



**COMMERCIAL
BANKING
IN THE
SADCC REGION**

The Quest for a Role

(PROCEEDINGS OF THE FIRST CONFERENCE OF
COMMERCIAL BANKS OF THE SADCC REGION)

13th — 17th AUGUST 1984

ARUSHA INTERNATIONAL CONFERENCE CENTRE
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FOREWORD

The First Conference of Commercial Banks of the SADCC Region was convened in Arusha from the 13 to 17 August 1984. The idea for this conference emerged from the need for a challenging role which Commercial Banks are required to play in the socio-economic development of SADCC countries. This conference therefore had two objectives:

- a) To serve as a forum for exchange of experience among the participants in order to orient the financial systems in support of the socio-economic development of SADCC member states; and
- b) To explore the possibility of forming an Association of SADCC Region Commercial Banks to facilitate easy exchange and flow of information among the Commercial Banks.

The genesis of the conference has the challenge posed by SADCC which recognised that despite the political independence of nine member states of the SADCC, many of these states are not as economically independent as is consistent with their political statuses and do not therefore have effective control over many major decisions being taken in those states. It was against this background that the Lusaka Declaration "Southern Africa: Towards Economic Liberation" emerged. The heads of Government of the nine member states of SADCC committed themselves and their countries to pursue policies aimed at economic liberation and integrated development of the economies of their states.

This declaration was offered to the peoples of the SADCC states, to the peoples and governments of the many countries interested in promoting popular welfare, justice and peace in Southern Africa and to the international agencies who share this interest. And one might add, the Declaration was offered as a challenge to national and international institutions to define their roles and then proceed to prosecute those roles, in the implementation of this Declaration which mark the formal commitment of the nine SADCC member states to a set of strategic goals which include:

- a) the reduction of external dependence and, in particular dependence on South Africa;
- b) the creation of operational and equitable, rational integration;
- c) the mobilisation of domestic and regional resources to carry out national, interstate and regional policies to reduce external dependence and build genuine regional coordination; and
- d) the pursuit of joint action to secure international understanding of and practical support for the SADCC strategy.

In this setting commercial banks, as important financial intermediaries for the

development of SADCC states, needed to have its role defined. The National Bank of Commerce, as the largest commercial Bank in Tanzania decided to take on the task of bringing together commercial banks into this first conference. The conference attracted a number of participants not only from the SADCC states themselves but also from many other interested parties. All commercial banks in the region were invited through the following banks who acted as lead banks in the respective countries;

- a) Banco Nationale de Angola (Angola)
- b) Barclays Bank of Botswana (Botswana)
- c) Barclays Bank International (Lesotho)
- d) National Bank of Malawi (Malawi)
- e) Banco de Mozambique (Mozambique)
- f) Barclays Bank of Swaziland Ltd (Swaziland)
- g) Peoples Bank of Zanzibar and Cooperative and Rural Development Bank (Tanzania)
- h) National Bank of Zambia (Zambia)
- i) Zimbabwe Banking Corporation (Zimbabwe)
- j) The East African Development Bank and the African Development Bank. The Uganda Commercial Bank and the Kenya Commercial Bank were also invited.

In all, a total of 93 participants attended the five-day conference which was opened by Hon. Nd. Amir H. Jamal, M.P. the Minister of State in the President's Office of the United Republic of Tanzania and closed by Hon. Nd. Mustafa Nyang'anyi, the Minister of State Responsible for Regional and International Cooperation in office of the President of the United Republic of Tanzania.

A number of papers were presented by well known people within and without the SADCC Region and they are produced in this publication as they were presented with only minor editing to conform to publication requirements. A number of important recommendations were made at the end of the conference which were addressed to SADCC member governments, Central banks and commercial banks. Other recommendations were also made to international institutions that have a role to play in SADCC's growth.

The recommendations of the conference are a first attempt at what commercial banks in Region think can be done in concert with the intervention of the SADCC states governments, central banks, the commercial banks themselves and foreign banks having business dealings in the SADCC Region.

The participants also agreed to meet again in Harare, Zimbabwe if the management of Zimbabwe Banking Corporation and other Commercial banks agree to host the conference in 1985. It is hoped that during the next conference Zimbabwe together with the others will be able to present a draft constitution for an Association of Commercial Banks in this Region, to begin with.

The papers and recommendations are put together in this publication in the hope that it will lead to furtherance of the role of commercial banks in the Region and thus further the objective of SADCC.

As hosts to this first conference let me take this opportunity to thank all those who participated and willingly contributed towards the success of this first conference. Through this publication we hope to bring the recommendations of the conference to all parties including the Managements of commercial banks of the SADCC Region whose views will be received when we meet again in Harare in 1985.

AMON J. NSEKELA
CONFERENCE CHAIRMAN

1984

12. ECONOMIC LIBERATION AND ECONOMIC SURVIVAL: SADCC 1984

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Our determination to seek a peaceful, non-racial and prosperous region in which our people can have hope for the future develops naturally into commitment to work together. It was out of this solidarity that SADCC was born. It was not conceived as a platform for rhetoric nor as a plaything for those who desire a larger canvass on which to experiment with their patent solutions for Africa's problems. Rather, SADCC has grown out of a common awareness of common interests. Its immediate objectives are well defined and limited. SADCC exists only to the extent that the Member States breathe life into its common programmes and projects. It does not have an autonomous existence, separate from the priorities of the Member States.

— *President Q.K.J. Masire of Botswana, SADCC Chairman, 1982 SADCC Summit (Ref. 2):*

We are all committed to development for the benefit of our peoples. Because of our different experiences, histories and situations, the particular means we use, including the balance of state, public enterprise, co-operative, private enterprise and peasant contributions varies. Each of us has sought to develop policies, approaches and institutions appropriate to the development needs and political aspirations of our people. Of course we are interested in exchanging experiences and hearing suggestions on how we could enhance the pace of development by and for our people whose welfare is ultimately the only measure and justification of development. But equally obviously the final decisions on appropriate policies and institutions rest with our people.

— *Vice President P.S. Mmusi of Botswana, Chairman SADCC Council of Ministers, SADCC 1981 Annual Conference, Blantyre, (Ref. 3):*

Ultimately the test of any organisation is not what it seeks to do but what it does..... Approved projects in the SADCC Programme of Action numbered over 250 as of last month and, including estimates for those not fully costed, would require US\$5,000 million, including nearly US\$4,000 million of foreign exchange, to implement. Of this total number of projects, about half are completed, under implementation or under active negotiation while perhaps a quarter are at the stage of detailed study preparation or revision expected to lead to negotiation. Including an estimate of local resources committed, about US\$1,100 million is secured and spent or being spent. Another US\$1,250 million is under negotiation.

— *Chairman Mmusi, Commonwealth Institute Conference "SADCC Progress and Problems, London, 1984 (Ref. 4).*

The Southern African Development Coordination Conference whose members are Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe (with Namibia on Independence a presumptive tenth member) was formally founded by a Summit meeting of its heads of state and government held in April 1980 in Lusaka and its principles, objectives and broad programme embodied in that Conference's declaration "Southern Africa Toward Economic Liberation." (Ref. 5).

Its "pre-history" goes back at least to Rhodesian UDI and the founding of the Front Line States grouping (Ref. 6). In a somewhat unsystematic — but major in that at least 20% of 1965-1975 Tanzania fixed capital formation was in rail, pipeline, road, lorry fleet, airport and harbour projects primarily or totally designed to meet Zambia requirements — way the former led to economic coordination particularly between Zambia and Tanzania and after 1975 among Mozambique and its independent African neighbours (Tanzania, Zambia, Malawi, Swaziland). A 1978-79 study by the Commonwealth Secretariat for Botswana, Lesotho and Swaziland on possibilities for economic security enhancement and economic restructuring called attention to the need for and possibilities toward greater regional coordination. The FLS built up a pattern of coordination among themselves — and with the Patriotic Front of Zimbabwe — albeit dominantly in the political and security spheres. In 1977 the collapse of the East African Community — together with its increasing economic as well as political links to Southern Africa — facilitated Tanzania's taking an active interest in either Southern or Southern and Eastern African economic coordination or cooperation groupings.

Over 1977-79 technical preparation toward a regional economic conference was carried on by a group of Africans and friends of Southern Africa. The initial idea — then more for a single conference than for an ongoing organisation (thus SADCC's slightly misleading name) and for aid coordination (by Southern African states and external agencies) rather than development coordination more broadly defined — was that of Dr. Bernard Chidzero (then of UNCTAD) and Dr. Adebayo Adedeji (of ECA). Various other persons including Iddi Simba (then of the ADB), David Andersen (then of the Commonwealth Secretariat) and the present author were coopted as individuals and a start made on preparing possible technical background materials and in canvassing possible attitudes of donor agencies to such a venture. ECA withdrew early in 1978. The technical committee then inquired of several FLS governments whether the materials prepared and the possibility of organising a conference would be of interest to them. In March 1979 the FLS foreign ministers decided that such a conference should be held and placed it under the direction of their economic ministers. The technical committee was transformed into the London Liaison Committee composed of (then FLS) SADCC High Commissioners/Ambassadors in London plus a few coopted members. What was to become the Standing Committee of Officials met for the first time in May 1979 in Gaborone and what was to become the Council of Ministers in Arusha in July just prior to the prep-

ratory SADCC Annual Conference with invited outside governments and agencies convened by President Khama of Botswana. Arusha was marked by dialogue with would be external cooperators, and by the Ministers' approving a draft of what was to become the Lusaka Declaration including the decision (adopted by the FLS heads of state) to invite all nine independent African states of Southern Africa to join, as they did at the 1980 founding Summi convened by President Khama in Lusaka.

Since then SADCC has held five Summits (Lusaka, Harare, Gaborone, Maputo, Gaborone), four Annual Conferences (Maputo, Blantyre, Maseru, Lusaka) and 14 meetings of the Council of Ministers and Standing Committee of Officials (prior to each Annual Conference and Summit plus Harare, Mbabane, Luanda, Dar es Salaam and Blantyre). At the level of sectoral programmes the number of technical, general official and ministerial meetings is of the order of 100 and is now running about 30 a year in fifteen sectors and special areas including Transport and Communications, Agriculture (a cross sectoral organising group), Food Security, Animal Disease Control, Agricultural Research, Fisheries, Wildlife, Forestry, Soil and Water Conservation and Land Utilisation, Energy, Mining, Industry, Manpower Development, Tourism, Trade and the Southern African Development Fund. Transport and Communications (coordinated by Mozambique) is serviced by the Southern African Transport and Communications Commission (embodied together with procedures including Ministerial Council and Official Committee in a separate treaty but reporting through the SADCC Council of Ministers to the SADCC Summit as a part of SADCC as an operational body designed to implement the Lusaka Declaration). Other sectors are coordinated by technical units organised by the Member State to which the sector has been assigned by the Summit (on the advice of the Council of Ministers). Each country coordinates at least one sector (see Annex). A small central Secretariat has been created (1982) in Gaborone and is assisted by specialist consultants and the London Liaison Committee. Botswana has been designed by the 1980, 1981 and 1984 Summits to Chair SADCC at Heads of State, Ministerial and Standing Committee of Official levels — its present term lasting through mid-1987 (Ref. 7.)

