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**SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC):
TOWARDS ECONOMIC INTEGRATION**

BY

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SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC): TOWARDS ECONOMIC INTEGRATION

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ABSTRACT

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Southern Africa is a region richly endowed with human, natural, agricultural and mineral resources but the majority of people live in extreme poverty, and declining life expectancy and limited access to basic services and infrastructure. The problem is compounded by civil strife and wars, high crime rate, corruption, trade in illicit drugs and the spread of HIV/AIDS. The challenge is to accelerate economic growth in order to improve the living conditions of the peoples of Southern Africa and reduce dependence on South Africa. To achieve this, the Declaration and Treaty establishing the Southern African Development Community (SADC), which has replaced the Coordination Conference, was signed at the Summit of Heads of State or Government on 17 August 1992, in Windhoek, Namibia. The central objective was to intensify cooperation among the countries and economic integration. SADC identified the development of transport and communication as the key strategy towards economic integration. The purpose of this paper is to systematically examine this strategy. Specifically the paper assesses the relevance, achievements and challenges facing the member states.

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SOUTHERN AFRICAN DEVELOPMENT COMMUNITY: TOWARDS INTEGRATION

"Let us now face the economic challenge. Let us form a powerful front against poverty and all of its offshoots of hunger, ignorance, disease, crime and exploitation of man by man. Let us form an African Movement to wage a militant struggle against poverty. Let this Summit be our workshop for sharpening our tools, forging new weapons, working out strategy and tactics for fighting poverty and improving the quality of life of our peoples"¹ In this quote from the then President of Zambia's welcoming address to the 1980 Lusaka Summit, President Kenneth Kaunda clearly articulated the objectives of the Southern African Development Community (SADC).

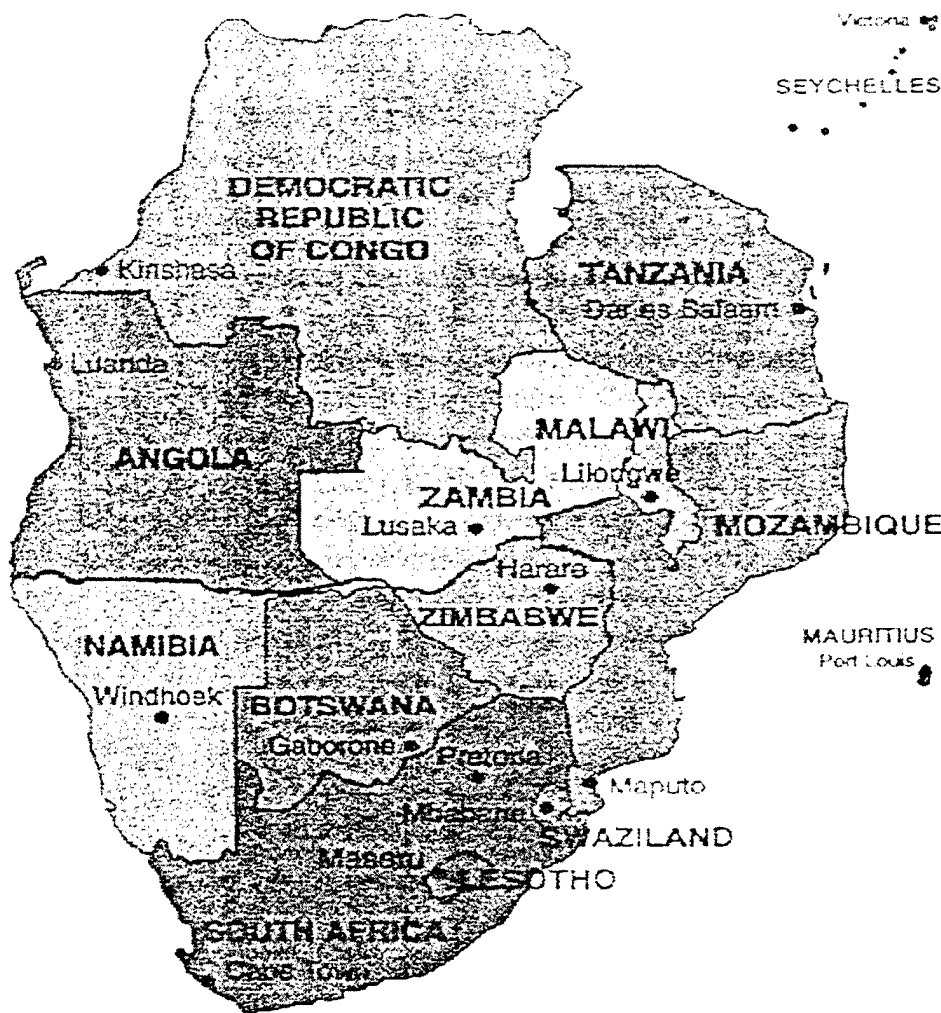


FIGURE 1 MAP SADC

Although these words were stated in 1980 during the formation of the Southern African Development Coordination Conference (SADCC), which is the base for SADC, they capture the quest of the founding members for economic cooperation and integration. SADCC was formed in 1980 by twelve independent states in Southern Africa. SADCC objectives as laid down in 1980 remained the same when SADC was established. The reasons for change will be discussed later in the paper. The Declaration and Treaty establishing the Southern African Development Community (SADC), which has replaced the Southern African Development Coordination Conference (SADCC), was signed at the Summit of Heads of State or Government on 17 August 1992, in Windhoek. The Treaty is legally binding and provides a framework by which members shall coordinate, harmonize and rationalize their policies and strategies to foster and promote economic development in the region. The Treaty commits member states to four fundamental principles: sovereign equality of member states; solidarity, peace, and security; human rights, democracy and rule of law; equity, balance and mutual benefit.

As SADC is an outgrowth of SADCC, it is important to note the conditions which led to the establishment of the present organization in 1992. "The origins of the Southern Africa Development Coordination Conference have to be understood in the context of the historical, economic, political and cultural factors that have, together, contributed to the definition of what is today known as the Southern African region".² First is the geographical location. Second are the social, cultural and traditional links amongst the people in the region. Third is that the majority of them had one colonial master, Great Britain. Fourth was their struggle for independence. The base for the formation of the SADCC was the Frontline States, composed of Botswana, Angola, Mozambique, Zambia, Zimbabwe and Tanzania. Lesotho, Malawi and Swaziland joined later on 1 April 1980. The Frontline States was an organization of a group of independent states in Southern Africa that was created as the rear base for the liberation movements in the region and worked to co-ordinate the liberation of Namibia, South Africa and Zimbabwe. Lastly, the more developed South Africa has also become a unifying factor in the definition and development of Southern Africa.

