

Regional Center for Southern Africa

The Development Challenge: The Southern Africa regional program covers 12 of the 14 countries that are members of the Southern Africa Development Community (SADC). The country mix ranges from very poor (Angola, Lesotho, Malawi, Mozambique, Tanzania, Zambia, and Zimbabwe) to middle income (Botswana, Mauritius, Namibia, South Africa, and Swaziland). The region is anchored by the modern and dominant economy of South Africa, although many of the countries in southern Africa continue to be predominantly agricultural. Although agriculture accounts for 70-80% of employment, it contributes only about 20% of regional GDP. Average regional GDP growth in 2003 was 3.1%, which is better than the 2.4% of 2002, but only half of the estimated 6.2% the region needs to meet its poverty alleviation goals. Challenged by poverty, hard hit by the HIV/AIDS pandemic, and continually beset by droughts and food insecurity, the region has seen its average life expectancy drop from 57 to only 33 years. The continuing political crisis in Zimbabwe illustrates the fragility of democratic institutions in the region.

Against this bleak picture is the more positive one of a region with relatively well-developed infrastructure, diverse natural resources, nascent democratic governments, generally better education and, apart from HIV/AIDS, better health than the rest of sub-Saharan Africa. The region remains relatively peaceful compared with other African sub-regions, which makes possible its move toward regional integration. In the past five years, under the leadership of SADC, regional agreements ("Protocols") concerning trade, transport, communications, energy, shared watercourses, and corruption have been signed by SADC member states.

The United States has three main interests in southern Africa: increasing trade and strengthening economic ties with the SADC region; mitigating the region's HIV/AIDS crisis and recurrent food insecurity; and strengthening democracy to improve the climate for trade and reduce the risk of conflict in the region.

The USAID Program: USAID is requesting FY 2004 and FY 2005 funding for the four objectives covered in the following data sheets. These objectives focus on increased competitiveness, improved rural livelihoods, increased electoral competition, and improved river basin management in the southern African region. A new southern Africa regional strategy begins in FY 2004. All of the objectives are new and thus were not notified in the FY 2004 Congressional Budget Justification.

USAID will provide a regional platform for several presidential and agency initiatives: the TRADE Initiative, the Initiative to End Hunger in Africa (IEHA), the Anti-Corruption Initiative and the Conflict and Peace Building Fund. These initiatives, in concert with the southern Africa regional program, will finance activities to promote economic growth through trade and enhanced competitiveness, as well as increase opportunities for rural livelihoods via technical support for emerging commercial farmers and policy support to facilitate market access.

More limited funds will be used to fund democracy activities that address electoral frameworks and participation in the eight upcoming national elections scheduled for 2004 and 2005. Funding for the fourth area of activity, river basin management, will be used to support institutional and community work in the Okavango River Basin.

Other Program Elements: USAID's South Africa mission manages a regional HIV/AIDS program that focuses on preventing transmission at border crossings and checkpoints. In addition, USAID's Africa Bureau supports the drought preparedness activities of the Famine Early Warning System Network across the five countries in southern Africa that are most affected by drought. Recognizing the importance of conflict resolution and management skills in sub-Saharan Africa, USAID's Africa Bureau supports the South Africa-based African Centre for the Constructive Resolution of Disputes to expand its capacity, programming, and geographic coverage.

Other Donors: According to a recent donor survey, the European Union (EU), USAID, and the United Kingdom (UK) have the largest regional programs in economic growth and infrastructure. Similarly, the UK and Denmark have the largest regional democracy and governance programs; the EU and Norway

have the largest regional environment and natural resource management programs; and the EU, USAID, and UK have the largest regional agriculture programs. The International Monetary Fund (IMF) works on anti-corruption initiatives and the UK's Department for International Development (DFID) is involved in electoral norms and standards. The World Bank is financing an expansion of the regional energy grid to Malawi and Tanzania, which should lead to further growth of the short-term electricity market that USAID helped establish. Germany and the World Bank's Global Environmental Facility support community enterprise activities and policy development in the Greater Limpopo management area. The economic growth areas in which USAID is working receive support from a number of donors, namely the EU, DFID, and Germany (regional trade); the EU, World Bank and IMF (economic and financial sector reforms); and the World Bank, EU, and DFID (customs reform and administration).