SADCC's goals have been consistent: increasing economic security and enhancing economic development through coordinated action to reduce dependence primarily on the Republic of South Africa — and to speed economic advance. The chief means have been identification of priority policy, programme and project coordination patterns linked to coordinated mobilisation of finance to accomplish them. The guiding principles of selection and prioritisation in the Lusaka Declaration (which named transport and communication first and also specifically cited trade food security, agricultural research, land conservation, energy, mining, industry, and a development fund) and subsequently have been:

- a) a perceived common interest in identifiable co-ordinated actions (usually including projects as well as exchange of information and policy coordination); which
- b) is directly relevant to reduction of economic dependence and acceleration of economic development; and

- c) is more effectively carried out on a coordinated basis within SADCC than by separate national action or within other international or regional organisations. (Ref. 8).

SADCC 1984 — A Programmatic Snapshot

The easiest way to review whether SADCC has met the test in the Lusaka Declaration — “Regional coordination must be operational — it must result in concrete programmes and projects.” (Ref. 9) — lies, as Chairman Mmusi said to the July 1984 Commonwealth Institute Conference on “SADCC: Progress and Problem”. (Ref. 10), in the field of projects.

As of mid-1984 about 250 priority projects in a dozen sectors had been approved. (Ref. 11). Of these about 200 were fully elaborated and 125 either completed, under implementation, about to begin or under active negotiation to mobilize finance.

The total finance required is of the order of \$5,000 million — \$4,000 odd represented by direct and indirect import content. (Ref. 12) Of this — including domestic commitments — \$1,100 million is committed, \$1,250 million under negotiation. Substantial additional pledges of external support (which — including disbursements, firm specific commitments, items under negotiation an unallocated or vague items probably exceed \$3,000 million) may finance up to \$350-500 million more. Overall therefore about one half of the projects and one half the finance are in or nearly to hand. As about 40% were indentified in 1980 25-30% in 1981-82 and 30-35% in 1983-84 with articulation often a year later, this is a positive result, especially in the context of general economic malaise, (Ref. 13) drought, South African destabilisation and armed aggression and stagnation or decline in overall (but not regional) development assistance transfers over 1980-1984.

The largest sector remains the first founded — Transport and Communications. It has a priority list of 115 projects (of about 200 proposed — 97 approved in 1980 with 3 subsequent deletions and 2 additions). Of these 20 are completed (12 studies and 8 capital projects), 30 ongoing, 1 out to tender and about 15-20 under active negotiation to complete financial mobilisation. About \$750 million has been secured and \$600 million is under negotiation of total requirements approaching \$3,000 million (a nominal 100% rise — but about 25% after inflation — from the \$1,500 million minimum cited in the Lusaka Declaration). In respect to the transport systems flowing from the parts of Nacala, Dar es Salaam, Beira and Maputo substantial progress has been or appears about to be made as is also true of civil aviation and telecommunications.

The other areas with substantial coordinated priority project lists are Industry, Food Security, Energy, Animal Disease Control and Agricultural Research. In each a significant number of ongoing and/or under negotiation projects can be identified.

Clearly it is hard to identify how many of these projects and how much of finance for them are ‘additional’ or ‘significantly different’ from what would have been programmed and mobilized in the absence of SADCC. Clearly not 100% but also fairly clearly substantially, different from 0%. For example the Maseru International Airport and Nacala-Intralagos rail reconstruction project

(the largest in civil aviation and railways to date) almost certainly would not have been financeable in the absence of the SADCC sectoral programme priorities. Nor in the absence of a regional approach would several of the projects — e.g. the link highway from the Mbeya to the Malawi border to link Malawi to the Tazara Railway and Dar es Salaam — have received enough priority to be scheduled for financing let alone implementation. The Agricultural Research sector — as to its information clearing house, its intra state technical meetings and its regional and coordinated national field research work — is possible only on a SADCC basis. EEC and several bilateral agencies have specific regional and/or SADCC budgets. Without SADCC their use in the region would certainly have been different and probably smaller.

Programme and policy coordination, information exchange and development and creating a habit of cooperation are harder to specify quantitatively. However, they are not insignificant.

SADCC has increasingly become concerned with coordination of operations. Two examples from transport and communications illustrate that progress.

In 1978 it was almost impossible to travel among regional capitals by air without frequent routings via Johannesburg. Today, while not always fully convenient, it is possible to travel from each SADCC capital to any other SADCC capital via national airlines.

In 1978 a majority of future SADCC capitals did not have ground satellite stations or did not have ones so directed that they could communicate directly with their neighbours. Today a majority do have such links and groundsat stations to fill the remaining gaps are almost all under construction or negotiation.

A major example — this time from agriculture — can be sited in the knowledge development and exchange area. In 1979-80 the idea that lack of field tested, economic viability tests, peasant useability tested applied research was a large part of African agricultural productivity problems was not very fashionable. (Its rise to prominence among agricultural experts seems to date to 1983). But in the Lusaka Declaration SADCC stressed this point and included a concrete proposal for research linked to ICRISAT (International Crops Research Institute for the Semi-Arid Tropics). One must suppose this was the first time any heads of state and government summit had given such a priority to a specific approach to research.

The going was not easy — initial SADCC requests were brushed aside. SADCC kept pushing. Today Crop Research is a significant sector and the \$20 million plus five year coordinated research programme on millet and sorghum (intended to be the first of a series with groundnuts and grain legumes the next) is SADCC's largest jointly operated project. Nor is that project an isolated technical one unrelated to policies. It concentrates on productivity raising by small, poor peasants (the dominant millet and sorghum growers and users) and on drought resistant crops relevant to increased food security. It builds in field testing at multiple points in nine countries and attention to economic viability and peasant useability.

• At the 1984 Summit, President Samora Machel stressed that SADCC had built up a habit of cooperation and coordination among leaders and states which had previously not known each other and that this had been critical to identifying and acting on common interests. (Ref, 14).

A more concrete example can be seen in presentations at the 1984 Commonwealth Institute Conference (Ref. 15). In the sectoral reports on transport and fisheries projects and strategies were cited to build up Malawi's access to Beira/Dar es Salaam port access system (including a road project mentioned by ODA as the UK's new commitment to SADCC following overcoming procedural delays which had impeded use of the pledge to begin rehabilitation of the Maputo-Zimbabwe rail line), as well as studies on how Mozambique, Malawi and Tanzania could coordinate their exploitation of the marine resource of Lake Malawi/Nyasa. No great stress was put on this. It was to the presenters (and their audience) common sense that there were mutual interests and that these overrode any competition for getting all the traffic or arguments over exact lake boundaries and that these projects and studies were thus no different from any others.

By July 1984 that had, indeed, become the case. But over 1974-77 most observers would have predicted a very different evolution of Mozambique — Malawi — Tanzania economic relations and described by prediction of matter course coordinated action in transport and fishing as totally unrealistic. The change to concentrating on identifying and acting on common interests and seeking to resolve and to avoid stressing other areas of disagreement has evolved over 1980-84 in the context of, and in large measure as a result of, practical cooperation within SADCC.

At sectoral level a comparable process appears to be developing in respect to electricity. A habit of discussion together has led to a number of grid interconnection projects to involve relatively small border area or zonal sales. However, the overall exploration of costs and benefits, particularly in respect of Zambia — Mozambique — Swaziland — Zimbabwe — Botswana and perhaps Malawi, could lead to much fuller grid integration and to substantial additional generation (especially but not only at Cabora Bassa, Kariba and — perhaps — Botswana's coal fired thermal station) for use by neighbours. The national self sufficiency above all else approach which was the natural reaction to problems with past multi-country projects and present power shortages is — in the course of the SADCC Energy Sector's working together — shifting toward an awareness of the potential common interests in sub-regional projects.

In addition a number of non-governmental linkages and self definitions have begun to be shaped by the reality of a SADCC region. The institutions involved include NGO's (Ref. 16), trade unions, central banks, chambers of commerce and now commercial banks. Some are new groupings, some revived and expanded older ones, others expansion of existing patterns to encompass Southern of Eastern and Southern Africa more broadly. Taken individually they may not seem to matter much and by themselves they cannot create a region. As a pattern and given the existence and operationality of SADCC (and of PTA) they do constitute a broadening of regional self perception, the habit of meeting and talking together and the beginning of the identification of common opera-

- **Regional Interests** which can be significant to Southern and to Eastern and Southern African regional economic co-ordination both functionally and in terms of its public image and support base.

How Is SADCC Different?

SADCC's record is distinctly different from that of most regional South-South economic coordination or integration groupings — especially in Africa. *First*, it is basically *self designed* by the Member States, without any external agency Godfather (like the UK for the Central African Federation and the line of organisations ending with the East African Community — albeit not for EAC itself — or ECA for ECOWAS and PTA) and without the use of the standard neo-classical free trade (preferential trade) model.

Second, it has moved *rapidly* from design and consultation in 1979 to founding in 1980 through initial financial mobilisation and programming in 1981-82 to broad programmatic articulation and initial project implementation over 1982-83 to full scale operation with articulation and consolidation of its sectoral scope beginning in 1982 (Ref. 17), and becoming dominant by 1984 (Ref. 18).

Third is a combination of both *harmony* (in identifying sectors and main programmatic directions within them) without the sacrifice of *frank dialogue* so that agreed decisions have substance as well as form and *agreement on priorities* (many proposed programmes and projects are deferred or dropped) leading to action on the agreed list (as evidenced by the 50% already under or headed for early implementation and the steady pressing on to get key components — e.g. agricultural research — going despite initial difficulties).

Fourth is pervasive *member state direct involvement* in policy setting, programming and implementation at all levels from the Summit through Sectoral Coordinating Units to technical meetings. SADCC has chosen to meet the question of scarcity of personnel and time in Member States head on by creating a pattern in which nothing will happen unless the chair and sectoral coordinating states take leadership responsibilities and all participate actively in central institutions and most sectoral programmes/meetings. To date this has created direct concern and sense of commitments (albeit at the price of delay in working out and putting in motion some sectoral programmes).

