Regional Integration in Southern Africa – A Guidebook

Christian Peters-Berries
## Contents

Abbreviations ........................................................................................................ 7

1.  Introduction ........................................................................................................... 10

### Part A: Integration Concepts and Theories

2.  Regional Integration, Development and Democracy – the Conceptual Rationale for Regional Integration ................................................................. 13

2.1.  Why pursue regional integration in Africa? ......................................................... 14

2.1.1.  The economic rationale for regional integration .............................................. 14

2.1.2.  The political rationale for regional integration .............................................. 17

2.1.3.  Summary ........................................................................................................... 19

3.  Examples of Successful Regional Integration ....................................................... 21

3.1.  The European integration process ................................................................. 22

3.2.  Regional integration in Asia ........................................................................... 25

3.3.  Regional integration in Latin America ........................................................... 26

4.  The Neoclassical Five-Stage Economic Model of Regional Integration .......... 29

4.1.  The Free Trade Area (FTA) .............................................................................. 30

4.2.  The Customs Union (CU) ............................................................................... 31

4.3.  The Common Market/The Economic Union .................................................... 33

4.4.  The Political or Supranational Union ............................................................... 34

4.5.  A critique of the neoclassical concept of regional integration ....................... 35

### Part B: Regional Integration in Africa in an historical Perspective

5.  African Attempts at Regional Integration ............................................................. 37

6.  The Historical Roots: RI under Colonial Conditions .......................................... 41

6.1.  Southern African Customs Union (SACU) ...................................................... 42

6.2.  The Central African Federation (CAF) ............................................................. 44

6.3.  Conclusion ........................................................................................................... 44
7. Pan-Africanist Attempts at African Integration: from OAU to AU .......... 46
   7.1. Pan-African dreams of integration: the OAU ............................................. 47
   7.2. The African Union: ‘old wine in new bottles’ or a genuinely new approach? 49
   7.3. New Partnership for Africa’s Development (NEPAD) ................................. 51

8. Post-colonial Attempts at Regional Integration in Africa – an Overview ...... 53
   8.1. The first wave of RI in post-colonial Africa ..................................................... 54
      8.1.2. Case Study B: The Economic Community of West African States (ECOWAS) .............................................................................................. 55
      8.1.3. Case Study C: The Southern African Development and Coordination Conference (SADCC) ................................................................. 56
      8.1.4. Conclusion .................................................................................................. 60
   8.2. The second wave of RI in post-colonial Africa ............................................... 61
      8.2.1. COMESA .................................................................................................. 62
      8.2.2. EAC ....................................................................................................... 64
      8.2.3. ECOWAS ................................................................................................ 66
      8.2.4. Conclusion .................................................................................................. 68

Part C: Regional integration in Southern Africa: SADC

9. The Southern African Development Community (SADC)
   History, Structure, Institutions and Instruments ............................................. 70
   9.1. Origins, objectives and organisational development .................................. 71
   9.2. Structure ........................................................................................................ 73
      9.2.1. The main SADC institutions ..................................................................... 73
      9.2.2. The SADC Organ on Politics, Defence and Security (OPDS) .............. 78
      9.3. Integration mechanisms .............................................................................. 80
      9.3.1. The SADC Treaty ................................................................................... 80
      9.3.2. The Common Agenda .............................................................................. 81
      9.3.3. The Regional Indicative Strategic Development Plan (RISDP) .............. 82
      9.3.4. The Sector Protocols ............................................................................... 84
         9.3.4.1. Overview ............................................................................................ 84
         9.3.4.2. The ratification process ..................................................................... 88
         9.3.4.3. The Trade Protocol ............................................................................ 89
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.3.4.4. Other major protocols</td>
<td>91</td>
</tr>
<tr>
<td>9.3.5. Consultative Conference</td>
<td>98</td>
</tr>
<tr>
<td>9.3.6. The Tribunal</td>
<td>99</td>
</tr>
<tr>
<td>9.3.7. Still to be accomplished</td>
<td>100</td>
</tr>
<tr>
<td>10. The Socio-Economic Dimension of Regional Integration in SADC</td>
<td>102</td>
</tr>
<tr>
<td>10.1. Production structures and potential for trade integration</td>
<td>103</td>
</tr>
<tr>
<td>10.2. Physical potential for RI: transport, energy and communication</td>
<td>113</td>
</tr>
<tr>
<td>10.2.1. Transport integration</td>
<td>113</td>
</tr>
<tr>
<td>10.2.2. Energy integration</td>
<td>113</td>
</tr>
<tr>
<td>10.2.3. Communication integration</td>
<td>116</td>
</tr>
<tr>
<td>10.2.4. Conclusion</td>
<td>118</td>
</tr>
<tr>
<td>10.3. The social and cultural preconditions for regional integration in SADC</td>
<td>118</td>
</tr>
<tr>
<td>10.4. Potential areas for further regional integration</td>
<td>125</td>
</tr>
<tr>
<td>10.5. SADC and international convergence standards</td>
<td>128</td>
</tr>
<tr>
<td>10.6. The economic realities in SADC</td>
<td>133</td>
</tr>
<tr>
<td>11. The Political Dimension of Regional Integration in SADC</td>
<td>137</td>
</tr>
<tr>
<td>11.1. Political interests regarding RI in SADC</td>
<td>138</td>
</tr>
<tr>
<td>11.2. Political development conditions for SADC</td>
<td>140</td>
</tr>
<tr>
<td>11.2.1. Historical factors</td>
<td>140</td>
</tr>
<tr>
<td>11.2.2. Membership composition</td>
<td>140</td>
</tr>
<tr>
<td>11.2.3. Autocratic political culture</td>
<td>142</td>
</tr>
<tr>
<td>11.2.4. Is South Africa dominating SADC politically?</td>
<td>145</td>
</tr>
<tr>
<td>11.2.5. Slow democratic convergence in SADC</td>
<td>146</td>
</tr>
<tr>
<td>11.2.6. Conflict areas</td>
<td>148</td>
</tr>
<tr>
<td>12. The Zimbabwe Crisis and Regional Integration in SADC</td>
<td>151</td>
</tr>
<tr>
<td>12.1. Anatomy of the crisis in Zimbabwe</td>
<td>152</td>
</tr>
<tr>
<td>12.2. SADC’s response</td>
<td>156</td>
</tr>
<tr>
<td>12.3. Conclusion</td>
<td>159</td>
</tr>
</tbody>
</table>
13. **SADC in Comparison** .................................................. 161
13.1. SADC compared with other African regional integration attempts ........... 162
13.2. SADC compared with the EU ....................................... 166

14. **Outlook: Challenges and Prospects Ahead** ...................................... 167

**Part D: Annex**

15. **ANNEX**

15.1. Timetable for regional integration in Southern Africa ......................... 172
15.2. Macroeconomic and socio-political information on SADC ................. 174
15.3. Bibliography ........................................................................... 181
15.4. Websites .................................................................................. 185
15.5. Useful contacts in and about SADC ......................................... 185
15.6. Glossary .................................................................................. 190

**List of Text Boxes**

Text box 3.1 Milestones in European Integration ........................................... 22
Text box 3.2. Major European Institutions ............................................... 23
Text box 5.1. Major Attempts at RI in Africa .............................................. 38
Text box 7.1. The Phases of Achieving the AEC ....................................... 48
Text box 7.2. Recognised RECs, their Objectives and Status .................... 50
Text box 8.1. South Africa’s Destabilisation Policy Towards SADCC ............ 58
Text box 9.1. The Principles and Objectives of SADC (Excerpts) ............... 72
Text box 9.2. SADC Institutional Framework .......................................... 74
Text box 9.3. SADC Summits ................................................................ 75
Text box 9.4. The Troika Principle ...................................................... 76
Text box 10.1. The Millennium Development Goals (MDGs) .................... 123
List of Tables

Table 9.1. SADC Sector Protocols and their Status ........................................... 85
Table 10.1. GDP (in USD billion current) and GDP Composition (in %) in SADC Member States .................................................................................. 104
Table 10.2. Manufacturing, Mining and Agriculture as % of GDP in 2006 in Selected SADC Member States ................................................................. 105
Table 10.3. The Main Export Goods of SADC Countries .................................... 107
Table 10.4. The Development of Intra-SADC Exports (in %) ............................... 109
Table 10.5. Net Foreign Direct Investment in SADC Countries 2001-2006 (USD million) ............................................................. 112
Table 10.6. Telephone Users in the SADC Region 2000 and 2006 (in number of lines per 100 inhabitants) ................................................................. 117
Table 10.7. Internet Users in the SADC Region .................................................. 117
Table 10.8. Human Development Index (HDI) for SADC Countries 2000-2006 .................................................................................................................. 119
Table 10.9. Progress in Achieving Selected MDG Targets in the SADC Region in 2007 ........................................................................................................ 122
Table 10.10. Tourist Arrivals (in thousands) and Income (USD million) in the SADC Member States 2000-2006 .............................................................. 127
Table 10.11. Primary SADC Macroeconomic Convergence Criteria ................... 129
Table 10.12. Secondary Macroeconomic Convergence Indicators (according to RISDP) .................................................................................. 130
Table 10.13. Attainment of Macroeconomic Convergence Criteria in SADC in 2006 ........................................................................................................ 131
Table 11.1. Overlapping Membership to RECs .................................................. 141
Table 11.2. Political Systems and Democratisation in the SADC Region 1980-2008 ........................................................................................................ 144
Table 12.1. Macroeconomic and Social Indicators for Zimbabwe’s Decline 2000-2007 .................................................................................. 153
Table 13.1. Comparing Achievements of EAC, ECOWAS and SADC ............. 162
Table 13.2. Comparing EAC, ECOWAS and SADC: Macroeconomics ............. 164
Table 13.3. Comparing the EU with SADC ....................................................... 165
## Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEC</td>
<td>ASEAN Economic Community</td>
</tr>
<tr>
<td>AEC</td>
<td>African Economic Community</td>
</tr>
<tr>
<td>AFDB</td>
<td>African Development Bank</td>
</tr>
<tr>
<td>AFTA</td>
<td>ASEAN Free Trade Area</td>
</tr>
<tr>
<td>AGOA</td>
<td>African Growth and Opportunity Act (USA)</td>
</tr>
<tr>
<td>AMU</td>
<td>Arab Maghreb Union</td>
</tr>
<tr>
<td>ANC</td>
<td>African National Congress (South Africa)</td>
</tr>
<tr>
<td>ARF</td>
<td>ASEAN Regional Forum</td>
</tr>
<tr>
<td>APRM</td>
<td>African Peer Review Mechanism</td>
</tr>
<tr>
<td>ASCCI</td>
<td>Association of SADC Chambers of Commerce and Industry</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
</tr>
<tr>
<td>AU</td>
<td>African Union</td>
</tr>
<tr>
<td>BLS States</td>
<td>Botswana, Lesotho, Swaziland...</td>
</tr>
<tr>
<td>BTI</td>
<td>Bertelsmann Transformation Index</td>
</tr>
<tr>
<td>CAF</td>
<td>Central African Federation</td>
</tr>
<tr>
<td>CEN-SAD</td>
<td>Community of Sahel-Saharan States</td>
</tr>
<tr>
<td>CEPT</td>
<td>Common Effective Preferential Tariff</td>
</tr>
<tr>
<td>CMC</td>
<td>Council of the Common Market</td>
</tr>
<tr>
<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
</tr>
<tr>
<td>CONSAS</td>
<td>Constellation of Southern African States</td>
</tr>
<tr>
<td>CPI</td>
<td>Corruption Perception Index</td>
</tr>
<tr>
<td>CU</td>
<td>Customs Union</td>
</tr>
<tr>
<td>EAC</td>
<td>East African Community</td>
</tr>
<tr>
<td>EC</td>
<td>European Communities</td>
</tr>
<tr>
<td>ECA</td>
<td>Economic Commission for Africa</td>
</tr>
<tr>
<td>ECCAS</td>
<td>Economic Community of Central African States (CEEAC)</td>
</tr>
<tr>
<td>ECOWAS</td>
<td>Economic Community of West African States</td>
</tr>
<tr>
<td>ECSC</td>
<td>European Coal and Steel Community</td>
</tr>
<tr>
<td>EEC</td>
<td>European Economic Community</td>
</tr>
<tr>
<td>EIB</td>
<td>European Investment Bank</td>
</tr>
<tr>
<td>EISA</td>
<td>Electoral Institute of Southern Africa</td>
</tr>
<tr>
<td>EPA</td>
<td>Economic Partnership Agreement</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>Euratom</td>
<td>European Atomic Energy Community</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
</tr>
<tr>
<td>FLS</td>
<td>Frontline States</td>
</tr>
<tr>
<td>FTAA</td>
<td>Free Trade Area of the Americas</td>
</tr>
<tr>
<td>FTA/Z</td>
<td>Free Trade Area/Zone</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Full Form</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------</td>
</tr>
<tr>
<td>HDI</td>
<td>Human Development Index</td>
</tr>
<tr>
<td>HIPC</td>
<td>Heavily Indebted Poor Countries</td>
</tr>
<tr>
<td>ICM</td>
<td>Integrated Committee of Ministers</td>
</tr>
<tr>
<td>IGAD</td>
<td>Intergovernmental Authority on Development</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>IPCC</td>
<td>Intergovernmental Panel on Climate Change (NIPCC = Nongovernmental International Panel on Climate Change)</td>
</tr>
<tr>
<td>ISDSC</td>
<td>Inter-State Defence and Security Committee</td>
</tr>
<tr>
<td>MERCOSUR</td>
<td>Mercado Común del Sur</td>
</tr>
<tr>
<td>MDC</td>
<td>Movement for Democratic Change (Zimbabwe)</td>
</tr>
<tr>
<td>MDG</td>
<td>Millennium Development Goals</td>
</tr>
<tr>
<td>MISA</td>
<td>Media Institute of Southern Africa</td>
</tr>
<tr>
<td>NAFTA</td>
<td>North-Atlantic Free Trade Agreement</td>
</tr>
<tr>
<td>NEPAD</td>
<td>New Partnership for Africa’s Development</td>
</tr>
<tr>
<td>NTTB</td>
<td>Non-Tariff Trade Barriers</td>
</tr>
<tr>
<td>OAU</td>
<td>Organisation of African Unity</td>
</tr>
<tr>
<td>ODA</td>
<td>Official Development Assistance</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>OPDS</td>
<td>Organ on Politics, Defence and Security</td>
</tr>
<tr>
<td>PAC</td>
<td>Pan-African Congress (South Africa)</td>
</tr>
<tr>
<td>PPP</td>
<td>Purchasing Power Parity</td>
</tr>
<tr>
<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
</tr>
<tr>
<td>PTA</td>
<td>Preferential Trade Area</td>
</tr>
<tr>
<td>REC</td>
<td>Regional Economic Community</td>
</tr>
<tr>
<td>RETOSA</td>
<td>Regional Tourism Organization of Southern Africa</td>
</tr>
<tr>
<td>RI</td>
<td>Regional Integration</td>
</tr>
<tr>
<td>RISDP</td>
<td>Regional Indicative Strategic Development Plan</td>
</tr>
<tr>
<td>SAB</td>
<td>South African Breweries</td>
</tr>
<tr>
<td>SACU</td>
<td>Southern African Customs Union</td>
</tr>
<tr>
<td>SADC</td>
<td>Southern African Development Community</td>
</tr>
<tr>
<td>SADCC</td>
<td>Southern African Development Coordination Conference</td>
</tr>
<tr>
<td>SAFTA</td>
<td>SADC Free Trade Area</td>
</tr>
<tr>
<td>SEATOC</td>
<td>South East African Tourism Committee</td>
</tr>
<tr>
<td>SIPO</td>
<td>Strategic Indicative Plan for the Organ</td>
</tr>
<tr>
<td>TIFA</td>
<td>Trade and Investment Framework Agreement</td>
</tr>
<tr>
<td>TNF</td>
<td>Trade Negotiation Forum</td>
</tr>
<tr>
<td>Acronym</td>
<td>Full Name</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>UZAREDI</td>
<td>Upper Zambezi Regional Development Initiative</td>
</tr>
<tr>
<td>WATRA</td>
<td>West African Telecommunications Regulators Association</td>
</tr>
<tr>
<td>WHO</td>
<td>World Health Organisation</td>
</tr>
<tr>
<td>ZANU-PF</td>
<td>Zimbabwe African National Union – Patriotic Front</td>
</tr>
<tr>
<td>ZCCM</td>
<td>Zambian Consolidated Copper Mines</td>
</tr>
<tr>
<td>ZESA</td>
<td>Zimbabwe Electricity Supply Authority</td>
</tr>
</tbody>
</table>
Introduction
Regional integration appealed as a concept to many economists, politicians and business people for one simple reason: it promised to increase the wealth and well-being not just of one, but of a number of countries at a rate greater than just the sums of the development of the participating countries’ economies. Historical evidence, however, seems to indicate that such hopes often led to disappointment. So far, only the European approach to integration, currently culminating in the existence of the European Union, and, with considerable lesser degrees of success, MERCOSUR in Latin America and ASEAN in Southeast Asia, have fulfilled these expectations. Conspicuously absent from the short list of success stories is the African continent despite the fact that it houses a large number of regional integration schemes.

However, the past decade has at last produced a few interesting and promising regional integration bodies in Africa. Amongst them are the revived East African Community (EAC), the Economic Community of West African States (ECOWAS) and, last but not least, the Southern African Development Community (SADC). Of these, SADC has made the most substantial steps towards sustainable and deeper regional integration.

Regional integration in Africa goes back to colonial times. In 1910, the predecessor agreement to the Southern African Customs Union (SACU) was formed between different British colonies and territories including South Africa. Other attempts in East and Central Africa followed. In West Africa, the French colonies cooperated in a system which was to some extent functionally integrated into the French economy.

The public often has a tendency to equate regional integration with economic integration; less attention is paid to the political side of regional integration. This may be derived from the fact that most regional integration schemes have an economic reference in their names such as ‘free trade area’, ‘customs union’, ‘common market’ or ‘monetary union’. It probably also has to do with the fact that regional integration has so far mostly been based on economic mechanisms. However, political factors always play a significant role with regard to the success or failure of regional integration, as African countries had to experience to their own detriment.

Southern Africa is one of the few regions in the world where regional integration has always been perceived equally as an economic and political venture. Starting with SACU at the beginning of the last century and tentatively ending with SADC, political considerations stood at the beginning of several regional integration schemes.

The idea for this handbook was developed during a series of training seminars for journalists from Southern Africa which have been organised by the International Institute for Journalism (IIJ) of InWEnt since 2005. While the participating journalists all showed a passionate interest in SADC, its politics and economics, few came with a deeper knowledge of regional integration concepts and the concrete history of the several regional integration attempts in Africa and specifically in Southern Africa. That made it at times difficult for them to understand the problems inherent to regional integration and to analyse the current politics and economics of SADC.

This handbook thus intends to be a theoretical, historical, economic and political guidebook through the often complicated, convoluted and hardly ever clear-cut path of regional integration development in Southern Africa. For this it is important to analyse the various regional integration processes in Southern Africa in the context of pan-African ideas, liberation struggles and the policy-shaping dominance of South Africa both during and after apartheid. This handbook does not claim to be a review of the total body of literature.
produced on regional integration (RI) in general and in Southern Africa in particular. Instead, it tries to put together the main themes and strands of discussion based on major publications in order to provide a readable overview on RI with particular reference to Southern Africa. It follows a concept which wants to provide the reader with important conceptual, factual, historical and current information, which gives orientation through fact-based evaluation and offers special information in separate text boxes and numerous tables.

I would like to thank my wife Genet for her patience with me spending long hours – particularly over weekends – at my desk and for providing me with a cup of coffee at the right time. My brother Ralph helped me with some of the research and encouraging comments. To Astrid Kohl of InWEnt thanks for her trust in letting me write this guidebook.
Regional Integration, Development and Democracy – the Conceptual Rationale for Regional Integration
2.1. Why pursue regional integration in Africa?

Most economic textbooks describe regional integration (RI) as a suitable concept for developed economies but are rather silent on developing countries. Despite the lack of explicit reference to the developing world, the idea has always been appealing to development strategists, economists and politicians, especially in Africa. Economic arguments for RI are often seen as more important as compared to political points of view supporting the idea. This is to some extent caused by the long standing tradition of economic theory dealing with RI and to some extent by the empirical evidence that sees RI in most cases as emanating from an economic rationale and through an economic mechanism.

The major theoretical arguments for RI can be differentiated into four economic and three political lines of thinking.

2.1.1. The economic rationale for regional integration

The economic arguments focus on the creation of bigger markets, improved welfare of citizens, attractiveness for development funding and the requirements of globalisation.

(i) The ‘market-size argument’
RI has always been viewed as the most promising approach to overcome the economic balkanisation of many parts of the African continent. Colonial borders, especially in West Africa but to some extent also in Southern Africa, had divided once connected economic spaces and networks and eventually created a patchwork of small and often economically unviable new states. Even today 38 out of the 53 African states have populations of less than 15 million people and one third of all African countries have even less than 3 million inhabitants. For many of these small states, it seemed in the words of Green/Seidman (1969) to be a question of “unity or poverty” – regional integration or continuing misery. Their argument was that Africa was ‘balkanised’, i.e. split into too many, too small economic entities that were unable to overcome the narrowness and limitations of their markets by themselves. The prescribed remedy was to form integrated regional bodies consisting of the economies of several of these small states, which combined would provide a larger population and thus demand base allowing industries to take advantage of ‘economies of scale’ when producing goods and services.

Further advantages attributed to the creation of bigger markets through regional integration in this line of theoretical thinking are:

- The promotion of a more effective allocation of production factors, i.e. labour and capital. This means the concentration of investments – for which capital and labour is needed – in those countries which have the most conducive conditions such as political and social stability; minerals and/or productive farmland; good infrastructure, ports and airports. Investments would naturally tend to flock to countries that

---

1 Like the South-eastern European Balkan area, where not only now but already after the end of the First World War (1914-1918) several economically unviable and politically disintegrated small states had been carved out of the collapsed Austrian and Turkish Empires.
have the best framework conditions and labour would follow. Skilled workers would migrate to those countries within the regional structure where working conditions (availability of jobs; wage levels) as well as living conditions (price levels; housing; education and infrastructure in general) would be best, thus creating centres of skilled manpower and through that improving quality and efficiency of production. Through the concentration of investments (capital) and labour (workers) in those countries with the best conditions, production in general would become more efficient and therefore less expensive; increasing the competitiveness of production.

- If production becomes more competitive and internal markets are big enough, the supporters of this line of thinking argue, the rate of investment from both internal and international sources will increase. With additional investments, the number of jobs and level of income will increase.

- With the allocation and hence concentration of production in the most suitable locations, the argument goes further, the economic transaction costs could be lowered and production could become even more effective. Economic transaction costs, such as transport expenses, banking fees, duties, etc. could decrease if production is more geographically concentrated (or clustered), banking and financial systems are less fragmented between various states and if duties are lowered or abolished as a result of regional integration.

- Sometimes the argument is extended even further, and improved technology transfer from outside the integration area is seen as an additional possible benefit if the economic balkanisation of a region is overcome. If more opportunities for profitable investments open up, more external investors are attracted, and this will lead them to import better technologies. The labour force within the regional integration area will thus be exposed to new technologies and skills which in turn will then also benefit local, smaller industries.

(ii) The ‘welfare argument’
RI is also supported from a different line of thinking, which has its origins in the neoclassical theory of economics (see below) and which comes to similar conclusions as the first argument. The proponents of this school of thought attribute improved economic and social welfare of the citizens of the participating countries to regional integration. The neoclassical integration theory is based on the work of the American economist Viner (1950) who combined the – in themselves contradictory – concepts of free trade and protectionism. He showed in model calculations that if a regional economic zone is created with high external tariffs (duties) against the rest of the world (protectionism) but all duties are abolished inside the regional bloc (free trade), all countries within the regional bloc will realise improved national economic and social welfare. The latter refers to more jobs, higher incomes and, as such, better living conditions.

The ‘welfare argument’ goes as follows:

- If ‘free trade areas’ (FTA) or at an advanced level a ‘customs union’ (CU) are established, this will lead to trade creation inside the integration area.¹

- Higher volumes of trade inside the integration area will be followed by higher rates of investment – even if it only facilitates increased trade volumes (such as investments

³ The different forms and models of economic regional integration will be explained in detail in chapter 3.1.

Regional Integration, Development and Democracy
in traffic and communication infrastructure and hardware, warehouses and/or petrol stations, hotels, etc.).

- More trade and investments lead to higher employment rates.
- Higher employment levels lead to higher national/regional income levels, increased demand for other goods and services and thus to more economic growth.
- Regional integration under these conditions can easily result in higher economic growth rates, more employment and thus a marked increase in national/regional general welfare.

(iii) The ‘development funding argument’
While the first two economic arguments for regional integration can be labelled as ‘traditional’ arguments based on neoclassical concepts, there are two more ‘modern’ points of view supporting regional integration. The first one argues that RI can also attract **additional development funding**. This is particularly relevant for RI in developing countries or regions and has been put forward as a pragmatic view and as a result of practical experiences (Peters 1987).

From this point of view, RI has a particular attractiveness for funders of big development projects such as development banks, multilateral donor agencies (e.g. EU) and specialised (often private) donors (such as the Bill and Melissa Gates Foundation; the Clinton Foundation, etc.) as it allows the realisation of

- Cross-border projects such as railway lines, roads, electrical grids, dams and even environmental conservation areas, which make economic and environmental sense but cannot be realised at national levels.
- Capacity building projects of a regional nature, such as specialised universities, training funds and/or research stations which for lack of capacity or demand have not been established at a national level.
- Regional policy support for health sector initiatives (HIV/AIDS, malaria, polio, etc.); crime prevention efforts (drug trafficking, human trafficking, etc.); investment promotions (e.g. in tourism) and even for practical projects such as the regional unification of driving licences - all this often makes more sense in a regional than a national context.
- Establishment of regional institutions or bodies such as meteorological services (of increasing importance in the context of adaptation to the impact of climate change); electrical power pools and/or police services which form part of the crucial infrastructure for Africa’s sustained socio-economic development and attainment of the **Millennium Development Goals**. This requires a regional orientation in order to be effective.

(iv) The ‘globalisation argument’
The second ‘modern’ argument for RI is related to globalisation. At many international conferences, it has been pointed out that RI is regarded as a particularly necessary step for African countries to become fit for globalisation. Globalisation does not only refer to more intensive and liberalised trade and investment regimes, intensified currency and stock market speculation, increasing numbers of mobile experts and a chance of realising fast economic growth and wealth. For Africa, globalisation may also mean to be permanently excluded from the chance to ever reach the level of sustainable socio-economic
development. There is the imminent threat that Africa could be reduced to the position of a mere supplier of raw materials, genetic variance, tourist attractions and entertainment talent (music, sports, etc.). Major global players such as the USA, EU (and its member states), China, Russia, India and increasingly also the Arab World and Brazil are bargaining over the structure and rules to shape the future world at international institutions and organisations, while African countries (perhaps with the exception of South Africa) and organisations appear to sit on the fence as mere spectators rather than parties defending their own interests. The major players base their negotiation strategies on well-prepared and thought-out concepts, backed by extensive research and reliance on skilful negotiators. African countries usually neither have clearly defined national policies on issues such as climate change, trade liberalisation, energy security and/or intellectual and other property rights nor the information and negotiators to influence critical international negotiations. The ongoing preparations for a post-Kyoto framework for climate change are a case in point. With the exception of South Africa, no African country has so far developed its own climate change policy. The African Union (AU) has just very recently started to realise the importance of the issue. In the past, Africa has mostly sided with the G7 plus China and, as a result, supported China’s interests (a major emitter of greenhouse gases) rather than its own (a major victim of the negative impact of climate change). Development experts argue that African countries need to formulate, publicise and defend their often similar interests regarding global developments. This could be achieved more easily if African countries would no longer speak as individual countries but as regional blocs until the AU becomes more efficient. RI bodies would have

- more weight in international bodies (WTO, UNDP, UNCTAD, IPCC, WHO, etc.) and would be able to make their positions heard and their interests count;
- a stronger position in investment negotiations (e.g. in the negotiations with the EU over the proposed Economic Partnership Agreements);
- a better position in enforcing their social, environmental, economic and legal standards in negotiations with multinational corporations than when dealing with such powerful global players individually.

2.1.2. The political rationale for regional integration

The political arguments focus on security issues, international negotiation power, convergence pressure towards democracy and the creation of ‘natural’ sociocultural and political entities.

(i) The ‘security argument’

In politically unstable and volatile regions such as Africa, RI can – according to political scientists, – improve the national and regional security situation.

---

4 See for example the African appeal on climate change “Africa speaks up on Climate Change”. www.africanclimateappeal.org

5 For example Meyns (2000); Peters-Berries/Naidu (2003); Hammerstad (2003)
They contend that

- in areas of the world where states are not (yet) fully integrated and consolidated or where ‘failed’ states exist, the probability of armed conflicts is high. The potential for conflict can be greatly reduced through RI schemes which also incorporate such ‘soft’ or even ‘failed’ states. Functioning RI bodies appear to de-escalate civil wars and internal strife and may also calm down regional disputes and conflicts.

- regional bodies offer additional protection against external aggression as the potential aggressor might not want to engage with an entire region.

- functioning RI bodies can also be safeguards against coup d’états and armed rebellions if the regional body has established principles of not recognising governments formed by rebellious soldiers or even of intervening militarily in such countries.

- RI bodies can improve regional security by coordinating their efforts in the fight against terrorism and international crime (drug trafficking, money laundering) through joint intelligence and policing strategies.

- RI can contribute to political stability through the professionalization of security forces (which in many weaker states constitute a permanent factor of political insecurity) by organising joint exercises and capacity building exercises.

(ii) The ‘democratic convergence argument’

RI has the potential to increase the democratic convergence of a region. The EU, for example, has demonstrated this in the cases of Bulgaria and Romania. The urgent wish of countries to join a prosperous and economically lucrative RI body can facilitate within a short time the adoption of democratic principles and standards, even in countries with undemocratic pasts and traditions, if the regional body demands that as a precondition for joining. The philosophy behind the application of the same democratic standards for all countries in a regional body is simple:

---

6 Examples of ‘failed’ states are currently Somalia and Afghanistan; examples from the past decade are Liberia, Sierra Leone and Iraq.

7 On the African continent, the cases of SADC and Mozambique (1992), Angola (1991 and again in 2002) but also ECOWAS in West Africa (Liberia 1995/96 and 2003) demonstrate the constructive role RI bodies can play in the de-escalation of civil wars.

8 The combined South African and Botswana intervention in Lesotho in 1998 to protect the legally elected government of Prime Minister Mosisili against an alleged putsch of the army (Meyns 2000: 190f) but also the immediate sanction imposed against the putschist government of Mauritania and Guinea in 2008 by ECOWAS can be regarded as examples of the pro-democracy role of RI bodies. The same applies to SADC’s swift suspension of Madagascar after the unconstitutional change of power in February 2009.

9 Such as the regular joint exercises of South African, Zimbabwean and Mozambican army units since 1996.

10 Even Turkey, which has been held off from joining the EU for several years, has democratised its legal system, improved its human rights record and modernised its institutions predominantly because it still has the hope of joining the EU in the near future. To achieve this, it will have to comply with the democratic standards of the EU. A recent study by the German Development Institute (DIE) concluded that the only instrument of democracy promotion which has worked so far is the membership promise of the EU; see DIE, 1/2009: Demokratieförderung: Kein Ende der Geschichte. Analysen und Stellungnahmen. Bonn 2009.
• Without adhering to the same legal standards and principles, a regional community would have no common legal basis and thus security of law, which in turn would undermine investor confidence.

• Only in regional communities where human and democratic rights are fully acknowledged and observed will the citizens of the member states also support the idea of RI. If a regional body has member states where the governments are not accountable for how taxes are spent, the legitimacy of RI will suffer and thus the coherence of the regional community.

• The violation of basic human rights in even one member state will damage the international reputation of a regional community.

If a regional community consists – as is often the case in the developing part of the world – of countries with different democratic records, the setting of democratic convergence standards can help to force even unwilling and undemocratic states to implement democratic reforms (such as free and fair elections, an independent judiciary and/or an improvement of the human rights record) in order for them to remain member states.

(iii) The ‘putting-together-what-belongs-together argument’
Particularly, in the African context, where boundaries have in many cases been rather arbitrarily drawn by previous colonial masters, current states do often not reflect historic settlement and economic exchange patterns; RI can thus be an instrument to ‘put together what belongs together’. It has been claimed that RI can

• soften the negative impact of the artificial colonial borders which are defining many states in Africa today;

• create transnational identities, which in turn can help minimize conflicts;

• facilitate the often impeded free movement of people at least on a regional level.

2.1.3. Summary
The economic and political models predict that regional integration, if implemented successfully, is capable of not only improving the economic well-being of the participating countries at the macro level, but also that of their citizens at the micro level. It enhances the chances of countries of becoming more democratic and secure. Moreover, and increasingly important, the theory predicts that especially in Africa, countries will have a chance of pursuing their interests in a rapidly globalising world when they overcome their political and economic fragmentation and speak with a more unified voice.

One could also argue that RI serves to fulfil some fundamental human needs for economic development, i.e. a better life, democracy and the rule of law, peace and justice. However, it should not be forgotten that socio-economic and political differences have always been important factors for progress and development and that people are by nature competitive and thus prone to be involved in conflicts. RI is therefore not a panacea for the problems the world and the African continent in particular are faced with. RI can at best and under...
favourable conditions become a tool for improving untenable socio-economic and political situations. Summarising the potential impact of RI, it can be stated that RI

- can be a strong facilitating factor for economic growth and the improvement of the socio-economic living conditions of people;
- has the potential to accelerate economic development and ensure economic efficiency through controlled competition;
- may provide a better than fair chance for the socio-economic development of poor, less developed and internationally underprivileged countries;
- can become a catalyst for democracy and the rule of law even in countries with historical autocratic societies and political cultures;
- may facilitate the de-escalation of violent conflicts and discourage coup d'états and undemocratic means of accessing power.

RI can play an important role in bringing about economic and democratic development.
Examples of Successful Regional Integration
Before we focus on the various models of RI, it may help to understand the variety and complexity of regional integration models if we take a brief look at some major examples of successful RI in other parts of the world.

### 3.1. The European integration process

Probably the most successful, most influential and most often copied model for RI is the European one. It started as the grand idea of two politicians still shocked by the devastation of the Second World War – France’s Minister of Foreign Affairs Robert Schumann and West Germany’s first Chancellor Konrad Adenauer – in 1951, but from very modest beginnings of a functional cooperation between six countries in Western Europe in the area of mining. The architects of the post-war RI in Western Europe had political motives: the prevention of a future war between ‘arch enemies’ France and Germany and the formation of a counterweight to the perceived threat from Soviet-controlled Eastern Europe. They combined these cleverly with a particular economic interest, the supply of sufficient raw materials for the production of energy and steel in order to provide the desperately needed ingredients for economic revival in the participating countries to start the European integration process.

**Text box 3.1.: Milestones in European Integration**

- 1951: Belgium, Germany, France, Italy, the Netherlands and Luxembourg sign the Treaty establishing the European Coal and Steel Community
- 1958: Establishment of the European Economic Community (EEC)
- 1967: Formation of the European Communities (EC)
- 1973: Expansion of the EC to include the UK, Ireland and Denmark
- 1975: The Lomé I Convention between the EEC and 46 ACP states
- 1979: First direct elections to the European Parliament
- 1981-1995: Further expansion to include Greece, Spain, Portugal, Austria, Sweden and Finland
- 1990: Treaty of Schengen, which led to the abolishment of internal border controls between the Netherlands, Belgium, Luxembourg, France and Germany
- 1990: German Reunification
- 1992: Treaty of Maastricht, which marked the establishment of the European Union (EU)
- 1993: Introduction of the Common Market
- 1999: The Euro is adopted by 11 member states and launched on the financial markets
- 2002: Introduction of a single currency – the Euro – in 12 of the then 15 member states of the EU
- 2004: Further enlargement of the EU by ten countries from the former Warsaw-Pact-Area and Southern Europe: Lithuania, Estonia, Latvia, Poland, Czech Republic, Slovakia, Slovenia, Hungary, Malta and (Greek) Cyprus
- 2005: The proposed European Constitution is rejected in national referendums in France and Holland.
- 2007: Further expansion of the EU to 27 member states, which now incorporates Bulgaria and Romania.

Source: Fontaine (2006)

---

12 These were France, West Germany, Italy, Belgium, the Netherlands and Luxembourg.
The European integration process started with limited functional cooperation in the Coal and Steel Community, progressed to a free trade area (FTA) and customs union (CU), before approaching the status of a common market and lastly that of a political union with a single currency, diversified political institutions, and developing a common legal system.

The EU is based on four treaties:

- The Treaty establishing the European Coal and Steel Community (ECSC) from 1951, which expired in 2002;
- The Treaty establishing European Economic Community (EEC) which entered into force on 1.1.1958 (“Treaty of Rome”);
- The Treaty establishing the European Atomic Energy Community (Euratom), which was signed alongside the EEC Treaty;
- The Treaty on European Union, which was signed in Maastricht on 7.2.1992 and came into force on 1.11.1993 (“Maastricht Treaty”).

The executive bodies of the three early European Communities (ECSC; EEC and Euratom) were merged in 1967 into a single Commission and a single Council of Ministers. At Maastricht the member states of the EU agreed to also include foreign and security policies as well as justice and home affairs in the areas of cooperation.

In terms of major institutions, the EU has established the following bodies:

**Text box 3.2.: Major European Institutions**

- The European Parliament, which is elected every five years directly by the citizens of each member state;
- The Council of the European Union, which consists of the heads of state of the member states and forms the government of the EU;
- The European Commission, which resides in Brussels, is the executive body of the Council;
- The European Court of Justice, which is the last instance for all citizens, companies and organisations registered in EU member states in issues linked to European integration;
- The European Central Bank, which has replaced the national central banks of all those member states which have introduced the Euro;
- The European Court of Auditors, which checks whether the EU funds are used properly, based in Luxembourg, consists of one auditor from each member state;
- The European Ombudsman, responsible for receiving and following up on citizens’ complaints;
- The European Investment Bank (EIB), founded already in 1958, based in Luxembourg, promotes European investments outside the EU.

The three main decision-making bodies (the so-called “institutional triangle”) are:

- the European Parliament, which is elected directly every five years;
- the Council of the European Union representing the individual member states;
- the European Commission, which represents the interests of the EU as a whole.
The EU has two major ways of making decisions. It can issue a directive, which establishes a common aim for all member states but leaves it to the national authorities to decide on the form and method of implementation, and it can issue a regulation, which is immediately applicable throughout the EU.\(^\text{13}\)

The European integration process has led to a number of remarkable achievements. They can be summarised as follows:

- Free trading within the EU through the establishment of a customs union;
- Free movement of people in 15 core countries; citizens can decide where they want to live, work, invest and/or travel to without restrictions and border controls;
- European citizenship, which is expressed by the introduction of European passport;
- The introduction of a single currency – the Euro (€) – in the majority of the member states in 2002;
- The harmonisation of laws and regulations regarding economic, environmental, health, social and transport issues;
- The transfers of parts of national sovereignty to supranational EU institutions.

Despite all the successes, the regional integration process has slowed down in the last years because of an increasing hesitance in some member states to relinquish more of their national sovereignty to Brussels. The crucial project of developing and passing a European Constitution, which started in 2001, has been blocked on a number of occasions at member state level by referendums. Some of the newer members such as Poland, the Czech Republic as well as the still predominantly Euro-critical UK have repeatedly tried to use their veto power\(^\text{14}\) to obtain special concessions from the other members.

However, despite the evident problems, the EU is still by far the most advanced RI project in the world. Although its members are mostly developed countries which belong to the richest nations in the world, some of the lessons from the European integration process have universal relevance and should not be overlooked in other parts of the world:

1. Economic interests alone are not a sufficient base for RI; it requires an expressed political will to be successful.
2. The interests of smaller and/or weaker states must be respected and safeguarded in the process of RI so that the project is not dominated by the economically and politically most powerful countries.
3. Successful RI requires institutionalised mechanisms to ensure a ‘just’ distribution of costs and benefits from the integration process.
4. A common political history and similar political cultures and values help to develop a common regional identity.
5. Adherence to similar democratic and legal standards is crucial for the functioning and acceptance of the integration process in member states.


\(^{14}\) One of the pillars of the regional integration process in Europe has been the application of a consensual voting principle, which ensured that bigger countries and stronger economies did not disregard the interests of the smaller members. However, with the rapid expansion to now 27 member states, this principle has increasingly become an obstacle to further and deeper integration. It is planned to change the consensus principal to a qualified majority model.
3.2. Regional integration in Asia: ASEAN

The major RI project in Asia is the Association of Southeast Asian Nations (ASEAN), the successor of the Association of Southeast Asia founded 1961. ASEAN, with its headquarters in Jakarta/Indonesia, was established in 1967 in Bangkok by Indonesia, Malaysia, the Philippines, Thailand and Singapore against the backdrop of three closely interrelated developments of the 1960s:

- the foreign intervention in the region (Vietnam War 1964-75)
- the fear of further communist encroachment
- the competition between China and India for influence in the region

Thus, right from the start, ASEAN had a clear anti-communist outlook, pursued an approach of strengthening national sovereignty and of consolidating the independence of its member states through bloc building. In contrast to the European Union, the foundation of ASEAN was not to ultimately prepare for gradually surrendering national rights to a regional institution but to serve nationalist interests. As a result of the strong emphasis placed on national sovereignty the principle of non-interference into internal affairs of the member states was introduced. Together with other distinct features such as informality, a decision making process based on consensus and minimal institutionalisation, this constituted what became considered as the ‘ASEAN Way’. While fighting off potential aspirations and interference by the regional powers India and China, ASEAN’s creation was also connected to Indonesia’s interest in establishing itself as one of the regional powerhouses. Thus, the country’s former President, Suharto, was the main driving force behind ASEAN in the 1960 and 1970s.

The membership remained almost stable until the mid-1990s, mainly due to the political instability in the region. In 1995, Vietnam joined the organisation, Laos and Myanmar followed in 1997 and Cambodia became the tenth and latest member in 1999, bringing the total population in the ASEAN region up to 560 million people and the external trade volume to over 1,400 billion $.

After few real steps towards integration, the process started to accelerate from the early 1990s onwards, culminating with the signing of the ASEAN Charter and the ASEAN Economic Community Blueprint in 2007. In 1992, the ASEAN Free Trade Area (AFTA) was agreed upon in order to improve the region’s international competitiveness by eliminating tariffs and non-tariff barriers internally. The Common Effective Preferential Tariff (CEPT) accord/scheme, a phased programme of tariff reductions, was initially scheduled to pave the way for AFTA and to become effective in 2008. This was, however, brought forward and AFTA was already achieved by 2003. Later on it was supplemented by a range of AFTA-plus programmes (including the elimination of non-tariff barriers and the harmonisation of customs procedures). However, some of the relatively new members were given a longer time frame to meet the tariff reduction criteria. The ultimate goal – spelt out for the first time in the Bali Concord II in 2003 – is to establish the ASEAN Economic Community (AEC) by 2015. Further concrete and decisive steps were taken through the launch of the ASEAN Charter and the AEC blueprint, signed at the 13th ASEAN Summit in Singapore in November 2007 and officially established at the 14th Summit in Cha-am, 15 In 1984, newly independent Brunei became the sixth member.
Thailand, in February 2009. Through the Charter, ASEAN finally moved away from its more informal character and transformed itself into a legal entity. With the AEC blueprint the process for implementing the first of the three pillars made significant process, while the other two pillars, Political-Security Community and the Socio-Cultural Community, have not yet left the planning stage.

The highest organ is the ASEAN Summit that – if the four informal meetings\(^\text{16}\) are taken into consideration – has been held unofficially on an annual basis since 1995 and officially since 2001. The most important single institution is the ASEAN Secretariat, based in Jakarta/Indonesia. By the end of 2008, altogether 19 ministerial consultation processes have been established. There are 29 committees and 122 working groups that support the organisation’s efforts. Civil society organisations are represented in the working groups, but due to structural constraints their influence remains limited.

Politically, ASEAN subscribed to an agenda of promoting peace and stability. In December 1995 the Southeast Asian Nuclear-Weapon-Free Zone Treaty was signed. It did not, however, become effective until June 2001, when the Philippines as the last member state finally ratified the Treaty, thereby confirming the current status according to which none of the member states possesses nuclear weapons. The Bali Concord II in 2003 firmly anchored democracy as a means to promote peace and stability in the region. By signing off the concord, even the non-democratic members of the organisation (Myanmar, Brunei, Malaysia, Singapore and Vietnam) accepted the establishment of a democratic form of government as the ultimate political goal. Partly in conceding to demands from Western countries, but also as a result of persistent pursuit by the democratic governments of Indonesia, Philippines and Thailand, the protection of human rights became an integral part of the ASEAN Charter. However, clinging to the principle of non-interference threatens to render the planned ASEAN Human Rights Commission toothless. This became evident when the organisation remained soft on the violent military suppression of the peaceful protests in Myanmar in 2007. ASEAN rejected any economic sanctions and any consideration of suspending the membership of the country. The formulation of two of the three pillars (Political-Security Community and Socio-Cultural Community) is still ongoing.

The ASEAN Regional Forum (ARF) was established in 1994 as a formal official dialogue forum to reach out to non-members in order to have broader clout in promoting confidence building and preventive diplomacy in the region. By 2008 the ARF consists of 27 participants, including China and therefore excluding Taiwan.

After initial resistance by the USA had evaporated in the wake of the 1997 East Asian financial crisis, the Malaysian initiative to foster closer links of the organisation with the economic heavyweights of the region, China, Japan and South Korea, was agreed upon to establish the ASEAN plus three.

\(^{16}\) They took place in 1996, 1997, 1999 and 2000. In 2001 it was officially decided to stage a summit every year.
3.3. Regional integration in Latin America

Until the 1990s, Latin America had a number of mostly failed RI projects to look back on. In 1991 Argentina, Brazil, Paraguay and Uruguay established Mercado Común del Sur (MERCOSUR), which has made some remarkable progress and can be regarded as the most successful attempt at RI in Latin America.\(^1\)

The Protocol of the MERCOSUR Treaty of 1994, signed in Ouro Preto, established the organisation as an international legal entity and set up its internal structure with six organs. A summit takes place twice a year as a meeting of the heads of state, usually at the same time as the meeting of the Council of the Common Market (CMC), the organisation’s supreme controlling organ.

The main goals of MERCOSUR are laid down in the preamble of the founding Treaty from 1991, usually referred to as the Asuncion Treaty:

- enlargement of the national markets of the member states as a precondition of accelerated economic growth with particular emphasis on social justice, the protection of the environment, and the improvement of the member states’ infrastructure;
- adequate integration into the international structure of the big economic blocs;
- strengthening of the scientific and technical cooperation of the member states;
- moving towards a broader union of peoples.

The initial goal of establishing a common market by the end of 1994 proved far too ambitious and had still not been realised by the end of 2008. After years of stagnation, however, important progress was made when in 2004 at the 25th Summit in Montevideo the Commission of Permanent Representatives with its President, the former Argentinean head of state, Eduardo Duhalde, was officially launched. Considerable leverage was vested in the commission (assisting the CMC, negotiations with non-members, presenting own initiatives to promote the integration). The so far rather “toothless” Secretariat was reformed from a subordinate administrative entity into a full technical secretariat. In the same period the Court of Appeal was set up as a permanent organ, thus further boosting the process of institutionalisation. This was followed in May 2007 by the inauguration of the organisation’s 90-member parliament in Montevideo in Uruguay (each member state nominates 18 members).

Further progress in the integration process has been hampered mainly by the impact of traditional rivalries between Brazil and Argentina, aggravated by the implications of Brazil’s size and economic power. A major conflict centred around the inconclusive search for a strategy towards the more US-dominated Free Trade Area of the Americas (FTAA): While members of MERCOSUR cannot individually enter into free trade agreements with a third country, the signing of the Trade and Investment Framework Agreement (TIFA) by Uruguay with the United States caused rifts within MERCOSUR, particularly as both FTAA and MERCOSUR are competing for supremacy, but also as an exemption from common tariff regulations is considered for the potential new MERCOSUR member Bolivia.

\(^1\) Most of the information regarding MERCOSUR was derived from: Council on Foreign Relations: Backgrounder – MERCOSUR: South America’s Fractious Trade Bloc: www.cfr.org/publication/12762/mercosur.html
With the view of establishing eventually a regional integration body for the whole of Latin America and building on the momentum after the establishment of the Commission the members of MERCOSUR and the Andean Community (Bolivia, Chile, Colombia, Ecuador and Peru) granted each other the status of Associated Members. Bolivia is under consideration for full membership. Bolivia’s tariffs, however, are lower than those of MERCOSUR and it would need an exemption, which Brazil would be willing to grant in order to gain access to Bolivia’s gas resources, very much to the detriment of Uruguay.

