



STRATEGIC PLAN

2022 - 2027



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PREFACE

The Southern African Customs Union (SACU) Strategic Plan presents the orientation and pathway that the Organisation will follow in its pursuit of the region's collective Vision, Mission and Strategic Priorities over the next five (5)-years, which covers the period 2022-2027. The Plan is the distillation of dynamic inputs and engagements from the Member States and Secretariat, who have been at the forefront of the region's achievements and progress over the last ten (10)-years.

Over the recent years, SACU has experienced significant legal and institutional changes following the renegotiation of the 1969 SACU Agreement to cater for the needs of the Member States in the 21st century and developments in international trade relations. A new SACU Agreement was adopted in 2002 and amended in 2013 (the SACU Agreement) to provide for the Summit of the Heads of State or Government. In 2010, the SACU Summit adopted a Vision and Mission, acknowledging the positive role which SACU can play in promoting regional integration and the economic development of all its Member States. In particular, there is a recognition that SACU can be a vehicle for development integration both within itself and within the Southern African region and the continent at large.

In 2010, the SACU Summit also adopted a Work Programme, prioritising regional industrial development policy; review of the revenue sharing arrangement; trade facilitation; development of SACU institutions; unified engagement in trade negotiations; and strengthening the capacity of the Secretariat. Cooperation on Trade in Services was adopted in 2012 as an additional priority for the Work Programme. The 4th SACU Ministerial Council Retreat held in September 2020, subsequently agreed on a refocused Work Programme on Industrialisation to be achieved through the development of regional value chains, investment attraction and export promotion, regional financing mechanism, trade facilitation and logistics as well as the implementation of the African Continental Free Trade Area (AfCFTA).

In light of the above, the Council directed the Secretariat to develop a Strategic Plan and an accompanying proposed Organisational Structure. Against this background, the Strategic Plan 2022-2027 has been drafted to guide the region's operations over the next five (5)-years. It specifically outlines the strategic pillars that will inform the SACU's actions over the implementation period of the Plan and informs a response to emerging international, continental and regional opportunities and challenges. The Strategic Plan will assist the region to focus its priorities with a view to enhancing economic development, diversification, industrialisation and the competitiveness of Member States as well as their integration into the global economy through trade and investment.

The Strategic Plan is accompanied by a cost-effective and fit for purpose Organisational Structure of the SACU Secretariat and human resourcing (HR) requirements for its operationalisation and implementation.

FOREWORD BY THE CHAIRPERSON OF THE SACU COUNCIL OF MINISTERS

Honourable Peggy O.Serame

**Minister of Finance in the Republic of Botswana
and Chairperson of the SACU Council of Ministers**



It is with great honour that I present the SACU Strategic Plan for the five (5)-year period 2022 - 2027. This Strategic Plan comes at a critical time when efforts globally, are being directed towards economic recovery and restoration of social well-being following the devastating impact of the COVID-19 pandemic. During this period, we have learnt that close collaboration among the SACU Member States and all our stakeholders is of critical importance, whilst remaining ready and able to adapt quickly to a dynamic and also challenging global economic environment.

This Strategic Plan has therefore taken into consideration the lessons from the pandemic. Our strategic intent is to make SACU resilient to ongoing and other potential risks that may emerge in the future, be it economic, financial or social.

The Strategic Plan is a result of extensive engagements and consultations among the SACU Member States, supported by the Secretariat. The Plan focuses and prioritises Industrialisation as SACU's overarching objective, which will be attained through the development of regionally selected value chains; investment attraction and export promotion; financing for Industrialization; Trade Facilitation and Logistics; as well as the implementation of the African Continental Free Trade Area (AfCFTA).

The Plan is designed and aims to position SACU as an industrial, investment, manufacturing and innovation hub for the African continent and beyond. The enhancement of the region's productive capacity is central in

repositioning SACU, considering the regional and global developments.

As the oldest functioning Customs Union, SACU is well positioned to serve as a building bloc for regional integration while creating investment for inclusive growth and job opportunities. This Plan is therefore designed to enhance and facilitate the attainment of this objective. We will continue to rely on our long-standing strength of collaboration and openness in the implementation of the Strategic Plan to ensure that its objectives are achieved.

The successful implementation of this Strategic Plan will enhance our economic prospects and improve the livelihood of our people. It will however require collaboration, financial resources and support from our partner institutions, development partners and private sector. Therefore, we count on our development partners as we embark on a journey to mobilise resources for its implementation.

On behalf of the SACU Council of Ministers, I wish to extend my appreciation to the SACU Member States, SACU Commission, and SACU Secretariat for their tireless efforts in the development of the Plan. I acknowledge the guidance provided by the Council on the development of the Strategic Plan and reaffirm that the Council's support will remain critical in ensuring that within the 5-year period, the planned activities are successfully implemented. The success of this Strategic Plan should translate into and be reflected in the quality of the life of our people in the next 5-years and beyond.

A handwritten signature in black ink, appearing to be 'P. Serame', written in a cursive style.

MESSAGE BY THE EXECUTIVE SECRETARY OF SACU

Paulina Mbala Elago

Executive Secretary of SACU



This Strategic Plan for the Southern African Customs Union (SACU) constitutes a key achievement for the SACU region.

The Plan was approved by the SACU Council of Ministers at its 46th Meeting held on the 2nd June 2022. I am grateful to the Council of Ministers and the Members of the SACU Commission, for their leadership, strategic guidance and active participation in the consultative process at both the national and regional as well as their inputs that informed the Strategic Plan.

This Strategic Plan is underpinned by six (6) core Strategic Pillars for the five (5)-year period (2022-2027), with key areas of intervention and expected outputs for each Pillar. These are: *(i) Industrialisation, Export and Investment Promotion; (ii) Trade Facilitation and Logistics; (iii) Implementation and Leveraging of the African Continental Free Trade Area (AfCFTA) opportunities; (iv) Trade Relations/ Unified Engagement with Third Parties; (v) Finance and Resource Mobilisation; and (vi) Effectiveness of SACU Institutions.*

These Pillars are further underpinned by a set of cross-cutting Issues, comprising *Governance and Accountability; and SACU Institutional Arrangements*, which will facilitate the implementation of the Strategic Plan. An Indicative Results Framework and an optimal Secretariat's Organisational Structure, informed by detailed Work Plans will ensure successful implementation.

The implementation phase will require efficient and effective use of human and financial resources, and this calls for robust coordination and collaboration among all stakeholders in the SACU Member States and

the Secretariat. It will also require the support of our strategic partners to provide the necessary technical and financial resources.

The successful implementation of this Strategic Plan will ensure that we, as SACU, re-position ourselves to take full advantage of the trading opportunities available globally. This includes those opportunities arising from the implementation of the AfCFTA, in terms of increased market access, and at the same time ensure diversification and broadening of our industrial base and capacity. It will also ensure that our Work Programme remains focused with clear interventions and key deliverables. The Implementation Plan and the Monitoring and Evaluation systems will be key in this regard.

I wish to once again, thank the SACU Council of Ministers for its leadership and guidance, as well as the Members of the SACU Commission, who played a pivotal role in the entire process. I wish to acknowledge, with appreciation, the contribution of the Consultants from Econsult (Pty) Ltd, Botswana and Imani Development (Pty) Ltd, South Africa, who, in close cooperation with the Secretariat team, facilitated the process leading to the adoption of this important document for SACU.