Fifth has been a *positive minimisation of bureaucracy* and of *permanent technocracy* (Ref.19). This has been seen to be a way to concentrate on action, to fit technical services to demonstrate programme needs (e.g. SATCC was created early and now has about 20 professional staff), to avoid a strong central secretariat creating an image of SADCC as external to its members(Ref. 20), and to hold down costs. The central secretariat budget, for example, is still under \$50,000 per state per year.

Sixth the SADCC *programme of Action* content is unusual — based on what the Summit and Council have seen as priority sectors (notably Transport and Communications because for historic reasons this sector is the lynchpin of South African economic domination (Ref. 21) and the Achilles heel of present attempts to coordinate in other sectors). The inverse of this is the delayed arti-

culuation of the trade sector programme relating not only to SADCC's clearly giving higher priority to production (including production of information) than to trade in goods per se but also to each member's unhappy experience with some past (or continuing in the case of the South African Customs Union) trade grouping and desire to avoid repeating it.

Seventh. SADCC has been able to move forward gathering initial momentum during a period of worsening external economic, climatic and South African intervention environments. These worsened prospects have been seen (ref.22) as making new actions harder, but also as revealing that the basic importance and immediate urgency of acting on the perceived common interests embodied in the Lusaka Declaration and Programme of Action had become more, not less, central to economic security and development.

Eighth. SADCC has placed a high priority on *external cooperation within a format designed by itself*. Its annual conferences are the only regular multi-lateral 'donor'/recipient' conferences called and serviced by the recipients and among the few such conferences which seek serious integration of dialogue, progress review and pledging. SADCC — as set out in the Lusaka Declaration — believes external cooperation is critical to rapid enhancement of action to implement collective self reliance and that it can convince world opinion — including but not limited to official development bodies (vide the 1984 Harare Industrial Workshop with potential enterprise investors, the 1984 pre-Lusaka NGO Conference, the 1984 Commonwealth Institute Conference) — that SADCC's goals deserve support and can secure that support on the basis of dialogue and negotiation without compromising the right and duty of its Member States to take final decisions(Ref: 23).

A ninth asserted divergence — *absence of rhetoric* is either less clear or a poor way of stating a commitment to a style of the type commended by President Nyerere as "*argue don't shout*" plus a concentration on *coherent articulates* from principles and goals to programmes and projects directly relevant to the political economy of dependence reduction and development enhancement. SADCC's Declaration plus main Summit and Annual Conference presentations do not lack statements of substance which are by no means platitudinous and are argued with some force. Nor has it avoided holding to controversial stands — that South African economic destabilisation, armed aggression and illegal occupation of SADCC's tenth member (Namibia) was a necessarily of concern to an economic grouping as droughts, landslides and other exogenous negative influences (Ref.24); that external suggestions were welcome but *not* external attempts to dictate(Ref. 25); that discriminatory aid specifying which Member States could *not* benefit was unacceptable(Ref.26). On the other hand SADCC has been focussed, businesslike in discussion negotiation, determined to move to implementation as rapidly as possible — by no means universal characteristics of regional organisations.

SADCC's Dominant Characteristics

Cataloguing differences is a start toward identifying dominant characteristics but — like any process centred on comparison with some external standard — less than a fully descriptive, let alone analytical, one. A complete analysis would need to go deeper into geographic, political economic, political organisational and historic contexts (in a state by state as well as regional basis) than is practicable here. However, SADCC as a regional coordination process has a number of "special" characteristics which go far toward answering the question why it is different and, perhaps, toward assessing its probable future trajectory and importance.

The first characteristic — and one critical to several of the others — is *self definition*. SADCC — as emphasised in the opening quotation from Chairman Masire — is a creation of the SADCC states based on what they believed and believe are the appropriate objectives, ways and means for a regional development grouping in Southern Africa. SADCC owes little or nothing to the standard neo-classical economic theory of common markets which is — however added to or disguised — at the heart of most South-South regional economic groupings and the chief influence of past membership by most states in other economic cooperation or integration groups has been to cause a quite overt search for a different approach to identifying goals and programmes and building structures. SADCC is, and has consistently been, intensely self-reliant and self-confident (in the sense of supposing that on basic goal, problem and programme identification Southern Africans will make mistakes but less and less serious ones than outsiders) (Ref. 27).

Second SADCC has operated on the basis of *pragmatic articulation* of measures to achieve *central long term development objectives* determined of its initiation. The combination is as important as either half. SADCC is not "mindlessly programatic" in lacking a strategy or long term political economic objectives or in failing to relate its programme to them (Ref. 28).

President Khama's opening address to the Arusha SADCC(Ref.29) identified what has remained the central strategic goal:

We are gathered here today to try to chart a new course for the future of Southern Africa, to launch a new type of struggle for liberation — economic liberation.... We can wage a successful struggle for economic liberation providing we can begin now, in the free states of Southern Africa, to plan together for our economic future.

The key elements(Ref.30) — or basic long term targets — within the strategy including:

- a) reduction of external dependence and in particular that on South Africa;
- b) building equitable regional integration;
- c) mobilizing national and regional resources to carry out project and policies to achieve the reduction and implement the building;
- d) and acting together to secure international understanding and practical support.

were identified at the Arusha SADCC, embodied in the Lusaka Declaration and used as tests of proposals and organising principles for programmes in subsequent reviews and policy papers.

Specific programmes have been prioritized, initiated and operated in the context of articulating and implementing these goals. Transport and Communication was seen as the greatest single cause of dependence and one preventing concrete action to tackle others (e.g. including regional trade, altering world trade patterns, reducing RSA leverage). Thus its leading roles and the concentration within it on Indian Ocean links improvement for Zambia, Zimbabwe and Botswana plus self contained external telecommunications and the possibility of direct region/international air links. Food security's early identification (interestingly following SADCC reflection on initial suggestions by the invited guests at Arusha and prior to the 1981-84 food supply crisis linked to drought) relates to the region's serious food dependency and recognition that low rural productivity meant low peasant incomes. The impact of the world economic crisis on member states' balance (except for Botswana imbalance) for payments has influenced the growing emphasis on industry, energy and mining oriented both to intra-regional self reliance and export expansion. The articulation consciously relates to the goals, it is not random.

Flowing from the second characteristic is a third — *Criteria for programme area selection, emphasis and context*. These are that:

- a) the sector be critical;
- b) including elements in which co-ordinated action will clearly be more effectively than separate;
- c) be perceived as one of common or complementary (not divergent) interests;
- d) have enough importance for a state to undertake co-ordinating and proposal articulation responsibility;
- e) relate to SADCC's basic goals;
- f) be manageable.

Chairman Masire of the 1982 Gaborone Summit(Ref.31) emphasised this:

The SADCC Programme of Action is growing rapidly — and I hope not too rapidly to be effectively controlled. We should, in considering its further expansion, take care that we do not lose sight of the basic objectives of SADCC. For there are many important and worthwhile activities in which Governments must emerge but which do not lend themselves to a regional approach..... There are also some possible areas of activity the purpose of which is not primarily to reduce economic dependence on South Africa Let us retain the sharp focus of interrelated projects in the SADCC Programme of Action which has been such an outstanding feature of our work to date.

Direct state participation, limited institution building and concentration on action is a very explicit fourth characteristic. Perceived common interests in particular actions are seen as essential to making the objectives real guides to resource allocation and direct national involvement as necessary for such percep-

tion. Regional institutions are perceived as useful only when there is a proven need to provide technical support for co-ordinated action (e.g. SATCC) and to provide an overall framework for the major conferences and interaction among sectoral programmes (e.g. Secretariat). Otherwise they are perceived as a misallocation of scarce personnel and one likely to distance SADCC from its member states and thus impede, not promote, action. The action therefore, is seen as ultimately by states on the basis of opportunities identified, made possible and coordinated in the SADCC context not as a series of projects or corporations run on a multinational basis(Ref.32).

A fifth characteristic is a *distinct commitment to international cooperation* including discussion of SADCC's past, present and future. The Annual Conference with invited guests is mandated in the Lusaka Declaration and at the Blantyre SADCC, Chairman Masire stated(Ref.33).

This conference was convened primarily to fulfil the commitment which the Heads of State and Government made in the Declaration... to provide a mechanism through which SADCC member states and their partners in the development effort can survey results, evaluate performance, identify strengths and weaknesses and agree on future plans.

This is neither merely a fund raising device (an annual fund raising conference was specifically rejected) nor a public relations gambit. SADCC is committed to open dialogue and to learning from the experience of others. However, as the opening quotations from Chairman Masire and Mmusi underline, this is in the context of SADCC self definition --- attempts to sell 'miracle cures' or to 'direct' that SADCC adopt or reject certain policies or projects are unwelcome and have been firmly, even if courteously(Ref. 34) declined.

Because of SADCC's quite specific goals and focus it views membership in additional *regional organisation* or *bilateral cooperation schemes* as likely to be *complementary not competitive*. e.g. The Kagera Basin grouping (Tanzania — Burundi — Rwanda — Uganda) with a series of water, power, trade, industry and transport coordinated and joint development goods is seen as perfectly compatible with Tanzania's commitment to SADCC, but membership of the other three Kagera Basin states in SADCC would be seen as implausible because dependence reduction vis a vis South Africa is irrelevant to them. Since the Lagos Plan of Action (Ref.35) calls for primarily regional (sub-regional) bodies over 1991-2000, SADCC perceives itself as clearly within the Lagos context. In respect to PTA, SADCC hopes to achieve complementarity. In a negative sense this characteristic of SADCC turns on the fact that it is not, and has no ambition to be, a free trade area, the type of integration least compatible with overlapping membership, and has no supra-national bureaucracy, the interest group most likely to see such overlaps in terms of rivalry and threats.

SADCC's seventh characteristic is self definition by *focus* and, therefore, by exclusion. SADCC views itself as being in the *political economic management* business and not that of political mobilisation or diplomatic campaigning and

of being in that business *within the area laid out in the Lusaka Declaration*, not in any and all aspects. This characteristic does much to explain its non-rhetorical style. For political economic management in a specified area there must be identified, agreed political economic objectives, but the bulk of ongoing work is identifying and acting on ways and means to implement, articulate and programme toward them. Dialogue not confrontation, technical and financial practicability exploration not declamation are appropriate to that work. Certainly differences of opinion do arise—presumptively on exact goal articulation, on priorities within programmes and on specific projects among SADCC members as well as between SADCC and some external cooperators (Ref.36) — but in the context of political economic management, civil discourse leading to agreement internally and to agreement or agreement to disagree externally has been seen to be (and over 1979-84 has been) a way to make progress without either loss of principle or crippling delays. While SADCC does not have a comprehensive, explicit political economic model, a number of *political economic approaches or guidelines* are either explicit in or demonstrated by its pattern of decisions:-

- a) making *perceived common interest* the basis for programme and project selection not using any general, global theory of integration either to pick sectors or ways and means;
- b) operating through *co-ordinated national action* rather than attempting to create multi or supra national operating agencies;
- c) *avoiding areas* not vital to SADCC's four basic goals in which *clear political economic strategy divergences* exist (as illustrated in the opening quotation from Chairman Mmusi):
- d) centering emphasis on medium term, *programmes/project oriented management style planning* in distinction both to theoretically based comprehensive planning or random micro-project collection;
- e) Focusing on achieving *increased production* (including services) as the primary target with increased trade a consequential, facilitating result (not vice versa as in the standard regional economic integration model) (Ref. 37);
- f) taking government *economic intervention and market management* — not 'free market' approaches — as a given, while recognising that means used and degree of intervention vary widely among members (Ref.38).