In 1998, the member states expressed their full commitment to democracy as the best form of government. By the end of 2008, all member states were ruled by left-wing governments. This, however, did not pre-empt political friction: Although Venezuela was accepted as a new member in 2006, the membership had not become effective by the end of 2008 as the ratification process had not been concluded by Paraguay and Brazil, particularly due to concerns about infringements into press freedom in Venezuela. The entry of Venezuela with its President Hugo Chávez as a new member, possibly later followed by Bolivia under Evo Morales, has also caused concern about potential attempts to shift focus from economic issues towards a more political agenda in pursuing a more left-wing cause. However, the organisation’s power houses, Brazil and Argentina, appear committed to a strengthening of the economic aspects of the integration process.

By 2006, MERCOSUR had a combined population of more than 260 million people and covered about 72% of the area of South America and 56% of the area of Latin America. The GDP of the member states reached USD 1 billion and equalled 75% of the total GDP of Latin America, making it the fourth largest regional trading bloc after the EU, NAFTA and ASEAN.
The Neoclassical Five-Stage Economic Model of Regional Integration
Neoclassical theory starting with Viner (see above) and further refined first by Meade and later by Balassa developed a five-stage model of economic RI. Each step is regarded as a precondition for reaching the next as it provides the required achievements for further regional integration. The underlying principle is that of market integration; it prescribes the increasing liberalisation of goods, services, labour and capital as the path to a fully integrated region.

4.1. The Free Trade Area (FTA)

The FTA \(^{18}\) may be preceded by a preferential trade area (PTA) but in the classical approach it can also be established on its own. An FTA is characterised by internal trade liberalisation, i.e. by the abolition of customs tariffs and so-called non-tariff trade barriers (NTTB) between countries, which have chosen to form the FTA. While tariffs are abandoned internally, each member state may determine individual external customs regimes and tariffs.

The positive effects to be expected from abolishing internal trade barriers within the FTA are:

- Increased intraregional trade (within the region) as the volume of goods and services demanded will grow when their prices decrease: \(^{19}\) more people (customers) are able to afford goods and services generated or available in the other member states of the FTA.

- Increased intraregional investments (inside the FTA) from within and from outside the FTA. The creation of an FTA increases the market volume in terms of potential customers and makes it thus attractive for businesses to invest. This makes particular sense if the member countries of the FTA follow an import-substituting industrialisation strategy. Moreover, the bigger market also calls for additional investments to link the various parts of the FTA through roads, railways, communication links, etc.

However, the establishment of an FTA may also have unwelcome side effects such as:

- Pressure to lower the remaining external customs tariffs (towards third countries) in order to attract additional investment: for example if the external tariffs of country A are 100% for machines and semi-processed materials but only 50% and 25% in other member states of the FTA, companies (from both within and outside the FTA) will most probably opt for country C as an investment destination. As the absence of internal tariffs and NTTBs allows free trade within the FTA, the country with the lowest external tariffs attracts most investments. As a result, there will be competition between the members of an FTA to lower external tariffs in order to attract such investments, which might have negative effects on both government revenue and being able to determine the direction of development.

\(^{18}\) I will use the term Free Trade Area (FTA) as it appears to be the one most commonly used.

\(^{19}\) Many African countries have extremely high customs duty rates as these not only protect strategic national industries but also constitute an easy way of revenue generation. Due to this, imports are more expensive for the consumer then they need to be because of transport costs, etc.
The Neoclassical Five-Stage Economic Model of Regional Integration

4

31

4.2. The Customs Union (CU)

If an FTA has achieved its objectives (abrogation of internal tariffs), its member states may feel it is time to progress to the stage of a CU. In contrast to an FTA, a CU has not only liberalised its internal trade, but also unified the external customs tariffs of its members. In other words, within a CU there is protected liberalised internal trade.

The positive effects to be expected from the establishment of a CU can be summarised as follows (according to Bechler 1976; Wegener 1979):

- **Efficient allocation of production factors** in the most suitable country within the union: if all countries have the same external customs tariffs and there are no tariffs inside the regional grouping, new investments will naturally take place in the country where the best conditions (infrastructure, proximity to harbours, political stability, skilled labour force, natural resources, etc.) can be found. As a result, the production factors are allocated where production can be realised in the most efficient way.

- **Trade creation** effects as a result of the efficient allocation of production: trade creation takes place when the external tariffs of the CU and the free internal trade regime displace the thus far duty-protected production of a good in country A by the production of the same good in a more efficient and cheaper way in country B of the CU. As a result, country A must now import the good from country B, which is according to the neoclassical theory (comparative cost advantages) beneficial to the customers in country A. They cannot get this good at a cheaper price from anywhere

- Loss of revenue for countries A and B that have higher external tariffs as most of the imports, which attract duties, will enter the FTA through country C.

- The existence of protected national industries is being threatened: most African countries are at the beginning of their industrialisation and thus need to protect their infant industries (often in the textile and food processing sectors) through high external tariffs from the competition of bigger (and cheaper) international companies. In an FTA, such protection of ‘infant industries’ is undermined if other members have lower tariffs and open the ‘backdoor’ to the import of cheaper goods.

- More bureaucracy is required to counter such unwelcome side effects as the threat to national industries through the application of rules-of-origin procedures or compensationary duties. Such measures are increasing the costs of doing business and offsetting to a certain degree the gains through trade creation (Balassa 1961:71ff).

Because of these negative side effects, the creation of an FTA is often only regarded as a necessary but, if possible, brief transition period on the way to the establishment of a Customs Union (CU). Examples of FTAs are the North American Free Trade Agreement (NAFTA) or the early stage of the European integration process. Under normal circumstances, it takes some years before all the internal tariffs are abolished and all the precautionary measures against unwelcome side effects have been implemented. The establishment of a full-fledged FTA is the result of intensive negotiations between the participating countries.
else. The resulting additional trade is regarded as increasing the welfare of the citizens of the CU.

- Additional economies-of-scale effects are possible in a CU when production of a good is becoming more concentrated and thus higher volumes of the same good can be produced. This lowers the unit price and therefore makes the production of that good more competitive. Facilitation of supranational development planning, especially if developing countries engage in a CU. Establishing a CU amongst developing countries requires the joint planning of e.g. infrastructure projects (road links, railway lines, communication links, energy supply generation, interconnections, etc.) as otherwise the economic potential of the CU might not be fully realised as such infrastructural links do not always exist. This in turn encourages planning approaches which go beyond national interests and boundaries and can foster deeper regional integration.

However, CUs are far from being the ultimate and most efficient stage of regional integration. They also have potential inherent problems that express themselves most often as:

- an increase of the joint external tariffs, which enhances the immediate danger of trade diversion. To compensate for the loss of state revenue due to the abolition of internal tariffs and to protect industrial production within the CU, members states tend to raise the external tariff levels. If that happens, the member states of the CU which have in the past imported goods from outside the union at cheaper prices can no longer do so but must obtain this good from another member of the CU at higher prices. In such a case, the neoclassical theory talks of trade diversion, which is regarded as a sub-optimal allocation of production factors and thus as not beneficial to the economic welfare of the state and its citizens.

- an unequal distribution of customs revenue, which causes friction between member states. The revenue from tariffs on imports from countries outside the CU is obtained at the port of entry into the CU. This will often be the most efficient port or the biggest airport, from where the goods are then shipped to the member state of the CU which has ordered them. In a perfect world, the duty levied on these goods would be transferred immediately from the authorities of the country where the point of entry is to the treasury of the importing country; in reality, there are numerous (technical) problems attached in trying to do so. One problem might be the delayed transfer of duties to the recipient government, a second – the exchange rate fluctuations and a third – unclear destinations. A technically less complicated but politically even more controversial approach is to agree on a fixed ratio of how to distribute the revenue from customs duties – but this requires a large degree of political goodwill.

From the neoclassical point of view, a CU only makes economic sense if:

- the effect of trade creation outweighs that of trade diversion, which can only be expected if the founding states have already joined the CU on a rather high level of

---

20 This is e.g. the approach of SACU. However, it is very much a remnant of the past when apartheid South Africa agreed to a distribution of customs revenue favourable to the other members in an attempt to buy political allegiance from Black African states and at the same time make them financially even more dependent on South Africa (see also chapter 5.3.).

21 Wegener, A (1979): Integration als entwicklungsökonomisches Konzept. Bochum
external tariffs. In that case, the effect of trade diversion remains relatively small as imports from outside the CU have already attracted high duties and had never been very cheap.

- the regional market created by the CU is big enough to allow for intraregional division of labour and thus the specialisation of production according to the most effective allocation of production factors. This would increase the potential for trade creation substantially.

While the CU offers a much wider range of advantages than the FTA, it is still far from being the optimal state of affairs according to the neoclassical theory. The still existing imperfections pertain, for example, to the high probability of trade diversion and concrete problems of determining politically acceptable formulas for sharing the customs revenue amongst member states. In other words, for a CU to function, intensive and often permanent political negotiations are required which would have to address not only an economic interest but the need for a basic political will for integration.

4.3. The Common Market/ the Economic Union

According to the neoclassical theory, the next stage of RI is the formation of a common market followed by an economic union. A common market has the features of a CU coupled with the full liberalisation of the movement of people and capital within the integration area. If a common currency – as in the EU – is adopted, the next and rather similar stage of an economic union is reached. Both stages are similar in their aims and thus often mentioned together.

A common market is characterised by the following features:

- a highly efficient allocation of production factors as there is total freedom of movement of capital and persons within the integration area. This allows investments to take place anywhere within the region, people from any country of the integrated area to invest anywhere inside the common market and people (labour) to move and settle anywhere within the region. According to the neoclassical theory, this will lead to investments taking place where they can utilise the best combination of production factors.

- an increased attractiveness for investments from both inside and outside the integration area. If the rates of return on invested capital are high due to the optimal allocation of production factors and the integrated internal market is large enough to support meaningful economies of scale, additional investments will be attracted.

- improved competitiveness in a globalised economy as a result of the optimal allocation of production factors. If the production of goods and services is organised in an efficient manner and on a large enough scale inside the common market area, it will also make these goods and products increasingly competitive on the world markets. Several small to medium-sized companies from Northern Italy, especially in the textile sector but also in mechanical engineering, utilised the protection of
the European common market in the 1980s to develop into companies which were eventually also able to compete worldwide with their products.

- The closely related next stage of an economic union is further characterised by the introduction of a common currency. That has successfully been achieved so far in the European Union with the introduction of the Euro in 2002. However, apart from that an economic union also calls for further harmonisation of policies as this becomes increasingly necessary in order to create an even regional economic playing field. If, for example, labour laws or environmental regulations keep on differing between the member states of an economic union, there will be distortions in the allocation of production factors and thus less economic and social welfare gains.

The disadvantages emanating from the creation of common markets or economic unions are less pronounced than in previous stages of regional economic integration but some still exist:

- High pressure for smaller and/or less efficient countries to ‘adapt or die’. Smaller economies hardly have a choice: they must specialise economically or face decline. For example, in the EU small countries like the Netherlands, Luxembourg or Denmark did this successfully and paid the price of having to import a large number of its consumer items such as electronic goods, vehicles, machines, textiles, furniture, etc. The larger economies of the EU such as Germany, France, the UK and Italy are the providers of many of these products. In the neoclassical theory, this is called ‘realizing the comparative cost advantages’.

- Tensions between national interests and regional necessities may also arise in common markets and economic unions as national states are often unwilling to give up or transfer parts of their sovereignty such as their monetary authority, to the regional authority. For this reason, there are still long-standing member states in the EU, e.g. the UK, that have not joined the Euro area despite a heavy economic price.

However, on the whole, the benefits of creating or joining common markets and economic unions are usually much higher than the costs. Member states of regional integration schemes at these stages are much better placed to assert themselves in the globalising international economy and are gaining in terms of employment creation, rising income levels and general wealth.

### 4.4. The Political or Supranational Union

The last stage of regional integration according to the neoclassical theory is that of the **supranational union**. This stage has so far proved to be rather illusive and has never been reached. The European Union has probably come closest but in the last few years many

---

22 The Netherlands specialised to become a major producer of vegetables, flowers and dairy products within the EU; Luxembourg became one of the EU’s financial centres and Denmark flourished because of it concentration on dairy products and tourism.

23 The British Pound was appreciating against the Euro for a number of years; this made British products increasingly expensive in the rest of Europe and dented the British trade balance.
policy initiatives meant to facilitate the establishment of such a supranational union were thwarted at national levels. In a number of referendums, the Dutch, Danish, French and most recently, Irish voters, for example, rejected the idea of a European Constitution.

Even without a constitution, the EU has already adopted several of the features of a supranational union without yet reaching it fully. The EU has all the characteristics of an economic union, coupled with some of the political superstructures of a supranational union such as regional institutions, the European Parliament and parts of a regional government (Commission) and administration. However, the last and most important step towards the formation of a supranational union has not yet been taken: member states renouncing their national sovereignty in favour of a regional (federal) state. The adoption of a European constitution would have been a decisive move towards it but has for the time being been put to rest.

A supranational union or regional state would – according to the neoclassical approach – not only encompass all the economic advantages outlined above but also combine them with the formal power of a politically unified entity. In the case of the EU – and without reaching this stage yet – the advantages of a supranational union are already becoming apparent:

- a vastly enhanced position in international negotiations on trade, climate change, development aid, justice and various crisis interventions;
- the adoption of standard-setting internal technical and political norms, e.g. regarding emissions of cars, power stations, etc. as well as human rights, labour standards and development;
- sufficient financial ‘muscle’ to stimulate the economic development of disadvantaged regions (as done in the EU), influence world global financial transactions, etc.;
- the assumption of an increasingly important (but not yet always well coordinated) role in international conflict prevention and crisis regulation.

4.5. A critique of the neoclassical concept of regional integration

While the history of RI worldwide has a number of FTAs, CUs, a few common markets and one functioning economic union (the EU) to show for, few of these RI bodies have been following the prescribed model by the letter. In fact, in most cases, either major modifications have been made in order to achieve results or the label attached to the RI approach did not accurately describe the content, as has often been the case with RI attempts in the developing world.

This is but one indication that theory and practice often differ when it comes to implementation. In the case of RI, the discrepancies between the neoclassical theoretical approach and reality have been particularly big when applied to RI amongst developing countries. The major criticism of using a neoclassical approach to RI in the developing part of the world focuses on the following points:
• The neoclassical approach to regional integration does not usually sufficiently take into account the differences in the resource endowment, political power and economic opportunities between the member states of a regional integration scheme. The neoclassical approach does not make allowances for differences but always develops its argument “under ideal conditions”, which in reality hardly ever exist.

• The neoclassical approach does not foresee any mechanisms to ensure an equitable distribution of costs and benefits, losses and gains through regional integration. On the contrary, it assumes that the market forces will ensure an optimal allocation of production factors, irrespective of potential disadvantages and costs to individual member states of an RI body. Political interests are not foreseen in this approach. Polarisation which will have a negative effect on the willingness between the members to regionally integrate further because of the divergences in accrued costs and benefits is not considered at all.

• Pure neoclassical approaches tend to overlook developmental requirements of RI outside the industrialised North as the concept was not developed for developing countries.

• The neoclassical approach to RI does not offer any real strategy for regionally integrated developing countries to react to the challenges of globalisation. Under the assumptions and dogma of the neoclassical approach, the intensified utilisation of cheap production factors by multinational enterprises is to be regarded as beneficial, while the reality of multinational enterprises engaging in developing countries has a far from beneficial record.
African Attempts at Regional Integration
The African continent has seen numerous attempts at RI, of which most must be categorised as failures. The list of RI projects dates as far back as the beginning of the 20th century, when in particular the British colonial administrations realised that some of the colonies would be better off if they joined together into a regional economic scheme. So far, more than 20 major attempts have been undertaken to form RI schemes in Africa (see Text Box 5.1).

**Text box 5.1.: Major Attempts at RI in Africa**

<table>
<thead>
<tr>
<th>Name</th>
<th>Full Name</th>
<th>Duration</th>
<th>Member states/HQ</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMU</td>
<td>Arabic Maghreb Union</td>
<td>Since 1989</td>
<td>Algeria, Libya, Morocco, Mauretania and Tunisia</td>
<td>Full economic union</td>
</tr>
<tr>
<td>CAF</td>
<td>Central African Federation</td>
<td>1953-1963</td>
<td>between Southern Rhodesia (now Zimbabwe), Northern Rhodesia (now Zambia) and Nyasaland (now Malawi)</td>
<td>Political union</td>
</tr>
<tr>
<td>CECAS</td>
<td>Conference of East and Central African States</td>
<td>1986-</td>
<td>No further information</td>
<td></td>
</tr>
<tr>
<td>CEEAC/ECCAS</td>
<td>Communaute Economique des Etats de l’Afrique Centrale</td>
<td>1983</td>
<td>Chad, Sao Tome and Principe, Gabon, in Libreville (Gabon)</td>
<td>Full economic union</td>
</tr>
<tr>
<td>CEMAC</td>
<td>Economic and Monetary Community of Central Africa</td>
<td>Since 1993</td>
<td>succeeding UDEAC in 1999</td>
<td>Full economic union</td>
</tr>
<tr>
<td>CEN-SAD</td>
<td>Community of Sahel-Saharan States</td>
<td>Since 1998</td>
<td>Benin, Burkina Faso, CAR, Chad, Comoros, Cote d’Ivoire, Djibouti, Egypt, Eritrea, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Libya, Liberia, Mali, Mauritania, Morocco, Niger, Nigeria, Sao Tome &amp; Principe, Senegal, Sierra Leone, Somalia, Sudan, Togo and Tunisia</td>
<td>FTA</td>
</tr>
<tr>
<td>CEPGL</td>
<td>Communaute Economique des Pays des Grand Lacs</td>
<td>1976, standstill since 1994</td>
<td>Rwanda, Burundi, DR Congo; based in Rwanda</td>
<td>Full economic union</td>
</tr>
</tbody>
</table>

24 See for example Economic Commission for Africa (ECA) (2002)
<table>
<thead>
<tr>
<th>Name</th>
<th>Full Name</th>
<th>Duration</th>
<th>Member states/HQ</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa; followed PTA</td>
<td>Since 1993</td>
<td>Burundi, Comoros, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Swaziland, Uganda, Zambia, Zimbabwe; based in Lusaka (Zambia)</td>
<td>Full economic union</td>
</tr>
<tr>
<td>EAC</td>
<td>East African Community (Built on colonial roots)</td>
<td>1967-1977, re-established in 1999</td>
<td>Kenya, Tanzania and Uganda, joined in 2007 by Rwanda and Burundi</td>
<td>Full economic union</td>
</tr>
<tr>
<td>ECOWAS</td>
<td>Economic Community of West African States</td>
<td>Since 1975</td>
<td>Benin, Burkina Faso, Cote d’Ivoire, Gambia, Ghana, Guinea, Cap Verdes, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo; based in Abuja, Nigeria</td>
<td>Full economic union</td>
</tr>
<tr>
<td>FLS</td>
<td>Front Line States</td>
<td>1974-1991</td>
<td>Angola, Mozambique, Tanzania, Zambia and (from 1980) Zimbabwe</td>
<td>Informal cooperation</td>
</tr>
<tr>
<td>IGAD</td>
<td>Intergovernmental Agency for Development (successor to the Intergovernmental Authority on Drought and Development (IGADD) 1986-1996)</td>
<td>Since 1996</td>
<td>Ethiopia, Somalia, Djibouti, Sudan, Kenya, Uganda; Eritrea joined in 1993 and suspended its membership in 2007; based in Djibouti</td>
<td>Full economic union</td>
</tr>
<tr>
<td>NBI</td>
<td>Nile Basin Initiative</td>
<td>Since 1999</td>
<td>Egypt, Sudan, Ethiopia, Uganda, Kenya, Tanzania, Burundi, Rwanda, the Democratic Republic of Congo and Eritrea</td>
<td>Sectoral cooperation</td>
</tr>
<tr>
<td>PTA</td>
<td>Preferential Trade Area of Southern and Eastern Africa</td>
<td>1981-1993</td>
<td>transformed into COMESA in 1993; based in Lusaka; consisting of 18 members</td>
<td>Trade integration</td>
</tr>
<tr>
<td>SACU</td>
<td>Southern African Customs Union</td>
<td>Since 1910</td>
<td>Botswana, Lesotho, Namibia, Swaziland and South Africa</td>
<td>Customs union</td>
</tr>
<tr>
<td>Name</td>
<td>Full Name</td>
<td>Duration</td>
<td>Member states/HQ</td>
<td>Goal</td>
</tr>
<tr>
<td>------------</td>
<td>---------------------------------------------------------------------------</td>
<td>----------</td>
<td>---------------------------------------------------------------------------------</td>
<td>-------------------------------------</td>
</tr>
<tr>
<td>SADC</td>
<td>Southern African Development Community</td>
<td>Since 1992</td>
<td>Angola, Botswana, DR Congo (since 1997), Lesotho, Madagascar (since 2005), Malawi, Mauritius (since 1995), Mozambique, Namibia, South Africa (since 1995), Swaziland, Seychelles (1997-2005), Tanzania, Zambia and Zimbabwe; based in Gaborone</td>
<td>Full economic union</td>
</tr>
<tr>
<td>UDEAC</td>
<td>Union Douaniere et Economique de l’Afrique Centrale; superceded by CEMAC in 1999</td>
<td>1966</td>
<td>Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, Gabon; based in Brazzaville</td>
<td>Customs and economic union</td>
</tr>
<tr>
<td>UEMOA</td>
<td>Union Economique et Monetaire Ouest-Africaine</td>
<td>Since 1994</td>
<td>Benin, Burkina Faso, Guinea-Bissau, Cote d’Ivoire, Mali, Niger, Senegal and Togo</td>
<td>Full economic union</td>
</tr>
</tbody>
</table>

Source: ECA (2004), own compilation

This chapter first looks at RI under colonial rule before switching to the pan-African concept and subsequent attempts at integrating Africa. In a third step, post-colonial history of RI in Africa is reflected upon briefly.
The Historical Roots: RI under Colonial Conditions
Regional integration in Africa already started in colonial times and is thus not a phenomenon of independent Africa. Although RI was not unknown in (colonial) French West Africa, it was more rigorously pursued in the British colonies. This may have something to do with the different styles of colonial rule (British "indirect rule" vs. French "incorporation") but also with the dominance and special interests of settler colonialism in some parts of the British colonial empire. We will look at the two most decisive colonial regional integration schemes for Southern Africa (SACU and CAF) in some detail in order to determine their impact on current attempts at RI in the region.

### 6.1. Southern African Customs Union (SACU)

The first attempts towards RI in Africa were made by British colonial administrations in Southern Africa and the newly formed Government of the South African Union in 1910 with the establishment of the Southern African Customs Union (SACU). SACU originally consisted of the newly independent South African Union (later called Republic of South Africa) and the three British territories Basutoland (Lesotho, colony), Bechuanaland (Botswana, protectorate) and Swaziland (protectorate). Until the 1960s, South Africa tried several times to incorporate the three territories until they became independent in 1966 (Botswana and Lesotho) and 1968 (Swaziland).

During the colonial era, the small economies of the three British colonies became totally dependent on and structurally deformed by the much bigger South African economy. In the 1960s, the three smaller members of SACU were – in terms of transport, communication but especially industrial development, investment and employment opportunities – mere extensions of the South African economy rather than independent entities. The independence of these three colonies – often referred to as the BLS states – has caused the character of RI in SACU to change.

In 1969, the SACU Treaty was renegotiated. The interest of South Africa was to bind the newly independent BLS states closely to the apartheid regime. In order to achieve this, South Africa offered a distribution formula for the income from the customs union (from duties on imports; see above chapter 4.2.) which gave preference to the BLS states. As none of the BLS-states had a strong revenue base at that stage, the income from the customs union constituted a major and thus welcome source of state revenue.\(^{25}\) The price, which especially Lesotho and Swaziland had to pay, was that of political compliance with the apartheid state in its fight against the growing tide of liberation in the region. In the view of the apartheid strategists in Pretoria, the BLS states formed the first ring of protection around South Africa; they were to become its cordon sanitaire.\(^{26}\) When the newly independent Namibia joined SACU in 1990, it also benefited from the favourable formula for the distribution of SACU-revenue. In other words, after 1969 SACU became an instrument for apartheid South Africa to buy political compliance from its neighbouring states.

---

\(^{25}\) Even in comparatively well-off Botswana, the income from the SACU Revenue Pool constituted approximately 37% of all state revenue in 1979/80: Peters (1987: 67).

\(^{26}\) Meyns (2000): 44ff
To further attach the economies of the BLS states to South Africa, the South African government compelled the smaller countries to join the Rand Monetary Union (RMU), which pegged the national currencies of the BLS states to the South African Rand. Botswana left the RMU in 1976 when its economy – based on diamonds and beef exports – had become strong enough to stand at least monetarily on its own feet.

In 1994, after a majority government under Nelson Mandela took power in South Africa, the willingness of South Africa to continue with the revenue distribution formula favourable to the BLS states and Namibia declined rapidly. It engaged the governments of the other member states of SACU in negotiations to adjust the revenue-sharing formula. However, due to the still high degree of dependency of at least three of the four members on SACU revenue with respect to their budgets their willingness to accept a less favourable deal was rather low. A new SACU Treaty was only agreed upon and signed in 2002.

While the trade policy instruments did not change much, SACU became, in total, more democratic after 2002. For example, the power to set tariffs was removed from the South African Board of Tariffs and Trade to the newly established SACU Tariff Board. Another innovation was the establishment of six new SACU institutions. In the past, all institutional support for SACU was provided by South Africa and no separate SACU institutions existed. The new SACU Treaty established the following institutions:

- the Council of Ministers as the supreme decision-making body;
- the Tariff Board consisting of experts from member states which makes recommendations to the Council of Ministers on tariff levels and other trade related issues;
- the Commission, which is responsible for the implementation of the SACU Agreement and decisions of the Council;
- the Secretariat based in Windhoek (Namibia) and responsible for the administration of SACU.
- Technical Liaison Committees in the fields of agriculture, trade and industry, transport and technical matters, which assist the Commission;
- an ad hoc Tribunal, which is tasked with settling any arising disputes in SACU.

Further, a new formula of revenue distribution was agreed upon under the new agreement. Instead of sharing a fixed percentage of all duties amongst the four smaller economies, the new formula takes into account their socio-economic performance and developmental needs. 27

However, the problems of competing membership in various other regional integration bodies such as SADC and COMESA remained unresolved. Namibia terminated its COMESA membership in 2004 partly because of conflicting regulations between SACU and COMESA. 28

---

28 Hofmeier (2004): 214
6.2. The Central African Federation (CAF)

While SACU has its roots in colonial times but continues to exist and function until today, the other major colonial attempt to establish a regional integration scheme – the Central African Federation (CAF) – did not survive the end of colonialism. It existed between 1953 and 1963 between the then three British colonies of Southern and Northern Rhodesia (later Zimbabwe and Zambia) and Nyasaland (later Malawi).

In contrast to other RI bodies that were formed in Africa at later stages, the CAF was in character a federal body with a number of institutions and regulations. CAF was to some extent an early and rather artificial attempt to establish a supranational body. However, as it was a construction forced on the majority of the people by a ruling settler minority, it never had a real chance to flourish and last.

In fact, its mere existence stirred the anti-colonial resistance especially in Northern Rhodesia and Nyasaland. CAF became a rallying point for the liberation movements in those colonies as they perceived the federation as an instrument to benefit the white settler colony in Southern Rhodesia. Costs and benefits of the federation were unequally distributed between the three members, benefiting predominantly Southern Rhodesia. While Nyasaland was treated as a reserve for cheap labour, the considerable income from the booming copper mines of Northern Rhodesia was to a large extent utilised for the further development of the Southern Rhodesian infrastructure and industry.

The dominance of Southern Rhodesian settler interests in the federal parliament and administration assured that the revenue from the customs union and Northern Rhodesian mines went to a great extent into the development of the settler colony at the expense of the other members. This was symbolised strongly by the building of the Kariba Dam on the Zambezi River, which was financed mainly by the income from the Northern Rhodesian copper mines. The competing Kafue Dam project close to the Northern Rhodesian capital Lusaka was, however, rejected although it would have fitted Northern Rhodesia’s interests much better.

With the granting of independence to Northern Rhodesia and Nyasaland in 1964, CAF lost its political and economic basis and was quietly put to rest.

6.3. Conclusion

In Southern Africa, RI already had its roots in colonial times. Both major attempts, SACU and CAF, however, tainted the idea of RI due to their instrumentalisation for preserving

---

29 Ki Zerbo, Joseph (1981)
30 A substantial percentage of adults were forced through heavy tax burdens (‘hut tax’) to look for work for instance in the mines of Northern Rhodesia.
31 According to Green/Seidman (1969), Southern Rhodesia accounted for 56% of all investments during the federation period and even for 75% of all investments into the manufacturing industry.
32 Hazlewood 1967: 217
and/or serving the interests of (racist) minority regimes. This might be seen as one of the reasons why it took so long for RI to take root in the region again. Moreover, when it did (see chapter 8.), it took into consideration the lessons learned from the colonial attempts at RI.
Pan-Africanist Attempts at Regional Integration: from OAU to AU
Many of the first leaders of independent African states such as Kwame Nkrumah (Ghana), Sekou Toure (Guinea) or Julius Nyerere (Tanzania) were influenced by pan-Africanist ideas. For them, the liberation from colonial rule was thus not just a national task, but a continental one. Nkrumah’s slogan “Africa must unite” was never forgotten and was recalled in a timely fashion by former South African President Thabo Mbeki in 2002 during his speech at the inauguration of the African Union (AU). Pan-Africanism, despite its illusiveness in practical politics, remains to the present day an important part of the identity of the African elites and an engine for continuous attempts to unite Africa. It was the main ideological concept behind the formation of the Organisation of African Unity (OAU) in 1963 and it is still influencing the policies of its successor, the AU.

7.1. Pan-African dreams of integration: the OAU

The Organisation of African Unity (OAU) was established in 1963 – at the height of decolonisation – in Addis Ababa, Ethiopia. Eventually all 53 independent states of Africa became OAU members. In 2002, the OAU was transformed into the African Union (AU).

The OAU was predominantly a political body, formed by 30 heads of state as a compromise between a radical socialist group of countries (the so-called Casablanca Group) and a more conservative alliance (the so-called Monrovia Group). Instead of a supranational body (United States of Africa), the OAU ended up as a loose-knit organisation whose main aims according to the OAU Charter were:

1. Unity and solidarity amongst African states;
2. Coordination of intra-African and international cooperation;
3. Protection and defence of the sovereignty, territorial integrity and independence of its member states (but not being a defence treaty);
4. Overcoming all forms of colonialism;

The long-dominating issue of liberation from colonial rule came to an end in 1994 when South Africa for the first time elected a democratic government. That together with upholding the principle of guaranteeing the established (colonial) borders can be regarded as the biggest achievement of the OAU. Apart from these two issues, the OAU activities exhausted themselves in the adoption of non-binding declarations. The weakness of the OAU became visible particularly during the Rwandan genocide, when an African intervention to protect the Tutsi and moderate Hutu could not be organised.

For most of its existence, the OAU has been preoccupied with pan-African ideas of African unity heavily influenced by some of its dominant founding fathers such as Kwame Nkrumah of Ghana and Sekou Toure of Guinea. Their dream of the United States of Africa never really died despite the sobering realities on the ground (disintegrating states,
genocides and an increasing number of internal and interstate conflicts and wars). It has been resurrected by Libya's Muammar al-Gaddafi in 1999 and was intensively discussed in recent years as one of the strategic objectives of the African Union.\textsuperscript{19}

Concerned mainly with political issues, the OAU left the economic field to a UN-institution, the \textit{Economic Commission for Africa} (ECA). The ECA was the main author of the Lagos Plan of Action (1980), which was the first pan-African concept for economic integration. It foresaw the establishment of a common African market by 2000.

When it became apparent that this was by no means achievable, the OAU, with the support of ECA and the \textit{African Development Bank} (AfDB), agreed on the Abuja Treaty in 1991, which foresees the establishment of an \textit{African Economic Community} (AEC) by 2025.\textsuperscript{34} The Treaty entered into force in 1994 after two thirds of the OAU member states had ratified it. The Abuja Treaty envisages a six-stage process towards the creation of a continent-wide economic union strongly rooted in the neoclassical approach towards RI.

\textbf{Text box 7.1.: The Phases of Achieving the AEC}

<table>
<thead>
<tr>
<th>Phase</th>
<th>Objective</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Creation of regional blocs in regions where such do not yet exist</td>
<td>until 1999</td>
</tr>
<tr>
<td>2</td>
<td>Strengthening of intra-REC integration and inter-REC harmonisation</td>
<td>until 2007</td>
</tr>
<tr>
<td>3</td>
<td>Establishing of a free trade area and customs union in each regional bloc</td>
<td>until 2017</td>
</tr>
<tr>
<td>4</td>
<td>Establishing of a continent-wide customs union and thus also an FTA</td>
<td>until 2019</td>
</tr>
<tr>
<td>5</td>
<td>Establishing of a continent-wide African common market</td>
<td>until 2023</td>
</tr>
<tr>
<td>6</td>
<td>Establishing of a continent-wide economic and monetary union (and thus also a currency union) and pan-African parliament</td>
<td>until 2028</td>
</tr>
<tr>
<td>7</td>
<td>End of all transition periods</td>
<td>Latest by 2034</td>
</tr>
</tbody>
</table>

Source: ECA (2008a):29

In 2001, at a summit of the heads of state in Lusaka (Zambia) the majority of African states agreed to transform the OAU into the AU.

\textsuperscript{33} Sturman (2007)
\textsuperscript{34} Later adjusted to 2034 as the final date of all transitions to the AEC.
7.2. The African Union: ‘old wine in new bottles’ or a genuinely new approach?

The African Union was officially established in 2002 at a summit in Durban (South Africa). Despite generous offers from Libya’s Muammar al-Ghaddafi, it was decided to leave the seat of the AU in Addis Ababa (Ethiopia).

The major difference between OAU and AU lies in AU’s mandate regarding the continental security architecture. Whereas the old OAU insisted on total sovereignty of African states and persevered on a non-intervention approach, the AU – in the light of the genocide in Rwanda and the collapse of states in Liberia, Sierra Leone and, most pronounced, Somalia – agreed on the principle of “responsibility to protect”, which can even mean the right of the AU to restore peace and stability if legitimate order is seriously threatened or overthrown.35

However, there is also a noticeable change with regard to economic integration, facilitated by the realisation that for Africa to unite political integration alone is insufficient and needs to be supplemented by economic integration. The ideas of the Abuja Treaty are forming the prevailing concept for economic integration in Africa. The AU is assisted in this by the ECA, which started in 2002 to produce regular assessments of the state of economic integration in Africa.36

The AU considers eight of more than 20 existing regional integration schemes in Africa, which cover five sub-continental regions, as the building blocks for the African Economic Community (AEC).37 These are:

- CEN-SAD in the Northern part of Africa
- COMESA in the Southern and Eastern parts of Africa
- EAC in East Africa
- ECCAS/CEEAC in Central Africa (including CEMAC)
- ECOWAS in West Africa (including UEMOA)
- IGAD in Eastern Africa (Horn of Africa)
- SADC in Southern Africa (including SACU)
- AMU/UMA in Northern Africa

35 Fandrych 2008: 2
36 While planned as an annual assessment, so far only three reports have been produced by ECA; the latest was in November 2008. See www.uneca.org
37 ECA (2008): 28ff
According to the Abuja Treaty, they will merge by 2019 to a continent-wide customs union. This will be the decisive step to reaching the stage of an African economic and monetary union after another nine years. However, before this can be achieved, some substantial obstacles have to be cleared:

- The issue of overlapping membership in two or more regional blocs has to be sorted out. According to the roadmap of the Abuja Treaty, this was to be accomplished by 2007. By the end of 2008, the process of harmonisation had just started. Some countries such as Egypt, Eritrea and Djibouti are members of at least three regional blocs (CEN-SAD, IGAD, COMESA), while others such as Swaziland belong to SACU, SADC and COMESA at the same time. Many other countries are members of at least two major regional blocs.

- Actual trade-based regional integration is making very slow progress, if any at all (see table 7.2.). This is attributed to the lack of “a strong industrial capacity to produce diversified manufactured goods for trade within regional markets”. If there are no goods to trade, how can countries engage in successful regional integration?

- Doing business in Africa is still rather expensive “due in part to infrastructure gaps, duplicative border procedures and cumbersome paper requirements”. This means that even those (few) goods being traded within African FTAs or customs unions are

---

38 ECA (2008): 29
39 ibid.
traded at considerably higher costs than necessary, making such trade less lucrative and attractive.

- With a few exceptions, African currencies are not convertible to each other, forcing many countries to use the U.S. Dollar or the Euro as the currency for even intraregional trade.

Thus the latest assessment report by ECA on RI in Africa (2008) comes to the conclusion that “outcomes of decades of experimentation with integration in Africa have on balance remained modest.” However, despite this assessment, as compared to previous decades under the OAU the AU has attached a new emphasis to economic regional integration and gave new impetus to the old objectives of the Abuja Treaty regarding the establishment of an African Economic Community. In October 2008, leaders from COMESA, EAC and SADC countries agreed at a meeting in Kampala (Uganda) on the principle of creating a unified free trade area. As far as economic integration in Africa is concerned, the AU has not just relabelled the old concepts but has made some – albeit modest – progress in terms of regional integration with the assistance of the ECA.

### 7.3. The New Partnership for Africa’s Development (NEPAD)

One feature that has given RI, under the auspices of the AU, a new dynamic and legitimation is the New Partnership for Africa’s Development (NEPAD). Launched on the initiative of former South African President Thabo Mbeki together with former Nigerian President Olusegun Obasanjo and Senegalese President Abdoulaye Wade, NEPAD was still adopted by the old OAU and awarded the status of an AU organ at the inaugural meeting of the AU in Durban in 2002. It can be described as not just a new regional integration programme, but rather a mechanism to make better use of existing ones.

As an organ of the AU, NEPAD has its own Secretariat which, in the beginning, was conspicuously South African (location in Midrand; South African Director-General) but started to emancipate itself after some years. In 2005, a Mozambican chief executive (Firmino Mucavele) was appointed. He resigned in 2008 and was succeeded in 2009 by the former Niger Prime Minister Ibrahim Hassane Mayaki as the Chief Executive.

NEPAD has conceptual roots both in Pan-Africanism and the concept of “African Renaissance” as developed by Thabo Mbeki. It can be regarded as the amalgamation of various ideas and concepts discussed in the second half of the 1990s of how to give Africa’s

---

40 ECA (2008): 29
41 The Daily Monitor (Addis Ababa), October 29, 2008
development a new impetus. They all centre on the need to provide Africa with an enabling modern infrastructure (transport, communication, energy, education, health, etc.) which should be financed by Western donors (G8) in order to achieve an annual growth rate of 7%. According to the NEPAD Secretariat, this would cost USD 64 billion annually. The deal proposed by the AU and NEPAD was to offer the assurance of good governance and promotion of democracy against the funding of the proposed projects. However, it remained unclear as to which institution – NEPAD Secretariat, UNECA or the African Development Bank – would devise and handle the infrastructural projects. As a result, donors remained reluctant to commit themselves and so far little has been realised in terms of these grand plans.

Despite the rather unimpressive performance of NEPAD with regard to raising funds for infrastructural projects, one of its features has raised hopes that Africa really means business with regard to NEPAD: the African Peer Review Mechanism (APRM). The APRM is the attempt of African governments to institutionalise a regular, independent and constructive assessment of their political and socio-economic development (although participation is voluntary). Once governments have signed the APRM, they are obliged to conduct a first round of self-assessment before a team of eminent African experts (peers) undertakes the actual review by consulting representatives from all major stakeholder groups in society including civil society. So far, seven countries have undertaken the peer review: Ghana, Rwanda, Kenya, Uganda, Algeria, South Africa and Nigeria. The reports officially adopted at AU summits can be accessed through the internet. By mid 2008, 29 countries had formerly joined the Memorandum of Understanding of the APRM.

The assessment results and recommendations have indeed pointed out weaknesses towards the national development processes. For example, in Ghana the low representation of women in politics was pointed out and in Kenya, the widespread evidence of corruption. In many instances, the recommendations of the APRM are very similar to those of the World Bank, which facilitated ‘Poverty Reduction Strategy Papers’ (PRSP). However, they are far more acceptable to the respective governments as they are the result of a genuine, national and voluntary assessment and not of an externally enforced one. It has thus been argued that the recommendations of the APRMs are much more likely to be implemented than those of the PRSPs.

---

44 Obasanjo had developed the concept of a Conference on Security, Stability, Development and Co-operation in the late 1990s, while Wade had come forward with an ‘Omega’ Plan for Africa’s revival.

45 Breytenbach (2002): 176

46 The donors quickly declared that the handling of the unfolding Zimbabwe crisis after 2002 would be the litmus test for NEPAD and used the AU’s and NEPAD’s unwillingness to intervene as an excuse to remain uncommitted towards NEPAD.

Post-Colonial Attempts at Regional Integration in Africa – an Overview
One can differentiate between two waves of RI attempts in post-colonial Africa:

- The first phase started in the 1960s and petered out towards the late 1980s.
- The second phase coincided with the beginning of re-democratisation in Africa in the early 1990s and has lasted until now.

### 8.1. The first wave of RI in post-colonial Africa

The first wave of RI in Africa which had its roots in the already described pan-African dreams of African unity found its expression in the formation of the OAU and produced the Lagos Plan of Action in 1980 as its major document on the economic front. In the first years after independence, most African governments showed little or no interest in RI as the consolidation of their fragile new states had absolute priority, and the painful memories of forced RI under colonial rule were still too fresh.

Thus, there are few examples of RI to mention for this phase. The most important ones were the East African Community (EAC) from 1967-1977, the Economic Community of West African States (ECOWAS) since 1975 and the Southern African Development Coordination Conference (SADCC) from 1980-1992. Apart from the EAC, other RI attempts only had limited success as on the one hand they did not reflect the political priorities of their member states sufficiently, and on the other hand they took place during a period of severe economic crisis in Africa.\(^4\) However, the EAC was the only RI officially dissolved in 1977 due to insurmountable differences between the member states.


The original EAC consisted of Kenya, Uganda and Tanzania. It had its roots in the colonial period (customs union in 1917; East African High Commission in 1948), which also continued after independence and formed the basis for the official establishment of the EAC in 1967. The EAC had a number of features which made it one of the most promising attempts at neoclassically inspired RI in Africa:

- The formation of regional identity through two common languages. While English was the generally accepted official language, the regional language ties were even further enhanced by the wide acceptance of Swahili as the region’s colloquial language.
- The existence of joint regional service providers in banking (East African Development Bank), air traffic, railways, post & telecommunication, and harbour services.

---

\(^4\) Starting with the first oil-crisis in 1974, many African countries fell into the debt trap and had by the early 1980s entered into IMF-orchestrated structural adjustment programmes which had disastrous socio-economic effects and led to a de-industrialisation of African countries.
• Regional political institutions in the form of the East African Legislative Assembly and the East African Council of Ministers.

• Close infrastructural ties with a road and railway network that interconnected the region (Uganda and Kenya in particular).

Despite all the favourable conditions, the EAC did not last longer than ten years, mainly due to the following reasons: 49

• The Kenyan economic domination mainly based on the large investments into the manufacturing industry during colonial times, which led to large deficits for Uganda and Tanzania in intraregional trade.

• The gradually deepening perception in Uganda and Tanzania of an unequal distribution of costs and benefits of integration in the absence of any mechanisms to balance them.

• Divergent ideological convictions between Kenya (firmly pro-capitalist and Western oriented) and Tanzania (socialist ‘ujamaa’ orientation and leadership role in the Non-Aligned Movement).

• National economic policies of import substitution which run contrary to the requirements of a customs union and led to the introduction of non-tariff trade barriers (NTTBs).

• The political animosities after Idi Amin took over power in Uganda in a coup d’etat in 1971, especially between the Tanzanian President Julius Nyerere and the Ugandan dictator.

Particularly the Kenyan dominance and the political divisions resulted in the paralysis of the regional administration and its various service providers. In 1977, after the border between Kenya and Tanzania was closed, the EAC was officially dissolved. With the EAC, one of the main attempts at RI based purely on neoclassical ideas failed. This had repercussions for future attempts at RI, especially in Southern Africa.

8.1.2. Case Study B: The Economic Community of West African States (ECOWAS)

ECOWAS was established in 1975 and consisted then of 15 Anglophone and Francophone states; it was revamped in 1993 after a long period of inactivity and insignificance. 50

The initiative for the formation of ECOWAS came from Nigeria and Togo and was motivated mainly by political reasons:

• Competing hegemonic interests in the region not only pitted Nigeria against the Francophone Cote d’Ivoire but also Cote d’Ivoire against Senegal. Nigeria hoped to ascertain a dominant role with the support of Francophone Togo.

• Togo needed political support from Nigeria in simmering conflicts with Ghana, Benin and Burkina Faso.

49 Mair/Peters-Berries (2001): 88f
50 Mair/Peters-Berries (2001): 185ff
Furthermore, the hope of the Francophone countries to participate in the sudden Nigerian oil-based wealth of the mid-70s smoothened the way for the formation of ECOWAS. In the beginning, ECOWAS aimed mainly at RI through economic means. Another facilitative factor was the prevailing interest of the region’s leaders to intensify South-South cooperation.

ECOWAS never lived up to its promises in the first phase of its existence predominantly due to the following reasons:

- Divergences between Anglophone and Francophone member states in terms of culture, language, institutional set up and political orientation;
- Increasing political instability of the region with several coups and civil wars;
- Economic decline of Nigeria in the late 1970s, which prevented it from being the much needed economic engine for RI;
- Insufficient economic diversity and immense divergences in terms of wealth between the member states.

Despite these significant impediments to deeper RI, ECOWAS was going through a stage of revitalisation in the early 1990s. This culminated in 1993 into a revised treaty, which adopted the principle of variable geometry, increased the importance of peace, stability, human rights and democracy as well as decisions made at the ECOWAS summits (see also chapter 8.2).

8.1.3. Case Study C: The Southern African Development Coordination Conference (SADCC)

SADCC was formed by nine Anglophone and Lusophone states in 1980 immediately after the independence of Zimbabwe. In 1990, Namibia became the 10th member of SADCC. In 1992, SADCC was transformed into SADC.

SADCC was established on the initiative of the Front Line States (FLS) with the aim of breaking the economic power South Africa held over many of its neighbours in Southern Africa and in order to strengthen the ongoing liberation struggle in South Africa itself. The leaders of the FLS and prospective SADCC countries had realised three important issues:

1. The political struggle for liberation needed an economic fundament to be successful. The mineral-rich landlocked countries of Botswana, Zambia and Zimbabwe had to route their external trade mainly through railway lines connected to South

---

51 West Africa is Africa’s most volatile region as far as coup d’etats and violent regime changes are concerned. It has had, at least in Africa, the highest number of such unconstitutional regime changes for the last 40 years.

52 The major source of economic income is the exploitation of either mineral or agricultural raw materials, which are not processed in the producing countries but exported in a stage of low value.

53 Founded in 1975 after the collapse of the Portuguese colonial empire in Africa and consisting of Botswana, Tanzania, Mozambique, Zambia, Angola and in 1980 Zimbabwe, the FLS dispersed when both Namibia and South Africa were liberated in the 1990s.
African harbours. In order to reduce this economic vulnerability, SADCC aimed at renovating the railway lines to Mozambique and Angola as well as their harbours (Maputo, Beira, Nacala in Mozambique and Luanda and Lobito in Angola). The rebels in Mozambique and Angola, however, supported by South Africa among others, were able to destroy the link to Angola and interrupt the rail links to Maputo and Nacala; only the so-called Beira Corridor was kept open with massive support from the Zimbabwean army.

2. In order to integrate economically, a basic foundation in the form of intraregional infrastructure and institutions was necessary. Thus, SADCC focused strongly on transport links (including harbours), intraregional energy and water supply as well as on building up a regional strategic food reserve.

3. RI in Southern Africa did not have a realistic chance without getting the donor community involved. Consequently, the SADCC leaders lobbied for donor support for their various projects from the very beginning. Particularly the Scandinavian countries, the EU, but also the Netherlands, the UK, the USA and Germany provided substantial funds during the 12 years of SADCC’s existence.

SADCC chose a careful cooperative approach to integration very much in line with neo-functionalist thinking and avoided the typical pitfalls of other African RI attempts: to aim at achieving too much too fast without the required resources and commitments. The probably most surprising thing about SADCC was that despite the sometimes fundamental political differences and deep-rooted personal animosities of the leaders, the overarching consensus amongst all governments was that without reducing the economic vulnerability towards South Africa, no effective support for the liberation struggle both in South Africa and Namibia was possible. Moreover, even such conservative regimes as that of Hasting Kamuzu Banda in Malawi could not afford to be seen as being against the liberation struggle.

