



SADC and Donors - Ideals and Practices

From Gaborone to Paris and Back

Elling N. Tjønneland

FOPRISA

*Research for Regional
Integration and Development*

REPORT 1

Formative Process Research on Integration in Southern Africa (FOPRISA) is a collaborative research process in which several policy research institutions and the SADC Secretariat are participating. The overarching objective of the programme is to provide inputs that can assist SADC in its efforts to advance regional co-operation and integration in Southern Africa. The programme focuses on carrying out research projects; issuing monitoring reports on the role of SADC's international co-operating partners and the progress of regional co-operation in Southern Africa; and providing support for capacity building. FOPRISA liaises closely with the Policy and Strategic Planning Unit in the SADC Secretariat, to which the programme also gives direct research support through the provision of a researcher based at the Unit.

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Summary

I

This report sets out to take stock of the current relations between SADC and its international co-operating partners – the external donor agencies providing support and assistance. It identifies obstacles and opportunities for making progress and discusses the current efforts, inspired by the Paris Declaration on Aid Effectiveness, to provide modalities and mechanisms for a new partnership between SADC and donors.

This report was commissioned by the Botswana Institute for Development Policy Analysis (BIDPA), under the Formative Process Research on Regional Integration (FOPRISA) programme. It is part of an effort by BIDPA and partner institutions to provide policy research and technical assistance that may help advance the cause of regional co-operation and integration. It is carried out in

close consultation with the SADC Secretariat and its unit on policy and strategic planning.

II

The report provides an overview of how and to what extent external donor agencies support SADC and regional co-operation. It reviews support in relation to each of SADC's sectors and areas of work. External development finance and foreign donor agencies have played a critical role in the evolution of SADC. Foreign donors remain a crucial source of funding for SADC and its operations. The report notes that there has been a noticeable change of emphasis and thinking among donors in their support for regional co-operation. This is a reflection of the evolving mandates and changing priorities of SADC, as well as changing trends and priorities in official development assistance.

The report identifies and highlights recent trends following the start of SADC's period of institutional reform in 2001. An increasing number of donor agencies are now expressing the need to develop a more strategic framework for working with SADC and its Secretariat. The donor documents differ in style, depth and priorities but they share a number of common features. One is that all the major donor agencies express strong support for regional co-operation in Southern Africa and emphasise general support for SADC and its policies. Their commitments to supporting specific SADC priorities are less clearly stated. The alignment with SADC is weakened if we look at the coherence of donor policies and compare what the donor countries do in other policy areas (such as trade policies) or in their bilateral country programming.

A second trend among donors is disappointment with SADC's performance, especially in relation to implementation and capacity to absorb donor funds. This has led to a situation where donors have reduced financial support to SADC and relied on other channels for assisting regional co-operation.

A third trend is a strong emphasis on the role of South Africa. Many donor agencies provide funding for regional activities in their bilateral

country programmes with South Africa. Several agencies are also providing funding to South Africa and South African institutions from regional programmes and bilateral country programmes with other countries.

A fourth trend is that donors agencies now give much higher priority to good governance and security issues in their engagement with SADC. HIV/AIDS issues have also become increasingly important.

Finally, it is also evident in many documents that the much greater attention given to regional co-operation and policy guideline for supporting it, are derived from a number of global and continental initiatives associated with the Millennium Development Goals, the African Union and the New Partnership for Africa's Development (NEPAD) programme.

III

The report also provides an overview and assessment of current mechanisms for dialogue and communication between SADC and the donor agencies. It also reviews SADC's capacity to facilitate increased ownership, alignment and harmonisation of donor policies.

The report notes that the Secretariat's institutional capacity to engage with donor agencies remains limited. It has

not yet been in a position to take a more strategic approach to the role of donors. High-level political dialogue between SADC and important donors has also been weakened in recent years.

There is little harmonisation of external development assistance to SADC. Common arrangements for planning, funding, disbursement, monitoring, evaluating and reporting are almost absent. This has reduced the effectiveness of external aid. The institutional reform of SADC has not yet enabled the Secretariat to take a stronger role in co-ordinating and harmonising foreign aid. Several steps have, however, been taken to address these issues. They have included the expansion of the resource mobilisation section in the Secretariat, the establishment of a joint forum between the Secretariat and the donor agencies and – most recently – the preparation of a Declaration providing guidelines for a new partnership between SADC and its external donors.

IV

The final chapter of the report discusses the new partnership framework expected to be approved at SADC's consultative conference with its international co-operating partners in Windhoek in April 2006. Will aid effectiveness be improved? And will regional co-operation and integration be advanced through

this proposed new partnership framework?

The proposed framework for a new partnership is closely modelled on the 2005 Paris Declaration on Aid Effectiveness, which seeks to reform the way aid is delivered and managed. The Paris Declaration is an international agreement signed by nearly 100 governments, including eight SADC member states and most of SADC's donor countries. The proposed Windhoek Declaration calls for effective structures for dialogue and improved alignment and harmonisation, outlines the principles for partnership, proposes a structure for dialogue and identifies key areas of co-operation.

The sections outlining the principles for partnerships – the main part of the document – is closely modelled on the Paris Declaration. In most cases the various paragraphs are identical in the two documents. The significant difference revolves around national development vs. regional co-operation. The Paris Declaration does not address regional issues and all recommendations in that document are based on the need to support national development efforts. The Windhoek document has simply replaced “national” with “regional”, “SADC, or “RISDP/SIPO”. However, the Windhoek document contains two potentially significant

paragraphs addressing this issue. Here SADC commits itself to strengthening the linkages between regional and national development and the donor countries commit to linking regional programming to bilateral country programming. These paragraphs are, however, not elaborated upon.

The report does not provide any definite answer on how a new framework will impact on aid effectiveness, but it does identify critical issues. The Windhoek Declaration may facilitate stronger leadership by SADC and increase ownership. The foundation for a stronger SADC has been laid through institutional reform. To succeed, however, the capacity of the Secretariat's Unit on Policy and Strategic Planning, including the Section on Resource Mobilisation, needs to be expanded and strengthened.

Can the Windhoek Declaration lead to greater alignment? The report notes that it may be relatively easy to ensure that donor countries base their overall support on SADC's priorities, but the main challenges revolve around alignment between national and regional priorities. This is a challenge for SADC which needs to ensure greater coherence between the RISDP/SIPO and national development priorities. However, this is also a challenge for donor countries, which need

to improve coherence between what they support at the national level and their regional programming.

The Windhoek Declaration may facilitate a better co-ordination and harmonisation of donor support. The Paris Declaration will also make it easier for SADC to put demands on the donor agencies and to reduce procedural constraints. There is considerable scope for improving harmonisation through the establishment of technical theme groups in selected areas. As a bare minimum, SADC should be able to reduce duplication in management as well as the number of donors it deals with individually.

The report also points out that several sub-sectors would benefit from the establishment of thematic groups. One such area is support for capacity building at the Secretariat. Here we are already witnessing a duplication of effort. Consideration should also be given to the establishment of thematic groups in sub-sectors falling under the SADC Organ, in particular, those related to the SADC standby brigade and selected governance issues such as elections. This will require further clarification of the relationship between the RISDP and SIPO and the role of SADC's Unit on Policy and Strategic Planning in relation to the SADC Organ.

Improved harmonisation also depends on the ability of SADC to exercise leadership. This in turn depends on a strengthening of capacities at the Secretariat. The SADC Secretariat needs to be able to identify and analyse

the various donors' comparative advantage. And they must be able to point out how donor complementarities can be achieved at regional or sector levels.

Acronyms and abbreviations

ACBF	African Capacity Building Foundation
ACCORD	African Centre for the Constructive Resolution of Disputes
ADB	African Development Bank
AU	African Union
BIDPA	Botswana Institute for Development Policy Analysis
CCR	Centre for Conflict Resolution
CMI	Chr. Michelsen Institute
COMESA	Common Market for Eastern and Southern Africa
DAC	OECD Development Assistance Committee
DBSA	Development Bank of Southern Africa
DFID	UK Department for International Development
DFRC	SADC Development Finance Resource Centre
EC	European Commission
ECOWAS	Economic Community of West African States
EISA	Electoral Institute of Southern Africa
ESAAMLG	Eastern and Southern African Anti-Money Laundering Group
EU	European Union
FANR	SADC Food, Agriculture & Natural Resources directorate
FAO	Food and Agricultural Organisation
FOPRISA	Formative Process Research on Regional Integration in Southern Africa
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
ICM	SADC Integrated Committee of Ministers
ICPs	International Cooperating Partners
IDASA	Institute for Democracy in South Africa
IDC	Industrial Development Corporation
IDRC	International Development Research Centre
IGD	Institute for Global Dialogue
IS	SADC Infrastructure and Services directorate
ISS	Institute for Security Studies
ISDSC	SADC Inter-State Defence and Security Committee
ISPDC	SADC Inter-State Politics and Diplomacy Committee
JTF	Joint Task Force
KfW	KfW Entwicklungsbank
MEFMI	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
NEPAD	New Partnership for Africa's Development