Finally and by no means the least, I extend my deep appreciation to the Secretariat team for their hard work and time invested in the development of this Strategic Plan. Their dedication and commitment remain exemplary. Thank you Team SACU.

A handwritten signature in black ink, appearing to read 'P. Mbala Elago'. The signature is stylized and written in a cursive-like font.



1. INTRODUCTION

SACU is the oldest Customs Union in the world, having been formally established in 1910. The current Member States of SACU are the Republic of Botswana, Kingdom of Eswatini, Kingdom of Lesotho, Republic of Namibia, and the Republic of South Africa. The SACU Headquarters is located in Windhoek, Namibia, where the SACU Secretariat is based.

The Member States form a common customs territory in which customs duties on trade between the Member States are eliminated. In addition, the Member States apply a Common External Tariff (CET) to goods imported into the common customs territory. A Common Negotiating Mechanism (CNM) for the purpose of undertaking trade negotiations with third parties, is in place allowing the SACU Member States to pursue a unified approach to negotiations with third parties. Furthermore, a Common Revenue Pool (CRP), into which all customs, excise and additional duties collected in the Common Customs Area are paid, is in place. The CRP is managed by South Africa on behalf of the SACU Member States. A Revenue Sharing Formula is in place according to which revenue collected is shared amongst the Member States.

The objective of the Strategic Plan is to serve as a roadmap and framework for the region's development and progression over the next five (5)-years. The Strategic Plan is founded on strategic priorities that have been developed collaboratively which will guide the Member States, SACU Institutions, and strategic partners through the implementation of the various planned interventions over the next five (5)-years. The Plan is structured as follows:

- A. Chapter 1 provides contextual information that includes the Economic Context, Achievements and Progress in the implementation of the SACU Work Programme, and the Lessons Learnt;
- B. Chapter 2 outlines the SACU Strategic Framework and its constituent elements: the SACU Vision and Mission, Values and Strategic Pillars;
- C. Chapter 3 presents the Cross-Cutting Issues that will inform the execution of SACU's mandate; and
- A. Chapter 4 concludes.



1.1 Economic Context

1.1.1 Global Economic Context

The global economic environment has a critical impact on the efforts of the SACU Member States to achieve accelerated industrialisation and economic recovery. Over the past two decades, the global economy experienced two large negative shocks: the global financial crisis (GFC) in 2009, and the COVID-19 pandemic in 2020-21. These two shocks have caused growth to be erratic, with global recessions in 2009 and 2020. In addition, they have posed major challenges for economic management, as attention has been focused on crisis management and recovery, diverting attention and resources from long-term growth needs. For many countries, limited financial buffers have been depleted and debt levels have risen, weakening public sector balance sheets.

The COVID-19 pandemic has created a great deal of anxiety and uncertainty among the world economies, and disruption to trade, migration, and investment flows. According to the International Monetary Fund's (IMF) World Economic Outlook, global growth in 2020 was -3.1%, significantly lower than the 0.1% contraction recorded during the global financial crisis (GFC) and the slowest growth in over four decades. In attempting to control the spread of the virus many countries implemented measures that restricted movement and travel, limited social and professional interaction, and led to the partial or complete closure of borders. This has reduced global economic growth in an unprecedented manner. Despite promises of global economic recovery, improved growth is expected to be largely driven by the recovery in most developed economies, due in part to high levels of financial support, as well as recovery in emerging and developing markets as trade and investment flows recover. Many emerging and developing markets are also benefiting from higher commodity prices, although others - notably those that are dependent on oil imports - may be adversely affected. The Sub-Saharan Africa (SSA) region fared better throughout the pandemic than the global average, contracting by 1.7 % in 2020.

Economic recovery in the Sub-Saharan Africa (SSA) region is expected to be slower than the global average; estimated to be 3.7% in 2021, compared to the global average of 5.9%. The improved growth partly reflects base effects from 2020, but also reflects ongoing high levels of fiscal support in some countries, as well as normalisation as trade and investment flows recover. Despite the recovery, output and incomes in most countries are expected to remain below pre-COVID trend levels.

Notwithstanding the improved economic outlook, there are significant downside risks emanating from the economic, political and social changes and the COVID-19 pandemic. One of the risks relates to inadequate vaccine production and limited access to vaccines in many developing countries, including many in Africa. Delays in mass vaccination may slow economic recovery, particularly in developing countries.

A second risk relates to the emergence of new COVID-19 variants, such as the B.1.1.529 (omicron) variant in November 2021, which prompted the imposition of a wide range of travel restrictions in many countries. Such variants pose both potential health risks, with possible new waves of COVID-19 infections and pressures on health systems, requiring higher public health expenditure, as well as economic risks.

Thirdly, rising global inflation as economies recover from the COVID-19-induced recession may trigger a tightening of monetary policy in some key economies, which could slow down the momentum of the recovery.

Going forward, the global recovery is projected to continue but will be uneven and is expected to be largely led by China. Although China is the second-largest global economy after the United States, over the next five (5)-years, China is projected to account for a greater share of global growth than the USA. This will see a change in the distribution of future global output and demand which will impact the SACU economies.

The global trading system is going through significant shifts and changes. There are clear signals that the drive towards a liberal, multilateral global trade regime has slowed down over the past years. Emerging protectionism and unilateral measures have taken shape, mainly in developed countries, often based on national security objectives. Some countries have responded to the disruption caused by COVID-19 by planning to reduce dependence on imports of certain commodities. The central role of the World Trade Organisation (WTO) in promoting and defending the multilateral trading system has come under pressure in recent years. Proposed reforms to the WTO can strengthen the organisation to address current global economic challenges and strengthen its relevance.

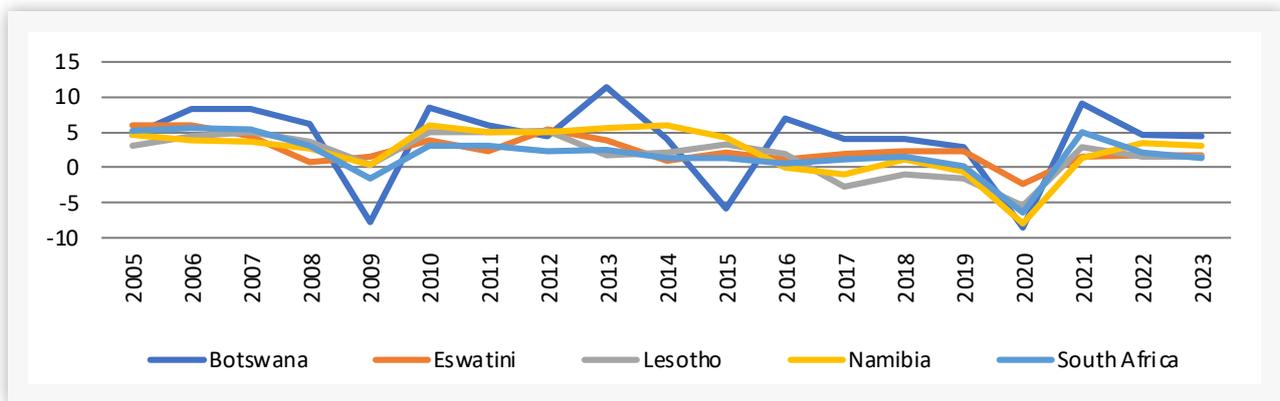
A further critical trend in the global economy relates to climate change and the energy transition away from fossil fuels. Besides the impact of global warming and more extreme weather conditions on agriculture, settlement patterns and migration, there are likely to be major changes in industrial production, demand for commodities and flows of trade and investment. This involves both threats and opportunities that will impact all countries but in different ways. Being able to anticipate these changes, to adapt and respond to them will be a crucial part of national and regional economic planning.