However, SADCC never fully realised its potential due to the destabilisation policy (see Text Box 8.1.) of apartheid South Africa and a host of practical and conceptual problems:

---

56 Until early 1997 – four years after SADC took over from SADCC – the regional body had received approximately 3.9 billion USD from donors for regional projects. See Peters-Berries/Marx (1998): 68
57 As for example between the socialist-oriented allies of the Soviet Union such as Mozambique and Angola and the pro-Western market-oriented countries like Botswana, Malawi and Swaziland.
58 Zimbabwe’s Robert Mugabe and Zambia’s Kenneth Kaunda for example had clashed during the Zimbabwean liberation struggle, when Kaunda had openly supported and favoured Mugabe’s rival Joshua Nkomo. This burdened the relationship between these leaders for nearly the whole period of SADCC’s existence until Kaunda lost power in elections in October 1991. Likewise, the relationship between several regional heads of state and Malawi’s Hasting Kamuzu Banda was strained due to the latter’s support for the Mozambican rebels of RENAMO, assassinations and kidnapping of Malawian opposition politicians in and from Zambia and his rather friendly relationship with South Africa.
The request for donor support for the funding of the infrastructural projects was certainly a pragmatic necessity when SADCC started but it developed into a donor dependency, which in the end hampered if not paralysed the efforts of member states to mobilise and provide their own resources for strengthening regional cooperation and integration. In fact, in some cases, the most important reasons for SADCC membership seemed to be the possible access to additional donor funding and no longer the idea of liberalisation and regional integration.

SADCC countries had very similar production and thus trade structures. With the exception of Zimbabwe, no other SADCC member state had a manufacturing industry worth mentioning. The production and export of unprocessed raw materials dominated the structure of the economy in most other countries (see also table 5.3.). The potential for intraregional trade was thus weak. Expanding the transport sector to reduce the dependency on South Africa was thus cementing the unequal incorporation of the SADCC countries into the world market with the potential to deepen the already existing dependency patterns.

Most SADCC countries had problems to ensure the functional and even territorial integrity of their states. As a consequence, the primacy of national sovereignty prevailed over the interests of regional cooperation. For example, the SADCC Food Security Unit, which was based in Harare (Zimbabwe), was never able to establish the intended regional food security reserve. The other member states preferred to keep or sell their agricultural surpluses rather than making them available for the region.

After Namibia had gained independence and joined SADCC in 1990, it became increasingly evident that South Africa would also have a majority-ruled government in the near future. In that case, the raison d’être for SADCC – the reduction of dependency from South Africa – would cease to exist, but it would also open new opportunities for regional integration. In anticipation of South Africa’s liberation, the leaders of SADCC decided at a summit in Windhoek in 1992 to transform SADCC into SADC, to change from a regional functional cooperation concept to a trade-based regional integration model.

Text box 8.1.: South Africa’s Destabilisation Policy Towards SADCC

The apartheid government of South Africa under Pieter Willem Botha (South African Prime Minister from 1978-1989) pursued an aggressive policy against its neighbours in order to defend its minority regime and prevent the neighbouring states from providing assistance to the South African liberation movements ANC and PAC.

The Botha administration developed the ‘total strategy’ in order to ward off the ‘total onslaught’ on apartheid both from internal and external forces. It was the attempt to modernise apartheid in order to enable it to survive in an increasingly antagonistic regional and international context. The strategy included the concession that this was not possible with military oppression only, but it also required the use of diplomatic, economic and socio-psychological means. The total strategy was centred on the security apparatus of the apartheid regime.

The total strategy had its regional expression in the concept of the ‘Constellation
of Southern African States’ (CONSAS). When it was announced in 1979, it was meant to counter the already discernable attempts of the FLS to create SADCC and divide the region. CONSAS was supposed to also include, apart from South Africa, the so-called ‘Bantustans’ (the pseudo-independent homelands of South Africa) as well as the BLS states and Malawi. Even Zambia and Zimbabwe were earmarked as potential members. The strong economic dependency of the BLS-states and Malawi coupled with the economic ‘blackmailing’ potential concerning the landlocked countries Zambia and from 1980 onwards Zimbabwe were meant to serve as integrating mechanisms. The objective of CONSAS was to replace the previous buffer zone of white-ruled regimes and colonies (Angola, Mozambique and Rhodesia) with a belt of dependent African states which would prevent the liberation movements to launch attacks against South Africa. The idea, however, did not find any support even amongst the conservative African regimes in Malawi and Swaziland, and CONSAS remained a stillborn concept.

After the failure of CONSAS, the establishment of SADCC was regarded by apartheid South Africa as a potentially deadly challenge. South Africa’s new approach was to prevent SADCC from establishing new transport routes avoiding South African harbours. To achieve this, South Africa fuelled already simmering rebellions to develop into full-fledged civil wars in Mozambique and Angola by giving military, logistical and training assistance to rebel movements in these countries (RENAMO and UNITA) and later, to some extent, dissidents in Zimbabwe (the so-called ‘Super-ZAPU’). The aim was to force these countries to enter into special relationships with South Africa.

In the case of Mozambique, this led to the signing of the Nkomati Accord in 1984, which compelled both governments to stop all attacks from their respective territories against the neighbour and also not to support attacks from a third country against their countries. In essence, the Nkomati Accord was a document of surrender from Mozambique, whose government had lost control over most of its territory, faced a deep humanitarian crisis and hardly had any resources to keep on fighting the South African-backed rebellion in its hinterland. However, despite the promises made in the Treaty, South Africa kept on supporting the RENAMO rebels who now operated from bases in Malawi; thus, the Mozambican government was unable to recover. The RENAMO operations disabled Mozambique’s economy, which had always been based on service provision (railway lines, roads, oil pipeline and harbours) and the production of electricity from the huge Cabora Bassa dam, by cutting or disrupting major railway links, isolating harbours and destroying the electricity grid. In 1990, international pressure and a new, more pragmatic Mozambican government led to peace negotiations in Rome, which allowed democratic elections – in which RENAMO participated – to take place in 1994. They ended with a victory for the ruling MPLA but left RENAMO in a strong opposition role.

In Angola, the South African-backed rebels of UNITA were unable to destabilise the MPLA government because of the massive Cuban support of the Angolan government. However, UNITA managed to destroy the railway link to the Zambian Copperbelt and the Katanga province of (then) Zaire and hold on to large tracts of
The examples of the first wave of RI in Africa at first demonstrated little awareness of possible problems. Only the last of the major RI schemes of the first phase – SADCC – showed a greater awareness of the practical problems which can afflict RI. SADCC started deliberately not as an integration endeavour but as a less demanding cooperation scheme. What made SADCC stand out further was its pronounced political motivation and attempt to utilise regional cooperation and integration for developmental purposes. The awareness of the need of a political basis for regional integration also arose in ECOWAS but only at a later stage and then formed the basis of reforms which put ECOWAS back on track for RI.

The earliest of the attempts reviewed in this chapter, the EAC, was still too rooted in colonial structures, and its leaders were too unwilling to agree on compensation schemes to succeed, although the physical and institutional preconditions were the most favourable for RI. It seems, however, as if the Tanzanian leadership under Julius Nyerere learned its lesson and was able to transfer its insights from the failure of the EAC in 1977 in the process of establishing SADCC.

Sources: Hanlon (1986); Kühne (1985); Martin/Johnson (1986); Green/Thompson (1986); Peters (1987), Meyns (2000)
It also became apparent from the three examples of RI until the beginning of the 1990s that

- the expectations of the participating countries were too high both in terms of the speed and depth of integration;
- the economic basis for RI was in most cases insufficient as the production and trading structures were too similar;
- national political interests regarding state consolidation and preservation of political power by far outweighed the willingness to give up even the smallest degree of national sovereignty.

8.2. The second wave of RI in post-colonial Africa

Most of the existing RI bodies in Africa were either performing rather disappointingly or were being blocked in their development towards the end of the 1980s. The consternation over the many unfulfilled promises, however, did not last long and by 1989/90 a new surge for regional integration set in. This was predominantly facilitated by new international and regional framework conditions:

- The end of East-West conflict symbolised by the fall of the Berlin Wall in November 1989 not only ended the many proxy wars in which African countries were supported by either the USA (and some other Western countries) or the Soviet Union (and some of their allies) but also undermined a number of authoritarian regimes in Africa, making them ‘vulnerable’ to democratic demands.
- A second wave of worldwide democratisation, which in 1989 (Namibia) and 1990 (Benin and Zambia) also reached Africa. The new ‘democracies’ were more open to regional cooperation (in order to solidify democracy) and less concerned with inward-looking state consolidation efforts than their one-party, authoritarian predecessors.
- The IMF-enforced liberalisation of most African economies not only led to the collapse of many inefficient parastatal or state-subsidised companies but also allowed greater economic convergence between previously divergent regimes. State-controlled planned economies survived only in few countries; the overwhelming majority adopted a free-market approach, which made it easier to enter into regional integration efforts.
- Despite the rapid ‘redemocratisation’, the number of violent conflicts (both internal and interstate) increased. The need for new approaches towards peace building became apparent and influenced leaders especially in West Africa to reform the existent but mostly ineffective RI bodies such as ECOWAS.

From the beginning, the new phase of RI efforts was more political than the previous ones as it recognised the importance of political will to integrate, underscored the importance of the adherence to democracy, good governance and the rule of law, and to some extent also pursued political goals as an RI body. RI schemes after 1990 are moreover characterised by an increasing involvement of non-state actors such as civil society organisations, trade unions, employer associations, etc. in the integration process.

The most relevant examples of the second wave of RI in Africa are:
- the Common Market for Eastern and Southern Africa (COMESA)
- the new East African Community (EAC)
- the rejuvenated Economic Community of West African States (ECOWAS)
- the new Southern African Development Community (SADC)

### 8.2.1. COMESA

COMESA is probably the most conventional amongst the new RI bodies that sprung up in the 1990s. It is the successor to the mainly ineffective Preferential Trade Area for Eastern and Southern Africa (PTA), which was established in 1982 under strong support of the UN Economic Commission for Africa (UNECA), which also played a leading role in PTA's transformation into COMESA in 1993.

COMESA’s biggest problem is its artificial character as a regional body. It combines 21 countries from the far north (Egypt) and far South (Swaziland) of Africa which have little if anything in common. The region covered by COMESA houses three other major regional bodies, i.e. SADC, EAC and IGAD, of which the member states are not always also members of COMESA. This makes it very difficult for COMESA to be accepted as a kind of regional superstructure. Especially with regard to SADC, the problems arising from an overlapping membership have led five countries (Angola in 1996, Mozambique and Lesotho in 1997, Tanzania in 2000, Namibia in 2004) to leave COMESA. South Africa never showed any interest in joining, a fact that undermined COMESA and gave SADC an additional push.

If the willingness of member states to pay their membership fees and contributions is an indicator for the seriousness of an RI approach, COMESA is one of the less promising attempts. According to the second assessment report on regional integration in Africa by the UNECA and AU from 2004, the rate of collected membership contributions in COMESA in the latter half of the 1990s was rather low.\(^6\)

**Integration progress**

1. **Trade integration:**

   The commitment level in COMESA is still rather low as the benefits of the membership remain hypothetical for many countries. In the beginning, only the most industrially advanced member states such as Kenya and (until 2000) Zimbabwe were able to realise some of the opportunities of the free trade arrangements in COMESA. Intraregional trade in 2000/2001 was below 6% of the overall trade of the member states. By 2005, intraregional exports in COMESA had increased to 8.7% and the intraregional imports

---

\(^6\) UNECA/AU (2004): 44ff
to 11.1% (UNECA/AU 2008:35). This was close to the average of intraregional trade of all African RI schemes but still small and cannot be regarded as a basis for accelerated and deeper RI. In 2000, COMESA officially created a free trade area, but only nine of its member states were able and willing to participate. The originally envisaged introduction of a customs union for 2004 was postponed to 2008 but never materialised. It remains unclear when the customs union will be implemented at all.

2. **Free Movement of people:**
The free movement of people is envisaged but not yet even close to being achieved. The only case where the free movement of people is allowed is based on bilateral agreements.

3. **Transport:**
The most relevant progress made by COMESA in terms of transport arrangements was the introduction of the Yellow Card for motor vehicle insurances, which has cut down on the red tape and waiting time when crossing from one country into another. Under the auspices of COMESA, two one-stop border posts have also been set up: one between Kenya and Uganda at Mataba and one between Zimbabwe and Zambia at Chirundu. Integration in the transport sector has still not been achieved as there are no road links between many of the Northern member states of COMESA and railway links exist only in the Southern part of COMESA.

4. **Energy:**
In the energy field, COMESA is limping along. While it has facilitated the establishment of the East African Power Pool (EAPP) in the context of the EAC, South Africa and other SADC countries have shut COMESA out as far as the Southern African Power Pool (SAPP) is concerned. Especially in the energy sector, it becomes apparent that COMESA is, on the one hand, a latecomer regarding RI and, on the other hand, does not represent a cohesive region as such.

5. **Monetary integration:**
In 1984, under COMESA’s predecessor PTA, a clearing house was established which was supposed to facilitate intraregional trade by allowing participating states to balance their trade bills at the end of a year in hard currency instead of financing each and every deal with hard currency. The clearing arrangement worked for a few years but was mostly utilised by Zimbabwe and Kenya, the countries with the biggest manufacturing industries in PTA. The clearing house ran into trouble when debtor countries fell behind schedule in settling their balances and was thus subsequently abolished.

6. **Other sectors:**
In other potential RI sectors such as water, health or telecommunication, COMESA has not made much progress. The only remarkable development was the establishment of the

---

61 The concept of a one-stop border post in Africa was first developed in the context of SADC. Instead of lengthy procedures with one exit and entry at each border, checks will only be made at entry points. However, representatives of the exit country are also present at the entry point.

62 For example, the only road link between Kenya and Ethiopia is so bad and insecure that fewer than 10 cars per day pass the border at Moyale. Between Ethiopia and Sudan, between Kenya and Sudan and between the DRC and most of its neighbours no or very bad road links exist. An intraregional railway network exists only in the southern part of COMESA; in the Northern part, the few railway links are in bad repair and often only link two countries (such as Uganda and Kenya).

63 ECA/ECA 2008: 48
Association of Regulators for Information and Communication for Eastern and Southern African States (ARICEA) but since most of the other RI bodies in the area established such regulatory bodies much earlier the COMESA one has not yet had much impact.

In conclusion, COMESA suffers from an artificial design and an overlapping and competing membership with other more dynamic RI bodies such as SADC and EAC, and is too diverse and far apart for members to be able to realise regional integration in practical terms. Being a project of and supported by the ECA, COMESA will be kept alive but not have much of an impact in promoting RI. If the AU’s plan of eventually merging the regional blocs into bigger units before the African Common Market becomes a reality, COMESA might gain in relevance – but that is still a long way ahead and rather doubtful.

8.2.2. EAC

When the EAC was closed down in 1977, few people believed that it could ever be revived. Nevertheless, once the Museveni government brought political stability and economic development to Uganda and the successors of President Nyerere in Tanzania abandoned ‘ujamaa’ and embarked on a market-friendly economic approach, the obvious benefits of RI became irresistible and in 1999 the EAC was re-established.

It started with the original three member states but in 2006 accepted applications from Rwanda and Burundi. On January 1, 2005, EAC officially established a customs union.

Integration Progress

1. Trade Integration:
In the first five years of its renewed existence, EAC members exported on average 12.6% of their total exports of goods and services to other EAC members and received 18.7% of their total imports from other EAC states. While this is higher than the average of intraregional trade in African RI schemes, it is still not substantial enough to facilitate deep and intensive trade-led regional integration. It indicates that the tradable goods and services in Eastern Africa are limited, which is also underscored by observations from ECA/AU (2004), which states:

“Industrial cooperation in regional economic communities has hardly boosted production, productivity, or value added. The main reasons are weak intersectoral links and a limited range of products across countries... Overall intra-community trade in manufactures has remained low (2-7%) and in some cases has declined as a share of total trade.”

It also remains unclear how far the EAC has already moved on becoming a functioning customs union and not just an announced one. However, one crucial step forward was made in promoting intraregional trade when the currencies of Kenya, Tanzania and Uganda became freely convertible.

---

64 ECA/AU (2008): 35
65 ECA/AU (2004): 57/58
66 ECA/AU (2008): 214
2. Free movement of people:
Citizens of the EAC countries can move without visas from one member state to another. This is better than the situation in COMESA but still a long way from the ideals of regional integration, which demands the free choice of place of work and residence.

3. Transport:
The transport network in East Africa is not only underdeveloped, the existing links are often also in a state of bad repair. That applies to both the road and railway networks. Uganda’s trade fully depends on the Kenyan transport system and has no links to Tanzania. The interior of Tanzania lacks functioning links with the coastal regions although efforts are underway to build roads to link Dodoma with Dar es Salaam and the South with the North. The road network in Kenya is probably the most appalling in the EAC due to decades of negligence and corruption.

The only existing intraregional railway line is the one between Uganda and Kenya. Since it has been handed over to a private concessionary to operate it, there have been some improvements.

4. Energy:
Kenya and Tanzania have an energy deficit. Kenya intends to cover this by importing electricity from neighbouring countries with a surplus such as Ethiopia or even countries as far away as Zambia. As none of the other EAC members has any underdeveloped potential of energy in substantial quantities, the formation of the East African Power Pool (EAPP) in February 2007 may assist especially Kenya to balance its structural deficit by facilitating the import of electricity. So far, only the Owen Dam hydroelectric plant in Uganda has been providing electricity to Kenya and Tanzania.\(^\text{67}\)

5. Monetary Integration:
Based on the already existing free convertibility of the currencies of Kenya, Tanzania and Uganda, there are concrete plans to introduce a single regional currency. A study to that extent was conducted in 2006.

6. Other sectors:
EAC has made remarkable advances towards RI in one other area: since September 2006 it has an integrated regional cell phone network (operated by the private company CeTel), which allows calls throughout the region without extra roaming costs.\(^\text{68}\)

In conclusion, it can be stated that EAC has made some progress on the path of RI but is still a long way from achieving a similar intensive integration level as between 1967 and 1977. The memories and legacies of that failed attempt are still too fresh and contribute to a more careful, costs and benefits assessing approach to RI. The overlapping membership of Tanzania in SADC and that of Kenya and Uganda in COMESA will have to be addressed in order to clear the way for more intensive trade-led integration.

8.2.3. ECOWAS

While ECOWAS was not given up as EAC was in 1977, it nearly went the same way before it was rejuvenated in 1993 by redrafting its Treaty. The reforms were brought about by the change in the international framework conditions (end of the cold war, onset of globalisation, \(^\text{ibid: 46}\)

\(^{67}\) ibid: 46
\(^{68}\) ibid: 53
the redemocratisation wave reaching West Africa) and regional framework conditions (gradual withdrawal of France from its former colonies; end of military rule in Nigeria, and increasing number of civil wars threatening to spill over into other countries.\footnote{69 Mair/Peters-Berries (2001): 190ff}

The member states regard ECOWAS as a building block for the African Economic Community and as the only relevant RI body in West Africa. ECOWAS became probably best known for its (often internationally harshly criticised) military and political interventions into the civil wars in Liberia (1990-1998; 2003), Sierra Leone (1997-2000); Guinea-Bissau (1998/1999) and Cote d’Ivoire (2002/2003). In 2008, ECOWAS suspended at least temporarily the membership of Mauretania, where a coup d’etat had overthrown the rightfully elected government, and then Guinea in an attempt to force the country politically back to a democratic order.

The redrafting of the Treaty also led to the organisational reform of ECOWAS. However, instead of strengthening decision-making powers and implementation capacities, the still prevailing mistrust between Anglophone and Francophone member states necessitated several compromises. In the end, this led to an ineffective, slow and weak management structure. The only organ with real power is the “Authority”, consisting of the Heads of State of the member countries, which meets once a year and requires the full consent of all members to make a decision binding. Other organs such as the Council of Ministers, the Secretariat, the Community Parliament or the Technical Commissions do not wield much power and have been sidelined in many cases.\footnote{70 ibid: 197ff} However, ECOWAS established a compensation mechanism, probably as the only RI body in Africa to do so.

The progress of RI in ECOWAS is kept back to some degree by a number of inconsistencies:

- The clear commitment of the Treaty to democracy is called into question by several members who even today are far from being democratic (Cote d’Ivoire, Guinea, Guinea-Bissau, Togo, and Burkina Faso).

- Another major regional integration body was established (UEMOA in 1994) amongst the Francophone member states despite the claim of ECOWAS to be the only RI body for West Africa. This led to considerable irritation, which has, however, seemingly been resolved by the decision of ECOWAS to adopt the UEMOA tariff structure by the end of 2008.\footnote{71 ECA/AU (2008): 32}

- The long unresolved struggle between the Anglophone and Francophone members of ECOWAS for regional hegemony pitted Nigeria against Cote d’Ivoire. With the disintegration of Cote d’Ivoire in the aftermath of the elections in 2002, Senegal took over as the leading Francophone country. The sudden wealth from the windfall increasing oil prices since 2005, however, has put Nigeria firmly back into the driving seat as the regional leader.

- The payment morale is low amongst the member states regarding membership fees and other dues. While this has recently somewhat improved, until 2000 annual membership fees never reached more than 50% of the agreed amounts, putting the administration and implementation structures of ECOWAS under considerable financial strain.
Integration progress

In terms of sectoral regional integration, ECOWAS shows a mixed performance.

1. Trade Integration:
The intraregional export and import figures are slightly above the African average with 13.9% for exports and 15.8% for imports but not significant enough to support trade-related RI. For 2008, ECOWAS planned to adopt the tariffs of UEMOA for the whole region although it remained unclear at the time of writing whether this was fully implemented or was lagging behind schedule.

Trade integration is also hampered by the application of non-tariff trade barriers (NTTBs) notably by Nigeria, which imposed blanket restrictions on the import of certain goods.

As compared to COMESA and EAC, trade integration in ECOWAS lags to some extent behind; it appears that the strength of ECOWAS lies more in the political field than in trade integration.

2. Free movement of people:
One of ECOWAS’ objectives is the creation of an ECOWAS citizenship. Towards that end, visas were abolished and the ECOWAS passport is being promoted. So far, however, only Senegal and Benin have realigned their national passports to the agreed ECOWAS format. It needs to be seen whether Anglophone countries, especially Nigeria and Ghana, are also willing and capable of adopting the regional passport. If Nigeria does so, this might do the project a disservice as it will probably undermine its credibility given the wide-spread passport frauds involving Nigerians.

3. Transportation:
The physical integration of West Africa is by far less developed than, for example, that of the Southern African region. Due to separate colonial and post-colonial developments in the Francophone and Anglophone parts of the region and long periods of civil war in Liberia, Sierra Leone and Guinea-Bissau, neither road nor rail systems effectively link the various countries. As far as the road sector is concerned, there are efforts underway to complete the West African Highway network, to rehabilitate the national road systems in countries emerging from civil war and establish a modern and effective border post infrastructure. ECOWAS and UEMOA are so far sharing the responsibility of developing different transport corridors, with UEMOA having the more detailed and advanced transport sector development programme. ECOWAS is supporting the extension of the Nigerian railway system into Niger.

However, the major structural challenge – the connection of landlocked member states and to some extent even remote areas of coastal countries with the existing harbours – has not yet been sufficiently addressed.

4. Energy:
As in many other African regions, hydroelectric power is the main source of electricity in ECOWAS despite Nigeria’s (and in the future also Ghana’s) wealth in oil. ECOWAS

72 ibid: 34ff
73 ibid: 37ff
74 ibid: 41ff
has been promoting the establishment of joint power stations\textsuperscript{75} and established the West African Power Pool (WAPP) in 2000. Through WAPP, Ghana is able to supply electricity from its Akosombo Dam to Benin, Togo and Cote d’Ivoire.

In order to make use of the rich gas fields in the region, a gas pipeline connecting the Nigerian gas fields with Ghana, Togo and Benin was inaugurated in late 2006.\textsuperscript{76}

5. Monetary Integration:
Africa’s main experience with monetary integration was in West Africa among the Francophone countries in the form of the “Communaute Financiere Africain” (CFA), more commonly known as the CFA Franc Zone. Formalised in 1973, a joint currency was adopted – the CFA franc – which received its stability from its fixed parity with the French franc. In 1994, the CFA had to be devaluated against the French franc to keep the exports of the CFA countries competitive in their overseas markets. Since 1999, the CFA franc is pegged to the Euro. All in all, the CFA zone experienced a slightly better economic performance than the Anglophone countries in West Africa (in terms of rate of inflation and economic growth) and stability but also intensified externalisation of profits and capital flight. Despite the CFA franc being linked to the Euro, the French Ministry of Finance is the guarantor of the currency’s stability.

For ECOWAS, the existence of the CFA Franc Zone within its boundaries has thus certainly not been a problem; indeed, it might prove to be an asset once ECOWAS moves ahead with plans to introduce a regional currency.

6. Other sectors:
ECOWAS was one of the first RI bodies in Africa with a telecommunication regulatory body (WATRA) and which established direct microwave links between the region’s capitals.

In conclusion, it appears that ECOWAS receives considerable strengths from shared political ideas and values focusing on democracy and the prevention of violent conflicts. The economic and physical features of RI are improving in West Africa but still remain patchy (only linking some countries) or weak. The division of the region into Francophone and Anglophone states emanating from colonial times has still not been overcome and may be one of the major obstacles on the way to achieving deeper RI in the future.

8.2.4. Conclusion

The second wave put RI in Africa into a more realistic framework, recognised the many existing obstacles and stimulated a new Pan-African approach towards integration, which culminated in the formation of the AU in 2002. The examples of three major regional integration attempts show that many of the RI objectives are still very much declarations of intention rather than realistic goals or even policies because the major integration mechanism – intraregional trade – is still too underdeveloped to provide an integrating stimulus.

\textsuperscript{75} So far, there are two such power stations: the Nangbeto hydroelectric station (65 MW) between Benin and Togo and the Manantali hydroelectric power station (200 MW) between Mali, Mauretania and Senegal. An additional such power station is under construction between Benin and Togo at Adjarala (96 MW): ECA/AU (2008): 46
\textsuperscript{76} ibid.: 46ff
The examples as well as the concept of NEPAD indicate that African leaders have understood the important role of physical integration at a functional level. Without the technical infrastructure in the form of roads, bridges, railways, electrical grids, communication systems, educational and research institutions as well as financial services, the potential for intraregional trade can be neither realised nor developed further.

The plans of the AU to establish an African Economic and Monetary Union within the next 20 years look optimistic but even if not fully realised, they provide direction and stimulation for the existing RI bodies to deepen their integration efforts.
The Southern African Development Community (SADC)
The assessment of RI in Africa since 1990 has left out the Southern African Development Community (SADC) as we will look at this endeavour more closely. SADC has been labelled the most successful and promising attempt regarding RI in Africa. The next two chapters will evaluate if this claim is true.

MAP 9.1. The SADC Region

9.1. Origins, Objectives and Organisational Development

Established in 1992 at a summit of its predecessor SADCC, the new SADC can be regarded as the anticipation of the political changes in the region as well as of the economic opportunities opening up. SADC became possible because of the end of apartheid and thus the cessation of economic destabilisation in the region. The ‘Windhoek Treaty’ (see Text Box 9.1.) agrees on five – mainly political – principles which provide the framework for a long list of mostly economic and development-oriented objectives.
ARTICLE 4: PRINCIPLES

SADC and its Member States shall act in accordance with the following principles:

a) sovereign equality of all Member States;

b) solidarity, peace and security;

c) human rights, democracy, and the rule of law;

d) equity, balance and mutual benefit;

e) peaceful settlement of disputes.

ARTICLE 5: OBJECTIVES

1. The objectives of SADC shall be to:

   a) achieve development and economic growth, alleviate poverty, enhance the standard and quality of life of the people of Southern Africa and support the socially disadvantaged through regional integration;

   b) evolve common political values, systems and institutions;

   c) promote and defend peace and security;

   d) promote self-sustaining development on the basis of collective self-reliance, and the Interdependence of Member States;

   e) achieve complementarity between national and regional strategies and programs;

   f) promote and maximize productive employment and utilization of resources of the Region;

   g) achieve sustainable utilization of natural resources and effective protection of the environment;

   h) strengthen and consolidate the long standing historical, social and cultural affinities and links among the people of the Region.

2. In order to achieve the objectives set out in paragraph 1 of this Article, SADC shall:

   a) harmonize political and socio-economic policies and plans of Member States;

   b) encourage the people of the Region and their institutions to take initiatives to develop economic, social and cultural ties across the Region, and to participate fully in the implementation of the programs and projects of SADC;

   c) create appropriate institutions and mechanisms for the mobilization of requisite resources for the implementation of programs and operations of SADC and its Institutions;

   d) develop policies aimed at the progressive elimination of obstacles to the free movement of capital and labour, goods and services, and of the people of the Region generally, among Member States;

   e) promote the development of human resources;

   f) promote the development, transfer and mastery of technology;

   g) improve economic management and performance through regional cooperation;

   h) promote the coordination and harmonization of the international relations of Member States;

   i) secure international understanding, cooperation and support, and mobilize the inflow of public and private resources into the Region;

   j) develop such other activities as Member States may decide in furtherance of the objectives of this Treaty.
At the beginning in 1992, SADC had ten members (the original members of the former SADCC) but quickly included South Africa and Mauritius in 1994. Three years later, the Democratic Republic of Congo (DRC) and the Seychelles joined SADC. When the Seychelles left SADC again in 2005, Madagascar joined to keep the membership at 14. The Seychelles applied for re-joining SADC in 2007 and were allowed back in 2008.

SADC took over from its predecessor the Secretariat housed in Gaborone (Botswana) and a decentralised sectoral organisational structure. This was changed in far reaching internal reforms in 2001. The Secretariat was strengthened organisationally with the concentration of programme implementation in five directorates (instead of 21 coordination units). The reforms, which were adopted at an extraordinary summit in March 2001 in Windhoek, also included:

- the adoption of the TROIKA approach (see Textbox 9.4.) in the leadership of the major SADC institutions (chairmanship of the summit, chairmanship of the Council of Ministers, chairmanship of the OPDS);
- the adoption of a regional Common Agenda with a 15-year Regional Indicative Strategic Development Plan (RISDP), which is supposed to be implemented in five phases;
- the adoption of a new financing system for member states since April 2003;
- the introduction of new institutions such as the Integrated Committee of Ministers, the SADC National Committees and the SADC Tribunal (2005).

SADC has become more centralised as a result of the reforms and has for the most part abandoned its former decentralised country-based approach of cooperation. The new structure and approach has taken into consideration the fact that the new SADC aims at a trade-based integration approach.

### 9.2. Structure

The new structure of SADC consists of four hierarchical levels and four horizontally integrated bodies and institutions (see Text Box 9.2.).

#### 9.2.1. The main SADC institutions

The four main institutions of SADC follow a pattern known from other RI bodies.

---

77 These were Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe.
The highest body of SADC is the Summit of the Heads of State, which comes together at least once a year but can also be summoned more frequently in urgent cases. The Summit is the highest decision-making body of SADC and

- adopts decisions regarding SADC;
- determines the organisational structure of SADC and any changes thereof;
- elects the annually rotating SADC Chairperson;
- appoints the Executive Secretary of SADC.

The Summit follows the consensus principle, which has made it sometimes difficult to reach mutual decisions. Furthermore, the Summit applies the TROIKA-principle for its leadership: the current chairperson’s predecessor and successor always support him. This principle was adopted in the reforms of 2001 as a result of disputes over the leadership of SADC and the Organ for Politics, Defence and Security (OPDS) in the late 1990s. With the 2001 reforms, the annual rotation of the SADC leadership (and other major SADC bodies) was also formally introduced.
### Text box 9.3. SADC Summits

<table>
<thead>
<tr>
<th>Venue</th>
<th>Date</th>
<th>Type of Summit</th>
<th>Decisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Windhoek, Namibia</td>
<td>August 1992</td>
<td>ordinary</td>
<td>Adoption of SADC Treaty</td>
</tr>
<tr>
<td>Mbabane, Swaziland</td>
<td>September 1993</td>
<td>ordinary</td>
<td></td>
</tr>
<tr>
<td>Gaborone, Botswana</td>
<td>August 1994</td>
<td>ordinary</td>
<td></td>
</tr>
<tr>
<td>Johannesburg, South Africa</td>
<td>August 1995</td>
<td>ordinary</td>
<td></td>
</tr>
<tr>
<td>Pretoria, South Africa</td>
<td>December 1995</td>
<td>extraordinary</td>
<td>Special Summit on Nigeria</td>
</tr>
<tr>
<td>Probably Gaborone, Botswana</td>
<td>May 1996</td>
<td>extraordinary</td>
<td>Endorsement of SADC ministers recommendations on OPDS</td>
</tr>
<tr>
<td>Gaborone, Botswana</td>
<td>June 1996</td>
<td>extraordinary</td>
<td>Launching of OPDS</td>
</tr>
<tr>
<td>Maseru, Lesotho</td>
<td>August 1996</td>
<td>ordinary</td>
<td>Suspension of OPDS</td>
</tr>
<tr>
<td>Blantyre, Malawi</td>
<td>September 1997</td>
<td>ordinary</td>
<td>Lesotho election investigation</td>
</tr>
<tr>
<td>Grand Baie, Mauritius</td>
<td>September 1998</td>
<td>ordinary</td>
<td>Lesotho election investigation</td>
</tr>
<tr>
<td>Pretoria, South Africa</td>
<td>August 1998</td>
<td>extraordinary</td>
<td>Emergency Summit on recognition of DRC Government</td>
</tr>
<tr>
<td>Maputo, Mozambique</td>
<td>August 1999</td>
<td>ordinary</td>
<td>Creation of SADC Parliamentary Forum</td>
</tr>
<tr>
<td>Maputo, Mozambique</td>
<td>March 2000</td>
<td>extraordinary</td>
<td>Special Summit on impact of cyclone ‘Eline’</td>
</tr>
<tr>
<td>Mbanane, Swaziland</td>
<td>May 2000</td>
<td>ordinary</td>
<td>Protocol on OPDS initiated</td>
</tr>
<tr>
<td>Windhoek, Namibia</td>
<td>August 2000</td>
<td>ordinary</td>
<td>Protocol on Tribunal signed</td>
</tr>
<tr>
<td>Windhoek, Namibia</td>
<td>March 2001</td>
<td>extraordinary</td>
<td>Adoption of SADC reform</td>
</tr>
<tr>
<td>Blantyre, Malawi</td>
<td>August 2001</td>
<td>ordinary</td>
<td>Adoption of OPDS Protocol</td>
</tr>
<tr>
<td>Harare, Zimbabwe</td>
<td>September 2001</td>
<td>extraordinary</td>
<td>Summit on Task Force on Development in Zimbabwe</td>
</tr>
<tr>
<td>Blantyre, Malawi</td>
<td>January 2002</td>
<td>extraordinary</td>
<td>Special Summit on the conflicts in the Congo Basin</td>
</tr>
<tr>
<td>Luanda, Angola</td>
<td>October 2002</td>
<td>ordinary</td>
<td>HIV/Aids</td>
</tr>
<tr>
<td>Dar es Salaam, Tanzania</td>
<td>September 2003</td>
<td>ordinary</td>
<td>Adoption of the RISDP Solidarity with Zimbabwe</td>
</tr>
<tr>
<td>Dar es Salaam, Tanzania</td>
<td>May 2004</td>
<td>extraordinary</td>
<td>Special Summit on agriculture and food security</td>
</tr>
<tr>
<td>Grand Baie, Mauritius</td>
<td>August 2004</td>
<td>ordinary</td>
<td></td>
</tr>
</tbody>
</table>
The Southern African Development Community (SADC)  

<table>
<thead>
<tr>
<th>Location</th>
<th>Date</th>
<th>Type</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gaborone, Botswana</td>
<td>August 2005</td>
<td>ordinary</td>
<td>Madagascar joins New Executive Secretary</td>
</tr>
<tr>
<td>Maseru, Lesotho</td>
<td>August 2006</td>
<td>ordinary</td>
<td></td>
</tr>
<tr>
<td>Johannesburg, South Africa</td>
<td>October 2006</td>
<td>extraordinary</td>
<td>Review of SAFTA</td>
</tr>
<tr>
<td>Dar es Salaam, Tanzania</td>
<td>March 2007</td>
<td>extraordinary</td>
<td>SADC mandates Thabo Mbeki to mediate in Zimbabwe Crisis</td>
</tr>
<tr>
<td>Lusaka, Zambia</td>
<td>August 2007</td>
<td>ordinary</td>
<td></td>
</tr>
<tr>
<td>Johannesburg, South Africa</td>
<td>August 2008</td>
<td>ordinary</td>
<td>Zimbabwe elections</td>
</tr>
<tr>
<td>Johannesburg</td>
<td>November 2008</td>
<td>extraordinary</td>
<td>Meeting on Zimbabwe</td>
</tr>
<tr>
<td>Pretoria</td>
<td>January 2009</td>
<td>extraordinary</td>
<td>Emergency meeting on Zimbabwe</td>
</tr>
</tbody>
</table>

The **Council of Ministers** is the second highest level of authority and the highest functional level in SADC. It consists of one national minister (usually those responsible for foreign affairs or finance/development planning) of each member state. The Council of Ministers advises the Summit and always meets before the Summit takes place. The Summit meets at least once a year but can also be convened on more occasions.

The council elects a chairperson on an annual basis, who serves assisted by predecessor and successor (TROIKA principle). The major function of the council apart from advising the Summit is to oversee the work of the five directorates. Furthermore, it approves the annual budget for the SADC institutions including the Secretariat. For 2007/2008, the budget stood at USD 45.3 million, which is 12% higher than the 2006/2007 budget.  

**Text box 9.4. The TROIKA Principle**

SADC is one of the few international organisations which use TROIKA as a leadership principle. This basically means that the leadership of SADC is performed in a collective manner. The SADC leadership Troika consists of the current, past and future SADC chairperson.

The Troika principle has been applied in SADC from 1999 onwards. Before that, the chairpersons of SADC had been the President of Botswana (until 1996) and Nelson Mandela (1996-1999). The first chairperson under the Troika principle was President Chissano of Mozambique.

In SADC, the chairperson serves for one year, which means that the Summit does not elect the current but always the Chairperson for the next year.

At a Summit level, the Troika has the function of a steering committee for SADC; important decisions are not taken alone by the current chairperson but always by the trio.

The Troika principle is also applied to the OPDS, the Council of Ministers and the Integrated Council of Ministers.

---

78. [http://www.sardc.net/Editorial/Newsfeature/07190307.htm](http://www.sardc.net/Editorial/Newsfeature/07190307.htm)
The Council of Ministers itself is advised by the Integrated Committee of Ministers (ICM). The ICM provides policy guidance and coordination on cross-sectoral activities and as such has an oversight function on the core areas of RI in SADC. It consists of at least two ministers per member state. In detail the ICM is to:

- monitor and control the implementation of RISDP;
- provide policy guidance to the Secretariat;
- make decisions on matters pertaining to the directorates;
- monitor and evaluate work of the directorates;
- create ad-hoc committees where necessary;
- report to the Council of Ministers.

The ICM has decision making powers to ensure the rapid implementation of programmes. Like other SADC bodies, it meets at least once a year and follows the ‘consensus principle’.

The fourth SADC institution is the Secretariat. It is housed in Gaborone, as was its predecessor under SADCC. The Secretariat was originally established in 1981; then restructured in 1992 and again in 2001. The Secretariat has the function of a management unit and, since the reforms started in 2001, has increasingly become the implementing agency for SADC programmes. Headed by an Executive Secretary (currently Dr. Tomáz Augusto Salomão of Mozambique), the Secretariat also houses the four Directorates and the Gender Unit. The four Directorates are:

- The Directorate of Trade, Industry, Finance and Investment (TIFI) launched in August 2001. It is composed of trade and industry, mining, and finance and investment intervention.

- The Food, Agriculture and Natural Resources Directorate (FANR) was launched in December 2001. Its focus areas include food security and crop development, livestock, agricultural research and training, wildlife, forestry, fisheries, and environment and land management.

- The Directorate of Social and Human Development and Special Programmes was launched in September 2002. It incorporates human resources development, education and training, culture and sports, information, health, employment and labour and the control of illicit drugs.

- The Infrastructure and Services Directorate was officially launched on 12 December 2002 at the SADC Secretariat and is made up of focus areas such as energy, transport, communications and meteorology, tourism and water.

The Gender Unit is directly under the Executive Secretary of SADC and is responsible for both gender programmes as well as gender mainstreaming. The main objective of the Gender Unit is to facilitate, coordinate, monitor and evaluate the implementation of...
gender equality and equity objectives as formulated in the SADC Declaration on Gender 
and Development and the Protocol on Gender and Development of 2008 as well as the 
regional and global gender equality and equity instruments that SADC member states 
have signed up to.

After several years of searching, the Secretariat has currently recruited nearly its full staff 
complement of 130 experts and support personnel. In 2005, the foundations were laid in 
Gaborone for new headquarters for the SADC Secretariat. The building, which is estimated 
to cost USD 25 million, has not yet been finished, not least due to the low payment morale 
of the member states who were supposed to each contribute to the construction costs.

9.2.2. The SADC Organ on Politics, Defence and Security (OPDS)

The probably best know organ of SADC is the Organ on Politics, Defence and Security 
(OPDS). It is in some ways the successor of the cooperation amongst the FLS. The 
OPDS was established in 1996 at a SADC Summit in Gaborone. The Summit derived the 
legitimacy to establish the OPDS on the one hand from Article 4 of the SADC Treaty (see 
TEXT BOX 9.1.), which spells out the main principles of SADC – amongst them “peace 
and security” – and the “peaceful settlement of disputes”, and on the other hand from the 
availability of the SADC Summit to establish institutions it felt were necessary.

The main objective of the OPDS is the promotion of peace and security in the SADC 
region. This in turn is broken down into a number of more specific goals which have the 
concept of ‘human security’ as a common denominator instead of the traditional idea of ‘military security’. Among the specific goals, there are also some which pertain to

- the formulation of a common foreign policy of SADC;
- the enforcement of peace when all other measures have failed;
- the evolution of common and democratic political values, practices and institutions;
- the observance of human rights;
- the promotion of democratic institutions and practices.

The 1996 Summit also decided that the “Interstate Defence and Security Committee” 
(ISDSC) – a committee comprising the Ministers of Defence and Security set up by the 
FLS – would become one of the institutions of the OPDS. This was confirmed by the 
2002 Protocol on OPDS.

79 In August 2006, 45 regional positions had been filled, candidates for 22 positions were inter- 
viewed and 11 were scheduled for interviews later in 2006; see SADC (2006a): 6. The remaining 
positions were for support staff often recruited from Botswana.
80 Meyns, Peter (2002): The Ongoing Search for a Security Structure in the SADC Region: The 
re-establishment of the SADC Organ on Politics, Defence and Security (OPDS). In: Hansohm et 
a Performance Index of the Organ tells about Co-operation and Integration. In: Peters-Berries, 
Christian and Marx, Michael T (2000), Monitoring the Process of Regional Integration in SADC, 
Harare 2000: 94ff positions were for support staff often recruited from Botswana.
When the OPDS was first established in 1996, its organisational status remained somewhat vague. It remained unclear whether the OPDS, after all created by a SADC summit and based upon a protocol, was a part of SADC or independent of it.

The OPDS was according to the founding communiqué of 1996 supposed to:

“operate at Summit level, and [...] function independently of other SADC structures. The Organ shall also operate at ministerial and technical levels. The chairmanship of the Organ shall rotate on an annual and on a Troika basis”.

The decision to operate the Organ with a high degree of autonomy but still as part of the SADC structures was challenged by Zimbabwean President Robert Mugabe, who was elected to be the first chairperson of the OPDS, as he had also been the last chairman of the FLS. He tried to develop the OPDS into a parallel structure to SADC, insisting on separate summits, ministerial meetings and a status for him as OPDS chairman equal to that of the SADC chairperson. Although Mugabe had apparently been prepared to relinquish his position as Chairman of OPDS at the Blantyre (Malawi) Summit of SADC in September 1997, he was not removed for tactical reasons.

The dispute over the status of the Organ can also be interpreted as a struggle between a group of SADC member countries with South Africa at the helm and others aligning themselves with Zimbabwe, in other words, as a struggle for supremacy in the region between the ‘old FLS’ and the new economic and political superpower South Africa. On the surface of the dispute was the question whether the OPDS fell under the authority of the SADC Summit and thus under the SADC chairperson or was independent of it. At the core of the quarrel, however, was the issue of whether South Africa was to be accepted as the new regional leader. No consensual solution could be found at the Summit in Blantyre in 1997 and consequently SADC suspended the OPDS but left Mugabe in its chair.

It took two years before SADC was able to start working on a new consensus of how to reactivate the OPDS. In the meantime, Mugabe had (mis-)used his position as chairperson of the suspended Organ to justify the military intervention of Zimbabwe, Angola and Namibia in the Congolese civil war in August 1998 as an SADC operation. This was strongly rejected by the SADC chairperson Nelson Mandela, and indeed no official SADC document endorsed the intervention. But after Mandela had handed over the chairmanship of SADC to Mozambican President Joaquim Chissano and retired from active politics in April 1999, the path was open for a new attempt to make the Organ work.

The first step was to incorporate the restructuring of the OPDS into the planned overall review of SADC. At a meeting of the ISDSC in Swaziland in October 1999, it was agreed

---

82 SADC (1996), Communiqué of the Summit, Gaborone, June 28, 1996
83 Another factor in his election as the first chairman of the Organ was probably that it was felt amongst the other heads of state that he ‘deserved’ an elevated position in view of his merits in the liberation struggle, which would put him on a similar level as the newly elected SADC chairman Nelson Mandela; see Meyns (2000): 258
84 In August 1997, a draft Protocol on the OPDS, which had been developed under strong Zimbabwean guidance, was adopted at a meeting at a ministerial level in Harare. It formally established the OPDS at a Summit level parallel to SADC and thus went beyond the original idea.
85 The suspension was enforced with the threat of SADC chairman Mandela that South Africa would resign as SADC Chair if the Summit agreed to a separate OPDS Summit; see Meyns (2002): 146
that the Organ should be a part of SADC structure and report to the SADC Summit. At an extraordinary SADC Summit in March 2001 in Windhoek (Namibia), it was finally decided that

“the Organ will now be integrated into the SADC structures and will be coordinated at Summit level on a Troika basis reporting to the chairperson of the Summit”.

This meant that the chairperson of the Organ was to be a head of state, but that the Organ would have no separate summit meeting and the chairperson of the OPDS would be elected by the SADC Summit to which he would also report. It was decided that the chairperson of SADC could not at the same time head the Organ. As in all major SADC institutions, the Organ was to be governed by a Troika of leaders (see TEXT BOX 9.4.). The structure of the OPDS was also determined: three permanent committees and a roving secretariat provided for by the country which holds the chairmanship. Furthermore, the SADC Secretariat in Gaborone would provide additional services to the Organ.

Parallel to the negotiations about the status of the Organ, the Protocol on the OPDS had been adjusted as well. It was officially adopted and signed by 13 of the 14 SADC member countries at the Blantyre Summit in August 2001. By 2004, it had been ratified by the required two thirds of the signatories and entered into force. Mugabe was allowed to stay on as chairperson after the decision of the extraordinary SADC Summit in March 2001 in Windhoek until a new chairperson was elected at the Summit in 2001 in Blantyre (President Chissano of Mozambique).

In line with SADC’s overall approach to developing strategic plans for each major sector, the OPDS drafted a “Strategic Indicative Plan for the Organ” (SIPO). The SIPO, which was launched at the 2004 Summit in Grand Baie (Mauritius) on the one hand sets the guidelines for the implementation of the Protocol on OPDS and on the other hand spells out the institutional framework for the work of the OPDS. According to SIPO, the work of the OPDS is divided into four sections:

- Politics
- Defence
- State Security
- Public Security.

For each section, the OPDS has – through SIPO – set objectives and strategies of how to realise them.

### 9.3. Integration mechanisms

#### 9.3.1. The SADC Treaty

The SADC Treaty is the main framework for RI in Southern Africa. As such, it must be regarded as the major mechanism for integration.

---

86 SADC (2001), Communiqué of the Extraordinary Summit, Windhoek, March 9, 2001
87 SADC (2002a)
88 That is why the Treaty is also sometimes referred to as the Windhoek Declaration.
The Treaty was originally adopted in 1992 in Windhoek. While its principles pertained to democracy, human rights, peace and national sovereignty, its objectives focused on developmental goals, poverty reduction and collective self-reliance amongst others.

The Treaty was amended in 2001 at an extraordinary summit in Windhoek. The amendments reflected the agreed changes in the structure of SADC regarding the new institutions (OPDS, Integrated Council of Ministers, and SADC National Committees) as well as the introduction of the Troika leadership principle. Moreover, they included the adoption of the Common Agenda and the Regional Indicative Strategic Development Plan.