NEPRU	Namibian Economic Policy Research Unit
NGO	Non-Governmental Organisation
NORAD	Norwegian Agency for Development Co-operation
NSJ	NSJ Southern African Media Training Trust
OPDSC	SADC Organ on Politics, Defence and Security Co-operation
ORGAN	SADC Organ on Politics, Defence and Security Co-operation
RECs	Regional Economic Communities
RISDP	SADC Regional Indicative Strategic Development Plan
RPTC	SADC Regional Peacekeeping Training Centre
SACU	Southern African Customs Union
SADC	Southern African Development Community
SADCBRIG	SADC Standby Force Brigade
SADCC	Southern African Development Co-ordination Conference
SADC PF	SADC Parliamentary Forum
SADSEM	Southern African Defence and Security Management Network
SAHRIT	Southern African Human Rights Trust
SAPP	Southern African Power Pool
SARDC	Southern African Research and Documentation Centre
SARPCCO	Southern African Regional Police Chiefs Co-ordination Committee
SQUAM	Standardisation, Quality Assurance, Accreditation and Metrology
SDI	Spatial Development Initiative
SHD	SADC Social and Human Development and Special Programmes directorate
SIPO	SADC Strategic Indicative Plan for the Organ on Politics, Defence and Security Cooperation
SNC	SADC National Committee
STAP	Infrastructure Short-Term Action Plan (Nepad)
TIFI	SADC Trade, Industry, Finance and Investment directorate
TIPS	Trade and Industrial Policy Strategies
TRALAC	Trade Law Centre for Southern Africa
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environmental Programme
US	United States of America
USAID	US Agency for International Development

Preface

This report sets out to take stock of the current relations between SADC and its international co-operating partners (ICPs) – the foreign donor agencies providing support and assistance to the institution and its programme of action. It identifies obstacles and opportunities for making progress and discusses the current efforts to establish modalities and mechanisms for a new partnership between SADC and donors. On 26 and 27 April 2006, SADC will organise a major consultative conference with its international partners – the first such conference since 2002. This Windhoek conference will engage in policy dialogue, mobilise consensus and review co-operation arrangements. The conference is expected to agree on a Windhoek Declaration providing a new framework for the SADC/ICP partnership. The Windhoek Declaration is closely modelled on the 2005 Paris Declaration on Aid Effectiveness which seeks to provide guidelines and mechanisms for increasing the impact of external development assistance in accelerating the achievement of the Millennium Development Goals.

Chapter 1 briefly summarises the history of SADC and its relations with external aid agencies and outlines the structure of the report. Chapter 2 provides an overview and analysis of the volume, composition and main trends in regional support by major donor countries and agencies. This includes a presentation of regional support related to each of SADC's areas of operation as well as support for capacity building at the Secretariat. Chapter 3 provides an overview of the current mechanisms for dialogue and co-ordination between SADC and the foreign donors. It discusses SADC's institutional capacity and constraints in engaging donors, and its role in facilitating increased harmonisation and aid effectiveness.

The final chapter analyses the new efforts to restructure a partnership between SADC and the donors based on the Paris Declaration. Will these

efforts lead to improved relations? And will regional co-operation and integration be advanced?

This study was commissioned by the Botswana Institute for Development Policy Analysis (BIDPA). It is part of a much bigger effort by BIDPA and a number of its partner institutions in Southern Africa to provide support to the SADC Secretariat and its Unit on Policy and Strategic Planning. By means of research reports and assistance in monitoring and evaluation this research programme – *Formative Process Research on Regional Integration in Southern Africa* (FOPRISA) – hopes to be able to assist in advancing the cause of regional co-operation and integration.

Data and documentation was collected during a field visit to Botswana, South Africa and Zimbabwe in October/November 2005. A range of SADC officials and representatives of many donor agencies and embassies were interviewed. Additional documents were collected from the internet and through correspondence.

I would like to take this opportunity to thank the numerous officials and other stakeholders in Southern Africa. In particular, I express my gratitude to officials within the SADC Secretariat. They all gave graciously of their valuable time to provide information, analysis, interpretations and explanations. The views of all of those stakeholders were crucial in helping the author to formulate assessments and views.

I would also like to thank Dr J. Mayuyuka Kaunda, senior researcher at BIDPA, and Dr Angelo Mondlane, Director of the Unit for Policy and Strategic Planning in the SADC Secretariat. They helped organise and facilitate my meetings in Gaborone and played a key role in the preparation and implementation of this project. Fellow Foprisa researchers, Dirk Hansohm and Rehabeam Shilimela, both at NEPRU, also provided useful inputs and comments.

The report has benefited from an early presentation of the main findings at Foprisa's annual meeting in Cape Town in November. The final report has benefited from language editing by Richard Moorsom and technical editing by Inger Nygaard.

The report has attempted to address all the issues requested by BIDPA. Needless to say, the flaws and omissions are entirely mine. I am also responsible for the assessments and views expressed in this report.

Bergen, March 2006

1: SADC and foreign donors

External development finance and foreign donor agencies have played a critical role in the development of the *Southern African Development Community* - SADC. An important motivation for the establishment of the original SADCC – the *Southern African Development Co-ordination Conference* – in 1980 was to establish a mechanism to facilitate aid co-ordination and mobilisation of additional development finance.¹ As such SADCC was a major success. Additional funding was secured and SADCC established good facilities for dialogue and communication with its main international co-operation partners, the foreign donor agencies. Foreign donors provide nearly 60% of SADC's current (2006-2007) budget.² In addition, there is substantial donor funding to a long list of SADC projects implemented by SADC subsidiary institutions and project implementation agencies.

On the other hand a number of problems emerged. They revolved around a strong donor dependency and an increasing lack of strategic focus. The organisation appeared to lack an overall vision and focus for its operations and activities. SADCC's programme of action did not provide clear linkages between objectives, strategies and results to be achieved. Nor did regional interventions always complement national development efforts. In the mid-1990s, SADC estimated that 80% of its programmes were national in character and should have been implemented under the national programmes of member states.

¹ See also the major semi-official history of SADCC's first ten years in I. Mandaza & A. Tostensen, *Southern Africa in Search of a Common Future: From the Conference to the Community*, Gaborone: SADC 1994.

² The information is derived from SADC's Executive Secretary's "Talking Notes for the Post-Council of Ministers Diplomats Briefing" after the meeting of the Council of Ministers in February 2006 which approved the current annual budget (published on the SADC homepage – www.sadc.int).

The shift from SADCC to SADC in 1992 was intended to change this and to facilitate a stronger focus on deepening co-operation through economic integration. At the same time political co-operation among the key SADC member countries through the Frontline States was also integrated into the new SADC and gave it a stronger focus on political dimensions – especially around governance, peace and security issues. The establishment of SADC was followed by a major restructuring of the organisation ten years later. The institutional reforms were implemented from 2001. They were intended to give SADC a new institutional structure, enabling it to address the new objectives and challenges.³

These changes also had several implications for SADC's relations with donors. The core costs of running the new SADC and its expanded and strengthened Secretariat were to be covered by SADC member countries, but SADC required external funding to cover project implementation, including technical assistance. Under the new institutional arrangement, the Secretariat was expected to focus most of its energy on policy harmonisation, facilitation of inter-governmental co-operation and assistance to member countries. Most activities were to be implemented outside the SADC Secretariat – by member countries, by project management units or by regional subsidiarity organisations. The Secretariat was expected to play a major role in facilitating external resource mobilisation, but the implementing agencies could also raise funding themselves and be the contract partner for external donor agencies. This created new challenges and demands for the Secretariat, and for funding agencies. Donor-SADC relations were also made more complicated by the different structures and modalities for engaging with donors that applied to social and economic sectors on the one hand, and the political sectors on the other.

This report seeks to provide an overview and analysis of the current relations between SADC and the various donor agencies and donor countries. It identifies obstacles and opportunities for making progress and discusses current efforts to establish modalities and mechanisms for a new partnership. Ch. 2 provides an overview and analysis of the volume, composition and main trends in the regional support of major donor countries and agencies, or the International Cooperating Partners (ICPs) as they are referred to in SADC terminology. This includes a presentation of

³ The process is described and analysed in G. le Pere & E. N. Tjønneland, *Which Way SADC? Advancing co-operation and integration in southern Africa*, Johannesburg: Institute for Global Dialogue 2005 (*Occasional Paper 50*). Additional updated details are provided in E. N. Tjønneland, "Making SADC Work? Revisiting Institutional Reform", pp. 166-185 in D. Hansohm et al. (eds.), *Monitoring Regional Integration in Southern Africa Yearbook*, vol. 5 – (2005), Windhoek: NEPRU 2005.

regional support related to each of SADC's areas of operation as well as support for capacity building at the Secretariat.

Chapter 3 presents an overview of the current mechanisms for dialogue between SADC and the foreign donors. It discusses SADC's institutional capacity and constraints in engaging donors, and its role in facilitating increased harmonisation and aid effectiveness.

The final chapter analyses the new efforts to restructure a partnership between SADC and the donors based on the 2005 Paris Declaration on Aid Effectiveness. Will these efforts lead to improved relations? And will regional co-operation and integration be advanced?

2: Profile of current external support

Which donor countries and donor agencies are providing regional support and assistance to SADC? How do external funding agencies define “regional support”? This chapter first outlines what regional support in the Southern African context may entail before it identifies and analyses the main trends in external support.

What is regional support?