1.1.2 Regional Context

The SACU region is largely an open economy that benefits from growth in global trade but also vulnerable to external shocks. Following the global financial crisis, the region experienced a slow recovery with the highest average weighted growth rate of 3.4% recorded in 2011. This trend was disrupted by COVID-19. The average growth rates (actual and projected) for the SACU Member States in 2020 and 2021 are -6.5% and 5.1%, respectively. The growth rate in 2020 suggests that SACU Member States suffered greater economic losses due to the pandemic than both the global and the SSA regional averages. In 2021, SACU Member States were expected, on average, to experience stronger recovery than the general SSA region, but weaker than global recovery except for Botswana with a growth of 9.2% projected in 2021. This growth trajectory is expected to continue in 2022 and beyond. One of the key drivers will be the successful COVID-19 vaccine rollout with the attainment of broad immunity, which will allow economies to be fully opened. **Figure 1** below shows actual and projected growth rates for the Member States.

Figure 1: Economic growth rate in SACU (annual % changes)



Source: World Economic Outlook (October, 2020)

The major risk remains COVID-19, which may continue to impact on economic recovery plans. While the rollout of the COVID-19 vaccination is currently the key focus, it is equally critical that the Union's Governments continue to provide the support that targets specific sectors of the economy as well as businesses and households. Successful implementation of recovery strategies by the members will be a critical path out of the crisis, as will building resilience to withstand and recover from future economic shocks. Support from the international community to weather the COVID-19 storm also remains essential.

This calls for SACU policymakers to continue efforts toward promoting growth-enhancing reforms, including careful use of debt-financed spending, widening fiscal space through efficient domestic revenue mobilisation, improving the business environment and attracting necessary investments in value-added productive activities to foster and sustain growth.

It is important to note that global production is increasingly carried out through global value chains (GVCs). Trade plays a major role in the long-term recovery from the negative economic impacts of COVID-19, therefore SACU seeks to ensure that opportunities for trade and investment integration into global value chains are maximised. The launching of the African Continental Free Trade Area (AfCFTA) on the 30th May 2019, has emerged as an opportune pathway for SACU's drive towards post-pandemic recovery and building resilience, market diversification and enhancement of its industrial capacity.

As with GVCs, it is important for SACU to position itself to maximise benefits from the AfCFTA opportunities. This will require the development of national and SACU-level strategies to leverage AfCFTA opportunities aimed at enhancing industrialisation; promoting investment; export development; improving hard and soft infrastructure across borders; availing financial resources as well as ensuring that the requisite skills are available to support the implementation of AfCFTA-related strategies and programmes. Member States need to recognise that they can benefit from the potential gains from increased regional, continental and international trade, and SACU can extend its scope to focus not just on tariff-free trade in goods, but also on trade facilitation and logistics, and addressing trade bottlenecks.

It will be necessary for SACU to participate in the developments at the WTO to ensure that the rules adopted are inclusive especially on issues such as the reform of the multilateral trading system, the Appellate Body and the ongoing negotiations such as e-commerce, among others. There is also a need for an Agreement on TRIPS Waiver at the WTO to enable the production and access to COVID-19 vaccines especially for developing countries. There is a further need to strengthen the SACU consultative process, in light of the SACU Trade Policy Review process and the WTO Ministerial Conference, among others. Strengthened consultations between Geneva-based Missions of the SACU Member States and the Secretariat will enhance better coordination of SACU positions and effective participation by SACU at the WTO and other international institutions.

COVID-19 has also illustrated the importance of having efficient infrastructure and services to support domestic economic activity, and this is particularly relevant in light of the negative effects it had on cross-border trade. The development of digital infrastructure to keep up with the evolving and advancement in technology would be critical as well as having safe and secure online platforms. It is a gateway to support advances in e-commerce in terms of providing opportunities for the development of e-markets and digitalising custom services. The implications of these are seamless transactions for trade across borders and the creation of new employment opportunities. Other implications are on logistics in that it will lead to greater trade in goods, both domestic and cross-border which in turn requires greater regional market integration for efficient operation.

While SACU countries are striving for high growth and industrialisation, it is critical to factor in the acute impact of global warming and the effects it has on the environment, demand for commodities and production patterns. Agricultural sectors will need to adjust, while water scarcity in the region will become more acute. Some SACU countries are highly dependent on coal-fired power generation, which will eventually be phased out, but there are ample opportunities in the region for renewable sources of energy from solar or hydropower. Other changes will have a major impact, such as the shift away from petrol and diesel engines vehicles to electric vehicles. This will affect countries involved in global vehicle production value chains, requiring a reorientation of production and investment, while opening up new opportunities. Certain commodities will face increased demand and competition, which is likely to benefit mineral-rich SACU countries, providing new opportunities for mining, mineral beneficiation and trade.





1.2 Progress Made and Achievements

To plot a strategic trajectory over the next five (5)-years that is both relevant and coherent, it is necessary to take stock of the achievements that the SACU region has accomplished. Reviewing the achievements not only provides clear evidence of the region’s relevance and contribution to the goals of its Member States but also highlights SACU’s ability to achieve success and value-addition through its institutions.

SACU’s Work Programme provides the operational framework in which the region operationalises its mandate. This Work Programme is structured under a number of Key Priorities that were adopted by the Summit in 2010, and in addition Trade in Services, which was adopted in 2012. These are noted as follows:



A selection of the key achievements noted during the implementation of the SACU Work Programme since 2010 are highlighted below:

1.2.1 Regional Industrial Development



- ✓ adoption of the principles underpinning the identification of the nine (9) priority sectors for the development of regional value chains (RVCs);
- ✓ agreed public policy interventions to support the development of the RVCs;
- ✓ agreed on a vision on Industrialisation and further prioritisation of RVCs on Agro-processing (Leather and Leather Products, Meat and Meat Products, Fruits and Vegetables), Textiles and Clothing, Pharmaceuticals, Cosmetics and Essential Oils; and
- ✓ sectoral analysis on the above RVCs completed and successfully convened Sectoral Roundtables that included private sector actors.

1.2.2 Determination of Revenue Sharing Arrangement



- ✓ improvements in the process for the determination of Revenue Shares for the Member States and Data Integrity Minimum Standards;
- ✓ improvements in the quality and reliability of national statistics to ensure that the parameters utilised in the determination of the Member States' annual revenue shares are accurately determined; and
- ✓ harmonisation of the GDP compilation, rectification of errors in the compilation of the trade data, and capacity building in the use of Eurotrace software.

1.2.3 Trade Facilitation



- ✓ development of the SACU Customs Policy
- ✓ development of Annex E on Mutual Administrative Assistance
- ✓ development of the Single Administrative Document (Customs Declaration Form)
- ✓ developed various Regional Frameworks
- ✓ Botswana, Exwatini, Lesotho, Namibia Customs Management Systems are connected to SA and automatically exchange Customes info.
- ✓ all Members States have established and are implementing the National AEO Compliance Programmes.