SADCC was established as a vehicle for the reduction of economic dependence on South Africa and for equitable regional integration, "an appropriate sequel to the political emancipation of the region".³ South Africa commands an economy three times the size of all SADC economies combined and currently dominates the region. Six out of ten member states are landlocked and heavily dependent on the transport and communications system of South Africa. Apart from depending on South Africa's transport and communication, most if not all

countries depend on South Africa as a source of manufactured consumer goods, food, industrial machinery and equipment. Botswana, Lesotho and Swaziland depend on South Africa for 90% of their import requirements. SADC member states also depend on South Africa for employment opportunities. More than half a million SADC citizens find employment in South Africa as migrant workers in mines and agriculture. Lastly, South African companies own most of the business ventures in SADC member states, in one way or the other.

Therefore, Southern African countries, fearing further economic polarization, feel that countervailing measures are necessary to ensure that this does not continue. Policies, strategies and programs of economic development are restructured in a way that all countries of the region have a fair share of opportunities for investment, production, trade, employment creation, etc.⁴ It is envisaged that this will bring a balanced economic growth and development which will bring about political stability and security in the region. SADC provides the legal framework that would assist the region to compete both internally and internationally. The SADC treaty has common economic, environmental, political, peace and security goals for its members. Ibbo Mandaza and Arne Tostensen in their book Southern Africa in Search of a Common Future summarized them as:

1. Deeper economic cooperation and integration, on the basis of balance, equity and mutual benefit, providing for cross-border investment and trade, and freer movement of factors of production, across national borders.
2. Common economic, political and social values and systems, such as free enterprise, free elections and multi-party systems, respect for the rule of law and the guarantee of human rights.
3. Strengthened regional solidarity, peace and security, in order for the people of the region to live and work together in peace and harmony⁵.

The SADC vision is to transform the fourteen countries from operating as individual fragmented markets into a single, integrated, vibrant and globally competitive market characterized by free movement of goods, services, capital and labor. To achieve their objective SADC countries identified transport and communication as the key to their strategy towards economic integration. SADC funding is mainly through donation and grants mostly from western donors, and particularly from European Union (EU) members and the United States. Another source of income is contribution by members. Although SADC is established on the same spirit and principles of the European Economic Commission (EEC), member states adopted a decentralized type of administration. SADC established institutions through which it conducts its business from policy making to administration. The reason for the decentralization

was to avoid the creation of bureaucracy and to foster a spirit of cooperation among members as opposed to individualism.

The Memorandum of Understanding signed by the Heads of States and Government in July 1981 established three principal organs, the Summit, the Council of Ministers and the Secretariat. The Summit is the ultimate authority and decision-making body responsible for the overall policy direction and control of functions of the Community. It consists of Heads of State and Governments of all member states. The Chairman and Vice-Chairman are elected for an agreed period. The Summit meets at least once a year. The Council of Ministers is the lower body responsible for the overall implementation, coordination and supervision of SADC activities. It consists of one minister from each member state. The Council also meets at least once a year to review progress and operations of its subordinate institutions. The Chairman and Vice Chairman of Council are appointed by member states holding the Chairmanship and Vice-Chairmanship of SADC respectively. The Secretariat headed by the Executive Secretariat is the principal executive institution of SADC responsible for strategic planning and management of SADC programs. The Secretariat is charged with the task of implementing decisions made by the Summit and the Council.

SADC established various Commissions to coordinate and guide regional policies and programs in specific areas. For this paper we will concern ourselves with the Transport and Communications Commission charged with the responsibility of coordinating and providing guidance on all transport and communication matters in SADC. Commissions are regarded as regional institutions and are supported by all member states. Commissions report to the Council of Ministers. Individual member countries are allocated sectors to coordinate and provide regional leadership. Currently they are allocated as follows; Angola – Energy; Botswana – Agricultural Research, Livestock Production and Animal Disease Control; Lesotho – Environment and Land Management and Water; Malawi – Inland fisheries, Forestry and Wildlife; Mauritius – Tourism; Mozambique – Culture, Information and Sport, Transport, Communication and Meteorology; Namibia – Legal Affairs, Marine Fisheries and Resources; South Africa – Health, Finance and Investment; Swaziland – Human Resource Development; Tanzania – Industry and Trade; Zambia – Mining, Employment and Labor; Zimbabwe – Crop Production, Food, Agriculture and Natural Resources. The sectors are coordinated by Sector Coordinating Units which are manned by civil servants of the sector coordinating country. Sectoral activities are supervised by committees of ministers. Sectoral Committees, like the Commissions, report to the Council.

The intended purpose of this policy is to make member states primary movers of the organization, and implementers of the programs. As mentioned earlier, the main objective of SADC is economic integration in order to be competitive in both Africa and the world. Transport and Communication was identified as a priority. The first sectoral commission to be created was the Southern African Transport and Communications Commission (SATCC). It was to coordinate the use of the existing systems, and the planning and financing of new regional transport projects. SADC's priority is to open transport links to the Indian Ocean through Mozambique and to the Atlantic Ocean through Namibia. The aim is to ensure that every country has access to the sea. Mozambican, Tanzanian and Angolan ports are also a major focus to help the land locked member states. The other area which SADC is focused on is the construction of a roads and railway systems connecting all the countries. Overall, thirteen corridors have been identified. These I will discuss later in detail.

SADC INTERNATIONAL PARTNERS

As mentioned before, SADC receives help in terms of moral support and funding from the international community to carry out its programs. Although SADC enjoys a good working relationship with the donor community, their interests vary considerably. The main differences are on policies and strategies concerning projects to be funded. Most of SADC's close partners are those countries, organizations and agencies which had worked with the Frontline States during the liberation struggle and with the Southern African Development Coordination Conference. These include the Commonwealth Secretariat, the Nordic Group, the EEC, the United States and the United Nations. The EEC and its member states assisted on a number of projects, especially the rehabilitation of the region's transport. The United Kingdom assisted in the rehabilitation of the Limpopo corridor. SADCC and the EEC signed a Memorandum of Understanding in 1986 providing the means through which both parties could agree on priorities for regional cooperation and projects to be funded. The arrangement was reviewed again in 1992 when SADC was born.

The Nordic countries (Finland, Denmark, Norway, Sweden and Iceland) also had long ties with the liberation movements and they assisted the SADC region by way of bilateral agreements. They formulated a policy of isolation against apartheid South Africa during the liberation struggle. Nordic countries provide financial and technical support for the Southern African Transport and Communications Commission. In 1986, SADCC and Nordic countries concluded a Joint Declaration on Expanded Economic and Cultural Cooperation, commonly referred to as the Nordic/SADCC Initiative.

During the cold war, the strategic location of Southern Africa and its inherent economic potential induced the United States to become the major actor in region. This was evidenced by Secretary of State Muskie's message to the SADCC 2 Conference in November 1980 when he said, "We view the second Southern African Development Coordination Conference as a milestone in the continuing process of cooperation among the SADCC states. It is our firm intention to continue our support for this significant Southern African initiative."⁶ In 1986, the anti-apartheid Democratic majority in the US Congress introduced sanctions against South Africa and the United States Agency for International Development (USAID) introduced a multi-annual assistance program called the "Initiative for Economic Progress in Southern Africa."