These are a good deal less than an overall regional political economic strategy — which is clearly unattainable. They are a good deal more than has characterised many other regional cooperation groupings, e.g. those seeking common markets based on free trade among states all nationally committed to detailed economic intervention and attempting to resolve this basic contradiction (without ever openly accepting its existence) by a patch work of special regulations and exceptions which often do more to damage the efficiency both of the market and of the intervention than to reduce, discard or promote perception of mutual interests (Ref.39).

What About Nkomati, Lusaka and All That?

From SADCC's point of view this is a rather odd and certainly an overemphasised question(Ref.40). In the first place the Lusaka Declaration pre-dates the 1980-83 upsurge of South African economic and military aggression. The need to reduce dependence on South Africa to make possible development was valid before and will remain valid after that aggression. Much of it is based on costs — to use South African land and sea routes costs Zambia, Zimbabwe and Botswana a sum at least of the order of \$100 million in excess of the cost if they were able to use routes to Lobito Bay, Maputo, Beira, Neala, Dar es Salaam and the ports of independent Namibia. Second, South Africa aggression has *not* been ended — South African troops remain on the soil of Angola, the MNR continues its banditry, economic pressures have by no means been ended.

SADCC's position was made clear at the 1984 Gaborone Summit (Ref.41)

- a) the need for reduction of dependence on South Africa to achieve development is at least as critical as in 1980;
- b) the need — given the lessons learned as to how much economic damage South Africa can do and is prepared to do — is *even more urgent* now than it seemed to be in 1980;
- c) the end of armed aggression by South Africa — *if* it does end — will facilitate implementation of many critical SADCC projects — especially in transport and energy — *if* external technical and financial cooperation is forthcoming;
- d) lessened RSA economic pressure — *if* they are lessened — will facilitate a more orderly and less costly process of dependence reduction;
- e) contrary to the wishes at least one cooperating country expressed after the 1983 United Nations resolution endorsing SADCC (and the fears several others expressed more recently), SADCC views the idea either of RSA under apartheid rule becoming a SADCC member or some negotiated economic cooperation agreement between RSA and/or its "Constellation" and SADCC as so totally inconsistent with SADCC's goals and the needs of its member states as to be both impossible and absurd.

President Nyerere's speech at the 1984 Summit is relevant(Ref.42).

Through a combination of threats and promises it (South Africa) is now trying to divert the attention of SADCC members for their long-term future of less reliance upon South Africa. It wants them to aim at the mirage of quick economic prosperity in co-operation with apartheid.... There is no basis for cooperating between apartheid in South Africa and SADCC countries.... Apartheid remains immoral, and any support given to South Africa is immoral.

These remarks were not — contrary to the interpretation placed on them by part of the press — a critique of SADCC members. They were a restatement of SADCC's position as it was before and remains after Nkomati and Lusaka. They were to reassure Southern Africans and to make SADCC's position clear to cooperators. If they were directed against anyone — other than South Africa itself — they were aimed at those both within the region and outside it against whom the late President Khama warned in 1980(Ref.43):

The tactics of opposition will vary. Perhaps the most dangerous will be that of false friends who will whisper in southern African ears that the road chosen is too difficult, that fellow southern African states are not trustworthy, that the struggle is not worth the effort. Their purpose is clear — to destroy our solidarity and to divide southern African states.

The record is that SADCC has pursued the road chosen in 1980 and that — despite real differences in objective ability to confront RSA and in views on the best available tactics — SADCC states can and to trust each other. The 1981 Annual Conference was in Blantyre — it was the first to condemn South African economic destabilisation of and armed aggression against its neighbours (including Malawi) and its illegal occupation of SADCC's tenth member (Namibia). The 1985 Annual Conference will be in Mbabane.

To read the Nkomati Accord as a change of basic principles and outlook by President Machel seems to overlook his speech on the occasion of the signing (Ref. 44).

The cycle of violence ... that began some centuries ago, when the dignity and personality of African peoples were trampled on by the aggression domination and exploitation of European colonialism Mr. Prime Minister (Botha). The differences between our political economic and social concepts are great and even antagonistic.... Economic relations between our states must develop in a healthy and correct manner.

This commitment to reversing the price to Mozambicans of colonial conquest together with the perception both of basic antagonistic contradictions with and of historic/geographic links to South Africa has led President Machel to stress (Ref. 45) that SADCC by reducing the economic imbalance between South Africa and its neighbours can, indeed must, be vital to reducing the temptation for South Africa to initiate violence and the inability of its neighbours to withstand it fully as well as providing a context for "healthy and correct" (non-exploitative, selected, limited) economic relations.

Trade: What Will SADCC Do?

SADCC, as noted, was committed to an intra-regional trade promotion sector by its founders in the Lusaka Declaration (Ref.46). That commitment has never been reversed and was mentioned most recently by Prime Minister Mugabe in his keynote address to the Commonwealth Institute Conference(Ref.47) Dialogue, technical preparation and negotiation toward articulating guidelines for the sector and naming a coordinating country began in 1982, a Trade and Finance Ministers' Meeting was held on the topic in Arusha in 1983 and the topic remains under attention by the Council of Ministers.

The broad approach to be taken (set out summarily in the Declaration) does not seem to be the subject of serious dispute in principle or, indeed, in practice (48). It would comprise (Ref.49):

- a) bilateral (or multilateral bilateral) trade agreements negotiated annually within a longer term and a regional framework;
- b) target levels of trade and indicative lists of goods but in the format of countertrade, not barter;

- c) cross accounts between central banks allowing prompt payment to exporters via their commercial banks;
- d) preferences — e.g. in import licensing and output allocation — to facilitate achieving target trade levels;
- e) specified procedures to handle imbalances primarily through increasing exports by the state experiencing a shortfall (which would be seen as a mutual problem) not by cutting back on total trade nor by automatic settlement in hard currency;
- f) facilitating provisions in respect of exchange of information (on goods, price, terms, etc.), developing contact among enterprises, facilitating export credit, harmonising trade and transit documentation as well as liaison with SADCC sectoral programmes coordinating production of goods and services or making their exchange easier (e.g. Energy, the Agriculture Cluster, Transport and Communications; Industry).

This approach flows fairly directly from SADCC's commitment to coordinating production and its perception of state intervention as a necessary part of development nationally and, therefore, regionally. Trade is seen as a consequential means to validate production, and markets (nationally or regionally) are seen as useful — indeed necessary — servants but poor — indeed unacceptable — masters. Because SADCC groups diversity of means as well as commonality of goals the exact form of agreements (including how definite target levels were; whether individual transactions were linked directly; what the respective roles of enterprises, state trading bodies and ministries were; what incentives were used) would vary — probably quite substantially.

The relative slowness in articulating an operational SADCC action programme in the trade sector does require explanation — it is after all the only sector specified for action in the Declaration yet to be implemented. (The Southern African Development Fund, also mandated in the Declaration, was made contingent on the pace of achievement of enhanced economic cooperation requiring coordinated financial mobilisation.). There seem to be three reasons; SADCC's internal logic as to sequential sequences; Member State's desire to avoid repeating past unsatisfactory experience in preferential/free trade groupings and possible conflict with or overlapping of the Preferential Trade area of Eastern and Southern Africa.

Because trade, is, within SADCC, seen as a means to validate production — not an end in itself — and because trade in transport and communications services does not raise the same type of issues as trade in goods, a trade sector in SADCC was logically consequential on progress in others — especially Industry and Agriculture. Indeed, discussion first arose over 1981-83 in the meetings of industrial sector officials and ministers. Only at Maseru in 1983 was it referred to the Council for action toward identifying and instituting a formal sector programme.

The history of membership in the Central African Common Market, the East African Common Market, the 'economic union' between Portugal and its 'overseas provinces' or the South African Customs Union has left each SADCC member with — at best — a healthy awareness of the pitfalls of trade facili-

tation and promotion outside a broader economic coordination perspective. For several the "once burnt, twice shy" motif appears to apply, especially in respect to unregulated 'free' markets or any process whose stated long term objective is arrival at such a market. However, because the past experiences and present objective contexts were — and are — not identical, distinct secondary differences in approach to what would be satisfactory can arise, albeit it is significant that almost all SADCC members have one or more functional bilateral trade agreements with another (other) Member State(s).

The PTA — the negotiating process toward which began under the aegis of ECA in 1965, was suspended during the EAC but revived in 1978 with a formal treaty signed in 1980 and initial clearing and tariff reduction measures operational in 1985 (Ref.50) — has complicated articulating a SADCC programme. First, while its approach can be seen as complementary, involving a broader geographic area, less close coordination over a narrower front (trade barrier reduction very broadly defined) and different instruments (tariff and exchange control reduction and standard clearing with automatic settlement of balances in convertible currency), considerable overlap certainly could arise in principle and — under certain circumstances— SADCC and PTA approaches could clash. Second, unexpectedly PTA came into existence —and especially operation — after SADCC with only some (Lesotho, Malawi, Swaziland, Zambia, Zimbabwe) Member States of SADCC also PTA members. This does — since the PTA tariff reductions of July 1, 1984 — create a conflict between SADCC and PTA obligations for states which are members of both, because these states are now obligated to discriminate against fellow SADCC members in favour of third parties. While they could — indeed in certain cases do — have operational bilateral trade agreements with SADCC members who are not PTA members, the tariff discrimination against these partners hardly facilitates negotiation or operation of such agreements.

A complicating factor is that two personalities associated with PTA(Ref.51) have been blatantly hostile to SADCC since 1978. The speech of one, presented by the other, to the 1982 "Africa Out of Recession" Conference in Uppsala characterised SADCC (described in detail albeit not named) as an agent of perpetuating the division of Africa and of imperialist penetration. Not surprisingly it was specifically condemned at the next SADCC Summit (Ref.52) and in the Chairman's Opening Address to the Lusaka Annual Conference (Ref.53). (ironically with the regional body condemned — ECA — readily identifiable albeit not named). The presence of one of these individuals as Acting Secretary General of the PTA and the offer of the other to act as an 'honest broker' between PTA and SADCC do not help communication, dialogue or mutual confidence — especially as there has been and is no comparable SADCC body or leader hostility to the PTA.