1.2.4 Development of SACU Institutions



- ✓ Summit institutionalised at the apex of the Institutions of SACU in 2010 and adopted Rules of Procedure in June 2018;
- ✓ a stable operational environment established to foster organisational efficiency; and
- ✓ the Rules of Procedure for Institutions revised in 2017.

1.2.5 Unified Engagement in Trade Negotiations



- ✓ Annex F on the Common Negotiating Mechanism was developed and adopted, pursuant to Article 32 of the Agreement
- ✓ Trade negotiations and agreements with third parties successful concluded including the following:

i. SACU-MERCOSUR PTA, in force since the 1st April 2016;



ii. SACU-EFTA FTA (with Norway, Switzerland, Iceland and Liechtenstein), in force since the 1st May 2008 and is under review;



iii. EPA between the EU and the EU-SADC EPA, in provisional application since the 10th October 2016; and



iv. SACUM-UK EPA, in force since the 1st January 2021.

- ✓ Development of the Manual System to manage Tariff Rate Quotas under the EU-SADC EPA and completion of Manual and Guidelines to simplify implementation of SACU-EFTA FTA
- ✓ Development of the Manual System to manage Tariff Rate Quotas under the EU-SADC EPA

1.2.6 Trade in Services



- ✓ while no specific achievements were noted under this area, its selection and approval as the sixth priority area in the SACU Work Programme in 2012 by the SACU Summit is a significant development that illustrates the Member States' recognition of the rising importance and relevance of services in industrialisation and economic development; and
- ✓ the SACU Council further agreed to advance trade in services agenda at the SADC level within the context of the SADC Protocol on Services to which all SACU Member States are signatories.

1.2.7 Strengthening the Capacity of the Secretariat



- ✓ successful construction of the SACU Headquarters building, enabling a conducive working environment;
- ✓ implementation of the ICT Strategy by the Secretariat resulted in significant progress towards the Enterprise Content and Workforce Management initiative, and the automation of business processes (Extranet, e-Forms) for the SACU Institutions to enable collaboration with the Member States, as well as facilitate online access to SACU's information assets and remote working;
- ✓ development of a Strategy to address the functionality gaps identified during an assessment of the available infrastructure to enable the convening and the participation of Member States in SACU virtual Meetings;
- ✓ Secretariat completed a process to implement and fully roll out the Business Continuity Plans that were developed, including for SACU vital records. This latter project included the identification of SACU vital records for storage and the upgrade of the Records Storage facilities to international preservation standards;
- ✓ strengthened the Secretariat through establishing key staff positions such as the Deputy Executive Secretary, ICT Specialist, Facilities and Administration Assistant, as well as filling the position of the Senior Office Manager; and
- ✓ successive unqualified external audit of the Secretariat's Financial Statements.

1.3 Lessons Learnt

Consideration of the key lessons learnt during the implementation of the SACU Agenda is important for two key reasons. Firstly, it is a vital exercise that allows the region to make adjustments that can improve the effectiveness and efficiency of its various interventions after taking stock of what has transpired before, through enhanced planning and implementation. Secondly, it allows the region to identify synergies or opportunities that can improve the prospects of the region going forward from the strategic and operational perspectives.

The key lessons learnt during the implementation of the SACU Work Programme are highlighted below.

- ✓ Although the outbreak of the COVID-19 had a strong negative impact on the fiscal resources of the Member States, it also created greater opportunities for enhanced cooperation and coordination in dealing with future pandemics going forward. This includes improvements in cross-border logistics and cooperation in supply chain management to facilitate the movement of vital Personal Protective Equipment (PPE) and essential supplies. An opportunity also exists for Member States to enhance their internal capacity to produce medical equipment and other resources. Another key lesson was that the adoption of a coordinated approach to COVID-19 by the Member States ensured that the flow of essential goods across the region took place with minimal delays. Unified action by SACU is necessary to avoid any Member State taking unilateral measures that will exacerbate the disruption of supplies during the pandemic.
- ✓ Further, the pandemic has also accelerated the need for the Member States to consider digitalisation and the rapid developments that continue to take place in this space, which has important consequences on the operations, development and communication that are increasingly unavoidable. The region has begun to take steps to explore potential avenues in recognition of this issue, while the pandemic also offers an opportunity for the region to expand its value chains and integrate itself into the global value chains.
- ✓ To achieve impact, Member States recognised the need to reprioritise the SACU Work Programme in September 2020.
- ✓ Progress made in the implementation of the various elements of the SACU Work Programme has continued to reinforce the strength of cooperation, partnership and priorities that are shared amongst the Member States. These included the Unified Common Trade Negotiating Mechanism and adoption of the regional framework to enhance harmonisation of Customs Procedures, ICT system and Policies. Furthermore, the harmonisation of data for the determination of the Revenue Shares for the Member States resulted in a seamless process for the determination of revenue shares.
- ✓ Due to a number of increasingly important emerging global and regional developments that are taking place, which include issues such as Trade in Services; Tax Administration matters; and e-Commerce, it is important for the region to cooperate and collaborate more on these issues.
- ✓ Trade Agreements continue to go beyond trade in goods and emerging trade-related areas such as investment, intellectual property rights, competition and e-commerce are becoming increasingly important while the SACU Agreement only focuses on trade in goods.
- ✓ SACU has not fully benefitted from the market opportunities created by the concluded Trade Agreements due to supply capacity constraints.

Overall, while significant progress has been made and a number of lessons learnt during this period, there are some areas that the region continues to grapple with, and additional efforts are required to achieve consensus on these, including the work related to the formulation of common policies and the operationalisation of the institutions set out in the SACU Agreement. These are further highlighted under the Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis on the following page.



1.4 Strengths, Weaknesses, Opportunities and Threats

An important consideration in plotting the SACU region's trajectory over the next five (5)-years is an understanding of its Strengths, Weaknesses, Opportunities and Threats (SWOT).