The Commonwealth Secretariat and some Commonwealth countries, Australia, Canada and New Zealand, have made valuable contributions to the development of SADC. Through the Commonwealth Fund for Technical Cooperation, they have helped in various projects in industry, human resources development, mining, and tourism. Australia assisted in food security, transport, and communication. Canada's support was in negotiating for procurement of goods and services from within the region for Canadian funded projects. New Zealand's assistance was geared towards capacity building of the Secretariat to make it more effective.

United Nations resolution 37/248 of 1982 recognized the objectives of SADCC and requested the Secretary "to take appropriate measures to promote cooperation between the organs, organization and bodies of the United Nations System and SADCC."⁷ The United Nations System contributes in raising the SADC profile in the international community. The agencies which work with SADC include Economic Commission Africa (ECA), Food and Agriculture Organization (FAO), International Fund for Agricultural Development (IFAD), International Labour Organization (ILO), International Trade Centre (ITC), International Telecommunications Union (ITU), United Nations Conference on Trade and Development (UNCTAD), United Nations Development (UNDP), United Nations Environment Programme (UNEP), United Nations Children Fund (UNICEF), United Nations Industrial Development Organization (UNIDO) and United Nations Development Fund for Women (UNIFEM). However, SADC continues to have problems with some UN agencies that undertake projects without proper consultation. For example, an agency will conceive a project, seek funding for it and implement it on behalf of SADC without proper consultation. SADC wants to set its own priorities and seek help from the United Nations specialized organs.

SADC also has dealings with some countries of the former Council for Mutual Economic Assistance, especially Russia, Cuba and Germany. Most of the support is bilateral. The countries also contributed military equipment to most of the SADC members and liberation

movements to fight the South African regime during the apartheid era. Other African organizations also provided an invaluable support to SADC. For example the Organization of African Unity (OAU) gave SADCC a grant of US\$ 1 million to help minimize the effects of the sanctions. Other countries that assist SADC through the United Nations, Commonwealth or African Caribbean and Pacific States (ACP)-European Economic Commission (EEC) are Algeria, Brazil, Cuba, China, India, Kuwait, and Nigeria. SADC also enjoys unqualified support from multilateral institutions like the World Bank and the African Development Bank.

FROM SADCC TO SADC

Since its birth, SADCC, despite the volatile international economic environment, the economic problems each member state faced and South African destabilization, achieved a number of individual successes, mainly in the sphere of infrastructure, agricultural research, energy, transport systems and communication. On the broader economic front, SADCC successes were modest. The reduction of the region's economic dependence on South Africa and the efforts towards economic integration continued to move slowly because the fast growing population was nullifying domestic economic growth in most countries. The growing foreign exchange shortage was also slowing production; and basic social services such as education and health were lagging behind because of insufficient resources. Growing unemployment was also posing a threat to political and social stability. The overall performance painted a bleak future, requiring urgent attention from the member states to consider regional cooperation as a strategic factor in their national development plans. There are several factors, which directly contributed to this situation.

The first major problem was lack of synergy, and sometimes serious conflicts of interest between the member states' programs and the regionally oriented SADCC. The arrangement whereby member states were to oversee projects did not produce the desired results. Another problem was the bilateral agreements, which member states have amongst themselves and other regional bodies. The Lusaka Declaration in 1980 recognized the bilateral arrangements. It stated: "For trade development we recognize that many of us have existing bilateral and multilateral trade and customs arrangements. But even within these constraints we believe there is room for substantial increases in trade among ourselves. To this end existing payment systems and customs instruments will be studied in order to build up a regional trade system based on bilaterally negotiated annual trade targets and products lists"⁸

This clause suggests that founders of SADCC had no intention to make SADCC a free trade area or common market. In September of 1998, the Southern African Economist opined,

"There are probably two reasons why the region's leaders have been cautious about a formal endorsement of trade as a SADCC responsibility. First, they remembered that a commitment to freer trade has been a factor in the break-up of other regional groupings in the past, when the full implications of that commitment for domestic policy, such as protection of national industries, made them felt. Secondly, they were anxious not to overlap with the functions of the Preferential Trade Area (PTA). (Six of the nine SADCC members also belong to the PTA, the exceptions being Angola, Botswana and Mozambique.)"⁹ In addition South Africa, Botswana, Lesotho and Swaziland belong to the Southern African Customs Union (SACU), a separate organization.

The second greatest failure of SADCC was its inability to mobilize, consolidate and explore the region's own resources for development. SADCC did not have proper structures and institutions to formulate policies for regional cooperation. As a result, each member state was struggling independently to reduce its dependence on South Africa. This resulted in the creation of two groups of states within SADCC, those whose economies were working satisfactorily because their policies were sensible, and those that were doing badly because they were not. This was encouraged by the ground rule set by member states that they should refrain from saying or doing anything that might conceivably be called interference with the internal affairs of other member states. The organization failed to bring all sections of the region's societies into the mainstream of regional cooperation efforts.¹⁰ People were not involved in the process. This created a problem for businessmen and investors. Lastly, SADCC failed to take advantage of the support it received from the international community to establish a firm basis for economic integration. "Project initiation, preparation and implementation were weak, and consequently the follow-up of pledges and the disbursement rates were rather poor".¹¹

Apart from its own failures, Southern Africa had to respond to the global economy and its demands. It is important to point out that around 1992, economic grouping was a global trend. Countries were grouping themselves into economic blocks to create common markets. Integration was becoming a global trend. The assumption was that bigger economic blocks would help companies within these blocks to benefit from economies of scale provided by large markets, and become competitive both internally and internationally. Nordic countries and the countries of Eastern Europe were joining the Common Market. In North and Central America, negotiations were underway to create a free trade area, initially involving Canada, Mexico and the USA. In the Asia-Pacific countries, including Japan, efforts were taken to create a trading zone. In 1996 similar initiatives were launched in South America establishing a common market

with free movement of goods under the Mercosur project involving Argentina, Brazil, Paraguay and Uruguay. SADC thought that these events around the world were likely to change the world both politically and economically and affect the individual countries as well as the region. As a sequel to address the problems and be part of the changing world, SADC adopted a new framework of cooperation, which provides for a development integration approach. The development integration approach involves a process of industrialization, which should lead to a diversification away from only commodity exports. This in turn, has the potential to stimulate the productive capacities of SADC countries.¹²

The result of this effort was the Windhoek Treaty, signed in 1992, transforming the Southern African Co-ordination Conference (SADCC) into a much more ambitious forum, the Southern African Development Community (SADC). The legal framework, structures and organs remained the same as in SADCC, save for a Parliamentary Forum which was established in 1996 and approved by the SADC Summit in 1997 as an autonomous institution. One of its purposes is to promote peace, democracy, security and stability in the region. The Forum, based in Windhoek, Namibia, meets twice a year to consider issues of regional integration, inter-parliamentary cooperation, the promotion of democracy, gender, and conflict resolution and election observation. National delegations from twelve SADC member countries participate in its activities (the DRC and the Seychelles do not participate as of yet). "From its constitution and structure it is clear that SADC has not evolved an elected regional parliament in the sense of a supranational body with authority to formulate or approve binding SADC policy. It seems that the Forum's main area of activity is the observation and monitoring of elections in SADC member countries".¹³

