</u>	<u>124.1</u>	-	-		-
<u>Mozambique</u>	<u>2,934.6</u>	<u>3,715.0</u>	<u>2,371.2</u>	<u>2,509.8</u>	<u>2,845.0</u>	<u>2,388.8</u>	<u>2,754.7</u>	<u>15%</u>	<u>0%</u>
<u>Namibia</u>	<u>127.6</u>	<u>168.5</u>	<u>81.5</u>	<u>131.9</u>	<u>67.8</u>	<u>80.0</u>	<u>139.9</u>		-
<u>Seychelles</u>	-	-	-	-	-	-	-		-
<u>South Africa</u>	<u>13,084.3</u>	<u>14,764.6</u>	<u>14,502.9</u>	<u>16,940.0</u>	<u>12,206.3</u>	<u>9,323.5</u>	<u>18,157.6</u>	<u>95%</u>	<u>34%</u>
<u>Swaziland</u>	<u>88.5</u>	<u>76.1</u>	<u>81.9</u>	<u>118.9</u>	<u>93.7</u>	<u>33.9</u>	<u>107.4</u>	<u>217%</u>	<u>33%</u>
<u>Tanzania</u>	<u>7,033.5</u>	<u>7,436.0</u>	<u>7,806.6</u>	<u>9,828.5</u>	<u>8,919.0</u>	<u>10,139.1</u>	<u>9,388.8</u>	<u>-7%</u>	<u>6%</u>
<u>Zambia</u>	<u>3,367.2</u>	<u>3,195.4</u>	<u>2,890.0</u>	<u>3,643.9</u>	<u>2,898.1</u>	<u>2,943.8</u>	<u>3,888.6</u>	<u>32%</u>	<u>25%</u>
<u>Zimbabwe</u>	<u>1,648.4</u>	<u>1,129.8</u>	<u>943.6</u>	<u>1,718.6</u>	<u>868.0</u>	<u>637.8</u>	<u>2,443.1</u>	<u>283%</u>	<u>131%</u>
<u>SADC</u>	<u>41,197.4</u>	<u>42,425.5</u>	<u>40,840.5</u>	<u>43,978.4</u>	<u>40,398.5</u>	<u>38,321.7</u>	<u>*43,743.2</u>	<u>14%</u>	<u>6%</u>

Note: * Figure excludes DRC, Seychelles and Madagascar. Tanzania is provisional.

Source: National Vulnerability Assessment Committees

92. The supply and demand analysis based on the 11 Member States (Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe) that submitted their food balance sheets shows that the region recorded an overall cereal surplus of 5.8 million MT in comparison to the 6.4 million MT deficit of the previous year (2016/17) (see Table 3). Individually, however, Angola, Botswana, Lesotho, Namibia, and Swaziland have overall cereal deficit, and will require imports to cover the shortfalls. The combined cereal shortfall of 2.5 million MT from these Member States will easily be covered by the region surplus.

Table 3: Regional Cereal Supply and Demand: 2017/18 ('000 MT)

	2017/18 Marketing Year			2016/17	Production (Harvest Year)		
	Required* ('000 tons)	Available** ('000 tons)	Deficit (-) /Surplus ('000 tons)	Deficit/S urplus	2016 ('000 tons)	2017 ('000 tons)	2017 % change over 2016
Angola	4,775	2,985	(1,790)	(1,514)	2,374	2,821	18.8%
Botswana	602	113	(489)	(413)	54	94	74.9%
DR Congo							%
Lesotho	350	291	(59)	(293)	27	238	782.8%
Madagascar							%
Malawi	3,371	3,602	231	(1,184)	2,532	3,710	46.5%
Mauritius							%
Mozambique	2,102	2,755	653	(912)	2,389	2,754	15.3%
Namibia	348	181	(167)	(215)	80	140	74.9%
Seychelles							-
South Africa	17,538	21,425	3,886	(281)	9,323	18,157	94.8%
Swaziland	187	107	(80)	(197)	33	107	214.7%
Tanzania	8,456	9,389	933	1,189	10,139	9,389	-7.4%
Zambia	2,137	3,889	1,751	556	2,943	3,888	32.1%
Zimbabwe	1,547	2,444	897	(2,115)	637	2,443	282.9%
SADC	41,414	47,180	5,766	(6,422)	30,533	43,741	43.3%

Note: Tanzania data are provisional, figures expected to change

Source: SADC Member States (data not yet available for DR Congo and Madagascar. Mauritius and Seychelles with low cereal production)

Root crop production

93. Root and tuber (cassava, sweet potato and Irish potato) crop production, which marginally increased between 2014/15 and 2015/16 agricultural seasons has also increased in the current production season 2016/17 with 5% for cassava, 37% for sweet potatoes and 14% for potatoes. This increase will augment the food supply/availability in the region for the 2017/18 marketing year.
94. The 2017/18 seasonal rainfall forecast will be released in August 2017 during the annual Southern African Regional Climate Outlook Forum (SARCOF) organized by the SADC Climate Services Centre (CSC). The SARCOF forecast is a comprehensive forecast incorporating the influence of various factors affecting climate in southern Africa, including the El Niño Southern Oscillation (ENSO). ENSO is a global climate phenomenon that is at any time in one of three states: (1) El Niño conditions, (2) neutral state or (3) La Niña conditions. Southern Africa was affected by severe El Niño droughts during the 2014/15 and 2015/16 seasons, while the 2016/17 season was affected by La Niña, which is now over, with the ENSO state having transitioned to a neutral phase.
95. Currently, the majority of forecasting models from international climate centres are predicting a recurrence of El-Niño conditions from around July 2017, to persist for the remainder of the year. While this is a very early forecast and liable to changes over the coming months, the region is urged to prudently utilize the anticipated surplus and prepare contingency planning in case the El-Niño prediction materializes.

Fisheries and Aquaculture

96. The fisheries and aquaculture sectors in the SADC region employs a total of 3.4 million people, equivalent to 1.3% of the SADC population. It accounts for an estimated 3.54% of the region's Gross Domestic Product (GDP) and 8.99% of the region's agriculture GDP (see Table 4). More than 95% of this production comes from a diversified but now stagnating capture fisheries sub-sector, which produces 2.4 million tonnes, while a small but growing percentage comes from an emerging aquaculture sub-sector producing 69,851 metric tonnes (FAO FishStat, 2016).

Table 4: Value of Fisheries in the SADC Region

Member States	Total employed (fisheries)	Total employed (aquaculture)	Fisheries, GDP (%)	Fisheries in Agric. GDP (%)	Total fish production in 2015 (tonnes)	Aquaculture production in 2015 (tonnes)
Angola	452,603	823	1.7	4.25	275 450	450
Botswana	581	0	0.002	0.16	234	
DRC	376,275	2,035	5.53	6.31	238 970	2 869
Lesotho	112	602	0.018	0.14	345	900
Madagascar	166,013	12,210	2.76	8.47	125 100	13 352
Malawi	173,328	8,334	3.83	5.87	115 953	4 748
Mauritius	6,838	346	0.19	3.76	8 353	500
Mozambique	374,027	922	3.03	10.0	222 822	1 200
Namibia	386,973	1,132	6.5	52.42	414 359	740
Seychelles	6,249	0	17.73	20.68	87 408	
South Africa	499,749	7,168	0.25	6.73	416 520	4 314
Swaziland	174	441	0.013	0.094	110	100
Tanzania	510,876	44,641	4.86	9.69	371 977	10 317
Zambia	142,204	6,490	3.2	3.51	79 894	20 271
Zimbabwe	26,101	4,685	0.56	2.73	18 102	10 090

Source: FAO FishStat 2016

Update on SADC Regional Humanitarian Appeal

97. Since the launch of the SADC Regional Humanitarian Appeal by the SADC Chairperson in July 2016, and as per information received at the Secretariat, Member States and the international community had contributed about US\$1.034 billion (Member States \$222 million and the international community, US\$812 million), representing 35% of the required amount of US\$2.9 billion. In the meantime, the SADC El-Niño Logistics and Coordination Team, which constituted the SADC Secretariat staff and staff from the UN agencies to coordinate the response to the Appeal, ended its operations on 31 March 2017. Amongst others, the Team developed a Transport Plan for Coordination of Humanitarian Relief Cargo estimated at 9.3 million metric tonnes of cereals and other non-food items from sea ports through different corridors in the region.

98. The Secretariat, with financial support from the Regional Inter-Agency Standing Committee (RIASCO) for Southern Africa, has initiated a regional evaluation of the Humanitarian Appeal process and response. The objective is to assess the effectiveness of the response by Member States, the SADC Secretariat, UN Agencies and other stakeholders to the EL Niño induced 2015/16 disaster. The evaluation is also expected to document lessons learned for future response to similar disasters.

3.4.1.3 FOOD AND NUTRITION SECURITY STRATEGY

99. Nutrition status is a result of complex interaction between food consumption and the overall status of health and care practices. Nutrition assessment in the SADC region during the reporting period showed that around 513 000 children were in need of life-saving treatment for severe acute malnutrition and 778 000 for moderate acute malnutrition and this is being addressed through the Appeal. The Secretariat continues to monitor the region's food and nutrition security through the regional and national early warning systems and vulnerability assessments and analysis programmes.

3.4.1.4 AGRICULTURAL INPUT SUPPLY

100. The Secretariat continued to operationalize the SADC Harmonized Seed Regulatory System (HSRS) through the SADC Seed Centre. Eleven (11) Member States are currently signatory to the Memorandum of Understanding on the implementation of the harmonised seed regulations in the region, which entered into force in July 2014.

101. Since the launch of the web-based Seed Variety Release System in November 2014, a total of 25 varieties has been released and registered regionally. The Protocol on Plant Breeders Rights, which is expected to promote investments in seed industry and enhance access to quality seed and elite varieties in the region, was approved by Ministers of Agriculture and Food Security and was submitted to the Ministers of Justice and Attorney Generals for clearance in July 2017.

102. The Charter Establishing the SADC Seed Centre Charter, which is also an instituting document to enhance coordination and implementation of the Harmonised Seed Regulatory System, is still to be submitted to the Ministers of Justice and Attorney Generals for clearance after it was approved by Ministers in July 2016.

103. The Secretariat continues to work with Member States, private sector and other stakeholders to enhance smooth implementation of the system, and has convened a number of training and awareness workshops on the components of the SADC Harmonized Seed System.

3.4.1.5 SURVEILLANCE AND CONTROL OF TRANSBOUNDARY PLANT AND ANIMAL DISEASES AND PESTS

104. Transboundary plant pests and diseases continue to pose a significant threat to the regional food security and trade. The pests and diseases that have been identified as eminent threats include the Asian Fruitfly, Tuta absoluta, Panama Disease, Banana Bunchy Top Virus disease, Lethal Maize Necrosis Diseases and the recently introduced Fall armyworm. All SADC Member States have been capacitated on surveillance and monitoring techniques to facilitate early detection to enhance preparedness while also harmonising control efforts. Technical meetings have been held to allow for information and experience sharing as an early warning mechanism and to promote timely application of control interventions.

105. Some resources have been mobilized under the EDF 11 to support implementation of strategies towards the control of plant and animal pests and diseases, including tick borne diseases, at the regional level.

3.4.1.6 JOINT MANAGEMENT OF TRANSBOUNDARY NATURAL RESOURCES (FISHERIES, FORESTRY, WILDLIFE AND TRANSFRONTIER CONSERVATION AREAS)

106. The Secretariat continued to coordinate the implementation of activities with regards to sustainable management and conservation of wildlife and transboundary natural resources. A Joint meeting of Ministers of Environment and Natural Resources and of the Organ on Politics, Defence and Security Cooperation (MCO) to discuss implementation modalities of the SADC Law Enforcement and Anti-Poaching Strategy (2016-2021) was held in February 2017 in Swaziland. The key recommendations of the meeting were presented to Council in March 2017, and a number of decisions were made, which are aimed at, among others, facilitating collaboration of conservation and security sectors in addressing the wildlife crime and trafficking challenges.
107. A range of activities were organised at the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES COP 17) in collaboration with Member States to showcase the SADC Transfrontier Conservation Areas (TFCAs) Programme as it relates to conservation, economic development and regional integration. These included:
- (i) a SADC TFCA exhibition stand;
 - (ii) four thematic side events, namely: Species Conservation in SADC TFCAs; Community engagement and economic potential of TFCAs; Cross-border law enforcement in SADC region and Governance of SADC TFCAs. The side events were well attended and the booth was a permanent feature during the COP showcasing and distributing various materials and documents on SADC TFCAs.
108. Under the TFCA network, a forum of TFCA stakeholders was organized to share learning, knowledge management, foster collaboration and innovation. Four Communities of Practice (COPs) have been established, including capacity building, tourism, monitoring and data management. The COPs enable practitioners to discuss key issues and implement the programme on behalf of Member States. The integrated SADC TFCA web portal was established and officially launched in September 2016 to facilitate learning, information sharing and knowledge management.
109. Three thematic Expert Working Groups (EWG) were established in September 2016 as part of the SADC/JICA Project in order to spearhead the implementation of project activities. They include EWG on Forest Information system, Integrated Forest Fire Management and Participatory Forest Management.
110. On the establishment of the **SADC Fisheries Monitoring, Control and Surveillance (MCS) Coordination Centre**, a financial model that include risk mitigation measures, is currently been finalised. In addition, Ministers responsible for Fisheries and Aquaculture adopted the **draft Charter** establishing the Centre in Mozambique and recommended it for legal clearance by Ministers of Justice/Attorneys General.
111. The **SADC Regional Aquatic Animal Health Strategy (2016-2026)** was approved by the Ministers of Agriculture and Food Security in November 2016, while the **SADC Regional Aquaculture Strategy and Action Plan (2016-2026)** was approved by Ministers responsible for Agriculture, Food Security, Fisheries and Aquaculture in May

2017. Several training and consultative workshops have been held to facilitate implementation of the two strategies.

3.4.1.7 ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

112. The Secretariat continued to coordinate and facilitate the implementation of Multilateral Environmental Agreements by Member States. During the reporting period assistance was provided in the development of the SADC Regional Common Position for the 17th Conference of Parties for the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES COP17). The common position was adopted by the Ministers responsible for Environment and Natural Resources and was used by Member States during COP 17 that took place from 24 September to 5 October 2016 in Johannesburg, South Africa. It enabled a coordinated and united approach by Member States in engaging with the COP17 agenda.