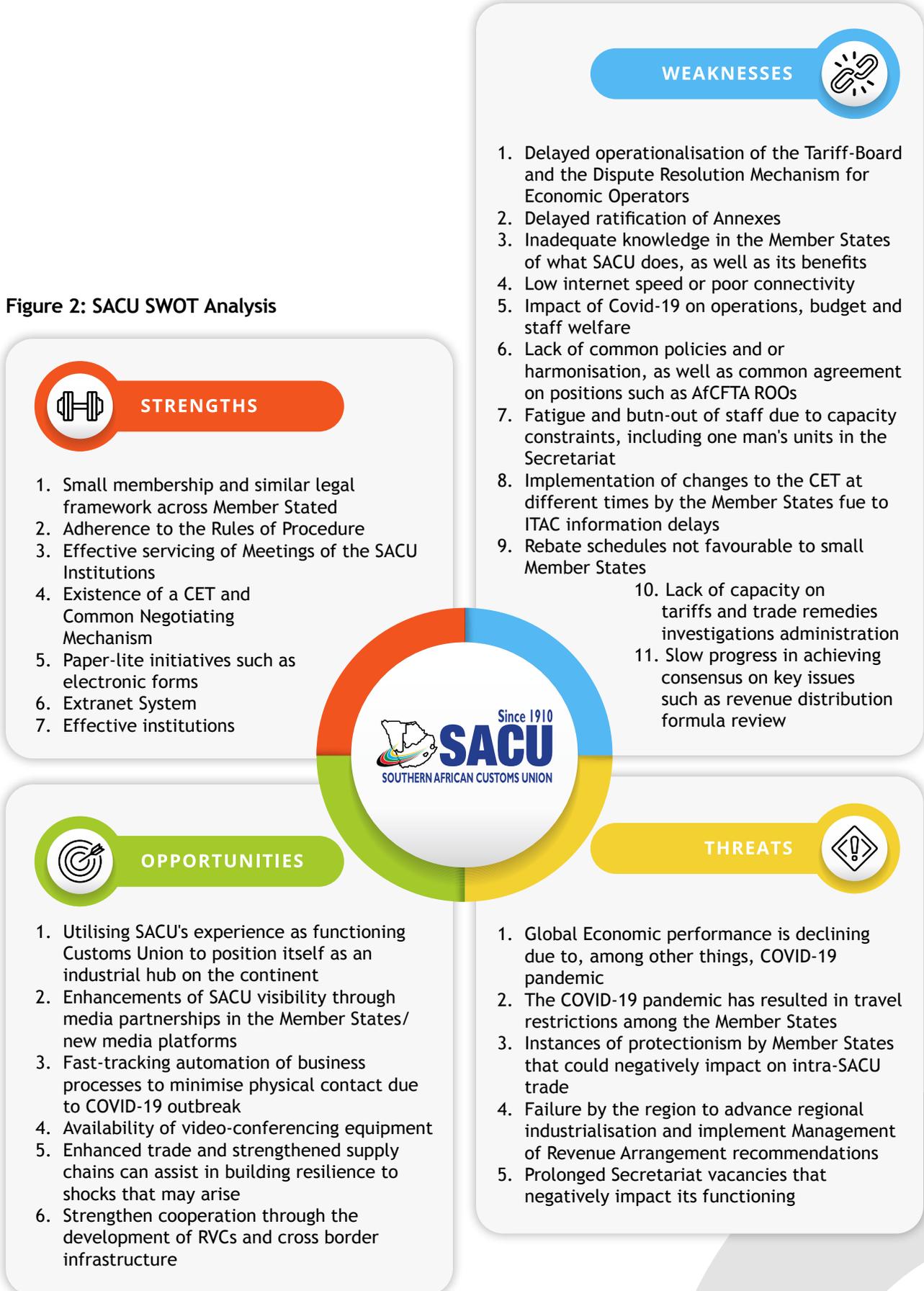
The SACU region and its Institutions must leverage on the insights provided by the SWOT analysis in two ways. Firstly, the analysis allows the region to take the requisite steps to ensure that the strengths and opportunities that have been highlighted are expanded or taken advantage of where possible. This will ensure that the region's positive effects are maintained and enhanced over the next five (5)-years as the region pursues its development aspirations.

Secondly, the SWOT analysis also underscores key weaknesses and threats that the region faces, which will require targeted strategies and renewed collaboration to ensure that these are mitigated or eliminated as far as possible. Failure to address these would jeopardise the region's current and future gains.

In light of these considerations, the SWOT analysis has also informed the development of the strategic interventions and approaches that are outlined under the Pillars of the Strategic Framework. This has been done to ensure that the trajectory that the region will adopt going forward is informed by the contextual issues provided by the SWOT analysis.

To this end, **Figure 2** below provides a summary SWOT analysis and the implications thereof.

Figure 2: SACU SWOT Analysis





2. STRATEGIC FRAMEWORK

2.1 Vision and Mission

2.1.1 SACU Vision

To be “An economic community with equitable and sustainable development, dedicated to the welfare of its people for a common future”.

2.1.2 SACU Mission

- ✓ To serve as an engine for regional integration and development, industrial and economic diversification, the expansion of intra-regional trade and investment, and global competitiveness.
- ✓ To build economic policy coherence, harmonisation and convergence to meet the development needs of the region.
- ✓ To promote sustainable economic growth and development for employment creation and poverty reduction.
- ✓ To serve as a building block of an ever-closer community among the peoples of Southern Africa.
- ✓ To develop common policies and strategies for areas such as trade facilitation; effective customs controls, and competition.
- ✓ To develop effective, transparent and democratic institutions and processes.

2.2 Values

Table 1 below provides a summary of the Values that SACU has adopted. These function as a guiding framework for its Member States, the Secretariat and members of the Institutions of SACU, and other key stakeholders.

Table 1: SACU Values

| Values | Description |
|--------------------|--|
| Vision-Driven | To recognise the SACU Vision as an overarching guide for the region's work towards a shared future. |
| Trustworthiness | To value honesty with an expectation to always treat each other with respect and mutual trust. |
| Performance-driven | To value the willingness of people to be responsible and accountable for: <ul style="list-style-type: none"> ✓ the quality of their work; ✓ the importance of achieving positive results; ✓ their ability to meet or surpass expectations and manage resources; and ✓ the ability to manage costs effectively and efficiently. |
| Integrity | <ul style="list-style-type: none"> ✓ To "walk the talk" in all our business dealings. ✓ To treat our stakeholders with respect and fairness at all times. ✓ To practice and display the highest ethical standards by honouring our commitments. ✓ To be accountable and responsible for our actions. |
| People-Centred | <ul style="list-style-type: none"> ✓ To value people and be committed to an environment characterised by continuous learning and team orientation. |



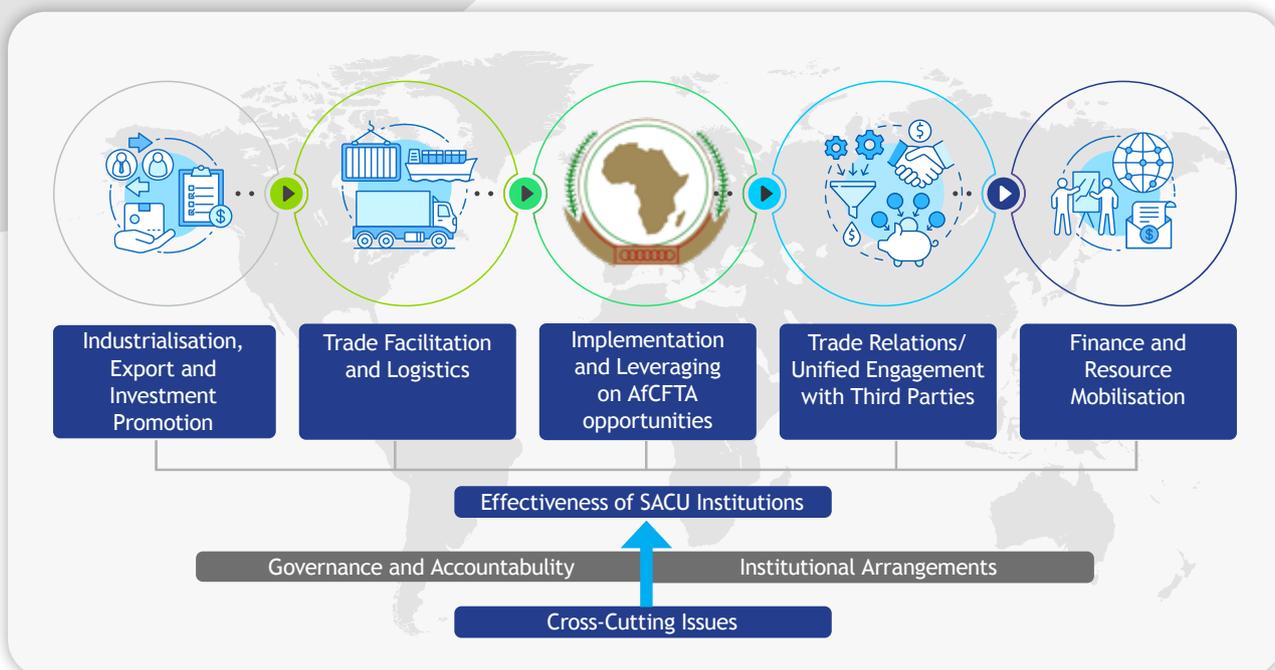
2.3 Strategic Pillars

As a small and an open economy, it is necessary for SACU to respond in an agile manner to the opportunities and threats that it faces. This will allow it to serve as an engine for regional integration and development within Southern Africa.