With this ambitious initiative for ensuring peace and stability, which are prerequisites for development, SADC established an Organ on Politics, Defense and Security. This was created to allow more flexibility and timely response, at the highest level, to sensitive and potentially explosive situations. The Organ operates at the Summit level and functions independently of other SADC structures. The chairpersonship of the Organ rotates on an annual basis. The Inter – State Defense and Security Committee (ISDSC) is one of the institutions of the Organ and the Organ may establish other structures as the need arises. The proposals to place the Organ under SADC encountered considerable resistance from the incumbent chair of the Organ, Zimbabwe President Robert Mugabe, who wanted it to be an independent body.

Member states were divided on two views put forward by South Africa and Zimbabwe. South Africa derived her view from Article 10 of the SADC Treaty, which states, among others, that:

- “The Summit shall consist of the heads of state or government of all member states, and shall be the supreme policy-making institution of SADC;
- The Summit shall be responsible for the overall policy direction and control of the functions of SADC;
- The Summit shall elect a chairperson and a vice-chairperson of SADC from among its members for an agreed period, on the basis of rotation; and
- The Summit shall decide on the creation of commissions, other institutions, committees and organs as the need arises”.¹⁴

The interpretation of this according to South African President Nelson Mandela was that the Treaty makes no provision for a SADC Organ Summit to be separately constituted, under separate chairpersonship, and with a mandate separate from that of SADC.

Zimbabwe on the other hand believed that it was possible for the Organ to function under a separate chair. The idea was for the Organ to be flexible and informal. The Zimbabwean interpretation was that the Organ would operate parallel to SADC but with firm legal principle for solving or intervening in conflicts. To resolve the tension, a commission or working group comprising the leaders of Mozambique, Malawi and Namibia was appointed to discuss in detail how the Organ could be structured. During the SADC Extra – Ordinary Summit in Windhoek on 9 March 2001, the Summit agreed that the Organ would be an institution of SADC, and would report to the Summit. The Summit also agreed that the Organ would operate in accordance with the Protocol on Politics, Defense and Security.

The problems encountered in SADCC continue to haunt and hurt SADC, impacting negatively on operational performance. SADC is not moving at a desirable pace to achieve regional economic integration. The problem lies with the fact that there is not a definition of a common agenda, goals, priorities, and deadlines or agreement on specific regional development programs.¹⁵ Secondly, the sectoral strategy is limited by an inadequate management framework, which does not respond clearly with regard to the articulation of the objectives, policies, priorities and deadlines.¹⁶ The sectoral staff is in most cases, if not all, seconded under the control of the national government and this has resulted in poor coordination. Thirdly, the different capacities of member states in terms of human, material and financial resources have resulted in sectors functioning differently, impacting on performance and implementation of the sector coordinating country. An example of this is the transport and communication sector under Mozambique. This means that the sector coordinating unit is led by Mozambique. Mozambique does not have the know-how or capacity in terms of human and financial resources. They are struggling with their own infrastructure, making it impossible to

even attempt to think of a structure affecting fourteen countries. It is a case of a blind man leading a blind man.

As a corrective measure the SADC Council of Ministers, the second highest decision making structure, adopted a proposal to restructure SADC's programs and activities. The SADC Extra-Ordinary Summit in Windhoek on the 9 March 2001 considered and approved the restructuring. The new structure included creation of four directorates to oversee operations with authority to make decisions on project implementation without reference to the full council. The four directorates are Directorate of Trade, Industry, Finance and Investment, Directorate of Infrastructure Services, Directorate of Food, Agriculture and Natural Resources and Directorate of Social and Human Development and Special Programs.

The Directorates are based at the Secretariat. The hope is that this new structure will facilitate the centralization of authority over SADC activities and programs while ensuring the collective ownership of SADC by member states. Decisions currently taken by individual member states will now be vested in regional institutions in which member states make decisions collectively. However, member states will continue to carry out the implementation of projects. In order to ensure proper policy guidance and coordination of cross-sectoral activities, the Summit approved the establishment of the Integrated Committee of Ministers to monitor the activities and evaluate the work of the four directorates through the Department of Strategic Planning, Gender and Development and Policy Harmonization. The Integrated Committee of Ministers will ensure the implementation of the SADC Plan of Action once it is approved by the Council. The Committee will comprise Ministers currently responsible for Sector Co-coordinating Units. The Summit also approved the establishment of National Committees in member states to provide inputs, at national levels, to the formulation of regional policies and implementation of regional programs. The Committees will comprise key stakeholders in member states such as governments, private sectors and civil society.

SADC executives estimate that the cost of implementation of the new structure is in the region of US\$12.1 million and they believe that member states will use the same funds they are using to coordinate sectors for the functioning of the Secretariat. The problem which SADC is facing is that certain member states do not pay their contribution and some member states owe huge amounts. According to the charter, member states should make equal contributions despite serious disparities in population size, income and GDP of each member state.

THE MACRO-ECONOMIC ENVIRONMENT

SADC is quickly emerging as one of the most attractive investment destinations not just in Africa, but also in the developing world at large. The fourteen countries of SADC, according to the SADC Facts Sheet, collectively have a land area of about 10 million square kilometers, a population of almost 200 million people and Gross Domestic Product (GDP) of 190 billion US dollars. During 1999, average annual incomes were about US\$ 1, 562, placing the countries within the lower middle-income group as defined by the World Bank standard measure of GDP per capita. The macroeconomic situation in the region has improved significantly and opening up the markets has created new opportunities for investors both domestic and international. Some SADC countries achieved GDP growth of 6.6% in 1996, higher than Africa's average growth of 5% and outpacing the industrialized countries 4%.¹⁷ Most SADC states achieved inflation rates below 10% and this is largely due to macroeconomic stability in the region. The improvement in macroeconomic stability is also evidenced by the considerable decline in budget deficits, with eight member states having budget deficits below 6% of their respective GDPs.¹⁸

The other factor which makes SADC a good potential market in Africa and the developing world in general is the immense resources endowment. The region as a whole is richly endowed with agricultural potential with relatively favorable climate, a number of major rivers and fertile land. It also has extensive mineral resources, including gold, manganese, platinum, diamonds, oil, copper, nickel, ferro-chrome, cobalt, iron asbestos, coal, chromites, zinc, tin, silver, lead and uranium. SADC member states produce a significant proportion of the total world output of a number of mineral products. Other important factors that contribute to this emerging market include the following:

- Good infrastructure. SADC has made substantial investment in transport systems and communications, which are a prerequisite for investment.
- Transformation to market based economies. Most member States have liberalized their economies. Almost all countries have liberalized foreign currency markets with a large number abolishing currency controls altogether. The countries also offer incentives in the form of repatriation of profits and low taxes open to both regional and international investors. Most SADC countries have put in place mechanisms to facilitate privatization of state owned companies.
- Development of capital and money markets. Because of the stable financial sector, the region has witnessed the creation of stock markets. Out of the 16 stock markets in Africa, eight are in Southern Africa. To encourage dual and cross listing across the exchanges SADC had established a Committee of SADC Stock Exchange (COSSE).