3.4.1.8 CONSERVATION OF PLANT GENETIC RESOURCES

113. The SADC Plant Genetic Resources Centre (SPGRC) based in Lusaka, Zambia, continued to conserve and sustain plant and animal genetic resources to improve agricultural production and maintenance of species diversity for present and future generations. SPGRC works through a network of National Plant Genetic Resource Centres established in most of the SADC Member States. Among others, the SPGRC carried out the following:

- (i) Initiated and supported efforts to establish National Plant Genetic Resources Centres (NPGRs) in Member States that for some reasons have not been established. This included visits and technical consultations to DRC and Madagascar where in both instances, location and frameworks for establishment have been agreed with national authorities;
- (ii) Technical backstopping missions to Lesotho, Madagascar, Mauritius, Mozambique, Namibia to, among others, install the newly developed web-based documentation system, advise on international standards of genebanking, strengthen the management of crop diversity on farmer's fields for use in sustainable production and for supporting rural livelihoods;
- (iii) Seeds (sample numbers) were received from Mauritius and South Africa as national duplicates to the regional centre for long-term conservation. Import permits were prepared and forwarded to Botswana to facilitate the shipment of the samples to SPGRC. Materials with low viability were planted at the SPGRC Farm to extend the longevity. Meanwhile, 351 rice seed samples were multiplied for SPGRC in Malawi, where soil and weather conditions are suitable; and
- (iv) In collaboration with NPGRs farmer training workshops were convened in Botswana, Lesotho, Malawi, Namibia, Tanzania, Swaziland and South Africa. Seed fairs were conducted in Malawi and Zimbabwe.

3.4.2 SOCIAL AND HUMAN DEVELOPMENT

3.4.2.1 EDUCATION AND SKILLS DEVELOPMENT

114. In order to address societal and other barriers to the provision of quality, relevant and sustainable education and training, which continue to inhibit life-long learning opportunities of the largest population group of the region (children and youth), a number of outputs were realized, and include the ones described below.

Draft Regional Policy Framework for Teachers and for Teacher Training

115. The development of the Comprehensive Regional Policy Framework for Teachers is on-going. A Draft Report of a Regional Study on the status of development of professional standards and competencies in the region to map the areas of teacher's work in the Teacher Policy Framework, and validated in October 2016, confirmed that many Member States are developing teacher's standards and competences. It was agreed that the development of Regional Teachers Standards and Competency Framework would be the starting point of the Comprehensive Regional Teachers' Policy. A Task Team to develop the draft regional framework for teacher's standards and competencies was approved by Joint Ministers of Education and Training, Science, Technology and Innovation in June 2017.

SADC Qualification Framework

116. The SADC Qualification Framework (SADC QF) approved by Ministers of Education to serve as a regional mechanism for comparability and recognition of full qualifications and skills, credit transfer, creation of regional standards and quality assurance, was launched by the Joint Ministers of Education and Training, Science and Technology at their meeting in June 2017. The SADC QF is a reference framework with ten level descriptors and quality assurance guidelines. A two-year Plan of Action for Accelerating implementation of the SADC QF 2016-2018 focusing on advocacy and popularization of the SADC QF at regional and national levels; alignment of National Qualification Framework (NQF) and qualification system to SADC QF; alignment of national quality assurance systems with Regional Quality Assurance Guidelines; establishment of Regional Verification Network; and establishment and strengthening of Institutional mechanism for the implementation of the SADC QF, was developed and is being implemented.

117. A Communication Strategy with the establishment of Social Media Platforms such as Twitter and Facebook SADCQF account was developed to popularize and raise awareness of the SADC QF to all stakeholders in the region. In addition, eight SADC Member States (Botswana, Mauritius, Seychelles, South Africa, Zambia, Namibia, Lesotho and Swaziland) have started piloting the alignment of NQFs and qualifications systems to the SADC QF. A SADC Qualifications Verification Network consisting of partners who verify national and foreign qualifications in all Member States was established and has started to share information. This will contribute to the SADC mobility statistics and to address the issue of valid equivalence of Degree/Diploma certifications.

Mainstreaming Care and Support for Teaching and Learning in the Education and Training

118. Phase 2 of the Care and Support for Teaching and Learning (CSTL) Programme continued to be implemented by seven Member States (DRC, Malawi, Mozambique,

South Africa, Swaziland, Zambia and Zimbabwe) that are direct beneficiaries of the Project. These Member States have developed customized national models which provide national objectives and standards of practice for implementing CSTL as a national programme. These national models cover the delivery of core and complementary services, including leadership and structures, material support, infrastructure, safety and protection psychosocial support, food nutrition, health promotion, HIV, Life Skills, Gender, water and sanitation. Furthermore, continuous capacity building of teachers through in-service teacher programme and key stakeholders on issues of sexual reproductive health, the new Life Skills Education curriculum as well as safety and protection is on-going in Member States. A pre-service teacher training programme that incorporates CSTL as core constructs for teachers is being piloted in South Africa, Zambia and Swaziland.

Revision of the SADC Technical, Vocational, Education and Training Strategic Framework and Programme of Action

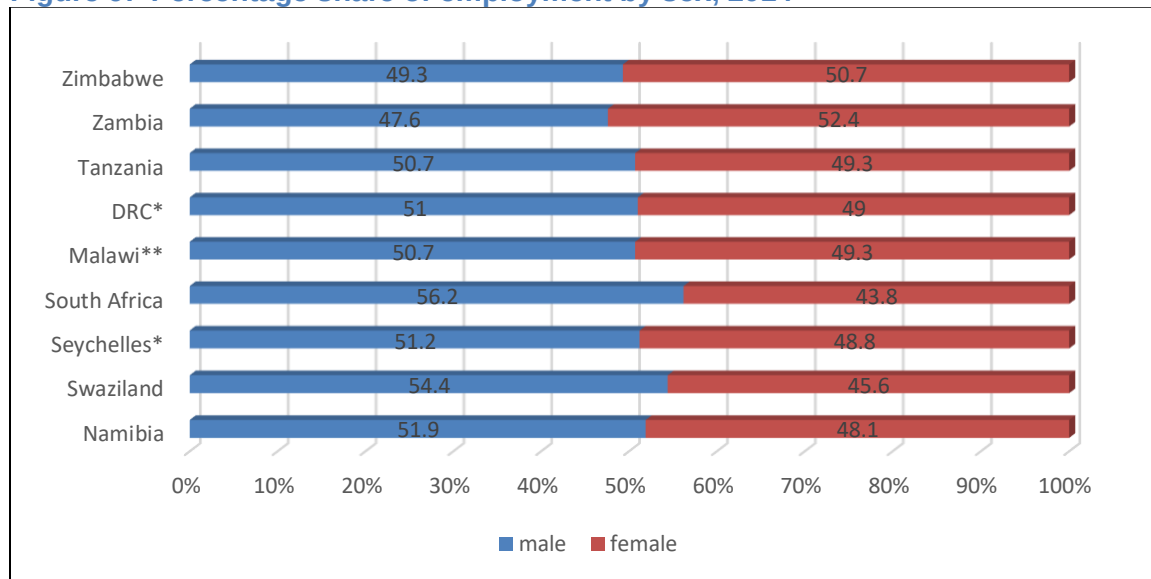
- 119.** An evaluation of the SADC Technical Vocational Education and Training Strategic Framework and Programme 2012-2016 was undertaken to inform the revision of the Strategy that will taken into account recently approved regional, continental and international commitments requiring TVET interventions. A Draft Evaluation Report of the Strategy containing current policy reforms and programme of TVET was produced and has yet to be validated. It highlighted significant progress in improving the relevance of TVET to the needs of individuals and industry. In addition, Members are undertaking current policy reforms and programme of TVET and are popularising skills development among the youth through youth skill competition or commemorating the youth skills day, in line with Council decision of August 2016. For example, Namibia undertook its first Nation Skills Competition in September 2016. Botswana commemorated its Youth Skills Day on the 31 July 2017.

3.4.2.2 EMPLOYMENT AND LABOUR

Profile of the SADC Labour Market: SADC Employment Report

- 120.** A SADC Consolidated Employment Report was produced based on ten SADC Member States national employment reports (the DRC, Madagascar, Malawi, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe) using the Minimum Labour Market Indicators. The report compares labour market indicators among selected SADC Member States with 2014 as the base year. It covers aspects pertaining to demographic characteristics, employment and unemployment, labour force, youth employment and unemployment, conditions and quality of employment, social protection, social dialogue, labour migration and skills mismatch. The demographic characteristic of the SADC Member States consists of predominately a young population, with more than 50 per cent aged between 15 and 34 years, with a higher proportion of females than males. Unemployment rate is higher for females than males in most Member States as depicted in Figure 9.

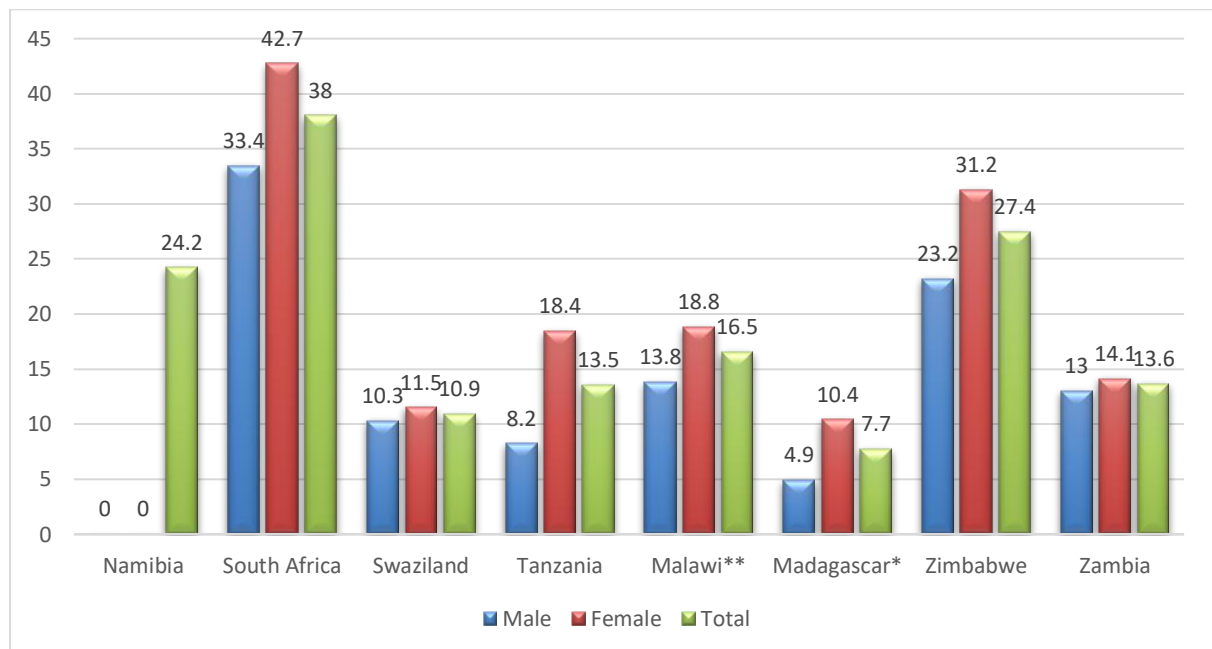
Figure 9: Percentage share of employment by sex, 2014



Source: Country Reports; *, ** denote data for 2012 and 2013, respectively

121. Youth unemployment is an issue of concern in most SADC Member States. Youth unemployment, especially for youth aged 15-24 years, is the highest among all the age groups in all the reported SADC Member States. The common trend in the reported SADC Member States is that there are more females in the category of youth not employed or educated than males as shown in Figure 10.

Figure 10: Percentage rate of youth not in employment, education or training, by sex, 2014



Source: Country Reports

122. The concentration of youth employment by industry varies according to countries. Many youths in the SADC region are employed in the agriculture, trade and services sectors.

Ratification Status of the Employment and Labour Sector Protocol

123. The Employment and Labour Protocol, approved and signed in 2014, is pending ratification by two thirds of SADC Member States before implementation starts. To date nine Member States have signed the Protocol and none have ratified. A draft report on the assessment of the challenges encountered by Member States in the signing and ratification of the SADC Protocol on Employment and Labour has been completed and is yet to be validated. Member States will be expected to develop a Roadmap towards ratification of the Protocol once the Report has been validated.