Against this backdrop, the SACU Ministerial Council Retreat held in September 2020 agreed on a refocused Work Programme on Industrialisation to be achieved through the following areas:

- ✓ industrialisation including development of regional value chains, export and investment promotion;
- ✓ regional financing mechanisms;
- ✓ Trade Facilitation and Logistics; and
- ✓ implementation of the AfCFTA.

For the period, 2022-2027, SACU will focus on the Strategic Pillars outlined below.



As outlined above, at its core, the Strategic Framework is structured around five (5) core Strategic Pillars that are supported by a sixth Pillar that relates to effective SACU Institutions. Further, the Pillars themselves are underpinned by a set of Cross-Cutting Issues, comprising Governance and Accountability and Institutional Arrangements, that will ensure that the necessary conditions are in place to facilitate the SACU Region's implementation of the Strategic Plan.



Pillar 1 - Industrialisation, Export and Investment Promotion

The Industrialisation, Export and Investment Promotion Pillar is in cognisance of SACU's Vision for Industrialisation approved by the SACU Council in September 2020, namely: **“to build a diversified, competitive, sustainable and equitable industrial base that supports structural transformation and the economic integration of the SACU region”**. Concomitantly, investment attraction and export promotion are identified as supporting pillars to attain industrialisation aspirations. These complementary aspects will need particular focus to position SACU as a manufacturing and innovation hub for the region and the continent, particularly in sectors where SACU has a comparative and competitive advantage.

The Industrialisation Pillar is consistent with SACU's broad principle to align the regional industrialisation initiatives with the SADC Industrialisation Strategy and Roadmap (2015-2063), as an overarching framework for economic, industrial and trade-related activities in the region. The key focus of the SADC Strategy is using the abundant and diverse regional resources (especially agriculture and mining) to accelerate industrialisation through beneficiation and value addition.

This Strategic Pillar seeks to strategically position the SACU Member States to take advantage of the opportunities that will be created by the AfCFTA, particularly the promotion and development of regional value chains.

Strategic Objective 1: Develop viable national, regional, continental, and global value chains

Member States have agreed on principles, public policy interventions and tools and criteria to underpin the development of regional value chains in the following priority sectors: *Agro-processing (Leather and Leather Products, Meat and Meat Products, Fruits and Vegetables), Textiles and Clothing, Pharmaceuticals and Chemicals (Cosmetics and Essential Oils)*. Other priority sectors like Automotive and Mineral beneficiation will be considered at a later stage. SACU seeks to achieve the following outcome under this strategic objective:

Regional value chains focusing on priority sectors developed and implemented

Strategic interventions to be undertaken include the following:

1. developing Sectoral Plans and Growth Strategies on the priority sectors for value addition and regional value chains, leveraging on work done by SADC;
2. developing SACU's collective approach to promoting the development of productive capacity in the identified priority sectors;
3. establishing a coordinated and cooperative approach on industrialisation and the development of regional value chains in SACU, aligned to the SADC Strategy and Road Map for industrialisation to ensure complementarities and incorporating preparedness for potential supply variability linked to climate change;
4. cooperation in the services sectors as an enabler for the development of the RVCs;
5. developing a regional capacity-building strategy to ensure availability of required industrial skills and climate change response capacity in the SACU priority sectors; and
6. leveraging and learning from international best practices and expertise (United Nations Industrial Development Organisation (UNIDO), United Nations Conference on Trade and Development (UNCTAD), World Bank, etc.), regarding effective policy tools and interventions for the development of the regional value chains for the Micro, Small, and Medium-Sized Enterprises (MSMEs).





The expected results from the above-mentioned interventions are:

- a. broadened regional industrial base, doubling the share of manufacturing value added (MVA);
- b. long-term regional industrialisation strategy/framework developed and implemented to drive and support industrial growth, mainstreaming climate resilience and environmental sustainability;
- c. increased participation and involvement of the private sector in the regional industrialisation agenda;
- d. empowerment and inclusivity of the MSMEs, women and youth in industrialisation and trade activities related to regional value chains; and
- e. enhanced competitiveness of SACU economies, particularly in terms of industrial skills set.

Strategic Objective 2: Attract investment in strategic (priority) sectors with the potential for value addition at national and regional level

Industrialisation spans several policy domains well beyond the normal purview of normal commerce and trade, particularly the need to focus on strengthening the investment environment for value addition and attract investments into the priority value chains to advance work on SACU's industrialisation agenda. Investment can facilitate a structural shift to higher productivity jobs and high value-added industry niches by increasing firm capabilities and generating important productivity spill-overs, through technology and know-how transfers. These complementary aspects will need particular attention to position SACU as a manufacturing and innovation hub for the region and the continent, particularly in sectors where SACU has a comparative and competitive advantage. Such a hub requires efforts to integrate global and regional value chains in the SACU economies.



As a response to the COVID-19 pandemic, there is a commitment to prioritise the health sector in terms of production of medical supplies, vaccines and sourcing of inputs to strengthen manufacturing capabilities in the sector. The following outcome is to be achieved under this strategic objective:

Enhanced framework for cooperative and collaborative activities on export promotion, investment attraction and facilitation

Strategic interventions to be undertaken include the following:

1. developing a SACU Investment Attraction, Promotion and Facilitation Strategy;
2. identifying, profiling, and packaging bankable investment projects on the priority sectors, including health-related commodities (such as COVID-19 vaccines);
3. undertaking targeted roundtables on investment and regional value chain development, linked to national, regional, and continental economic diversification strategies and action plans; and
4. increased investments in regional manufacturing.

The expected results from the above-mentioned interventions are:

- a. a SACU-wide investment cooperative framework/strategy developed;
- b. an increase in investment flows, particularly intra-regional and foreign direct investment flows into value-added economic activities; and
- c. improved policy environment for national and SACU-wide industrial development.



Strategic Objective 3: Increase SACU's existing and potential level of exports in regional, continental, and global trade in goods

Export promotion is key to supporting the economic transformation of the SACU region. Export-oriented manufacturing enables small SACU markets to attain economies of scale and specialisation necessary to become regionally and globally competitive. Export-led growth can speed up the industrialisation process of the SACU economies. SACU seeks to achieve the following outcome under this objective:

Increased exports to preferential markets

Strategic interventions to be undertaken include the following:

1. developing an Export Development & Promotion framework and a SACU-wide Export Potential model/tool to identify new export opportunities on the African Continent and beyond;
2. supporting export activities through increasing the availability of trade finance and export-readiness support, especially for women and youth owned MSMEs; and
3. supporting private sector (especially MSMEs) participation in regional, continental and international trade fairs and exhibitions as well as in trade promotion missions, B2Bs, including the use of e-commerce (digital platforms).