Data Sheet

USAID Mission:	Regional Center for Southern Africa
Program Title:	A More Competitive Southern African Economy
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	690-014
Proposed FY 2004 Obligation:	\$7,500,000 DA
Prior Year Unobligated:	\$1,007,000 DA
Proposed FY 2005 Obligation:	\$7,722,000 DA
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2010

Summary: USAID's regional program to increase the competitiveness of national economies in southern Africa includes technical assistance and training to improve the set of policies that affect free trade and competition; strengthen the production and marketing capacity of producers in industrial clusters; and lower the costs of doing business by improving infrastructure and financial services.

Inputs, Outputs, Activities:

FY 2004 Program:

Enhance policy and regulatory environment (\$2,000,000 DA). USAID will build national and regional capacity to formulate and implement policies that support free trade and capacity to participate in regional and global trade regimes. This will include support for the implementation of national commitments under the Southern African Development Community (SADC) free trade agreement (FTA) as well as the World Trade Organization (WTO), but USAID expects the major focus to be the ongoing work in support of the FTA between the United States and the Southern African Customs Union (SACU). Working with the U.S. Trade Representative, USAID will identify key trade capacity building issues arising from U.S.-SACU negotiations, as well as key economic and trade policies in need of reform. USAID will use that information to develop interventions in trade capacity building and to formulate legislative and regulatory reform packages. Principal contractor or grantee: To be determined.

Develop agricultural and industrial clusters (\$2,500,000 DA; \$1,007,000 prior year DA). USAID will apply the cluster approach, addressing all elements of the supply-to-market chain (including infrastructure and business services), to improve the competitiveness of industries or sectors that have already demonstrated the potential to compete in international markets. The program will identify new markets for southern African products, and assist in the formation of firm clusters and the development of competitive export strategies. In this effort, USAID expects to work with other U.S. government agencies such as the U.S. Department of Agriculture or U.S. Department of Commerce. Principal contractor or grantee: To be determined.

Reduce transaction costs (\$3,000,000 DA). USAID will continue to finance programs to improve the efficiency of economic infrastructure in the region (i.e., the infrastructure of transport, communications, and basic services that businesses need to operate). Ongoing efforts in the Trans-Kalahari and Dar es Salaam Corridors to establish international road and railway transit corridors with minimal cross-border delays will be consolidated, and lessons learned will be prepared for application in other potential corridors. Similarly, USAID will continue providing technical support to the Southern Africa Power Pool (SAPP) for the growth of the short-term electricity market from a cooperative market to a competitive market, and eventually to a spot market where power will be bought or sold for cash and delivered immediately. Finally, USAID will start working with the financial sector to determine priorities in policy areas relating to trade. In all areas, USAID will address the need for cross-border cooperation to ensure seamless services, capacity building, and training to ensure the provision of efficient services by service providers. Principal contractor or grantee: To be determined.

FY 2005 Program:

Enhance policy and regulatory environment (\$1,722,000 DA). USAID expects to continue pursuing economic and trade policy reforms in focus countries as well as technical assistance for trade capacity building in support of the U.S.-SACU FTA. A large part of this may be technical assistance and training to implement labor, environmental, and industry standards that comply with international agreements. Regionally, the next stage of tariff reductions under the SADC FTA will be imminent; USAID plans to work closely with countries that may need assistance to prevent policy backsliding during the transition. Principal contractor or grantee: To be determined.

Develop agricultural and industrial clusters (\$3,000,000 DA). USAID plans to advance its work with firms in clusters by helping them improve the quality of their goods to international standards. Such standards could include not just quality standards, but also environmental, labor, and safety standards, depending upon progress made at the policy level in these areas. At the same time, USAID expects to begin to provide marketing support and facilitate international business linkages such as regional and international production and service contracts. Principal contractor or grantee: To be determined.