A cursory look at policy documents and other reports from the main donor agencies reveals that “regional support” in the Southern African context involves a number of different dimensions and issues.¹ Support to the SADC Secretariat and its activities are an important objective for most donors. This also includes significant support to a range of other regional bodies – intergovernmental and private – promoting and facilitating regional co-operation and integration. These may be a SADC subsidiarity organisation or another inter-governmental SADC-wide institution (the Southern African Power Pool, SAPP, for example), or a private institution engaged in providing support to the regional cause (such as the Electoral Institute for Southern Africa (EISA) or the Macro-economic and Financial Management Institute of Eastern and Southern Africa, MEFMI). It may also include support for other regional intergovernmental economic groupings such as the Southern African Customs Union (SACU) or the Common Market for Eastern and Southern Africa (COMESA). “Regional” does not imply that all countries in the region will have to benefit. For

¹ A good discussion and overview of the different dimensions of “regional support” is provided in ch. 4 of an unpublished NORAD document, *Strategy for Regional NORAD Support to Promote Good Governance in Southern Africa*, October 2003 (95 pages) and in DFID’s recent regional strategy document, *Southern Africa Regional Plan* (February 2006).

many agencies it is sufficient that two or more countries benefit. Furthermore, donors will also tend to include efforts to build or strengthen national capacity for implementing regional policies and programmes as “regional support”.

We also note that foreign donors emphasise support to efforts which seek to facilitate exchange of experiences and lessons learnt across country borders. They also provide significant support to the facilitation of co-operation in training and capacity building and in the sharing of expert skills, equipment and facilities to reduce costs. This also includes significant support for a number of nationally based institutions which provide training programmes to people from other countries, or national institutions with a regional agenda. This has mainly, but not solely, included institutions in South Africa. Several donor countries have also begun to emphasise that South Africa should take a stronger lead in regional development and have made funding available for South African state institutions to carry out projects in other SADC countries. We shall return to these issues below.

The important message to note from this is that “regional support” includes a number of different dimensions and that it may encompass a range of different national and regional implementation agencies. Direct support to the SADC Secretariat and other SADC bodies is just one of many channels for assisting regional development. This has accelerated further with SADC’s shift from being an institution managing co-operation projects to an institution emphasising policy development and harmonisation.

Furthermore, regional support is delivered in different forms – as financial assistance, as technical assistance and through policy dialogue. Support is also provided and managed through a variety of channels – through the ordinary government channel (either directly from the resident mission in charge or from the donor agency headquarters), through a private institution (such as NGOs) or through multilateral institutions (such as the UNDP or the World Bank).

Who does what?

The list of donor countries and external donor agencies providing “regional support” is very long. In this report, we restrict the discussion of external donors to countries and agencies which include direct support to SADC and/or its programme of activities in their regional support. The current list of donors will then include:

Bilateral agencies (countries): They have mainly been from England, Sweden, Norway, Denmark, Finland, Belgium, Canada, France, Germany, Japan and the USA. Some of these countries provide limited support or are bringing their support to an end (Belgium for example). Some private foundations – especially some of the German *Stiftungen* – have also provided some, but modest, financial support.

Multilateral institutions: This group has primarily included the European Commission and the World Bank with additional funding being provided by the African Development Bank, the UNDP and other UN agencies.

A number of South African financial institutions have also emerged as important actors. In particular, this applies to the Development Bank of Southern Africa (DBSA). It operates much like the African Development Bank (ADB) and the World Bank. It has had some success in attracting donor funds, especially from European donor agencies, for regional purposes. Other South African parastatals, in particular the Industrial Development Corporation (IDC), are also important investors in several regional projects, especially related to infrastructure development.

Another trend is also emerging. A number of new countries, particularly from Asia (especially China but also countries like India and Malaysia) are engaging in the region. They are not yet involved in providing technical or financial assistance to SADC, but they are increasingly highly relevant and important actors through their business and commercial engagement and through policy dialogue with SADC member countries. They will, however, not be discussed any further in this report. The discussion is restricted to countries and agencies which provide financial and technical assistance to SADC and programmes implemented under the auspices of the organisation.

How much support do these countries and agencies provide? And for what purposes? There are no comprehensive statistics available. This is perhaps not surprising, considering that “regional support” involves very many different contract and implementing partners with the SADC Secretariat not necessarily being directly engaged. In fact, it is found that few if any of the bigger donor agencies have a full overview of what they themselves support. Donor funding is often routed through many different channels. A case study of one donor agency revealed that less than 50% of its planned 2005 allocation to regional support was targeted on SADC and subsidiarity organisations. The majority of their regional funding was dispersed outside formal SADC structures and through a wide variety of private institutions.²

² See pp. 21 in E. N. Tjønneland et al., *SADC's Restructuring and Emerging Policies. Options for Norwegian Support*, Bergen: CMI 2005 (R2005:7).

However, more surprisingly, one also finds that there are no complete or comprehensive statistics available on what donor agencies are allocating to SADC and its programmes. Nearly 60 % of the current (2006-2007) budget for the Secretariat is provided by foreign donors, but there are no statistics showing the donor contributions to the various programmes and projects implemented outside by other SADC institutions (such as subsidiary organisations and project implementation units).³ The Secretariat does not at this stage have a financial management system which enables the production of statistics showing commitments, allocations and expenditure. The donor agencies themselves have not made data available showing their total contributions. The most recent overview available was prepared in the latter half of 2004 based on data from 2003 and 2004. Those data are reproduced in Table 1 below and are derived mainly from commitments to projects.⁴ In addition to the figures in this Table, the TIFI directorate released updated data in February 2006 on external support to SADC's trade policy (see more below).

The statistics provided in Table 1 are not complete. A number of donors (such as the World Bank) are not included. The figures are based on commitments as evidenced in contracts (and not on actual disbursements or spending). Significantly, the statistics do not properly capture funding provided directly to SADC subsidiary organisations. Programmes implemented through such organisations – especially within infrastructure – are sometimes large and absorb much external funding.

³ Information about the 2006-2007 Budget is derived from the SADC's Executive Secretary's "Talking Notes for the Post-Council of Ministers Diplomats Briefing" after the meeting of the Council of Ministers in February 2006 (published on the SADC homepage – www.sadc.int).

⁴ The Table is based on data from an unpublished consultancy report from Imani Development, *Scoping, Prioritisation and Ranking of Existing and Potential SADC RISDP Projects, Final Report*, December 2004 (98 pages + annexes) (prepared for the SADC Secretariat and the Development Bank of Southern Africa.)

Table 1
Total ongoing donor support to SADC per country and directorate (million euro)*

	<i>Countries</i>										
Directorate	Belgium	Canada	Denmark	EC	Finland	France	Germany	Norway	Sweden	UK	Total
TIFI	--	6.9	--	21.1	--	--	3.6	--	--	48.3	79.9
FANR	1.6	--	--	39.5	3	3.2	13.1	6.5	3.7	7.5	78.1
SHD	3.4	--	--	19.6	--	--	1.8	--	--	26.9	51.7
Infrastructure & Services	--	--	6.7	9.3	1.4	1.2	4.4	--	--	--	23.0
Secretariat	--	0.3	--	15.6	--	0.2	4.5	--	--	7.5	28.1
Organ	--	--	--	--	--	--	--	--	--	--	--
Other regional	--	--	35.4	1.9	3.9	1.5	1.0	34.4	39.0	57.1	174.0
Total	5.0	7.2	42.1	107	8.4	6.1	28.4	40.9	42.7	147.4	435.0

* The only updated figures are for Denmark, EC, France, Germany, Sweden and the UK (Aug 2004). Other figures are from June 2003.

Importantly, it must also be emphasised that this table does not provide a full picture of what the donor countries actually support. None of the donor countries have a full statistical overview of what they support outside formal SADC institutions. They also differ in how they classify regional support outside SADC. Some would classify such support as “other regional” while others may classify it as a SADC project although the SADC Secretariat may not be the formal contract partner.

The Table does reveal one clear trend: The main financial contributors to SADC are the *European Commission*, the *UK* and the three *Scandinavian* countries and to some extent *Germany*. To this list one should also add the *World Bank*. The European Commission has a major programme with SADC covering the 2002-2007 period with a focus on three sectors: regional economic co-operation, infrastructure and services, and non-focal areas. DFID’s programme with SADC targets institutional reform, regional trade and HIV/AIDS. The Scandinavian countries provide support to a range of areas, but mainly with former country-based sector units or regional subsidiarity organisations and little direct support to the Secretariat (with the exception of some Norwegian support). The same applies to Germany and GTZ, but they have provided more technical assistance to the Secretariat. The World Bank does not currently provide direct support to the Secretariat (except for some advisory work), but is providing significant funding for a number of projects within transport, water, energy, telecommunications, financial system infrastructure and other areas.

A significant trend, not revealed through the table, is that the bulk of these donor commitments are old, with only a minority being new commitments made after the start of the 2001 institutional reform process. Some of the donors have not entered into new funding agreements with SADC, and one of the donor countries listed above, Belgium, has also decided to end its financial assistance to SADC and regional co-operation. One agency (USAID) has for political reasons decided to channel all aid outside formal SADC structures. We shall return to this below.