- Relative political stability, peace and security. SADC countries have enjoyed relative peace and stability. This is also a prerequisite for trade and investment.
- Improved policy and regulatory frameworks. SADC countries have established investment promotion agencies, authorities or bodies. They are there to promote and facilitate investment and most have set up “one stop shops” to expedite processing of investment applications and licenses.

TRANSPORT FOR DEVELOPMENT AND INTEGRATION

SADC strategy is to reduce transportation and transaction costs through improvements of the region’s transport systems, operations and management. Member states have also made significant investment in maintenance, rehabilitation and upgrading of facilities. The SADC infrastructure vision is “to create a seamless, integrated, efficient, cost-effective and responsive transport and communications system that is characterized by partnership between the public and private sectors and that acts as a catalyst for (as well as accelerates) the goal of socio-economic growth and integration for the region.”¹⁹

Governments have dominated transport in Southern Africa and this has led to inadequate maintenance and inefficiencies in service quality. SADC governments have recognized this and have introduced reforms. The reforms include policy reforms to promote market based and private sector led infrastructure and service provision, divestiture by governments, privatization and increased regional cooperation and coordination of operations. To kick start reforms SADC created the Southern Africa Transport and Communication Commission (SATCC), which is responsible for the overall coordination of the development of the transport and communication sector. In order to raise funds and acquire the necessary skills and technology to modernize the transport system, SADC has invited the private sector to be partners in the provision, maintenance, operation, management and ownership of infrastructure, systems, services and facilities.

The platform for reforms in the transport sector is the SADC Protocol on Transport, Communication and Meteorology commonly called the Protocol or Transport Protocol, which came into force in July 1998. The Protocol outlines the objectives of SADC with regard to transport in the region and specifies the policies and strategies by which these objectives are to be attained. The Protocol is legally binding and commits member states to take necessary actions to achieve the objectives of the Protocol. Each member state has now formed a National Protocol Implementation Coordination Team responsible for the development of the national micro action plan. The national Protocol Implementation Coordination Team comprises

a National Coordinator, Sub-sectoral Coordinator and Deputy Sub-sectoral Coordinator for eight Sub-sectors, namely Roads, Railways, Maritime and Inland Waterways, Civil Aviation, Integrated Transport, Telecommunications, Postal Services and Meteorology.

THE STATE OF TRANSPORT

Although SADC has made some achievements in transport systems, it is not adequate

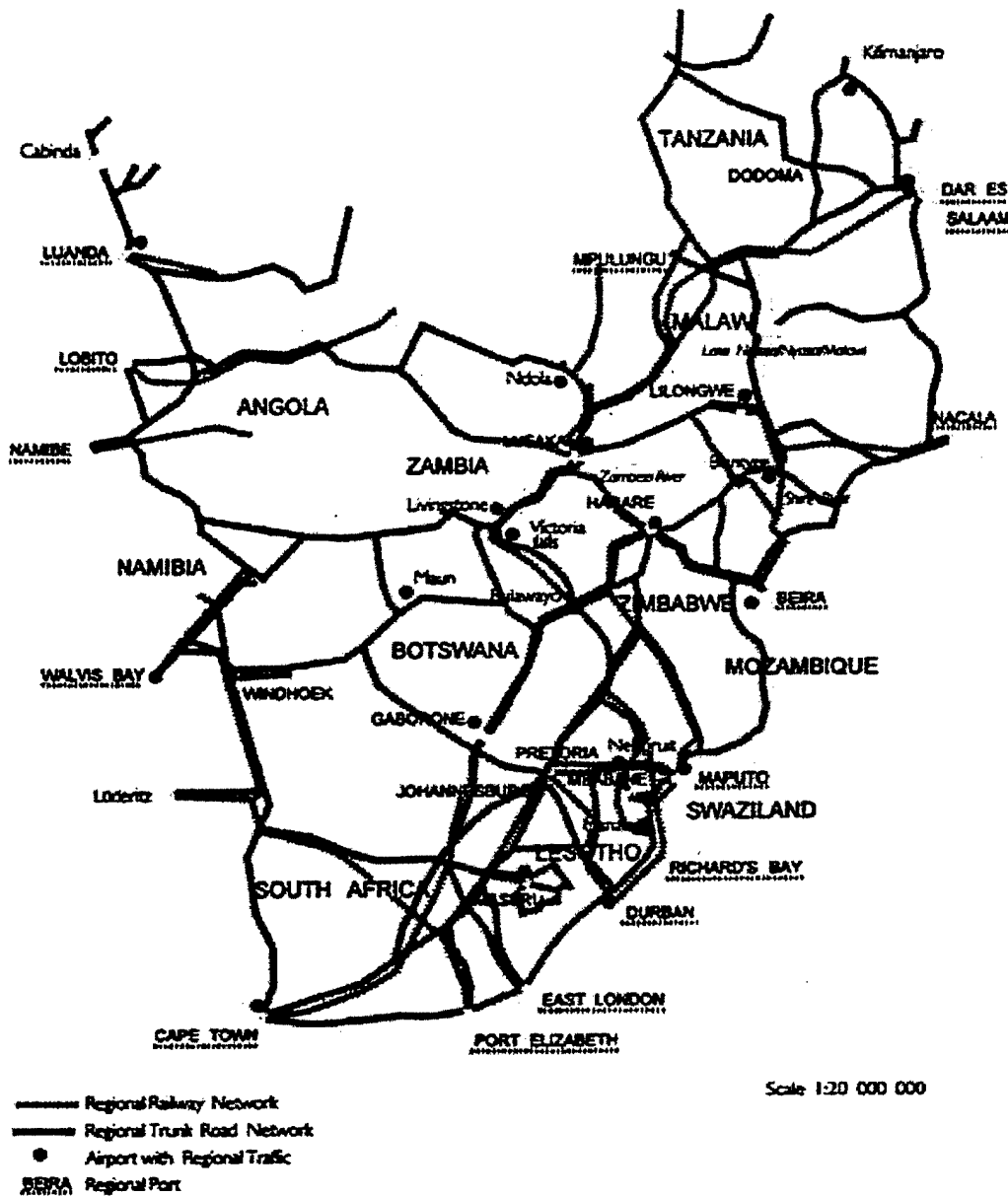


FIGURE 2 TRANSPORT NETWORK

to meet the economic, social and political objectives of the region. The poor road infrastructure and network, as well as the failure to maintain the existing roads contribute to the high vehicle operating costs. The total SADC road network is about 888,081 kilometers of which 100,083 kilometers are primary roads, 229,179 kilometers are secondary roads and 488,819 kilometers are tertiary roads. Conditions of roads in the southern tier of the region (South Africa, Botswana, Lesotho, Swaziland, Namibia and Zimbabwe) are satisfactory whereas the roads on the northern tier (Zambia, Malawi, Tanzania and DRC) require major rehabilitation and upgrading. To standardize the construction of roads, SADC has designated a Regional Trunk Network system with common design standards and specification and common road signs.