The expected results from the above-mentioned interventions are:

- a. a SACU-wide export promotion framework is developed;
- b. an increase in SACU's exports, especially value-added exports, particularly intra-African exports to at least 50 percent of total exports by 2027; and
- c. enhanced diversified export markets, particularly African markets.

Pillar 2 - Trade Facilitation and Logistics

The SACU Trade Facilitation Programme has evolved over the years and continued to be refocused to respond to the dynamic international trade landscape. The current focus is on the implementation of the recently approved SACU Trade Facilitation and Logistics Programme that sets the framework and parameters for cooperation.

Key cross-border problems that require regional solutions are related to *administrative inefficiencies, inadequate common regional systems, inadequate infrastructure, limited collaboration, and lack of measurement system*. The solutions to be implemented should be anchored on the deployment of required soft and hard infrastructure. On *soft infrastructure*, the focus is on employing digital technologies, supported by emerging technologies such as blockchain, artificial intelligence, big data, virtual reality, amongst others. On *hard infrastructure*, the focus should be on enhancing infrastructure at selected commercial border posts. This also includes promoting the use of multi-modal transportation and enhancing hard infrastructure related to road, rail, and air modes of transport to ease the movement of goods in and outside of the SACU region.

The key strategic principles for the SACU Trade Facilitation and Logistics Programme are:

- a. complementarity of initiatives implemented by the respective Member States at the levels of government to government, and government to the private sector;
- b. involvement of the private sector in the design, and implementation of the programme, including leveraging skills, instruments, and experiences that contribute to supporting the creation of a seamless trade environment in SACU;
- c. partnership between SACU, international agencies, and strategic partners to be anchored on a demand-driven approach ensuring that ownership of the Programme rests with the Member States;
- d. creation of linkages with the development partners to mobilise resources to fully implement the Programme;
- e. adoption of a Secure, Measurable, Automated, Risk Management-based, and Technology (SMART) driven border concept for internal borders in the Common Customs Area;
- f. adoption of an approach for supply chain outlook that sees the border as a continuum, i.e., controls do not have to be undertaken only at the border, they can be undertaken pre, at, and post the border; and
- g. donor support for the implementation of the SACU Trade Facilitation and Logistics Programme must support priority areas and priorities must be consistent with national, bilateral, SACU, SADC, the African Union (AU), and the AfCFTA.



An Operational Plan is being developed to facilitate the implementation of the SACU Trade Facilitation and Logistics Programme. This includes a detailed outline of projects, initiatives, and programmes to be implemented in the short, medium, and long term to address the problems identified. The following strategic objective and outcome will be achieved under this Strategic Pillar:

Strategic Objective 1: Create seamless trade and cross-border movements

Enhanced intra-SACU movement of goods amongst the Member States

Strategic interventions to be undertaken include the following:

1. **Customs Cooperation:** simplification and harmonisation of trade procedures and cooperation between the customs administrations;
2. **Border Coordination:** strengthening collaboration and cooperation between border agencies, and between border agencies and the private sector;
3. **Behind the Border Measures:** addressing all administrative issues associated with behind the border measures. This includes sharing of administrative information about formalities, documentary requirements, procedures, fees, and charges related to Agriculture, Standards and Technical Barriers to Trade (TBT), Sanitary and Phytosanitary (SPS). In addition, the simplification and harmonisation of SPS measures, streamlining the issuance of licenses, administrative and documentary requirements;
4. **Coordinated implementation of Trade Agreements;**
5. **Transport and Logistics:** cooperation in the harmonisation and standardisation of cross-border transport regulatory framework and logistical processes, with a view to facilitate trade seamlessly and reduce the cost of moving goods across the borders;
6. **Develop regional strategy on illicit trade risk management and enforcement;** and
7. **Cross-cutting issues:** collaboration among regional Trade Facilitation structures in the Member States and relevant regional stakeholders. In addition, collaboration on specific policy imperatives to be defined based on the agreed principles, objectives, and identified regional projects as well as taking a proactive stance on e-Commerce.

The expected results from the above-mentioned interventions are:

- a. improved administrative efficiencies including through digitisation, as well as automation of data exchange;
- b. reduction of time and cost associated with cross-border trade;
- c. improved compliance and security of the supply chain;
- d. SACU Illicit Trade Risk Management and Enforcement Strategy; and
- e. enhanced competitiveness of the SACU Member States.





Pillar 3 - Implementation and Leveraging of AfCFTA opportunities

The Agreement Establishing the AfCFTA presents SACU an opportunity to diversify its manufactured and services exports as well as integration into continental value chains. The AfCFTA is an opportune pathway for SACU's drive towards export market diversification and enhancement of its industrial capacity. To maximise benefits, it is imperative to develop national and SACU-level implementation strategies to leverage AfCFTA opportunities.

Strategic Objective 1: Effectively implement the AfCFTA

SACU Members effectively implementing and benefiting from the AfCFTA

Strategic interventions to strengthen cooperation that will be undertaken include the following:

1. leveraging trade opportunities from the AfCFTA;
2. development of a SACU-wide AfCFTA implementation strategy;
3. promoting effective utilisation of the AfCFTA by the business community; and
4. position SACU as an investment destination and industrial and manufacturing hub for the Continent.

The expected results from the above-mentioned interventions are:

- a. a SACU-wide AfCFTA implementation strategy developed and implemented;
- b. promoting effective utilisation of the AfCFTA by the business community;
- c. increased investment, employment opportunities and income; and
- d. market and export diversification.



Pillar 4 - Trade Relations/Unified Engagement with Third Parties

Strengthening trade relations with third parties plays an important role in creating opportunities to promote regional industrialisation and economic growth through market expansion and diversification, as well as industrial development.

The aim of this Strategic Pillar is to ensure unified engagement of the SACU Member States in all negotiations and implementation of Trade Agreements with third parties, in order to preserve the integrity of the Customs Union in accordance with Article 31 of the SACU Agreement.

The following principles guide SACU in all trade negotiations: (i) SACU should negotiate and implement Trade Agreements (on goods) as a bloc and ensure that a balance of interests is achieved in the outcome; (ii) Negotiations should take cognisance of Member States' regional and multilateral commitments; and (iii) principles of reciprocity, asymmetry and special and differential treatment for developing countries and in favour of the smaller economies in SACU should apply. SACU seeks to achieve the following strategic objective and corresponding outcome under this Strategic Pillar:

Strategic Objective 1: Strengthen SACU's trade relations with third parties, including coordinated engagement in trade negotiations

SACU effectively negotiates and concludes trade agreements with third parties

Strategic interventions to be undertaken include the following:

1. continued strengthening of SACU's trade relations with third parties, through a coordinated engagement in trade negotiations;
2. consolidation of the existing trade agreements including their inbuilt reviews; and
3. leveraging trade opportunities from the AfCFTA, through the development of a SACU-wide implementation strategy.

The expected results from the above-mentioned interventions are:

- a. improved coordination during trade negotiations;
- b. SACU negotiating mandates and common positions developed and advanced during trade negotiations;
- c. enhanced trade partnerships and diversification of markets;
- d. research-based technical and political decision-making related to negotiations and implementation of Trade Agreements;
- e. Trade Agreements fully implemented by all the SACU Member States;
- f. increased SACU exports of goods and services to regional, continental and global markets; and
- g. diversification of SACU goods and services exports markets.