The following sections will present the main donor support in each of the SADC’s areas of operation, including support for capacity building at the Secretariat. This will be followed by a presentation of current trends in donor policies and thinking. The discussion below is not intended to provide a full statistical picture. Rather the intention is to provide a picture of major features and emerging trends in donor policies and practices.⁵

⁵ The information is derived from discussions with the field offices of donor agencies, donor documents and a few available studies. The main document is P. O’Brien & J. Kasanga, *Framework for a SADC-ICP Partnership, Final Report*, Bruxelles, ECODES Consortium, April 2005 (Unpublished study commissioned by the European Commission on behalf of the Joint Task Force). Data in this study is partly derived from a questionnaire survey among

Social and economic development

SADC's work here is implemented through four directorates in the Secretariat and a range of subsidiarity institutions. We shall briefly review each of the four major areas of operation. **Trade, investment and finance** are the top priority areas for SADC's development programme – the RISDP.⁶ Most of SADC's activities in this area and the work of the TIFI directorate are focused on policy development and harmonisation and associated training and capacity building. These are less expensive activities compared to other sectors. Most activities take place at the national level. The three major donors in this area are the European Commission, the UK (DFID) and Germany (mainly GTZ) which all have major programmes with the Secretariat's TIFI directorate. All of them also provide funding for technical assistance. The bulk of the funding is provided for trade issues (particularly implementation of the trade protocol, but also related to international trade negotiations, especially the envisaged Economic Partnership Agreement with the European Union) but some funding (mainly from the European Commission) is also provided for issues related to financial integration. USAID does not provide direct funding to the Secretariat, but has established a separate institution, a fairly large Trade Hub, in Gaborone, led by US consultants and other technical advisors. The World Bank is preparing to provide analytical and advisory work.

Funding is also provided for SADC subsidiarity organisations active in this sector. In the finance sub-sector this includes the Gaborone-based SADC Development Finance Resource Centre, DFRC, (with funding from Denmark and the European Commission) and the Pretoria-based SADC Association of Supreme Audit Institutions (with funding from Sweden and the Netherlands). A related institution, but one which covers a bigger geographical region, is the Harare-based Macro-Economic and Financial Management Institute of Eastern and Southern Africa (with funding from the African Capacity Building Foundation (ACBF), Netherlands, Sweden,

donor agencies. In addition to this and other documents cited above the most important study available is A. Land, *Future Co-operation between the Belgium and the Southern African Development Community. Status Report on the SADC Restructuring Process and Review of Cooperation Programmes of International Cooperation Partners*. Anthony Land Associates, August 2002 (unpublished study commissioned by Belgium's Directorate-General for International Cooperation). Some additional data is also available from T. A. Ersdal & J. Clausen, *Overview of the SADC Program and Donor Co-operation*, Oslo: Nordic Consulting Group 2001 (unpublished report commissioned by NORAD)

⁶ The TIFI directorate has released a very informative *Trade and Development Inventory* which provides tables listing all external trade-related assistance as well as all externally supported programmes with an indirect or complementary impact on trade development. The list also includes relevant programmes falling under other directorates. The inventory was published on SADC's website on 15 February 2006 (www.sadc.int).

Norway, and others). The World Bank is supporting the Eastern and Southern African Association of Accountants General to help strengthen public accounting standards in the region (a follow up to a previous Bank grant to the Eastern, Central and Southern African Federation of Accountants).

Within the trade area there are fewer regional institutions. One institution is the SADC Accreditation System (currently based in Pretoria but, in the process of moving its head office to Gaborone). It is funded by Norway, with the European Commission coming on board in late 2005 with a major grant. Germany is also providing assistance in this area.

Many donor agencies are also funding a relatively large number of NGOs and university-based institutions active in these areas. These are often national institutions (in most but not all cases South African) with regional activities. Chief among them is the Pretoria-based Trade and Industrial Policy Strategies (TIPS), the Trade Law Centre for Southern Africa in Stellenbosch (TRALAC), the Institute for Global Dialogue (IGD) in Johannesburg, the Namibian Economic Policy Research Unit (NEPRU) in Windhoek, the Africa Budget Project of the Institute for Democracy in South Africa (IDASA), and others. Important donors here are countries such as the UK, Germany and Australia and a number of other agencies such as the Canadian IDRC, the Friedrich Ebert Stiftung and the Konrad Adenauer Stiftung.

SADC's work in *food, agriculture and natural resources* through its FANR directorate covers a range of issues in agriculture, food security, environment and land management, natural resources management and related areas. SADC also receives support from a wide range of donors. The major donors involved include the World Bank, the European Commission, France, Germany, various UN bodies (UNDP, World Food Programme, FAO, UNEP and others), the Nordic countries, UK and Belgium. USAID provides support outside SADC structures.

The bulk of the donor-funded programmes and activities were initiated some time ago. Some projects are directly with the Secretariat, but most are with subsidiary organisations such as the Lusaka-based SADC Gene Bank or the Southern African Research and Documentation Centre (SARDC) in Harare (environmental reporting). There are also many projects implemented directly by two or more member countries (such as transfrontier parks and related environmental projects).

SADC's *infrastructure and services* directorate covers the area of energy, communication, transport, water and tourism. A large number of donor agencies are involved. This includes the European Commission, the

Scandinavian countries, the World Bank, DBSA, ADB, USAID, Germany, Japan, Belgium, France and others. Some funding is directly to the Secretariat (within water for example), but most funding is channelled through one of about 20 subsidiary organisations operating under the sphere of influence of the IS directorate, or to specialised project management units or implementation units established by the countries involved. This includes major investment programmes in the energy sector (especially through the Southern African Power Pool and various energy corridors), in various development corridors and spatial development initiatives, in telecommunications, and in a range of shared water courses (through River Basin Commissions). Recently – partly also under the auspices of NEPAD - major projects have emerged with funding going directly to designated project management units (such as a major World Bank-funded telecommunications project).

Most donor-funded projects are “hard” investment projects. Donor support to “soft” projects such as assistance to various regulatory bodies (e.g. the Regional Electricity Regulator) or regional policy development and harmonisation has been more limited.

Within infrastructure there are also major regional projects involving two or more countries and the private sector, but not necessarily SADC as such. One example is the major natural gas projects involving Mozambique and South Africa (with funding from the World Bank, ADB and others). Another new project involving four countries is focusing on the strategic uses of groundwater resources in the transboundary Limpopo Basin and drought-prone areas (this is a Global Environment Facility grant implemented by the World Bank through SADC).

The final area in the social and economic sectors is ***social and human development***. It covers human resource development; health, including HIV/AIDS; employment and labour; and culture, sport and information. Donor-funded SADC projects are limited. The main current donor focus is on health issues, especially HIV/AIDS. (HIV/AIDS used to be managed through a separate unit reporting directly to the Chief Director in the Secretariat, but it is now part of the directorate.) The European Commission and DFID are the main donors behind SADC’s HIV/AIDS unit, with Germany, the Dutch and Sweden preparing to join. DFID is also supporting SADC’s work on rolling back malaria. Within health there are also currently some efforts underway to explore support for SADC activity related to the pharmaceutical industries (with interest expressed *inter alia* from the DBSA and Germany through KfW).

Belgium is providing some funding to the Secretariat related to information. Sweden and others have been funding activities in the

labour/employment area (initiated when the responsibility for this was decentralised to Lusaka as the sector co-ordinating unit). Within human resource development there is limited activity. A potentially important intervention may be emerging within tertiary education with a World Bank grant to give support to the new Southern Africa Regional Universities Association.

There are few if any subsidiarity organisations active in this sector. Most donors are supporting a range of rather small regional projects with limited attention to regional policy issues and alignment efforts. This also applies to the HIV/AIDS area.

Governance, peace and security

SADC's work on political issues – although also emphasised in the SADC Treaty and the RISDP – is managed independently from social and economic issues. The directorate on politics, defence and security co-operation reports directly to the SADC Organ through the Executive Secretary and has limited engagement with the other directorates. Relations with donors in this area – following the 2001 protocol on politics, defence and security co-operation – is also made complicated by the fact that the Summit has to approve co-operation agreements in this area.

Many donors are giving high priority to good governance and/or security issues and are also providing significant funding to a range of regional activities in this area. Almost nothing is, however, channelled through official SADC structures. Before the establishment of the Organ the European Commission, through the “Berlin Initiative” (which established a framework for political dialogue between the EU and SADC), provided funding for a number of “special political projects” implemented by the Secretariat. This included SADC's work on small arms. Since 2001, direct donor support to SADC Organ activities has been limited to some funding from the UNDP's peacebuilding programme in Africa. In addition general DFID funding to the Secretariat facilitated the printing of SIPO - the strategic plan of the SADC Organ in 2004. Since early 2005, GTZ has seconded a technical advisor providing assistance to the Organ directorate. He is based in Gaborone, but is physically located outside the Secretariat.

The SADC Organ has few subsidiarity organisations. The two major ones are the co-ordinating police agency (SARPCCO) and the SADC Regional Peacekeeping Training Centre (RPTC), both based in Harare. SARPCCO has received funding indirectly – some donors (Norway, Sweden and the UK) have provided funding for NGOs acting as service deliverers for SARPCCO (related to human rights training, small arms and training for

participation in peace missions). RPTC received significant funding from Denmark, but it fell away following political developments in Zimbabwe. The RPTC is now being revived although funding from outside sources has not yet been secured.