Reduce transaction costs (\$3,000,000 DA). Building upon prior work in transit corridors to create simplified and common customs procedures, USAID plans to fund a pilot one-stop border post on the Trans-Kalahari Corridor. This will require the border authorities (especially health, immigration, and customs) of Namibia and South Africa to work together as a team, and should considerably reduce time spent at the border crossing, saving both time and money. In energy, USAID expects to help SAPP to expand its operations as two more countries are connected to the grid (under a World Bank loan to finance the needed infrastructure) and as SAPP completes the transition to a competitive market. In the financial sector, USAID may fund specific activities arising from discussions on financial sector priorities, such as the development of new and innovative financial products that facilitate the cross-country cluster approach to export development. Principal contractor or grantee: To be determined.

Performance and Results: Since this program is just now beginning under the new regional strategy, there are no results in place to discuss. However, by the end of the strategy it is expected that trade between the United States and SACU countries will be taking place under the agreed U.S.-SACU FTA. Regionally, most of the tariff reductions under the SADC FTA will be in effect, and regional trade from the poorer nations will be on the rise. More firms in targeted productive clusters will be meeting international and/or market standards and, as a result, will be exporting increasing volumes of goods from southern Africa. Increased efficiencies in the provision of transport, finances, electricity, and other basic services will lead to lower costs, thereby increasing the competitiveness of goods from southern Africa in the world marketplace, as well as the quality of life in the region.

Data Sheet

USAID Mission:	Regional Center for Southern Africa
Program Title:	Improved Rural Livelihoods
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	690-015
Proposed FY 2004 Obligation:	\$7,544,000 DA
Prior Year Unobligated:	\$924,000 DA
Proposed FY 2005 Obligation:	\$7,300,000 DA
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2010

Summary: USAID's program to improve rural livelihoods and diversify agricultural production in southern Africa includes research, training, and technical assistance to encourage and help emerging commercial farmers to produce high-value agricultural commodities for regional and international markets; help vulnerable communities and families to diversify their sources of income; and support agriculture research and policy agendas at the regional level.

Inputs, Outputs, Activities:

FY 2004 Program:

Increased high-value agricultural exports (\$3,500,000 DA). This program will take a market-led approach to agricultural development and will help emerging commercial farmers in the more traditional farm areas of southern Africa to produce high-value products that the market demands. Technology packages for selected products will be prepared that, among other things, take into account quality control, food processing, sanitary-phytosanitary (SPS), and environmental concerns. In order to facilitate the export of such products to the United States and other markets, USAID will collaborate with the U.S. Department of Agriculture in creating a program to build technical and institutional capacity to operationalize the SPS certification process. Working through the Southern Africa Global Competitiveness Hub (the "trade hub"), USAID will also promote the development of commercial linkages to wholesalers, distributors, exporters, and others in the agricultural marketing chain. Principal contractor or grantee: To be determined.

Diversified rural income opportunities for vulnerable groups (\$2,576,000 DA; \$924,000 prior year DA). USAID will help vulnerable communities improve their food security by diversifying beyond high-risk monoculture systems (primarily maize). USAID will create diversification strategies for vulnerable communities, especially those located in areas noted for food insecurity, that include both agricultural and non-agricultural activities (such as community enterprises based on natural resource management). USAID will also address the emergency aspect of food security by helping national governments develop emergency preparedness plans and networks. In order to address the nutritional aspects of food insecurity, USAID will conduct liaison activities with potential partners such as the Food and Agriculture Organization, the World Food Program, and others to formulate priorities and avenues of shared intervention. Principal contractor or grantee: To be determined.