An ongoing SADCC study seeks to pinpoint areas of potential complementarity, complementarity and conflict between PTA and SADCC with special but not exclusive reference to trade and clearing on the basis of present production patterns, fuller use of existing capacity and coordinated development of new production patterns. It is seen as needed because previous studies(Ref.54) predated PTA's bringing tariff preferences into force and did not examine areas of potential overlap explicitly in any great detail.

The potential complementarity remains. PTA's multilateral clearing minimizes — and slightly delays — payments to be made in hard currency *but* makes them automatic obligations 15 days after the end of each clearing period. Bilateral SADCC framework clearing (which is permitted by the PTA treaty if the two states agree to define certain bodies of trade as outside the multilateral clearing arrangements) could reduce risk of unanticipated hard currency obligations and — by placing obligations on both creditor and debtor — facilitate restoring balance (or a planned imbalance) by increasing, not reducing, two ways trade. Both mechanisms have their uses and can be operated for different categories of trade by any one PTA member.

Tariff reductions (and exchange control/import licensing liberation to which the PTA is committed in principle and has sought, as a first step, to freeze — among members — at existing levels) are one means to facilitating trade, are the most relevant means in a broad geographical grouping with limited production and policy coordination and are not — in fact — likely to lead to a "free market" (much less open general licenses with foreign exchange allocations guaranteed) within the PTA in the foreseeable future — nor indeed ever if a substantial body of PTA members do not wish to go that far. Closer policy, production and trade coordination by certain members within an economic integration grouping — e.g. Benelux within the European Clearing Union, the European Economic Communities and the proto-'European Monetary Union' — can, in practice, be quite compatible with broad preferential trade provisions affecting all members. This is particularly true if the closer grouping is utilizing production coordination as a basic instrument in part at least validated by two way trade expansion agreements. (These are probably not inconsistent with PTA obligations — at least for one year — as the requirement to enter similar agreements to other PTA members is either meaningless for uninterpreted, buty or requires good faith negotiation toward a comparable production and trade expansion programme). Again if all SADCC Member States were PTA members, the present (and likely future) PTA programmes would be useful complements to SADCC bilateral or bilateral/multilateral programmes and would facilitate trade among SADCC and non-SADCC PTA members (Ref.55).

In other sectors the possibility of overlap is clearer than what it might be. PTA is a 'Christmas Tree' type trade area treaty, with action to facilitate trade by relatively widely outlined but little articulated action in all economic sectors authorised but not mandated. In this it resembles ECOWAS (Ref. 56). Action to date has been quite limited, but two areas in which a division of labour would seem desirable to avoid overlap and potential clashes can already be identified. These are Transport and Communications (where PTA secretariat proposals to duplicate SATCC's work can only be counterproductive if acted upon, but where Indian Ocean and Coastal Shipping — which SATCC has not taken up — could well be left to PTA and the main Nairobi-Harare land links made a topic for a joint official level working group reporting back to the SATCC and PTA Councils) and Industry (in which a need exists to avoid conflicting proposals for multi country single plant or coordinated specialised plants within a sub-sector arising from different geographic coverage. The likely result of such competing models would be the implementation of neither).

Realistically the study cannot resolve the issues resulting from the fact that PTA now exists and is operational with some (as opposed to all or none) of SADCC's members also PTA members. There are four possible courses of action:

- a) continued deadlock in SADCC over whether to inaugurate a trade sector — dangerously likely to erode cooperation more broadly;
- b) creation of a SADCC trade sector *and* withdrawal of all SADCC members from PTA — clearly not acceptable to the five;
- c) all SADCC members remaining or becoming PTA members and SADCC abandoning the trade sector — Almost as clearly not acceptable to the four;
- d) all SADCC members remaining or becoming PTA members, SADCC trade sector implemented as envisaged in the Lusaka Declaration (*not* including tariff preferences or multilateral clearing) and complementary SADCC/PTA divisions of labour worked out for other sectors (E.g PTA in transport to concentrate on Indian Ocean and coastal shipping, intra- 'Northern and Eastern' PTA routes and Nairobi-Tanzania-Harare transit routes and ceasing to attempt to duplicate SATCC's work) — potentially politically practicable and on the face of it likely to strengthen both organisations.

SADCC in Prospect

To date SADCC has met the challenge set by Commonwealth Secretary General Shridath Ramphal at the Arusha Conference(Ref. 57).

Let our presence here help to proclaim that the future of Southern Africa lies not in constellation of satellite States held in orbit about an unreconstructed South Africa.... but in a region of free states united in their commitment to human dignity and made strong by their success in forging instruments of economic co-ordination.... fashioned to the genius of the people of Southern Africa.

SADCC is a success — a partial and evolving success — and its problems are those of partial success and of rapid initial progress not of stagnation nor near total failure. These include:

- a) pressures — both from external well wishers and hard pressed members — *to try to do too much, too fast on too wide a front* thus spreading resources too thin forcing either broad ineffectuality or retrenchment — both costly in terms of morale and either risking setting in motion a process of disintegration;
- b) *slowness in developing* — especially beyond the circle of persons and institutions directly involved in the meetings and Programme of Action — a habit of "*thinking SADCC*" in a way analagous regionally to 'thinking national' domestically(Ref.58);

c) exhausting the initial easy successes and being put off by the slower progress — and greater intra-Member State partial divergences of viewpoint to be synthesised — thereafter, e.g. failure to persevere in articulating and implementing a trade sector programme seen as valid by all nine Member States;

d) becoming too complacent with initial successes and a basically satisfactory process and failing to devote enough energy, attention and innovation to sustaining the flow of achievements and maintaining the record of creative articulation of valid, relevant new approaches and projects.

On balance, SADCC appears to have a healthy awareness of these dangers. SADCC has resisted random expansion of membership or sectoral coverage and avoided automatically putting every project proposal on its priority lists (thus converting them to random walk shopping lists). It is acutely aware of how few people, institutions and enterprises know of it and, more particularly, of its potential relevance to them. It has not abandoned a cautious but persistent exploration of the trade sector because of initial difficulties and differences of opinion avoiding acrimony, simply giving up and hasty 'solutions' which papered over real divergencies of viewpoint. Certainly SADCC is not complacent — it knows how weak and dependent its members' economies and economic security positions remain and how fragile the gains won to date remain.

SADCC remains at risk from exogenous events over which it has no control and only limited capacity to respond:

a) *drought* has struck every member at least once and some four times over 1979-84 radically reducing food security and increasing external dependence. While SADCC programmes have mitigated some of the immediate consequences and may help reduce the impact of future droughts they are at most a small part of the answer;

b) the 1979-83 *world economic recession* has crippled a majority of SADCC economies and present patterns and projections of partial recovery globally suggest that the damage done will not be speedily or automatically reversed. SADCC can reduce vulnerability to extra-regional economic malaise but not eliminate it and substantial results cannot (except for increased mobilisation of external resources and/or inter-regional balanced trade promotion based on present unused capacity) be achieved in less than a decade from 1980 (i.e. in the 1990's not in 1985);

c) *South African economic, political and military aggression* and desire to neo-colonize SADCC via a repackaged "constellation" remains — RSA *does* see SADCC as inherently its enemy(Ref.59). Removal of transport and communications dependence and creation of regional food balance is vital to reducing South Africa's leverage but neither is easy when South African Commandoes, agents and proxies sabotage key projects and ravage rural areas and their residents;

- d) largely as a result of these four factors SADCC's Member States' economies are *more dependent* and have *lower per capita levels of production* and of *investible resources* than in 1979, while SADCC's priority projects are *more heavily dependent* on the support of *external cooperators* (and the overall Programme of Action more operationally dependent on their preferences) than was envisaged in 1979 or 1980.

Again SADCC is well aware of these dangers and constraints and see them as increasing the importance and urgency (as well as increasing the difficulty) of prompt coordinated action on identified priorities within mutual interests to reduce dependence and build up — regionally and nationally — more internally integrated structures of construction, transport and communications and trade. But SADCC is, and can be, at most a fraction of the answer to these problems and can be overwhelmed by their impact on member economies if they do not perform better over 1985-90 than over 1980-84.

But the combination of actual successes, a forward dynamic and clear self realisation of challenges and dangers is a positive one. Contrasted to most other aspects of national or regional economic programming in Sub-Saharan Africa since 1979, SADCC is doing well and its prospects can be viewed with optimism — guarded optimism within limits but optimism. It is the one really significant story of progress toward creating the regional building blocks from which the Lagos Plan of Action's 1990-2000 thrust toward functioning continental economic integration is intended to be launched, perhaps ironically so as it was begun before the Lagos Plan was drafted and places far more emphasis on production and less on trade, more on unconventional approaches and less on common marketry than does that Plan.

SADCC has achieved something over five years as examples cited earlier indicate — indeed some of its achievements are now seen as facts of life and their recent birth and causes forgotten. SADCC was planned in 1979 and born in 1980 — before the drought cycle, the upsurge of an aggressive "strike commando" policy by South Africa and the world recession dealt crippling blows to the economies of almost all its members. Under these circumstances its survival as an operational entity, let alone its continued progress, are what required explanation. It would appear to be the case that SADCC has begun a process of survival and success because:

- a) its objectives and actions were and are relevant to certain basic goals of its member states; and
- b) were and are seen to be relevant to them by the officials, ministers and heads of state and of government;
- c) SADCC's outreach to cooperators has won and continues to receive a significant measure of external support.

No final, definitive, judgement on SADCC is possible, because it is a living organisation and process. Only concluded (deceased?) organisations and processes are subject to final, definitive analyses. However, to date SADCC is a success in terms of its own stated objectives, in the eyes of its members and as perceived by most external cooperators — a success with limits, constraints and flaws but a success. However, the record of African economic cooperation

Groupings indicates that the price of continued success is forward motion — the choice is between going forward and entering into a cycle of stagnation, paralysis and disintegration. Further, South Africa is SADCC's large, powerful and hostile neighbour seeking opportunities to damage and to divide — under these conditions vigilance is the price not merely of forward motion or of safety but of survival as well. "A luta continua" (the struggle continues) is a statement of fact; "vittoria e certa" (victory is certain) one of optimism of the will but on optimism which is justified if SADCC continues in the same spirit of determination to find possible ways forward firmly based on perceived common interests which has marked its first five years.