The major SADC recipient of external donor funds in this area is the Windhoek-based SADC Parliamentary Forum. It receives funding from a number of donors (USAID, UNDP, Sweden, Norway, the ACBF and others). The Parliamentary Forum is *de facto* a subsidiarity organisation, but it is not a legislative assembly under SADC and there is no formal co-ordination or co-operation between the Parliamentary Forum and the SADC Secretariat or the SADC Organ. The SADC Organ's recent expanding activities related to elections (through their guidelines for free and fair elections, extensive election observation and the planned establishment of a SADC Election Advisory Council) may require further clarification regarding the division of labour between them.⁷

Significantly, some donors have also provided funding directly to South Africa as the 2004-2005 Chair of the Organ. This has mainly been related to South Africa's and SADC's peacebuilding activities in the DRC. Donors involved include especially the UK and the Dutch. These two donors also officially accompanied the SADC Organ Troika through the Inter State Defence and Security Committee (ISDSC) when it made an official assessment mission to the DRC in May 2005. Such support to South African activities is likely to continue even after the end of South Africa's membership of the Troika. Other donor countries supporting South Africa's activities in the DRC include Sweden and to a lesser extent Norway. The European Commission is also a potential major donor in this area, but so far support to SADC- and Southern Africa-wide projects has been limited.

Most donor-supported activities in the governance and security sectors are, however, channelled outside SADC structures and directly to a range of national and regional private institutions, or to activities implemented by international institutions. Donor agencies have contributed to a number of areas within what is often referred to as "good governance".⁸ Within the *media* sector, financial assistance has been provided to the Media Institute of Southern Africa (Denmark, Norway, Netherlands, Sweden, Open Society Foundation), NSJ Southern African Media Training Trust (Denmark, Norway), Southern Africa Media Development Fund (Open

⁷ See more on these issues in Khabele Matlosa, "Democratisation at the Crossroads. Challenges for the SADC Principles and Guidelines Governing Democratic Elections", *ISS Occasional Paper 118*, October 2005.

⁸ An overview of donor support to the main actors within the various "good governance" areas is provided in Annex 1 in the unpublished *Strategy for Regional NORAD Support to Promote Good Governance in Southern Africa*, October 2003.

Society, USAID, Interfund) and others. A typical feature of donor assistance to the media, and to most areas in the governance sector has been a concentration of support for regional or national institutions providing either training/capacity building or, a focus on advocacy/watchdog activities.

Anti-corruption is another priority area for many donor agencies. The chief recipients have been national NGOs with regional activities. The Harare-based Southern African Human Rights Trust (SAHRIT) has been instrumental both in regional policy development and as a service provider related to SADC's anti-corruption work.⁹ The chief funding has come from the US (USAID, National Democratic Institute of International Affairs), with additional funds from Sweden, Denmark, Canada and Norway. The Institute for Security Studies in South Africa also has a programme on research and advocacy in this area (with Norway as a major donor). Another effort is the Tanzania-based Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), which emerged out of a G7 initiative and is funded by several major donor countries and international financial institutions. In addition many donors are focusing support to regional anti-corruption efforts on training/capacity building in financial management (see above in the discussion of trade, investment and finance).

Support for *civil society and human rights* is also important, but nearly all support is channelled to a range of national projects. Most donor agencies discussed in this report are involved. The main regional activities have been support to networks of advocacy and/or training institutions. Among the most significant of these – mainly small – networks are the Southern African Legal Assistance Network (funded mainly by Canadian and German sources) and the Women and Law in Southern Africa Research and Education Trust (funded mainly by Danish and Dutch agencies with additional funding from the Open Society Foundation and Norway). Efforts are currently underway to revive and expand a SADC-wide NGO network which may help to strengthen regional civil society activities. In addition there are relatively strong regional networks among some of the churches, the trade unions and business associations. Business associations have tended to be rather weak, but German funding and technical assistance (GTZ) has helped to strengthen co-operation in this area.

Support for free and fair *elections* has been another popular topic for many donor agencies. Again, most activities supported have been at the national level. At the regional level the main funding has been to the Parliamentary

⁹ See also a case study of how an NGO with donor funding helped facilitate the development of SADC's anti-corruption protocol: N. Mashumba, "The SADC Protocol against Corruption", pp.105-112 in *Zimbabwe Human Rights Bulletin*, Issue No 6, March 2002.

Forum (see above) and to activities implemented through or with the strong support of a South African NGO – the Electoral Institute of Southern Africa (EISA). This has revolved around advocacy and policy research. It has included work implemented through the SADC Election Commissioners Forum (which brings together official electoral institutions in the region) and the Electoral Support Network (which brings together NGO observer groups). Nearly all the major donor agencies are supporting activities in this area. The main donors (in addition to those supporting the Parliamentary Forum) are DFID and Danida.

Peace and security have emerged as a major new focus area in the regional support of many donor agencies. Support in this area has covered many areas – from combating organised crime and trafficking to demining, small arms management and peacebuilding. Preparation for a SADC standby force has emerged as a key focus for many donor agencies. Nearly all donor-funded projects in this field, however, are implemented through NGOs. This includes research, advocacy and capacity building projects as well as support for NGOs to act as service providers for official institutions and as facilitators of policy development. Several institutions are involved, but the five major organisations are all South Africa-based: SaferAfrica, Institute for Security Studies (ISS), Centre for Conflict Resolution (CCR), African Centre for the Constructive Resolution of Disputes (ACCORD) and the Southern African Defence and Security Management Network (SADSEM)

Some donor agencies have also provided support to national training institutions in several countries, in order to strengthen national capacities to participate in peace support missions (training of military and police). Such support has been provided both directly to public institutions (such as the British support to military training institutions) and/or through national NGOs (such as the Norwegian-funded Training for Peace project).

Many donor agencies are engaged in the security sector. The main donor countries – in terms of their sizeable contributions in the field and their track record in supporting a number of strategic initiatives – appear to be the UK and Denmark. Some donor countries with limited engagement in regional support, especially Switzerland, are also supporting important initiatives here. The European Commission is likely to emerge as a major actor through its Africa-wide initiatives.

Donor countries have also in some cases provided funding to a number of international organisations for the implementation of regional projects through them. This has been most evident in humanitarian relief operations (such as support to the World Food Programme), but is also evident in a number of other areas, perhaps especially related to crime and policing.

One example is the International Organisation of Migration, which runs a Pretoria-based regional programme (with funding from the US and Norway) to combat the trafficking of women and children.

Support to the SADC Secretariat

Some donors also provide support which is aimed at strengthening the capacities of the SADC Secretariat in Gaborone. The main donor countries and agencies currently involved here are the European Commission, DFID, the World Bank and GTZ, and to a lesser extent Norway, Belgium, Finland and others. The European Commission is a major actor through its 2002-2007 Capacity Building Programme, which seeks to strengthen the human resource capacity and the financial resources of the Secretariat.¹⁰ Specific interventions have focused on a capacity to monitor the implementation of SADC protocols and policies, statistics, management information systems and the establishment of a SADC Tribunal. They are supporting efforts to strengthen the Secretariat's capacity to engage with the donor agencies. Funding for a number of short-term and long-term consultants has been provided.

The World Bank has also been involved in various efforts. This has included support for the strengthening of the Secretariat's statistical capacity and various activities focused on project preparation, multi-year planning and budgeting, the harmonisation of financial management, and monitoring and evaluation.

GTZ has also been providing support intended to strengthen the capacity of the Secretariat. This has mainly been through the provision of technical assistance and associated project funds (for the institutional restructuring, trade policy and private sector development).

DFID has also provided *de facto* core funding to the Secretariat (through a £5 million grant) which has been used to fund a number of key activities and initiatives. However, most of the funds (£4 million) were withdrawn in mid-2004 (see below). DFID has also provided funding that enabled the Secretariat to carry out a 2005 study assessing the capacities and needs of the SADC National Committees.¹¹

¹⁰ See also W. Pfluger at al., *Midterm Review. Regional Integration and Capacity Building Programme. Project 8 ACP RAU 013*, 2 volumes, March 2005 (unpublished review of an EC programme).

¹¹ The full title of the unpublished report from this study is *Support to Consolidation of SADC National Committees (SNCs) and the Operationalisation/Implementation of the RISDP*. It was carried out by Metacom (Pvt) Ltd, Harare (March 2005).

Norway provided significant financial support to the planning and implementation of the institutional restructuring. Belgium has provided funding for the change management process. This has included capacity building and a consultancy fund as well as funding for information activities (including the publication of the official *SADC Today* Newsletter by the Harare-based Southern African Research and Documentation Centre SARDC). Finland has provided funding for the improvement of SADC's internet and intranet. Other countries and agencies have also contributed in various ways to capacity building in the Secretariat.

Several donor countries and agencies have also expressed an interest in supporting SADC National Committees and in strengthening national capacities for participation in SADC. This has not yet materialised in any concrete projects or funding.

Changing donor policies and priorities

There has been a noticeable change of emphasis and thinking among donors in their support to regional co-operation since the establishment of SADCC and since the formation of SADC. There has *inter alia* been a shift in emphasis from support to projects and infrastructure development towards sector policy and institutional development. This shift in the focus reflects the evolving mandate and priorities of SADC, as well as changing trends and priorities in official development assistance. Here we shall examine some recent trends, especially since the start of the restructuring in 2001.