By agreeing to the Treaty and its amendments, the SADC member states aim at facilitating

- the harmonisation of their developmental, security, foreign affairs and socio-economic policies;
- the creation of suitable institutions and mechanisms for the implementation of these policies and for the mobilisation of resources;
- the development of strategies to overcome integration obstacles;
- the promotion of desperately required human capacity development;
- the promotion of the transfer of technologies both from outside the region and on an intraregional basis, and
- soliciting additional development funds from donors.

The SADC Treaty allows for sanctions against states which fail to implement the policies and decisions agreed by SADC, and also against states which apply policies undermining the decisions taken by SADC. If sanctions are imposed, they are to be determined by a summit and on a case-by-case basis.

The political agenda of SADC distinguishes it from other regional integration bodies in Africa. By declaring in the Treaty to foster the creation of common political values, systems and institutions, SADC attempts to deepen RI in an area which other regional bodies in Africa have so far mostly shied away from, but which is crucial for the ultimate success of RI.

9.3.2. The Common Agenda

The amended Treaty introduced the “Common Agenda” as one of the major results of the Report on the Restructuring of SADC Institutions. The Common Agenda is meant to enhance and concretise the Treaty and was approved at the Extraordinary Summit in March 2001 in Windhoek.

It is based on the following principles:

- Development orientation,
- Subsidiarity,
- Market integration and development,
- Facilitation and promotion of trade and investment;
- Variable geometry.

Its objectives are both developmental and political:

---

89 SADC (1993)
The Southern African Development Community (SADC)

- the promotion of sustainable and equitable growth and socio-economic development that will ensure poverty alleviation/eradication;
- the promotion of common political values, systems and other shared values which are transmitted through institutions which are democratic, legitimate and effective;
- the consolidation and maintenance of democracy, peace and security in the region.

The Common Agenda has reconfirmed, reemphasised and modernised crucial political principles and objectives for RI in SADC. The use of the terms “subsidiarity” and “variable geometry” mark important innovations in the conceptual thinking of SADC. They express the understanding that RI has greater chances of succeeding if it allows for a flexible approach and has regard for the varying degrees of national willingness and ability to surrender national sovereignty. “Subsidiarity” in the context of RI means that a central authority (i.e. SADC) should only perform those tasks which cannot be performed at a lower (more immediate) level. In other words, it may only act in form of making laws or regulations where the action of member states is insufficient. The EU was the first regional body to apply the principle of subsidiarity in the Treaty of Maastricht.

“Variable geometry” refers to the speed of integration at country level. It is a concept that was developed and tried out first in the EU. It allows for a differentiated speed of regional integration according to the ability and willingness of member states to comply with a set of economic and political requirements. Some countries might be able and willing to implement these requirements faster than others but, instead of waiting for the ‘slower’ countries to catch up; the concept of “variable geometry” allows the ‘faster’ countries to move ahead. By this, they are setting benchmarks and providing practical experiences. The introduction of the Euro in the EU is an example of variable geometry. Countries such as the UK and newcomers such as Poland, the Czech Republic, Hungary, etc. which are either politically unwilling or economically not yet sufficiently prepared have the chance to join the Euro area at a later stage.

By applying these concepts, the SADC leaders took cognizance of the fact that there is a considerable difference in the socio-economic development status and also with regard to the political commitment to RI amongst the member states of SADC. The formulation and implementation of the Sector Protocols (see chapter 9.3.4.), which define necessary steps for RI and had to be agreed upon and also enforced regionally, can be regarded as an attempt to apply the principle of subsidiarity. The principle of variable geometry has been implicitly applied in SADC with countries such as Angola, the DRC and even Swaziland, which are lagging behind in the signing and ratification of Sector Protocols and explicitly in the implementation of the Trade Protocol, which allowed economically less developed countries to reduce tariffs at a slower pace.

9.3.3. The Regional Indicative Strategic Development Plan (RISDP)

The RISDP was adopted by the Dar es Salaam Summit in 2003. It aims at operationalising SADC’s Common Agenda over a period of 15 years, subdivided into three-year sections. The plan was developed by the Secretariat, which consulted not just governments and experts of member states and international cooperating partners but for the first time also representatives from civil society and the private sector. The RISDP provided SADC for the first time with a comprehensive framework for regional integration and development.
The RISDP has identified framework conditions for successful RI, the two so-called key integration enablers:

- Peace, security, democracy and political governance: based on § 5 of the amended SADC Treaty, SADC member states vouch to “promote common political values, systems and other shared values which are transmitted through institutions that are democratic, legitimate and effective”. In the RISDP, SADC countries are going further and acknowledge that economic growth and development cannot take place under “conditions of political intolerance, the absence of the rule of law, corruption, civil strife and war”.\(^9\)

- Economic and corporate governance: especially the creation of the SADC FTA will only be possible if “good economic and corporate governance” is being complied with at regional and national levels. According to SADC, this includes “sound macroeconomic management, transparent public financial management and accountability, transparent first-class banking supervision and financial regulation and rigorous, best practice corporate governance”.\(^9\)

Moreover, the RISDP understands itself as the regional expression of NEPAD.

Apart from the key integration enablers, the RISDP also lists other “integration and development enablers”, which are crucial to facilitate deeper RI:

- intensifying the fight against HIV and Aids,
- gender mainstreaming and the empowerment of women,
- private sector development,
- rapid adoption and internationalisation of ICT,
- diversification of regional economies,
- trade liberalisation and development,
- liberalisation of factors of production,
- research science and technology innovation, development and diffusion,
- productivity and competitiveness improvements,
- enabling institutional environment.

Some of these ‘enablers’ are directly related to the deepening of RI, others such as ‘fighting HIV/Aids’ or ‘Gender mainstreaming’ are more cross-cutting issues and not directly linked to RI.

The RISDP aligns itself closely to the Millennium Development Goals (MDGs) and puts poverty eradication as its overarching objective. The RISDP identifies a number of intervention areas for regional cooperation and integration based on the SADC objectives. They are differentiated into cross-sectional intervention areas and sectoral cooperation and integration intervention areas.

The cross-sectional intervention areas are:

- poverty eradication
- combating HIV/AIDS
- gender equality and development

---


\(^9\) ibid.
• science & technology
• information and communications technology
• environment and sustainable development
• private sector development
• statistics

The sectoral cooperation and integration intervention areas are:
• trade/economic liberalisation and development
• infrastructure support for regional integration and poverty eradication
• sustainable food security
• human and social development

SADC regards raising sufficient and sustainable funding as crucial for the realisation of the RISDP. One way of improving the funding base - which has always predominantly been based on grants and, to a lesser extent, contributions from member states - was to change the formula for membership contributions. Until 2002, member states had been making equal contributions to the SADC institutions. This had overstretched some of the smaller and poorer countries’ resources and they had fallen behind in the payment of their contributions. As of April 2003, the formula for the membership contributions was changed and has since taken into account the relative level of the GDP of a member state. This has ensured not only improved payment morale but also an increase in revenue as bigger and more affluent economies such as South Africa, Mauritius, Botswana and more recently also Angola have to shoulder a bigger part of the payments.

The RISDP comes with an elaborate “Coordination and Implementation Strategy”, which is supposed to ensure that the plan has an impact. Politically, the Council of Ministers through the Integrated Committee of Ministers is responsible for policy direction and overseeing implementation. The Secretariat is in charge of the coordination and management of the plan; implementation itself needs to be coordinated between the Secretariat, Technical Advisory Committees and Subcommittees, Programme Steering Committees, participating Member States and SADC National Committees. With the support of donors, the implementation of some programmes is also outsourced to companies and contractors.

Probably inspired by the extensive advisory support of several donors at the Secretariat, the RISDP has developed a result-based M&E (monitoring and evaluation) system, which allows for a continuous checking of the progress and impact of the RISDP projects. The oversight of the M&E system is vested in the SADC Summit. The Secretariat is charged with the technical monitoring of the projects; at a national level, the SADC National Committees are responsible for the monitoring with regular feedback to the Secretariat.

9.3.4. Sector Protocols

9.3.4.1. Overview

One major innovation of SADC as compared to the old SADCC was the introduction of Sector Protocols. A protocol is a legal instrument of implementation of the SADC Treaty, which outlines a course of action aimed at achieving a specific goal of the institution. Based on the previously agreed cooperation areas under SADCC and complemented by crucial areas not yet covered by the functional cooperation, SADC developed a number of protocols which set sectoral objectives. Elaborate annexes describe the implementation strategies
and procedures of each protocol. The introduction of protocols marks the transformation from mere cooperation to regional integration. The protocols are major integration instruments as they not only define sectoral integration objectives and strategies, but also determine implementation time frames and make their implementation obligatory. It requires the consensus of 75% of the member states present at a Summit to change or amend a protocol.

Protocols (see table 9.1.) were usually drafted by one member state, but after its upgrading the Secretariat has assumed a leading role in this respect. The first document is circulated and commented upon amongst the member states before it enters the actual SADC process. It is discussed, amended and finally approved first by senior officials and then by the Council of Ministers before it is adopted by a Summit. Before the draft protocol reaches the Summit, it goes through various committees and sub-committees of experts and stakeholders (including the private sector and civil society) to allow for a wide range of concerns and interests to be noted. Protocols enter into force upon ratification by 2/3 of the signatory states. In most countries, ratification of a protocol requires that it is passed by Parliament. However, in the case of latecomers to SADC, such as the DRC and Madagascar, it is also possible to join the protocol through “Accession”.

Each protocol consists of a main body of text and the annexes, which regulate and determine the process of integration. The most important protocol is the ‘Trade Protocol’, which determines the establishment of the SADC Free Trade Area (SAFTA) and further outlines the trade-related path for RI in SADC.

**Table 9.1.: SADC Sector Protocols and their Status**

<table>
<thead>
<tr>
<th>No</th>
<th>Protocol</th>
<th>Date of Signature</th>
<th>Date of Ratification</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Treaty of the Southern African Development Community</td>
<td>17 Aug 1992</td>
<td>30 Sept 1993</td>
<td>Ratified by all members</td>
</tr>
<tr>
<td>2</td>
<td>Immunities and Privileges</td>
<td>17 Aug 1992</td>
<td>30 Sept 1993</td>
<td>Ratified by all members</td>
</tr>
<tr>
<td>3</td>
<td>Shared Watercourse Systems</td>
<td>28 Aug 1995</td>
<td>28 Sept 1998</td>
<td>Not yet ratified by Angola and Mozambique; not acceded to by DRC.</td>
</tr>
<tr>
<td>4</td>
<td>Energy</td>
<td>24 Aug 1996</td>
<td>17 April 1998</td>
<td>Not yet acceded to by DRC</td>
</tr>
<tr>
<td>5</td>
<td>Transport, Communications and Meteorology</td>
<td>24 Aug 1996</td>
<td>6 July 1998</td>
<td>Not yet acceded to by DRC</td>
</tr>
<tr>
<td>6</td>
<td>Combating Illicit Drugs</td>
<td>24 Aug 1996</td>
<td>20 Mar 1999</td>
<td>Not yet ratified by Angola and not acceded to by DRC.</td>
</tr>
<tr>
<td>7</td>
<td>Trade</td>
<td>24 Aug 1996</td>
<td>25 Jan 2000</td>
<td>Not yet acceded to by DRC</td>
</tr>
<tr>
<td>8</td>
<td>Education and Training</td>
<td>8 Sept 1997</td>
<td>31 July 2000</td>
<td>Not yet ratified by Angola and DRC</td>
</tr>
<tr>
<td>#</td>
<td>Article Title</td>
<td>Date Ratified</td>
<td>Date Accessioned</td>
<td>Status</td>
</tr>
<tr>
<td>----</td>
<td>---------------------------------------------------</td>
<td>----------------</td>
<td>------------------</td>
<td>-------------------------------------------------------------</td>
</tr>
<tr>
<td>9</td>
<td>Mining</td>
<td>8 Sept 1997</td>
<td>10 Feb 2000</td>
<td>Not yet ratified by Angola and Swaziland. Not yet acceded to by DRC.</td>
</tr>
<tr>
<td>10</td>
<td>Development of Tourism</td>
<td>14 Sept 1998</td>
<td>26 Nov 2002</td>
<td>Not yet acceded to by Angola and DRC, not yet ratified by Malawi and Zambia</td>
</tr>
<tr>
<td>11</td>
<td>Health</td>
<td>18 Aug 1999</td>
<td>14 Aug 2004</td>
<td>Not yet acceded to by Angola, DRC, Swaziland and Zambia</td>
</tr>
<tr>
<td>12</td>
<td>Wildlife Conservation and Law Enforcement</td>
<td>18 Aug 1999</td>
<td>30 Nov 2003</td>
<td>Not yet acceded to by Angola, DRC, Swaziland and Zambia</td>
</tr>
<tr>
<td>13</td>
<td>Legal Affairs</td>
<td>7 Aug 2000</td>
<td>Not yet</td>
<td>Not yet ratified by Angola, Mozambique, South Africa, Swaziland, Zambia and Zimbabwe, Not yet acceded to by DRC</td>
</tr>
<tr>
<td>15</td>
<td>Revised Protocol on Shared Watercourses</td>
<td>7 Aug 2000</td>
<td>22 Sept 2003</td>
<td>Not yet acceded to by Angola, DRC and Zimbabwe</td>
</tr>
<tr>
<td>16</td>
<td>Amendment Protocol on Trade</td>
<td>7 Aug 2000</td>
<td>7 Aug 2000</td>
<td>Not yet acceded to by DRC</td>
</tr>
<tr>
<td>17</td>
<td>Adoption Agreement Amending the Treaty of SADC</td>
<td>14 Aug 2001</td>
<td>14 Aug 2001</td>
<td>No ratification required</td>
</tr>
<tr>
<td>18</td>
<td>Politics, Defence and Security Cooperation</td>
<td>14 Aug 2001</td>
<td>2 Mar 2004</td>
<td>Not yet acceded to by Angola, DRC, Swaziland and Zambia</td>
</tr>
<tr>
<td>19</td>
<td>Controls of Firearms, Ammunition and other related Materials in SADC</td>
<td>14 Aug 2001</td>
<td>8th Nov 2004</td>
<td>Not yet ratified by DRC, Swaziland and Zimbabwe, Not yet acceded to by Angola</td>
</tr>
<tr>
<td>20</td>
<td>Fisheries</td>
<td>14 Aug 2001</td>
<td>8 Aug 2003.</td>
<td>Not yet acceded to by DRC, Swaziland and Zimbabwe</td>
</tr>
<tr>
<td>21</td>
<td>Culture, Information and Sports</td>
<td>14 Aug 2001</td>
<td></td>
<td>Not yet ratified by Angola, DRC, Swaziland, Zambia and Zimbabwe</td>
</tr>
</tbody>
</table>

The Southern African Development Community (SADC)

86
The Southern African Development Community (SADC)

### Protocols

<table>
<thead>
<tr>
<th>Protocol</th>
<th>Date</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protocol against Corruption</td>
<td>14 Aug 2001</td>
<td>Not yet ratified by Angola, DRC, Mozambique, Namibia and Swaziland</td>
</tr>
<tr>
<td>Extradition</td>
<td>3 Oct 2002</td>
<td>Not yet acceded to by Mozambique</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Not yet ratified by Angola, Botswana, DRC, Malawi, Namibia, Swaziland, and Zimbabwe</td>
</tr>
<tr>
<td>Forestry</td>
<td>3 Oct 2002</td>
<td>Not yet acceded to by Botswana, Mozambique and Namibia</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Not yet ratified by Angola, Botswana, DRC, Malawi, Namibia, Swaziland, Zambia and Zimbabwe</td>
</tr>
<tr>
<td>Mutual Legal Assistance in Criminal Matters</td>
<td>3 Oct 2002</td>
<td>Not yet acceded to by Mozambique</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Not yet ratified by Angola, Botswana, DRC, Lesotho, Malawi, Namibia, Swaziland, Zambia and Zimbabwe</td>
</tr>
<tr>
<td>Agreement Amending the Protocol on Tribunal</td>
<td>8 Aug 2002</td>
<td>8 Aug 2002 No further ratification required</td>
</tr>
<tr>
<td>Facilitation of the Free Movement of People</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance and Investment</td>
<td>18 Aug 2006</td>
<td></td>
</tr>
<tr>
<td>Gender and Development</td>
<td>18 Aug 2008</td>
<td>Not yet signed by Malawi</td>
</tr>
</tbody>
</table>

Sources:
- www.SADC.int
- http://www.tralac.org/cgi-bin/giga.cgi?cmd=cause_dir_news_item&news_id=45318&cause_id=1694

Apart from these protocols, treaties and charters, SADC has also agreed on other documents of a less binding nature:

- The SADC Charter of the Regional Tourism Organisation of Southern Africa (RETOSA) was signed and entered into force on September 8, 1997 (still not signed by the DRC).
The Memorandum of Understanding on Cooperation in Taxation and related Matters was signed and entered into force on August 8, 2002 (required signatures of the DRC and Mozambique).

The Memorandum of Understanding on Macroeconomic Convergence was signed and entered into force on August 8, 2002 (required signatures of the DRC and Zambia).

The Southern African Development Community (SADC) Mutual Defence Pact was signed on August 26, 2003 and still needs to be signed by Angola and ratified by Angola, DRC, Lesotho, Malawi, Mozambique, South Africa, Swaziland, Tanzania and Zambia.

SADC Charter of Fundamental Social Rights was signed and entered into force on August 26, 2003 (still needs to be signed by Angola and Botswana).

The Declaration on Gender and Development was passed on September 8, 1997 and immediately entered into force. The declaration was amended on 14 September 1998 by an Addendum on the Prevention and Eradication of Violence against Women and Children. The declaration provided the basis for the Protocol on Gender and Development signed by most SADC member states in August 2008.

The Declaration on Productivity was passed on August 18, 1999 and did not require any further ratification.

The Declaration on Information and Communications Technology (ICT) was passed in August 2001 and did not require any further ratification.

The Declaration on HIV and Aids was passed on July 4, 2003 and did not require any further ratification.

The Declaration on Agriculture and Food Security was passed on May 15, 2004 and did not require any further ratification.

The four Directorates and the Gender Unit of the Secretariat are responsible for the implementation of the protocols, charters and memoranda of understanding. They each produce an annual status report, which is published and accessible online.92

9.3.4.2. The Ratification Process

The accession and ratification of the protocols provides some indications on the willingness, interest and capability of countries to engage in RI in SADC. The countries which seem to be the least committed to RI appear to be Angola and the DRC. By August 2004, the DRC had not yet acceded to 14 of the 26 treaties and protocols presented by that stage and not ratified 21 of the 24 protocols and treaties. The respective figures for Angola were 6 documents not signed and 16 not ratified. The country with the third worst record was Swaziland with 4 documents not signed and 12 not ratified. The only countries which at this stage had both signed and ratified all protocols were Mauritius, South Africa and Tanzania. The time span between signing of a protocol and its entry into force varied between 13 months (for the Protocol on Immunities and Privileges) to 60 months (for the Health Protocol).

92 www.sadcreview.org
Ratification requires an act of parliament in all SADC countries. While in most SADC countries the government used to have a solid majority or was even ruling unopposed (Angola, DRC, Swaziland and Zimbabwe [until 2000]), it should have been a simple act to pass these protocols through parliament. The fact that this hardly ever happened, especially not in some of the autocratic countries (Angola, DRC and Swaziland), seems to indicate that the law-making process in many SADC countries has been quite poorly organised and/or that SADC protocols have a rather low priority.

The experience with the implementation of protocols has been mixed. Some protocols that are central to the further integration process such as the ones for trade, energy or transport, communications and meteorology have been well implemented. Technically well developed annexes prescribing the required procedures and practical implementation steps also support them. Others such as the ones for health, wildlife conservation and law enforcement or tourism took up to five years to be ratified and are only slowly being enforced.

9.3.4.3. The Trade Protocol

The Trade Protocol aimed at establishing an SADC FTA by 2008 (12 years after it had been signed and eight years after it had been ratified) is so far the showpiece amongst the protocols. It had required substantial negotiations in the nearly four years between the signing of the Protocol and subsequent ratification before especially South Africa was willing to ratify the Protocol and thus pave the way for its implementation. The major areas of concern for South Africa’s strong private sector, which played a central role in shaping the South African agenda for the Trade Protocol negotiations, pertain to the car, textile and sugar industries. For these particular industries, there was the fear that near-completion goods could be imported from abroad to one of the SADC countries where they would just be assembled (in the case of cars) or relabelled (in the case of


94 Agreeing on the tariff reduction schedule amongst the SADC countries proved to be a very arduous task as each country had between 5000 and 9000 individual tariff lines; see Stahl (1999): 3

95 South Africa as the biggest market in the SADC region had previously had some sobering experiences with ‘backdoor’ trade. South Africa had to halt Malawian textile exports in the mid-1990s in the context of a bilateral preferential trade agreement because the amount of (cheap) Malawian textiles entering South Africa exceeded by far the production capacity of the Malawian textile companies. Chinese traders had used the Malawian ‘backdoor’ to enter the otherwise heavily protected South African market. A similar row developed in 1995 between South Africa and Botswana in the confines of SACU over the assembly of (inexpensive) South Korean Hyundai cars in Botswana and their (duty free) export to South Africa: Chauvin, Sophie & Gaulier, Guillaume (2002): Regional Trade Integration in Southern Africa. CEPII Working Paper 12/2002. Paris.
textiles products). They would then be dumped on the South African market unless very clear parameters concerning the “rules of origin”, customs procedures, the tariff reduction schedule,\textsuperscript{94} a dispute settlement mechanism and transit trade (crucial for the five landlocked member states) were in place and enforced.\textsuperscript{95}

The fears of the smaller SADC countries regarding the full implementation of the FTA focused on:

- the loss of revenue from duties, which for some countries amount to a substantial portion of their overall revenue;\textsuperscript{96}
- the competition their infant industries would face from more efficient producers from South Africa and Zimbabwe;
- the loss of control over economic development when regional economic protection through tariffs fall.

At a regularly organised Trade Negotiation Forum (TNF), the various stakeholders bargained intensively over the details of the operationalisation of the Protocol, which were eventually laid down in five voluminous annexes. In the end, the South African negotiation team, due to their better preparations, extensive resources and experienced negotiators, ensured that their interests were safeguarded. Smaller countries with much less bargaining power and expertise felt to some extent overwhelmed and outmanoeuvred.\textsuperscript{97}

In order to operationalise the Protocol, member states of SADC had to find pragmatic solutions to overcome the above outlined technical and political hurdles. During the TNF negotiations they agreed on:

- A phased reduction of tariffs over a period of eight to twelve years. One group of goods (“list A products”) was liberalised immediately when the FTA entered into force. The second group of goods (“list B products”) was to be liberalised gradually and in asymmetric fashion over an eight-year period by 2008. Lastly, the third group contained goods (“list C products” = sensitive products), which will only be liberalised by 2012 due to their sensitive nature for the economic development of the member countries. Furthermore, South Africa and the SACU members agreed to liberalise most of their tariffs on intra-SADC imports immediately in 2000, while middle-income countries such as Mauritius (but also Zimbabwe) were given eight years to gradually reduce their tariffs and low-income countries such as Mozambique and Zambia only reduced their tariffs in 2007/2008.\textsuperscript{98}

\textsuperscript{96} In 1996, customs revenue as a percentage of total government revenue ranged from 11.6% in the case of Zambia and 15.4% in the case of Botswana to 33.5% in the case of Mauritius, 45% in the case of Lesotho and 49.4% in the case of Swaziland; only South Africa with only 1.8% is not dependent on customs revenue. Most affected by the reduction in customs revenue are Mauritius (-5.7% in total government revenue) followed by Zimbabwe (-3.6%), Malawi (-5.3%) and Zambia (-3.3%); see Chauvier/Gaulier: 16

\textsuperscript{97} Personal communication with one of the leading figures on the Zimbabwean trade protocol negotiation team, Eddie Cross, in 1998 and 1999.

\textsuperscript{98} SADC (2008b), SADC FTA. Growth, Development and Wealth Creation. Gaborone.

\textsuperscript{99} Stahl (1999): 5 ff; The World Bank criticised the SADC rules of origin as overly complex and rather an obstacle to trade; see INSAT 2006/6:3
• A ‘rules-of-origin’ regime that safeguards the national and particularly the ‘infant’ industries in the SADC countries. According to the agreement, only those products which have either a maximum of third country ingredients of not more than 60% of the import (cif) value and/or at least 35% of their value added in an SADC member state have preferential access to the SADC market. The problem was the ability of SADC customs authorities to determine the exact amount of local value added and/or that of third country components.\textsuperscript{99}

Under the Trade Protocol, three main institutions were established:

• The Committee of Ministers responsible for trade (CMT)
• The Committee of Senior Officials (permanent secretaries responsible for trade), which serves as an advisory body to the CMT
• The Trade Negotiation Forum (TNF) composed of all major stakeholders at which the actual fine-tuning of the implementation took place.

Despite the considerable technical problems in implementing the intra-SADC tariff reductions, and delays on the way,\textsuperscript{100} by mid-2008 the target set for reducing and abolishing the tariffs had been reached. In August 2008, SADC was able to launch the SADC FTA and declare that by 2010 SADC would become a customs union. The Executive Secretary of SADC had already announced in 2006 that SADC would pursue its plans according to the timetable laid down in the RISDP to establish a common market in 2015 and a monetary union by 2016.\textsuperscript{101} Also in 2006, an SADC Customs Union Task Force was established, which met first in December 2006 in Maputo, Mozambique, and then in March 2007 in Maseru, Lesotho, to initiate studies preparing for the establishment of the SADC Customs Union. However, when the SADC FTA was launched in August 2008, Angola and the DRC did not join as they had not yet signed the Protocol.\textsuperscript{102}

\subsection*{9.3.4.4. Other major protocols}

Apart from the Trade Protocol, which has been the most crucial protocol for the development of SADC, there are also other protocols which play a central role for the further integration in SADC:

• Protocol on Transport, Communications and Meteorology
• Protocol on Energy
• Protocol on the Facilitation of the Free Movement of People
• Protocol on Politics, Defence and Security Cooperation
• Protocol on Tribunal.

This is not to say that the other protocols are unimportant, but they do not play the same role for the physical and political integration of the region. The Protocol on OPDS was already discussed above (see chapter 9.2.2.) and the Protocol on Tribunal will be discussed below (see chapter 9.3.6.).

\begin{flushright}
\textsuperscript{100} The midterm review on the reduction of SADC tariffs, which the Secretariat published in 2004
\textsuperscript{101} SADC (2006a): 7
\textsuperscript{102} SADC (2008b): 6
\textsuperscript{103} SADC (1996b), The Protocol on Transport, Communication and Meteorology: 4
\end{flushright}
The Protocol on Transport, Communications and Meteorology is concerned with transport systems and infrastructure, telecommunications, postal services and meteorology. It acknowledges that transport, communication and meteorology “...are a prerequisite for the promotion of economic growth and development.” Being an exporter of several bulky minerals (copper, cobalt, coal, iron, gold, platinum, soda ash, diamonds, bauxite, etc.), agricultural products (cotton, tobacco, tea, coffee, beef, sugar, horticultural products, etc.) and a large importer of oil, machines, vehicles and consumer goods, the SADC region needs functioning, well maintained and integrated transport and communication systems.  

The biggest challenge is not so much the physical expansion of the transport systems but its harmonisation and the establishment of a supportive technical and managerial infrastructure required in order to run a regionally integrated transport network on road, rail, air and water.

This protocol can be regarded to some extent as a broadened extension of the cooperation under SADCC in this sector. SADCC had established a special ‘Southern African Transport and Communication Commission’ (SATCC) as it attached great importance to the creation of a transport and communication system independent of South Africa (see also Table Box 8.1.). Due to the required large investments, the transport and communication sector received the bulk of donor support and investments. Between 1980 and 1996, SADCC and SADC received roughly USD 3.9 billion in terms of donor support for a total of 416 projects. Out of this, USD 2.9 billion went towards the finance of 174 transport and communication projects although this represented only 46% of the envisaged costs for these projects. The destabilisation of South Africa during the 1980s had destroyed substantial parts of the railway system in the region, and the effect of these investments has made Southern Africa, transport-wise, the most integrated region in Africa. In total, Southern Africa has an interconnected railway system of 33,000 km plus another 4,200 km of railways which are not connected with the rest or have a different gauge (Tanzania).

There are railway connections from the major ports of Durban and Port Elizabeth (South Africa) up to Dar es Salaam (Tanzania). The connections extend further from the major mineral producing areas in landlocked Zambia (Copperbelt) and Zimbabwe to harbours not only in South Africa and Dar es Salaam but also in Mozambique (Maputo, Beira, Nacala). Only the Angolan and the Congolese economies are not yet reconnected to the rest of SADC by rail. In the late 1990s, a private concession closed the last gap in the regional railway system between Beitbridge and Bulawayo in Zimbabwe, effectively linking the South African railway system directly to the Zambian Copperbelt. However, few of these railway systems operated without problems due to the often rather ineffective management of state-owned railway companies.

---

104 This section will not only discuss the Protocols on Transport, Energy, Agriculture and Labour Movement as such but will highlight the regional situation and problems in each of the sectors.

105 Peters-Berries/Marx (1997): 76

106 Peters-Berries/Marx (2000): 54f

107 Such a link also existed before via Botswana. However, it was time-consuming (additional borders to cross) and longer in terms of distance to use this railway line. Botswana was not happy about the opening of the Beitbridge-Bulawayo railway line.
The inefficiencies of the railway system led to a parallel extension of the regional road network. By the year 2000, there were more than 100,000 km of primary roads in the SADC region, which in countries like Botswana, Swaziland, Mozambique, Zambia, Malawi and Tanzania are still being expanded. It is possible to drive from as far as Arusha (Tanzania) to Cape Town (South Africa) in a little more than a week on perfectly tarred roads on different routes.\(^{108}\)

In 1995, total cross-border trade in the SADC region amounted to approx. 31.2 million tons of which 50.4% were transported by rail and the rest by road.\(^{109}\) Southern Africa has several big ports, which have the capacity to handle the considerable bulk of regional trade.

However, agreeing on the technical details of harmonising transport and communication often proved much more difficult and cumbersome than agreeing on the broader political objectives. Some of the difficulties to be overcome were:

- Conflicting regulations on the usage of roads by trucks. There were vast variations regarding the number of axles allowed, the maximum lengths or maximum load for trucks between SADC member states. Weighbridges had to be built and personnel be trained to use them even after there had been agreement on axle loads and maximum loads.

- Differentiations in road-use fees amongst SADC countries which make it cumbersome (in case direct fees are charged), expensive and arbitrary to engage in intraregional trade.

- The required paperwork (insurances, import licences, transit bonds, etc.) which not only had to be harmonised but also simplified in order to facilitate smooth intraregional trade relations.

- The lengthy and cumbersome controls and checks at the several intraregional border posts such as Beitbridge (South Africa – Zimbabwe), Chirundu (Zimbabwe – Zambia), Nyamapanda (Zimbabwe – Mozambique/Malawi), Tunduma (Zambia – Tanzania), Mwanza (Mozambique – Malawi) or Mutare (Zimbabwe – Mozambique).

It was estimated that in 1995 (at a time when intraregional trade was just starting to pick up) unnecessary delays of 60 hours per truck at the Beitbridge border post alone caused costs of more than USD 75 million a year.\(^{110}\)

SADC has not been able to develop harmonised policies on these issues. For example, a decision of the Council of Ministers in 1995 to harmonise the road use charges in SADC was by 2007 still not implemented due to disagreement on the principles and insufficient implementation capacity. "As a result, the region has different sources of road financing arrangements in place including road or bridge tolls (Mozambique, South Africa and

---

\(^{108}\) Commercial trucks and buses would obviously take longer due to lengthy border clearance processes. The author drove – on separate occasions – on the route from Durban to Nairobi by private car. \(^{109}\) ibid

\(^{110}\) Mushauri, Joshua (1997): Opportunities and Problems of Regional Road Freight Transport. KAF Occasional Paper, Harare 1997. According to AU/ECA (2004): 141, border delays improved only marginally by 2000. The longest waiting periods were still recorded at the Beitbridge crossing (36 hours average), followed by Victoria Falls (between Zimbabwe and Zambia 36 hours); Mutare (26 hours), Chirundu, Machipanda (Zimbabwe and Mozambique) and Zobue (Malawi and Mozambique) (24 hours each).
Zimbabwe), fuel levies (all states), fixed charges per unit of distance (SADC states that are also members of COMESA) and other taxes. ... The differences continue to impact negatively on the smooth flow of traffic across borders within the region."

The same is true for improving the speed of border control and clearance procedures. The lines of trucks forced to wait in Beitbridge have not decreased; in fact, the South African government had to construct a huge parking facility in 2004 in order to unblock the road from hundreds of trucks waiting to be cleared at the border. Despite the development of a model customs act, no country has yet adopted it. 112 The introduction of the Single Administration Document by South Africa for any cross-border trade on October 1, 2006 has probably come closest as it has increased the speed of customs clearance on the South African side although not yet on the Zimbabwean. Plans for the establishment of a one-stop border post are underway for the border crossings between Zimbabwe-Mozambique (Forbes-Machipanda), South Africa-Mozambique (Lebomba-Ressano-Garcia) and Zimbabwe-Zambia (Chirundu). 113

Weighbridges have been introduced in many SADC countries after the ratification of the Protocol, but are far from operating regularly due to insufficient staff and the amount of road traffic passing through the SADC region. Furthermore, only in some countries are the weighing certificates a part of the required customs clearance documents.

The harmonisation of transportation regulations and procedures will gain even more significance when SADC moves towards the establishment of a customs union. Then intraregional border controls must be abolished or at least restricted to those products which are still exempted from the customs union regime. Divergent road, rail and air transport regimes in terms of use fees, technical specifications and operation permits within the region could then be regarded as NTTBs and undermine the credibility of the customs union.

The Protocol on Energy was one of the first to be signed (1996) and ratified (1998). Its main objective is to harmonise the national and regional energy policies:

“... to ensure the availability of sufficient, least-cost energy services that will assist in the attainment of economic efficiency and the eradication of poverty, whilst ensuring the environmentally sustainable use of energy resources.” 114

On the basis of the RISDP, the SADC Energy Activity Plan was developed which has energy trade, investment, information, training and organisational capacity building as components.

The energy sector is, together with the transport sector, the regionally most integrated sector. In 1995, the Southern African Power Pool (SAPP) was established, which eventually incorporated all 12 SADC countries on the African continent. SAPP is formed by 12 national power utilities, a private company operating the Cahora Bassa hydroelectric power plant in Mozambique and a transmission company, which links Cahora Bassa to South Africa via Swaziland. Since 2006, SAPP has been based in Harare (Zimbabwe) as an
official SADC institution. In 2007, SAPP had an installed capacity of about 53,000 MW, out of which about 41,000 MW were dependable capacity, i.e. permanently available.\textsuperscript{115}

However, not all SADC countries are yet physically linked to the SAPP power grid. Malawi experienced in 2003 what it means not to be connected to the electricity grid of any other country. After a massive technical fault at one of the four hydroelectric plants at the Shire River, the country’s electricity generation dropped by one third, necessitating load shedding in most of Malawi for several months. Only after that sobering experience were the authorities seriously planning to construct inter-connectors, at least to the Mozambican grid.

As electricity in Southern Africa is generated mainly through thermal (coal) and hydroelectric resources (with one nuclear facility in South Africa), the region is dependent on good and regular rainfalls to supply the dams. In periods of severe drought (as in 1991/92) the region may fall short of its electricity generation requirements. However, drought is not the only challenge to a sufficient supply of electricity. SADC issued a warning in early 2006 about a foreseeable shortage of electricity especially in South Africa due to a strongly growing demand for electricity and management problems at South Africa’s Eskom, which had led to stalled or postponed investments into new or maintenance of existing power plants. In 2007, and more severely in 2008, this caused a shortfall of electricity and massive economic problems in South Africa. The interconnection with the SAPP power grid was not sufficient to cover the supply gap in South Africa. Zimbabwe has been experiencing power cuts for a couple of years as the country’s shortage of hard currency due to its prevailing economic crisis prevented urgently needed maintenance and the replacement of spare parts in the coal-fired power stations in Hwange and Harare and the hydroelectric power station in Kariba.\textsuperscript{116}

One of the reasons why South Africa promoted the accession of the DRC to SADC in 1997 was probably the expectation to tap into its huge energy potential. The DRC has a potential hydroelectric capacity of approximately 100,000 MW. Alone the Inga dam on the Congo River has a potential capacity of 40,000-45,000 MW, which could supply nearly all of Southern Africa’s electricity needs. Only a small portion of this capacity has yet been developed,\textsuperscript{117} and it will take several more years before this untapped potential can eventually be available to industrial centres of the SADC region. SADC supports the conceptualisation of the so-called Westcor Project, which is supposed to develop hydroelectric plants at the Inga dam and build connecting power lines from the DRC via Angola, Namibia and Botswana to South Africa.

However, the majority of the people in the SADC region are not yet connected to the electricity grid as they live in rural areas. Their major source of energy is fuelwood (wood, charcoal), which has contributed to deforestation and soil degradation throughout the

\textsuperscript{115} ibid
\textsuperscript{116} In 2003, Zimbabwe had to import about 35% of its electricity requirements from South Africa, Zambia, DRC and Mozambique. http://www.eia.doe.gov
\textsuperscript{117} In 2001, the total installed generating capacity was estimated at just short of 2,500 MW; of this no more than 650-750 MW were actually produced as most of the turbines are not functioning; ibid.
\textsuperscript{118} Mauritius has a 70-MW facility using biomass refuse from sugar cane processing; Swaziland and Tanzania are interested in similar power plants, but the bigger producers such as South Africa have not yet shown much interest in this form of energy generation.
The Southern African Development Community (SADC) region. The promotion of renewable energies (solar, wind, biogas) would thus be viewed as not only the best and most cost-effective options for rural (off-grid) electrification programmes but also a way to halt the rapid environmental destruction through the overuse of natural resources.

It should be noted that the promotion of agrofuels (sugar cane, castor and yatropha beans, palm oil, etc.) only makes limited sense in Southern Africa. Traditionally, sugar cane producing countries such as Mauritius, Swaziland, South Africa, Zimbabwe, Zambia, Tanzania and Malawi may find it cost-effective to utilise some of the molasses produced by sugar cane plantations for electricity generation. However, in general, no SADC member state has sufficient unutilised or underutilised land to grow agrofuels. Given the often precarious food security situation in many SADC countries, none of them can afford to use farm land for the production of agrofuels.

The Energy Protocol also calls for the development of other forms of energy such as natural gas, oil and coal. Angola is the region’s major oil producer and also has the lion’s share of the region’s estimated reserves. Only the DRC and South Africa have small offshore oil reserves. However, Angola has not yet entered into any bilateral or regional supply agreements in the context of SADC but exports its oil predominantly to the US and China. The oil refinery capacities are concentrated in South Africa with some national refineries in Angola, Madagascar, Tanzania and Zambie. South Africa is the major consumer of oil (over 68% of the region’s total in 2008) due to its large number of vehicles. The import bills for oil have risen sharply over the past two years (and only fallen again towards the end of 2008) due to increasing international oil prices making it difficult to guarantee regular supplies to some SADC countries (Zimbabwe, Zambia, and Malawi).

Natural gas has been found in several SADC countries (Tanzania, Mozambique, South Africa, Namibia, Angola and the DRC) and is exploited so far mainly in Angola (which has the biggest reserves), South Africa and Mozambique. Natural gas has the potential to fire some major power stations in South Africa, Namibia and Mozambique but needs much more exploration and development. A big problem is the transport of the gas to the existing power stations.

Next to hydro energy, coal is the most important energy source in the SADC region but also one of its most controversial. South Africa not only has the largest reserves of coal (approx. 6% of world reserves) but is also the biggest consumer. As such, the country is also the biggest emitter of carbon dioxide not only in SADC, but in Africa. Despite the negative impact of the use of coal on global warming and climate change, most SADC countries are either intensively exploring their coal deposits or are already producing, using and exporting coal.

The SADC region has considerable – to some extent still unexploited – energy reserves, which should ensure that the region is energy-safe in the future and in its further industrial development. The development of the various energy options also constitutes a major investment potential in the region; companies from South Africa but also increasingly China and India have begun to invest in the energy sector. As a reaction to the current

---

119 Watson, Helen (2009), External Impacts of European Union (EU) Biofuels Policies. Report prepared for the Institute of European Environmental Policy (IEEP), Belgium, January 2009
120 Nuclear power is only used by South Africa.
122 http://www.sardc.net/Editorial/Newsfeature/07260407.htm
energy supply constraints, the SADC energy ministers have developed a programme to spend about USD 7.9 billion from 2007-2010 to boost power supplies and a further USD 32 billion on longer-term electricity generation projects.\textsuperscript{122}

The SADC Protocol on Energy addresses some but not all the issues which are pertinent to the energy sector. Environmental degradation and greenhouse gas emissions also need to be included into energy development plans.

The SADC Protocol on the Facilitation of the Free Movement of Persons is, next to the Protocols on the OPDS and the Tribunal, one of the most controversial. While it has always been acknowledged by experts that the free movement of people is one of the prerequisites for a successful regional integration process, the political level constantly blocked any efforts to propose a protocol on the issue. At least one draft protocol had to be withdrawn because the political leadership of SADC could not agree on it.

The issue at the core of the Protocol is the fear of the more affluent countries in the south of the SADC region, i.e. South Africa, Botswana, and Namibia to be overwhelmed by economic migrants from the poorer Northern SADC states. Income levels and opportunities in the Southern SADC states are substantially higher than those of the poorer member states, and a removal of travel, labour and residence restrictions would with high probability increase the North-South migration. In low-income countries such as Malawi, Mozambique, DRC, Zambia, and Zimbabwe such a migration would exacerbate the already critical brain drain of professionals, skilled workers and well-educated youth and add to the economic woes.

Caught in the quagmire of interests standing against a regional liberalisation of the movement of people, and at the same time understanding the integration necessity to allow exactly this, the SADC leaders developed a protocol which can be regarded as a compromise. It sets out as the main objective:

\textit{“... to develop policies aimed at the progressive elimination of obstacles to the movement of persons of the region generally into and within the territories of state parties.”}\textsuperscript{123}

The immediate objectives of the Protocol are to facilitate for each citizen of SADC member states

- “entry, for a lawful purpose and without a visa, into the territory of another state party for a maximum period of ninety (90) days per year for bona fide visit and in accordance with the laws of the state party concerned;
- permanent and temporary residence in the territory of another state party;
- establishment of oneself and working in the territory of another state party.”\textsuperscript{124}

In order to make the Protocol work, all member states have to harmonise their national policies, laws and regulations regarding immigration, visas, labour permits and residence accordingly. Furthermore, they have to introduce computer-readable passports, reliable population registers, abolish visa requirements where they still exist, establish separate SADC desks at all border crossings and airports, and allow for the granting of residence permits and establishment of businesses.

\textsuperscript{123} SADC (2007): Draft Protocol on the Facilitation of the Movement of Persons
\textsuperscript{124} ibid
\textsuperscript{125} The texts of all adopted protocols can be found on the SADC website: www.sadc.int
The ongoing crisis in Zimbabwe has forced probably as many as four million Zimbabweans to leave their country; approximately three million have sought refuge in South Africa alone, others in Botswana, Zambia and Malawi. South Africa is trying to deport as many refugees back to Zimbabwe as it can and is thus, at least momentarily, not interested in making the Protocol work. The substantial amount of work and harmonisation required before the Protocol will be effective is another obstacle towards its implementation. Member states which have problems with the Protocol but cannot openly say so can easily delay its coming into effect by e.g. simply not introducing computer-readable passports.

Other protocols have not received an equally high degree of interest but nevertheless form the backbone for RI in the SADC region.\textsuperscript{125}

9.3.5. The Consultative Conference

The Consultative Conference was a major annual event from 1979 to 1999 presenting SADC(C) to the world and maintaining a regular dialogue with the donor community. The frequency of the conferences changed to every two years after 2000 but has been held only twice since then (2002 and 2006).

The major function until 2000 was the soliciting of funds for SADC projects and programmes. The 2006 Consultative Conference in Namibia changed the character of the relationship as it agreed on a framework for a partnership agreement between SADC and donors, international cooperating partners (ICP), in support of the implementation of SADC’s RISDP. The Windhoek Declaration on a new SADC/ICP partnership specified the roles of the key cooperating stakeholders for the achievement of the SADC socio-economic development agenda\textsuperscript{126} and developed a resource mobilisation strategy.\textsuperscript{127} It is linked to the Paris Declaration on Aid Effectiveness.

The Windhoek Declaration on a new SADC/ICP partnership was the culmination of a three-year process of intensive dialogue between SADC and its main international partners. Already in 2003, a Joint SADC-ICP Task Force (JTF) was set up with the aim of improving coordination between SADC and the ICPs so that the latter could make a meaningful contribution to the implementation of the RISDP. The formulation of the Windhoek Declaration was the result of the close consultations. The EC Delegation to Botswana is the lead agent of the ICPs, acting in close liaison with the SADC Secretariat’s Unit for Policy and Strategic Planning.

The JTF consists of two working levels:

- The “Wider Task Force” of ICPs and representatives of the SADC Secretariat with the possible participation of the SADC Troika. The “Wider Task Force” convenes twice a year.

- A technical core group for the day-to-day work and follow-up on recommendations of the “Wider Task Force”, which consists of the ICPs represented in Gaborone (i.e. EC, Sweden, France, Germany, UK, UNDP, USAID) and representatives of the SADC Secretariat. It meets monthly, co-chaired by the EC Delegation and the SADC Secretariat.\textsuperscript{128}

\textsuperscript{126} http://www.sadc.int/icp/windhoek_declaration/index.php
\textsuperscript{127} SADC (2006a): Talking Notes for Pre-Summit Media Briefing by Executive Secretary T.A. Salomao. August 8, 2006. Gaborone.
\textsuperscript{128} http://www.sadc.int/icp/
During the times of SADCC and SADC’s formation years in the 1990s, the consultative conferences were an important mechanism for the regional body to ensure international political and economic recognition and support. It was an event at which member states had to demonstrate their commitment for RI and SADC to the outside world, thus indirectly also strengthening the internal cohesion of the regional body. It was also an event which provided SADC with urgently needed financial and technical support from the donors, thus proving to integration-sceptics that RI was indeed paying off. With the maturing and visible progress of SADC, the annual meeting with the donors became redundant. It was replaced – and this also demonstrates the new self-confidence of SADC – by a consultation process on more equal terms concerning development issues.

9.3.6. The Tribunal

SADC had realised early on that it would need a mechanism to settle inevitable disputes arising from the RI process. In article 16 of the SADC Treaty, the establishment of a tribunal is foreseen. However, it took until 2000 before the Protocol on Tribunal was ready for signing. It entered into force upon the adoption of the Agreement Amending the Treaty of SADC at the Blantyre Summit on August 14, 2001, thus without going through the normal national ratification process. However, it took another four years before the Tribunal was operational.

The Tribunal is a permanent SADC institution based in Windhoek (Namibia), which has jurisdiction over SADC matters in accordance with the Treaty and the Protocols. This includes:

- the interpretation and application of the Treaty,
- the interpretation and application of the Protocols and “all subsidiary, instruments adopted within the framework of the Community, and acts of the institutions of the Community”,
- matters for which member states of SADC recognise the jurisdiction of the Tribunal,
- disputes between member states and between natural or legal persons and states,
- interpretations, applications and validity of provisions that are referred to by courts or tribunals of a member state.\(^\text{129}\)

The first major case brought before the Tribunal referred to the expropriation of white-owned farms in Zimbabwe. A group of 79 farmers challenged the right of the Zimbabwean government to take over their farms without compensation and possibility to appeal. They argued that the actions of the Zimbabwean government violated both the Zimbabwean constitution and the SADC Treaty. The Tribunal ruled in November 2008 that

- it was illegal for the Zimbabwean government to disallow any legal appeals against eviction orders for farms;
- the farmers were to be compensated for their farms if they had already been evicted;
- the Zimbabwean land reform is discriminatory against whites and as such violates Article 6 (2) of the SADC Treaty;

\(^{129}\) http://www.sadc.int/tribunal/

\(^{130}\) ibid.


all evictions had to be cancelled and that those farmers who had already been evicted were to be compensated appropriately by June 30, 2009.\(^9\)

Rather predictably, the Zimbabwean government and Supreme Court rejected the Tribunal’s ruling.\(^9\) This puts SADC in an awkward position: How can it enforce the decision by one of its institutions if a member state – whose direct responsibility is the implementation of the ruling – refuses to comply? The weakness of the Protocol on Tribunal is that it does not contain provisions on how to ensure that its verdicts are complied with, leaving their actual implementation to the respective member state according to its laws. No SADC member state has so far passed any law which would compel it to implement verdicts of the SADC Tribunal. The only recourse in case of disregard of its verdicts is for the Tribunal to present the case to the SADC Summit. It did so in the case of the ruling on the Zimbabwean farmers, but the August 2008 Summit chose not to react\(^9\) – probably in order not to derail the precarious negotiations for the formation of a unity government.