3.4.2.3 HEALTH AND PHARMACEUTICALS

124. The status of health in the region continues to be increasing mortality associated with a high burden of both communicable diseases (such as HIV and AIDS, Tuberculosis and Malaria) and increasing incidences of Non Communicable Diseases, of which the major ones reported are Cancers, Cardio-vascular Diseases, Diabetes Mellitus and Chronic Respiratory Diseases and emergence and re-emergence of diseases such as Leprosy, Anthrax, Ebola, Yellow Fever, Cholera and other Neglected Tropical Diseases.

125. Key achievements under the Health and Pharmaceuticals Programme include:

- (i) The Implementation Plan of the SADC Food and Nutrition Security Strategy relating to Social and Human Development was developed and approved, and UNICEF has seconded a Technical Expert to the Secretariat to expedite the operationalization of the Strategy;
- (ii) The Common Technical Document for Registration of Medicines has been adopted for the region, and the Zazibona Initiative for Collaborative Evaluation of Dossiers for Registration of Medicines is utilizing the updated Guidelines for Registration of Medicines;
- (iii) In line with a decision of Joint Ministers responsible for Health and HIV and AIDS, an Expression of Interest has been developed to be circulated to all Member States willing to Host the SADC Pooled Procurement Services that will be managing information sharing and implementation of the SADC Strategy on Pooled Procurement and Essential Medicines;
- (iv) The development of the Strategy for Regional Manufacturing of Essential Medicines and Health Commodities in SADC (2016-2020) was facilitated with technical and financial assistance from AfDB Project for Control of Communicable Diseases and the Health Research for Action;
- (v) The commemoration of the 2016 SADC Malaria Day took place at the border between Mozambique, South Africa and Swaziland under the Theme: “*Strong Cross border collaboration is key to Malaria Elimination*” and the Slogan: “*SADC Unite to End Malaria*”;

- (vi) Almost all Member States have submitted data for the compilation of the region report on the implementation of global commitments and instruments on HIV, TB, Malaria and Sexual and Reproductive Health.

3.4.2.4 ORPHANS, VULNERABLE CHILDREN AND YOUTH DEVELOPMENT AND EMPOWERMENT

Lessons, experiences and emerging knowledge and technologies on Orphans, Vulnerable Children (OVC) and Youth development and empowerment shared at regional and international levels

126. The Project, "Strengthening Monitoring, Evaluation and Reporting Systems for OVC and Youth in SADC", which is supported by the Swiss Agency for Development and Co-operation, was officially launched by SADC Senior Officials responsible for Youth on the margins of the meeting of SADC Ministers responsible for Youth in Gaborone, Botswana in June 2016. Member States were sensitized on the Project and offered to support its implementation at national level.
127. Country visits to Namibia and Zimbabwe were undertaken to consult key national stakeholders on the Project and the SADC Secretariat Monitoring, Evaluation and Reporting (MER) in general; establish country specific MER of OVC and youth capacity building needs; facilitate national planning and establishment of multi-sectoral coordination mechanisms for the implementation of the Project; and identify existing efforts, opportunities and resources available at national level on which project support could be built upon for sustainability. These resulted in country specific MER of OVC and youth capacity situation and needs identified; national plan and multi-sectoral coordination arrangements agreed upon, and national contributions and partners to the project established in these Member States.

Regional Youth Innovation and Entrepreneurship Framework and Implementation Plan developed

128. An inception Report of the Situational Assessment of Youth Innovation, Entrepreneurship and Productivity was produced. The purpose of the Situational Assessment is aimed at practical understanding and conceptualisation of youth empowerment centred on the relationship between youth innovation, participation and leadership. It aims at identifying existing policies, programmes (including financial support instruments) and sectoral efforts in support of innovation, entrepreneurship and leadership development in public and private sectors and civil society in the region. It will also provide baseline information on youth innovation, youth participation and leadership, and youth entrepreneurship; recommend specific priority areas for developing standards for youth participation and leadership in socio-economic development; and recommend specific priority areas for a SADC programme to support the youth to participate in the implementation of the Revised SADC RISDP 2015-2020 and the Industrialisation Strategy and Roadmap 2015-2063.

Regional MER for youth database/information portal established

129. A Draft Monitoring and Evaluation Framework and detailed indicators for monitoring the participation of youths in economic development has been developed, and is yet to be validated.

3.4.3 CROSS-CUTTING PROGRAMMES

3.4.3.1 POVERTY REDUCTION

130. The Secretariat has been reviewing the work of the Regional Poverty Observatory (RPO) in order to strengthen and render it more effective. In addition, assistance has been provided to Member States in the harmonisation of standards, methods and common poverty indicators. Currently, one of the immediate tasks is to produce a SADC common definition of poverty, which will form the basis for collecting baseline data for the SADC Regional Poverty Status Report as well as the development of a dashboard to monitor poverty trends in the region. The development of the SADC Poverty Status Report requires substantial amount of resources to cover all the 15 Member States, and the Secretariat is working on securing financial resources for this important exercise.
131. The evolving nature of poverty has also placed demands on the Secretariat to spearhead reforms and execution of measures for poverty reduction at the national level, through adoption of the Multidimensional Poverty Index (MPI), which was developed by the Oxford Poverty and Human Development Initiative and subsequently adopted by the United Nations. Member States are encouraged to adopt the MPI because it measures poverty beyond the income factor alone, to include poor people's experience of deprivation, such as poor health, lack of education, inadequate living standard, lack of income, disempowerment, poor quality of work and threat from violence.
132. The RPO, as a framework, is also working on providing the regional best practices to supplement the benchmarks of the Sustainable Development Goals (SDGs) and allow comparative performance analyses across the Member States. One of the immediate tasks is to ensure that Member States have a platform to meet and peer review in their implementation of the SDGs, share best practices as well as challenges, and encourage one another to undertake National Voluntary Reviews.

3.4.3.2 COMBATING OF THE HIV AND AIDS PANDEMIC

133. HIV remains an urgent threat, with significant numbers of adolescents and young people, predominantly females, still getting newly infected. Early and unintended pregnancy rates among adolescent girls remain unacceptably high across the region, largely as a result of low educational attainment and poor knowledge levels about HIV prevention; laws, policies and attitudes that exclude adolescents and young people from accessing sexual reproductive health care and HIV-related services; and gender-related barriers. High rates of Gender Based Violence (GBV) continues to be cause for concern.

HIV prevention and social mobilization

134. Member States continued to implement a number of HIV prevention and social mobilization activities. Using 2016 estimates and projections by UNAIDS based on Member States data, the region experienced a decline in new HIV infections from 880,000 in 2010 to 763,000 in 2015, a decline of 13.3%. The greatest decline in new HIV infections occurred among children aged 0-14 years. One hundred and twenty thousand (120,000) children aged 0-14 years became newly infected with HIV in 2010. This declined to 43,000 in 2015 translating to a decline of 64.2%. The corresponding decline among adults was 5.3%. The steep decline in new HIV infections among children is largely attributed to the success of PMTCT programmes in all SADC Member States.

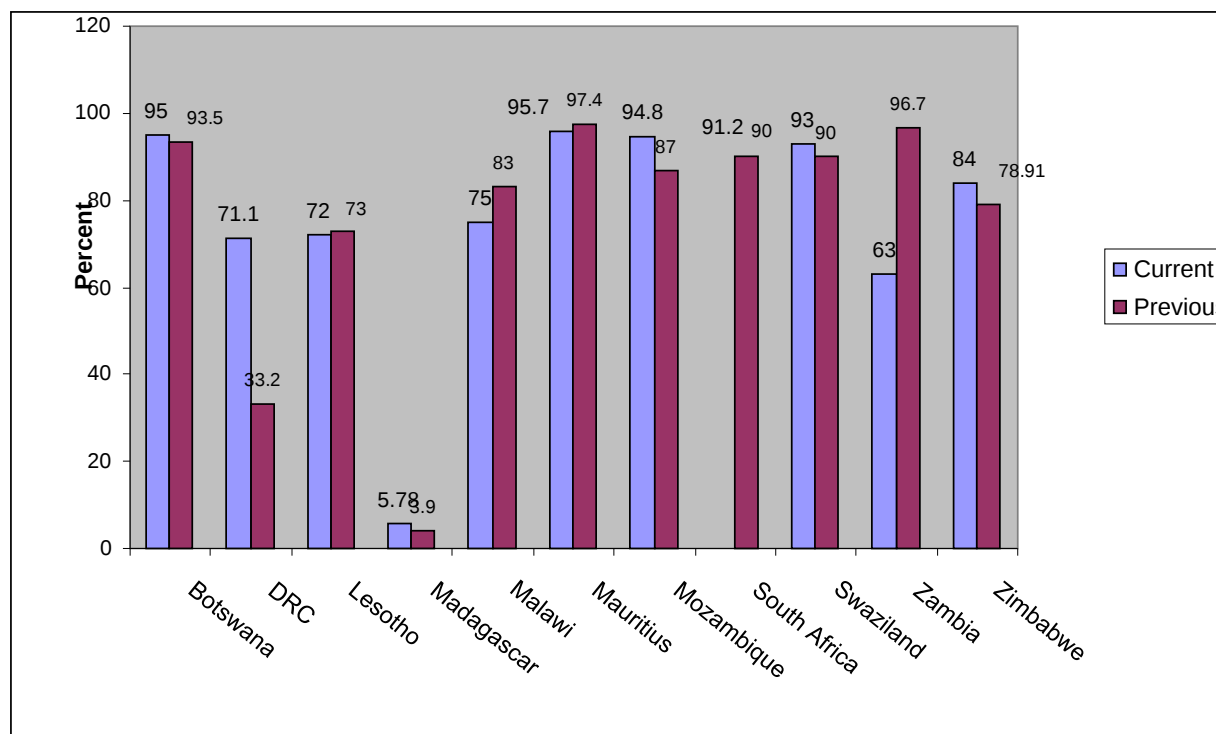
135. Although declines in new HIV infections have been observed over time, the SADC Region continues to be the global epicenter of HIV and AIDS. There is a concern over the high levels of new HIV infections among adults which makes it difficult to sustain treatment and also to eliminate mother to child transmission of HIV. Globally and also within the SADC region, the pace of reducing new infections has declined since 2010, and in some cases, there has been an increase in new infections, sparking fears of a rebound of the epidemic. There is need for heavy investment in prevention if the Region is to contribute to the end of AIDS by 2030 within the Sustainable Development Goals.

136. The main challenges in HIV prevention are related to low investment in prevention, lack of focus on high impact programmes, failure to target groups and geographical areas, failure to prioritize, poor quality services, as well as all insufficient scale of good practices. If the SADC Member States are to meet the 2020 and 2030 targets for HIV prevention, an extra ordinary effort will be required.

Prevention of Mother to Child Transmission (PMTCT)

137. The PMTCT programme is one of the most successful HIV and AIDS programmes in all SADC Member States. Available data from Member States show that PMTCT coverage (Percentage of HIV-positive pregnant women who received antiretrovirals to reduce the risk of mother-to-child transmission) is high and there is only one Member State with coverage below 60%. When this outlier is removed, PMTCT coverage ranged from 63% to 95% (Figure 11).

Figure 11: Percent of pregnant women living with HIV who received antiretrovirals to prevent PMTCT, 2015



Source: SADC HIV Epidemics Reports

AIDS Treatment

138. AIDS treatment programmes are being implemented in all SADC Member States. UNAIDS estimates and projections (2016) estimated SADC Anti-Retroviral Therapy (ART) coverage among adults aged 15 years and above at 22% in 2010 and 52% in 2015, an increase in 30 percentage points over a period of five years.
139. ART coverage among children aged 0-14 years was estimated at 25% in 2010 and 63% in 2015, an increase of 38 percentage points in five years. These data show that ART coverage among children has significantly increased.
140. Available data shows that Member States are at different levels in terms of their HIV treatment programmes. Member States that have estimated life years gained by implementing treatment programmes have demonstrated that there is return on investment on this programme.

Impact mitigation

141. All Member States recognize that HIV and AIDS have negative consequences on the population and render certain population sub-groups vulnerable. The groups that are usually classified as vulnerable are orphans and vulnerable children (OVC), youth, people with disabilities, and people living with HIV. Member States have designed and implemented a number of interventions. Common ones include:
- (i) Provision of grants and bursaries to facilitate education, especially of OVCs;
 - (ii) Provision of social cash transfer especially to OVC;
 - (iii) Provision of food and money for daily needs of vulnerable groups; and
 - (iv) Mainstreaming HIV and AIDS so that they are part and parcel of the daily operation of all sectors.
142. These activities are part of the implementation of the National Programmes for OVCs such as National Plans of Action for OVCs. A number of Member States have revised or are in the process of revising or strengthening their Policies and Strategies for OVCs to align them to the regional SADC Minimum Package of Services (MPS) for OVCs and youth, and the Psychosocial Support (PSS) Framework.
143. Some sectors such as Education and Skills Training have integrated and mainstreamed the SADC MPS and PSS Framework for OVCs by developing a Policy Framework for Care and Support to Teaching and Learning, which also includes coordinating and facilitating other basic services of OVC outside the mandate of education and skills training. The SADC Food and Nutrition Security Strategy 2015-2025 recognizes the need to pay special attention to food and nutrition security for orphans and vulnerable children.