Several donor agencies now emphasise that they would like to have a more strategic framework for working with the SADC Secretariat. They also increasingly emphasise the need for donor harmonisation and increased effectiveness. Some, but not all donor agencies have developed clear regional co-operation strategies and work programmes (most notably the European Commission, USAID, Denmark and DFID).¹² Others have produced policy statements and documents outlining their overall regional

¹² See the USAID Regional Center for Southern Africa, *Regional Strategic Plan 2004-2010*, August 26, 2003 (www.usaid-rca.org). The first strategic plan covered the 1997-2003 period. Denmark approved a strategy for regional assistance to Southern Africa in 1997. See a major evaluation by ECORYS in association with Imani Development, *Evaluation Report. Danish Regional Assistance to Southern Africa*, Copenhagen: Ministry of Foreign Affairs 2003/1. The European Commission has a *Regional Strategy Paper and Regional Indicative Programme for the period 2002-2007* (also available from www.sadc.int). The EC has mandated SADC and its Secretariat as its partner for its regional strategy. On DFID see *DFID in Southern Africa, Factsheet*, 2002 and the new *Southern Africa Regional Plan* (London: DFID, February 2006).

priorities and concern (the African Development Bank, Norway and Sweden, for example).¹³

These documents differ in style, depth and priorities, but it is possible to identify and outline a number of common features. *One* is that all the major donor agencies express strong support for regional co-operation in Southern Africa. They also tend to express general support for SADC and its policy documents – the RISDP and SIPO - although their commitments to support specific SADC priorities are often less clearly stated. One may conclude that an alignment with SADC policies is reasonably strong. However, this alignment is weakened if we look at the coherence of donor policies. One example is the relationship between trade policies and development assistance. The European Commission's efforts to establish economic partnership agreements with developing countries may undermine SADC's efforts to implement its trade policies and pursue economic integration objectives.¹⁴ Another example is the relationship between national and regional support in donor policies. External development finance to individual SADC countries remains guided by the national development strategies of individual countries and not by efforts to promote regional integration and co-operation. While some donor agencies (the World Bank, DFID, Sweden and Norway, for example) have emphasised the need to support national capacities to participate in regional organisations and indicated their preparedness to offer such support, no donor country or agency has been able to establish strong links between their national support to individual countries and their regional support.

A *second* noticeable trend in current donor thinking is a disappointment with SADC's poor performance. This has in some cases led to a situation where donor agencies have reduced and scaled down their direct financial support to SADC. They have instead prioritised other channels (such as civil society) in their support for regional co-operation. DFID is a major financial supporter of SADC, but decided in 2004 to withdraw about £4 million from a planned £5 million allocation to SADC because of what they perceived as slow performance. Belgium decided in 2004 to end its support

¹³ See the African Development Bank Group, *Southern Africa. Regional Assistance Strategy Paper (2004-2008)*, September 2004 (www.adb.org) and Sweden's unpublished position paper of September 2005 ("*Förhållningsätt för Svergies samarbete med Southern African Development community (SADC)*", 9 pages) and the Foreign Ministry's press release on 19 January 2006 announcing the support to SADC (www.sweden.gov.se). The Norwegian Foreign Ministry finalised its new guidelines in September 2005. See also the background study, E. N. Tjønneland et al., *SADC's restructuring and emerging policies. Options for Norwegian Support*, Bergen: CMI 2005 (*Report 2005:7*).

¹⁴ Cf. the discussion in M. Meyn, "Are Economic Partnership Agreements likely to promote or constrain regional integration in Southern Africa", pp. 29-58 in D. Hansohm et al. (eds.) *Monitoring Regional Integration in Southern Africa*, vol. 4, 2005 (Windhoek: NEPRU 2004).

to SADC – officially because they wanted to concentrate their support on fewer countries and institutions (Belgian support comes to an end when the current project funding expires in 2006 and 2007). The Dutch determined in 1998 to end their funding to SADC, deciding instead to concentrate on selected regional issues through other channels. They are, however, now planning to come back, especially through the new efforts to put together a donor co-ordination group on HIV/AIDS (see above). Small arms and peacebuilding in DRC are other Dutch regional priorities.

USAID has also temporarily brought all its support to SADC to an end, but for different reasons. US legislation does not allow funding to an organisation such as SADC as long as Zimbabwe is a member benefiting from the organisation's programmes and activities.

Virtually all donor agencies report that they currently experience great difficulties in launching new programmes and projects with SADC. The ongoing restructuring of SADC has made it more difficult for SADC to absorb donor funds. This applies to all areas and directorates, but appears to be especially visible in the political sectors.

A *third* issue emphasised by donor agencies is the role of South Africa. Many target some of their bilateral support to South Africa on regional activities. The European Commission, for example, has identified regional co-operation as one of their focal areas in the co-operation programme with South Africa and has made substantial funds available in support of South African governmental institutions and their regional activities. Many bilateral agencies justify continued support to South Africa by reference to South Africa's key role in the region and the continent. More recently, several agencies have expanded on this and are also using regional funds, even programmes with other countries, to support South African institutions. This is perhaps most clearly illustrated with DFID's new regional policy document, in which a strategic partnership with South Africa and South African institutions is identified as a major instrument in DFID's regional support programme. This has probably been most evident in the support for peacebuilding efforts in the DRC, but is also evident in the use of training and capacity building facilities in South Africa. Some have also justified the support to South Africa in the political sectors by reference to South Africa's role as the Chair and Troika member of the SADC Organ (see above). Other donors emphasising South Africa's role in policy documents and in their regional operations include countries such as Sweden, Norway and the Netherlands.

There are, however, also limitations on how far these donor countries are prepared to go in partnering with South Africa. Divergent views on the Zimbabwean crisis have constrained the political engagement (most South

African-supported activities in the political-security area are confined to DRC and to conflict areas and issues outside SADC). Similarly, different views on how to respond to HIV/AIDS have put limitations on the nature of engagement with South Africa. Significantly, donor countries have also tried to avoid creating a situation where they may be perceived to be assisting in a marketing of South Africa's own "national interests".

The Development Bank of Southern Africa – a South African parastatal – appears to have been particularly successful in attracting donor funds for regional operations. South African civil society has also been able to attract substantial donor funding for regional operations, perhaps especially in the political and security field.

Fourthly, it is also evident in these policy documents that most donors now want to give much higher priority to governance, peace and security issues in their engagement with SADC. A number of key donor countries – England, Norway, Sweden and Denmark, for example - have such issues on top of their priority list. HIV/AIDS has also emerged as a major issue for many agencies in their new regional policy documents.

Fifthly, most donor agencies emphasise a number of global and continental initiatives which strongly informs their policies and priorities. This include the Millennium Development Goals, but perhaps more significantly the AU/NEPAD developments and the establishment of the Africa Partnership Forum which has emerged as an important framework for many agencies. It is most clearly evident in DFID's new regional strategy document from February 2006. Some donors with limited or no funding for SADC may increase their support as a result of this (such as Japan with its current efforts to expand its support to regional infrastructure). Several donor countries emphasise that they want to align their support to sub-regional organisations such as SADC with the support provided to continental organisations. New Africa-wide policy documents have been developed, such as the European Union's new Africa strategy (approved in December 2005) which seeks to provide a single framework for the various Africa strategies and policies currently being implemented. Security, good governance and the economic environment are key priorities in the evolving EU policy. A few agencies have also developed continental programmes which are intended to provide a framework and guidelines for support to regional organisations in different parts of Africa. Denmark's new Africa-wide peace and security programme is probably the strongest example of this with its efforts to support preparation for an African

peacekeeping standby force both through the AU and through regional organisations.¹⁵

¹⁵ See Danida, *Africa – Development and Security. The Government's Priorities for Danish Co-operation with Africa 2005-2009*, Copenhagen: Ministry of Foreign Affairs 2005 (available from www.um.dk) as well as the Danish project document for support to AU and subregional organisations, *Denmark's Africa Programme for Peace 2004-2009* (unpublished, Danida, May 2004).

3: The SADC Secretariat, donor dialogue and harmonisation

This chapter provides an overview of the current mechanisms for dialogue between SADC and the foreign donors. It discusses SADC's institutional capacity and constraints in engaging with donors, and its role in facilitating increased harmonisation and aid effectiveness.

The foreign donor agencies – the international co-operating partners – are an important and crucial source of finance for SADC, its institutions and its activities. Mobilisation and co-ordination of external resource flows was a major reason for the establishment of SADCC in 1980. It has continued to remain important with the shift to SADC and with the institutional restructuring from 2001. The SADC Secretariat will still assume a major responsibility for resource mobilisation, especially through assisting member countries, subsidiarity organisations and specialised implementation agencies. The intention, however, is that the Secretariat shall put much more emphasis on co-ordinating and harmonising the various donor interventions, and on political dialogue. The Secretariat is expected to take a much more strategic approach in its engagement with external donor agencies.

In the past, resource mobilisation was mainly carried out through the country-based co-ordinating units and with the Secretariat facilitating dialogue through annual consultative conferences. An important political dialogue also took place at the ministerial level with key donor groupings – in particular, the European Union, the US and the Nordic countries. Most of these mechanisms have now, for a variety of reasons, been weakened. The consultative conferences have a less prominent role. Under the new structure it was decided (in 2000) to held such conferences once every

second year. The last conference took place in Gaborone in October 2002.¹ The next consultative conference was scheduled to take place in April 2005. It was first postponed till October 2005 and is now scheduled to take place in Windhoek on 26 and 27 April, 2006. The theme for the 2006 conference is *Partnership for the Implementation of the SADC Regional Indicative Strategic Development Plan and the Strategic Indicative Plan of the Organ on Politics, Defence and Security*. We shall return to this forthcoming conference below.