ANNEX

SADCC Structure

1. *Summit* — Annual Meeting of HEADS OF State and of Government. Overall policy direction and programme review.
2. *Council of Ministers* — In practice thrice annual meeting of Ministerial delegation from Member States to review and direct on programme policy and report to/advise the Summit.
3. *Standing Committee of Officials* — Composed of official level delegations from Member States. Meets prior to Council to review and advise on reports and proposals to Ministers.
4. *Secretariat* — Headed by Executive Secretary supported by small staff and consultants. Performs work assigned by Council of Ministers (or its Chairman) and works with Standing Committee of Officials (and its Chairman).
5. *London Liaison Committee* — Chaired by High Commissioner to London of SADCC 'chair state' (Botswana 1980-84 and 1984-87) and composed of Member State Heads of Mission plus co-opted members. Provides assistance to Secretariat and Standing Committee of Officials reporting to Executive Secretary and Chairman of Standing Committee.
6. Sectoral Programmes
 - a) *Transport and Communications* (Mozambique) SATCC Secretariat. Ongoing programme and projects.
 - b) *Agriculture* (grouping of sub-areas — Zimbabwe) Ongoing programme.
 - c) *Food Security* (Zimbabwe), Coordinating Unit. Ongoing programme and projects.
 - d) *Animal Disease Control* (Botswana), Coordinating unit. Ongoing programme and projects.
 - e) *Agricultural Research* (Botswana), Coordinating Unit. Ongoing programme and projects.
 - f-g-h) *Fisheries, Forestry, Wildlife* (Malawi), Coordinating Units. Initial programmes designed, projects under negotiation.
 - i) *Soil and Water Conservation and Land Use Planning* (Lesotho), Coordinating Unit. Initial programme and survey project ongoing.

- j) *Industrial Coordinating* (Tanzania), Coordinating Unit. Ongoing programme and projects.
- k) *Energy* (Angola), Coordinating. Ongoing programme and projects.
- l) *Mining* (Zambia), Coordinating Unit. Initial programme and project approved by Council, undergoing elaboration.
- m) *Manpower Development* (Swaziland), Coordinating Unit. Ongoing programme and projects.
- n) *Tourism* (Lesotho), Coordinating Unit in formation. Initial programme approved undergoing articulation and project formulation.
- o) *Trade* (Secretariat), Sector mandated in Lusaka Declaration. Programme identification in progress.
- p) *Southern African Development Fund* (Zambia), Sector's establishment "when economic cooperation develops" mandated in Lusaka Declaration. Structure and timing under review.
- q) *SADCC Bulletin* (Zambia *ad interim*), On formation to be controlled by inter-Member State trust. Zambia responsible for pre-launch articulation and organisation.

Forthcoming Meetings

January/February 1985 — Annual Conference — Mbabane

April/May 1985 — Council, Maseru

July 1985 — Summit, Luanda.

Office Holders

Summit Chairman — H.E. Q.K.J. Masire, President of Botswana.

Chairman, Council of Minister — H.E. P.S. Mmusi, Vice President of Botswana.

Chairman, Standing Committee of Officials — Lebang Mpotokwane (H.E. S.A. Mpuchane, Chairman London Liaison Committee Acted at Gaborone Meeting)

Executive Secretary — Acting (to October 1984) Lebang Mpotokwane — Appoint — Hon. Simba Makoni (Currently Zimbabwe Minister Youth Sport and Recreation).

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NOTES

1. Reg Green has served on SADCC preparatory committee since 1978 and is currently a coopted member of the Liaison Committee. He has been a student of south-south regional economic coordination and integration since 1960. He served as a consultant to Uganda and to Tanzania during the negotiation of the Kampala Treaty, creating the East African Community, and as economic advisor to the Tanzania Treasury participated in EAC's work over 1967-74. He has written widely on African economic cooperation and integration. He wishes to stress that this presentation is not based on secret SADCC materials and that analysis and conclusions are his personal responsibility and are not necessarily those of SADCC or of any of its Member States.
2. Gaborone, 22-VII-82, in *Summit Record*.
3. Closing Remarks, in *SADCC-Blantyre*.
4. In Conference Report.
5. In SADCC volume of same title; also SADCC, London, 1980.
6. See Tostenson and R.H. Green, *Africa Contemporary Review* 1979-80, 1980-81 for more details on history/prehistory of SADCC to Arusha and Lusaka.
7. Prior to the Lusaka Conference the technical (than Steering) Committee and the meetings of officials at Arusha and Lusaka were chaired by Tanzania.
8. Set out most specifically in President Masire's 1982 Gaborone Summit speech, *op.cit.*
9. *op.cit.*
10. Opening statement 18-XII-84 in Conference Report.
11. This section is largely based on *SADCC Annual Progress Report 1983-84* data plus President Masire's 6-VII-84 Summit and Chairman Mmusi's 18-VII-84 Commonwealth Institute Statements.
12. Running totals in SADCC summaries tend to be incomplete — some projects are not fully costed and both in proposed and operational project listings domestic costs — commitments — disbursements are sometimes omitted.
13. GDP in SADCC countries as a group declined in 1982 and 1983 and is likely to be — a best — static in 1984.
14. Gaborone, 6-VII-84, in *Record*.
15. *op.cit.*
16. The NGO's statement appears in SADCC, *Lusaka Annual Conference*.
17. Opening Address 1982 Gaborone Summit.
18. Opening Address 1984 Gaborone Summit.
19. Consultants and Coordinating State sectoral personnel have been used more freely — by 1984 professional personnel in these categories probably totalled on the order of 50.
20. In EEC terms a strong Commission was *not* wanted. Both a reaction against regional bodies with "heavy" secretariat (eg. EAC) and a fear of over-committing scarce foreign exchange and scarce personnel (the former stance typified by Tanzania and the latter by Mozambique) underlie this position. It has, perhaps, been carried to extremes as the Secretariat has been too weak to set up and operate a proper data collection/reporting system on SADCC operations and its externally impressive conference preparation and management and technical memoranda work depends very heavily on part time assistance (including that of Liaison Committee members) and on substantial support by Botswana government personnel.

21. Outline in Lusaka Declaration and analysed in SADCC volume of same title. In fact this dependence worsened after UDI when Rhodesia switched toward RSA ports and has been tightened since 1979 by systematic RSA and proxy sabotage of transport systems flowing to and from Beira, Lobito and Maputo.
22. eg in President Masire's 1984 Summit address and Chairman's Mmusi's 1984 Commonwealth Institute statements.
23. See note 3 and *Communique* of 1984 Gaborone Summit (Gaborone, mimeo 6-VII-84) condemning "discriminatory aid" to regional projects specifying not which portions of a project *would* receive assistance but rather which countries were to be *excluded* from benefits. For background see Green, *Africa Contemporary Review 1983-84*.
24. See SADCC Annual Meeting "Communiqués" in Blantyre, Maseru, Lusaka volumes.
25. See Note 3 and 1982 Summit speech by President Masire.
26. See note 23.
27. SADCC has used expatriate in two roles: First, specialised professionals in sectoral project and programme work (eg the majority of SATCC technical staff) and one of consultancies (eg on certain aspects of clearing arrangement), and second, more generalist advisors called on from time to time for a variety of technical and organisational services. The latter have by no means dominated SADCC and have no base from which to do so. The SADCC answer to criticism of their use is perhaps best summed up by a remark from a Mozambiquan official at Maseru who said he believed independence meant the right to seek advice and to use personnel of one's own choosing and that until enough qualified regional personnel were available sympathy with SADCC goals, loyalty to SADCC and professional competence, not country of origin, were the key tests.
28. See "Closing Remarks" section Commonwealth Institute Conference Report.
29. Reprinted in *Southern Africa: Towards Economic Liberation*, delivered 3-VII-79, Arusha.
30. Lusaka Declaration in *ibid*.
31. 31-VII-82, *op.cit*.
32. There is no blanket rejection of multi-state or regional operating units, but there is a belief that these tend to be cumbersome and often harder to run well (and with amicable intra-state relations) than coordinated national operational units.
33. *SADCC-Blantyre*.
34. Chairman's "Closing Remarks" at Blantyre; see also note 23 and Green, *Africa Contemporary Review 1981-82*.
35. OAU, Addis Ababa, 1980.
36. See notes 23, 24.
37. There is a growing body of academic analysis of existing south-south coordination groupings which challenges the adequacy of the "free trade area" model and the idea that political decision-takers place primary importance on trade as an end in itself. However, it is fragmentary, scattered and certainly little read by SADCC officials and decision-takers. The SADCC position stated here — while noted *en passant* in some Chairman's addresses, eg 18-VII-84 at Commonwealth Institute — is basically an implicit revealed preference embodied in the order and linking of priorities in the Lusaka Declaration and in the evaluation of the sectoral programmes.

38. This is simple acceptance of objective reality. No SADCC state acts on the basis of *laissez faire* or eschews quite far reaching intervention. On the other hand, the differences in capacity and need to intervene, objectives of intervention and instruments use, as well as frequency, pervasiveness and effectiveness of such intervention vary very widely.
39. eg loss limiting procedures in 'common' markets which permit weaker members to limit or to reverse tariff reductions either generally or if complex conditions are met. These are likely to reduce levels of trade and deter regional market orientation of exporters thus limiting losses by reducing gains. Whether they do much to promote production in the least developed group members — as was the intended aim of the 'transfer try' in the EAC and is the purported aim of the temporary protection provision for B-L-S in SACUAZ — is another matter.
40. It did dominate several speeches and the press conference at 1984 Gaborone Summit but primarily because of repeated and persistent outside questioning as to whether Nkomati meant SADC and split, was about to seek RSA accession as a member, was no longer needed.
41. Synthesised from addresses by Presidents Masire, Nyerere and Machel and Prime Minister Mugabe and "Communique"/Press Conference answers, 6-VII-84.
42. Gaborone, 6-VII-84, in Summit Record.
43. Preface to *Southern Africa: Towards Economic Liberation*.
44. Official text, Government of Mozambique, ronco.
45. Gaborone, 6-VII-84, in Summit Record.
46. *op. cit.*
47. Keynote address, 18-VII-84.
48. Each SADCC Member State has one or more bilateral trade agreements significantly different from a simple tariff preference or free trade area.
49. While the actual 1983-84 secretariat background papers and record of the Ministerial Meeting have not been published, the broad themes, issues and areas of agreement/disagreement are by no means secret.
50. See Green in *Africa Contemporary Review 1979-80/1983-84* for more detailed history of PTA.
51. Professor A Adedeji of ECA and Dr. B. Nomvete of ECA until his retirement and currently Acting Secretary General of PTA.
52. Maputo, 1983.
53. *Lusaka Annual Conference*.
54. There have been at least five over 1982-84, the last by a group of SADCC citizen financial experts presented to 1984 Gaborone Council.
55. Certain secondary — but significant — problems could arise over PTA's enterprise ownership requirements (and definition thereof) to qualify for preferences (on the face of it excluding over 50% of Kenyan and Zimbabwean industry) which do not — or have not to date — been paralleled in bilateral trade agreements involving SADCC members and the somewhat unhappily drafted PTA Annex on the B-L-S state's obligations which takes account of South Africa's veto power in SACUA more sweepingly (and in a way more limiting to B-L-S action) than would seem necessary; again a formal, legalistic approach which — unlike SADCC's agreements on what *is* to be done — perhaps says too much that was better left unsaid.