The critical issue in the region relates to cost recovery for road use, in particular freight transport. Although there is an agreement for a uniform charge system for road use, the problem has been implementation at regional level. At national level, most SADC countries had established autonomous road funds structures to manage the transport system in order to improve road maintenance. The approach is based on four principals.

- Road users must pay for the maintenance and additional networks.
- The administration of the road fund will be done by the boards, of which the majority is from the private sector and road user representatives.
- Autonomous, streamlined roads agencies must be created to manage the road network in a cost-effective manner, using funds allocated to them by the road fund board.
- Road network construction and maintenance should be done by the private sector to minimize costs.

RAILWAY TRANSPORT

SADC has fourteen operating railways systems, of which twelve are government owned and two are concessioned. Out of the 14 operating systems, 10 are interconnected with a standard (1.067 meter) gauge track of 33, 593 kilometers. Countries not connected to the Interconnected Regional Rail Network include Malawi and Angola. Although they have physical links they are unserviceable. The Bengula Railway in Angola is linked to the DRC and Zambia networks. The Sena Line in Mozambique is connected to the Malawi network. South Africa's Spoornet accounts for 61.8 percent of the Interconnected Regional Rail Network. The other Interconnected Regional Rail Network railways are National Railways of Zambia (NRZ), two railways of Mozambique, the Tanzania-Zambia Railway (TAZARA), which is jointly owned by the two governments, Zambia Railways, Botswana Railways, Swaziland Railways and DRC. The Interconnected Regional Rail Network serves most of the principal ports of continental

SADC, except the Mozambique port of Nacala and the Angolan ports. The Nacala port is served by a Central East African Railway (CEAR). The primary source of railways is freight railways. Due to poor management and inefficiency railways have been losing traffic to road transport. To address the problems and make railways competitive SADC has been divided into 12 railway corridors. To make them efficient and cost effective they will be jointly managed by the railways corridor. The problem that will hamper this noble effort is poor infrastructure and equipment.

PORTS AND INLAND WATERWAYS

SADC has 15 ports, eight along the Indian Ocean coast and six along the Atlantic coast. SADC Indian Ocean ports are: Dar es Salaam in Tanzania; the Tanzanian port of Mtwara; the Mozambican ports of Nacala, Beira and Maputo; the South African ports of Richards Bay, East London and Port Elisabeth. SADC Atlantic Coast Ports are: the South African ports of Cape Town and Saldanha Bay; The Namibian port of Walvis Bay; the Angolan ports of Luanda, Lobito and Namib. These ports serve all the landlocked SADC countries. The principal transit ports are Dar Es Salam, Nacala, Beira, Maputo and Durban along the Indiana Ocean and Walvis Bay on the Atlantic coast. "The combined throughput of all the fifteen SADC regional ports declined from 203.29 million tons in 1998 to 201.32 tons in 1999. This decline is viewed as temporary"²⁰.

SADC Navigable Waterways systems include the Lake Victoria, Lake Tanganyika, Lake Malawi/Nyasa, Zambezi and Congo River systems. Lake Malawi/Nyasa offer shipping operation between Malawi and Tanzania. The service providers are state owned enterprises. Tanzania uses Lake Victoria for its trade and transit trade with Kenya, Uganda, Rwanda and Burundi, and Lake Tanganyika for its trade and transit with neighboring Democratic Republic of Congo, Zambia and Burundi. The Congo River system has 14 000 kilometers of navigable waterways.

AVIATION

The infrastructure in this area is very inadequate and unable to meet passenger demand. The air cargo industry is also not developing due to inadequate airport cargo terminals and general failure to liberalize market entry into the cargo service industry. This has also affected the intra regional air passenger services. Air industry in the SADC region demonstrates tremendous potential for growth but is constrained by too much self-interest and government interference. Individual countries develop their own civil aviation regulations, making communication and harmonization difficult. To improve air safety, SADC is in the process of developing an integrated Communication Navigation Surveillance system with a view

of integrating the SADC air space. The other positive development is the formation of the Civil Aviation Committee to provide guidelines for regulatory harmonization issues. For airports refer to Figure 3 Regional Surface Transport Networks and Airports.

DEVELOPMENT CORRIDORS AND SPATIAL DEVELOPMENT INITIATIVES (SDI)

In an effort to address problems and improve competitiveness, the region has been divided into corridors under a concept called Development Corridors and Spatial Development Initiatives (SDI). The essence of the concept is to address transport and economic activity as one issue because of the interdependence. For example, investors cannot invest where there is poor infrastructure and, on the other side, infrastructure is there to facilitate growth of other economic sectors. The main objective of these corridors is to link up the land locked member states to the major regional ports as well as to provide connection between the regional centers of economic activity. The strategy here is to provide a reliable and efficient transport network that will enhance regional and international trade as well as economic integration of the SADC economies. The following is a brief description of the regional corridors²¹. It is important to note that some of the corridors are at advanced stage and some are at early stages of planning and project conceptualization.

THE MAPUTO DEVELOPMENT CORRIDOR

The Maputo Development Corridor is an economic corridor linking the Gauteng province in South Africa and Maputo in Mozambique. This corridor is very important because Gauteng is the economic engine of South Africa and Maputo is the closest port. The economic benefits envisaged from this venture are access of South African goods into Mozambique and easier and quick access to global markets. The plan is to create an integrated infrastructure by making improvements to existing infrastructure and building new infrastructure at strategic locations. Funding is to be from both the private and public sectors. The private sector is again regarded as essential in this project because of expertise to operate and maintain the infrastructure. Key infrastructures identified as critical include the toll road from Witbank to Maputo, the rehabilitation and upgrading of Maputo port, the rehabilitation and upgrading of Maputo railway network, the upgrading of the border post between South Africa and Mozambique, and the upgrading of the communication network. The total cost of the project is not available.

THE SWAZILAND TOURISM AND BIODIVERSITY CORRIDOR

This corridor covers three countries, Swaziland, South Africa and Mozambique. Although the area is currently used for agriculture, it is endowed with unique and ancient

geology and archaeology. The corridor's rich natural resources offer an opportunity for tourism led development. Certain investment projects have been identified as key to this initiative. They include regional roads, upgrading of the border post at Bulembu and the development of existing and new tourism facilities. The tourism facilities to be developed are in Songimvelo Game Reserve (RSA), the Barberton Mountainlands Game Reserve (RSA), rehabilitation of Bulembu village (Swaziland), Maguga dam (Swaziland), and the establishment of the Malolotja/Songimvelo Trans Frontier Conservation. The economic benefits here are the creation of employment opportunities and revenue from tourism. The total cost has not been determined.