Regular high-level political dialogue between SADC and the donor groups has also almost disappeared. It now only takes place between the EU and SADC, and only with a subgroup of SADC members (the two SADC Troikas – the “Double Troika”). The EU sanctions against Zimbabwe have made it increasingly difficult to include political leaders from that country in SADC delegations.

Capacity constraints

The Secretariat’s institutional capacity to engage with donors remains limited.² The number of staff dedicated to these issues is also very small. Furthermore, the Secretariat has experienced great difficulties in filling the available staff functions with adequate personnel. Following the institutional restructuring, one unit responsible for resource mobilisation and donor co-ordination was set up. In the second half of 2005, the unit became a section within the unit for policy and strategic planning. This resource mobilisation section has only one staff member. This has heavily limited its capacity to perform its tasks. In addition an accountant is responsible for the technical aspects of financial management of donor funds (managing and reporting on the various donor bank accounts). The financial accountant is located within the financial management unit responsible for all financial administration.

With funding from the European Commission a technical advisor to the resource mobilisation section is now being recruited.³ This advisor may be in place by mid-2006. A first major task for the advisor will be to assist in the development of a proper database of what the various agencies

¹ See SADC Secretariat, *SADC Institutional Reform for Poverty Reduction through Regional Integration, Proceedings of the SADC Consultative Conference held in Gaborone, Republic of Botswana on 28-30 October, 2002*, Gaborone: SADC 2002.

² Cf. also the discussion of the SADC’s capacity constraints in engaging with donors in P. O’Brien & J. Kasanga, *Framework for a SADC-ICP Partnership, Final Report*, Bruxelles, ECODES Consortium, April 2005 (Unpublished study commissioned by the European Commission on behalf of the Joint Task Force).

³ The position as technical advisor – with a detailed job description - was advertised on the SADC homepage (www.sadc.int) in December 2005.

provide in support to SADC and regional activities, in terms of commitments, disbursement and actual spending. This will in turn help make it easier for the Secretariat to develop a more strategic approach to the external donor agencies.

A new institutional mechanism was, however, established in 2003 – the *Joint Task Force (JTF)*. It brings together representatives of the SADC Secretariat and the donor agencies, as well as other SADC bodies and stakeholders. In 2005 it was also decided that the Double Troika should attend, together with the diplomatic missions of the SADC member countries. The JTF has been chaired by the Chief Director in the SADC Secretariat. It has attempted to meet at least twice a year. The JTF also has a smaller core group which brings together the Secretariat and the donor agencies based in Gaborone. The resident missions of the European Commission and the UNDP have been the dominant actors on the donor side.

The main stated purpose of the JTF is to improve co-ordination between SADC and ICPs. Discussion on modalities for a new partnership began in 2004. This gained momentum and received further impetus from the March 2005 Paris Declaration on Aid Effectiveness. This led to calls for a paradigm shift in the co-operation between SADC and the donor agencies. A draft *Windhoek Declaration on a New SADC/ICP Partnership* document was finalised in October 2005 by the Secretariat in consultation with member countries and the main ICPs. The document outlines the overall objective, the commitments by SADC and ICPs and the structure for effective dialogue under the new partnership, as well as key areas of co-operation between SADC and the ICPs. The intention is that it will be adopted at the forthcoming consultative conference in Windhoek in April 2006. (See more on this in the next chapter.)

The Secretariat has also had limited capacity to facilitate greater participation by member countries in the dialogue processes. Nor do the National Committees have the capacity to engage in these issues. The SADC Council of Ministers decided in 2005 to establish a SADC Committee of Ambassadors to facilitate greater communication between member countries through their diplomatic missions accredited to Botswana. Likewise, the recent decision to bring representatives of the “double Troika” into the Joint Task Force may help facilitate better communication and dialogue between SADC and donor countries.

The Secretariat, the Organ and donors

The SADC Organ on politics, defence and security co-operation and the Organ directorate have tended to conduct their businesses separately from the rest of the Secretariat. This also applies to communication with donor agencies. Discussion and dialogue under the JTF framework have not covered issues falling under the SADC Organ. Nor has the Secretariat's resource mobilisation section dealt with the mobilisation of resources for the SADC Organ. There may be several reasons for this situation. One is the separate origins and the separate governing and decision-making structures of the two legs of SADC. Coupled with a different work culture, this has tended to weaken the development of common approaches. In addition, the SADC Organ, through its protocol on politics, defence and security co-operation, has decided that all agreements and decisions regarding co-operation between the Organ and foreign donor agencies have to be approved by the SADC Summit.⁴ This has *de facto* put severe constraints on the ability of the Organ directorate and the Secretariat's Executive Secretary to engage with donors on these matters.

Another reason for the slowness and reluctance characterising SADC's engagement with donor agencies may also be that governments in the region tend to view political questions, especially governance and security issues, as sensitive issues. They do not want to bring in foreign funds or technical advisors, or enter into a dialogue with foreign partners. South Africa, as the Chair of the Organ, has also provided additional funding enabling the Organ to become operational, to launch activities and to prepare for the SADC standby force – the key priority of the Organ directorate. This has made access to donor funds less important in the early stages. However, the Organ directorate has now reached a stage where SADC increasingly will need to access external project funding in order to expand and to implement its activities.

Harmonisation of aid donors

The level of co-ordination with and aid flows to SADC and regional co-operation is limited. Common arrangements for planning, funding, disbursement, monitoring, evaluating and reporting are almost absent. It is generally believed that this has weakened aid effectiveness. External support to capacity building at the Secretariat is a typical example of an area which would have benefited strongly from co-ordination.

⁴ Article 10 in this protocol specifies that such co-operation with international partners shall be approved on certain conditions, but it also says that approval from Summit is required.

The institutional reform of SADC has so far not enabled the Secretariat to have been able to take a more strategic approach to its engagement with donor agencies. Some co-ordination has taken place at the programme and project level. This is, however, now mainly within the water sector. The different donor countries providing financial support and technical assistance to SADC's various water projects – all managed through the water division in the Infrastructure and Services directorate – have established a forum for joint consultations between the donors and between the donors and the directorate. This forum was initiated and is led by one of the donor agencies (UNDP). It originated when SADC had its water sector co-ordination unit in Lesotho and the arrangement continued when the management shifted to Gaborone. This is judged by participants on all sides as being helpful and has facilitated both implementation and resource flows.

Outside the water sector there is, however, very little donor co-operation. The one area where efforts are underway is HIV/AIDS, where some donor agencies are currently exploring prospects for establishing a co-ordination forum. This involves the European Commission and DFID (the two donors currently providing assistance to SADC in this area), but also the Dutch and the Swedes are part of these efforts. These two countries provide significant regional support in this area, but the support has so far been channelled outside SADC structures.

The limited donor coordination has reduced aid effectiveness in a number of ways. Under the auspices of the JTF efforts have been made to lay the foundation for a better partnership. This culminated in October 2005 with the preparation of a draft declaration for a new partnership between SADC and the International Co-operating Partners, a document inspired by the March 2005 Paris Declaration on Aid Effectiveness.

4: Future cooperation and partnership - critical issues

Will a new partnership framework based on the Paris Declaration lead to new relations between SADC and its International Co-operating Partners? Will aid effectiveness be improved? And will regional co-operation and integration be advanced? The final chapter attempts to address these questions, in particular by examining challenges posed by the ambition to increase ownership, alignment and harmonisation.

The Paris Declaration, Aid Effectiveness and SADC

The purpose of the March 2005 *Paris Declaration on Aid Effectiveness* is to improve aid delivery in a way that best supports the achievement of the Millennium Development Goals by 2015.¹ The Declaration highlighted the importance of predictable, well aligned, programmed, and co-ordinated aid to achieve results. The Declaration was the culmination of a series of international efforts to address these issues. The first milestone was the February 2003 *High-Level Forum on Harmonisation* in Rome. The Declaration adopted at the Forum committed the signatories to moving institutional harmonisation of donors' policies, procedures, and practices to country-level implementation and alignment with the partner country's policies and systems. The second milestone was the February 2004 *Marrakech Roundtable on Managing for Development Results*, in which the development community adopted a unified approach for improving the

¹ The full title of this document and international agreement is the *Paris Declaration on Aid Effectiveness. Ownership, Harmonisation, Alignment, Results and Mutual Accountability* (available from www.oecd.org). It was endorsed on 2 March 2005 and is signed by nearly 100 countries - representing recipients of aid and donors - and a number of international organisations. The OECD/DAC website provides a wealth of information on the Declaration.

results orientation at the country level and for development agencies' practices.

The Paris Declaration goes beyond previous agreements and their statements of general principles by attempting to lay down a more practical, action-oriented roadmap to improve the quality of aid and its impact on development. It established a commitment to track and set targets against 12 indicators of progress. The next High-Level Forum on aid effectiveness is planned for 2008. Before then, two rounds of monitoring should have been undertaken.