By April 2009, altogether 18 cases had been brought before the Tribunal, of which none was concerned with disputes between member states. Two were labour disputes and the rest were cases between individuals or legal bodies and one member state. As in the case between the white Zimbabwean farmers and the Mugabe administration, the issues in the other cases were mostly about (human) rights violations and how far they violated SADC’s legal principles. In the latest case, the Zimbabwe Human Rights NGO Forum\(^134\) has taken the Zimbabwean government to the Tribunal for not honouring a Zimbabwean court order to compensate victims of torture. It will have to be seen if the new Zimbabwean government reacts differently to a possible Tribunal verdict than the old one.

### 9.3.7. Still to be accomplished

The integration process has again gained momentum over the last few years due to the implementation of the SADC reforms and, in particular, through the establishment of the SADC FTA. There are, however, still some areas which need to be taken care of in order to make the regional integration process more sustainable:

- The full implementation of the financial reform: despite the changed formula for membership fees, not all member states pay up regularly. In particular, the funding for the construction of the new building for the Secretariat is not coming forward sufficiently.

- The alignment of national policies to regional integration goals and strategies: if the speed of protocol ratification is anything to go by, then the commitment of most of the member states to RI is still not very high. Translating SADC goals into national policies is still far more often the exemption than the rule.

- The full implementation of the SADC Electoral Advisory Council’s SADC Principles and Guidelines Governing Democratic Elections has faced a first successful test with the Zimbabwean elections in April 2008, but needs to be repeated in other potentially controversial elections, as well.

\(^9\) Ruppel, O. (2009)

\(^{134}\) www.thezimbabwean.co.uk/index.php?option=com_content&task=view&id=20613&Itemid=109 - 30k

\(^{135}\) www.sadc.int/tifi/macroeconomic_policies_convergence/structure.php
The translation of SADC declarations, charters and memorandum of understandings into regional policies has not proceeded very far. Particularly the SADC Declaration on Macroeconomic Convergence has to be turned quickly into an implementable regional policy if the customs union is to be achieved by 2010. The establishment of a Macroeconomic Policies and Convergence Unit at the Trade and Finance Directorate of SADC in 2006 and the subsequent study undertaken by the unit on the state of macroeconomic convergence are important steps but not sufficient.
The Socio–Economic Dimension of Regional Integration in SADC
So far, we have dealt mainly with the conceptual requirements of RI, historical experiences made with it in Africa and the organisational and policy-related framework provided for RI by SADC. In this chapter, the focus will be on the (empirical) economic and the political realities of RI in the SADC region.

One of the major economic preconditions for successful RI as outlined in chapter 2 is the existence of or at least the potential for the development of complementary demand and supply structures. In other words, the national economies must not produce the same or a very similar set of goods and services. It was also explained in chapter 2 that another important factor for successful RI relates to the preparedness for economic policy convergence and the absence of huge differences in national incomes and employment levels between the member states. The experience from other RI attempts indicates that in the developing world regional integration has a greater chance of being successful if the region possesses a certain degree of infrastructure (roads, communication, electricity, etc.) and cultural integration (languages, religion, etc.). Are these economic success factors for RI evident in SADC?

10.1. Production structures and potential for trade integration

SADC chose at a very early stage a trade-integration approach for regional integration, as evidenced by the SADC Treaty and the Trade Protocol (signed in 1996). The AU/ECA defines trade integration to be achieved when

“...product flows between countries are on the same terms and conditions as within countries. In an integrated market, prices of identical products are the same across countries/geographical jurisdictions ...”

For this to happen, goods and services must be produced and traded within the RI area. If only imported goods are traded from one country to another, their prices should be very similar, at least from the stage of a customs union onwards.

Table 10.1. shows the economic strength and composition of the GDP of SADC member states over time.

---

136 AU/ECA (2008), ARIA III: 31
137 As from this integration stage onwards, a common external tariff level exists.
Table 10.1.: GDP (in USD billion current) and GDP Composition (in %) in SADC Member States

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GDP</td>
<td>Prim</td>
<td>Sec</td>
</tr>
<tr>
<td>Angola</td>
<td>9.1</td>
<td>6</td>
<td>72</td>
</tr>
<tr>
<td>Botswana</td>
<td>6.2</td>
<td>2</td>
<td>39</td>
</tr>
<tr>
<td>DRC</td>
<td>4.3</td>
<td>50</td>
<td>20</td>
</tr>
<tr>
<td>Lesotho</td>
<td>0.9</td>
<td>18</td>
<td>41</td>
</tr>
<tr>
<td>Madagascar</td>
<td>3.9</td>
<td>29</td>
<td>14</td>
</tr>
<tr>
<td>Malawi</td>
<td>1.7</td>
<td>40</td>
<td>18</td>
</tr>
<tr>
<td>Mauritius</td>
<td>4.5</td>
<td>6</td>
<td>31</td>
</tr>
<tr>
<td>Mozambique</td>
<td>4.3</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Namibia</td>
<td>3.4</td>
<td>11</td>
<td>28</td>
</tr>
<tr>
<td>South Africa</td>
<td>132.9</td>
<td>3</td>
<td>32</td>
</tr>
<tr>
<td>Swaziland</td>
<td>1.4</td>
<td>15</td>
<td>45</td>
</tr>
<tr>
<td>Tanzania</td>
<td>9.1</td>
<td>45</td>
<td>16</td>
</tr>
<tr>
<td>Zambia</td>
<td>3.2</td>
<td>22</td>
<td>25</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>7.4</td>
<td>18</td>
<td>25</td>
</tr>
<tr>
<td>TOTAL</td>
<td>192.3</td>
<td>9</td>
<td>21</td>
</tr>
</tbody>
</table>

* = 2005


The primary sector comprises all agricultural activities and mining, the secondary sector includes manufacturing, construction and the production of electricity, gas and water, while the tertiary sector consists of all service related activities such as trade, transport, communication, banking, insurance, real estate and business services as well as restaurants and hotels. It is particularly the secondary sector which is important for RI as it includes the manufacturing industry, which is supposed to be the engine of trade-based RI. Agricultural products and minerals or electricity and water are only of relevance for intraregional trade if there are member states which need these products as inputs for
their manufacturing or mining industries and can afford to import them from other member states.

Table 10.2. compares the relative strength of the manufacturing, mining and agricultural sectors in ten SADC member states.

Table 10.2.: Manufacturing, Mining and Agriculture as % of GDP in 2006 in Selected SADC Member States

<table>
<thead>
<tr>
<th>Country</th>
<th>Manufacturing</th>
<th>Mining</th>
<th>Agriculture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>5</td>
<td>59</td>
<td>8</td>
</tr>
<tr>
<td>Botswana</td>
<td>4</td>
<td>41</td>
<td>2</td>
</tr>
<tr>
<td>DR Congo</td>
<td>5</td>
<td>9</td>
<td>48</td>
</tr>
<tr>
<td>Malawi</td>
<td>17</td>
<td>2</td>
<td>33</td>
</tr>
<tr>
<td>Mauritius</td>
<td>19</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Mozambique</td>
<td>15</td>
<td>1</td>
<td>28</td>
</tr>
<tr>
<td>Namibia</td>
<td>13</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>South Africa</td>
<td>18</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Tanzania</td>
<td>8</td>
<td>3</td>
<td>27</td>
</tr>
<tr>
<td>Zambia</td>
<td>11</td>
<td>5</td>
<td>21</td>
</tr>
</tbody>
</table>

Source: OECD/AfDB 2008

In SADC, only South Africa has a manufacturing sector worth talking about. In South Africa, the share of the secondary sector in the GDP stood at 31% in 2006, that of the manufacturing industry alone at 18%. In comparison with EU countries or Japan, this still is not a very high percentage, but in terms of value produced, the South African manufacturing sector is with approx. USD 48 billion (2006) the biggest in sub-Saharan Africa.

The relatively high percentage figures for the secondary sector as shown in table 10.1. for Lesotho (40-43%), Swaziland (45-47%), Botswana (53-55%) and Angola (66-72%) are owed to particular economic settings. The reasons for the high share of the secondary sector in GDP generation are in Lesotho the production of water and energy for South Africa and in Swaziland the sugar refining process of the country’s vast sugar cane production; in the case of Botswana, diamond production is the reason for the high share of the secondary sector in GDP generation. The extremely high percentage of the secondary sector for Angola is owed solely to the production of oil. Other countries which also have mining

138 In Botswana and Angola mining and oil production are grouped under the secondary sector and not under the primary sector.
resources, such as the DRC, Zambia and Namibia, show a relatively strong secondary sector – but in all those countries, the manufacturing sector is rather weak.

The African Economic Outlook 2007/08 of the OECD/AFDB shows that the actual share of the manufacturing industry in relation to the GDP (in 2006), is, apart from South Africa, above 10% only in Mauritius, Malawi, Mozambique and Zambia. These economies are all relatively small; their sizes range from a GDP of USD 2.2 billion (Malawi) to USD 7.5 billion (Mozambique) in 2007. Apart from South Africa, only Mauritius has a manufacturing industry which produces consumer goods in large quantities (textiles and processed food). It is currently the second most industrialised country in SADC. Starting as a sugar-producing monoculture, it has successfully diversified since the 1970s into tourism, textile production and food processing but is currently also hard-hit by the world economic crisis.

According to the IMF, Lesotho also has a relatively high share of manufacturing activities (16% of GDP). This is due to a strong influx of Chinese companies into textile and apparel manufacturing over the last years, which not only wanted to take advantage of Lesotho being a member of SACU, but also being entitled to duty-free exports to the USA under the African Growth and Opportunities Act (AGOA). Of the remaining member states, Zimbabwe used to have a rather large and also growing manufacturing industry during the 1990s, but the crisis since 2000 has more or less destroyed the Zimbabwean industry.

However, the majority of SADC member states are producers of mineral or agricultural raw materials. Southern Africa is one of the regions in the world very rich in mineral resources, the Congo Basin being another one. The SADC region has substantial reserves of gold, copper, cobalt, coal, diamonds, oil (Angola), nickel, uranium, zinc, manganese, tungsten, gas, asbestos, gemstones and coltan. At the same time, it is also a major producer of agricultural raw materials such as sugar, coffee, tobacco, tea, cotton, maize, beef, pulp, cashew nuts and lately biofuels. As few SADC member states have the industrial processing facilities for the raw materials they produce – a situation which is at least partly an inheritance of the exploitative structures established by the colonial regimes – they are only left with the option of exporting them to the world market. Due to these inherited production and trading structures (railways, roads, harbours and electricity) later reinforced by the independent governments, Southern Africa has thus always been – although unevenly – integrated into the world market, delivering raw materials and importing capital as well as consumer goods and fuel. Globalisation enhanced this even further, especially since the prices for raw materials surged, as a result providing countries such as Angola, Zambia, Namibia or Botswana with sudden windfall profits and no strong incentives to invest into the processing of their raw materials. The current world economic crisis, however, will dampen this and may lead to an economic rude awakening in some countries.

As table 10.3 demonstrates, the exports of SADC member states are clearly dominated by mineral and agricultural raw materials. Only Lesotho and Madagascar list at least one category of manufactured goods (textiles) amongst their main exports. On the other hand, the structure of the main imports (according to figures available for the period between 2002 and 2006) tends for most of the SADC member states towards manufactured goods

---

139 The report does not provide country profiles for Lesotho, Swaziland and Zimbabwe and has no specific figures regarding the composition of GDP for Madagascar.

and machines and transport equipment (mostly vehicles), which account for 46%-67% of all imports; fuel imports had a share of around 12% in most SADC countries. The import structure changed dramatically in 2007 and 2008 when international oil prices more than doubled and prices for food items and chemicals also rose sharply. However, for these years there are no comparable figures available yet. Nevertheless, the overall picture remains the same: SADC member states export raw materials and import capital and consumer goods as well as fuels; value adding in the SADC region is limited.

Table 10.3. The Main Export Goods of SADC Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>The three main export goods (in % of total exports) 2006</th>
<th>Main imports (in % of total imports) 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>Oil (96%) Diamonds (3.6%)</td>
<td>Consumer goods (60%); Capital Goods (29%); Intermediate Goods (11%)+</td>
</tr>
</tbody>
</table>
| Botswana         | Diamonds (78.6%); Nickel (11.4%);                        | Manufactured Goods (34%); Machines& Vehicles (33%); Food and Beverages (13%); Fuel (4%)
| DR Congo         | Diamonds (31.2%); Cobalt (18.2%); Copper (9.7%)         | n/a                                     |
| Lesotho          | Textiles (81%); Diamonds (10%);                         | Manufactured Goods (38%); Food & Beverages (22%); Machines& Vehicles (12%); Chemicals (12%); Fuel (8%)
| Madagascar       | Textiles                                                 | Machines& Vehicles (31%); Manufactured Goods (23%); Fuel (23%); Food & Beverages (10%) |
| Malawi           | Tobacco (35%)                                           | Manufactured Goods (26%); Machines& Vehicles (22%); Chemicals (21%); Food and Beverages (16%); Fuel (10%)
| Mauritius        | Textiles; Sugar (15%)                                   | Manufactured Goods (28%); Machines& Vehicles (28%); Fuel (16%); Food and Beverages (16%)
| Mozambique       | Aluminium (73%); Seafood (6%); Minerals/Gas (4%)*       | Machines& Vehicles (26%); Manufactured Goods (18%); Food and Beverages (13%); Fuel (6%)
| Namibia          | Diamonds; Zinc                                          | Machines& Vehicles (32%); Manufactured Goods (31%); Food and Beverages (4.4%); Fuel (10%)
| South Africa     | Platinum (9.4%); Diamonds (5.9%); Gold (5.7%);          | Machines& Vehicles (36%); Manufactured Goods (22%); Fuel (14%); Chemicals (11%) |
As a result of the concentration of production on minerals and agricultural raw materials and the rather weak manufacturing base, the scope for intraregional trade within the SADC region is limited. The end of apartheid in South Africa in 1994 and South Africa’s subsequent accession to SADC gave the intraregional trade (exports) a boost (see table 10.4.), but after that it grew only slowly in volume. According to the ECA’s Economic Report on Africa 2008, intraregional trade in SADC averaged at 10.13% for the period between 1995 and 2005. Intraregional exports during this period grew by 7% as compared to 9% for the total exports of the SADC region. For the period between 2000 and 2005, intraregional exports averaged 19.9% and imports even 33.1% in SADC. But, given the production structure within SADC, these figures may in fact already be close to the current maximum potential for intra-SADC trade.

---

141 The tables for the main export products did not contain data on countries starting with the letters M – P; a printing error must have occurred.
143 ECA/AU (2008a): 35
Table 10.4. The Development of Intra-SADC Exports (in %)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>0.2</td>
<td>0.3</td>
<td>0.1</td>
<td>n/a</td>
<td>0</td>
</tr>
<tr>
<td>Botswana</td>
<td>5.0</td>
<td>17.2</td>
<td>7.8</td>
<td>13.6</td>
<td>12.2</td>
</tr>
<tr>
<td>Lesotho</td>
<td>0</td>
<td>n/a</td>
<td>61.9</td>
<td>n/a</td>
<td>19.4</td>
</tr>
<tr>
<td>Malawi</td>
<td>5.8</td>
<td>20.1</td>
<td>5.3</td>
<td>34.0</td>
<td>31.3</td>
</tr>
<tr>
<td>Mauritius</td>
<td>n/a</td>
<td>0.9</td>
<td>0.8</td>
<td>6.5</td>
<td>7.4</td>
</tr>
<tr>
<td>Mozambique</td>
<td>10.4</td>
<td>23.7</td>
<td>17.9</td>
<td>35.8</td>
<td>19.1</td>
</tr>
<tr>
<td>Namibia</td>
<td>n/a</td>
<td>n/a</td>
<td>6.6</td>
<td>33.5</td>
<td>33.2</td>
</tr>
<tr>
<td>South Africa</td>
<td>n/a</td>
<td>22.4</td>
<td>18.3</td>
<td>19.4</td>
<td>9.1</td>
</tr>
<tr>
<td>Swaziland</td>
<td>3.0e</td>
<td>64.7</td>
<td>31.3</td>
<td>76.8</td>
<td>7.4</td>
</tr>
<tr>
<td>Tanzania</td>
<td>1.3</td>
<td>18.7</td>
<td>2.4</td>
<td>5.3</td>
<td>18.9</td>
</tr>
<tr>
<td>Zambia</td>
<td>3.9</td>
<td>4.8</td>
<td>3.0</td>
<td>29.1</td>
<td>35.4</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>9.8</td>
<td>32.8</td>
<td>23.8</td>
<td>26.9</td>
<td>n/a</td>
</tr>
</tbody>
</table>


Intraregional investments could create some of the so far missing complementary production structures crucial for a further increase in intraregional trade. As discussed earlier, the elimination of internal tariffs in an FTA or customs union can stimulate intraregional investments. The establishment of SAFTA in August 2008 is supposed to provide such a stimulus and thus expand and diversify the regional manufacturing base. However, the empirical evidence so far seems to indicate that the new economic opportunities created by SAFTA have not been realised yet in the anticipated manner. Since 2000, when the first tariffs were abolished, no significant change has occurred in the intraregional investment pattern. Especially South African companies have continued to invest in other SADC countries but predominantly into retail, banking, tourism, mining and agriculture and hardly into manufacturing.

The observed increase in cross-border investments in SADC has not created the anticipated kinds of upstream linkages for production processes within SADC. The major motivation for cross-border investments has in nearly all cases been the expanding of already existing business links or obtaining a greater share of local markets.

The major source of cross-border investments has been South Africa. Its private and state-owned companies have quickly conquered the regional markets once other member states have liberalised their economies or expanded their investment portfolios. Some of the major investors are:

- South African Breweries (SAB), which invested in Zimbabwe, Zambia, Mozambique, Tanzania, Botswana and seeks to get a foothold in Namibia and Malawi.
- South African banks such as ABSA and Stanbic and insurance companies such as Old Mutual, which have opened branches in most SADC member states and
invested in manufacturing, tourism and farming interests in Botswana, Swaziland, Lesotho, Namibia, Zimbabwe, Zambia and Mozambique.

- Anglo American and its subsidiary de Beers (diamonds), which play a dominant role in the mining sector of many SADC countries although the company created a stir when it pulled out of an already agreed takeover of the state-owned Zambian Consolidated Copper Mines (ZCCM) in 2001.

- Southern Sun and Protea Hotels, which have been investing in almost all lucrative tourism destinations throughout the SADC region, including: Botswana, Namibia, Swaziland, Namibia, Malawi, Mozambique, Mauritius, Tanzania, Zambia and Zimbabwe.

- Shoprite/Checkers and, to a lesser extent, Woolworths which have aggressively invested in the retail sectors in the SACU member states, Zimbabwe, Zambia, Malawi, Mozambique and Tanzania. Especially Shoprite did not only cover the capitals, but went out into smaller regional towns in Zambia, Zimbabwe and Mozambique as well.

- Eskom, the South African power utility, which has made strategic investments in Mozambique, Zambia, Zimbabwe and the SACU states. Its interest is to link the huge electricity generation potential of the DRC to South Africa, which in 2007 and 2008 experienced a higher demand for electricity than could be satisfied by Eskom. In Zimbabwe, Eskom wants to acquire a stake in the Zimbabwe Electricity Supply Authority (ZESA) as compensation for unpaid electricity exports to the country.\(^\text{144}\)

- Anglo American and other companies which also hold large interests in the agricultural sectors of Mozambique, Zimbabwe and Zambia. Smaller private South African investors have been particularly attracted by Mozambique, which offered – in a controversial deal – large tracts of fertile but sparsely populated land to South African farmers.

- Investments of South African companies into biofuels production – sugar cane, palm oil, oil seeds, which are the latest trend in cross-border investments. Targets are particularly Angola, Mozambique and Tanzania.\(^\text{145}\)

The South African investments have been directed mainly towards the primary and tertiary sectors but there are only few investments in the manufacturing to provide South Africa with raw materials or semi-processed inputs. This can be largely attributed to the structure of the South African manufacturing industry. Its major products are:

- consumer products such as processed foods, beverages, furniture, textiles, shoes etc.;

- simple parts for the car manufacturing industry complementing the imported majority of parts for the assembly plants of BMW, VW, Mercedes, Toyota and Nissan;

- refined fuels both from oil imports and coal conversion;


The Socio-Economic Dimension of Regional Integration in SADC

- paper products made from pulp produced both in South Africa and Swaziland
- simple chemicals.

South Africa either produces the required raw materials for its manufacturing industry itself or sources them on the world market. Its manufacturing industry has so far not looked for inputs from SADC member states.

Until Zimbabwe’s economy started to implode in 2000, there were also a number of Zimbabwean businesses which started to engage in cross-border investments. The private mobile telephone company, Econet Wireless of Zimbabwean business tycoon Strive Masiyiwa, had invested into the Botswana mobile telephone network. Zimbabwean banks such as Standard Chartered, Barclays (Zim) and First Banking Corporation had also ventured into Botswana, Swaziland, Tanzania, South Africa and Zambia and were planning to open branches in Mozambique and Namibia as well. Mauritian companies have invested into sugar plantations and hotels in Madagascar, Mozambique and, for a while, also in Zimbabwe.

One exception to the general trend, however, has to be singled out: the huge Mozal aluminium smelter located in a special business zone close to the Mozambican capital Maputo – an investment worth approx. USD 2.1 billion – started production in 2000. It uses bauxite found in South Africa and converts it into aluminium, which is exported to the world market. The decision to build the smelter in Mozambique and not in South Africa (as first planned) was based on the obvious advantages Mozambique could offer: proximity to the bauxite deposits and a harbour with additional capacity (Maputo) as well as the availability of sufficient and cheap electricity (from the Cahora Bassa dam). Mozal is so far the first and only major foreign direct investment (a joint venture of Australian and South African investors) into the SADC region created because of the opportunities of regional integration. It uses the raw materials from one member state (South Africa) to be processed in another member state (Mozambique).

Foreign direct investment (FDI) from outside the region as another source of possible investments into production of processed and/or semi-processed goods has increased since 2000 as compared to the 1990s. But the bulk of FDI went into oil exploitation in Angola and mining ventures in South Africa, Zambia, Namibia and Botswana. Mozambique and Tanzania (see table 10.5.) also received substantial FDI, which went to a larger part into agricultural production, tourism and mining. The available statistical sources such as the African Economic Outlook of OECD/AFDB or the UNCTAD Handbook on Statistics do not differentiate according to the sector of investment, but it can be safely assumed from secondary sources that most of the FDI into the SADC region has been earmarked for mineral ventures, a smaller part for agricultural and tourism projects and very little for manufacturing. In other words, the current increase in FDI is only reinforcing the structurally lopsided and unequal integration of Southern Africa into the world market but doing little to promote or facilitate regional integration.

In summary, the SADC region has similar rather than complementary production structures, and established trade patterns biased against intraregional trade are reinforced by current investment patterns. This means that the trading potential within SADC is limited. With the exception of oil, bauxite (see above) and perhaps pulp (for producing

---

paper), none of the other raw materials produced by the SADC member states are of significance to the economy of other SADC members. The potential for intraregional trade is therefore also limited. As can be seen from table 10.4., intra-SADC exports increased after South Africa joined the club in 1995 but have stayed on similar levels ever since (with country variations). Cross-border investments have increased in the past decade, but have predominantly been limited to investments without regional impact.

The major source of such cross-border investments has been South Africa, whose interest is the expansion of its market share in other SADC member states rather than setting up upstream investments in other SADC countries which could provide the South African industry with raw materials or semi-processed goods.

Table 10.5.: Net Foreign Direct Investment in SADC Member States 2001–2006 (USD million)

<table>
<thead>
<tr>
<th>Country</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>2,146</td>
<td>1,672</td>
<td>3,505</td>
<td>1,449</td>
<td>-1,303</td>
<td>-1,140</td>
</tr>
<tr>
<td>Botswana</td>
<td>31</td>
<td>405</td>
<td>419</td>
<td>392</td>
<td>281</td>
<td>274</td>
</tr>
<tr>
<td>DR Congo</td>
<td>82</td>
<td>117</td>
<td>158</td>
<td>10</td>
<td>-79</td>
<td>180</td>
</tr>
<tr>
<td>Lesotho</td>
<td>28</td>
<td>27</td>
<td>42</td>
<td>53</td>
<td>57</td>
<td>57</td>
</tr>
<tr>
<td>Madagascar</td>
<td>93</td>
<td>61</td>
<td>95</td>
<td>95</td>
<td>86</td>
<td>250</td>
</tr>
<tr>
<td>Malawi</td>
<td>60</td>
<td>6</td>
<td>7</td>
<td>22</td>
<td>27</td>
<td>30</td>
</tr>
<tr>
<td>Mauritius</td>
<td>-28</td>
<td>32</td>
<td>63</td>
<td>14</td>
<td>42</td>
<td>105</td>
</tr>
<tr>
<td>Mozambique</td>
<td>235</td>
<td>347</td>
<td>337</td>
<td>245</td>
<td>108</td>
<td>154</td>
</tr>
<tr>
<td>Namibia</td>
<td>365</td>
<td>182</td>
<td>142</td>
<td>226</td>
<td>348</td>
<td>327</td>
</tr>
<tr>
<td>South Africa</td>
<td>6,789</td>
<td>757</td>
<td>734</td>
<td>799</td>
<td>6,251</td>
<td>-323</td>
</tr>
<tr>
<td>Swaziland</td>
<td>29</td>
<td>92</td>
<td>-61</td>
<td>70</td>
<td>-50</td>
<td>36</td>
</tr>
<tr>
<td>Tanzania</td>
<td>389</td>
<td>388</td>
<td>308</td>
<td>331</td>
<td>448</td>
<td>377</td>
</tr>
<tr>
<td>Zambia</td>
<td>72</td>
<td>82</td>
<td>172</td>
<td>364</td>
<td>380</td>
<td>350</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>4</td>
<td>26</td>
<td>4</td>
<td>9</td>
<td>103</td>
<td>40</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>10,315</td>
<td>4,194</td>
<td>5,925</td>
<td>4,079</td>
<td>6,699</td>
<td>697</td>
</tr>
</tbody>
</table>

Source: OECD/AFDB (2008): 663

Unless substantial investments in manufacturing industries in different SADC countries occur over the next few years, the potential for further integration through trade appears limited and largely dependent on the output and direction of the development of the South African manufacturing sector.
10.2. Physical potential for RI: transport, energy and communication

Trade integration will only succeed if the physical preconditions for it are in place and functioning. This has always been the conviction of the political leaders of Southern Africa and was even part of the rationale to start regional cooperation under SADCC. And today, the SADC region has a well developed physical infrastructure in comparison to other RI schemes in Africa, partly as a result of colonial investments and partly because of the cooperation efforts during the SADCC period (see chapter 8.3.).

10.2.1. Transport integration

The road and rail systems connect most of the member states on the continent and especially the six landlocked member states with the main harbours of the region. Furthermore, with Johannesburg as the regional hub, the SADC region is well connected to international air traffic. As seen in chapter 9.3.4.4., railway lines link all but one country (Malawi) to the regional harbours. The regional road system has not only incorporated all countries, but also linked remoter areas in some member states with the regional transport system.

However, for the last decade, transport, especially road transport has been hampered due to the decay of the Zimbabwean economy and as a consequence of its physical infrastructure. For years, it was nearly impossible to buy fuel in Zimbabwe, and trucks had to use extra tanks to cross Zimbabwe. While petrol or diesel can now be found again against hard currency, the main highways and several bridges in Zimbabwe are in a bad state of repair. But Zimbabwe remains the crucial link between the landlocked countries such as Zambia and Malawi and the South African and Mozambican ports. Although trade barriers have been removed with the establishment of SAFTA, the physical preconditions for facilitating more trade are not in the best shape.

The only country so far which is merely loosely linked with the region’s transport system is the DRC. Being the biggest geographical country in Africa, it has never fully integrated internally. Its Southern part (the mineral-rich Katanga region) is connected to the South, but the rest of the country has either closer links to Ruanda, Burundi and Uganda or is oriented towards its own Atlantic harbour Pointe-Noir. To bridge this gap, SADC developed a new special corridor project, the North-South Corridor linking the DRC to the harbour of Durban.147

10.2.2. Energy integration

The African Power Pool (SAPP) connects most SADC member states on the African continent with the exception of Malawi. The power shortages in South Africa in 2006, 2007 and 2008 have, however, demonstrated that the existing regional interconnections and electricity generation reserves are not yet sufficient to balance demand and supply in

---

the region. The interconnectors between the surplus producers such as DRC, Zambia or Mozambique and deficit countries such as South Africa and Zimbabwe have proved to be too weak to bridge sudden extra demands. Only after South Africa was faced with serious power shortages, did its power utility Eskom begin to negotiate with the Mozambican utility EDM (Electricidade de Moçambique) about the construction of stronger interconnectors and the delivery of more electricity from Cahora Bassa to South Africa.148

Other countries such as Malawi are still not part of the regional network because of the neglect of previous administrations, and as such are vulnerable to internal failures such as the one in 2003. Zimbabwe’s power stations (in particular the Hwange coal-fired power station) are in such a bad state of repair that they only produce part of their installed capacity. The country has become highly dependent on electricity imports from South Africa, Mozambique and DRC, for which it, however, gradually stopped payments149 due to the worsening foreign exchange shortage.

The strong economic growth in the SADC region since 2002 has increased the demand for electricity to a level higher than the existing power generation capacities in the region. This reflects both the vulnerability of the predominant mode of power generation in SADC as well as the insufficient coordination of national energy policies within the region. The electricity supply crisis which hit South Africa in 2007 and 2008 underscores this: it was a result of higher than anticipated growth in demand,150 a mild drought (lowering the output of hydroelectric plants), neglected maintenance of power stations and insufficient options to import electricity from the region.

The region’s dependence on hydropower – with the exception of South Africa and to some extent Zimbabwe, which both have coal-fired power stations – makes it highly vulnerable to droughts. Periods of lower rainfall occur regularly and can affect the watersheds of the main river systems. Currently, the region has the following major dams producing electricity:

- **Angola**: The Capanda dam produces approximately 520 MW and is the main source of electricity for the country.

- **DRC**: The Inga I, II and III power stations are either operating, under construction or being planned. They have the capacity of generating up to 40,000-45,000 MW once all are functional. The investment for Inga III will, however, require some USD 50 billion and is very unlikely to be realised soon. Currently, the DRC exports some of its electricity; the entire internal consumption is generated with hydropower.

- **Lesotho**: The Highland Water Project generates power and provides water mostly for South Africa. Its installed capacity is 110 MW at the moment; a further 166 MW are planned.151

---

149 http://www.africagrowth.net/index.php?option=com_content&task=view&id=90&Itemid=1; Zimbabwe was owing DRC’s SNEL around USD 5 million and Mozambique’s HCB more than USD 26 million. The latter cut supplies with effect from January 1,2008.
150 According to the South African media, the power cuts were also a result of bad management and political indecisiveness; http://news.bbc.co.uk/2/hi/afrika/7208542.stm
151 www.lhwp.org.ls
• **Malawi:** The Shire hydropower stations so far produce more than 80% of the 285 MW installed Malawian electricity output.\(^{152}\) But, as the breakdown of one of its turbines in 2003 demonstrated, Malawi has no backup in case problems arise as it is not connected to the SADC grid.

• **Mozambique:** the Cahora Bassa hydropower station is the main producer of electricity in Mozambique with an installed capacity of 2,075 MW. Located 1,200 km north of the capital Maputo and even further from the South African capital, it is so far only delivering part of its potential output to the consumers. Up to 35% of the output of Cahora Bassa was sold to Zimbabwe until the country became unable to pay for the electricity.

• **Namibia:** The Ruacana hydroelectric station on the Kunene River with an installed capacity of 240 MW generates the bulk of electricity in Namibia, of which excess is exported to South Africa.\(^{153}\) Further projects are being planned, and among them are the controversial power stations on the Okavango River, which Botswana fears will damage its unique Okavango Swamps.

• **South Africa:** There are only two hydropower stations: the Vanderkloof Dam (240 MW)\(^{154}\) and the Sterkfontein Dam with an installed peak capacity of 250 MW. It imports electricity from hydropower sources from Mozambique and to a smaller extent from Zambia and Namibia.

• **Tanzania:** There are six hydropower stations of different sizes, which supply a maximum of 557 MW\(^{155}\) (= 60% of national demand) but suffer from varying water levels and maintenance problems. In 2006, Tanzania had to severely ration power supplies due to extremely low water levels in the dams.

• **Zambia:** There are a number of hydropower stations, the biggest of which are the Kariba Dam hydropower station, jointly owned with Zimbabwe with an installed capacity of 1,266 MW, and the Itetzi-Tezhi Dam on the Kafue River. The latter’s capacity will be raised by 120 MW through an investment made by the Indian Tata Group.\(^{156}\) The country is nearly 100% dependent on electricity generated through hydropower and, as such, extremely vulnerable to droughts.

• **Zimbabwe:** The country has only one hydropower station: the plant in Kariba which has a capacity to produce up to 666 MW but has struggled to reach this level. Power rationing has been the rule since the early 2000s, as the country’s structural shortfall of supply could no longer be imported due to severe shortages in foreign exchange.

This overview shows that electricity supply in the SADC region (on the continent) is potentially sufficient but is prone to interruptions and problems due to its high dependence on hydropower plants. A diversification of energy supplies is only slowly taking effect. The South African utility Eskom has been looking into the potential of renewable energies such as wind and solar energy after the supply problems in 2006-2008 but also considers contemplating the construction of another nuclear plant.

---

154 [www.vanderkloofdam.co.za](http://www.vanderkloofdam.co.za)
Since the ratification of the Protocol on Energy in 1998, the governments of several SADC countries have discussed the coordination of their energy policies. It was agreed that, facilitated through SAPP, the degree of energy trading should increase and balance the structural deficits in some countries. A number of plans have been developed to build better power lines and stronger interconnectors, expand existing power stations or construct new ones, but progress has been slow. It required the sobering energy crisis of 2007 and 2008 in South Africa, Zimbabwe and Tanzania to speed up investments and energy trade agreements. In 2008, new interconnectors between Zambia and the DRC and two more between Zambia and Tanzania were completed, which allow additional energy trade of up to 660 MW.\textsuperscript{157}

However, improvements and the strengthening of the interconnecting lines to allow for an increase of regional energy trade are not sufficient to address the structural imbalances of the SADC energy market. South Africa’s growing demand for electricity – and it is by far the biggest consumer and producer of electricity in the SADC region – is outstripping not only its own production capacity but also the currently installed regional capacity. Even if the interconnecting lines are expanded, the available electricity for export in the other SADC countries will not be sufficient to satisfy South Africa’s medium-term needs. Only when Cahora Bassa is fully connected to the South African grid and the hydropower resources of the DR Congo are developed will there be sufficient energy supply to cover the needs of the regional market.

For SADC to achieve a stable and regionally balanced energy supply situation, a comprehensive regional energy policy has to be developed and implemented. The attempts made so far do not address the core of the problem.

\subsection*{10.2.3. Communication integration}

In terms of communication, the SADC region is quite well interconnected. All countries have established mobile telephone networks which have eased the notorious communication bottlenecks (see table 10.6). The number of internet users in the SADC region is also rising steadily. In 2008, there were more than 54 million internet users in Africa,\textsuperscript{158} the figures for the SADC region increased steadily between 2000 and 2008 to approximately 8.7 million users (see table 10.7).
Table 10.6.: Telephone Users in the SADC Region 2000 and 2006 (in Number of Lines per 100 Inhabitants)

<table>
<thead>
<tr>
<th>Country</th>
<th>Fixed Lines</th>
<th>Mobile users</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>0.49</td>
<td>0.62</td>
</tr>
<tr>
<td>Botswana</td>
<td>8.27</td>
<td>7.78</td>
</tr>
<tr>
<td>DR Congo</td>
<td>...</td>
<td>0.02</td>
</tr>
<tr>
<td>Lesotho</td>
<td>1.24</td>
<td>2.97</td>
</tr>
<tr>
<td>Madagascar</td>
<td>0.34</td>
<td>0.68</td>
</tr>
<tr>
<td>Malawi</td>
<td>0.45</td>
<td>0.8</td>
</tr>
<tr>
<td>Mauritius</td>
<td>23.53</td>
<td>28.45</td>
</tr>
<tr>
<td>Mozambique</td>
<td>0.5</td>
<td>0.33</td>
</tr>
<tr>
<td>Namibia</td>
<td>6.19</td>
<td>6.84</td>
</tr>
<tr>
<td>South Africa</td>
<td>10.88</td>
<td>9.97</td>
</tr>
<tr>
<td>Swaziland</td>
<td>3.16</td>
<td>4.27</td>
</tr>
<tr>
<td>Tanzania</td>
<td>0.5</td>
<td>0.4</td>
</tr>
<tr>
<td>Zambia</td>
<td>0.78</td>
<td>0.79</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>2.19</td>
<td>2.56</td>
</tr>
</tbody>
</table>

Source: OECD/AFDB (2008)

Table 10.7.: Internet Users in the SADC Region

<table>
<thead>
<tr>
<th>Country</th>
<th>Internet users</th>
<th>% of population</th>
<th>Growth (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2000</td>
<td>2008</td>
<td></td>
</tr>
<tr>
<td>Angola</td>
<td>30,000</td>
<td>498,000</td>
<td>4.0</td>
</tr>
<tr>
<td>Botswana</td>
<td>15,000</td>
<td>100,000</td>
<td>5.1</td>
</tr>
<tr>
<td>DR Congo</td>
<td>500</td>
<td>230,000</td>
<td>0.3</td>
</tr>
<tr>
<td>Lesotho</td>
<td>4,000</td>
<td>70,000</td>
<td>3.5</td>
</tr>
<tr>
<td>Madagascar</td>
<td>30,000</td>
<td>110,000*</td>
<td>0.5</td>
</tr>
<tr>
<td>Malawi</td>
<td>15,000</td>
<td>140,000</td>
<td>1.0</td>
</tr>
<tr>
<td>Mauritius</td>
<td>87,000</td>
<td>340,000</td>
<td>26.7</td>
</tr>
<tr>
<td>Mozambique</td>
<td>30,000</td>
<td>200,000</td>
<td>0.9</td>
</tr>
<tr>
<td>Namibia</td>
<td>30,000</td>
<td>200,000</td>
<td>4.8</td>
</tr>
<tr>
<td>South Africa</td>
<td>2,400,000</td>
<td>4,590,000</td>
<td>9.4</td>
</tr>
<tr>
<td>Swaziland</td>
<td>10,000</td>
<td>42,000</td>
<td>3.7</td>
</tr>
</tbody>
</table>
More than two thirds of all internet users, however, can be found in South Africa and Zimbabwe. There are still many SADC member states with small numbers of internet users as compared to the total population. In the DRC, Madagascar, Mozambique, Malawi and Tanzania, only 1% or less of the population use the internet.

**10.2.4. Conclusion**

The SADC region has some of the physical requirements for further regional integration. However, especially the regional energy network and policy are not yet sufficient to cater to the region’s demand. The transportation sector is hampered by the crisis in Zimbabwe but is in most parts rather well regionally integrated. With regard to communication, SADC countries are becoming better connected, better informed and also more flexible thanks to mobile phone networks and the increasing expansion of internet connections.

**10.3. The social and cultural preconditions for regional integration in SADC**

Regional integration does not only build on trade, production and physical integration, it also requires a social basis. In functioning RI areas such as the EU or ASEAN, the political leaders put a lot of emphasis on fast social convergence. This includes adjustment of incomes and wealth, provision of at least similar chances for social and economic upward mobility and attainment of basic needs.

SADC has so far made few attempts to address the very pronounced discrepancies in national income and employment levels. In SADC, there is a converse North-South gradient: the richer countries with better employment opportunities, higher incomes and better infrastructure are located in the South, the poorer ones in the North. The UNDP Human Development Index (HDI) underlines the discrepancies between the Southern SADC member states and those to the north. While Botswana, Namibia and South Africa all have scores above 0.600 – which puts them in the category of countries which have reached a medium level of human development – the Northern SADC countries are all in the category of countries with a low level of human development as they scored between 0.361 (DRC), 0.366 (Mozambique), 0.453 (Zambia), 0.457 (Malawi) and 0.503 (Tanzania) in 2006.
As a consequence, the labour markets of South Africa and Botswana but also to some extent of Swaziland and Namibia have been a magnet for labour migrants from other countries within the region. To some extent, this has colonial roots – the mines in South Africa needed workers, which were recruited from countries as far as Malawi and Zambia – but has been reinforced since the end of apartheid because of the relative affluence of the economies in the south and their need for qualified labour. This had led to a constant brain drain of the Northern SADC member states such as Malawi, Zambia, Mozambique and, especially since the beginning of the millennium, Zimbabwe.

### Table 10.8.: Human Development Index (HDI) for SADC Countries 2000–2006

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>0.403</td>
<td>0.381</td>
<td>0.439</td>
<td>0.446</td>
<td>0.484</td>
<td>+</td>
</tr>
<tr>
<td>Botswana</td>
<td>0.572</td>
<td>0.589</td>
<td>0.570</td>
<td>0.654</td>
<td>0.664</td>
<td>+</td>
</tr>
<tr>
<td>DR Congo</td>
<td>0.431</td>
<td>0.365</td>
<td>0.391</td>
<td>0.411</td>
<td>0.361</td>
<td>-</td>
</tr>
<tr>
<td>Lesotho</td>
<td>0.535</td>
<td>0.493</td>
<td>0.494</td>
<td>0.549</td>
<td>0.496</td>
<td>-</td>
</tr>
<tr>
<td>Madagascar</td>
<td>0.482</td>
<td>0.469</td>
<td>0.509</td>
<td>0.533</td>
<td>0.533</td>
<td>+</td>
</tr>
<tr>
<td>Malawi</td>
<td>0.400</td>
<td>0.388</td>
<td>0.400</td>
<td>0.437</td>
<td>0.437</td>
<td>+</td>
</tr>
<tr>
<td>Mauritius</td>
<td>0.772</td>
<td>0.785</td>
<td>0.800</td>
<td>0.804</td>
<td>0.807</td>
<td>+</td>
</tr>
<tr>
<td>Mozambique</td>
<td>0.322</td>
<td>0.354</td>
<td>0.390</td>
<td>0.384</td>
<td>0.366</td>
<td>+</td>
</tr>
<tr>
<td>Namibia</td>
<td>0.610</td>
<td>0.607</td>
<td>0.626</td>
<td>0.650</td>
<td>0.634</td>
<td>+</td>
</tr>
<tr>
<td>South Africa</td>
<td>0.695</td>
<td>0.666</td>
<td>0.653</td>
<td>0.674</td>
<td>0.670</td>
<td>-</td>
</tr>
<tr>
<td>Swaziland</td>
<td>0.440</td>
<td>0.407</td>
<td>0.430</td>
<td>0.547</td>
<td>0.542</td>
<td>+</td>
</tr>
<tr>
<td>Tanzania</td>
<td>0.433</td>
<td>0.389</td>
<td>0.407</td>
<td>0.467</td>
<td>0.503</td>
<td>+</td>
</tr>
<tr>
<td>Zambia</td>
<td>0.551</td>
<td>0.491</td>
<td>0.491</td>
<td>0.434</td>
<td>0.453</td>
<td>-</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>0.403</td>
<td>0.381</td>
<td>0.439</td>
<td>0.513</td>
<td>n/a</td>
<td>+</td>
</tr>
<tr>
<td>SADC</td>
<td>0.510</td>
<td>0.491</td>
<td>0.508</td>
<td>0.536</td>
<td>0.578</td>
<td>+</td>
</tr>
</tbody>
</table>

Source: UNDP, Human Development Reports, various years

But the majority of immigrants in South Africa are illegal and often unqualified workers trying to escape poverty in their home countries. The crisis in Zimbabwe has swelled their numbers tremendously. In South Africa particularly, illegal Zimbabwean and Mozambican immigrants are often employed under horrible conditions and at very low wages by commercial farmers and plantations. However, the majority of illegal immigrants are drawn to the big cities such as Johannesburg, Cape Town, Durban and Gaborone. This contributed strongly to the outbursts of xenophobia in Johannesburg and other South African cities in 2008, which claimed several lives, resulted in massive expulsion of immigrants from Zimbabwe, Malawi, Mozambique and Zambia from their homes and caused substantial damage to their properties.159

The Northern SADC states are losing their most valuable and needed professionals through the brain drain. Although it is not just South Africa or Botswana which are luring professionals from Malawi, Zambia, Zimbabwe or Mozambique to ‘greener pastures’ but also Europe,\(^{160}\) the US and lately the oil-rich Gulf states, the highest number of labour migrants still heads for the south of the African continent. The impact on the economies of these countries is devastating. One indicator is the low number of doctors in countries such as Malawi, Mozambique, Zambia and Zimbabwe:

- In 2003, Malawi with a population of about 12 million people had only 252 registered doctors, of which a little more than half (129) were Malawian. Of the 72 specialists, only 23 were Malawian.\(^{161}\)
- In 2006, Zambia had about 646 doctors\(^{162}\) and a population of about 11.6 million.
- In 2007, Mozambique had around 650 doctors and needed some 8,000 more\(^{163}\) to cater for its population of 20.9 million.
- In 2008, the public health system in Zimbabwe more or less collapsed as the hospitals ran out of drugs, sick people had no money to travel to hospital and doctors and nurses left the country in large numbers because they were paid wages below the poverty line.\(^{164}\) In 2008, Zimbabwe’s population was about 11.4 million.\(^{165}\)

Similar trends are discernible for professions such as engineers, architects, crop scientists, chemical engineers or biologists in most of the poorer SADC member states.

Both the continuing brain drain and the xenophobic fears amongst the population of the South African townships indicate that two central preconditions for regional integration – a balanced regional labour market and tolerance for other cultures – are not yet sufficiently developed. As long as the economies of the Northern SADC member states are considerably less wealthy, provide fewer chances of prosperity and are less capable of guaranteeing the provision of basic needs than those of the Southern part of the region, labour migration will continue and destabilise the still precarious social relations, particularly in South Africa. The reluctance of SADC leaders to agree on a Protocol on the Free Movement of People is clearly related to the structural socio-economic imbalances in the region.

The progress made by different SADC countries in achieving the Millennium Development Goals (MDGs) provides an indication on the chances to address the current socio-economic imbalances in the region. The MDGs (see TEXT BOX 10.1.) were adopted in 2001 by the UN as a strategy to provide the poorest nations with a realistic chance of development by improving their social and economic conditions.\(^{166}\) Coordinated by UNDP, donors have

---

\(^{160}\) It is widely claimed in Malawi that there are more Malawian medical doctors in the city of Manchester in UK than in the whole of Malawi.

\(^{161}\) http://www.pubmedcentral.nih.gov/articlerender.fcgi?artid=1851970


\(^{163}\) http://www.reuters.com/article/healthNews/idUSL257532672009070625


\(^{165}\) http://www.indexmundi.com/zimbabwe/population.html

The population figures in Zimbabwe declined from roughly 12.7 million in 2003 due to emigration.

\(^{166}\) www.un.org/millenniumgoals
been making substantial contributions towards overcoming poverty, improving health and education as well as reversing environmental degradation.

According to the African Economic Outlook Report 2007/08,\textsuperscript{167} which analysed the progress made in achieving selected targets, from seven of the eight MDGs only Mauritius and Malawi were making good progress. They had either achieved or were at least on track in achieving the nine evaluated indicators (see table 10.9.). The others – including South Africa – showed only slow or no progress (DRC, Zambia, Zimbabwe) in achieving some of the MDGs. The biggest achievements were recorded for MDG 3 referring to promoting gender equality by eliminating gender disparities in primary and secondary school enrolment. The least progress could be shown for MDGs 4 – reducing child mortality rates – and MDG 6 – combating diseases (in this case tuberculosis). Also regarding the indicator for MDG 1 pertaining to halving the number of people who suffer from hunger, only three countries in the SADC region were on track: Angola, Mozambique and Namibia.