56. Unfortunately, ECOWAS after several years of operation has made so little substantive progress — beyond a large secretariat, a single development bank project, a disintegrating visa free travel zone and broad policy statements of aspiration — it offers little guidance as to how PTA may evolve unless one draws the, perhaps unduly pessimistic, view that 'Christmas tree' free preferential area centered schemes are inherently incapable of being made effectively operational whether for lack of precision, internal inconsistency or what the Governor of the bank of Kenya called "lack of political sex appeal."
57. 3-VII-79, in *Southern Africa: Towards Economic Liberation*.
58. Stressed and articulated by J. Hanlon at 1984 Commonwealth Institute Conference in paper entitled "A Closer Look at Some of the Problems."
59. Articulated by Hanlon as well as in Gaborone 1984 Summit speeches, especially that of President Nyerere.

13. REMARKS DURING CLOSING SESSION

Amon J. Nsekela

*(Chairman and Managing Director
National Bank of Commerce, Tanzania)*

We have now come to the end of our first Conference of Commercial Banks of the SADCC Region which has provided a useful opportunity to exchange ideas on the role of Commercial Banks in the SADCC region towards the socio-economic development for our peoples. I believe also that this Conference has to a large extent assisted in strengthening the SADCC initiative.

May I take this opportunity to thank all those who, in one way or another, contributed to the success of this conference. First on the list are the organizers of this conference who have, since the idea of holding the conference was born more than a year ago, worked as a committed team to make the idea a reality.

I wish also to thank all Delegates and observers who have had to put their busy schedules aside to share their ideas with us for the cause of the SADCC Region. Your constructive suggestions have significantly contributed towards our anticipated objective of socio-economic advancement of the SADCC Region.

I cannot fail to express my appreciation to the Conference Secretariat which has worked tirelessly, sometimes during odd hours, to enable the proceedings to take the successful character they have taken. Last but not least, I will not be doing justice if I do not record our gratitude to our hosts in Arusha and the Management and workers of the Arusha International Conference Centre for bearing with us and satisfying all our various demands.

Ladies and Gentlemen, for a Conference like this one, particularly when it is the first of its kind, you cannot avoid inconveniencing your guests in one way or another, especially where the guests come from different social and economic backgrounds. I wish to take this opportunity to apologise for any such inconveniences that you might have been subjected to, and to assure you that we shall endeavour to improve on this in future when our turn to host the Conference comes again. Apart from the positions we have taken, as a Conference, on the various subjects we considered during our discussions, one thing that we have achieved has been our agreement to institutionalize the Conference. To that end we have asked our friends, the Zimbabwe Banking Corporation to host the next conference next year, and subject to their Board's approval, we shall meet in Harare next year.

May I take this last opportunity to wish you all a safe and sound journey back home and success in your demanding careers. Since I do not expect this to be our last meeting, I hope you will all show the same spirit when we meet at such a gathering in future.

With those few remarks and without unnecessarily boring you, I am inviting the Hon. Minister of State in the President's Office Ndugu Mustafa Nyang'anyi to give us his words of wisdom and officiate the closing ceremony.

14. VALEDICTORY ADDRESS

Hon. Mustafa Nyang'anyi, M.P.

*Minister of State, President's Office Responsible
for Regional and International Cooperation (Tanzania)*

When my colleague, Ndugu Amir H. Jamal, M.P., Minister of State responsible for Cabinet Affairs in the President's Office of the United Republic of Tanzania, opened this Conference, he welcomed you most heartily to Tanzania and to this beautiful city Arusha which is only 80 kilometres from the roof of Africa Mt. Kilimanjato, and at the foot of Mt. Meru. Within the Arusha Region, we have some of the most striking scenes in the world such as the Ngorongoro Crater, the Lake Manyara and Serengeti National Parks. I hope, very sincerely, that you have enjoyed your stay here and if you can afford the time please stay on with us for a little longer in order to see what are acknowledged to be some of nature's greatest wonders in the world while you are so near to them. A chance not taken could be a chance lost for ever.

And what a coincidence that your very first Meeting of Commercial Banks in the the SADCC Region is taking place here in Arusha at this time. It was here in Arusha around this time last year I had the honour and privilege of Chairing the First Meeting of Ministers of Trade and Finance of SADCC Member States whose main objective was to formulate mechanisms for increased intra SADCC Trade.

I must say we greatly missed the absence of Commercial Bankers whose presence I am sure would have enabled us to evolve a payment mechanism to facilitate intra — SADCC trade. We are still studying the modalities to be applied to attain that objective. The outcome of your conference, I am sure will greatly facilitate the SADCC Council of Ministers decision on the long outstanding but critical area of intra SADCC Trade.

The Chairman, my task to-day is simple. It is to close, what I believe has been a very important conference in the history of the SADCC Region and indeed that of the Commercial Banks of the SADCC Member States. Your role as Commercial banks, as we know you the world over, is to oil the wheels of trade and development.

What the frontline States have been doing politically in this region over the past two decades or so can only be meaningful if those achievements are strengthened by a sound regional economic environment. SADCC's efforts to reduce the region's economic dependence, particularly on South Africa; forge links arrived at creating a genuine and equitable regional integration; mobilize resources for promoting the implementation of national and regional policies; and secure international cooperation, through concerted action within the framework of the regions strategy for economic liberation, are indeed worthy causes.

But these efforts can only be translated into reality with the intervention and the collaboration of commercial banks and other financial institutions of the Region.

To make the political achievements which we, in the region have made over the two decades meaningful, we must complement them with a corresponding measure of economic achievements. This is what SADCC is set to do. But who else could see to this if the Commercial banks in the region were left out of the landscape of Frontline States and SADCC efforts? I wish, therefore to congratulate the initiators of this conference for their having come in so timely in convening this conference. SADCC was formed in order to pool together the resources available in the member states in order to foster quick and balanced economic growth in the region. In so doing, member countries of the SADCC will, hopefully, become more self-reliant and reduce their dependence on the outside, and especially on South Africa, to the barest minimum.

It is a known fact that our economic vulnerability to apartheid-ridden South Africa, will not only endanger our political independence, but also jeopardise our efforts of bringing political independence to our brethren, currently under the bondage of apartheid and colonialism. The more you rely on your foe for economic existence, the more diminished your power to fight him becomes, and rhetoric replaces action in a scenario of mere shadow-boxing.

So far, many projects aimed at fostering the economic independence of SADCC States have been instituted — many with the help of external donors. For example in the vital area of agriculture there are projects aimed at ensuring "Food Security" in the region through improved production, processing, marketing and storage systems; projects for strengthening agricultural research; animal disease control; Soil, Water and Land Utilization; and Fisheries. Similarly there are development projects for the sectors of Industry, Transport and Communication, Tourism, Mining, Manpower Training. This is very good. But more Commercial Banks have a vital role to play in the furtherance of SADCC's objectives and in the financing of SADCC projects for which external assistance is not forthcoming. That is the way to invoking collective self-reliance where individual country's efforts fail or do not suffice, and where external assistance is not enough.

Indeed, as more and more projects are initiated in this region the volume of trade between us in the SADCC is bound to grow. Here again our Commercial banks have a role to play in order to enable trade between SADCC Member States to flow smoothly.

I am glad to learn that in your conference you deliberated on how to finance trade in this region as well as how the resulting payments will be effected. All of us in the SADCC region, and especially those in commerce and industry, are looking forward to the outcome of this conference. Within the spirit that unity is strength, I am glad to learn that you also discussed the future of the conference as a possible institution for exchanging useful information about your profession, and coming to grips with day to day problems which are bound to occur when the States within SADCC are in the process of implementing the SADCC development programme.

Equally important, I have also learnt, with pleasure, is that you have involved international institutions to share their experience with you. Among

the critical issues you have discussed were such important topics as the Third World Debt Problem, and the Role of the International Money Market in Facilitating Trade. Allow me to express the hope that what has been raised in these discussions will be followed up by action and action plans in the spirit of promoting a healthy trading pattern in this region.

I understand that you also discussed your role and that of other African financial and economic institutions in promoting economic growth in the region. The array of banking institutions represented at this conference brings with it a wealth of experience, frontally and horizontally. It is experience accumulated over years of operations and a wide spectrum of economic investment and enterprise. But it is experience assembled in its own right, in the sense it has been accumulated from operating in the special environment of SADCC and of the third world. May I suggest to you that you should not stop at exchanging information on these issues, but that you might also consider exchanging staff and collectively or individually exchange trainees to use the training facilities available in each other's institutions. In this way you will be able to quickly learn from one another for the benefit of us all in the region.

Against the rising expectations of the populations of the SADCC countries there is only one answer: Economic *growth* and *economic development*. Our countries are at different stages of the process of growth and development. But they do have one factor in common, namely, substantial dependence on agricultural development as the engine of all round development. There is growing evidence of an increasing rural exodus and urban influx of population. There are sociological signs of declining interest in living on the land, manifest by declining agricultural productivity and production on peasant and small holder farms. Economic growth and development must therefore address the imperative of massive transformation of rural production.

Our countries have recognised the need to provide special and particular banking services to the rural and agricultural community. And yet it must be clear that though these key facilities may bring change in the sector, the agricultural and land banks must be oiled by supportive commercial banking services.

Mr. Chairman, there is one other weighty consideration to the imperative of rural change. Food self-sufficiency is no ordinary political slogan. It is the bed-rock upon which the firm foundation of our individual sovereignty and independence in the SADCC Region will rest. For food dependence is *total* dependence, and in an era of great power rivalry for new forms of domination and new modalities of exploitation, food is a strategic tool of power and influence.

It is with immense satisfaction therefore, that I have learnt that you discussed extensively financing the primary production sector, especially agriculture. Until we can feed ourselves, we will continue to be faced with the dilemma of having to beg even from the very people whom we wish to disengage from. The resources available in this region, if developed and fully utilised, are capable of making us not only self-reliant in food crops but also make us net food exporters. Commercial Banks hold the largest stake of the financial resources available in our member states. It is my sincere hope that you will channel these vast resources to foster Agriculture development in this Region. In the initial stages it might not be so easy, but do not despair, because others in other Regions out-

side Africa, who initiated and championed this cause in the last decades succeeded. You should not hesitate to learn from the experiences of your counterparts in Asia and Australasia. As my President has underscored oftentimes, for African countries, Development means Rural Development! And rural Development first and foremost means Agricultural Development.