THE AFRICA COAST TO COAST HIGHWAY

This corridor covers 3000 kilometers from Maputo in Mozambique, through Swaziland, the Mpumalanga, the Gauteng and the North West Provinces of South Africa, Botswana, and then through Namibia to Walvis Bay. The most important aspect of this corridor is that it connects some of the most important cities and towns in SADC – Maputo, Nelspruit, Witbank, Middleburg, Pretoria, Rustenburg, Lobatse, Windhoek and Walvis Bay. These cities account for a huge proportion of the existing SADC economy and a sound resource base for further growth and development. The corridor also goes through an area of great diversity in natural and economic resources. Priority projects identified include transportation infrastructure and facilities along the route. The transport infrastructure covers the upgrading of the N4 highway between Pretoria and Lobatse, the development of the Lobatse by-pass, the Windhoek by-pass and the rehabilitation of the Trans Kalahari Highway between Jwaneng and Kang. The benefit from this project is access to all the ports as well as creation of employment. The cost of the project is not available.

BEIRA DEVELOPMENT CORRIDOR

The objective of this corridor is developing an economic development corridor linking Zimbabwe to Beira port in Mozambique. The initiative is still in its early stages of planning and development.

ZAMBEZI RIVER BASIN CORRIDOR

The Zambezi River Basin is located between the Beira and Nacala Development corridors. The corridor itself covers three countries – Mozambique, Zimbabwe and Malawi. The intention of this initiative is to secure funding from both the private and public sectors and explore the natural resources in the corridor to create a platform for economic growth and

development. Of particular interest is the upgrading and rehabilitation of the Moatize to Beira railway line, an iron carbide plant in Beira, opening of the Moatize mine and the development of a coal fired power station in Mozambique.

NACALA DEVELOPMENT CORRIDOR

This initiative is also at its early stages of conceptualization; in any case, the objective is to link Malawi to Nacala port in Mozambique. Key critical projects identified at the moment include the rehabilitation of the Nacala – Lilongwe railway line and the upgrading of the Nacala port. Nacala corridor is expected to benefit Malawi substantially in terms of exports. Currently Malawi is using ports of Dar-es-Salaam and Durban. The corridor also has potential for development mining, agriculture and tourism.

TAZARA DEVELOPMENT CORRIDOR

The objective of this initiative is to develop the existing transport linkages between Lusaka in Zambia and Lilongwe in Malawi through to Dar-es-Salaam. Key infrastructures include rail and road upgrading. Others investments are expected from agriculture and tourism.

GARIEP SPATIAL DEVELOPMENT INITIATIVE

The area is between the Northern Cape Province of South Africa and southern Namibia, and southwestern Botswana. The primary focus in the area is natural resources, which are suited for mining, agriculture and tourism. The area is rich in base metals and diamonds.

LIMPOPO SPATIAL DEVELOPMENT INITIATIVE

The initiative, which is currently between South Africa, Zimbabwe and Mozambique, is spatially focused on the Limpopo River Basin. The focus is mainly in agriculture, mining and mineral processing, tourism and related infrastructure. The initiative's aim is to establish a nature based tourism development zone of 260 000 kilometers. Projects recently agreed upon include Gaza/Kruger/Gonarezou Trans Frontier Park, coastal developments at Xai Xai and Chonguene, and the Zinhave and Banhine Reserves in Mozambique.

THE OKAVANGO UPPER ZAMBEZI TOURISM INITIATIVE

This was originally conceived as a wildlife sanctuary within the Okavango and Zambezi Wetland Systems. The plan is a core development area of 260 000 square kilometers incorporating game parks in Angola, Botswana, Namibia, Zambia and Zimbabwe. The main investment in this initiative will derive from tourism.

STRATEGIC ISSUES FACING SADC

SADC strategy for economic growth and integration should be seen in the context of the globalization that is going on around the world. The transformation of the Southern Africa Development Coordination Conference (SADCC) into a much broader Southern Africa Development Conference reflects the fact that the leadership recognized the need for change to be competitive. The question is, was the change/transformation for better or worse? Secondly, what are the issues facing SADC? In addition, what can be done?

SADC leaders have to be aware that development in any situation cannot take place in a vacuum. They have to identify and correct major political, economic and social problems in their countries and the region. The current political violence in countries such as Swaziland, Malawi, Zambia, Zimbabwe and Lesotho and the continuation of wars in Angola and Democratic Republic of Congo (DRC) serve to indicate how weak and fragile SADC is. This is not the environment into which investors will put their money. The Southern Africa Development Conference suffers from both structural design and implementation problems. The structural problems of SADC have made it ineffective due to lack of power or authority. SADC lacks power to deal effectively with political or security crises. Leaders are not prepared to surrender some of their political or economic power to the organization. "Third term syndrome," whereby the president or head of government amends the constitution to rule for a third term, is evidence of this. There are only two countries, Botswana and South Africa, in which their presidents have handed power over peacefully and without hesitation to successors. The presidents of other countries, Namibia, Zambia, Malawi, and Zimbabwe, amended or attempted to amend their constitutions so that they could continue as heads of states. In some cases, they have suppressed their opponents to ensure that they stayed in power. In Swaziland, the political parties are banned. This clearly indicates that some leaders will not surrender power unless forced to do so. This also indicates deep political differences in the region.

The sectoral arrangement has serious weaknesses related to levels of performance and implementation of activities. Its management framework is simply inadequate. This structural management concept does not respond to objectives, policies, and priorities of SADC because it is country driven and countries have different priorities. For example, governments with political problems will spend more time and resources putting in place measures to ensure that they stay in power than working in SADC projects. The other factor is lack of capacity in selected countries. SADC countries have serious disparities in terms of human, material, and financial resources. Some are rated as among the poorest countries according to international standards. This has often negatively affected operational performance. Sectoral Commissions

do not always coordinate their activities as expected due to lack of dedicated staff. Staff is seconded from respective member countries.

The African Development Bank has summarized the failures of Africa's regional groupings as a result of efforts which have been "too large, too soon and too shallow". This statement also applies to SADC. SADC membership has grown quickly within a very short time and members do not have a clear strategy on how to achieve their objective. Economic studies indicate that the Southern African Customs Union (SACU) with a smaller membership performs more effectively than SADC. SACU members include Botswana, Lesotho, Swaziland, and South Africa. The most important characteristic of their organization is that they can relate and interact effectively which is not the case in SADC?