The Paris Declaration is organised around five key principles:

- *Ownership* – developing countries should exercise effective leadership, including co-ordination of development efforts, and donors are responsible for supporting this and for helping to strengthen national capacity to implement;
- *Alignment* – donors must base their overall support on partner countries' national development strategies;
- *Harmonisation* – donors aim to be more harmonised, collectively effective and less burdensome and to establish common arrangements at country level for planning, funding and implementing development programmes;
- *Management for results* - both donors and partner countries should improve decision-making for results and donors should support efforts by developing countries in improving performance assessment that measure progress; and
- *Mutual accountability* – donors and developing countries pledge that they will hold each other mutually accountable for development results based on the above principles.

At the global level, the Paris Declaration was given further impetus through the 2005 G8 Summit in Gleneagles with its ambition to increase aid to Africa by US\$ 25 billion by 2010. OECD's Development Assistance Committee is also playing a key role. It is, *inter alia*, charged with monitoring the implementation of the Paris Declaration through its Working Party on Aid Effectiveness.

Africa is central in this process. Around half of Africa's countries – although not the African Union or any of the regional organisations - are also signatories to the Paris Declaration. This includes eight SADC member countries. The ADB together with the World Bank and the UNDP are organising workshops in Africa to facilitate implementation at the country level. The Declaration was also a strong inspiration behind the formulation

of the draft Windhoek Declaration on the new partnership between SADC and the foreign donor agencies, a document expected to be adopted at SADC's consultative conference with their international partners in April 2006. How are the objectives and the implementation framework from the Paris Declaration reflected in the Windhoek document?

The Windhoek Declaration calls for a new partnership framework that will contribute to the achievements of SADC's objectives. This includes more effective structures for dialogue and improved alignment and harmonisation. It then outlines partnership commitments based on the five principles of the Paris Declaration (ownership, alignment, harmonisation, managing for results and mutual accountability) before it outlines the proposed new structure for dialogue and the key areas for co-operation.

The sections outlining the five principles for partnership commitment is closely modelled on the Paris Declaration. In most cases the various paragraphs are identical. The significant difference revolves around national development vs. regional co-operation. The Paris Declaration does not address regional issues and all the recommendations in that document are based on the need to support national development efforts. The Windhoek document has simply replaced "national" with "regional", "SADC, or "RISDP/SIPO" without elaborating on possible implications. The section on "managing for results", however, contains two potentially significant paragraphs addressing this issue. Here SADC commits itself to "strengthen the linkages between regional and national development strategies" and to "strengthen the linkages between (regional and national development) strategies and annual and multi-annual business plans derived from the RISDP and SIPO". The donor countries, on their side, commit to "link regional programming to bilateral country programming". These paragraphs are, however, not elaborated upon. The important sections on alignment and harmonisation do not contain any reference to these issues.

The section on "mutual accountability" does not contain any reference to specific SADC commitments. The Paris Declaration, on the other hand, emphasises accountability in relation to Parliament and other domestic stakeholders. The Windhoek declaration makes no reference to member countries, national committees or other regional and national stakeholders.

The next section in the draft Windhoek declaration discusses the structure for dialogue between SADC and the donor countries. It identifies the consultative conference and dialogues at the Ministerial level (termed "level 1") as the key framework for providing guidance for the decision-making entities of SADC and the donor agencies. Somewhat surprisingly, there is no reference to the SADC Troika and the SADC Double Troika

which *de facto* have been the main avenue for political dialogue between SADC and its international partners in recent years.

“Level 2” in the SADC/ICP dialogue remains the Joint Task Force (to be renamed the Joint Programming and Review Forum). The Secretariat together with the Double Troika (at senior officials level) will take part in this forum from the SADC side. There is no reference to the SADC Committee of Ambassadors. The Forum will be given a stronger role, *inter alia* with the mandate to initiate thematic groups to ensure partnership and dialogue at the technical level. It is recommended that technical level thematic groups should evolve in a flexible manner.

The final section briefly outlines the key areas of co-operation. It lists the main thematic areas of the RISDP and SIPO and emphasises that support for capacity building from donors is required at both the regional and national level. It also foresees a shift in funding towards a greater emphasis on programme and budget support and recognises that this also involves a shift in the nature of the dialogue between SADC and donors.

Will a new partnership framework based on the Paris Declaration help to increase the effectiveness of external support and advance regional co-operation and integration? A definite answer to such questions cannot be provided. However, based on the findings from the previous chapters, some of the critical issues can be identified. They are outlined below under two headings – ownership and alignment, and harmonisation. A common feature under both headings is the need for a strengthening of the institutional capacity of the Secretariat, and improved co-ordination of donor activities.

Ownership and alignment

Will SADC and the Secretariat be able to exercise stronger and a more effective leadership over the regional development policies following the adoption of the Windhoek Declaration? The challenges here are several. A precondition for stronger ownership is that SADC develops a programme of action with prioritised results-oriented activities. The foundations for this are in place with the RISDP and SIPO which provide SADC with an overall focus and strategic objectives. The Secretariat has also made important progress in operationalising the RISDP through the identification of priorities, implementation frameworks and business plans. There is more work to be done before SIPO reaches a similar stage, but *de facto* operational priorities are emerging here, especially through the preparations for a SADC standby brigade.

The Secretariat also has to develop medium-term expenditure frameworks and annual budgets corresponding to these priorities. Furthermore, the Secretariat needs to expand and strengthen its capacity to carry out monitoring and evaluation in order to report on progress, detect problems and take corrective action. This critically depends on strengthening the capacity of the Secretariat's unit on policy and strategic planning, including the section on resource mobilisation. Additional capacity to assist the Secretariat can also be contracted from outside.

The institutional restructuring of SADC, launched in 2001, was also intended to enable SADC to be in the driver's seat in accelerating regional co-operation. SADC is not yet there, but the foundations have been laid. The preconditions mentioned above can be met in the short to medium term. It is essentially a question of further institutional strengthening and capacity building at the SADC Secretariat. Without progress here it will be almost impossible for SADC to take effective leadership.

Can the Windhoek Declaration lead to greater alignment? There are several dimensions to alignment. It may be relatively easy to ensure that donor countries base their overall support on SADC's priorities, but the main challenges revolve around alignment between national and regional priorities. Such issues are not addressed in the Paris Declaration and are hardly mentioned in the proposed Windhoek Declaration. This is a challenge for SADC, which needs to ensure greater coherence between the RISDP/SIPO and national development priorities. It is also a challenge for donor countries, which need to improve coherence between what they support at the national level and their regional programming.

Harmonisation

What are the challenges in ensuring more harmonised, transparent and collectively effective donor support? The Paris and Windhoek declarations seek to develop common arrangements, simplify procedures and to ensure a more effective division of labour. There are several components here and some are more challenging than others. One is for the SADC Secretariat to identify and analyse the various donors' comparative advantages and to find how to achieve donor complementarities at regional or sector levels. To ensure this the Secretariat first needs to map what the various donors are doing through the Secretariat, through subsidiary organisations and project implementation units, and through their bilateral country programming. This can be achieved. Much groundwork has already been done (through the preparation of the Trade and Development Inventory which is a first attempt to identify what donors are doing to assist regional trade policy, for example).

A second challenge is to ensure that donors work together both to harmonise separate procedures and to facilitate a division of labour between them. This is far more challenging because different donors have priorities and different management and decision-making structures. Most donors are supportive of increased harmonisation, although several express strong limitations, especially when it comes to the pooling of financial resources. A first step here is for the Secretariat to promote likeminded donors into working in each sector or sub-sector as a single group. In some instances the donors may also agree to “delegate” the co-ordination of co-operation to one donor acting as their representative.

The Paris Declaration will also make it easier for SADC to put demands on the donor agencies and to reduce procedural constraints. There is considerable scope to improve harmonisation through the establishment of technical theme groups in selected areas. As a bare minimum SADC should be able to reduce duplication in management as well as the number of donors it deals with individually.

Several sub-sectors would benefit from the establishment of thematic groups. One such area is support for capacity building at the Secretariat. Here we are already witnessing duplication of effort. Consideration should also be given to the establishment of thematic groups in sub-sectors falling under the SADC Organ, in particular related to the SADC standby brigade and selected governance issues such as elections. This will require further clarification of the relationship between the RISDP and SIPO and the role of SADC’s unit on policy and strategic planning in relation to the SADC Organ.

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What role are foreign aid agencies playing in supporting regional co-operation and integration in Southern Africa? This report sets out to take stock of the current relations between SADC and its international co-operating partners, the foreign donor agencies. It provides an overview of the evolving relationship and describes and analyses the current engagement in relation to each of SADC's sector and areas of work. The report notes that foreign aid remains a crucial source of finance for SADC and its operations. The report also finds that there has been a noticeable change of emphasis and thinking among foreign donors in their support to regional co-operation in recent years. This reflects evolving mandates and priorities of SADC, as well as changing trends and priorities among foreign aid agencies.

This report identifies challenges facing SADC and the foreign donor agencies and makes a number of proposals. This includes better mechanisms for consultations and dialogue, improved harmonisation of external support and better alignment with SADC priorities. The report also argues that SADC and the SADC Secretariat should exercise stronger leadership in their engagement with the foreign donors. Major reforms in the way aid is delivered and managed are required if aid shall succeed in advancing regional co-operation and contribute to the reduction of poverty in Southern Africa.



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