SADC HIV and AIDS Cross Border Initiative

144. The Secretariat is implementing Phase 2 of the SADC HIV and AIDS Cross Border Initiative (CBI) funded by the Global Fund for an amount of US\$ 11,636,435. Phase 2 of the CBI started in April 2015 and will end on 31 December 2017. The initiative aims to reduce HIV infections in the SADC region and mitigate the impacts of HIV and AIDS on Long Distance Truck Drivers (LDTDs), Sex Workers, and affected communities around border areas with basic HIV and health services at selected high-volume border posts.

These services are provided at 32 Wellness Clinics that are specifically established for that purpose (Figure 12). It is expected that all the 32 wellness sites would have been handed over to Member States by December 2017 when the project ends.

Figure 12: Example of Wellness Clinic of the SADC HIV and AIDS Cross Border Initiative



145. The Wellness Centres, established in Phase 1 of the CBI (started in 2011 and ended 31 March 2015), have so far generated some encouraging results, including the following:

- (i) Percentage of sex workers reporting the use of a condom with their most recent client has increased by about 18% during the period 2015/16;
- (ii) Percentage of Long Distance Truck Drivers (LDTDs) reporting the use of a condom during their last sexual intercourse has increased respectively by about 10% during the period 2015/16; and
- (iii) 5468 LDTDs were reached with prevention package and an increased counselling services and targeted approach with specific behaviour change messages for LDTDs; and 97% of these took an HIV test and know their status.

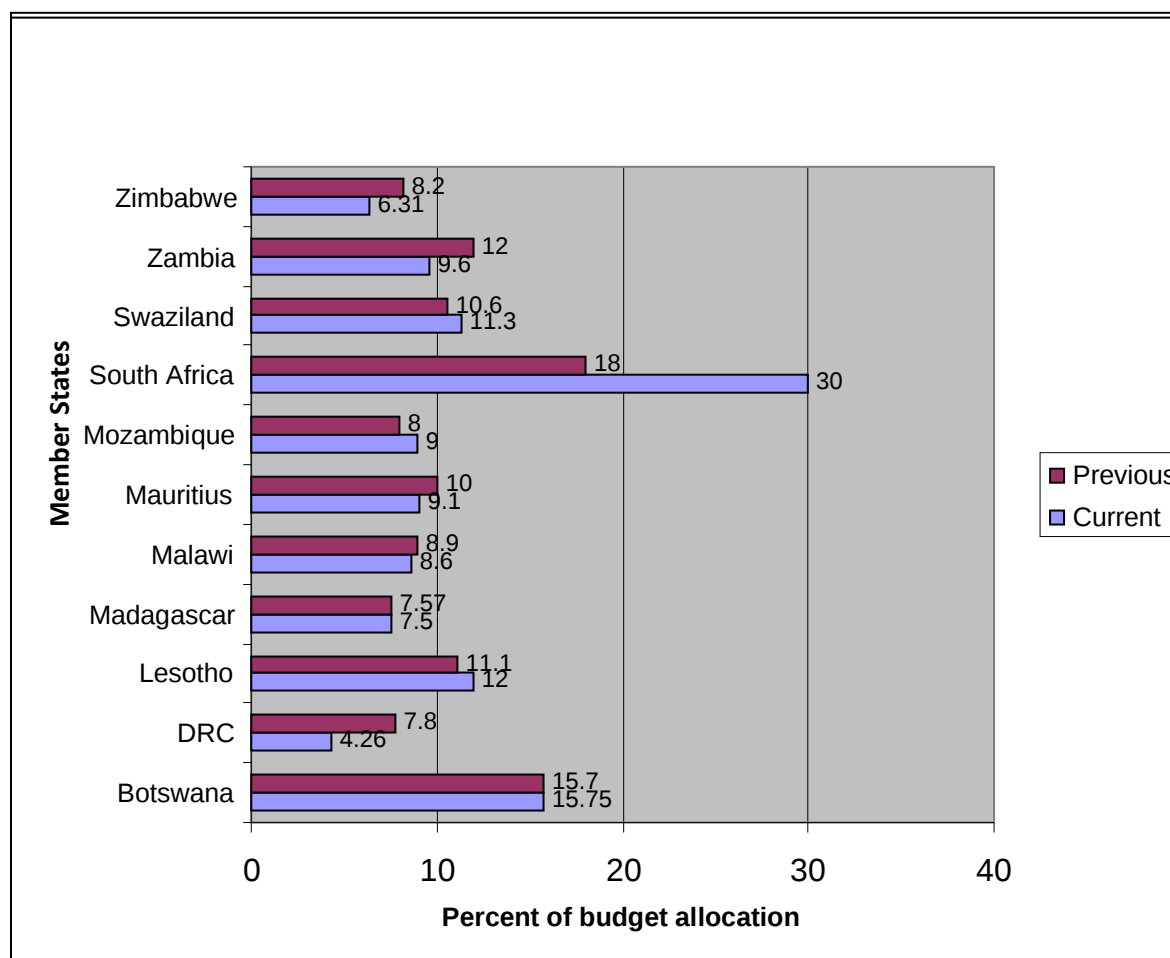
Intensifying Resource Mobilisation

146. Available data show that the HIV and AIDS responses in most of the SADC region, except for three Member States, are from external sources. Furthermore, there is evidence that the volume of external support to the HIV and AIDS programmes in the region is declining.

147. Figure 13, showing the percentage of national budgets that were allocated to the health sectors of SADC Member States in 2015, indicates that only two Member States (Botswana and South Africa) managed to surpass and sustain the target of 15 percent budgetary allocation. It is also important to note that some MS are experiencing declines in the percentage of the budget that is allocated to the health sector. These data show

that although external support to the HIV and AIDS response is declining, this remains the lifeline for the sustenance of interventions. A number of Member States are exploring options for increasing domestic support during the reporting period, including increased role of the private sectors, mainstreaming HIV in the public sector, introducing various forms of taxation and social insurance.

Figure 13: Budgetary Allocation to the health sector by SADC Member States, 2015



Source: SADC HIV Epidemics Reports

3.4.3.3 GENDER EQUALTY AND DEVELOPMENT

Revised SADC Protocol on Gender and Development and SADC Gender Protocol Monitoring, Evaluation and Reporting Framework

148. The Revised SADC Protocol on Gender and Development adopted by Ministers Responsible for Gender and Women's Affairs was approved and signed by Summit in August 2016. The Agreement Amending the SADC Protocol on Gender and Development has so far been signed by nine (9) Member States namely, Angola, Botswana, the Democratic Republic of Congo, Lesotho, Madagascar, Mozambique, Swaziland, Tanzania and Zimbabwe.

149. Following the review of the Protocol and its alignment to the United Nations SDGs and the African Union Agenda 2063 as well as the Beijing + 20 Review Report, the SADC Gender Protocol Monitoring, Evaluation and Reporting Framework (MERF) and relevant tools for effective monitoring, evaluation and reporting on the implementation of the Revised Protocol on Gender and Development was completed in 2016/17. The MERF will be used by Member States for tracking and reporting on prioritized indicators based on the agreed themes and reporting time frames.

Women in Politics and Decision Making Positions

150. SADC Member States continue to make notable progress towards representation by women in politics and decision-making positions at various levels of governance, although this falls short of the 50:50 target. Performance continues to be varied across the region.

151. Most Member States show achievements towards gender parity in some parts of the spectrum of governance, and the trend illustrates the limited but growing participation of women in structures of power and decision-making. The status of progress made in women's representation in Parliament; Cabinet; Ambassadors; Local Government; Public Sector and the Judiciary is illustrated below in Tables 5-7.

Table 5: Women in Politics and Decision Making Positions (May 2016)

MEMBER STATES	PARLIAMENT			MINISTERS			DEPUTY MINISTERS			AMBASSADORS	
	TOTAL SEATS	WOMEN	% OF WOMEN	TOTAL No.	No. OF WOMEN	% OF WOMEN	TOTAL No.	No. OF WOMEN	% OF WOMEN	% OF WOMEN	
ANGOLA	220	81	36.8	35	8	23	54*	9	16.6	16.2	
BOTSWANA	63	6	9.5	24	4	(16.7)	8	1	12.5	23.8	
DRC	492	44	8.9	36	3	8.3	-	3	-	12	
LESOTHO	120	30	25	34	7	21	6	2	33	24.2	
MADAGASCAR	151	31	20.5	30	6	20	-	-	-	47	
MALAWI	193	32	16.7	20	3	15	2	0	0	25	
MAURITIUS	69	8	11.6	25	3	12	0	0	0	15	
MOZAMBIQUE	250	99	39.6	20	9	45	20	9	45	24	
NAMIBIA	104	43	41.3	26	7	27	32	15	47	15	
SEYCHELLES	32	14	43.8	13	3	23	-	-	-	33	
SOUTH AFRICA	400	166	41.5	35	14	42.9	37	17	45.9	24	
SWAZILAND	65	10	15.3	20	4	25	-	-	-	23	
TANZANIA	350	126	36	29	10	34	25	5	20		
ZAMBIA	158	17	10	20	4	25	38	6	15.8	22.7	
ZIMBABWE	270	85	31.5	28	3	10.7	28	5	17.8	24.4	

*Secretaries of State;

Source: Member States and Inter-Parliamentary Union (IPU)

Table 6: Women in Management Positions in the Public Sector

MEMBER STATES	PERMANENT/PRINCIPAL SECRETARIES/ DG'S			DEPUTY PS/ DG's			DIRECTORS			HEAD OF DEPARTMENTS		
	TOTAL	NO. OF WOMEN	% OF WOMEN	TOTAL	NO. OF WOMEN	% OF WOMEN	TOTAL	NO. OF WOMEN	% OF WOMEN	TOTAL	NO. OF WOMEN	% OF WOMEN
ANGOLA	15	5	33.3	-	-	24.9	201	50	24.9	436	144	33

BOTSWANA	16	5	31.2	37	15	40.5	85	34	40	2436	1857	76.2
DRC	238	23	10	-	-	-	6785	902	15	-	-	-
LESOTHO			23.8						48			
MADAGASCAR	30	4	13	102	23	22.5	973	217	22	2933	845	28.8
MALAWI	62	15	27	-	-	-	162	39	22	162	39	22%
MAURITIUS			38						31.5			31.5
MOZAMBIQUE	21	7	33				300	92	30.6	910	362	40
NAMIBIA			27			24			32	-	-	-
SEYCHELLES	26	11	42	53	21	40	104	57	55	31	19	61
SOUTH AFRICA	68	16	24	318	123	39	1378 3848	555 1634	40 42.4	-	-	-
SWAZILAND			10.5			43.5			43	-	-	-
TANZANIA			27						26			
ZAMBIA			29						22			
ZIMBABWE	30	9	30				270	76	28	-	-	-

Source: Member States Progress Reports (2015-2016).

Table 7: Women in the Judiciary

MEMBER STATES	REGISTRARS			PRESIDENT OF THE COURTS			JUDGES			MAGISTRATES		
	TOTAL No	NO. OF WOMEN	% OF WOMEN	TOTAL No.	NO. OF WOMEN	% OF WOMEN	TOTAL No.	NO. OF WOMEN	% OF WOMEN	TOTAL No.	NO. OF WOMEN	% OF WOMEN
ANGOLA	4	2	50	5	0	0	-	-	37	367	133	36
BOTSWANA	17	12	70.6	2	0	0	34	8	23.5	89	55	61.8
DRC	-	-	-	157	16	10	678	163	24	502	34	7
LESOTHO				1	0	0			65.2			42
MADAGASCAR	-	-	-	52	16	10	50	6	12	901	446	49.5
MALAWI	1	0	0	1	0	0	31	8	25.8	198	63	31.8
MAURITIUS				1	0	0			48.6			50
MOZAMBIQUE	152	56	36.8	-	-	-	464	140	30	7	2	28.5
NAMIBIA	1	1	100	1	0	0	-	-	15	-	-	45
SEYCHELLES	1	1	100	1	0	0	18	2	11	6	3	50
SOUTH AFRICA				15	2	13	238	81	34	1568	645	41
SWAZILAND	2	1	50	1	0	0	10	2	20	24	8	33
TANZANIA	-	-	-	5	3	60	-	-	43	-	-	29
ZAMBIA	-	-	-	-	-	-	-		54	-	-	27
ZIMBABWE	4	2	50	-	-	-	54	26	48	-	-	-

Sources: Member States Progress Reports. (2015-2016)

Sensitization on the SADC Gender Responsive Budgeting Guidelines

152. The SADC Gender Responsive Budgeting Guidelines, as approved by Council in 2014, was operationalized through a joint Regional Workshop to validate SADC Monitoring and Evaluation System and rolling out of the SADC Guidelines on Gender Responsive Budgeting (GRB) in November 2016. The meeting recommended that efforts should be made to enhance sensitization on the GRB guidelines targeting the National Statistical Offices; Ministries responsible for Finance, Economic Development and Planning; Central Bank Governors; and National Planning Entities. Plans are underway to sensitize the Regional Parliamentary Caucuses during their meeting planned for October, 2017 in collaboration with the SADC Parliamentary Forum.