\textsuperscript{167} OECD/AfDB (2008): 44ff
Table 10.9. Progress in Achieving Selected MDG Targets in the SADC Region in 2007

<table>
<thead>
<tr>
<th>Country</th>
<th>MDG 1</th>
<th>MDG 2</th>
<th>MDG 3</th>
<th>MDG 4</th>
<th>MDG 5</th>
<th>MDG 6</th>
<th>MDG 7</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Target 2</td>
<td>Target 1</td>
<td>Target 1</td>
<td>Target 1</td>
<td>Target 1</td>
<td>Target 3</td>
<td>Target 3</td>
<td></td>
</tr>
<tr>
<td>ANG</td>
<td>Ind. 1</td>
<td>Ind. 2</td>
<td>Ind. 1</td>
<td>Ind. 2</td>
<td>Indicator</td>
<td>Indicator</td>
<td>Indicator</td>
<td>Indicator</td>
</tr>
<tr>
<td>BOT</td>
<td>OT</td>
<td></td>
<td></td>
<td></td>
<td>OT</td>
<td></td>
<td></td>
<td>2 / 9</td>
</tr>
<tr>
<td>DRC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0 / 9</td>
</tr>
<tr>
<td>LES</td>
<td>A</td>
<td>A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2 / 9</td>
</tr>
<tr>
<td>MAD</td>
<td>OT</td>
<td>OT</td>
<td>OT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1 / 9</td>
</tr>
<tr>
<td>MAL</td>
<td>OT</td>
<td>OT</td>
<td>A</td>
<td>OT</td>
<td>OT</td>
<td></td>
<td></td>
<td>6 / 9</td>
</tr>
<tr>
<td>MAU</td>
<td>OT</td>
<td>OT</td>
<td>A</td>
<td>OT</td>
<td>A</td>
<td></td>
<td></td>
<td>6 / 9</td>
</tr>
<tr>
<td>MOZ</td>
<td>OT</td>
<td>OT</td>
<td></td>
<td></td>
<td>OT</td>
<td></td>
<td></td>
<td>3 / 9</td>
</tr>
<tr>
<td>NAM</td>
<td>OT</td>
<td>OT</td>
<td>A</td>
<td>A</td>
<td>A</td>
<td></td>
<td></td>
<td>5 / 9</td>
</tr>
<tr>
<td>RSA</td>
<td>OT</td>
<td>A</td>
<td></td>
<td></td>
<td>OT</td>
<td></td>
<td></td>
<td>3 / 9</td>
</tr>
<tr>
<td>SWA</td>
<td>OT</td>
<td>OT</td>
<td>OT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3 / 9</td>
</tr>
<tr>
<td>TAN</td>
<td>OT</td>
<td></td>
<td></td>
<td></td>
<td>OT</td>
<td></td>
<td></td>
<td>1 / 9</td>
</tr>
<tr>
<td>ZAM</td>
<td>OT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1 / 9</td>
</tr>
<tr>
<td>ZIM</td>
<td>OT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1 / 9</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4</td>
<td>5</td>
<td>2</td>
<td>7/3</td>
<td>4/4</td>
<td>1</td>
<td>3/1</td>
<td>1</td>
</tr>
</tbody>
</table>

OT = on track  A = achieved for detailed goals and targets see Text Box 5.4.
Source: OECD/AfDB (2008):44f

This indicates that on the whole living conditions are not improving much in the SADC region. Mauritius, which is one of the better performing countries with regard to achieving the MDGs, is hardly at all physically integrated into SADC as a small island state. The other better performer, Malawi, is still not making much progress with regard to the poverty-related MDGs. That means that also in the foreseeable future the social and economic disparities between the SADC member states will continue and the migration pressure on the Southern member states will not cease.
### Text box 10.1. The Millennium Development Goals (MDGs)

The Millennium Development Goals (MDGs) are based on the eight chapters of the United Nations Millennium Declaration, signed in September 2000.

The eight goals, which are clearly defined by 21 targets, are:

1. **Eradicate extreme poverty and hunger**
   - **Target 1**: Reduce by half the proportion of people living on less than one Dollar a day by 2015.
   - **Target 2**: Reduce by half the proportion of people who suffer from hunger by 2015.

2. **Achieve universal primary education**
   - **Target 1**: Ensure that all boys and girls complete a full course of primary school by 2015.

3. **Promote gender equality and empower women**
   - **Target 1**: Eliminate gender disparities in primary and secondary education preferably by 2005 and at all levels by 2015.

4. **Reduce child mortality**
   - **Target 1**: Reduce by two thirds, between 1990 and 2015, the under-five mortality rate.

5. **Improve maternal health**
   - **Target 1**: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio
   - **Target 2**: Achieve, by 2015, universal access to reproductive health.

6. **Combat HIV/AIDS, malaria, and other diseases**
   - **Target 1**: Have halted by 2015 and begun to reverse the spread of HIV/AIDS.
   - **Target 2**: Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it.
   - **Target 3**: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.
   - **Target 4**: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.

7. **Ensure environmental sustainability**
   - **Target 1**: Integrate the principles of sustainable development into country policies and programs; reverse loss of environmental resources.
   - **Target 2**: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss.
   - **Target 3**: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation
   - **Target 4**: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.

8. **Develop a global partnership for development**
   - **Target 1**: Develop further an open trading and financial system that is rule-based, predictable and non-discriminatory. Includes a commitment to good governance, development and poverty reduction—nationally and internationally.
   - **Target 2**: Address the special needs of the least developed countries. This includes tariff and quota-free access for their exports; enhanced program of debt relief for heavily indebted poor countries; cancellation of official bilateral debt; and more generous official development assistance for countries committed to poverty reduction.
   - **Target 3**: Address the special needs of landlocked and small island developing states.
   - **Target 4**: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term.
On the cultural side, SADC is rather homogenous with English as the dominant (business) language and a predominantly Christian religious environment. The majority of the SADC member states are former British colonies or protectorates and have as such a similar administrative culture and system. The two former Portuguese colonies, Angola and Mozambique, used to stand out to some extent within SADC because of the language but also the administrative system. But over the last decade, the proficiency of English has increased in both countries out of economic necessity and because of the increased influx of English-speaking business people particularly from South Africa.

The expansion of SADC towards the north (DRC) and East (Madagascar) has added French as a third official language and another bureaucratic culture. It remains to be seen whether SADC can deal with all three working languages, incorporate different administrative systems and develop its own distinct regional culture. At the moment, it is just costly and cumbersome to have three official working languages as additional translation services are needed at SADC conferences and for all official documents. All this slows down the speed of communication and sometimes decision-making. It is not a coincidence that with Angola and the DRC, two countries from outside the English-dominated cultural sphere in the region have signed and ratified the least number of SADC protocols (see table 5.1.).

In conclusion, the SADC region is characterised by pronounced socio-economic disparities between the member states which make further integration difficult. In terms of culture, the region is dominated by the former British colonies with regard to language and administrative systems. However, it must be noted that this dominance is being diluted since SADC embarked on an expansionist course. Nevertheless, Christianity – in different denominations – is by far the most important religion in the region.

---

168 In some places in the SADC region, there are strong Muslim communities, particularly in Tanzania (Zanzibar) and also along the coast in Mozambique and in Malawi. There is also a strong Muslim minority in Mauritius. However, in total they account for less than 10% of the population of the region.

169 Madagascar has not yet been a member long enough to be judged regarding protocol ratification.
10.4. Potential areas for further regional integration

As shown in previous chapters, the SADC region has a number of areas which have the potential for further integration ranging from industrial production to energy and transportation. Apart from these crucial sectors, the region has additional regional integration potential especially with regard to agricultural production and food security as well as tourism.

Apart from minerals, agricultural raw materials such as cotton, tobacco, sugar, coffee, tea, sisal, beef and maize are the region’s second most important category of export goods. Lately, biofuels have joined the list of important export products. Producers of agricultural exports are usually corporations (sugar, biofuels, tea, coffee) or large-scale commercial farmers (tobacco, maize, cotton, beef). Smallholder agriculture has only a small part in export production.

Although in some parts of the region fertile agricultural land is becoming scarce (Malawi, Namibia, Swaziland, Zimbabwe), there are also large sections, e.g. in Mozambique, Zambia, Angola and Tanzania, which are sparsely populated and potentially attractive for agricultural investments. The exodus of white commercial farmers from Zimbabwe over the last decade has demonstrated in two ways the importance of an entrepreneurial class for the flourishing of agriculture. In Zimbabwe, the eviction of more than 4,000 white farmers from their farms and the absence of equally skilled and motivated black Zimbabwean farmers resulted in the collapse of the once highly productive commercial agriculture. But what damaged Zimbabwe benefited its neighbours in SADC. Commercial agriculture in Malawi, Mozambique, Zambia and even Tanzania expanded and became more productive and market-oriented due to the influx of the expelled white Zimbabwean farmers.

Over the past decades, the SADC region has, on average, produced sufficient food to ensure regional food security. However, increasingly volatile weather conditions with a rapid succession of droughts and floods – probably due to the impact of global warming – and the collapse of commercial agriculture in the previous regional bread-basket Zimbabwe have eroded the region’s capacity to produce sufficient staple foods. The experience of several devastating droughts in the 1980s and 1990s and equally destructive floods especially since 2000 had taught the SADC leaders to pay special attention to the agricultural sector. At a special Summit in Dar es Salaam in 2004, they agreed on the “Dar es Salaam Declaration on Agriculture and Food Security” and a respective Plan of Action, which called inter alia for

- an increase of budgetary allocations to agriculture to at least 10% of the budget;

---

170 This line of argumentation is purely economic; the social and political justification of land reform in Zimbabwe is not discussed.

171 The author witnessed the impact of the migration of Zimbabwean farmers after 2000 on a number of occasions in Zambia, Malawi and Mozambique, and also in Zimbabwe when in 2004 one of the last big white-owned farms close to Odzi was taken over by the Zimbabwean government.

172 http://www.sadc.int/archives/read/news/106
• a substantial up-scaling of the use of inorganic fertiliser;
• the introduction of a tracking system for the progress made in implementing the Plan of Action.

However, to date, only Malawi has reported an allocation of at least 10% of the budget to agriculture and a marked increase in the use of inorganic fertiliser.173 For various reasons, most of the other member countries showed a rather lacklustre response to the call to focus on agriculture and food security.

The region, with or without Zimbabwe, has the potential to feed itself. The concern and commitment of the SADC leaders exists to achieve sustainable food security against the unpredictability of the impact of weather and climate change. However, in order to realise this considerable integration potential, jointly agreed regional policies on food security need to be taken more seriously.

The other main and so far not fully realised regional integration potential concerns tourism. Southern Africa with its variety of national parks, beaches, mountains and even deserts has developed into a major international tourist attraction. Table 10.10. shows that the overall number of tourist arrivals to the SADC region increased significantly between 2000 and 2006. But it also shows that only Botswana, Madagascar, Mauritius, Namibia, South Africa and Tanzania are attracting well-paying international tourists in sizeable numbers; in these cases the income from tourism is at least USD 300 per arrival. The bulk of the visitors captured in the category “tourist” in the SADC region are in fact from within the region, as the low spending levels indicate, and probably just mere labour migrants and/or traders.

173 Against the advice of the World Bank, Malawi re-introduced subsidies for fertiliser in 2005/6 and was rewarded with bumper harvests in 2006/07 and 2007/08; see SADC (2008) Review 2007/08 and IPS (September 8, 2008): Going against the Grain on Subsidies.
Table 10.10. Tourist Arrivals (in thousands) and Income (USD million) in the SADC Member States 2000-2006

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Arrivals</td>
<td>Income</td>
<td>Arrivals</td>
<td>Income</td>
</tr>
<tr>
<td>Angola</td>
<td>51</td>
<td>34</td>
<td>194</td>
<td>82</td>
</tr>
<tr>
<td>Botswana</td>
<td>1,306</td>
<td>226</td>
<td>1,722</td>
<td>582</td>
</tr>
<tr>
<td>DR Congo</td>
<td>103</td>
<td>n/a</td>
<td>36</td>
<td>n/a</td>
</tr>
<tr>
<td>Lesotho</td>
<td>302</td>
<td>n/a</td>
<td>304</td>
<td>n/a</td>
</tr>
<tr>
<td>Madagascar</td>
<td>160</td>
<td>152</td>
<td>229</td>
<td>239</td>
</tr>
<tr>
<td>Malawi</td>
<td>228</td>
<td>30</td>
<td>427</td>
<td>36</td>
</tr>
<tr>
<td>Mauritius</td>
<td>678</td>
<td>732</td>
<td>739</td>
<td>1,156</td>
</tr>
<tr>
<td>Mozambique</td>
<td>n/a</td>
<td>n/a</td>
<td>711</td>
<td>96</td>
</tr>
<tr>
<td>Namibia</td>
<td>759</td>
<td>n/a</td>
<td>986</td>
<td>426</td>
</tr>
<tr>
<td>South Africa</td>
<td>6,001</td>
<td>3,338</td>
<td>6,815</td>
<td>7,380</td>
</tr>
<tr>
<td>Swaziland</td>
<td>281</td>
<td>24</td>
<td>459</td>
<td>75</td>
</tr>
<tr>
<td>Tanzania</td>
<td>501</td>
<td>381</td>
<td>583</td>
<td>762</td>
</tr>
<tr>
<td>Zambia</td>
<td>457</td>
<td>n/a</td>
<td>515</td>
<td>n/a</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>1,967</td>
<td>125</td>
<td>1,854</td>
<td>194</td>
</tr>
<tr>
<td>Total</td>
<td>12,794</td>
<td>15,574</td>
<td>17,082</td>
<td>16,859</td>
</tr>
</tbody>
</table>

Source: OECD/AfDB (2008)

So far, most tourist destinations in Southern Africa are developed as national destinations. The concept of cross-border products which combine tourist attractions from two or more countries is still fairly underdeveloped although there is substantial potential for it. Even when a tour operator offers a package including destinations in two countries, this is not often advertised as such. Some South African packages for international tourists, for instance, include a trip to the Victoria Falls (which are on the border between Zimbabwe and Zambia), giving the impression that they are located in South Africa.174

During the 1990s, the idea of establishing cross-border national parks in SADC emerged as a way of combining tourism and natural resource assets in various countries into one management area and a single tourism product. The biggest project in this respect has been the creation of the Transfrontier National Park which ‘mirrors’ the South African Kruger National Park into Mozambique. A few other projects such as the Upper Zambezi Region Development Initiative (UZAREDI) between Botswana, Namibia, Zambia and Zimbabwe or the initiative to jointly manage the Kalahari Gemsbok National Park between Botswana, Namibia and South Africa have sprung up but failed to take off. An attempt of provincial tourism authorities from South Africa, Mozambique and Swaziland to

174 Personal observations of the author at several South African travel agencies
form a joint body for the promotion of tourism (South East African Tourism Committee (SEATOC)) did, in the end, not work because of divergent national interests and a lack of vision.\textsuperscript{175}

Thus far, these and similar projects have not taken off, not only because of conflicting national interests and the absence of committed ‘drivers’, but also because of a host of practical bottlenecks:

- Borders between SADC member states are still not easy to cross, and the idea of creating cross-border parks with relatively open borders has been met with stiff resistance in the security establishments of several countries.

- The visa requirements for tourists who would like to visit more than one country are cumbersome and expensive; the idea of an SADC tourist visa has not yet been realised.

- Tourism stakeholders both in the private sector and state agencies have insufficient knowledge about each others’ tourism markets and potentials.

- The Regional Tourism Organization of Southern Africa (RETOSA), the SADC institution tasked with promoting tourism in the region is rather ineffective so far.

Tourism development in the SADC region still has tremendous potential, especially if it is conceptualised as a regional and not a national development issue. The promotion of tourism as a regional product can create additional employment, generate income, and also contribute to a deepening of the regional integration process.

### 10.5. SADC integration and international macroeconomic convergence standards

The European economic integration process over the last two decades was shaped by the adoption and application of the so-called \textit{Maastricht Criteria}.\textsuperscript{176} When the decision was made to introduce a single currency the Euro (€) in the EU, this was tied to the fulfilment by the member states interested in joining the Euro area of a set of four macroeconomic convergence criteria.

The Maastricht Criteria were set as follows:

- \textbf{Inflation rate}: The rate of inflation may not exceed the average rates of inflation of the three member states with the lowest inflation by more than 1.5 percentage points.

- \textbf{Annual government deficit}: National budget deficits must be below 3\% of GDP.

- \textbf{Public debt}: The ratio of gross government debt to GDP may not exceed 60\%.

- \textbf{Long-term interest rates}: Long-term interest rates may not vary by more than 2 percentage points in relation to the average interest rates of the three member states with the lowest interest rates.\textsuperscript{177}

\textsuperscript{175} Peters-Berries/Marx (2000): 61ff
\textsuperscript{176} Fontaine, Pascal (2006): Europe in 12 lessons. Brussels: 34ff
\textsuperscript{177} ibid.
Macroeconomic convergence in a regional integration scheme is crucial for the introduction of a common currency but also helpful in paving the way for the introduction of a customs union. The ECA authoritatively stated:

“The success of regional integration depends critically on member countries pursuing convergent macroeconomic policies. Misalignments of tariffs, inflation rates, exchange rates, debt-to-GDP-ratios, rate of money growth and other vital macroeconomic variables between member countries would be disruptive to economic integration. ... It is therefore imperative that the process of strengthening regional integration should include guidelines for the convergence of the macroeconomic and trade policies of the entire regional space so as to strengthen the overall regional integration agenda.”

Macroeconomic convergence criteria for SADC are not separately formulated but are laid down in Annex 2 of the Protocol on Finance and Investment. However, in 2002 SADC developed a Memorandum of Understanding (MoU) for macroeconomic convergence on the basis of the broad objectives of the RISDP. Since then, the SADC Committee of Central Bank Governors has formulated a set of macroeconomic convergence indicators with a view to reinforcing the economic foundations for a sustainable further RI process by 2018. These indicators formed the working basis for the Macroeconomic Policies and Convergence Section of the TIFI Directorate in the SADC Secretariat. Established to coordinate the implementation of Annex 2 of the Protocol on Finance, the unit has carried out two rounds of macroeconomic convergence assessments. The results of the first assessment of 2005 were published in 2007; the second round of assessment took place in 2008 and is due for publication. The macroeconomic criteria and targets used for SADC are quite close to the Maastricht Criteria (see below). The following primary targets have been set:

**Table 10.11. Primary SADC Macroeconomic Convergence Criteria**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>2008</th>
<th>2012</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation rate (%)</td>
<td>&lt; 9.5%</td>
<td>&lt; 5%</td>
<td>&lt; 3%</td>
</tr>
<tr>
<td>Fiscal deficit (% of GDP)</td>
<td>&lt; 5%</td>
<td>&lt; 3%</td>
<td>&lt; 1%</td>
</tr>
<tr>
<td>Government debt (% of GDP)</td>
<td>&lt; 60%</td>
<td>&lt; 60%</td>
<td>&lt; 60%</td>
</tr>
<tr>
<td>Current Account Balance (% of GDP)</td>
<td>&lt; 9%</td>
<td>&lt; 9%</td>
<td>&lt; 3%</td>
</tr>
</tbody>
</table>

Source: ECA/AU (2008a):192 and SADC (2008c)

---

178 ECA/AU (2008a): 2
179 [http://www.sadc.int/tifi/macroeconomic_policies_convergence/reports.php](http://www.sadc.int/tifi/macroeconomic_policies_convergence/reports.php)
Table 10.12. Secondary Macroeconomic Convergence Indicators (acc. to RISDP)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2008</th>
<th>2012</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Growth (%)</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>External Reserves (Import Cover, Months)</td>
<td>3</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Central Bank Credit to Govt. (% of Revenues)</td>
<td>10%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Domestic Savings (% of GDP)</td>
<td>25%</td>
<td>30%</td>
<td>35%</td>
</tr>
<tr>
<td>Domestic Investment (% of GDP)</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Source: SADC (2008c)

Judging from the figures available for 2006 and 2007, some of the SADC member states were already close to achieving the targets set for 2008 (see table 10.13.). The biggest problems still exist with regard to keeping inflation rates low although substantial progress has been made in this respect lately. Many SADC countries have a history of high inflation due to weak fiscal discipline and a high elasticity regarding changes in prices for imports. But compared to the 1990s, the results for 2006 and 2007 in the SADC member states are quite good as far as inflation rates are concerned. In 1998 for example, only one country (Mozambique) had an inflation rate below 5%, while this was achieved by 7 countries in 2006 and 11 in 2007. The current world economic crisis, which has brought down oil prices considerably and also had a dampening effect on food prices, may ease the inflationary pressure in some SADC countries further.

\[\text{Peters-Berries/Marx (2000): 48}\]
Table 10.13. Attainment of Primary Macroeconomic Convergence Criteria in SADC in 2006

<table>
<thead>
<tr>
<th>Country</th>
<th>Inflation target (single digit)*</th>
<th>Fiscal balance target (&lt; 5% of GDP)</th>
<th>Debt target *</th>
<th>Current Account target</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANG</td>
<td>12.2</td>
<td>11.8</td>
<td>-3.4</td>
<td>-0.1</td>
<td>19.2</td>
</tr>
<tr>
<td>BOT</td>
<td>11.6</td>
<td>7.1</td>
<td>+8.1</td>
<td>+0.6</td>
<td>0.0</td>
</tr>
<tr>
<td>DRC</td>
<td>18.2</td>
<td>9.9</td>
<td>-0.7</td>
<td>+2.8</td>
<td>2.6</td>
</tr>
<tr>
<td>LES</td>
<td>6.0</td>
<td>7.9</td>
<td>+13.3</td>
<td>+5.3</td>
<td>49.9</td>
</tr>
<tr>
<td>MAD</td>
<td>10.8</td>
<td>10.3</td>
<td>+37.5</td>
<td>-4.7</td>
<td>29.3</td>
</tr>
<tr>
<td>MAL</td>
<td>13.9</td>
<td>7.5</td>
<td>-0.7</td>
<td>-1.9</td>
<td>26.3</td>
</tr>
<tr>
<td>MAU</td>
<td>8.9</td>
<td>8.8</td>
<td>-4.3</td>
<td>+3.8</td>
<td>62.8</td>
</tr>
<tr>
<td>MOZ</td>
<td>13.3</td>
<td>8.2</td>
<td>-1.1</td>
<td>+1.9</td>
<td>52.8</td>
</tr>
<tr>
<td>NAM</td>
<td>5.1</td>
<td>5.7</td>
<td>+2.1</td>
<td>+4.8</td>
<td>31.4</td>
</tr>
<tr>
<td>RSA</td>
<td>4.7</td>
<td>6.2</td>
<td>0.6</td>
<td>0.5</td>
<td>29.3</td>
</tr>
<tr>
<td>SWA</td>
<td>5.3</td>
<td>8.2</td>
<td>-2.1</td>
<td>+2.6</td>
<td>17.9</td>
</tr>
<tr>
<td>TAN</td>
<td>7.3</td>
<td>7.0</td>
<td>-4.8</td>
<td>+3.8</td>
<td>63.5</td>
</tr>
<tr>
<td>ZAM</td>
<td>9.1</td>
<td>8.9</td>
<td>-2.8</td>
<td>-1.2</td>
<td>25.8</td>
</tr>
<tr>
<td>ZIM</td>
<td>1.033.4</td>
<td>12.563</td>
<td>-5.5</td>
<td>-10.0</td>
<td>78.3</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: own compilation and SADC (2008c)  * = 2007

The rising government income due to high oil, mineral and agricultural prices and the continuation of IMF-inspired tight fiscal controls has turned notorious deficit countries...
such as Angola into countries with a substantial budget surplus. However, good performance with regard to budgets deficits might just have been possible because of temporary good world market prices for raw materials. The current world economic crisis will change this fast, and it remains to be seen which countries will still be able to maintain stable fiscal balances.

The government debt levels captured in table 10.13, only show the external debts but not the degree of local indebtedness. If the debts to the local financial sector were included, hardly any SADC country would meet the debt criteria. The fact that only Mauritius and Tanzania (for 2006) did not meet the 60% criteria for debt has to do with the debt relief schemes. As a middle-income country, Mauritius is not eligible to debt relief under HIPC. Tanzania was the last of the eligible SADC member states to reach the completion point under the HIPC initiative giving it some debt relief in 2007. Countries such as the DRC, Madagascar, Malawi, Mozambique and Zambia have already received forgiveness of large parts of their bilateral debt in 2005 and 2006 under the HIPC scheme. The figures for Zimbabwe are probably misleading due to inadequate statistics and do not represent the true degree of indebtedness.

The allowed ratio between current account deficits and GDP – set at below 9% for 2008 – was achieved by 10 member states in 2006 and 11 in 2007. While this seems to indicate that SADC is also on the right track for these convergence criteria, the picture will look different once the 2008 and 2009 figures are available and the impact of the world economic crisis (sharply reduced prices and falling demand for most export goods) becomes visible.

Five countries complied in full in 2006 and 2007 with the first set of convergence criteria for 2008: Lesotho, Namibia, South Africa, Swaziland and Zambia. It is no coincidence that four out of these five SADC member states are part of SACU. The currencies of Lesotho, Namibia and Swaziland are pegged to the South African Rand and their economic policies are thus to a large extent determined by South Africa, which pursued a strictly stability-oriented economic policy course under former Minister of Finance, Trevor Manuel. With the exception of Zimbabwe (which only complied with one criterion - and even that seems doubtful), all the other countries fulfilled two of the criteria for achieving macroeconomic convergence.

Taking into account the rather conducive international framework conditions (raw material boom; rising levels of ODA; Chinese investments, etc.), it is not that surprising that most SADC countries seem to be on the way to meeting the targets set for macroeconomic convergence. However, the real test will come once the impact of the current world economic crisis is felt with decreasing demand for the region’s raw materials, lower rates of FDI and ODA, diminishing tourist arrivals and private monetary transfers. While a good start has been made, it is still too early to be outright optimistic regarding the achievement of macroeconomic convergence in SADC.

However, such data is not available for most countries and thus only reliable figures on external debt have been used.
10.6. The Economic Realities in SADC

In summarising the analysis of the regional economic integration potential, the following sobering realities have to be taken into account:

1. The concept of creating deeper RI in SADC through intensified intraregional trade has severe limitations. For one, the production structure of the SADC member states is only to a limited extent complementary and, as such, capable of stimulating intraregional trade. Currently, the level of intra-SADC trade may have already come close to its full potential. Unless new investments aimed at producing processed and semi-processed inputs for the manufacturing industries take place, especially in South Africa, neither the already existing FTA nor planned customs union will increase intraregional trade and thus deepen RI. Secondly, due to the firmly established and actively maintained production and trade structures, which force the SADC region into the role of a supplier of mineral and agricultural raw materials for the world market, the envisaged regional free trade regime may not be sufficient to encourage the much needed investments into the manufacturing sector.

2. The SADC region shows considerable differences in wealth and living conditions amongst member states, which prevent the liberalisation of the movement of people in the region. While the liberalisation of goods and to some extent services is being realised through the adoption of an FTA (August 2008) and the planned establishment of a customs union (for 2012), the crucial next step of allowing for the free movement of people to achieve an optimal allocation of production factors will not be realised soon, if ever. The socio-economic North-South gradient is so steep that removing the existing barriers would cause an avalanche of labour migrants rushing to South Africa, Botswana and Namibia. This would further unsettle the unstable labour markets in these countries and probably cause more outbreaks of xenophobia. Furthermore, it would deplete the already thin reservoir of professionals and skilled workers in the poorer countries of SADC. Both these effects would destabilise RI efforts.

3. The huge economic imbalance in the region with South Africa completely dominating the region’s economy requires not only checks and balances for its economic power, but also calls for the creation of strong mechanisms for ensuring an equal sharing of costs and benefits emanating from RI if SADC is to progress further. Currently, South Africa is accounting for about two thirds of the region’s GDP (see table A1), is the only country with a sizeable and privately organised manufacturing sector, the source of most of the regional cross-border investments and the location of the region’s most important harbour, Durban. On a number of occasions, South Africa as the dominant economy has ensured that its interests are enforced: In the negotiations for the region’s FTA, the interests of the South African business

---

182 The latest available comparable GDP figures for 2007 may to some extent be distorted as the temporary boom for mineral prices and particularly for oil boosted the economies of countries such as Angola, Mozambique and Tanzania much more strongly than in South Africa. The sudden drop of prices for minerals and oil in the second half of 2008 in the context of the unfolding world recession will deflate the economies of a number of mineral-depending SADC member states. As a result, the South African economy will grow again in its relative regional strength.
community prevailed. It is South Africa that slows down the progress on a protocol regarding the free movement of people; South African private and public companies dominate the decisions regarding the creation of a regional energy supply system; and it is South Africa that will eventually decide whether SADC is to become a real or just a nominal building block of the envisaged African Economic Community (AEC). The SADC Tribunal – although currently already tested by Zimbabwe’s intransigence and utter contempt of its decisions (see chapter 9.3.6.) – can become one of the required balancing mechanisms, but others are still needed such as a customs revenue distribution mechanism (for the envisaged customs union) or a regional competition board preventing the emergence of monopolies.

4. Most of the economies of the SADC countries are not fully integrated nationally and thus lack a national business class, which makes it all the more difficult to facilitate their regional integration. The economies of Angola, Madagascar, Malawi, Mozambique, Tanzania, Zambia and Zimbabwe all have strong informal sectors which exist independently from governmental control. In many SADC member states, subsistence agriculture and the informal sector provide the livelihood of the majority of people. The formal parts of the economies are often strongly export-oriented (minerals and agricultural raw materials) and only have limited ties with the rest of the national economy. It is rather difficult to find common ground for the regional integration of national informal businesses and export-oriented companies. The interest of the private sector in regional economic integration in many SADC states is thus rather limited, the only exception being South Africa. Consequently, there are not sufficient private stakeholders to drive the economic integration aspect forward, which leaves it to the governments.

5. The size of the combined SADC economy is USD 267 billion, not even as big as the economy of Denmark, one of Europe’s smaller economies. South Africa’s economy is comparable to that of Belgium or Norway. When compared to other RI bodies such as ASEAN or MERCOSUR, SADC appears to be on the smaller side. The SADC region is thus not yet economically strong enough to overcome poverty, initiate sustainable socio-economic growth and develop relevant regional economic actors (with the exception of South Africa). Apart from South Africa, SADC has no other emerging economy amongst its members. Therefore, the SADC region is still heavily dependent on foreign aid and external actors to support its integration course. Until 2008, such funds were increasingly forthcoming, but the current international economic crisis might reduce the flow of official development assistance in the coming years. This could slow down the speed of RI.

6. Regional integration in SADC threatens to erode government revenue in all SADC member states but South Africa. SACU member states receive up to 58% (Lesotho) of their revenue from trade taxes, but even countries such as Zambia collect more than 30% of the total revenue from trade taxes. Only South Africa stands out with a share of

---

183 The quite substantial informal cross-border trade within the region has neither national nor regional representative bodies that could voice the traders’ interests. In fact, the informal cross-border trade is highly fragmented and often of an ad hoc nature.

Despite publicly made commitments towards further trade liberalisation, the immediate interest of many SADC leaders might be not to lose this crucial and easily collectable source of state revenue. In trying to compensate for the gradual loss of trade taxes during the implementation of the FTA, some governments started to levy fees on intraregional transport, environmental conservation and even to introduce new duties. The readiness for further trade liberalisation in many of the smaller SADC countries might thus depend on the development or availability of alternative sources of revenue.

The Chinese export offensive has undermined the potential for national and even regional industrial development in the SADC region. The infant industries in several SADC member states – in most cases producing textiles, garments and simple consumer products – have collapsed under the flood of cheap imports or even been taken over by Chinese business people in the last decade. Without such ‘starter-industries’ and their potentially beneficial impact on the skills and attitude development of the labour force as well as technology transfer, it will be all the more difficult for many SADC member states to attract the urgently needed investments into the manufacturing sector or initiate such investments.

Macroeconomic convergence is far from being achieved in SADC, though there have been promising signs. Despite the existence of an MoU dating back to 2002 regarding macroeconomic convergence, the development of convergence criteria in the Annex of the Protocol on Finance and Investment and the establishment of the ‘Macroeconomic Policies and Convergence Section’ in the TIFI Directorate of the Secretariat, SADC member states have not agreed and embarked on a coordinated regional policy aimed at achieving economic convergence. The promising results so far must be regarded more as a result of good economic fortunes than a coordinated policy approach. In view of the existing economic imbalances in the region as well as the insufficient internal integration of national economies and limited intraregional trade potential, a gradual harmonisation of economic policies and a convergence regarding central macroeconomic indicators are of high importance.

On the other hand, the SADC region also possesses a number of economic potentials and assets which could facilitate further and deeper RI:

1. The region has a transport system that connects all countries on the continent, at least by road, and most of them by rail, too; some also have pipeline links with regional ports. So far, this caters mostly for the efficient transport of raw materials to the region’s harbours, the import of capital and consumer goods as well as oil to the region and their transport within the region. However, the existence of a functioning regional transport system can also be regarded as an incentive for investments into the in loco processing of minerals and agricultural raw materials. With transport costs increasing because of the inevitable rise of fuel prices, it will be economically more efficient to lower the bulk of the transport volume by undertaking at least part of the processing near the source of the raw material.

---

186 ibid.
b. The energy sector of the SADC region provides substantial potential for regional integration, both through the expansion of the regional electricity grid and regional investments into the development of further power plants. So far, hydropower has the biggest potential for generating energy in the region, particularly in the DRC, but also in Angola, Mozambique and Zambia. Apart from that, the potential of other renewable energies such as wind or solar energy needs to be developed as well. If the region can agree on a comprehensive and feasible plan to develop its energy resources, this may facilitate further investments into the processing of the region’s raw materials.

c. The region’s mineral wealth and agricultural potential, while considered by some more as an impediment to the development of an industrial base, in fact constitutes one of its major economic potentials. The availability of a working transport system and sufficient energy will make it increasingly attractive in the future to invest in the processing of raw materials in loco instead of exporting them unfinished.

d. Southern Africa and the two island states belonging to SADC are already major tourist destinations in the world but are yet far from having realised their full potential. If the SADC member states develop regional tourism promotion strategies and destinations instead of only pursuing national interests, the tourism sector could become one of the major vehicles for further regional integration.

e. Although the expansion of SADC to include the DRC and, more recently, Madagascar has added a third official language, SADC is still a rather homogenous regional bloc with English as the main language and a dominant British-influenced bureaucratic culture. This is in contrast to ECOWAS, for example, where a continuous struggle between the French and British-influenced countries often slows RI. Cultural homogeneity makes intraregional interaction easier and can facilitate RI.

From an economic point of view, the deepening of RI in the SADC region is not a foregone and automatic conclusion; the economic realities are stacked against intensified RI in SADC. If the region is willing to be led by South Africa, the speed of RI might quicken again. However, this will probably only be possible if sufficient compensation mechanisms for the smaller and weaker SADC economies are introduced and funded by South Africa, as in the case of SACU. So far, the economic benefits from RI are rather limited for most SADC member states while the costs are rising, particularly if the income from trade-related taxes fully falls away. South Africa’s more developed economy with a sizeable manufacturing industry and a need for some of the region’s (natural) resources such as water and electricity is benefiting most from the economic integration process so far. It remains to be seen if the South African government is willing to share these benefits through compensation mechanisms with the other member states.

187 The 2010 Soccer World Cup in South Africa provides an opportunity for regional tourism marketing.
The Political Dimension of Regional Integration in SADC
RI in SADC has been driven so far more by political than economic actors. The governments of the member states pushed the integration process forward first to find common ground against an overpowering apartheid South Africa, later to integrate a liberated South Africa into the regional community and gain a bigger voice internationally. Political factors have been instrumental in promoting RI in Southern Africa, and they are also an important variable for intensifying and deepening it. Without a stable political environment and calculable economic and development policies, the economic mechanisms of an RI process might not work. Therefore, it is important to ask to which extent the political interests of the individual SADC countries are supportive to further and deeper RI.

11.1. Political Interests regarding RI in SADC

The political interests of a country are usually a combination of the self-interests of ruling elites, objective general development and/or survival conditions. In the case of SADC, they are determined by the following factors:

- **Social stratification**: Economic and social developments inevitably lead to a differentiation of socio-economic interests in various groups or ‘classes’. During the industrial revolution in Europe and the USA in the 19th century, this resulted in the dichotomy of labour and capital, which expressed itself eventually in political parties. They still dominate the political landscapes of the industrialised world, but new actors (environmental, religious and regional interests) have taken the stage, too. In Africa, the social differentiation is much less pronounced: the majority of the citizens are peasants, only weak labour movements and national bourgeoisies exist. Often the most influential social class are bureaucrats, managers of public enterprises, security personnel and religious leaders, the so-called ‘state class’. The major form of social stratification is along ethnic, regional and, in some cases, religious lines. With the exception of South Africa and Mauritius, in the other SADC countries only small national interest groupings exist which have a distinct position on RI. Local entrepreneurs who are predominantly engaged in trade and services would be the ones most interested in further RI. For them, liberalised trade regimes would be beneficial. However, in most countries such entrepreneurial interest groups are not powerful enough to influence political decisions on RI.

- **Economic interests**: Access to markets, resources and – in the case of land-locked countries – ports may also shape political decisions. Such economic interests are crucial for the survival of a political regime and tend to be pursued with some vigour. In the case of SADC, six countries out of the twelve continental member states are land-locked and thus dependent on other countries to facilitate their trade. This is a strong incentive for them to foster RI and promote the idea of further trade-based integration. For countries such as South Africa, previously Zimbabwe and increasingly Mauritius, the access to the regional market is or has been an important reason to support the idea of RI.

---

• **Natural resource scarcity:** Insufficient natural resources such as water and/or fertile land as well as inadequate natural resources to provide e.g. sufficient energy are further factors determining the political interest of a country. Numerous wars have been waged and several civil wars been fought over access to or the defence of scarce or valuable natural resources. In the SADC region, South Africa has a strong interest in RI because it needs, on the one hand, water from Lesotho and eventually from the Zambezi Basin states (Zambia, Botswana, Zimbabwe and Mozambique) for its industries and growing urban agglomerations and, on the other hand, electricity from the DRC to satisfy its rapidly increasing energy needs. Zimbabwe and Tanzania have similar energy deficits, which they would like to address through intensified RI. Access to the water of the Okavango is at the core of a dispute between Botswana and Namibia over islands in the Okavango delta. Both countries could probably settle this conflict more easily if their water and energy concerns were addressed in the context of SADC.

• **Legitimisation of political power:** In many African countries, political power is a strongly contested resource and not easy to hold on to as the political and developmental performance of many political actors is not very good. Legitimisation of political power is thus secured through a combination of different means such as claims to traditional and historical rights, the ability to keep internal peace, the co-optation of potentially opposing elites and the regional and international status of the respective presidents. Being seen as an important figure in RI and accepted by other regional heads of state (who may be popular in the region, such as Nelson Mandela), can boost the acceptance and legitimacy of a political leader. Organising and hosting the highly prestigious SADC summits are a further factor strengthening internal political legitimacy of a regime or a particular leader. In this respect, most heads of state in the SADC region appreciate the public stage RI provides to them.

• **Control over executive resources:** Even in democratic states, the control over executive resources, i.e. the army, police and secret services, is a crucial factor for upholding the rule of law and public order. In countries with less pronounced democratic structures, this becomes even more important. The membership in SADC enhances the control over national executive resources as it makes it much more difficult for the security forces to stage a coup d’état and achieve regional recognition. In fact, coup leaders must even fear that other SADC countries would intervene militarily to restore the rightful government. The example of the SADC intervention in Lesotho in 1995 serves as a warning. The latest example is the suspension of Madagascar over the unconstitutional removal of President Ravalomanana.

---

189 In the African context, the Rwandan genocide was at least partly caused by increasing land scarcity; the subsequent war in the DRC, in which several African countries became involved, was basically a war over mineral resources. The Liberian and Sierra Leonean civil wars were equally fought over access to valuable timber and diamonds. The use of the proceeds from the sale of these resources for financing the civil wars resulted in the formation of an international NGO called ‘Global Witness’, which managed to outlaw at least the sale of ‘blood diamonds’ and is still fighting to ban the sale of other ‘conflict resources’; see www.globalwitness.org.

190 This is the case in Zimbabwe, Angola or Namibia, where the ruling elites base their claims to power to some part on their merits in the liberation wars.
It can be stated that sufficient national political interests exist to pursue and advance RI in SADC. It is at least neither against the self-interest of the political elites in many SADC member states to support RI nor against their national interests.

11.2. Political development conditions for SADC

11.2.1. Historical factors

Southern Africa is a region with a particularly violent past. The region has been shaped by British and Portuguese colonialism in general and by settler colonialism in particular. Due to the especially oppressive nature of colonialism, several bloody liberation wars (Angola, Mozambique, Namibia, South Africa and Zimbabwe) took place. The perseverance of the South African apartheid system until 1993/94 fuelled two civil wars (Angola and Mozambique) and stunted development efforts in the region for at least two decades.

However, very early on, the fight against settler colonialism and apartheid in particular also created a sense of belonging together as a region and forged political alliances and links. Most of the region not only has a common history and shares similar colonial experiences and administration systems but has also been linked by a regional transport system for close to a hundred years. This provided a strong basis for regional cooperation and later integration, notwithstanding the suffering of the population during colonialism and the liberation wars.

The negative experience with lopsided regional integration in the Central African Federation (1953-1963), the challenges of managing a customs union such as SACU between unequal partners and the positive experience with functional regional cooperation in SADCC (1980-1992) provided valuable insights for the design of SADC.

These are the political factors in favour of RI in Southern Africa. However, other political developments or particularities of the region are less favourable to further integration.

11.2.2. Membership composition

While the admission of South Africa and Mauritius in 1994 was a necessary step to consolidate the newly established SADC, the two expansions in 1997 (DRC and Seychelles, 191 The DRC is not being considered in this reflection as it belongs neither geographically nor historically to Southern Africa. Admitting the DRC to SADC in 1997 happened predominantly for economic reasons as South African business interests were keen to secure a share in exploiting the DRC’s massive mineral wealth and developing its energy and water resources.
which left SADC in 2004 but rejoined it in 2007) and 2005 (Madagascar) might have weakened the regional coherence. None of the newcomers has a common history with the rest of the region, nor do they speak the same languages or have strong physical links with Southern Africa.

Table 11.1. Overlapping Membership to RECs

<table>
<thead>
<tr>
<th>SADC Member State</th>
<th>Membership in other RECs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>CEEAC</td>
</tr>
<tr>
<td>Botswana</td>
<td>SACU</td>
</tr>
<tr>
<td>DR Congo</td>
<td>CEEAC, CECAS</td>
</tr>
<tr>
<td>Lesotho</td>
<td>SACU</td>
</tr>
<tr>
<td>Madagascar</td>
<td>COMESA</td>
</tr>
<tr>
<td>Malawi</td>
<td>COMESA</td>
</tr>
<tr>
<td>Mauritius</td>
<td>COMESA</td>
</tr>
<tr>
<td>Mozambique</td>
<td>None</td>
</tr>
<tr>
<td>Namibia</td>
<td>SACU</td>
</tr>
<tr>
<td>Seychelles</td>
<td>COMESA</td>
</tr>
<tr>
<td>South Africa</td>
<td>SACU</td>
</tr>
<tr>
<td>Swaziland</td>
<td>COMESA, SACU</td>
</tr>
<tr>
<td>Tanzania</td>
<td>EAC, CECAS</td>
</tr>
<tr>
<td>Zambia</td>
<td>COMESA</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>COMESA</td>
</tr>
</tbody>
</table>

Source: own compilation

Another problem SADC is faced with regarding internal cohesion is the overlapping membership of several member states in other regional economic communities (RECs). As table 11.1 shows, most member states belong to at least one other REC, some to even more. SADC has passed a resolution that none of its member states should belong to a competing REC; however, only Tanzania, Mozambique and Angola have reacted to it by leaving COMESA. Zambia, however, even houses the headquarters of COMESA and has often shown conflicting loyalties. Tanzania is also a member of the new EAC and, as such, confronted not only with an orientation problem regarding its infrastructural connections but also with the major dilemma of belonging to one FTA (SADC) and one emerging customs union (EAC). When the East African Community Customs Union starts to function, Tanzania would be an open gate for duty-free EAC exports into SADC, which would violate the interests of the other SADC members and vice versa. The same applies to the relationship between COMESA and SADC. The talks which were recently started between COMESA, EAC and SADC to form a joint FTA may be a way out of this predicament.

---

However, the different levels of RI, protectionism and implementation capacity in the three RECs are forming formidable obstacles which are not easy to overcome.

As long as the overlapping membership issue is unsolved, SADC is faced with problems of divided loyalty and economic orientation in at least two of its member states (Tanzania and Zambia). The planned new FTA between COMESA, EAC and SADC does not appear feasible at the moment.

### 11.2.3. Autocratic political culture

Southern Africa has – as other parts of sub-Saharan Africa – a tradition of strong, often autocratic heads of states. This particular trait has fittingly been described as “personal rule” and is linked to arbitrary decision-making, the abolishment of all systems of checks and balances, disregard for the rule of law, while nepotism and corruption, low development-orientation as well as internal oppression are fostered. Although the majority of SADC member states now observe constitutional limits for the tenure of rulers, some SADC countries are being ruled by the same head of state for more than 20 years or have changed their presidents by non-constitutional means. Not only have long-serving presidents developed into personal rulers, so have several of the democratically elected SADC leaders. Former Presidents Frederick Chiluba ( Zambia), Bakili Muluzi ( Malawi) or Sam Nujoma ( Namibia) would also fit the description of a personal ruler. Particularly the erratic political behaviour of Robert Mugabe has demonstrated that such personal rulers are hardly concerned about existing agreements to facilitate regional integration when their personal political survival is at stake. They even try to use the regional integration body for their political protection and risk damaging its reputation in the course of action. Other personal rulers such as Angola’s Eduardo dos Santos neglected SADC for several years, did not attend important meetings or sign most of the SADC agreements (see table 9.1.). Such autocratic leaders are a heavy liability to RI as their political actions are unpredictable, their behaviour damages the reputation of the regional body and their disregard for the rule of law undermines the very foundation on which economic development is based.

Autocratic and personalistic leadership is an expression of an underlying autocratic political culture which aids the rise of

- corruption not only amongst the ruling elite but in society as a whole;

---


194 Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Tanzania and Zambia have had peaceful changes of presidents since 1990; Mauritius and Zambia even had peaceful changes of government. Only Angola, Swaziland and Zimbabwe have no constitutional limitations for the president’s (king’s) office tenure.

195 Longest-serving President is Eduardo dos Santos in Angola (since 1979), followed by Robert Mugabe in Zimbabwe (since 1980) and King Mswati III in Swaziland (since 1986).

196 The non-elected president of the DRC, Laurent Kabila, was murdered in 2001 and followed by his son Joseph, who won an election in 2007. In Madagascar, the former president Didier Ratsiraka was forced to resign in 2002 after disputed elections because of violent mass protests against him; his successor Marc Ravalomanana was in turn ousted by army-supported mass action in March 2009.
• self-enrichment tendencies amongst the ruling elite as their major motivation for staying in power instead of development orientation;
• patronage networks undermining democratic constitutions and checks and balances;
• an executive dominance over legislative and judicative powers;
• ethnic strife caused by discrimination and political manoeuvring;
• oppression of free media and civil society as potential sources of criticism of the ruling party and its leader;
• non-participatory, top-down styles of administration discouraging decentralisation and devolution of power.

The autocratic leadership style and the undemocratic political culture on which it is based have not changed much in the majority of SADC member states since the region got caught in the second wave of democratisation which swept through Africa in the 1990s. Formally, most political systems in the SADC region changed from one-party states to electoral democracies and officially only one autocratic system (Swaziland) has remained (see table 11.2.).

The persistence of autocratic leadership structures and autocratic political culture is also the main reason for the severe problems with state consolidation in a number of SADC member states. State consolidation refers to the process of a government exerting full control over its territory including having the monopoly of force. Leaders who legitimise their power through personal charisma – even if they do confirm this power through elections rather than economic or political success – tend to alienate social, ethnic or religious sections of society. In extreme cases, this can lead to the loss of territorial control in parts of the country. In the SADC region, this phenomenon can be observed in varying degrees of loss of control in Angola, the DRC, Lesotho, Madagascar, Mozambique and even Zambia and Zimbabwe. Incomplete state consolidation in these countries means a restricted ability to pursue RI effectively. Urban areas out of the direct control of the Zimbabwean government might not really harm its ability to engage in RI. However, the lack of state structures and authority in many parts of the DRC may make the development of the Inga III dam, the export of electricity or the construction of railway lines to mineral-rich areas in central Congo difficult. The mutiny of soldiers in Lesotho in 1998 could easily have endangered the finalisation of the Lesotho Highland Water Project, which is providing urgently needed water to South Africa’s urban areas.
## Table 11.2. Political Systems and Democratisation in the SADC Region 1980–2008

<table>
<thead>
<tr>
<th>Country</th>
<th>EPS until</th>
<th>Regime change</th>
<th>Current regime</th>
<th>Multiparty elections</th>
<th>Democratic change of head of government</th>
<th>Number of parties in parliament</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>2008 (i)</td>
<td>No</td>
<td>MPS</td>
<td>2008</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>DR Congo</td>
<td>2007 (a)</td>
<td>Yes</td>
<td>1997(5)</td>
<td>MPS</td>
<td>2006</td>
<td>None</td>
</tr>
<tr>
<td>Namibia</td>
<td>--</td>
<td>No</td>
<td>MPS</td>
<td>1990, 1995, 2000, 2005</td>
<td>Yes, once</td>
<td>3</td>
</tr>
<tr>
<td>South Africa</td>
<td>--(3)</td>
<td>Yes</td>
<td>1994, 2004, 2009</td>
<td>Yes, four times</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Swaziland</td>
<td>n/a (4)</td>
<td>No</td>
<td>Monarchy</td>
<td>None</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Tanzania</td>
<td>1992</td>
<td>No</td>
<td>MPS</td>
<td>1995, 2000, 2005</td>
<td>Yes, three times</td>
<td>2</td>
</tr>
</tbody>
</table>

Explanations:

(i) Angola held the first parliamentary elections since 1992 in 2008. The 1992 elections were not recognised by the losing party UNITA, which went back to civil war.
(2) The 2007 elections were the first in the DRC since the end of Mobutu’s rule and were made possible only through massive support by the UN and major donors.