Regional research and policy coordination (\$1,468,000 DA). Improved coordination of regional research and policy issues is important to make agriculture more efficient and competitive in domestic, regional, and world markets. USAID will help establish and support research networks needed to distribute and sell proven agricultural technologies. USAID will also foster strategic partnerships among research institutions, non-governmental organizations (NGOs), regional policy networks, farmer and producer organizations, large commercial agribusinesses and others, to influence the agenda for research and development as well as the regional policy agenda. At the policy level, USAID will promote reforms that support market-led agricultural growth within an overarching strategy that balances income growth, food availability, and food utilization. USAID will also support information and knowledge management activities of regional networks. Principal contractor or grantee: To be determined.

FY 2005 Program:

Increased high-value agricultural exports (\$3,000,000 DA). Within the broad regional approach to promote the adoption of high-value crops by emerging farmers, USAID plans to make country-level adjustments as needed. For example, further work may be needed on the technology packages for selected agricultural products to adjust them to the country conditions of each of the focus countries. Depending upon the chosen service delivery mode, USAID may also arrange for training of public and private sector agricultural outreach specialists so they are ready to work with the farmers when product promotion begins. Work begun on SPS certification should continue. In line with current efforts to develop commercial linkages, the trade hub may begin to develop regional public-private consortia to link large private sector firms with local programs for inputs such as seeds and fertilizer. Principal contractor or grantee: To be determined.

Diversified rural income opportunities for vulnerable groups (\$3,000,000 DA). Diversification activities are expected to begin in at least one-third of target communities during FY 2005. USAID may also facilitate collaboration between farmer associations, NGOs, and for-profit firms to reduce marketing, extension, and credit costs. In addition, USAID plans to introduce appropriate processing and storage technologies and, if feasible, find a local entity to produce the equipment. USAID may forge partnerships with health and nutrition institutes to strengthen linkages between agriculture and nutrition and to identify food-based solutions to treating HIV/AIDS victims. Finally, USAID expects to continue working in the area of emergency preparedness programs. Principal contractor or grantee: To be determined.

Regional research and policy coordination (\$1,300,000 DA). In its efforts to help establish institutional and political mechanisms for regional research collaboration in southern Africa, USAID may organize annual or biannual meetings of the relevant regional partners to discuss ongoing research of importance to the regional food security strategy and policy agenda. In this regard, USAID plans to work with partners to create an action plan for addressing policy reforms across the region and a web-based network for sharing research results, discussing best practices for creating linkages, and disseminating this information to producers. Principal contractor or grantee: To be determined.

Performance and Results: Since this program is just now beginning under the new RCSA strategy, there are no results to discuss. However, by the end of the strategy results are expected as follows: there will be increased dynamism in the production-for-export part of the agriculture sector; southern Africa will be exporting more agricultural products to the United States and other markets; and thousands of farmers in pilot communities will have succeeded in jumping from low-value agriculture to high-value, profitable farming. Among more subsistence-level farmers, thousands of families will have diversified their incomes and reduced their vulnerability to external shocks, and others will be following their lead. More important, the region's planning for, and reaction to, food security crises will be more mature, and more will be done in between such shocks to move the basic situation away from continual teetering on the edge of disaster. Barring severe disasters, the region will be more food-secure.

Data Sheet

USAID Mission:	Regional Center for Southern Africa
Program Title:	Improved Electoral Competition in Southern Africa
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	690-016
Proposed FY 2004 Obligation:	\$1,382,000 DA
Prior Year Unobligated:	\$852,000 DA
Proposed FY 2005 Obligation:	\$1,101,000 DA
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2010

Summary: USAID's regional program to improve electoral processes and political competition in southern Africa includes technical assistance and training to increase transparency and decrease corruption in national elections and to incorporate regional norms and standards into electoral processes.

Inputs, Outputs, Activities:

FY 2004 Program:

Increased accountability and transparency in election processes (\$652,000 DA; \$601,000 prior year DA). Corruption in political processes creates an uneven playing field and impairs the performance of public institutions, undermining people's faith in their elected governments. USAID will work to increase transparency and public knowledge of political processes by strengthening the oversight capacity of civil society networks and other regional coalitions that advocate accountable and transparent political competition. Since a strong press is crucial to increased public knowledge and understanding of events, USAID will support training for journalists in investigative journalism. USAID will also hire under contract an anti-corruption advisor to orchestrate research and information-sharing in the region and to assist other USAID missions and embassies to develop and implement cross-sectoral approaches to fighting corruption. Principal contractor or grantee: Transparency International.