Trafficking in Persons

153. In raising awareness and enhancing efforts to combating trafficking in persons in the region, especially of women and children, key activities were as follows:

- (i) The Government of Zimbabwe, in collaboration with the Secretariat, the United Nations Office on Drugs and Crime (UNODC), and International Organisation for Migration (IOM), commemorated the World Day against Trafficking in Persons on 29th July 2016, in Harare. The commemoration coincided with the launch of the Zimbabwe Trafficking in Persons National Plan of Action (2016-2018), which underscores the importance of a multi-sectoral response in the fight against trafficking in persons;
- (ii) Training courses on trafficking in persons were conducted for law enforcement officers and key service providers in the Republic of Malawi, the DRC, and United Republic of Tanzania in October 2016, December 2016, and May 2017, respectively. These training courses were conducted in collaboration with UNODC, IOM and the Southern African Police Chiefs Cooperation Organisation (SARPPCO);
- (iii) Country-to-country experiential learning between the Republics of Malawi and Zambia was facilitated and that resulted in the development of Malawi's Draft National Plan of Action against Trafficking in Persons (2017-2022); and
- (iv) Support to the development of subordinate legislation (national strategic frameworks and action plans) on trafficking in persons in the Republics of Angola, Botswana and Malawi. It is anticipated that these frameworks and action plans will be finalized and launched by the end of 2017.

Regional Strategy on Women, Peace and Security

154. In implementing the UNSCR 1325 on Women, Peace and Security and its associated resolutions and Article 28 of the Protocol on Gender and Development on Peace Building and Conflict Resolution, the Secretariat facilitated a consultative workshop in November 2016 to develop the Regional Strategy on Women, Peace and Security. The goal of the SADC Regional Strategy on Women, Peace and Security is to ensure that women fully and meaningfully participate in SADC's peace and security structures and processes through mainstreaming gender into the SADC's Peace and Security Architecture.

United Nations SADC-Sponsored Resolution CSW60/2 on Women, the Girl Child and HIV and AIDS developed and adopted

155. SADC has since 1999 consistently sponsored the UN resolution on women, the girl-child and HIV and AIDS, which was submitted to the 60th Session of the UN Commission on the Status of Women in March 2016, where it was adopted by consensus. Following the adoption of the SADC Sponsored Resolution 60/2 on Women, the Girl Child and HIV and AIDS, at the 60th UNCSW in March 2016, Ministers responsible for Gender and Women's Affairs directed the Secretariat to develop a regional programme to implement the Resolution.

156. The Secretariat convened a regional meeting in January 2017 to develop a Framework and Programme of Action through a multi-sectoral consultative process leveraging on the existing work within Member States, and targeting young women and the girl child in relation to HIV and AIDS in the short and medium term.

Commemoration of 2017 International Women's Day

157. Departing from the past practice of commemorating the International Women's Day (IWD) at SADC Secretariat Headquarters in Gaborone, Botswana, the 2017 IWD was commemorated in Mazizini, the Kingdom of Swaziland on March 8 2017 under the theme "Women in the Changing World of Work: Planet 50-50 by 2030". The event was held at Mavuso Trade fair Centre, and was graced by the Deputy Prime Minister, Senator Paul Dlamini, as well as a number of SADC Ministers and International Cooperating Partners. It has since been resolved that it would be a good practice for Gender Unit to rotate the IWD commemoration and tie it to the prevailing SADC Chair. The commemoration also profiled the Woman Farmer of the Year 2016; the Junior Achiever Africa Winner 2016 and the Swaziland Women Economic Empowerment Trust (SWEET) as best practices for some of the programmes that are being implemented within the 2017 theme.

3.4.3.4 SCIENCE, TECHNOLOGY AND INNOVATION

158. Two thirds of Member States have ratified the Protocol on Science Technology and Innovation which has now entered into force.

Draft Regional Guidelines on Intellectual Property Rights

159. A draft SADC Intellectual Property Rights (IPR) Framework and Guidelines has been developed and validated in partnership with the Trade sector. The draft Framework and Guidelines were also considered by the 51st of the SADC Trade Negotiating Forum of officials in experts in May 2017 and Joint Ministers meeting of Education and Training and Science, Technology and Innovation in June 2017 respectively, where the Secretariat was directed to consult widely with other SADC policy structures, since IPR is cross-cutting. The draft Framework and Guidelines are intended to guide Member States to strengthen national IPR management and systems to advance industrial development, trade and competitiveness of the region.

Draft Regional Innovation and Technology Transfer Framework

160. A draft Regional Innovation and Technology Transfer Framework and Action Plan was developed and validated by regional experts in March 2017, and was considered by the Joint Ministers meeting of Education and Training and Science, Technology and Innovation in June 2017, where the Secretariat was directed to do further work and include issues pertaining to social and grassroots innovations taking into consideration the large percentage of informal economies in the region. The aim of the draft Framework and Action Plan is to support the development of regional capacities, capabilities and infrastructure/s in the areas of innovation and technology transfer to advance industrial development.

SADC Charter on Women in Science, Engineering and Technology

161. The SADC Charter on Women in Science, Engineering and Technology was adopted by the Joint Ministers meeting of Education and Training and Science, Technology and Innovation in June 2016 and recommended it for legal clearance by Committee of Ministers for Justice and Attorney Generals and approval by Council in 2017. The aim of the Charter is to increase the participation of women in youth in the fields of science, technology, engineering and mathematics (STEM). One of the key barrier identified in the Industrialisation Strategy and Roadmap is shortage of skills in STEM.

Regional research, innovation and technology transfer programmes established

162. Among the notable achievements in research, innovation and technology transfer was the partnership with the Southern African Regional and Innovation Management Association (SARIMA) with support of the Government of South Africa in the implementation of a three-year programme on strengthening regional research and innovation management capacities, which ended in March 2017. A number of research managers were trained in the region in the areas of research and innovation management, Intellectual Property Rights and Technology Transfer. An exchange and mentorship programme for technology transfer professionals and researchers was implemented involving 31 institutions in the region, 16 capacity building workshops were held benefiting over 391 researchers, and a regional Database of research managers was developed and is operational.

3.4.3.5 PRIVATE SECTOR

163. The Secretariat has continued to engage the Private Sector through the NEPAD Business Foundation (NBF)'s Working Groups which were launched in April 2016. The focus of this dialogue has been in areas of mining, pharmaceutical and agro-processing.
164. In its March 2016 meeting, Council, among others, directed the Secretariat to work with the Private Sector to showcase existing and potential value chains during the commemoration of the Industrialization Week in Swaziland. Subsequently, the first SADC Industrialization Week was commemorated in Matsapha, Swaziland in the margins of Council on 23-26 August 2016. It culminated into the Esibayeni Declaration which was adopted by the 2nd Southern Africa Business Forum (SABF) and presented to the First High Level Meeting between the captains of industry and the Ministers responsible for Trade and Industry.
165. The Declaration, essentially calls for specific actions on how to develop infrastructure required to catalyse industrialization, and to develop corridors in addressing issues relating to trade facilitation, non-tariff barriers and movement of skills and innovation, contains the following key messages:
- (i) Hard and soft infrastructure shortcomings must always be addressed together;
 - (ii) Policy certainty, including stability, predictability, consistency and transparency, is key for attracting investment for regional industrialization, regardless of sector or scale;

- (iii) Project prioritization and sequencing is the key to successful implementation; and
- (iv) Enabling trade through the removal of non-tariff barriers, coordinated border management and a solid regional transit system is a prerequisite for industrialization in all sectors.

166. As part of the operationalisation of the Esibayeni Declaration, the Secretariat is in the process of securing support to undertake the following activities during 2018/19:

- (i) Reviving the SADC Mining Ministers' Committee to act as the counterpart to Mining Industry Association of Southern Africa (MIASA). This Committee will help coordinate simultaneous provision of soft and hard infrastructure within the mining sector. The Secretariat will coordinate the annual meeting of the SADC Mining Ministers Committee;
- (ii) Development of an advocacy plan of action towards harmonisation of regulations across different sectors in Member States; and
- (iii) Development of 'softer' regulatory and compliance procedures for small miners to incentivise their 'legal' participation in the industry.

167. The next Industrialization Week will take place on the margins of Summit in August 2017 in South Africa.

3.4.3.6 STATISTICS

168. The SADC Statistics programme continued to strengthen measures for compilation and dissemination of quality comparable regional statistics for the region. Emphasis was placed on collection, verification and validation of data before transmission to Secretariat for compilation, and the following key outputs were achieved:

- (i) Selected indicators for 2016 were compiled. These indicators are useful for, among other, assessment of the economic performance of the region, and include macroeconomic variables or statistics of the Real, External and Monetary Sectors and comprise the Gross Domestic Product (GDP), Inflation, Trade, Debt and Foreign Exchange Reserves, Population and Exchange Rates;
- (ii) SADC Statistical Yearbook 2015 was compiled, validated and uploaded onto the SADC website to promote wider circulation. It provides data time series and summaries of statistical information pertaining to SADC for period 2000-2015 on a wide range of subjects, including economy and finance; population; health; education and training; labour market; living conditions and social protection; industry, trade and services; agriculture, forestry and fisheries; international trade; transport; environment; energy; and science and technology; and
- (iii) Monthly SADC Harmonised Consumer Price Indexes news releases were produced and disseminated. The news releases are used for assessing, among others, compliance of Member States in the convergence criteria to

monitor progress towards integration. They are also useful for regional monetary policy dialogue and formulation.

3.4.4 INSTITUTIONAL FRAMEWORK FOR COORDINATION, PLANNING AND MONITORING AND EVALUATION

169. The Secretariat undertook the initiative to assist Member States to establish and strengthen the SADC National Committees (SNCs) following the decision of Council to have this exercise done in accordance with the provisions of Article 16A of the SADC Treaty. In this regard, with the support from GIZ, there were Scoping Studies undertaken in the Republic of Zambia and United Republic of Tanzania, and the results of these studies were discussed with stakeholders in national workshops that were convened in these two Member States. Support was also rendered to the Republic of Malawi and the Republic of Botswana during the Orientation Workshops for new members of the SADC National Committees. There is planned engagement with the Republic of Botswana to undertake a Scoping Study, while the Republic of Malawi requested for two workshops to disseminate regional development instruments to the various stakeholders.
170. Following the establishment of the SADC Platform for the National Planning Entities, the Platform has had meetings to assist in the implementation of the Revised RISDP 2015-2020, as well as ensure that there are proper mainstreaming and synergies of the regional development frameworks into the National Development Plans. The SADC Platform has also been involved in the establishment of the Online Results-Based Monitoring and Evaluation system, which requires development of capacities at the Member State level.
171. One of the key achievements relating to strategic planning was the convening of the SADC Strategic Ministerial Retreat, on the theme: “The SADC We Want”. The organisation of the Ministerial Retreat was the implementation of a decision of Council in March 2016, where Council noted the need for a special strategic session, at Ministerial level, to examine the current state of affairs in SADC, the pace and level of the integration agenda, constraints and challenges, prospects and how to fast-track the SADC integration agenda.
172. The Strategic Ministerial Retreat was held on 12-14 March 2017 in the margins of the Extraordinary Summit in March 2017 in Ezulwini, Swaziland. The Secretariat facilitated the preparation of five (5) concept papers which were developed by identified institutions on the following topic: SADC Vision, Progress, Challenges and Prospects; SADC Institutional Capacity to Deliver on its Mandate; and Sustainable Financing for Regional Integration. The Ministerial Retreat was also informed by five (5) lead statements from Ministers on the same topic.
173. The Ministerial Retreat made observations and recommendations on the above topics, and it produced an outcome document, the “Conclusions of the SADC Strategic Ministerial Retreat”, which was approved and endorsed by Council and Summit, respectively, in March 2017. In order to operationalise all the decisions of Council and Summit on the Ministerial Retreat, the Secretariat is in the process of developing an implementation plan and roadmap. To that end, the decisions of Council and Summit have been categorised into four (4) Thematic Areas, and four (4) Thematic Teams have been established to work with the Secretariat to produce Thematic Implementation Plans

and Roadmaps, which will then be consolidated and presented to Council at its next meeting.

174. An account of the on-going work to strengthen the monitoring, evaluation and reporting and other functions at the Secretariat is provided below in section 9.0.

4.0 IMPLEMENTATION OF CORPORATE ACTIVITIES

A summary of achievements in the areas of Corporate Services in 2016/17 is given in Table 8.

Table 8: Summary of Achievements under Corporate Services

#	Areas	Key achievements in 2016/17
1	Budget and Finance	Compiled and issued International Public Sector Accounting Standards compliant for 2015/16 SADC Secretariat financial statements. Facilitated the auditing of the 2015/16 financial statements by the Board of Auditors and the Auditor Generals, who issued a clean audit opinion on the financial statements for the SADC Secretariat in 2015/16. The Risk Register was updated to facilitate monitoring of operational risks.
2	Human Resources and Administration	The new Organizational Structure for the Secretariat was approved, and is being operationalised. Out of the 16 Regional positions that were advertised, 14 have been filled, and 2 have been re-advertised. Successfully provided office equipment and computer accessories to all staff, who have also been insured with Group Life Assurance and Occupational Disability cover. Training and Development Policy and Job Evaluation reviewed and approved, and the process of rolling out has commenced. All in-house and external training were executed as planned. Documents translated into the 3 working languages as and when required, and interpretation services were provided to all policy meetings, including the Strategic Ministerial Retreat.
3	Internal Audit	Internal Audit Reports were produced and submitted to the Audit Committee, Finance Committee and Council. The Internal Audit 3-Year Strategic Plan for the financial years 2016/17, 2017/18 and 2018/19 was developed and approved by the Audit Committee.
4	Legal Unit	Provided legal advice/opinions to the SADC Secretariat and other SADC Institutions, including SADC Subsidiarity Organisations and regional stakeholders. Tools and arrangements to operationalize the SADC Administrative Tribunal were finalized.
5	Information and Communication Technology	Supported the development and implementation of a number of information systems both for regional programmes and projects and support services. This includes the Human Resources Information System, the Procurement System, the Monitoring and Evaluation System and the Trafficking in Persons System.
6	Public Relations	The implementation of the revised SADC Communication and Promotional Strategy 2016–2020, and the Costed Implementation Plan which was approved by SADC Council and Summit in August 2016 commenced, and among others, the Prize Money for the SADC Media Awards and Secondary School Essay Competition was reviewed and will be presented to Council.