(3) Until 1994, South Africa did not allow for the political representation of the majority of its population.

(4) Swaziland is a non-party system, as no parties are allowed and its powerless parliament consists of individual local representatives.

(5) Laurent Kabila took power in 1997 after he conquered the capital Kinshasa by force.

(6) The ousting of President Ravalomanana in March 2009 is considered by SADC to be a putsch. The newly installed President Rajoelina was not elected and is not recognised by the international community.

(7) The change of power in 2002 from Ratsiraka to Ravalomanana was partially forced by public action against the manipulation of election results by the Ratsiraka regime.

(8) Only parliamentary elections.

Source: own compilation

11.2.4. Is South Africa dominating SADC politically?

While there is hardly any doubt that South Africa is the economic superpower within the SADC region – expressed through its large share of the region’s GDP or the dominating role of its public and private companies throughout the region – the country likes to downplay its political dominance to some extent.

In international institutions and fora, South Africa is regarded as one of Africa’s main representatives. Its ambition to obtain a permanent seat on the UN’s Security Council is testimony to that. However, South Africa has exercised a certain degree of political constraint within SADC.

This became evident when South Africa agreed e.g.:

- not to insist on a seat at the SADC Tribunal;
- on a funding formula for the SADC budget that differentiates the membership fee according to economic strength of member states and accordingly asks for the highest contribution from South Africa;
- on a differentiated application of the tariff reduction schedules in implementing SAFTA.

Nevertheless, South Africa also lost some of its natural regional political dominance during the indecisive tenure of President Thabo Mbeki. His so-called ‘quiet diplomacy’ approach towards Zimbabwe did not only leave Western governments baffled, but also some of his SADC counterparts. Under his leadership, South Africa neglected the development of an energy development strategy; this had a negative impact on the energy supply in the whole of SADC, especially in 2008. His peculiar stance on HIV/Aids and the resulting inactivity in providing drugs to infected people – although not directly affecting SADC – cost him a lot of popularity and credibility. On the eve of the 2009 elections, South Africa’s politically strong position in the region had suffered.

Notwithstanding the phase of current weakness, South Africa’s political resources backed by its overwhelming economic strength make it the natural leader in Southern Africa. The other SADC countries are either too small, politically too instable or not

197 These are military power, political expertise, negotiation skills, international reputation and democratic stability.
sufficiently endowed with political resources to even consider challenging South Africa. The questions evolving are whether South Africa will:

- assert its regional leadership position through leading by example as far as the promotion of democracy and the rule of law, fair distribution of costs and benefits of RI and respect of national interests of other SADC member states are concerned;
- revert to bullying tactics against its partners in SADC in a misunderstood attempt to show strength.

South Africa’s political and not only economic behaviour in the region will to a large extent determine if SADC will remain united and stable enough to further pursue RI.

11.2.5. Slow Democratic Convergence in SADC

Democratic convergence describes the collective process within a regional integration body towards the adoption and practice of higher degrees of democracy at national level. If all member countries of a regional integration scheme become increasingly democratic, they are converging towards democracy. If only some countries are becoming more democratic while others stagnate or even regress, the process of democratic convergence is interrupted or slowed down. Reaching the same or similarly high levels of democratisation within a regional body is crucial for RI because this not only ensures equal political but also equal economic conditions in all member states. Less democratic or autocratic states are also less predictable in their application of the rule of law, regime stability and economic development orientation.

There are no special indicators of democratic convergence; such a process has to be measured through a combination of various sectoral indicators such as:

- Human Development Index (HDI) of UNDP measures the conditions for human development in a country. The HDI can also be interpreted indirectly as an indicator of the effectiveness of a government’s/state’s policies as it consists of a summary of indicators for income, health and education development (for SADC see table 10.8.).
- Corruption Perception Index (CPI) of Transparency International measures the perceptions of stakeholders and experts on the level of corruption in a country. It is not an objective indicator but one based on subjective expert opinions (see table E in the annex).
- Bertelsmann Transformation Index (BTI) of the Bertelsmann Foundation measures political transformation, economic transformation and management performance of most developing countries and economies in transition over a two-year period through detailed country evaluations. In the context of this assessment, only political transformation ratings are being considered.
- Freedom House Index measures ‘freedom in the world’ by determining the degree to which civil liberties and political rights are respected in all the countries in the world (see table D in the annex).

With regard to SADC, the development of the HDI from 2000 to 2006 has generally been positive. The regional average has reached a value of 0.578 (on a scale from 0 to 1), up from 0.510 in 2000. However, human development conditions worsened slightly in four of the fourteen SADC member states: the DRC, Lesotho, South Africa and Zambia. Despite a general positive trend in SADC with regard to HDI, it must also be noted that the average level of human development in the region is still low and that SADC’s biggest economy, South Africa, is showing a negative development.
On the whole, the picture regarding corruption in the SADC region is negative. The perceived level of corruption in the SADC member states was higher in 2008 than in 2000 although it marginally improved as compared to 2004 and 2006. In seven out of twelve member states, corruption levels rose while they fell in five. Again, South Africa is among those countries in which perceived corruption levels have increased. On the whole, the majority of SADC member states are perceived as being corrupt (ratings of below 4 on the CPI scale) and only two (Botswana and Mauritius) show a value of above five on the overall scale of 1 (= totally corrupt) to 10 (= totally transparent).

The BTI 2008\textsuperscript{198} portrays a divergent picture of the development of political transformation of the SADC counties. While four member states are categorised as democracies (Mauritius, Botswana, Namibia and South Africa), five as democracies with deficiencies (Madagascar, Tanzania, Zambia, Malawi and Mozambique), three are classified as outright autocracies (Angola, DRC and Zimbabwe). Only Namibia and Angola improved their ratings as compared to the BTI 2006, while the others were seen at the same level of democratic transformation as before.\textsuperscript{199} In general, the SADC region is rather stagnant as far as democratic transformation is concerned and divided into three groups.

The Freedom House Index on ‘freedom in the world’ reports a slight improvement for the SADC region between 2000 and 2006. Seven countries improved their ratings; four countries remained at the same level and in two member states, freedom became more restricted. Not surprisingly, one of them is Zimbabwe but the other is, again, South Africa. However, six of the thirteen rated SADC countries are considered as ‘free’, amongst them also South Africa (the others are Botswana, Lesotho, Malawi, Mauritius and Namibia), four as ‘partly free’ and three as ‘unfree’ (Zimbabwe, Angola and DRC). The overall picture provided by the Freedom House ratings is more positive than that of the BTI but, predominantly, the countries of the SADC region have not yet reached the level of free and democratic states.

The emerging image – if all four indices are seen together – is that of a divergent region with three distinct groups of countries as far as democratic convergence is concerned:

- the ‘democratic’ group of countries with Botswana, Mauritius, Namibia and South Africa;
- the group of countries which have deficient democracies including Lesotho, Madagascar, Malawi, Mozambique, Tanzania and Zambia;
- the ‘autocratic’ group of countries with Angola, DRC, Swaziland and Zimbabwe.

The dynamics in the ‘democratic’ group point to a gradual worsening of democratic features, especially as far as South Africa is concerned. The development in the ‘intermediate’ group is towards more democracy and adherence to democratic procedures. The third group of autocratic states is rather static and has even been worsening as in the case of Zimbabwe until very recently.\textsuperscript{200} It is doubtful whether the recent elections in Angola have put this country back on the track towards democracy, given the autocratic history of the ruling party.

\textsuperscript{198} Covers the period between February 2005 and January 2007.
\textsuperscript{200} It is still much too early to tell if the Government of National Unity in Zimbabwe, which was inaugurated in February 2009, will really work or if this is not just another ‘trick’ of Robert Mugabe to prolong his devastating stay in absolute power.
As a conclusion, it can be stated that SADC is faced with a rather slow process of democratic convergence. The gap between the group of countries with democratic features and those with autocratic ones is not narrowing. The only positive development can be observed amongst SADC member states which have been categorised as not yet fully democratic. Some of these states such as Malawi, Tanzania or Mozambique seem to be embracing principles that are more democratic. However, for RI to work or even gain momentum, the participating countries should be at a similar, preferably high level of democratic development. The differences in democratic achievements in SADC are quite pronounced, and the absolute degree of democratic achievement in SADC is currently neither high nor improving much.

11.2.6. Conflict Areas

The previous chapters have concentrated on the political potential for RI and some of the structural factors which determine the ability of SADC to integrate further. The next step is to look at some of the immediate political problem areas emanating from the process of RI itself. Such existing or potential areas of conflict are:

- Giving up areas of national sovereignty in favour of regional supranational authorities such as the SADC Secretariat or the SADC Tribunal is a crucial and indispensable step for achieving deeper integration. Governments without strong internal legitimacy and full authority over their territory will hesitate to do so. The establishment of SAFTA, for instance, has been slowed down because several governments have been reluctant to dispense with parts of their revenue originating from external tariffs. When the pressure to comply with the agreed procedures of liberalising internal trade became too strong to withstand any longer, some SADC countries introduced new fees and tariffs to compensate for the loss of revenue. This is a clear sign of how difficult it is for some SADC member states to adhere to even such first steps of further RI.

- Short-term national interests of SADC member states may stand in the way of fulfilling regional commitments. The fact that Zambia has so far made no attempts to clear its position regarding the issue of overlapping membership (SADC and COMESA) is probably owing to Lusaka being the seat of the COMESA headquarters. While the SADC membership is politically and economically more important for Zambia than belonging to COMESA, the international prestige emanating from being the seat of the headquarters of a regional organisation and the jobs generated by that are reason enough to ignore the SADC decision to abolish double memberships. The low payment morale of some SADC member states as far as membership fees are concerned is another example in this respect.

- With the establishment of the SADC Tribunal, member states have officially accepted a regional ‘enforcement’ body. However, the ruling of the Tribunal in favour of white Zimbabwean farmers suing the Zimbabwean government for unlawful expropriation of land revealed how difficult it is especially for politically weak governments to accept verdicts if they are not in their favour. So far, the Tribunal has not been able to fulfil its function because its own enforcement resources are too weak – it has to rely on the good will of the governments of the SADC member states to implement them. If – as must be expected – arbitration cases with regard to conflicts over trade issues (rule of origin, the introduction of nontariff trade barriers or
even new tariffs) emerge, the Tribunal needs more than the goodwill of the member states to be effective and further RI.

- Ensuring the just distribution of costs and benefits of regional integration must be based on a political consensus and needs instruments other than the SADC Tribunal. As SADC moves towards the establishment of a customs union, demands of smaller member countries to agree on a revenue-sharing formula favourable to them (and perhaps modelled along the SACU formula) will be inevitable. It has yet to be seen whether South Africa and other large importers (such as oil-rich Angola) will agree to that.

- The dominating role of governments vis-à-vis society regarding RI excludes relevant stakeholders from shaping RI. Although SADC has accepted civil society bodies and interest groups such as the SADC Council of NGOs or the Association of SADC Chambers of Commerce and Industry (ASCCI) and opened special channels of communication with them, the contribution of organised interest groups towards the process of RI is still very weak. Concerns that are regularly raised by local and international NGOs about potential environmental damage through the expansion of hydropower plants and dams, the loss of cultural diversity or human rights violations in Zimbabwe are hardly noticed by the SADC institutions. In a functional RI scheme, business interests are the main drivers and shapers of economic integration. In SADC, business interests have only been invited by South Africa, Mauritius and, for a while, by Zimbabwe to participate in the negotiations regarding the establishment of the FTA. There have been consultations between SADC and energy utilities and transport companies on the regulations in the respective protocols, but so far business interests have not been given the appropriate space and mechanisms to express their needs and concerns. For RI to develop its own momentum, it requires interest-driven non-state actors to be allowed an active role in economic integration.

- The existence of arbitrary, autocratic regimes in Angola, DRC, Swaziland and Zimbabwe within the SADC is damaging the international reputation of SADC and raising doubts about its predictability. Member states which are not adhering to the rule of law, where presidential (or royal) decisions can override constitutional rights, international agreements and court orders or disrespect human rights, are a liability for a regional integration body. For SADC, the most severe damage was caused by the inability or unwillingness of the regional body to ensure respect for the rule of law and human rights in Zimbabwe. As a result of its misdirected economic policies and donor sanctions, Zimbabwe’s economy imploded (see also chapter 5.6.) with negative consequences for the regional transport, energy and trade relations. Regional bodies such as SADC can only attract FDI and donor support and receive international recognition if they adhere to a set of legal rules and are predictable. In this respect, SADC needs to develop internal political consultation mechanisms that are capable of addressing and even correcting such problems.

The previous chapters have highlighted that, on one hand, RI is in the political interests of most SADC countries but, on the other hand, important political preconditions for further RI are still missing. The integration process itself has led to conflicts and disputes that need to be addressed urgently if RI is not to be slowed down or even derailed. In the next chapter, we will take a closer look at the crisis in Zimbabwe and the role SADC has been playing in trying to end it. This chapter wants to highlight some of the problems SADC is faced with, but also some of the structural deficits the regional body still has when it comes to crisis management.
The Zimbabwe Crisis
In this chapter – which is to some extent a case study of a country in crisis – we will look only briefly at the causes of the crisis in Zimbabwe but focus more on the crisis phenomena, the reaction of SADC and the regional and international repercussions for SADC.

12.1. Anatomy of the crisis in Zimbabwe

The crisis in Zimbabwe has been described as politically induced, accelerated and reinforced by regional and international actors. In the years to come, there will be much debate about the causes and development of the crisis in Zimbabwe before a clear and objective analysis emerges. However, even now some factors appear to be evident:

- At the root of the crisis were growing social disparities, of which highly uneven access to fertile land was just one, and the challenge of the undisputed monopoly of political power by President Robert Mugabe and his party Zimbabwe African National Union-Patriotic Front (ZANU-PF) by a new urban-based opposition.
- President Mugabe instrumentalised the land questions and militarised ‘war veterans’ from 1999 onwards to defeat the first serious political challenge to his hold onto power. This triggered the actual crisis.
- The deep political rift between Zimbabwe and Great Britain and their respective leaders Mugabe and the then British Prime Minister Tony Blair translated into a conflict between the EU and Zimbabwe which reinforced the conflict as it blocked the search for solutions.

Against the background of illegal farm invasions, the total disregard of the rule of law combined with the intimidation and eventual expulsion of the last few independent judges, the Mugabe regime won a highly disputed narrow victory in the parliamentary elections in 2000. In the aftermath of the elections, the terror campaign by the regime’s semi-official enforcers – first the ‘war veterans’ and later also the ‘green bombers’ – against the opposition party Movement for Democratic Change (MDC), their supporters and the remaining white farming community continued in order to destroy the opposition. In reaction to these massive violations of human rights and international agreements, the EU, the USA and other donors imposed sanctions against the regime including a travel ban for its central representatives and the freezing of their private assets in the EU and the

---

202 The British Economist, although not without bias against Mugabe, summarised his personal responsibility to the point: “The Mess One Man Makes”; The Economist, April 20, 2000
203 Mugabe felt personally insulted when – on a private trip to London – a gay rights activist tried to affect a citizen’s arrest on Mugabe because of his utterances against gays. The British government regretted the incident but did not prosecute the gay activist. Mugabe retaliated by referring to the British government as ‘Blair and his gay cabinet’; see Peters-Berries (2001a): 10.
204 The ‘green bombers’ are a militant, trained and armed youth group dispatched to terrorise opposition supporters.
205 The forceful expulsion of several of the white farmers was in clear breach of bilateral investment protection agreements Zimbabwe had signed with e.g. UK, Germany and the USA.
USA. The impact of these sanctions was amplified by the exclusion first from preferential and later from all borrowing from international finance institutions such as the IMF, the World Bank and the AfDB.  

In 1998, Zimbabwe had already started to have problems complying with the conditions of an IMF stand-by programme due to excessive politically motivated spending (compensation for the ‘war veterans’ and the intervention in the DRC). As a result, its international credit ranking dropped, the value of the Zimbabwean Dollar fell sharply against the U.S. Dollar, and both short-term credit and long-term loans were difficult to obtain. Ordinary Zimbabweans first realised something was wrong when fuel supplies dried up in 1999. Fuel shortages persisted for the next years until purchases were only possible against hard currency. The fuel shortages were only a first – although highly inconvenient – symptom of the enfolding crisis. In macroeconomic and social terms, the crisis in Zimbabwe can be summarised as follows:

A massive macroeconomic contraction: between 2000 and 2007, the economy shrunk by about 34% (see table 12.1.); other sources even estimate that the contraction is close to 50% over the last decade.  

A world record inflation, which spiralled totally out of control in 2008, reaching a height of 231,000,000% and eventually destroying the local currency, which was replaced in January 2009 by the U.S. Dollar and the South African Rand.  


A serious shortage of foreign exchange: the latest available figures for 2002 show a mere USD 83 million in foreign exchange reserves, which represent less than 14 days’ import cover. However, through remittances from the diaspora and black market trading considerable amounts of foreign currency are available in Zimbabwe; only nobody puts this money into the banking system anymore. This has the effect that the official reserves are much less than the actual amount of foreign currency circulating in the (informal) economy.  

A breakdown of food supply, medical drugs and chemicals has not only increased hunger but also caused the serious cholera epidemic in 2008, which claimed more than 3,600 lives already in Zimbabwe and threatens to spill over into neighbouring countries.

---

206 Between 2000 and 2007, the AfDB loaned Zimbabwe only USD 350,000 (as a poverty alleviation measure), while it cancelled commitments worth USD 272 million; by 2007, Zimbabwe owed the AfDB more than USD 226 million; see AfDB (2008a): 9ff. In February 2009, the president of the AfDB said that Zimbabwe owed the Bank USD 460 million.; see: http://allafrica.com/stories/200902270711.html

207 Capital Newspaper (Addis Ababa), October 12, 2008

208 ibid

209 UNCTAD (2008): 101210

210 Ibid: 354

The collapse of industrial production, commercial agriculture and tourism increased unemployment rates to up to 90%. The absurdly high inflation made it unattractive for most people to work in the formal sector. The alternative for many was to engage in petty trading, smuggling or in outright emigration. Although there are no reliable figures of the number of Zimbabweans outside the country, estimates go as high as 4.5 million people, which means that about one third of the entire Zimbabwean population has left the country.

Table 12.1. Macroeconomic and Social Indicators for Zimbabwe’s Decline 2000–2007

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth (%)</td>
<td>-7.3</td>
<td>-10.4</td>
<td>-5.3</td>
<td>-4.8</td>
<td>-6.2</td>
</tr>
<tr>
<td>GDP at factor costs (at 2000 prices) (USD million)</td>
<td>7,456</td>
<td>6,029</td>
<td>5,490</td>
<td>5,226</td>
<td>4,905</td>
</tr>
<tr>
<td>Budget Deficit (% of GDP)</td>
<td>-18.6</td>
<td>-0.2</td>
<td>-6.0</td>
<td>-7.3</td>
<td>-24.6</td>
</tr>
<tr>
<td>Trade Balance (USD million)</td>
<td>+315</td>
<td>-108</td>
<td>-392</td>
<td>-49</td>
<td>+6</td>
</tr>
<tr>
<td>Current Account Balance (in USD million)</td>
<td>+33</td>
<td>-308</td>
<td>-511</td>
<td>-219</td>
<td>-139</td>
</tr>
<tr>
<td>Agricultural Production Index (1999-2001 = 100)</td>
<td>106.6</td>
<td>78.0</td>
<td>73.7</td>
<td>73.3</td>
<td>n/a</td>
</tr>
<tr>
<td>Manufacturing Production Index (2000 = 100)</td>
<td>100</td>
<td>71.2</td>
<td>62.6</td>
<td>64.1</td>
<td>n/a</td>
</tr>
<tr>
<td>Total Debt (USD million)</td>
<td>2,774</td>
<td>3,588</td>
<td>3,258</td>
<td>3,452</td>
<td>n/a</td>
</tr>
<tr>
<td>Inflation (%)</td>
<td>55.9</td>
<td>365.0</td>
<td>313.3</td>
<td>1016.7</td>
<td>6723.7</td>
</tr>
<tr>
<td>Illiteracy (%)</td>
<td>11.3</td>
<td>9.4</td>
<td>8.1</td>
<td>7.8</td>
<td>7.2</td>
</tr>
<tr>
<td>Life expectancy (years)</td>
<td>42.7</td>
<td>40.7</td>
<td>42.1</td>
<td>42.8</td>
<td>43.5</td>
</tr>
<tr>
<td>Daily Calorie supply</td>
<td>2054</td>
<td>2006</td>
<td>1978</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Source: AfDB 2008 (2)

The OECD African Economic Outlook 2007/08 no longer contains a country chapter on Zimbabwe as neither is reliable economic data available nor are the experts able to make any further predictions about the development of the Zimbabwean economy. It looks as if the OECD has given up on Zimbabwe economically as long as the Mugabe regime is in control of the government.

In 2007, a teacher earned on average Z$ 3 million a month, which was then worth USD 12, while a ‘war veteran’ whose only task was to intimidate the opposition, received Z$ 5 million a month (= USD 20); see International Crisis Group (2007), Zimbabwe: A Regional Solution?, Africa Report No. 132, September 18, 2007.: 8
The economic melt-down and the worsening of the socio-economic living conditions in Zimbabwe have been accompanied by growing corruption. The Mugabe regime has used its total control of executive resources to plunder the rich resources of the country; partly to reward its supporters, partly to enrich themselves and partly to pay for immediately necessary imports. The fertile farms taken over from the white farmers were only distributed to a certain extent amongst the landless poor; the best farms were grabbed by top officials, generals and well-connected businessmen.131 Lucrative concessions for minerals (platinum, zinc, gold) were sold to Chinese investors and large tracts of land mortgaged to Libya for the delivery of oil.

The political opposition has been systematically targeted by the regime’s oppressive arsenal. Opposition supporters were sent into (concentration) camps for re-education exercises; others were attacked or even killed. The leadership of the opposition was prosecuted for alleged treason (and never convicted) and, on several occasions, physically attacked and mistreated by the police despite the fact that they were elected members of parliament. The pictures of the severely beaten MDC leader Morgan Tsvangirai in 2007 caused an outcry around the world and also shocked some of the African leaders out of their silent tolerance for Mugabe. Until then, SADC and African leaders had played down the internal oppression and Mugabe’s contempt for human rights as an internal affair:

- The obviously rigged elections in 2002 (for presidency) and 2005 (for parliament), which ended in clear victories for Mugabe and ZANU-PF, were hardly criticised by Mugabe’s South African protector Thabo Mbeki.144 Only the observer mission of the SADC Parliamentary Forum condemned the 2005 elections; international election observers were not allowed into the country.
- A new media law made it extremely difficult for non-governmental newspapers to continue their work, because they were either refused a license151 or were sued for libel.
- The right of assembly was severely limited by the authorities using an unchanged law from colonial times.
- The ruthless campaign against urban squatters and the informal sector in 2005 (Murambatsvina) in the direct aftermath of the 2005 elections was an attempt to prevent a feared civil uprising in the urban areas and cost about 700,000 Zimbabweans their homes or livelihoods.166 While this campaign was condemned by critics such as Archbishop Desmond Tutu, most SADC leaders kept quiet.

213 See the rather personal but still impressive account of the farm invasions and expulsions by Godwin, Peter (2006), When the crocodile eats the sun.
214 The South African team of observers in the 2002 elections concluded that “the poll was legitimate”, a conclusion which was supported by the ANC, which said that “the will of the people of Zimbabwe has prevailed”; see EISA compilation of reactions to the presidential elections in Zimbabwe in 2002; mimeo. Regarding the 2005 parliamentary elections, the South African delegation said the poll was “free, credible and reflected the will of the people of Zimbabwe”, while the SADC Observer Mission, led by the later Vice-President of South Africa and then Minister of Energy and Minerals, Phumzile Mlambo Ngcuka, even went so far as to say, “We are saying that this election was free”. See: Daily News (Zimbabwe), March 1, 2005.
215 For example, the Daily News had severe problems in 2003 in obtaining the renewal of their license to operate; see: MISA press release, 24.09.2003.
The economically insane ‘operation Dzikisa Mitengo’ (“Reduce Prices”) in 2007 was an attempt to force the business sector to halve its prices regardless of production or import costs. This campaign, which led to the arrest of about 8,500 shop owners and business executives (including foreign managers), was mainly aimed at weakening Mugabe’s rival, former army general, Solomon Mujuru.  

12.2. SADC’s response

In full view of what was happening in Zimbabwe and although affected by the economic meltdown, social crisis and political turmoil, SADC leaders under the tutelage of South Africa’s former President Thabo Mbeki remained conspicuously mild on Mugabe and called their policy of non-interference ‘quiet diplomacy’. Under the pretext of respecting the national sovereignty of Zimbabwe, they refused for a long time to criticise the Zimbabwean president or even consider using economic pressure to enforce reforms in Zimbabwe. As already pointed out above, SADC endorsed the flawed elections in 2000, 2002 and 2005; in 2005, the SADC leaders did not insist on the application of the by then already officially adopted SADC election code.

SADC either kept silent or engaged Mugabe in clandestine talks. South Africa, especially, was unwilling to use its economic leverage to ‘convince’ Mugabe to make political concessions. By 2005, South Africa was Zimbabwe’s main provider of essential support in the form of fuel, electricity and credit lines, without which the Mugabe regime could not have survived. The support the Mugabe regime received first from Libya (‘farms for oil’) and later on from China and Angola rescued Zimbabwe from being expelled from the IMF in 2006.

It took until 2007, when international consternation and outrage over the social situation and treatment of the opposition reached a first climax and the economic impact of the crisis on SADC countries could no longer be ignored, before SADC leaders agreed on a formal process to end the Zimbabwe crisis. In March 2007, an extraordinary SADC summit in Dar es Salaam called for a South African-led mediation process between Mugabe’s ZANU-PF and the MDC, and an economic rescue package. Thabo Mbeki was appointed negotiator between the two parties. Although the party talks started very slowly and were interrupted before the 2008 elections, in the end they achieved one important result for the further development of the Zimbabwe crisis: the rules and procedures of the SADC Electoral Code were to be applied in the 2008 elections in Zimbabwe. That included the regulation to immediately make the election results public at each polling station. This allowed civil society groups and opposition parties to control the official results and prevent outright manipulation as in previous elections.

219 http://news.bbc.co.uk/2/hi/business/4790332.stm
220 Officially called “Principles for Election Management, Monitoring and Observation in the SADC-region”.
The 2008 election result was a shock for Mugabe and his supporters as he not only lost the presidential election race against Tsvangirai, but his party ZANU-PF had also secured just 99 seats in the parliamentary elections compared with the 110 seats of the combined MDC-factions. However, the late announcement of the results through the Zimbabwean Electoral Commission gave Mugabe time to regroup and prepare for the constitutionally required presidential run-off election. With the help of the security forces and party militias, ZANU-PF ran a massive voter intimidation campaign directed against journalists, MDC officials, polling agents, teachers, doctors and people who had voted for MDC, which already in the first weeks cost 43 lives and displaced thousands who fled the violence.

After the election in March 2008, South Africa’s President Thabo Mbeki continued to shield Mugabe and at first refused to put any pressure on the Zimbabwean authorities to release the election results. In private meetings, he tried to talk Mugabe into conducting non-violent run-off elections – to no avail. In the end, Tsvangirai pulled out of the contest saying that no fair elections could take place under the given circumstances. Mugabe eventually stood as the sole candidate and declared himself President after the elections on 27.06.2008.

None of the international observer missions endorsed the elections. The SADC Observer Mission stated:

“The pre-election phase was characterised by politically motivated violence, intimidation, and displacements. … the Mission is of the view that the prevailing environment impinged on the credibility of the electoral process. The elections did not represent the will of the people of Zimbabwe.”

In the light of the obvious stark violations of the SADC Electoral Code and the violence committed, the AU adopted (immediately) a resolution calling for a unity government, which was followed by a similar call from SADC. At the SADC Summit in August 2008 in Johannesburg, negotiations for a unity government were set in motion as Mugabe finally understood that he would not be recognised even by his peers in SADC. Despite signing a power-sharing deal in September 2008, negotiations about forming a unity government made no real progress, because Mugabe did not want to relinquish his grip on the security forces, and Tsvangirai was reluctant to become a prime minister without...

---

222 Tsvangirai won 47.9% of the vote against Mugabe’s 43.2%; see: International Crisis Group: http://www.crisisgroup.org/home/index.cfm?id=1233&l=1
223 The Zimbabwean constitution calls for a run-off election within 21 days after the announce-
ment of the initial result in case none of the presidential candidates won an absolute major-
ity. However, the Mugabe regime issued an emergency law giving it 90 days to organise the
run-off election; see International Crisis Group (2008b), Negotiating Zimbabwe’s Transition.
Africa Briefing No 51, 21.05.2008: 5
224 ibid: 6
225 International Crisis Group (2008b): 8f. According to the report, one of the major obstacles in
the mediation and negotiation processes facilitated by Mbeki was his strong dislike of Tsvan-
girai.
227 Quoted from EISA (2008)
html
real power. ZANU-PF’s internal resistance against the power-sharing deal\textsuperscript{229} complicated things even further. It took two more extraordinary SADC summits, in November 2008 in Johannesburg and January 2009 in Pretoria, to finally ‘convince’ Mugabe and Tsvangirai to form the Government of National Unity which SADC and AU leaders were advocating for. Under this agreement, Mugabe remains President while Tsvangirai takes the newly created position of Prime Minister. Ministerial posts go to MDC and ZANU-PF, more or less in equal numbers. On February 10, 2009, Tsvangirai was sworn in by Mugabe as the new Prime Minister of Zimbabwe.

It is much too early to assess the new SADC-enforced Unity Government’s approach in Zimbabwe, but some problems are already evident:

- Unclear topical responsibilities between MDC and ZANU-PF-run ministries and institutions (e.g. financial reform policies or energy policy);
- Ongoing prosecutions of MDC representatives despite them being elected to parliament or even proposed for a ministerial portfolio (e.g. Roy Bennet);
- Lacking controls of ZANU-PF-led security forces and militias;
- Fresh farm invasions by ZANU-PF militants as a way to undermine the authority and credibility of the MDC ministers.

It has been the pressure SADC eventually put on Mugabe and Tsvangirai which has led to the first real attempt to solve the crisis in Zimbabwe. However, it took SADC more than seven years to develop a joint constructive position which takes into account, at least to some degree, the political and economic realities in Zimbabwe. This had several reasons:

- As long as Thabo Mbeki was President of South Africa, Mugabe was shielded, if not protected, from open criticism and pressure. The reasons for Mbeki’s soft stand on Zimbabwe and Mugabe have been widely discussed but have not yet been satisfactorily explained.\textsuperscript{230} Only when Mbeki was ‘toppled’ as ANC president and subsequently as South African president in 2008, did things start to move regarding Zimbabwe. Kgalema Motlanthe, South African President from September 2008 till May 2009, is credited with reaching the final compromise.

- Since 2004/5, a new generation of leaders has emerged in Southern Africa, which is less impressed by Mugabe’s liberation movement credentials and rhetorics than fellow liberation-fighter presidents (such as Chissano, dos Santos, Nujoma, Mbeki) or had a personal history with Mugabe (such as Chiluba, Muluzi/wa Mutharika, Mogae, Makapa). The late Zambian President Mwanawasa, the new President of Botswana, Ian Khama, and the Tanzanian President Kikwete were especially more critical of Mugabe than the old guard and pushed apparently for a solution for the crisis in Zimbabwe.

- The socio-economic situation in Zimbabwe has spiralled out of control since 2007, with inflation rates only comparable to those of Germany in 1923, a collapse of the healthcare system and more than 3,600 victims of a cholera outbreak, constant

\textsuperscript{229} Africa Confidential No.21 (2008), Vol. 49, 17.10.2008: 4, which reports that a strong faction of ZANU-PF was unhappy about handing over the ministries and governorships to MDC representatives. Mugabe also tried to use this for weakening his internal rival, Solomon Mujuru.

\textsuperscript{230} Peters-Berries, C. (2002); International Crisis Group (2008b)
food shortages, and unserviced external debt piling up. It was no longer possible for SADC leaders to ignore the humanitarian catastrophe as the international community “re-discovered” the crisis in Zimbabwe.

- The non-stop flood of refugees from Zimbabwe caused xenophobic attacks on foreigners from other African countries in South Africa in 2008. This particularly damaged South Africa’s international reputation and probably reinforced the critical faction’s stance in the South African leadership on how to deal with the crisis in Zimbabwe more decisively.

- The results of the 2008 elections showed that Mugabe and ZANU-PF no longer had a majority in Zimbabwe – not even by using intimidation tactics and the full arsenal of state resources. The terror campaign against the opposition after the 2008 elections damaged the last goodwill Mugabe had from other SADC leaders. It also put Zimbabwe high on the agenda of the AU.

- Mugabe’s increasingly unpredictable, arrogant and reckless behaviour against his own people cost him much of his reputation as the African leader who stood up against Western governments. He was seen more and more as a ruthless, self-centred dictator who threw lavish birthday parties while his people were dying of hunger and diseases.

### 12.3. Conclusion

The Zimbabwe crisis highlighted some of the structural weaknesses of SADC:

- Its inability to react to a politically caused crisis which threatened to take on a damaging socio-economic dimension when there was still time to salvage the situation.

- The slowness to reach a common position, which was critical, on one of its member states due to the absence of a suitable mechanism and insufficient resources to enforce such a position.

- The strong influence of personalities in the decision-making process in SADC, which revealed the lack of democratic mechanisms and procedures to reach rational policy decisions. The positions promulgated by leaders are not rational or are based on personal feelings rather than political reasons. Mbeki appears to have been the main obstacle to achieving progress in dealing with Zimbabwe because of his affinity to Mugabe.

- The absence of clear-cut principles on how to deal with a deviant member state such as Zimbabwe. SADC leaders never even considered economic and political sanctions against Zimbabwe, unlike ECOWAS for example, which suspended member states such as Mauritania and Guinea after unconstitutional changes of government had occurred.\footnote{It is, however, interesting to note that Madagascar was immediately suspended by SADC after the ousting of President Ravalomanana in March 2009. Although the change of power in Madagascar was more flagrant in its violation of the constitution than the gradual erosion of the same in Zimbabwe, and SADC felt compelled to react fast, it can be argued that SADC’s swift reaction was influenced by its failure to address the Zimbabwian crisis in good time.}
The apparent disrespect for civil society by political leaders who have been socialised in an autocratic political culture which enabled them to ignore the suffering of an entire nation and have sympathy with the leader responsible for the plight of his own people. If SADC had been less dominated by authoritarian political leaders and more open to influences from organised social and economic interests, the Zimbabwe crisis might have been dealt with in a more constructive manner.

The consequences for SADC from its inappropriate handling of the Zimbabwe crisis pertain to:

- A severely damaged international public image particularly regarding its credibility as a regional body pursuing good governance and democracy;

- A fragmented internal cohesion, as some member states were supporting Mugabe (South Africa, Angola), while others became increasingly critical of him (Botswana and Zambia under Mwanawasa).

- A slowed-down economic integration process because of the meltdown of the Zimbabwean economy, the transport and trade obstructions emanating from it, and the problems of the Zimbabwean administration to implement SADC protocols on time.

- The socio-economic burden the crisis put on the shoulders of Zimbabwe’s immediate neighbours. South Africa and Botswana have to look after probably as many as three million refugees from Zimbabwe; Zambia and Malawi experience delays with regard to transit trade; South Africa, Mozambique, Zambia and the DRC are owed substantial amounts of money by Zimbabwe for electricity, food and fuel imports. The impact on investments into the transport and energy infrastructure has not yet been assessed.

- The damage to SADC institutions and protocols: the disregard of the verdict of the SADC Tribunal regarding the land expropriations by Zimbabwe has given one of the most important institutions for safeguarding further regional integration process a bad start. The implementation of any policy on the free movement of people within SADC will probably be postponed for a number of years after the traumatic experiences with the attacks on fellow Africans in South Africa in 2008.

The Zimbabwe crisis nearly became an SADC crisis. Only the change of leadership in SADC’s leading power South Africa and the danger of a total humanitarian catastrophe eventually spurred SADC into decisive action. Most of the time, SADC lacked the political will to intervene when the crisis in Zimbabwe unfolded. Perhaps the first, but then quite an important contribution of SADC towards addressing the Zimbabwe crisis, was the negotiated agreement to apply the SADC electoral code which called for a publication of election results outside each polling station and thus allowed for the electoral defeat of Mugabe and his party.
SADC in Comparison
13.1. SADC in comparison to other African RECs

The timetable of the AU for the creation of an African Economic Community (AEC) foresees the creation of a continent-wide customs union by 2019, an African Common Market by 2023, and a continent-wide economic and monetary union by 2028. There seems to be sufficient time to achieve these objectives, but previous experiences with regional integration timetables, both in Africa and internationally, call for caution. How realistic these plans are, can be best assessed when looking at the building blocks for the AEC and how far they have achieved a consolidated stage of RI.

SADC is often regarded as one of the most advanced RECs in Africa, followed by ECOWAS and the EAC. Other recognised RECs such as COMESA, ECCAS, IGAD, AMU and CEN-SAD are seen as lagging further behind. How far has SADC progressed compared to ECOWAS and EAC in terms of structural integration, the achievement of objectives, and the lowering of the degree of external dependency?

There have been two major attempts to assess the state of RI in Africa. The first one was a study by German scholars which only focused on EAC, ECOWAS and SADC. The second assessment was conducted by the ECA and looked at all RECs in Africa.

The first comparative assessment focused on structural indicators and goal attainment (shaded grey in table 13.1.). Regarding both the structural indicators and goal attainment, SADC showed the best results, although ECOWAS had more ‘top positions’ than SADC (but also more ‘last positions’). On average, in 2000/01 SADC appeared to be the most effective of the three RECs as far as structural integration and the achievement of its objectives was concerned.

232 ECA/AU (2008a): 28ff
233 Mais/Peters-Berries (2001)
234 ECA (2004)
Table 13.1. Comparing Achievements of EAC, ECOWAS and SADC

<table>
<thead>
<tr>
<th>Criteria/REC/average score</th>
<th>EAC: 2.2</th>
<th>ECOWAS: 2.1</th>
<th>SADC: 1.8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency of decision-making bodies</td>
<td>1</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Efficiency of secretariats</td>
<td>2</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Efficiency of conflict management mechanisms</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Participation of civil society</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Financial independence</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Free trade</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Free movement of persons</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Cross-border investments</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Convergence of economic and fiscal policies</td>
<td>1</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Implementation of regional norms</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Sector cooperation</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
</tbody>
</table>


The second assessment of the ECA in 2004 looked at the RI efforts in general and came to a rather sobering result. The report warned in general against too much optimism as far as RI in Africa is concerned as there are:

“... overall substantial gaps between goals and achievements of most RECs, particularly in greater internal trade, macroeconomic convergence, production, and physical connectivity.”

and

“Regional integration efforts in Africa, though moving in the right direction and broadly based, are sorely inadequate.”

In detail, the report noted inter alia that:

- the political will for RI has not been adequately translated into action;
- the regional institutional architecture in general is weak;
- the integration agenda is too wide in scope and in need of review;
- an impact of trade and market integration has yet to be seen;
- private sector involvement in integration is recognised but still very limited;
- self-financing is still a long way from being achieved while donor dependency is on the rise;

235 ECA (2004):1
236 ibid:71
237 ibid: 57ff
the continental as well as regional infrastructure still have missing links due to a lack of investment resources;
- labour mobility is still limited;
- the manufacturing sector shows little signs of cooperation as the private sector lags behind;
- cross-cutting issues such as peace and security are a major concern, or are not fully mainstreamed, for example health and gender.

With regard to the three RECs compared in this study, the ECA assessment noted:

- SADC showed the highest percentage of intraregional exports and imports (for 1994-99), followed by ECOWAS. EAC ranked 7th out of 13 RECs.
- SADC had by far the highest exports of manufactured goods of all African RECs between 1994 and 1999. ECOWAS ranked 5th and EAC ranked 6th.
- ECOWAS and EAC were rated best as far as tariff reductions were concerned. The SADC FTA was not yet implemented at the date of assessment.
- ECOWAS was commended on its progress towards liberalising the movement of people and vehicles.
- SADC and EAC were pointed out as having advanced their regional infrastructure.
- ECOWAS and SADC were commended on their contribution to achieving peace and stability in their regions.

In total, the ECA report arrives at a similar overall result as the previous study: SADC is regarded as the best performer amongst the African RECs, although it is still far from achieving all its objectives.

In a further attempt to assess how SADC stands as compared to ECOWAS and EAC, the basic economic indicators (see table 13.2.) of these RECs are compared. It shows that although EAC is much smaller than the other two in terms of membership (five countries), population size and GDP, it grew at similar rates and had a comparable debt burden and comparable inflation rates. However, when it comes to absolute figures regarding FDI and ODA, EAC countries received less than the bigger regional bodies. ECOWAS is the biggest REC in terms of population and also received the highest absolute and per capita amounts of ODA. SADC has the biggest regional economy (thanks to South Africa), the highest per capita income and on average also the highest FDI inflows but also the highest regional debt burden.

---

238 ibid: 98ff
239 This is due to the large debt relief Nigeria received under the HIPC initiative.
Table 13.2. Comparing EAC, ECOWAS and SADC: Macroeconomics

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (USD billion)</td>
<td>27.5</td>
<td>36.5</td>
<td>41.1</td>
<td>85.5</td>
<td>98.9</td>
<td>108.1</td>
<td>162.6</td>
<td>234.3</td>
<td>267.3</td>
</tr>
<tr>
<td>GDP per capita (USD)</td>
<td>296.3</td>
<td>314.4</td>
<td>323.1</td>
<td>379.7</td>
<td>368.5</td>
<td>382.7</td>
<td>783.6</td>
<td>1,088.2</td>
<td>1,039.3</td>
</tr>
<tr>
<td>Average GDP growth rate*</td>
<td>4.7</td>
<td>6.5</td>
<td>6.3</td>
<td>3.7</td>
<td>4.8</td>
<td>4.7</td>
<td>4.4</td>
<td>4.5</td>
<td>7.0</td>
</tr>
<tr>
<td>Population (million)</td>
<td>92.8</td>
<td>116.1</td>
<td>127.2</td>
<td>225.2</td>
<td>268.4</td>
<td>282.5</td>
<td>207.5</td>
<td>232.4</td>
<td>257.4</td>
</tr>
<tr>
<td>Inflation Rate (%)*</td>
<td>0.6</td>
<td>5.3</td>
<td>7.9</td>
<td>7.5</td>
<td>8.5</td>
<td>6.0</td>
<td>27.8</td>
<td>26.9</td>
<td>8.3@</td>
</tr>
<tr>
<td>FDI (USD billion)</td>
<td>0.8</td>
<td>0.8</td>
<td>1.0</td>
<td>3.1</td>
<td>3.1</td>
<td>6.8</td>
<td>4.0</td>
<td>6.8</td>
<td>0.7</td>
</tr>
<tr>
<td>Average FDI per country** (USD million)</td>
<td>270</td>
<td>251</td>
<td>200</td>
<td>208</td>
<td>208</td>
<td>486</td>
<td>481</td>
<td>521</td>
<td>50</td>
</tr>
<tr>
<td>External Debt (USD billion)</td>
<td>16.2</td>
<td>18.9</td>
<td>11.5+</td>
<td>61.3</td>
<td>68.5</td>
<td>30.3</td>
<td>64.6</td>
<td>50.2</td>
<td>99.5</td>
</tr>
<tr>
<td>ODA (USD billion)</td>
<td>2.3</td>
<td>4.3</td>
<td>5.3</td>
<td>5.0+</td>
<td>11.7</td>
<td>17.2</td>
<td>6.5</td>
<td>8.5</td>
<td>9.8</td>
</tr>
<tr>
<td>ODA per capita (USD)</td>
<td>24.4</td>
<td>26.7</td>
<td>41.7</td>
<td>22.3</td>
<td>43.6</td>
<td>60.9</td>
<td>31.4</td>
<td>36.6</td>
<td>38.1</td>
</tr>
</tbody>
</table>

@ = without Zimbabwe  
1 = without Seychelles and Madagascar  
2 = without Liberia  
3 = without Madagascar  
4 = without Zimbabwe

Source: ECA/AU (2008a), AfDB (2008b)

The degree of external dependency – measured in absolute and per capita aid flows – is highest in ECOWAS, followed by EAC. However, this is to a large extent, due to the massive debt relief many African countries received under the HIPC Initiative. In general terms, all three RECs are externally dependent.

In conclusion, it can be stated that SADC has been rated over the last decade as having made the most progress towards further RI and becoming a real building block for the AEC. However, taking into account the delays and deviations the SADC integration process has taken because of the Zimbabwe crisis, the expansion and the difficult negotiations to balance costs and benefits of the trade integration approach, it appears that RI in SADC has not realised what should have been possible.
13.2. SADC compared with the EU

The EU is always cited as the model when the possibilities of RI are discussed. However, it is rather daring and misleading to compare RI in SADC with that of the EU. The EU did not only historically and structurally have much better preconditions for RI but also gained a lot of momentum through its sheer size.

Table 13.3. Comparing the EU with SADC

<table>
<thead>
<tr>
<th>REC</th>
<th>Regional Population (million, 2007)</th>
<th>Regional GDP (USD billion, market prices; 2006)</th>
<th>Per Capita Income (PPP in USD; 2008 est.)</th>
<th>Literacy rates (2007; % of population)</th>
<th>Life expectancy (2008; in years)</th>
</tr>
</thead>
</table>
| EU 27 member states | 497                               | 14.445                                        | Highest:
Luxembourg: 85,100
Ireland: 47,800
Lowest:
Romania: 12,500
Bulgaria: 13,200
Average EU: 33,800 | ca. 99% in Central Europe;
lowest:
Malta: 92.8% | Highest in Sweden:
80.6;
lowest in Estonia: 72.3 |
| SADC 14 member states | 257.4                             | 378                                           | Highest:
Botswana: 15,800
Mauritius: 12,400
South Africa: 10,400
Lowest:
Zimbabwe: 200
DRC: 300
Malawi: 500       | Highest:
Zimbabwe: 89.4
Lowest:
Malawi: 64.1
Angola: 67.2       | Highest:
Mauritius: 72.9
Mada-gascar: 62.1
South Africa: 42.5
Lowest:
Swaziland: 32.2
Angola: 37.6       |

Sources: own compilations from internet research

Compared to the EU, SADC has about half the number of member states and population, but only 2.6% of its GDP. The SADC countries with the highest per capita income are on the same level as those with the lowest in the EU. In the three countries with the lowest per capita income in SADC in 2008, Zimbabwe, the DRC and Malawi, the average per capita income per year was as high as the average per capita income per week in the EU. In addition, education and healthcare systems are considerably better in the EU than in SADC, as literacy rates and life expectancy figures indicate.

These few figures illustrate the immense differences between the EU and SADC. In the EU, a huge economy with high incomes and thus, a high demand level exists which is supported by very good educational and health facilities. The overall high demand propels impressive intraregional trade figures in the EU and contributes to the intensification of
regional integration. Although EU newcomers such as Bulgaria and Romania are lagging behind in most aspects, the experience of other countries joining the EU in the last decade shows that EU membership helped their economies grow strong with a positive effect on per capita incomes.

The SADC economy is the biggest regional economy in Africa but has only one real strong economy (South Africa) which, compared to the EU economies, is only of medium size (slightly bigger than that of Greece). Demand levels for industrial products in SADC are low due to low per capita income levels and thus stimulate intraregional trade only to a limited extent. While there has been a positive impact on regional growth, stability, connectivity and intraregional trade resulting from South Africa joining SADC in 1994, the opposite effect occurred when a second group of countries – the DRC, the Seychelles and Madagascar – joined. The Seychelles drifted in and out of SADC, leaving it after only seven years and re-joining it after another three years. The DRC is not an active SADC member; it has only signed few and ratified even less protocols and is in arrears with its membership fees, and only its Southern part is linked by roads and rail to the SADC region. Madagascar was suspended after an unconstitutional change of political power in March 2009 after only two years of membership; as long as the country does not politically stabilised, it will not be a contributing and active member of SADC.

The chances that SADC can successfully follow the example of the EU are rather slim; the structural economic differences are too big to allow for a similar socio-economic take-off. However, SADC could learn from the experiences of the EU:

- how to generate a political will for RI;
- how to allow the private sector to play a more active role;
- which institutional architecture is required for deeper RI.