Improved electoral processes (\$730,000 DA; \$250,000 prior year DA). Moving away from high levels of corruption, the eventual objective is to achieve electoral processes in which individual and group rights are respected and the elections are conducted according to acceptable international norms and standards. In 2001, the Southern African Development Community's Parliamentary Forum (SADC PF) developed a set of electoral norms and standards that it has used to evaluate elections in Lesotho, Zambia, and Zimbabwe. The Electoral Institute of Southern Africa (EISA), in collaboration with the Electoral Commissions Forum of SADC countries (ECF) recently launched "Principles for Election Management, Monitoring and Observation in the SADC Region." With up to eight upcoming elections in 2004 and 2005, USAID will finance election monitoring and assessments using the SADC PF electoral norms and standards. More importantly, USAID will encourage national legislatures to adopt and internalize these norms and standards. In the process, USAID will encourage collaboration between SADC PF and EISA/ECF as well as promote broad based support and application of the norms and standards of both organizations. USAID will also support activities that strengthen conflict handling capacities by regional organizations and coalitions, as these are currently weak, as well as support efforts that develop conflict early warning mechanisms. Finally, USAID will continue supporting the Victims of Torture (VoT) activity that builds the capacity of national chapters of the Southern African Human Rights Network to monitor, advocate, and lobby against torture. Principal contractors or grantees: Southern African Human Rights Network, SADC Parliamentary Forum.

FY 2005 Program:

Increased accountability and transparency in election processes (\$401,000 DA). USAID expects to continue interventions begun in the previous year, e.g., developing oversight capacity of civil service networks, training journalists in investigative journalism, and supporting the development of cross-sectoral

approaches to fighting corruption in different USAID programs. An additional area of support may be nonpartisan capacity building for political parties in the region to provide oversight of election-related corruption at the national level. Principal contractor or grantee: To be determined.

Improved electoral processes (\$700,000 DA). In addition to work tied directly to ongoing elections, the regional program plans to address the human rights aspect of political processes. This includes efforts to promote the participation of women and other marginalized groups in politics and decision-making. Possible interventions could include activities to build capacity of regional organizations to investigate, monitor, and document human rights abuses that stem from electoral processes, as well as work with civil society organizations that support voter registration and the political participation of disenfranchised groups. USAID also expects to continue funding activities that support the adoption of international norms and standards by national legislatures. Principal contractor or grantee: SADC Parliamentary Forum.

Performance and Results: Since this program is just now beginning under the new RCSA strategy, there are no results to discuss. However, by the end of the strategy expected results include that most SADC countries will have adopted international electoral norms and standards, and a number of national elections will have been assessed against these. More than two-thirds of SADC citizens will, when asked, express trust and confidence in their electoral competition institutions. The perceived level of corruption will have fallen, and the record on civil liberties and political rights for men and women will have improved. Civil society networks and other regional coalitions will actively promote fair elections, protection of human rights, and increased transparency of political and government processes.

Data Sheet

USAID Mission:	Regional Center for Southern Africa
Program Title:	Improved Management of Selected River Basins
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	690-017
Proposed FY 2004 Obligation:	\$2,573,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$2,240,000 DA
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2010

Summary: USAID's program to improve the management of specific international river basins in Southern Africa includes training and technical assistance to strengthen the institutional capacity of relevant institutions to protect and manage river basin resources and to increase community involvement in the use and protection of basin resources at the local level.