		Online presence of the SADC Secretariat was intensified by being more active on social media platforms such as Facebook, Twitter, LinkedIn and You Tube, to complement other existing ways of communicating SADC to its stakeholders and the citizens of the region. So far, over 100 videos on SADC have been posted on Communicating SADC, which is the SADC You Tube Channel. The Inside SADC monthly electronic Newsletter is now widely distributed via the SADC website and through electronic e-lists, including to the SADC National Contact Points, ICPs, Media and the SADC National Media Coordinators who also further distributes to their networks.
7	Procurement	The Procurement Policy was reviewed, approved, and implementation commenced in January 2017. An automated procurement system was developed and accessible online. A travel agency has been engaged to process travel requirements for the SADC Staff. This arrangement is expected to enhance efficiency in the procurement of tickets and other travel matters.
8	Office of the Executive Secretary	In collaboration with the Office of the Deputy Executive Secretaries and all Directorates and Units, key SADC Policies and Protocols were effectively implemented; relations with Strategic Partners strengthened; and the recommendations of the Pillar Assessment in Internal Controls, Procurement, Accounting, and External Audit were satisfactorily implemented.

5.0 CONTINENTAL COOPERATION AND INTEGRATION

5.1 AFRICAN UNION (AU) AND NEPAD

175. The Secretariat continued to be closely engaged in the continental integration agenda, through participation of the Meetings of the Assembly and the Executive Council, held in July 2016 and January 2017, and as well as various technical committee meeting. The emphasis of these gatherings continues to be placed on the importance of the Regional Economic Communities (RECs) in the implementation of the African Union Agenda 2063 and its First Ten Years Implementation Plan (FTYIP), as approved by the Assembly of the AU Heads of State and Government. The Secretariat collaborated with the AUC on the issues of Peace and Security and the broader agenda of Silencing the Guns in Africa by 2020 through, among others, the Africa Peace and Security Architecture (APSA) Programme.
176. The Secretariat will continue to have closer collaboration with the AUC on issues affecting the continent, including implementation of the Decisions of the Assembly and the Executive Council, for example the implementation of the AU Flagship Projects. Furthermore, collaboration with the RECs and the Chairperson of the AUC on AU reform process will be maintained in order to have clear understanding on the division of labour between the AUC and its agencies and the RECs, as well as with other Regional Coordination Mechanisms (RCMs). There will also be further engagement on the Assembly Decision on the 0.2 per cent levy to fund the AU Agenda 2063, in terms of modalities for accessing the resources by the RECs, being the first line of implementation.
177. The Secretariat attended the NEPAD Steering Committee Meetings, where regional integration initiatives were presented, especially projects falling under the Programme of Infrastructure Development in Africa (PIDA) and the Presidential Infrastructure Championship Initiative (PICI).
178. Negotiations on the Continental Free Trade Area (CFTA) are expected to progress rapidly following the adoption by the 3rd Meeting of the African Ministers of Trade held in Niamey, Niger in June 2017 of the Draft Modalities for the CFTA's Tariff and Trade in Services Negotiations. The Ministers also approved the revised schedule of meetings for the CFTA Negotiations to accommodate additional time requested by the CFTA - Negotiation Forum and Technical Working Groups in order to complete their work on schedule. The negotiations are scheduled for completion at the next meeting of AU Ministers of Trade set for 30th November to 1st December 2017 in Niamey, Niger. President Issoufou Mahamadou of Niger is the designated CFTA Champion and in his speech during the opening of the June 2017 African Ministers of Trade meeting, he expressed confidence that the draft Agreement establishing the CFTA, can be delivered by the stipulated end of 2017 deadline.

5.2 THE SADC – COMESA – EAC TRIPARTITE AGENDA

179. Tripartite Member/Partner States continued with negotiations to conclude the outstanding Phase 1 issues under the Tripartite Free Trade Area (TFTA) negotiations. Significant progress was made during the recent Sixth Meeting of the Tripartite Sectoral Ministerial Committee (TSMC) held in Kampala, Uganda in July 2017, which considered and

adopted the outstanding TFTA Agreement's Annex II on Trade Remedies, Annex X on the Dispute Settlement Mechanism, and Annex IV on Rules of Origin.

180. On the outstanding matter concerning the negotiations on the tariff offers, the TSMC meeting held in July 2017 in Kampala agreed that the Tripartite Task Force should engage those Tripartite Member/Partner States that have not responded to offers; and that Tripartite Member/Partner States should adhere to set deadlines in order to finalise the negotiations and tariff offer exchanges by 31st October 2017.
181. Article 39(3) of the TFTA Agreement provides for the Agreement to enter into force on ratification by fourteen (14) Member/Partner States. To date nineteen (19) Member/Partner States have signed the Agreement, with the latest signatory South Africa, appending its signature at the end of the 7th July 2017 meeting of the TSMC. Only Egypt has to date ratified the Agreement. The adoption by the TSMC meeting in Kampala of the outstanding Annexes of the TFTA Agreement, is expected to provide the necessary impetus for Member/Partner States complete the signing and ratification of the TFTA Agreement. Developments in that regard are expected throughout the remainder of the year and beyond.
182. Under the Infrastructure Development Pillar, the Tripartite RECs continued to collaborate on a number of programmes and projects. During the 25th Meeting of the Tripartite Infrastructure Sub-Committee, which was held at the EAC Headquarters in Arusha, the United Republic of Tanzania in May 2017, the implementation of various programmes were discussed. These include:
- (i) The Tripartite Transport and Transit Facilitation Programme – The Tripartite RECs and Member States have developed the Tripartite Transport and Transit Facilitation Programme previously funded by DFID. This programme seeks to assist Member/Partner States with the implementation of harmonised road transport policies, laws, regulations, systems and standards that affect drivers, loads, vehicles and road infrastructure in the countries of the EA-SA region.
 - (ii) Civil Aviation Programme – This comprises namely:
 - (a) Air Transport Liberalisation – The Tripartite is aligning the Tripartite Work Programme on the implementation of the Yamoussoukro Decision to the African Union Road Map on the Establishment of a Single African Air Transport Market and the Tripartite will coordinate the implementation of the AU Road Map in the Tripartite Region in liaison with the African Civil Aviation Commission as the Executing Agency of the African Union; and
 - (b) Implementation of a Single Seamless Upper Airspace – This involves collaboration in the implementation of the Communication, Navigation, Surveillance/Air Traffic Management programmes, which will result in a harmonized and seamless Communications, Navigational, and Surveillance/Air Traffic Management systems across the Tripartite.
 - (iii) Energy Programmes – A number of projects are at different stages of implementation, and these include: the Zambia-Tanzania-Kenya (ZTK) Power Transmission Interconnection Project; Enhancement of sustainable Regional

Energy Market in the ESA Sub-region; Zimbabwe-Zambia-Botswana-Namibia (ZIZABONA); and Development of the Batoka Gorge Hydro-Electric Scheme (Zambia – Zimbabwe) on the Zambezi River.

- (iv) Corridor Development – The Tripartite have prioritized the development of corridors to facilitate transit transport and expand trade within and between the respective regions. Specific to SADC, several projects are being prepared and implemented on the North South Corridor, including the implementation of the Regional Railways Revitalisation Initiative (RRI) and Roads Projects.
- (v) Maritime Transport – Together with IGAD and IOC, through the coordination of the Indian Ocean Commission (IOC) jointly prepared an Initial Action Document for the Support to Maritime Transport Sector in EA-SA- IO Region. A number of areas for support have been prioritised and these include:
 - (a) Strengthening and liberalising the regulatory environment governing maritime transport;
 - (b) Designing and putting into effect a maritime transport corridor, termed the South West Indian Ocean Maritime Corridor (SWIOMC), that links the IOC Member States as well as mainland Africa to take advantage of the SADC and COMESA preferential trade regimes; and
 - (c) Developing a policy and strategy on how to take account of climate change (mitigation and adaptation) so that the maritime transport sector lessens its effects on climate change.

6.0 DEVELOPMENT COOPERATION AND RESOURCE MOBILISATION

1. The Secretariat continued to engage ICPs in order to facilitate mobilisation of resources for the implementation of the priority regional programmes and projects in the RISDP as well as to ensure that support is aligned with the SADC priorities, in line with the Windhoek Declaration adopted in 2006 to guide cooperation between SADC and ICPs.
2. Development partners, the European Union through the European Development Fund (EDF) and individual countries such as Germany, among others, continued to extend their support both technically and financially. Significant support was also received from Organizations such as AfDB, World Bank, Commonwealth, World Health Organization, Food and Agriculture Organization, USAID, UN Agencies, the Global Fund, and Regional institutions such as the Southern African Trust.
3. In addition to continued engagement with ICPs, and in line with the August 2015 Council decision directing the Secretariat to constitute a Technical Working Group comprising experts from Member States to coordinate work on the development of a SADC Regional Resource Mobilization Framework various options on alternative sources of income to minimise the risks of relying on support from Development Partners, research was conducted in 2016/17 on various options, namely, Financial Transaction Tax; Lottery; Philanthropy; Regional Events; Tourism Levy; Export and Import Tax Levy; Transport Levy and Curbing Illicit Financial Flows.
4. The first and second meetings of the Working Group were held in August 2016 and March 2017 respectively. The purpose of these meetings was to review these studies and make recommendations and concrete proposals that will inform the development of the SADC Regional Resource Mobilization Framework to mobilize revenue to finance regional integration programmes and projects within the framework of the Revised RISDP 2015 - 2020, the SADC Industrialisation Strategy and Roadmap 2015 - 2063, the SADC Regional Infrastructure Development Master Plan, the SIPO, the RAP Investment Plan.

6.1 SADC – EU COOPERATION

10th EDF Regional Indicative Programme

5. During the period 2008 – 2013, SADC programmed 116 million Euros in the following programmes: Regional Political Cooperation Programme (RPC); the SADC Institutional Capacity Building Programme (ICDP); the Regional Economic Integration Support Programme (REIS), the SADC Project Preparation and Development Facility (PPDF); the Regional Trade Related Facility (TRF); and the Technical Cooperation Facility (TCF II). Implementation of these programmes and projects will come to an end by March 2018. An account of the main achievements under each programme/project has been presented under the respective areas of regional cooperation and integration presented above.

Programming of the 11th EDF

6. The 11th EDF covers the period 2014 – 2020, and focuses on: (i) Peace, Security and Regional Stability, (ii) Regional Economic Integration; and (iii) Regional Natural Resource Management, benefitting the Eastern African, Southern African and Indian Ocean (EA-SA-IO) Region. The Programme was signed in June 2015, and has been allocated a total of 1.332 billion Euros, as follows:

- (i) Sub-regional Envelope: €450 million (split among EA-SA-IO RECs);
- (ii) Infrastructure Envelope: €600 million (jointly implemented);
- (iii) Cross-Regional Envelope: €205 million (jointly implemented);
- (iv) Technical Cooperation Facility: €15 million (jointly implemented); and
- (v) Reserve: €62 million (jointly implemented).

A. The Sub-Regional Envelope: €450 million

7. From the Sub-regional envelope, SADC was allocated 90 million Euros, with the balance distributed among other RECs, namely: COMESA, EAC, IGAD and IOC. SADC has prepared the projects in Table 9 from its 90 million Euro allocation. The SADC envelope will be fully formulated before December 2017, and implementation of some projects will commence during the first quarter of 2018.

Table 9: Status of Programming of the SADC Sub-Regional Envelope: €90 million

Project	Budget	Status of Programming
Regional Natural Resources Management	€9 m	Project formulation complete. Undergoing operationalisation
Peace, Security and Regional Stability	€15 m	Project formulation in progress.
Regional Economic Integration (Industrialization, Trade Facilitation and Investment)	€47 m	Project formulation in progress.
Capacity Building for SADC Secretariat and National Stakeholders	€14 m	Project formulation complete. Undergoing operationalisation.
Technical Cooperation Facility	€5 m	Project identification in progress.
TOTAL	€90 m	

B. The Infrastructure Envelope: €600 million

8. The RECs will benefit from the Infrastructure envelope through joint identification and implementation of hard and soft infrastructure projects as shown in Table 10.