SADC has to map its own way for further and deeper RI. It should not be overawed by and fixated on the EU model but should rationally assess which realistic potential and options it has.
Summary and Outlook: Challenges and Prospects Ahead
The analysis of RI attempts in Southern Africa has shown that SADC has made considerable strides forward but is also confronted by substantial impediments and challenges. SADC’s achievements can be summarised as follows:

- SADC has a solid political base rooted in a common history of the main member states.
- The region is relatively well connected in terms of transport facilities and communication systems.
- Integration progress has been made with regard to trade (establishment of SAFTA), energy connections (SAPP), transport regulations (drivers licence; border posts) and institutionally (Secretariat; Tribunal; election code).
- As compared to other African RECs, SADC is probably the most advanced regional body with the highest potential for becoming a real building block for the AEC. 
- After a long political stalemate, SADC eventually broke the deadlock in Zimbabwe and facilitated a solution.

The obstacles and challenges SADC faces concern:

- insufficient economic convergence with regard to economic policies;
- a considerable regional economic imbalance with one member state (South Africa) accounting for about two thirds of the region’s economic strength;
- a limited intraregional trade potential due to similar rather than complementary production structures;
- the unresolved issue of establishing a balancing mechanism for the inevitably unequal distribution of costs and benefits;
- a dominance of South African companies, products and expertise in the region, which contributes to unease about South Africa’s role;
- the limited role of the private business sector in promoting RI; instead of being one of the drivers, the private sector is still one of the passengers sitting in the auxiliary seat when it comes to RI;
- the persistence of NTTBs which are not phased out despite the efforts of the Secretariat;
- insufficient institutional arrangements for fostering RI and enforcing regional decisions; the Secretariat and the Tribunal are not sufficient;
- the absence of any controlling mechanisms for RI from outside of the government civil society plays an insignificant role;
- the inadequate mechanisms for preventing member states from becoming a liability for RI, as in the case of Zimbabwe or, in future, the DRC and Madagascar;
- the slowed down process of democratic convergence in SADC as few member states are transforming their autocratic systems into democratic societies;
- the persistence of an autocratic political culture allowing leaders an insufficiently checked political autonomy which impedes rational and goal-oriented decision-making.

Will SADC be able to make further integration progress despite these formidable problems and inadequacies? What is needed for SADC to realise its existing RI potential?

The establishment of SAFTA in August 2008, the breaking of the deadlock over Zimbabwe in January 2009 and the fresh faces amongst the SADC-leaders (Khama, Banda, Kikwete, Tsvangirai, Zuma) might provide the regional body with the vigour and resolve it requires to address the other challenges and weather the economic storm forming at an international level. The Government of National Unity in Zimbabwe might also be the first
crucial step to bringing the country back into the support structure of the international community.\textsuperscript{240} If the Zimbabwean economy picks up again, the majority of the refugees currently burdening the neighbouring states will probably return home, the country will once again provide transport-related services to the region and the remnants of its manufacturing industry will increase the regionally produced industrial output.

SADC needs to take the momentum emanating from the resolution of the Zimbabwe crisis into pushing for further institutional and practical reforms:

- The strengthening of the administrative resources and eventually also executive powers of the Secretariat;
- An agreement on the development of a compensation/balancing mechanism for the countries negatively affected by the implementation of SAFTA and the envisaged customs union; especially the role of South Africa in the region and in the interest of RI must be defined more clearly in terms of obligations and leadership;
- The development of an implementable regional energy policy, ensuring that surplus energy can reach the deficit areas and new resources are being developed, taking into account the impact of climate change particularly on the availability of water for hydropower plants;
- The drafting of a regional agenda to defend and promote democracy in order to prevent situations like the Zimbabwe crisis or the current problems in Madagascar;
- The preparation of the establishment of a customs union must be made more transparent, allowing interested stakeholders such as labour unions, chambers of commerce and industrial associations to play a bigger role;
- An agreement on how to ensure that SADC decisions are being implemented by the member states and not conveniently ignored as in the case of Zimbabwe’s reaction to the Tribunal’s ruling; the development of a catalogue of sanctions for violations of SADC rules or rulings might be necessary.

However, the biggest challenge for the near future for SADC is the question of how to deal with the inevitable impact of the current world economic crisis. The normal reflexes of most national governments will be to cut down on expenditure, particularly on capital investments, turn to the international lending institutions if they face a foreign reserves crisis and hope for better times. So far only South Africa seems prepared to become proactive and invest into rescue packages for its manufacturing industry.

All the indicators point to hard times for the SADC member states as their major markets are suffering from recession; global demand for minerals and agricultural raw materials is dropping sharply, taking the prices for these products down with it. The major Western donors will soon have to cut down on their aid budgets, and this will have a negative effect on the aid-dependent majority of the SADC member states. Even the multilateral finance institutions such as the World Bank, the AfDB and the IMF are already having problems filling up their loan portfolios because their major funders – the USA, EU, Japan and the Arab countries – need funds for the attempts to rescue their own economies. Additionally, the millions of emigrants from the SADC region who work overseas will also be affected.

\textsuperscript{240} By May 2009, Zimbabwe’s new government had secured more than USD 1 billion in credit lines from SADC countries (South Africa and Botswana) and African lending institutions such as AfDB and the African Import and Export Bank at a time when Western governments are still hesitating to support Zimbabwe’s reconstruction efforts; see The Daily Monitor (Addis Ababa), 14.05.2009.
from the economic crisis and will send less money back to their home countries, thus aggravating their foreign exchange and balance of payment constraints.

SADC’s chances for reaching its RI objectives and the speed of RI will to a large extent depend on how fast the world economic crisis can be overcome. However, the current world economic crisis must not obscure the view on the internal reforms necessary for enabling SADC to deal with the above outlined problems and obstacles.

Currently, the outlook for RI in SADC is not as bright as it was just a year ago. But development is never linear; it is often iterative and takes a step backwards before it moves forward again!
15.1. Timetable of regional integration in Southern Africa

1910 Establishment of the Southern African Customs Union between South Africa, Botswana, Lesotho and Swaziland

1953-1963 Central African Federation between Southern and Northern Rhodesia and Nyasaland, which was dominated by the settler interests of Southern Rhodesia

1974 Formation of the Frontline States by the Presidents of Zambia, Tanzania, Botswana and the leader of FRELIMO from Mozambique, later joined by Angola (1976) and Zimbabwe (1980)

1979 The South African apartheid regime announces the formation of the Constellation of Southern African States (CONSAS) which, however, never progresses beyond the stage of conceptualisation

1979 Arusha Conference of the Frontline States which prepared the establishment of SADCC

1980 Independence of Zimbabwe with Robert Mugabe emerging as the victor of the first free elections

1980 Establishment of SADCC at a special meeting in Lusaka (Zambia): passing of the Lusaka Declaration in which the nine member states set both political goals (liberation of Southern Africa) and economic objectives (reduction of economic dependence)

1980 The OAU passes the ‘Lagos Plan of Action’ through which the economic integration of Africa was to be achieved in the form of an African Common Market by the year 2000

1982 Creation of the PTA as part of the strategy to realise the ‘Lagos Plan of Action’

1984 Nkomati Accord between South Africa and Mozambique, through which the apartheid state wanted to break up the cohesion of SADCC and Mozambique wanted to end the civil war; both hopes were disappointed

1990 Release of Nelson Mandela from prison and begin of the transition phase in South Africa that culminated in the election victory of the ANC in 1994 and Mandela becoming President of a now democratic South Africa

1990 Independence of Namibia with Sam Nujoma becoming the first President of the new state. Namibia becomes the 10th member of SADCC.

1992 Transformation of SADCC into the Southern African Development Community (SADC) at a summit in Windhoek, Namibia. The Windhoek Declaration/SADC Treaty

1994 Transformation of the PTA into COMESA

1994 In the ratified Abuja Treaty, the OAU calls for the creation of a continent-wide African Economic Community

1996 The Organ for Politics, Defence and Security, OPDS, is established by the SADC heads of state
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>The OPDS is temporarily suspended after serious disputes between SADC Chairperson Nelson Mandela and OPDS Chairperson Robert Mugabe</td>
</tr>
<tr>
<td>2000</td>
<td>South Africa and the EU sign a preferential trade agreement</td>
</tr>
<tr>
<td>2001</td>
<td>At an summit in Windhoek the SADC Treaty is amended</td>
</tr>
<tr>
<td>2001</td>
<td>The OPDS becomes functional again</td>
</tr>
<tr>
<td>2001</td>
<td>The Secretariat is restructured and operates with four directorates and a gender unit</td>
</tr>
<tr>
<td>2002</td>
<td>The AU is established</td>
</tr>
<tr>
<td>2002</td>
<td>Signing of new SACU Treaty with a new formula for the distribution of customs duty revenue and the creation of SACU institutions</td>
</tr>
<tr>
<td>2003</td>
<td>The RISDP is adopted at a summit in Dar es Salaam</td>
</tr>
<tr>
<td>2004</td>
<td>The Seychelles leave SADC</td>
</tr>
<tr>
<td>2005</td>
<td>The SADC Tribunal becomes operational</td>
</tr>
<tr>
<td>2005</td>
<td>Madagascar joins SADC</td>
</tr>
<tr>
<td>2007</td>
<td>For the first time, the crisis in Zimbabwe becomes a topic at an extraordinary SADC summit in Dar es Salaam</td>
</tr>
<tr>
<td>2008</td>
<td>The SADC Free Trade Area is officially established after an eight year long process of tariff reductions</td>
</tr>
<tr>
<td>2008</td>
<td>An extraordinary SADC summit fails to facilitate a power-sharing agreement in Zimbabwe</td>
</tr>
<tr>
<td>2009</td>
<td>A second extraordinary SADC summit in South Africa achieves the break-through on a power-sharing agreement in Zimbabwe and the formation of a Government of National Unity</td>
</tr>
<tr>
<td>2009</td>
<td>Madagascar is suspended from SADC after an unconstitutional change of power</td>
</tr>
</tbody>
</table>
## 15.2. Macroeconomic and Socio-Political Information on SADC

### Table A (1): Basic Economic Information on SADC Countries 2007

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>1,247</td>
<td>17.0</td>
<td>21.2</td>
<td>1,246</td>
<td>19.8</td>
<td>+14.9</td>
<td>+49.6</td>
</tr>
<tr>
<td>Botswana</td>
<td>582</td>
<td>1.9</td>
<td>8.4</td>
<td>4,439</td>
<td>6.0</td>
<td>+18.1</td>
<td>+13.6</td>
</tr>
<tr>
<td>DR Congo</td>
<td>2,345</td>
<td>62.6</td>
<td>5.8</td>
<td>93</td>
<td>6.2</td>
<td>-7.9</td>
<td>-0.8</td>
</tr>
<tr>
<td>Lesotho</td>
<td>30</td>
<td>2.0</td>
<td>1.1</td>
<td>1,104</td>
<td>4.9</td>
<td>+0.7</td>
<td>n/a</td>
</tr>
<tr>
<td>Madagascar</td>
<td>587</td>
<td>19.7</td>
<td>4.8</td>
<td>246</td>
<td>6.3</td>
<td>-12.6</td>
<td>-11.8</td>
</tr>
<tr>
<td>Malawi</td>
<td>118</td>
<td>13.9</td>
<td>2.2</td>
<td>158</td>
<td>6.8</td>
<td>-7.8</td>
<td>-18.0</td>
</tr>
<tr>
<td>Mauritius</td>
<td>2</td>
<td>1.3</td>
<td>5.9</td>
<td>4,649</td>
<td>5.6</td>
<td>-5.2</td>
<td>-15.9</td>
</tr>
<tr>
<td>Mozambique</td>
<td>799</td>
<td>21.4</td>
<td>7.5</td>
<td>348</td>
<td>7.2</td>
<td>-7.6</td>
<td>-9.4</td>
</tr>
<tr>
<td>Namibia</td>
<td>824</td>
<td>2.1</td>
<td>4.7</td>
<td>2,246</td>
<td>3.8</td>
<td>+13.7</td>
<td>-0.2</td>
</tr>
<tr>
<td>South Africa</td>
<td>1,221</td>
<td>48.6</td>
<td>177.7</td>
<td>3,657</td>
<td>4.9</td>
<td>-6.9</td>
<td>-2.7</td>
</tr>
<tr>
<td>Swaziland</td>
<td>17</td>
<td>1.1</td>
<td>1.6</td>
<td>1,626</td>
<td>2.1</td>
<td>+0.2</td>
<td>n/a</td>
</tr>
<tr>
<td>Tanzania</td>
<td>945</td>
<td>40.5</td>
<td>16.3</td>
<td>403</td>
<td>6.6</td>
<td>-10.7</td>
<td>-15.8</td>
</tr>
<tr>
<td>Zambia</td>
<td>753</td>
<td>11.9</td>
<td>4.6</td>
<td>385</td>
<td>5.8</td>
<td>-1.9</td>
<td>+9.5</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>391</td>
<td>13.2</td>
<td>3.5</td>
<td>414</td>
<td>-6.2</td>
<td>-2.9</td>
<td>n/a</td>
</tr>
</tbody>
</table>

TOTAL 9,861 257.2 267.3

* = estimates
= in 2000 constant prices

Sources: UNDP (2008); SADC Review 2007/08; OECD (2008)
### Table A (2): Basic Economic Information on SADC Countries 2007

<table>
<thead>
<tr>
<th>Country</th>
<th>Debt (USD billion)</th>
<th>Debt (% of GDP)</th>
<th>Debt Service (% of exp)</th>
<th>% of population below national poverty line</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>9.4</td>
<td>20.7</td>
<td>8.7</td>
<td>68.0</td>
</tr>
<tr>
<td>Botswana</td>
<td>1.3</td>
<td>12.3</td>
<td>16.3</td>
<td>30.3</td>
</tr>
<tr>
<td>DR Congo</td>
<td>5.3</td>
<td>61.4</td>
<td>9.3</td>
<td>71.3</td>
</tr>
<tr>
<td>Lesotho</td>
<td>0.6</td>
<td>41.9</td>
<td>6.1</td>
<td>56.6</td>
</tr>
<tr>
<td>Madagascar</td>
<td>1.8</td>
<td>32.2</td>
<td>5.3</td>
<td>67.5</td>
</tr>
<tr>
<td>Malawi</td>
<td>4.5</td>
<td>191.0</td>
<td>11.3</td>
<td>45.0</td>
</tr>
<tr>
<td>Mauritius</td>
<td>0.9</td>
<td>14.3</td>
<td>8.4</td>
<td>n/a</td>
</tr>
<tr>
<td>Mozambique</td>
<td>2.4</td>
<td>34.5</td>
<td>17.2</td>
<td>54.1</td>
</tr>
<tr>
<td>Namibia</td>
<td>1.4</td>
<td>19.9</td>
<td>2.6</td>
<td>28.0</td>
</tr>
<tr>
<td>South Africa</td>
<td>57.1</td>
<td>22.2</td>
<td>8.4</td>
<td>43.2</td>
</tr>
<tr>
<td>Swaziland</td>
<td>0.4</td>
<td>16.5</td>
<td>1.2</td>
<td>40.0</td>
</tr>
<tr>
<td>Tanzania</td>
<td>8.6</td>
<td>60.3</td>
<td>4.9</td>
<td>35.7</td>
</tr>
<tr>
<td>Zambia</td>
<td>0.5</td>
<td>4.9</td>
<td>1.6</td>
<td>68.0</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>5.3</td>
<td>95.5</td>
<td>10.5</td>
<td>34.9</td>
</tr>
</tbody>
</table>

Sources: OECD/AfDB (2008)

### Table B (1): Trade of Selected SADC Countries with Africa in % of Total Trade

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>Import</td>
<td>2.3</td>
<td>Export</td>
</tr>
<tr>
<td>DR Congo</td>
<td>Import</td>
<td>11.7</td>
<td>Export</td>
</tr>
<tr>
<td>Madagascar</td>
<td>Import</td>
<td>2.0</td>
<td>Export</td>
</tr>
<tr>
<td>Malawi</td>
<td>Import</td>
<td>42.1</td>
<td>Export</td>
</tr>
<tr>
<td>Mauritius</td>
<td>Import</td>
<td>12.9</td>
<td>Export</td>
</tr>
<tr>
<td>Mozambique</td>
<td>Import</td>
<td>11.1</td>
<td>Export</td>
</tr>
<tr>
<td>South Africa</td>
<td>Import</td>
<td>0.4</td>
<td>Export</td>
</tr>
<tr>
<td>Tanzania</td>
<td>Import</td>
<td>3.6</td>
<td>Export</td>
</tr>
<tr>
<td>Zambia</td>
<td>Import</td>
<td>31.5</td>
<td>Export</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>Import</td>
<td>32.9</td>
<td>Export</td>
</tr>
</tbody>
</table>

Source: UNCTAD 2008
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>267</td>
<td>323</td>
<td>177</td>
<td>1,484</td>
<td>n/a</td>
</tr>
<tr>
<td>Botswana</td>
<td>325</td>
<td>780</td>
<td>854</td>
<td>771</td>
<td>963</td>
</tr>
<tr>
<td>DR Congo</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Lesotho</td>
<td>43</td>
<td>64</td>
<td>56</td>
<td>60</td>
<td>57</td>
</tr>
<tr>
<td>Madagascar</td>
<td>364</td>
<td>425</td>
<td>498</td>
<td>698</td>
<td>n/a</td>
</tr>
<tr>
<td>Malawi</td>
<td>34</td>
<td>41</td>
<td>54</td>
<td>52</td>
<td>n/a</td>
</tr>
<tr>
<td>Mauritius</td>
<td>1,070</td>
<td>1,436</td>
<td>1,618</td>
<td>1,671</td>
<td>2,162</td>
</tr>
<tr>
<td>Mozambique</td>
<td>325</td>
<td>256</td>
<td>342</td>
<td>389</td>
<td>628</td>
</tr>
<tr>
<td>Namibia</td>
<td>222</td>
<td>475</td>
<td>414</td>
<td>529</td>
<td>n/a</td>
</tr>
<tr>
<td>South Africa</td>
<td>5,046</td>
<td>9,682</td>
<td>11,157</td>
<td>12,014</td>
<td>13,518</td>
</tr>
<tr>
<td>Swaziland</td>
<td>273</td>
<td>250</td>
<td>284</td>
<td>283</td>
<td>n/a</td>
</tr>
<tr>
<td>Tanzania</td>
<td>627</td>
<td>1,134</td>
<td>1,269</td>
<td>1,483</td>
<td>1,571</td>
</tr>
<tr>
<td>Zambia</td>
<td>115</td>
<td>232</td>
<td>272</td>
<td>305</td>
<td>n/a</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>331</td>
<td>317</td>
<td>298</td>
<td>292</td>
<td>277</td>
</tr>
<tr>
<td><strong>SADC TOTAL</strong></td>
<td><strong>9,114</strong></td>
<td><strong>15,605</strong></td>
<td><strong>17,637</strong></td>
<td><strong>20,418</strong></td>
<td><strong>22,455</strong></td>
</tr>
</tbody>
</table>

Source: UNCTAD 2008

**Explanation:** The discrepancies between the SADC total and the sum of exports of the individual countries can be explained by the missing data for the DRC and the other countries for 2007. However, the figures were taken from two different tables of the UNCTAD Handbook of Statistics 2008 and might thus be compiled differently.
Table B (3): Development of the Terms of Trade (ToT) for SADC (Year 2000 = 100)

<table>
<thead>
<tr>
<th>Country</th>
<th>2002</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>89</td>
<td>128</td>
<td>173</td>
<td>198</td>
</tr>
<tr>
<td>Botswana</td>
<td>97</td>
<td>98</td>
<td>92</td>
<td>96</td>
</tr>
<tr>
<td>DR Congo</td>
<td>97</td>
<td>99</td>
<td>114</td>
<td>128</td>
</tr>
<tr>
<td>Lesotho</td>
<td>100</td>
<td>90</td>
<td>86</td>
<td>83</td>
</tr>
<tr>
<td>Madagascar</td>
<td>85</td>
<td>82</td>
<td>77</td>
<td>77</td>
</tr>
<tr>
<td>Malawi</td>
<td>92</td>
<td>84</td>
<td>82</td>
<td>85</td>
</tr>
<tr>
<td>Mauritius</td>
<td>99</td>
<td>90</td>
<td>87</td>
<td>90</td>
</tr>
<tr>
<td>Mozambique</td>
<td>91</td>
<td>98</td>
<td>111</td>
<td>131</td>
</tr>
<tr>
<td>Namibia</td>
<td>99</td>
<td>101</td>
<td>104</td>
<td>127</td>
</tr>
<tr>
<td>South Africa</td>
<td>103</td>
<td>110</td>
<td>115</td>
<td>126</td>
</tr>
<tr>
<td>Swaziland</td>
<td>98</td>
<td>93</td>
<td>93</td>
<td>95</td>
</tr>
<tr>
<td>Tanzania</td>
<td>101</td>
<td>108</td>
<td>102</td>
<td>117</td>
</tr>
<tr>
<td>Zambia</td>
<td>91</td>
<td>110</td>
<td>122</td>
<td>190</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>98</td>
<td>104</td>
<td>95</td>
<td>94</td>
</tr>
</tbody>
</table>

Source: UNCTAD 2008
### Table C: Total ODA to SADC Member States 2001–2006 (USD million; all donors)

<table>
<thead>
<tr>
<th>Country</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>283</td>
<td>414</td>
<td>493</td>
<td>1,145</td>
<td>437</td>
<td>171</td>
</tr>
<tr>
<td>Botswana</td>
<td>29</td>
<td>37</td>
<td>28</td>
<td>47</td>
<td>48</td>
<td>65</td>
</tr>
<tr>
<td>DR Congo</td>
<td>243</td>
<td>1,175</td>
<td>5,416</td>
<td>1,824</td>
<td>1,827</td>
<td>2,036</td>
</tr>
<tr>
<td>Lesotho</td>
<td>56</td>
<td>76</td>
<td>79</td>
<td>96</td>
<td>69</td>
<td>72</td>
</tr>
<tr>
<td>Malawi</td>
<td>374</td>
<td>369</td>
<td>539</td>
<td>1,248</td>
<td>914</td>
<td>754</td>
</tr>
<tr>
<td>Mauritius</td>
<td>401</td>
<td>376</td>
<td>513</td>
<td>501</td>
<td>578</td>
<td>669</td>
</tr>
<tr>
<td>Mozambique</td>
<td>21</td>
<td>24</td>
<td>-15</td>
<td>32</td>
<td>34</td>
<td>19</td>
</tr>
<tr>
<td>Namibia</td>
<td>931</td>
<td>2,201</td>
<td>1,037</td>
<td>1,235</td>
<td>1,777</td>
<td>1,611</td>
</tr>
<tr>
<td>South Africa</td>
<td>109</td>
<td>134</td>
<td>146</td>
<td>173</td>
<td>115</td>
<td>145</td>
</tr>
<tr>
<td>Swaziland</td>
<td>428</td>
<td>505</td>
<td>641</td>
<td>628</td>
<td>680</td>
<td>718</td>
</tr>
<tr>
<td>Tanzania</td>
<td>1,264</td>
<td>1,236</td>
<td>1,704</td>
<td>1,751</td>
<td>1,481</td>
<td>1,825</td>
</tr>
<tr>
<td>Zambia</td>
<td>349</td>
<td>619</td>
<td>589</td>
<td>1,125</td>
<td>935</td>
<td>1,425</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>162</td>
<td>199</td>
<td>186</td>
<td>186</td>
<td>376</td>
<td>280</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>4,679</td>
<td>7,409</td>
<td>11,390</td>
<td>10,013</td>
<td>8,817</td>
<td>9,845</td>
</tr>
</tbody>
</table>

Source: OECD/AFDB (2008): 664f
Annex

Table D: Development of Political Freedom in SADC 2000–2007

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>6.0</td>
<td>5.5</td>
<td>5.5</td>
<td>5.5</td>
<td>5.5</td>
<td>5.5</td>
<td></td>
<td>+</td>
</tr>
<tr>
<td>Botswana</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>DR Congo</td>
<td>6.5</td>
<td>6.0</td>
<td>6.0</td>
<td>6.0</td>
<td>6.0</td>
<td>5.5</td>
<td></td>
<td>+</td>
</tr>
<tr>
<td>Lesotho</td>
<td>4.0</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
<td></td>
<td>+</td>
</tr>
<tr>
<td>Madagascar</td>
<td>3.0</td>
<td>3.5</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
<td>3.0</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Malawi</td>
<td>3.0</td>
<td>4.0</td>
<td>3.5</td>
<td>4.0</td>
<td>2.0</td>
<td>2.0</td>
<td></td>
<td>+</td>
</tr>
<tr>
<td>Mauritius</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>1.0</td>
<td>1.0</td>
<td>1.5</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Mozambique</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Namibia</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
<td>2.0</td>
<td>2.0</td>
<td></td>
<td>+</td>
</tr>
<tr>
<td>South Africa</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>2.0</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Tanzania</td>
<td>4.0</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td></td>
<td>+</td>
</tr>
<tr>
<td>Zambia</td>
<td>4.5</td>
<td>4.0</td>
<td>4.0</td>
<td>4.0</td>
<td>4.0</td>
<td>3.5</td>
<td></td>
<td>+</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>5.5</td>
<td>6.0</td>
<td>6.0</td>
<td>6.5</td>
<td>6.5</td>
<td>6.5</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>SADC</td>
<td>3.65</td>
<td>3.54</td>
<td>3.46</td>
<td>3.35</td>
<td>3.35</td>
<td>3.35</td>
<td></td>
<td>+</td>
</tr>
</tbody>
</table>

Source: Freedom House, different years
### Table E: Corruption Perception Index for SADC Countries 2000–2008

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>85</td>
<td>1.7</td>
<td>98</td>
<td>1.7</td>
<td>129</td>
<td>2.0</td>
<td>142</td>
<td>2.2</td>
<td>158</td>
<td>1.9</td>
<td>+</td>
</tr>
<tr>
<td>Botswana</td>
<td>26</td>
<td>6.0</td>
<td>24</td>
<td>6.4</td>
<td>29</td>
<td>6.0</td>
<td>37</td>
<td>5.6</td>
<td>36</td>
<td>5.8</td>
<td>-</td>
</tr>
<tr>
<td>DR Congo</td>
<td></td>
<td>133</td>
<td>2.0</td>
<td>156</td>
<td>2.0</td>
<td>171</td>
<td>1.7</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lesotho</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>92</td>
<td>3.2</td>
<td></td>
</tr>
<tr>
<td>Madagascar</td>
<td>98</td>
<td>1.7</td>
<td>82</td>
<td>3.1</td>
<td>84</td>
<td>3.1</td>
<td>85</td>
<td>3.4</td>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malawi</td>
<td>43</td>
<td>4.1</td>
<td>68</td>
<td>2.9</td>
<td>90</td>
<td>2.8</td>
<td>105</td>
<td>2.7</td>
<td>115</td>
<td>2.8</td>
<td>-</td>
</tr>
<tr>
<td>Mauritius</td>
<td>37</td>
<td>4.7</td>
<td>40</td>
<td>4.5</td>
<td>54</td>
<td>4.1</td>
<td>42</td>
<td>5.1</td>
<td>41</td>
<td>5.5</td>
<td>+</td>
</tr>
<tr>
<td>Mozambique</td>
<td>81</td>
<td>2.2</td>
<td>-</td>
<td>-</td>
<td>90</td>
<td>2.8</td>
<td>99</td>
<td>2.8</td>
<td>126</td>
<td>2.6</td>
<td>+</td>
</tr>
<tr>
<td>Namibia</td>
<td>30</td>
<td>5.4</td>
<td>28</td>
<td>5.7</td>
<td>54</td>
<td>4.1</td>
<td>55</td>
<td>4.1</td>
<td>61</td>
<td>4.5</td>
<td>-</td>
</tr>
<tr>
<td>South Africa</td>
<td>34</td>
<td>5.0</td>
<td>36</td>
<td>4.8</td>
<td>44</td>
<td>4.6</td>
<td>51</td>
<td>4.6</td>
<td>54</td>
<td>4.9</td>
<td>-</td>
</tr>
<tr>
<td>Swaziland</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>72</td>
<td>3.6</td>
<td></td>
</tr>
<tr>
<td>Tanzania</td>
<td>76</td>
<td>2.5</td>
<td>71</td>
<td>2.7</td>
<td>90</td>
<td>2.8</td>
<td>93</td>
<td>2.9</td>
<td>102</td>
<td>3.0</td>
<td>+</td>
</tr>
<tr>
<td>Zambia</td>
<td>57</td>
<td>3.4</td>
<td>77</td>
<td>2.6</td>
<td>102</td>
<td>2.6</td>
<td>111</td>
<td>2.4</td>
<td>115</td>
<td>2.8</td>
<td>-</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>65</td>
<td>3.0</td>
<td>71</td>
<td>2.7</td>
<td>114</td>
<td>2.3</td>
<td>130</td>
<td>2.4</td>
<td>166</td>
<td>1.8</td>
<td>-</td>
</tr>
<tr>
<td>Average</td>
<td>3.7</td>
<td>3.6</td>
<td>3.3</td>
<td>3.3</td>
<td>3.3</td>
<td>3.3</td>
<td>3.3</td>
<td>3.3</td>
<td>3.4</td>
<td>3.4</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Transparency International, different years
15.3. Bibliography


Meade, James (1955): The Theory of Customs Union. Amsterdam


SADC (1996b): The Protocol on Transport, Communication and Meteorology


Viner, Jacob (1950): The Customs Union Issue. New York


Wegener, A (1979): Integration als entwicklunspolitisches Konzept. Bochum
15.4. Relevant Websites

www.africanclimateappeal.org
www.african-union.org
www.comesa.int
www.ecowas.int
www.internetworldstats.com/stats
www.sadc.int
www.sadcreview.org
http://www.sadcpf.org/
www.un.org/millenniumgoals/

15.5. Useful contacts in and about SADC

National Contact Points:

ANGOLA
Ms. B. Morais Ministry of Planning, Caixa Postal 1205, Luanda
Phone: (+244222) 43 1261 / 43 1487, Fax: (+244222) 43 1261
Email: b.morais@minplan.gov.ao / learao13@yahoo.com

BOTSWANA
Dr. T. Nyamadzabo, Secretary for Economic Affairs
Ministry of Finance and Development Planning, Private Bag 008, Gaborone
Phone: (+267) 395 0372 / 395 9851, Fax: (+267) 395 6086 / 390 4525
Email: tnyamadzabo@gov.bw / amadikwe@gov.bw

DEMOCRATIC REPUBLIC OF CONGO
His Excellency Mr. B.L. M’Poko, Ambassador
Embassy of the Democratic Republic of Congo, P.O. Box 28795, Sunnyside 0132, Pretoria, South Africa
Phone: (+2712) 343 2455, Fax: (+2712) 344 4054
Email: sadcdrc@lantic.net

LESOTHO
Dr. M. Majoro, Principal Secretary
Ministry of Finance and Development Planning, P.O. Box 395, Maseru
Phone: (+266) 2232 3703, Fax: (+266) 2231 0964
Email: plannoff@dec.planning.gov.ls / mrakhoba@finance.gov.ls
MADAGASCAR
Ms. N.A. Rabozakandraina
Ministere des Affaires Etrangeres, Rue Andriamfidy, Anosy, Antananarivo BP 836
Phone: (+261) 2022 21198, Fax: (+261) 2022 34484
Email: angelanirina@yahoo.com

MALAWI
Mr. M.B. Mbewe, Secretary for Foreign Affairs
Ministry of Foreign Affairs, P.O. Box 30315, Lilongwe 3
Phone: (+265) 78 9088 / 78 9323, Fax: (+265) 78 8482 / 78 8516
Email: foreign@malawi.net

MAURITIUS
Mr. D. Dusoruth
Ministry of Foreign Affairs, International Trade and Regional Cooperation
5th Floor, New Government Centre, Port Louis
Phone: (+230) 201 2985, Fax: (+230) 201 1337
Email: ddusoruth@mail.gov.mu / pmohamudally@mail.gov.mu

MOZAMBIQUE
Mr. D. Fernandes, Director, Directorate for SADC Affairs
Ministry of Foreign Affairs and Cooperation, Avenida 10 de Novembro, No. 620, Maputo
Phone: (+2581) 49 7944 / 49 4409, Fax: (+2581) 32 7029
Email: fernandes@consadc.co.mz / dasadc@minec.gov.mz

NAMIBIA
Mr. A.P. Ndishishi, Permanent Secretary
Ministry of Trade and Industry, Private Bag 13340, Windhoek
Phone: (+26461) 281 7111 / 22 9933, Fax: (+26461) 22 0227 / 22 0148
Email: ndishish@mti.gov.na / kondja@mti.gov.na

SOUTH AFRICA
Mr. C.T. Rubushe, Chief Director
Africa Multilateral Department of Foreign Affairs, Private Bag X152, Pretoria 0001
Phone: (+2712) 351 0510, Fax: (+2712) 351 0449
Email: rubushe@foreign.gov.za

SWAZILAND
Mr. M.C. Dlamini, Principal Secretary
Ministry of Economic Planning and Development, P.O. Box 602, Mbabane
Phone: (+268) 404 3765/8, Fax: (+268) 404 2157 / 404 6407
Email: directorj@sadchrd.org.sz / mcusis@yahoo.com

UNITED REPUBLIC OF TANZANIA
Mr. Z.J. Masanja, International and Regional Cooperation
Ministry of Foreign Affairs, P.O. Box 9000, Dar es Salaam
Phone: (+25522) 211 1906/11, Fax: (+25522) 211 6600
Email: zjmasanja@yahoo.com
ZAMBIA
Ambassador C.S.N. Msadabwe Lambart (Mrs.)
Permanent Secretary, Ministry of Foreign Affairs, P.O. Box 50069, Lusaka
Phone: (+2601) 25 3508, Fax: (+2601) 25 3508 / 25 4431
Email: foreignlsk@zamtel.zm

ZIMBABWE
Mr. T.T. Chifamba, Division Head, Multilateral Affairs
Ministry of Foreign Affairs, P.O. Box 4240, Causeway, Harare
Phone: (+2634) 72 7005 / 79 4681, Fax: (+2634) 70 6293
Email: tchifamba@zarnet.ac / sadczim@yahoo.com

SADC Institutions:

Executive Director,
Regional Tourism Organisation of Southern Africa (RETOSA)
P.O. Box 7381, Halfway House 1685, South Africa
Phone: (+2711) 315 2420, Fax: (+2711) 315 2422
Email: retosa@iafrica.com, Website: www$retosa.co.za

Director,
SADC Plant Genetic Resources Centre (SPGRC)
Private Bag CH6, Lusaka, Zambia
Phone: (+2601) 61 1114 / 23 3391/2, Fax: (+2601) 61 1031
Email: spgrc@zamnet.zm

The Director,
Regional Peacekeeping Training Centre (RPTC)
Private Bag 7735, Causeway, Harare, Zimbabwe
Phone: (+2634) 70 3964, Fax: (+2634) 73 7330

The Coordinator,
SADC Drought Monitoring Centre
P.O. Box BE150, Belvedere, Harare, Zimbabwe
Phone: (+2634) 77 8172, Fax: (+2634) 77 8172
Email: dmcgen@dmc.co.zw, Website: www.dmc.co.zw

Chief Executive Officer,
SADC Development Finance Resource Centre (SADC-DFRC)
Private Bag 0034, Gaborone, Botswana
Phone: (+267) 319 1146, Fax: (+267) 319 1147

SADC Stakeholder Institutions:

SADC Parliamentary Forum
Private Bag 13361, Windhoek, Namibia
Phone: (+26461) 24 6461, Fax: (+26461) 25 4642
Email: sadcpf@mweb.com.na

SADC Electoral Commissions Forum
P.O. Box 740, Auckland Park 2006, South Africa
Phone: (+2711) 482 5495, Fax: (+2711) 482 6163
Email: jkalley@eisa.org.za
SADC Council of NGOs
C/o BOCONGO, Private Bag 00418, Gaborone, Botswana
Phone: (+267) 391 1319, Fax: (+267) 391 2935
Email: bocongo@info.bw / bocongo@bocongo.bw

Southern African Power Pool (SAPP)
Coordination Centre, P.O. Box GT897, Harare, Zimbabwe
Phone: (+2634) 25 0563/4, Fax: (+2634) 25 0565/6

President,
Association of SADC Chambers of Commerce and Industry (ASCCI)
P.O. Box 787008, Sandton 2146, South Africa
Phone: (+2711) 783 5448, Fax: (+27) 086 691 2510
Email: info@ascCi.org.za

Chairperson,
Federation of Clearing and Forwarding Associations of Southern Africa (FCFASA)
Private Bag X89, Bryanston 2021, South Africa
Phone: (+2711) 463 4131, Fax: (+2711) 784 6704

Executive Officer,
Federation of East and Southern African Road Transport Associations (FESARTA)
P.O. Box 70202, Bryanston 2021, South Africa
Phone: (+2711) 784 7116

Coordinator,
Mining Industry Associations of Southern Africa (MIASA)
P.O. Box 61809, Marshalltown 2107, South Africa
Phone: (+2711) 498 7275, Fax: (+2711) 834 4905
Chief Executive,

Southern Africa Confederation of Agriculture Unions (SACAU)
P.O. Box 1709, Pretoria 0001, South Africa
Phone: (+2712) 322 6980, Fax: (+2712) 320 0557
Chairperson,

Southern African Enterprise Network (SAEN)
P.O. Box 710, Manzini M200, Swaziland
Phone: (+268) 505 4974, Fax: (+268) 505 4540
Executive Director,

Southern African Railways Association (SARA)
67 File Avenue, Harare, Zimbabwe
Phone: (+2634) 73 5777/6, Fax: (+2634) 73 6813
Executive Secretary,

Southern Africa Telecommunications Association (SATA)
P.O. Box 2677, Maputo, Mozambique
Phone: (+25821) 30 2194/5/6/8, Fax: (+25821) 43 1288
Email: jacob.munodawafa@sata-sec.net, Website: www.sata-sec.net

Chief Executive,
SADC Bankers Association (SBA)
P.O. Box 61674, Marshalltown 2107, South Africa
Phone: (+2711) 370 3521, Fax: (+2711) 836 5509
Interim Chairperson and Honorary Secretary,
SADC Employers Group (SEG)
P.O. Box 632807, Benmore 2010, South Africa
Phone: (+2711) 784 8000, Fax: (+2711) 784 8004/8

Chairperson,
Small Enterprise Promotion Advisory Council (SEPAC)
P.O. Box 2632, Harare, Zimbabwe
Phone: (+263) 91 31 0822, Fax: (+2634) 30 6073

Chief Executive,
SADC Timber Association (STA)
P.O. Box 190, Arusha, United Republic of Tanzania
Phone: (+25527) 250 2877

Convenor/Interim Chair,
SADC Textiles and Clothing Manufacturers Association (STCMA)
P.O. Box 53, Bruma 2026, South Africa
Phone: (+2711) 615 4007, Fax: (+2711) 834 4905

SOURCE:
SADC Review 11th Anniversary: 1997-2008
Site last updated on 17 August 2007.
15.6 Glossary

- **African Peer Review Mechanism (APRM)** A voluntary comprehensive socio-economic and political evaluation of a country in a two-step process in the framework of NEPAD. The first step involves a self-assessment according to generally agreed parameters; the second step is an intensive external evaluation by a group of eminent African experts. The results of the APRM are presented to and need approval from an AU Summit before they are published.

- **BLS states** Botswana, Lesotho and Swaziland

- **cif** means ‘cost, insurance, freight’ and refers to the costs added to the costs of imports delivered to a country

- **Comparative (cost) advantage** refers in economic theory to the ability of a person or a country to produce a particular good at a lower opportunity cost than another person or country.

- **Democratic convergence** refers to the diminishing differences in democratic governance and practices amongst member states of a regional body.

- **Destabilisation policies** refers to the policies of the South African government under apartheid against its neighbours. They were aimed at weakening and destabilising their governments in order to prevent them from providing effective support to the South African liberation movements ANC and PAC.

- **Economic ‘balkanisation’** refers to the fragmentation of geographical regions and is derived from the political landscape of the Balkans after the First World War, which saw the emergence of several economically unviable states.

- **Economic Partnership Agreements** (also known as EPAs) are the instrument the EU is proposing and to some extent already using to transform the trade preferences of the Cotonou Agreement between the EU and the ACP states into a format compatible with WTO rules.

- **Economies of scale** refer in economic theory to the cost advantages that a business obtains due to expansion. They are factors that cause a producer’s average cost per unit to fall as output rises.

- **Economic transaction costs** refer in economic theory to the costs – besides the price of the good or service traded – incurred when making an economic exchange. The broker fee due for buying or selling a stock is an economic transaction cost.

- **European Economic Community** was one of the predecessors of the EU. The European Economic Community was an international organisation created in 1957 to bring about economic integration between Belgium, France, Germany, Italy, Luxembourg and the Netherlands. When the European Union (EU) was created in 1993, the EEC was transformed into the European Community, one of the EU’s three pillars, with EEC institutions continuing as those of the EU.

- **Frontline States (FLS)**: established in 1974 by Zambia, Tanzania, Botswana and Mozambique (FRELIMO) and later joined by Angola, Zimbabwe, Namibia and South Africa, whose liberation movements participated from the beginning at FLS meetings. The FLS had no permanent structures and derived its political influence...
Regional Integration in Southern Africa. A Guidebook

and acceptance from the international reputation of the presidents of its member states. Being involved in the liberalisation processes in Southern Africa often put the FLS in precarious situations as it became the target of South Africa’s military and economic destabilisation. The FLS contributed on the political level to the development of a regional consciousness. Being a club of mostly small states, the FLS was only marginally involved in the negotiations regarding the end of apartheid in South Africa. After South Africa’s ‘liberation’ in 1994 the FLS gradually dissolved, only to re-emerge in the form of the Organ for Politics, Defence and Security (OPDS) in the context of SADC in 1996.

• **Maastricht Criteria** refers to the criteria set by the EU for joining the “Euro zone” and based on the Treaty of Maastricht of 1992, in which the then member states of the EEC agreed to form the European Union. They include four macroeconomic convergence criteria to be fulfilled by member states wishing to join the Euro zone. These are:
  • Inflation rate: no more than 1.5 percentage points higher than that of the three member states of the EU with the lowest inflation.
  • Annual government deficit: the ratio of the annual government deficit to gross domestic product (GDP) must not have exceeded 3% at the end of the preceding fiscal year.
  • Government debt: the ratio of gross government debt to GDP must not have exceeded 60% at the end of the preceding fiscal year.
  • Long-term interest rates: long-term interest rate may not vary by more than two percentage points in relation to the average interest rates of the three member states with the lowest interest rates.

• **Millennium Development Goals (MDGs)** are the eight international development goals that 192 United Nations member states have agreed to achieve by the year 2015. They include reducing extreme poverty, achieving universal primary education, promoting gender equality and empowering women, reducing child mortality, improving maternal health, combating HIV/AIDS, malaria, and other diseases, ensuring environmental sustainability and developing a global partnership for development.

• **New Partnership for Africa’s Development (NEPAD)** is an African initiative born out of two attempts to develop a strategy for Africa’s socio-economic recovery and development. It was adopted in 2001 at a summit of the AU in Lusaka. NEPAD aims to provide an overarching vision and policy framework for accelerating economic cooperation and integration among African countries. NEPAD is the combination of two plans for the economic regeneration of Africa: the Millennium Partnership for the African Recovery Programme of President Thabo Mbeki of South Africa and former Nigerian President Olusegun Obasanjo and Algerian President Abdelaziz Bouteflika, and the OMEGA Plan for Africa developed by President Abdoulaye Wade of Senegal.

• **National sovereignty** refers to the independence of a country, its supreme right to define and defend its integrity and its right to self-determine its destiny.

• **Non tariff trade barriers (NTTB):** any barriers to trade other than import or export duties

• **Purchasing Power Parity (PPP)** refers in economics to a way to calculate currency exchange rates to prices paid for goods and services in any two countries. The World
Bank defines the PPP conversion factor as the number of units of a country’s currency required to buy the same amount of goods and services in the domestic market as 1 USD would buy in the USA.

- **Production factors** in economic theory refer to resources employed to produce goods and services: land, labour and capital

- **Rand Monetary Union**: Established in 1966 by South Africa against the background of the already existing SACU. It made the South African Rand the lead currency in SACU. The national currencies of Botswana, Lesotho and Swaziland (and later Namibia) were artificially made on par with the Rand; the Rand became the accepted currency for payment in the whole Union while the other currencies had only limited convertibility. Botswana left the Monetary Union in 1976. Today the Botswana pula is substantially stronger than the Rand.

- **Rules-of-origin** describe in economic (trade) policy the approach to determining the country of origin of a product for purposes of international trade. Especially in an FTA, this is a crucial tool for preventing cheap goods from entering the FTA from a third country and threatening the viability of industries in the FTA.

- **Subsidiarity** refers to an organising principle that says that matters ought to be handled by the smallest, lowest or least centralised competent authority.

- **Technology transfer** refers to the process of sharing skills, knowledge, technologies, methods of manufacturing, etc. among governments and other institutions to ensure that scientific and technological developments are accessible to a wider range of users who can further develop and exploit the technology for new products, processes, applications, materials or services.

- **Trade creation** refers in international economics to trade which is additionally created by the formation of a trade-based regional integration scheme. As a result, more and more intensive trading ties are established between the member states after protectionist barriers such as tariffs, quotas, and non-tariff barriers have been eliminated. The result is an increase in trade in goods and services among the member states.

- **Trade diversion** refers in international economics to a situation in which trade is diverted from a more efficient exporter towards a less efficient one by the formation of a free trade agreement. When a country applies the same tariff to all nations, it will always import at the lowest price. With the establishment of a regional free trade agreement, that may no longer be the case if the agreement is signed with less-efficient and thus more expensively producing states. Due to the level of external tariffs, it may well be that products from within the free trade area become cheaper than those from the more-efficient external state. Consequently, after the conclusion of the free trade agreement, the importing country would acquire products from a higher-cost producer inside the free trade area, instead of the low-cost producer from outside from which it had been importing until then.

- **Variable geometry** refers in political integration policy to a situation in a regional community where not every country is obliged to take part in every policy of the regional community; some can cooperate more closely. In other words, it refers to different speeds of integration amongst the member states. An example is the EU where some countries have so far stayed out of the Euro and the Schengen passport union.

Sources: Various online encyclopaedias and own definitions
International Institute for Journalism

The International Institute for Journalism (IIJ) of InWEnt – Capacity Building International, Germany, was founded in 1962. It gives young, up-and-coming-journalists from developing and transitional countries the opportunity to enhance their knowledge in the media business. The IIJ offers advanced training and dialogue for print and news agency journalists as well as for multimedia and online journalists.

The aim of the IIJ programme is to strengthen the freedom of expression and the freedom of the press in partner countries of German development cooperation and to thus improve the conditions for democratisation and economic and social development. In this capacity, the IIJ represents a key pillar in the media development work of the Federal Government of Germany and in particular of the Federal Ministry for Economic Cooperation and Development (BMZ).

The IIJ currently offers up to 40 training courses and dialogue programmes per year which take place both in Germany and in the partner countries where the IIJ cooperates with regional journalistic training institutions. A high proportion of the IIJ alumni hold senior positions in the media industry throughout the world.

International Institute for Journalism (IIJ) of InWEnt
Stresemannstr. 92
10963 Berlin
Germany
Phone +49 30 439 96-297
Fax +49 30 439 96-260
iij@inwent.org
www.inwent.org/iij
www.iij-blog.org
www.twitter.com/iij
InWEnt – Qualified to Shape the Future

InWEnt – Capacity Building International, Germany, is a non-profit organisation with worldwide operations dedicated to human resource development, advanced training, and dialogue. Our capacity building programmes are directed at experts and executives from politics, administration, the business community, and civil society.

Our Programmes

60 percent of all our programmes are implemented at the request of the Federal Ministry for Economic Cooperation and Development (BMZ). In addition, we conduct programmes for other German federal ministries and international organisations. We are also working in cooperation with the German business sector in public private partnership projects that can be designed to incorporate economic, social, and environmental goals.

The programmes for people from developing, transition and industrialised countries are tailored to meet the specific needs of our partners. We offer practice-oriented advanced education and training, dialogue sessions, and e-Learning courses. After the training programmes, our participants continue their dialogue with each other and with InWEnt via active alumni networks.

By offering exchange programmes and arranging scholarship programmes, InWEnt also provides young people from Germany with the opportunity to gain professional experience abroad.

Our Offices

InWEnt gGmbH is headquartered in Bonn. In addition, InWEnt maintains fourteen Regional Centres throughout the German Länder, providing convenient points of contact for all regions. Our foreign operations in Beijing, Cairo, Hanoi, Kiev, Lima, Managua, Manila, Moscow, New Delhi, Pretoria, São Paulo, and Dar es Salaam are usually affiliated with other organisations of German Development Cooperation.

InWEnt – Internationale Weiterbildung und Entwicklung gGmbH
Capacity Building International, Germany
Friedrich-Ebert-Allee 40
53113 Bonn
Phone +49 228 4460-0
Fax +49 228 4460-1766
www.inwent.org