The most serious mistake that SADC made was to accept DRC into SADC when that country was in the middle of a civil war. This raised a number of challenges. The first problem occurred when some member countries, Zimbabwe, Namibia and Angola also entered the civil war under the pretext of acting for SADC. This divided SADC into two groups: those who supported the DRC and those who felt that it was wrong to interfere in the affairs of another country. The second problem was finding a political solution to the problem. This meant that SADC must use time and its limited resources to bring about a cease-fire because it was now a SADC problem.

In 1997 during the Southern African Summit in Harare, three studies were conducted, first to investigate strategic issues facing the SADC member countries, secondly to identify key factors affecting foreign direct investment flows into the Southern African Region and third to identify business sectors with high growth opportunities²². Participants were business and political leaders. They were asked to name the most critical issues facing SADC member countries.²³ The research identified global competitiveness followed by political stability as the major concerns. These concerns have to be addressed from the backdrop of:

- High external debt. It is reported that in 1999, the total debt stood at 80.2 billion US dollars and this will seriously challenge the ability of SADC to compete globally.
- The population growth still exceeds economic growth.
- HIV/Aids. It is estimated ten million people live with the dreadful disease and this has affected life expectancy in the region.
- Limited access to information technology is still a major obstacle to development.
- According to SADC reports, the region experienced an average economic growth rate of 3.4 percent in 2000. Although this is double the 1.8 percent rate in 1999, it

falls far below the international minimum target of 6 percent recommended by the World Bank to reduce poverty by half by the year 2015.

- The prerequisite for any investment is a free market economy. SADC has come out with very good protocols that promote free markets, but sadly only a few members have ratified them. Government control in any economy is an impediment rather than incentive to investment.
- Southern Africa is not doing enough in human resource development. Human capital is a major factor when it comes to investment, because it provides the required knowledge, skills, attitudes and capacities for developing competitive strategies, corporate financial operations and marketing.²⁴ For SADC's integration strategy to succeed it has to attract foreign direct investment and requisite for this is high productivity, which can only be achieved through human resource development.
- Private sector participation has been identified as central for productive investment to increase in the region. SADC in an effort to promote private sector participation signed a memorandum of understanding with the Association of SADC Chambers of Commerce and Industry (ASCCI). The problem with these good efforts is that SADC does not have a mechanism to ensure that action is taken; it is left to the individual governments that in most cases would not adopt them because the measures would reduce their power.

The political situation in the SADC region is more fluid and fragile than the member states want to admit. I have already mentioned the situation in various countries but the major issues are the unresolved border and political disputes in the region. These are;

- The Orange River dispute - The Orange River Basin runs through Botswana, Namibia and South Africa and the area is rich in minerals besides being a source of water. When the African National Congress came to power in 1994, Namibia thought they would hand over the area to them because they had been fighting with the apartheid regime over it. But President Nelson Mandela extended the South African border to the middle of the Orange River.
- Batoka Gorge Dispute – The Zimbabwean government is currently accusing the Zambian government of stalling the Batoka Gorge Hydro Electricity project to safeguard its own interest.
- Angola – Zambia Dispute. Angola is accusing Zambia of supporting UNITA and Zambia accuses Angola of killing its citizens. So SADC members have decided to monitor the situation. Recently Zambia asked for assistance from South Africa but

the answer was that South Africa's policy is one of non-interference. Zambia is worried because Zimbabwe and Angola have a military pact and Zambia is not on good terms with either.

- Swaziland/South Africa/ Mozambique Dispute. Swaziland is also claiming some part of South Africa and Mozambique and it has approached the International Court for assistance. It is very clear that South Africa and Mozambique will never agree to give what they believe is their land to Swaziland.

A second study was done to identify key factors affecting foreign direct investment flows into the Southern African Region. The study again shows that political stability is the most important factor, followed by levels of crime. SADC has tried to put some measures in place to fight crime, but the problem is that member countries legal systems do not complement each other. An example is the death penalty. Botswana supports the death penalty while South Africa is against it. When a person commits an offense punishable by death in Botswana and skips the country into South Africa, he cannot be extradited to Botswana because South African law prohibits the extradition of people to any country with the death penalty if the offense is punishable by death. The other setback is the inability of law enforcement agencies in some member countries to act because of corruption. In some cases law enforcement officials have been directly involved as criminal syndicate members.

The last study conducted was to identify business sectors with high growth opportunities in Southern Africa. The tourism industry was strongly identified as the most able to create employment opportunities. The next sectors were agriculture, manufacturing and mining. The corridors mentioned are an effort to address these problems but the issues I have identified, as weaknesses will continue to undermine SADC's efforts if not addressed.

SO, WHAT IS THE WAY FORWARD?

The reality is that prospects for the SADC region to develop and operate an efficient, quality transport system depend on the ability of SADC leaders to make regional cooperation an integral part of national planning and policy making in each member state. Up to the present, a lot had been said and very little has been done. To empower the SADC Secretariat and make it more efficient, leaders must surrender some of their powers, both political and economic. This will enable SADC to have objectives, policies, priorities and dead lines.

SADC governments have to re-look at the memorandum of agreement, which currently places too much emphasis upon sovereignty. SADC countries may be likened to a block of town houses where residents respect each other's privacy and share interests. In this case,

when a neighbor's house is on fire, the residents will help to remove items from the house and extinguish the fire. They would not stand watching and wait for the fire department, because they know that their house might be next.

The question of non-interference definitely affects SADC politically and economically. When the so called war veterans started forcibly taking property and farms in Zimbabwe with the blessing of the government no one urged Mugabe to respect the laws of his country, and within two months the same issue started in Namibia and South Africa. The Namibian government solved the problem in a lawful manner by buying farms and allocating them. They did not use force as was the case in Zimbabwe. South Africa also dealt with the problem in an orderly manner. The result is now that the Zimbabwean problem has gotten out of hand with serious economic repercussions not only in Zimbabwe but also in the whole region. Cooperation must go deeper than joint coordination of projects and creating a common front in dealing with donors.

SADC leaders must create a conducive environment for investment both politically and economically. They should follow normal, accepted democratic processes. Crime and corruption are the evils that undermine investment and the leaders have to make sure that resources are available to fight them. The structures are there but they lack moral and financial support. The other important factors that can help SADC to be more competitive are: liberalizing and deregulating the economic activities; shifting to manufactured exports; increased use in technology; introducing investor friendly packages; abolishing exchange controls; and educating trade unions how best to deal with investors and improve productivity.

SADC leaders must remember Sir Quett Masire, former president of Botswana, when he warned them in Maputo, Mozambique in 1988 that they would have to take serious measures for SADC to achieve its objective. He said "SADCC will have failed in its mission, if it does not help us out of the economic dilemma in which we find ourselves today: the dilemma of abject poverty in the midst of plenty- plenty of people, plenty of land, plenty of minerals". This statement is as true today as it was in 1988.

WORD COUNT: 9,293

ENDNOTES

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⁹ Ibid

¹⁰ Ibid

¹¹ Ibid

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¹³ Ibid

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²² Ibid

²³ Ibid

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