Table 10: Objectives and Allocations for the Infrastructure Envelope

Priority Area	Specific Objectives	Allocation (M€)
Regional Economic Integration	Hard Infrastructure projects that improve connectivity and efficiency and resilience of regional infrastructure networks	525

	Soft infrastructure projects to improve enabling environment e.g. strategic and regulatory framework to sustain and maximize utilization of physical infrastructure in the area of transport, energy, ICT and water	40
	Capacity development for infrastructure	35
TOTAL		600

9. In 2016, the RECs jointly submitted to the EU, a pipeline of 34 priority hard infrastructure projects in the areas of: Energy, ICT and Transport, for consideration for funding from 2017. SADC is spearheading the preparation of six (6) of these projects. To date, the EU has committed €200 million as seed funding to leverage finance for these projects. For 2018 onwards, an additional 27 new projects have been submitted to the EU, out of which, 16 are led by SADC. It is anticipated that contracting for these projects will take place commencing in 2017 through to 2020.
10. The RECs have made progress towards the formulation of soft infrastructure projects in the areas of: Energy, Transport, ICT, Aviation and Maritime, as illustrated in Table 11.

Table 11: Progress in the Formulation of 11th EDF Soft Infrastructure Projects

Objective and resources	Budget	Led by	Roadmap and progress
Transport and Transit Facilitation	€20 m	SADC	Project operational
Sustainable Energy Market in Eastern and Southern Africa	€7 m	COMESA	Project operational
Consolidation of ICT market in the Eastern Africa, Southern Africa and Indian Ocean region	€10.8 m	COMESA	Project formulation is in progress
Trade Facilitation and Maritime Transport Project in the EA-SA-IO region	€10 m	IOC	Project formulation is in progress
Support to the air transport sector development in the Eastern Africa, Southern Africa and Indian Ocean region	€13.5 m	COMESA	Project formulation is in progress
Technical Assistance Facility (for pre-feasibility studies for transport infrastructure projects)		EU	Project formulation is complete. Awaiting financing decision

C. The Cross-Regional Envelope: €205 million

11. The EU and the RECs agreed to allocate funding for activities of a cross-regional nature for joint identification and implementation. These are projects that transcend the geographical borders of one REC. Progress in the formulation of cross-regional projects under the 11th EDF is provided in Table 12. This envelope is led by the EU, with the exception of specific projects led by SADC as illustrated below.

Table 12: Progress in the Formulation of 11th EDF Cross-Regional Projects

Objective and Resources	Budget	Led by	Roadmap and Progress
Peace and Security in the Great Lakes Region	€30 m	EU	Project formulation is in progress
Migration	€25 m	SADC	Project formulation is complete. Awaiting EU feedback
Maritime Situation, Security and Safety	€30 m	IOC	Project formulation is in progress
Implementation of the EU-East and Southern Africa Interim Economic Partnership Agreement	€40 m	EU	Project formulation is in progress
Trans-boundary Water Management	€20 m	SADC	Project formulation is complete. Awaiting EU feedback
The Contribution of Sustainable Fisheries to the Blue Economy	€30 m	IOC	Project formulation is in progress
Wildlife Conservation	€30 m	EU	Project formulation is in progress
TOTAL	€205 m		

D. The Technical Cooperation Facility: €15 million

12. The EU and the RECs agreed to allocate funding for activities of a non-focal nature which would support the formulation of the 11th EDF cross-regional projects and inter-REC coordination activities as depicted in Table 13.

Table 13: Allocation of TCF Funding and Status of Formulation of the SADC Technical Cooperation Facility (TCF)

DMRO	Budget	% of total TCF	Progress
COMESA	1.5 m	15.3	
EAC	1.5 m	15.3	
IGAD	1.4 m	14.4	
IOC	0.9 m	9.0	
SADC	1.625 m	16.2	<i>SADC prepared a Programme Estimate for its allocation of 1.625 million. Implementation is underway</i>
Total Sub-Regional	7.0 m	70.0	
Total Cross-Regional	3.0 m	30.0	
TOTAL	10 m	100	

6.2 SADC-EU POLITICAL DIALOGUE

13. Political Dialogue is one of the main pillars of the **Cotonou Partnership Agreement** signed by the European Union (EU) and the African, Caribbean and Pacific (ACP) Group of States in 2000. The SADC-EU Political Dialogue was launched at the SADC-EU Ministerial Conference in Berlin, Germany, in September 2004 (This conference, also

referred to as the Berlin Initiative, resulted in the adoption of the Berlin Declaration). For SADC, it is intended to establish a platform for high level dialogue with a view to supporting democracy at all levels, promoting cooperation in trade and encouraging policies aimed at sustainable economic growth and economic reforms in the two regions.

14. The two sides hold Senior Officials' Political Dialogue once annually and the Ministerial Political Dialogue once every two years, alternating between the EU and SADC Regions. The last Ministerial Political Dialogue was held in Luxembourg in October 2015. The Senior Officials' Political Dialogue was held in October 2016, focusing on Peace and Security, and in November 2016, focusing on Economic Cooperation and Partnership.
15. A Senior Officials' Dialogue was held in June 2017 in preparation for the Ministerial Dialogue to be held during the last quarter of 2017. The Dialogue has been instrumental in identifying common areas of interest between the two sides, highlighting opportunities and challenges, as well as policy and programme level responses and interventions.

6.3 SADC/GERMANY COOPERATION

16. Germany remains a major partner for SADC. The total volume of bilateral Technical and Financial Cooperation (respectively through GIZ and KfW) provided by the Federal Ministry for Economic Cooperation and Development (BMZ) since cooperation began in 1995 exceeds €341 million. Germany provides further support to the SADC Regional Integration Agenda through its contributions to the EDF by virtue of its membership to the European Union. It also continues to cooperate bilaterally with SADC Member States and other sub-regional and national SADC institutions.
17. Within the context of the Windhoek Declaration (2006) and other international commitments on Aid and Development Effectiveness, Germany actively participates in the SADC-ICP Partnership Dialogue and is the lead ICP for the SADC-ICP Water Thematic Group.
18. Areas of cooperation are agreed through SADC-Germany Bilateral Consultations on Cooperation held once every two years. The last Bilateral Negotiations between the SADC Secretariat and the Government of the Federal Republic of Germany was held in June 2017, during which the two parties agreed to jointly support the following projects, which are further broken down in Table 14:
 - (i) Regional Economic Integration (covering also Peace, Security and Good Governance);
 - (ii) Transboundary Water Management;
 - (iii) Transboundary Natural Resource Management and Resilience to Climate Change; and
 - (iv) Strengthening National-Regional Linkages.

Table 14: Status of commitments made in 2017 during the SADC-Germany Bilateral Consultations

Project/programme	Type of Cooperation	Commitment in 2016 in €	Commitment in 2017 in €	Total
Cooperation for the Enhancement of SADC Regional Economic Integration (CESARE)	Technical Cooperation		8 million	8 million
Project Preparation and Development Facility	Financial Cooperation		13.5 million	13.5 million
Cross-Border use and protection of natural resources in the SADC region	Technical Cooperation		<i>4.5 million</i>	<i>4.5 million</i>
Adaption of Agriculture to Climate Change/	Technical Cooperation		1.5 million	1.5 million
TFCA Financing Facility	Financial Cooperation	8 million	4 million	<i>12 million</i>
Strengthening national-regional linkages in SADC	Technical Cooperation		5.5 million	5.5 million
Peace, Security and Good Governance	Technical Cooperation		1.5 million	1.5 million
Studies and Expert Fund	Technical Cooperation		1 million	1 million
Sub-total Technical Cooperation			8 million	8 million
Sub-total			8 million	8 million
Grand total		8 million	39,5 million	47,5 million

6.4 SADC – WORLD BANK COOPERATION

19. The World Bank continues to support the implementation of SADC programmes mainly through support to individual Member States under bi-lateral cooperation and also at regional level through cooperation with the SADC Secretariat. Subsequent to the consultative meeting the Secretariat had with the World Bank Executive Director responsible for the Africa Group in March 2017, it was proposed that the Secretariat should participate in the 2017 Spring Meeting and explore opportunities for enhanced cooperation with the World Bank, to negotiate and lay the basis for a programme to support infrastructure in SADC, particularly in the following areas:

- (i) Institutional framework support for packaging of projects identified by the Regional Infrastructure Development Master Plan;
- (ii) Investment opportunities in the already bankable projects;
- (iii) Support for the implementation of the SADC Industrialisation Strategy and its Action Plan; and
- (iv) Support for the implementation of the Regional Agricultural Policy and Plan.

20. Following a proposal from COMESA in 2016, it was proposed that a joint meeting be arranged between the World Bank and Tripartite RECs (SADC, COMESA and EAC) in the margins of the 2017 Spring Meetings to discuss ways of improving coordination and

harmonization of cross regional programmes on regional integration. The objective of the meeting was to bring together the three RECs and the World Bank to review the status of the Tripartite programmes and World Bank support to regional integration in the sub-region, and explore ways to accelerate their implementation through better coordination between the RECs on one side and enhanced support of the World Bank and other Development Partners on the other.

21. The World Bank IDA active portfolio of regional projects to support regional integration in SADC amounts to US\$1.8 billion for 10 projects in transport, energy, ICT, and agriculture.

6.5 SADC – CHINA COOPERATION

22. The Secretariat attended the sixth Ministerial meeting and the Johannesburg Summit of the Forum on China–Africa Cooperation (FOCAC) in December 2015. During the Johannesburg Summit, the Chinese government announced some US\$60 billion of funding support to Africa over the next three years. The Johannesburg Summit of FOCAC adopted the Declaration and Action Plan outlining the actions to be undertaken over the next three years, including a follow-up mechanism to facilitate monitoring.
23. The FOCAC Action Plan (2016–2018) outlines cooperation in political, economic, social development, cultural and security areas. The following is included under economic cooperation: industry partnering and industrial development capacity; infrastructure development; energy and natural resources; investment and economic cooperation; trade; agriculture and food security; ocean economy and tourism. These areas of cooperation are in line with the SADC priorities, as outlined in the Revised RISDP 2015-2020.
24. As a way forward, and in a bid to operationalise the Johannesburg Summit FOCAC Declaration and Action Plan, the Secretariat is in consultation with the Chinese government and negotiating a Framework Agreement on Economy, Trade, Investment and Technical Cooperation between SADC and the Government of the People's Republic of China.

6.6 SADC – JAPAN COOPERATION

25. As a follow-up to the policy level dialogue between the SADC Secretariat and the Government of Japan in November 2015, the Secretariat is in the process of engaging with Japan International Cooperation Agency (JICA) to concretize the proposal for the appointment of a Japanese Technical Advisor for the Directorate of Infrastructure and Services to facilitate access to the Tokyo International Conference on African Development (TICAD) Resources on infrastructure development. The proposal is to support SADC in the priority areas outlined in the Revised RISDP 2015-2020 and the RIDMP, in line with the TICAD V for accelerating economic growth in Africa, and as outlined in the Yokohama Action Plan 2013-2017.
26. It is worth noting that Japan is also already supporting a regional project on Forest Conservation and Sustainable Management of Forest Resources in Southern Africa through a grant of US\$6.4 million, mainly for technical assistance which includes expertise in Forestry.

6.7 SADC – AFRICAN DEVELOPMENT BANK COOPERATION

27. The AfDB continues to provide support for the implementation of programmes in the SADC region through bi-lateral cooperation with individual SADC Member States and cooperation with the Secretariat for regional programmes. In this regard, the Secretariat engaged the AfDB at both technical level and policy level to explore cooperation in the context of the Bank's High Five Initiatives in line with the SADC regional priorities, as outlined in the Revised RISDP.
28. A Breakfast Meeting between SADC and Executive Directors representing the SADC Region at AfDB was held in March 2017 in Swaziland in the margins of the SADC Summit, to discuss priority areas of cooperation between SADC and AfDB; institutional matters; mechanism of cooperation; and how to address challenges experienced in execution of AfDB funded programme. The meeting suggested that AfDB should be able to tap into potential resources globally, for example, the Green Climate Fund, which provides funding for climate-change mitigation. In order to advance this agenda further, the Secretariat participated in the Annual Meetings of AfDB in May 2017 in Ahmedabad, India, and facilitated a side-line meeting of SADC Ministers of Finance and the President of AfDB.
29. In line with one of the decisions of Council on the SADC Ministerial Retreat which was held in Swaziland in March 2017, the Secretariat is working with AfDB to develop the necessary instruments and frameworks, such as Infrastructure Bonds, Partial Risk Guarantees, Insurance Guarantees and Partial Credit Guarantees, for use in Member States; and on how to leverage on the AfDB Industrialization Strategy.

6.8 SADC – ICP DIALOGUE PLATFORM

30. In line with the Windhoek Declaration (2006) on New Partnership between SADC and International Cooperating Partners (ICPs) to convene biannually SADC/ICP Dialogue Platform meetings, the last meeting of the SADC/ICP Dialogue Platform was held in October 2016. The meeting discussed progress in the implementation of SADC programmes and activities as contained in the Revised RISDP 2015-2020 and how to better align ICPs support to SADC priorities.
31. As outlined in the adopted SADC-ICP Partnership Statement and Generic Terms of Reference for the Platform and Thematic Groups, engagement with ICPs has also continued through Thematic Group Coordination meetings where the Secretariat meets with interested ICPs working in specific sectors to facilitate information sharing, ensure effective utilisation of resources and minimise duplication of support programmes.