In order to maximise the resources available to you, it is imperative that you should expand your services to reach the rural folk. As a great majority of our people live in the rural areas, you will not only have succeeded in mobilising their savings, but also in utilizing these savings to raise their standard of living. I believe this is what your host, the NBC, calls Frontline Banking in Tanzania.

I am particularly concerned that the TAZARA and Unity Bridge Corridors should be developed for maximum utilization of these links, and many others or Ndola. But that is not what it was intended for. It was intended to carry both passengers and goods between the two countries. If we can grow enough food in the TAZARA Corridor with your assistance and involvement, SADCC will be at once a symbol and an example of fruitful regional cooperation. What I have said of the TAZARA Corridor could also be said of many other areas in our region. For example, what about developing fisheries in our lakes and rivers?

The challenges of change and development in the region are many and trying. But they also constitute an opportunity for new initiatives, for innovation, for enterprise, and— yes indeed for PROFIT. Many ideas have been mooted in all these matters during this conference. Some will require further reflection; others demand intensive interaction regionally. But they should all cumulatively become a clarion call for steady and expanding cooperation. I hope that the regional institutions represented here, will respond to the challenges and grasp the opportunities in furtherance of their institutional as well as their national and regional interest.

Finally, Mr. Chairman and Distinguished participants, it now remains for me to thank all of you for having invited me to come and close your historic conference. Let me also thank the organisers of the conference and indeed all the participants for having made this conference a success. I sincerely hope that all our guests enjoyed their stay in Arusha and in Tanzania.

I now have the honour to formally declare your conference officially closed. And I thank you all once again for your kind attention.

16. SUMMARY OF RECOMMENDATIONS ARISING FROM THE DELIBERATIONS OF THE CONFERENCE

Introduction

After discussing the various papers a number of recommendations arising from the deliberations were made.

The following are recommendations originating from this first conference of commercial banks of the SADCC Region. These recommendations are presented in four major headings, governed by the parties to whom they are applicable and directed:

- a) Recommendations to Commercial of the SADCC Region;
 - b) Recommendations to SADCC Governments;
 - c) Recommendations to Central Banks and Development Institutions.
 - d) Recommendations to International Commercial Banks.
- a) *Recommendations to Commercial Banks of the SADCC Region*
1. Commercial Banks in the SADCC Region should co-ordinate their efforts in supporting the SADCC initiative through conferences meetings, workshops and to that end the conference resolved that Zimbabwe host the next conference of commercial banks and that a committee to prepare a draft constitution for an Association of Commercial Banks of Southern Africa be formed under the chairmanship of Zimbabwe with Mr. Bisi Ogunjobi, the ADB representative and other representatives from commercial banks in Botswana, Mozambique and Malawi as members (Zimbabwe also providing the Secretary to the Committee).
 2. That given the dearth in research activities in the region and especially by commercial banks, commercial banks should strive to establish research departments within their own banks, establish a mechanism for exchange of information flow among banks, identify *priority areas for research* activities; e.g. research into the training capacities available to determine if there is need either to strengthen existing training institutions or the establish a separate training institute in the region, for the development of senior commercial bankers. The conference recommended that the Institute of Finance Management be requested to co-ordinate these research efforts.
 3. That in order to accelerate the pace of economic development in the SADCC Region, commercial banks should review their policies and practices to ensure that they increasingly identify with national and regional development efforts.
 4. That where commercial banks are called upon to support major political and social projects they must be fully backed by governments of respective countries in order not to jeopardise the existence of commercial banks themselves and the interest of the depositors.

5. That Commercial banks in the SADCC Region should give priority to projects that are surplus generating as opposed to those of an infrastructural nature. However, as more and more projects producing tradeable goods are identified commercial banks should take the initiative to finance them.
6. That ownership objectives of the commercial banks and those of SADCC should converge at a common point in order that participation may be feasible.
7. That commercial banks should co-ordinate with trade promotion agencies in order to promote intra-SADCC trade and information flow through trade bulletins, etc.
8. That in order to penetrate and thus assist in the development of the sector where the larger part of the population of the SADCC region lives, commercial banks should take initiatives in developing the rural sectors by opening bank branches there to mobilise deposits and ultimately to extend credit through such deposits for the benefit of the rural sector.
9. That greater co-ordination among commercial banks, investment banks and merchant banks was important in developing investment opportunities i.e. the total banking structure and system of each state must be involved.
10. That commercial banks in the region examine the possibility of establishing merchant banks or providing merchant banking services within the same organisation either on a syndicate arrangement or wherever possible independently in order that both short-term and long-term financial needs of SADCC selected projects are met. (Zimbabwe is a case to be studied).
11. That where joint undertakings are made, it is advisable to divide them into independent units if possible so that a particular project's finance portion is tied to one financial institution so as to avoid difficulties faced by most joint ventures.
12. That given the fact that entrepreneurial skills are not well developed and there is an evident lack of these, commercial banks should identify and promote entrepreneurial skills consistent with national and regional economic goals.
13. That Commercial banks should assist small farmers and entrepreneurs to adopt modern technology.
14. That Commercial banks, in transferring the existing technology in the SADCC region should:

- i. Supply funds
- ii. Give technical advice
- iii. Promote the transport sector.

15. That Commercial banks should assist in technological development by:
- i. Giving priority in utilising the locally available technology so that imported technology fills the gaps if any.
 - ii. Getting involved in encouraging research in the development of the appropriate technology.
 - iii. Improving their internal efficiency by introducing new methods and techniques to provide better services to customers.
16. That Governments, Central Banks and Commercial Banks promote and ease the complexities associated with exports processes, procedures and mechanisms in order to increase exports and eventually to increase the servicing capacity for international loans/credits.
17. That commercial banks must work hand in hand with customers to ensure that production targets are maintained especially in the case of exports in order to maintain continuity on export markets.
18. That Commercial banks, government of SADCC, and other top policy-makers should review/develop a rational and justified approach to debt. This may be termed "A new order to lending and borrowing."
19. That while appreciating member country data coverage and economic reports by the International Monetary Fund and the World Bank, Commercial Banks in the SADCC Region should develop and circulate independent reports on their respective countries' economies and general business environment, especially related to banking in general. Circulation should be to SADCC banks and international banks where relevant.
20. That commercial banks develop an agenda for action for the 1980s and form an action committee to oversee the implementation of the agenda and that in doing so the following points be considered:
- (a) organising seminars and specialised training to train bank personnel and its clientele;
 - (b) develop a data bank within the region which would be the source of readily available information and ease the carrying out of economic surveys or establishing growth potential in the region, etc.;
 - (c) build up an inventory of equipment supplies and consultancy services offered in the region;

(d) develop areas where extended development-aimed financial assistance is possible;

(e) adopt basic needs strategy as a financial credit development objectives;

(f) develop an approach to manage agricultural risk and therefore, risk management techniques instead of avoiding completely high risk projects;

(g) examine the possibility of promoting joint ventures in the region.

b) Recommendations to SADCC Governments

1. Governments in their formulation of policies should consider the advice and expertise provided by commercial banks.

2. National governments should look into the area of availability of consumer goods for farmers and increase the present emphasis on the small scale industries sector which produces some of these needs. This will be a big stimulant to production.

3. Commercial banks recommend to governments to assist farmers in acquiring the necessary infrastructural facilities..

4. That governments, Central Banks and Commercial banks promote and ease the complexities associated with export processes, procedures and mechanisms in order to increase exports and eventually to increase the servicing capacity for international loans/credits.

5. That Commercial banks, government of SADCC, and other top policy — makers should review/develop a rational and justified approach to debt. This may be termed — “A new order to lending and borrowing.”

c) Recommendations to Central Banks and Development Finance Institutions.

1. Central Banks undertake further study in devising the mechanism appropriate for the intra-SADCC trade. The study should include:

a. Products and production processes

b. Structure of imports

c. Structure of exports

d. Structural changes envisaged

e. Level of production and production differences or product differentiation, and

f. Existing payment mechanisms in and outside the SADCC Region.

2. That Governments, Central Banks and Commercial Banks promote and ease the complexities associated with export processes, procedures and

mechanisms in order to increase exports and eventually to increase the servicing capacity for international loans/credits.

3. Commercial Banks should explore with Central Banks, Agricultural Guarantee Schemes, National Insurance Companies and AFRICARE, the possibility of establishing crop insurance schemes to take care of risks such as those pertaining to drought and cyclones.
4. Commercial Banks commend the African Development Bank Group on its initiatives in financing of development projects through local commercial banks and it is recommended that this initiative be strengthened and continued.

d) Recommendations to International Commercial Banks

1. That it was necessary for international commercial banks to review the *terms and conditions of lending* to the SADCC Region and to Africa as a whole which consider the objective realities in these countries to allow sufficient time for the necessary structural changes to take place. The burden of adjustments should be on the lender and the borrower instead of being only on the borrower who is the weaker party.
2. That collaboration of international commercial banks with the IMF and the World Bank for co-financing must not ignore the development objectives of the SADCC Region and thus the policy prescriptions offered by IMF must not be allowed to jeopardise the social aspirations of these countries and their own long-term economic wellbeing;
3. That international commercial banks lending must be directed to productive ventures aimed at improving Balance of Payments since this is a major evaluative criteria of the banks.
4. That international should assist SADCC banks to design appropriate financial packages for the promotion of intra-SADCC trade.
5. That there should be more co-operation between SADCC banks and international banks in finding specific opportunities for methods of settling bilateral and other non-traditional trade transactions.
6. That there should be closer co-operation with international correspondent banks in the processing of documents and settlement of payments.
7. That international banks should provide continuing information on the availability of official export credit and guarantees.
8. That the SADCC region should actively examine the scope for the establishment of official export credit agencies for the promotion and finance of SADCC exports and that for these agencies to convey information to their counterpart official agencies in industrialised countries.
9. That SADCC banks should do more to train their own personnel in the payment procedures of international banks, and that international banks should assist them in this.

Conclusions

The conference realised that in making these recommendations it did not assume that all commercial banks in the region do not already carry out activities recommended, but that where some of these activities were already being carried out there was a need to strengthen, extend and carry them out with greater vigour and for greater benefit to the SADCC Region as a whole. It is hoped that an opportunity will be had at the next meeting in Harare to examine and evaluate progress of these recommendations in broadening the overall SADCC framework and of the other measures necessary.