Inputs, Outputs, Activities:

FY 2004 Program:

Strengthen the ability of river basin commissions and relevant national institutions to develop, negotiate, and implement river basin management plans (\$1,400,000 DA). When more than one country shares a river basin, the actions of the upstream countries affect the water supply and biodiversity of the downstream countries. In coordination with other donors, USAID will provide technical assistance to strengthen the institutional framework of the Okavango River Basin Commission (OKACOM) and the corresponding natural resource, tourism, and agriculture institutions of the three countries--Angola, Namibia, and Botswana--that share the Okavango River Basin. With FY 2004 funds, USAID will support baseline studies on laws and regulations that govern the use of water and the river basin in the three countries, and will work with OKACOM to develop norms and standards for policies and decision-making. Since decision-making depends on good information, technical experts will help OKACOM select and develop analytical tools and data-gathering systems. Principal contractor or grantee: To be determined.

Improve community management of critical watershed and river basin areas (\$1,173,000 DA). Prior to selecting target communities in which to work, USAID will fund baseline socio-economic and land use studies in the watershed and river basin areas of the Okavango River. The program will work with local leaders in the selected communities to establish water committees to guide later activities and to represent stakeholders with the river basin institutions. Where needed, the program will help communities form land trusts and to clarify water rights as a first step in the development of resource-based community enterprises. Principal contractor or grantee: To be determined.

FY 2005 Program:

Strengthen the ability of river basin commissions and relevant national institutions to develop, negotiate, and implement river basin management plans (\$1,100,000 DA). USAID plans to further the organizational development of OKACOM through training in networking, negotiation and decision-making skills, training in use of analytical tools, and the establishment of consultation mechanisms for involving stakeholders. Similarly, USAID expects to work with OKACOM in coordinating the approval of norms and standards, as well as the development of legislation in each country aimed at harmonizing laws and regulations that affect the river basin. USAID may also support the further development of analytical and operational tools, as well as management plans for sectors (such as fisheries) or sub-regions (such as the Caprivi Strip between Namibia and Angola). Principal contractor or grantee: To be determined.

Improve community management of critical watershed and river basin areas (\$1,140,000 DA). Since the purpose of increasing community benefits from existing resources is to give local residents a vested

interest in maintaining them, USAID expects to focus on assisting the development of natural resource-based enterprises in its target communities. Such enterprises usually include tourism, handcrafts, and forest-based products. In pursuing this sort of program, USAID intends to pull in expertise and support from its rural livelihoods and economic competitiveness programs working in the same region. USAID also plans to introduce measures and techniques to increase water productivity in household and farm use, and to begin teaching communities to take responsibility for resource monitoring. Principal contractor or grantee: To be determined.

Performance and Results: Since this program is just now beginning under the new RCSA strategy, there are no results to discuss. However, by the end of the strategy expected results include at least one and possibly two river basins with well-functioning river basin commissions. Those commissions will be fora for resolving water disputes and focal points for managing the implementation of approved river basin management plans based on technical analysis and stakeholder input. Community actions in the watersheds and river basins will have resulted in preservation (rather than destruction) of the resource base.

**Regional Center for Southern Africa
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Development Assistance	20,117	21,115	18,999	18,363
Economic Support Fund	950	1,200	0	0
Total Program Funds	21,067	22,315	18,999	18,363

STRATEGIC OBJECTIVE SUMMARY				
690-001 Improved Democratic Practices in Southern Africa				
DA	1,617	1,879	0	0
ESF	200	1,200	0	0
690-002 Southern Africa Trade Development				
DA	14,500	12,796	0	0
690-012 Shared Natural Resources Management				
DA	0	977	0	0
ESF	750	0	0	0
690-013 Expanded Trade in Farm Technologies and Products				
DA	4,000	5,463	0	0
690-014 A More Competitive Southern African Economy				
DA	0	0	7,500	7,722
690-015 Improved Rural Livelihoods				
DA	0	0	7,544	7,300
690-016 Improved Electoral Competition in Southern Africa				
DA	0	0	1,382	1,101
690-017 Improved Management of Selected River Basins				
DA	0	0	2,573	2,240

Mission Director,
Dawn Thomas - Acting