7. GOOD GOVERNANCE

7.1 RISK MANAGEMENT

1. Risk Management continues to be an important pillar of governance for the Secretariat, and Management has continued to promote and support effective enterprise-wide risk management, by setting up oversight structures to monitor implementation of the risk management policy. Directorates and Units continue to review and update their risk profiles to ensure impacts and likelihood of risks are proactively mitigated, while potential opportunities are explored further where possible.

2. The major strategic risks identified for the Secretariat for the financial year have remained the same as the previous year:
 - (i) Failure to promote sustainable and equitable economic growth and socio-economic development due to non-compliance with regional commitments by member states
 - (ii) Inadequate priority setting resulting in non-achievement of set targets
 - (iii) Multiple memberships to different regional economic organization impede SADC regional economic integration
 - (iv) Unsustainable and inadequate funding for SADC regional integration agenda
 - (v) Inadequate organizational performance management system
 - (vi) Lack of critical mass to drive the core business of SADC Secretariat.
3. In order to mitigate these risks, action plans were developed with timelines, and progress on implementation of the action plans has been monitored throughout the year. After the development of the SADC Business Continuity Policy, which was approved by Council in March 2016, the Secretariat is now in the process of developing a Business Continuity Management Plan, to ensure seamless transition and continuity during disasters, emergencies and or any unexpected interruptions to the operations of the Secretariat.

7.2 AUDIT

4. The Secretariat continued to collaborate and support all structures charged with the responsibility of overseeing and undertaking audit of activities of the SADC Secretariat. These structures, which include the Council of Ministers, Audit Committee, External and Internal Auditors, continued to provide guidance, assurance and opinion on all audit related matters aimed at enhancing internal controls environment and reliability of financial statements.
5. The Secretariat also continued to implement recommendations from both external and internal audits as well as the institutional audit in order to bring improvements in the management systems of the Secretariat, in particular strengthening of the internal control environment. The effectiveness of the control environment allowed the Secretariat to continue benefiting from ICP resources through contribution agreements and projects.
6. The Executive Secretary is committed to supporting all structures charged with a responsibility of guiding the Secretariat on matters relating to governance and oversight. This will ensure improvement of the management systems to meet international standards so that governance principles are upheld in the management of the affairs of the Secretariat.

8.0 IMPLEMENTATION OF FINANCIAL MANAGEMENT FRAMEWORK

Overview

1. Budget and Finance controls within the Secretariat are carried out within the Financial Management framework, which are intended to deliver an effective and efficient risk advisory service and support the Secretariat to fulfill its fiduciary responsibility. Financial regulations, standing orders and rules for the management of the affairs of SADC are enacted by the Council of Ministers under Article 30 of the Treaty of SADC. These provide

a consistent and comprehensive legal framework for Financial Management. As required by financial regulations, budget execution and oversight control is aimed at achieving, among others, adherence to good corporate governance principles; and ensuring that risk management measures, including the SADC risk management policy and framework, are in place.

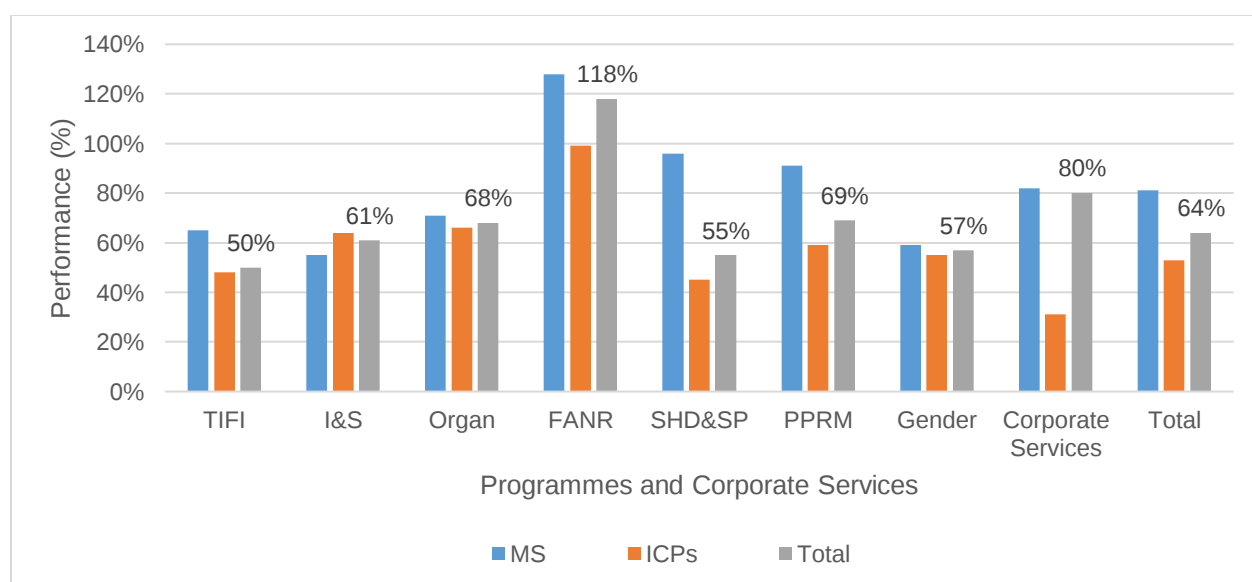
2. In terms of reporting and auditing control, under Article 15 (h - i) of the Treaty, the Executive Secretary is required to prepare and submit to the Council, the following:
 - (i) Annual Reports on the activities of SADC and its institutions;
 - (ii) Annual Budget of SADC for submission to Council; and
 - (iii) Annual Audited Accounts of SADC for submission to Council.
3. The Secretariat's financial statements are compiled in compliance with International Public Sector Accounting Standards, which was approved by Council in 2012 as a financial reporting framework for the organization.

Review of Results for 2016/17 Financial Year

4. Results for 2016/17 financial year, reflected in the SADC Secretariat audited International Public Sector Accounting Standards compliant financial statements, show the following:
 - (i) Operating surplus of US\$ 6.1 million (US\$11.8 million in 2015/16) on:
 - (b) Revenues of US\$ 57.3 million (US\$78.6 million in 2015/16);
 - (c) Member States contributions of US\$ 39.7 million (US\$51.6 million in 2016/17); and
 - (d) Grants of US\$17.0 million (US\$27 million in 2015/16), which were recognized as contributions based on the SADC Secretariat's compliance with conditions, as specified in each financing agreement.
 - (ii) Total assets under the control of SADC Secretariat of US\$ 97.5 million (US\$101.1 million in 2015/16), financed as follows:
 - (a) Member States (Reserve; Asset Replacement; Staff Loan and Accumulated funds): US\$ 43.8 million (US\$37.7 million in 2015/16);
 - (b) Member States – differed revenue: US 8.3million (US\$6.5 million in 2015/16);
 - (c) Grants – differed revenue: US\$ 8.7 million (US\$13.0 million in 2015/16);
 - (d) SADC House loan: US\$23.6 million (US\$25.9 million in 2015/16); and
 - (e) Payables (staff gratuity; staff grievances; Organ mission to Lesotho refunds to Member States; and suppliers): US\$18.0 million (US\$10.5 million in 2015/16).
5. The results show decreasing contributions from Member States (27%) and declining grants (37%). This is explained as follows:

- (i) Significant contributions from Member States in 2016/17 relate to activities of the Organ on Politics, Defense and Security Cooperation. Other contributions remained unchanged from the 2015/16 financial year; and
 - (ii) Grants considerably declined in 2016/17 reflecting expiry of a number of activities and projects funded by International Cooperating Partners, without replacement agreements from the AfDB and European Union.
6. Overall, the SADC Secretariat achieved a budget utilization rate of 64% in 2016/17 (compared to 80% in 2015/16). 230. The overall utilisation of the budget is presented according to the various programmes and corporate services in Figure 14, showing that the overall utilization was 81% and 53% for Member States and ICPs funds, respectively.

Figure 14: Overall Resource Utilisation by Source of Funding: April 2016 – March 2017



7. The main explanations for the observed utilisation of funds in the implementation of regional programmes and projects are:
- (i) Inadequate planning, where:
 - (a) planned outputs are not commensurate to human resources, resulting in postponement of activities;
 - (b) outputs and activities are included in annual operational plans when funding has not been fully confirmed and timely disbursement guaranteed; and
 - (c) appropriate mechanisms are not put in place for disbursing project funds to Member States;
 - (ii) Lack of quorum resulting in postponement of planned meetings;
 - (iii) Budgeted goods and services for various activities were taken care of by host Member States and co-partners;
 - (iv) Delays experienced in replenishment of funds on projects and continued lengthy process over procurement on projects; and

- (v) A number of positions budgeted for in 2016/17 were not filled-up throughout the year.

9.0 SUMMARY OF IMPLEMENTATION CHALLENGES AND RECOMMENDATIONS

1. The effective implementation of SADC programmes and projects at the regional levels continues to be affected by challenges in planning and programming; monitoring, evaluation and reporting; project management; financial and human resources; and computerization and ICT systems. In line with various directives of Council, the Secretariat continues to implement a number of reforms to address these problems as well as deficiencies in internal processes in order to improve efficiency and effectiveness of its operation. To date, key measures taken by the Secretariat include:
 - (i) Strengthening the operationalisation of the planning, and monitoring and evaluation functions to address reported deficiencies in planning, programming, monitoring, evaluation and reporting. Positions for planning and monitoring are included in the approved SADC Secretariat Organisational Structure;
 - (ii) Improvements in planning, programming and budgeting, whereby starting from 2017/18 all outputs have been broken down into quarterly milestones/targets to improve tracking and accountability. Furthermore, only outputs whose funding has been confirmed are included in the annual operational plans, and this applies to both Member States and ICP funded programmes. This addresses the challenge of having inadequate funds for various outputs;
 - (iii) Development of an online monitoring, evaluation and reporting system to enable real-time tracking of performance, documentation of results and facilitate evidence-based decision-making and learning. A computerized system was developed and approved by Council in March 2017, and is being rolled out at regional and national levels. The system focuses on physical and financial monitoring of annual work plans, strategies, policies and projects, and is expected to play an important role of giving early warning signs on areas not performing according to plan.
 - (iv) development of a SADC Project Management System with a view to addressing project management challenges across the entire project management cycle (Design, Implementation and Monitoring). Project management instruments have been developed, and this function has been mainstreamed in the revised Organizational Structure, as approved by Council in March 2017. A pilot is on-going using TRF and REIS Programmes.
 - (v) Improvement of the SADC Secretariat Performance Management System through strengthening of procedures and tools leading to a performance system that is properly linked to the delivery of approved work plans and budgets;
 - (vi) Review of the SADC Secretariat Organizational Structure, which was approved by Council in March 2017. The recruitment process is ongoing, with a plan to fill the vacant positions starting from September 2017; and

- (vii) Automation of ICT systems in order to address challenges such as long procurement cycle times, quality data and information access, increased risk and compliance liability and systems integration. Such systems include: the new Procurement Management System which went live on 01 April 2017, and is integrated with SADC Integrated Management System (SIMS) and Sun Systems; the new Performance Management System, which is expected to be completed by January 2018; and the Electronic Records Management System, which is expected to be live in November 2017.
2. In order to build on the above reforms to address the identified challenges, including the lack of visibility of SADC, the following are recommended in the short to medium term:
- (i) Continue improving planning and programming, and monitoring, evaluation and reporting processes to ensure effective implementation of programmes and project at both national and regional levels;
 - (ii) Strengthen negotiations between all parties to ensure that projects and programme estimates are aligned to SADC priorities and fiscal year, and that funds are disbursed on time;
 - (iii) Improve recruitment frameworks to ensure that vacant positions are promptly filled in line with the approved SADC Secretariat Organizational Structure;
 - (iv) Continue providing assistance to Member States to strengthen the SNCs as a way of ensuring that there are adequate coordination measures and capacities for the implementation of SADC programmes and projects; and
 - (v) Ensure that the ways in which the Secretariat communicates to SADC audiences be as relevant and engaging as possible, especially as new technologies are giving SADC audiences more control over when and how they access information.

10.0 CONCLUSIONS

1. This Report has highlighted the main developments in the area of regional cooperation and integration in the SADC region in 2016/17, the second year in the implementation of the Revised RISDP 2015-2020. In addition to an overview of the political and economic situation in the region for 2016/17 and an outlook for 2017/18, the Report provides a comprehensive account of the achievements in pursuing industrial development and furthering market integration; putting in place strong foundations to support infrastructure development in the region; supporting Member States in the maintenance of peace and security at regional and national levels; tackling the negative effects of natural disasters; and improving regional bases for the provision of better services in areas such as education, health and HIV and AIDS.
2. A considerable number of developments have also taken place at the administrative and operational levels within the Secretariat. It is anticipated that the new Organisational Structure, which was approved and has now been operationalised will improve the efficiency and effectiveness of the Secretariat in delivering on its mandates and fulfilling the requirements in the implementation of SADC programmes and projects. It is also intended that the SADC Project Management System, which is currently being rolled out

will boost project management at all levels, thus leading to enhanced results in line with SADC strategic priorities.

3. The Secretariat will continue to forge ahead in the coming months with efforts to increase SADC's ability to mobilise funds to support its programmes and projects that benefit all Member States. Work will also be intensified to improve processes for interacting with Member States, and with external partners locally, regionally and internationally, so as to establish more efficient working links with all parties. Additionally, effort will also be invested in disseminating user-friendly information about SADC more widely so that greater numbers in the region are aware of the work done by SADC on their behalf.