Pillar 5 - Finance and Resource Mobilisation

The Finance Pillar of the Strategic Plan is aimed at ensuring that the region has the requisite capacity to fund and finance its Work Programme. This capacity will reside at the level of the Member States, who will ensure SACU's financial resources are managed consistently, efficiently and effectively. This Pillar is catalytic and complements the work of the other pillars in the Strategic Plan. It supports SACU's Vision of establishing *a region with equitable and sustainable development dedicated to the welfare of its people for a common future*. Two strategic objectives and corresponding outcomes under the Strategic Pillar are presented below.

Strategic Objective 1: Strengthened Tax Administration for effective Revenue Collection and Distribution

The SACU Agreement outlines the Revenue Sharing Formula used and the Arrangement process of allocating revenue shares. This relies on elements that include adherence to the agreed data variables (Gross Domestic Product (GDP), population, and trade data), the application of a common methodology in the compilation of the data variables, collection and remittance of the customs and excise duties, and the correct application of the formula and payment of the revenue shares of the Member States. Under this Strategic Objective, SACU seeks to achieve the following outcome:

All SACU revenue is collected and distributed to the Member States in accordance with the SACU Revenue Sharing Formula by utilising standardised variables

Strategic interventions to be undertaken include the following:

1. facilitating regional collaboration to enhance revenue collection at Member States' level;
2. strengthening the capacity of the Member States in the compilation and collection of trade statistics; and
3. review payment systems, export credit arrangements and other finance matters to facilitate trade.

The expected results from the above-mentioned interventions are noted as follows:

- a. harmonised methodology in the compilation of the GDP and trade data across the Member States to enhance the quality of statistics;
- b. the economic impacts of the refocused Work Programme and policy changes evaluated;
- c. framework to guide the enhancement of revenue collection by the Member States; and
- d. collaboration framework established and implemented on payment systems, export credit arrangements and other finance matters to facilitate trade.

Strategic Objective 2: Effective Resource Mobilisation

The Union has an ambitious and well-defined Work Programme that continues to be implemented through the support of the Secretariat. This Programme was agreed by the Member States to give effect to their shared industrialisation, trade and development objectives. Further, for the Programme to be implemented, adequate human and financial resources must be provided on a consistent basis.

Notwithstanding the recognition of the above, it is also evident that the region has been plagued by weak economic growth over the last decade, which has negatively impacted resource availability. Worryingly, this has been exacerbated by other developments or external shocks such as the advent of the COVID-19 pandemic, volatile markets for key resources, and weakened fiscal resources. It is therefore crucial that the region identifies alternative sources of financing that can be mobilised by the Member States to support the implementation of the SACU Work Programme as well as the Member States' economic recovery from the challenges that have arisen because of COVID-19. In this regard, adequate steps must be taken to achieve the following outcome:

A. Resource mobilisation from International Cooperating Partners

Over and above the need for the SACU Member States to find innovative mechanisms of mobilising fiscal resources to drive the region's industrialisation and development priorities, it will also be necessary to take advantage of alternative mechanisms. These are important because of the crucial role they can play in augmenting and supporting the region's implementation of its Work Programme until the region reaches the point where it is able to drive it in full without the need for external assistance. In this regard, the following outcome will be targeted:

Cooperation to increase resource availability for the SACU region's industrialisation and development priorities is enhanced and strengthened

Strategic interventions to be undertaken include the following:

1. regional compact on resource mobilisation developed and implemented; and
2. increasing the number of partnership agreements and MOUs with key continental and international stakeholders.

The expected results from the above-mentioned interventions are noted as follows:

- a. increased engagements with International Cooperating Partners and other resource mobilisation partners; and
- b. technical and financial resources mobilised from development partners to support the implementation of the SACU Work Programme.



B. Project and Development Financing

Enhanced availability of and access to industrial funding, particularly for MSMEs

Regional industrialisation, investment and export promotion will require the mobilisation of substantial financial resources, as well as cooperation among the Member States to facilitate this. As such, the need to design appropriate and effective financing instruments has been recognised. These would support the existing institutional mechanisms approved by the region as part of the prevailing Work Programme.

Strategic interventions to be undertaken include the following:

1. develop an effective SACU Financing Mechanism for regional industrialisation, infrastructural projects, and trade-related financing; and
2. enhanced collaboration with Development Finance Institutions (DFIs) in leveraging funding for industrialisation.

The expected results from the above-mentioned interventions are:

- a. improved availability and access to funding for industrialisation and infrastructural projects (including for MSMEs); and
- b. improved networking and coordination between DFIs on industrialisation priorities.



Pillar 6 - Effectiveness of SACU Institutions

This Strategic Pillar provides the region with a framework to improve the effectiveness of SACU Institutions by strengthening the region's operational environment and leveraging new and existing partnerships and relationships over the next five (5)-years. The strategic objectives and respective outcomes of this Strategic Pillar are discussed below.

Strategic Objective 1: Strengthening Relations and Building Partnerships to Support SACU Priorities

Strengthening relationships and building partnerships are fundamental tenets that define strategic groupings like SACU. Unions of this nature would not exist without these elements being firmly in place. As a result, it is necessary that these be continuously pursued and reinforced, both internally between the Member States, and externally through its trade and strategic partnerships that the region has concluded.

The importance of promoting close cooperation and consultation on matters of mutual interest with key stakeholders at both the regional and international levels can also not be over-emphasised as SACU seeks to achieve the following outcomes:

Enhancement and strengthening of relations, promotion of SACU's external visibility and mobilisation of resources to support the implementation of SACU Work Plan

Strategic interventions to be undertaken include the following:

1. Communication and visibility strategy reviewed and implemented.

The expected results from the above-mentioned intervention are noted as follows:

- a. improved SACU communication and visibility practices;
- b. increased awareness among citizens of benefits accruing from membership to SACU; and
- c. improved knowledge among cooperating partners of SACU's achievements.





Strategic Objective 2: Operational Environment and Utilisation of Resources

It is critical that the Secretariat's operational environment and its organisational structure is correctly geared towards supporting the implementation of the SACU Work Programme and overall agenda. The operational environment should provide professional, effective and efficient support services to all SACU institutions, and this also takes into account areas where the Council has directed that further work be undertaken to achieve the following outcome:

Alignment of the Secretariat's operations and adequate governance and assurance, financial, IT and human capacity to support the implementation of the SACU Work Programme

Strategic interventions to be undertaken include the following:

1. improve operational efficiency of the Secretariat through the enhancement of the IT systems;
2. the Secretariat's human resources are enhanced and effectively managed;
3. the Secretariat is adequately resourced; and
4. strengthening Governance and Assurance in the Secretariat.

The expected results from the above-mentioned interventions are noted as follows:

- a. re-designed and optimally capacitated Secretariat;
- b. the operational effectiveness of the Secretariat is improved;
- c. secondment MoUs with Member States developed;
- d. revised pay structure philosophy developed and implemented;
- e. the Secretariat's budget framework strengthened; and
- f. enhanced policies and procedures that govern the operations of the Secretariat.



3. CROSS-CUTTING ISSUES

Successful implementation of the Strategic Plan is anchored on some cross-cutting issues that relate to governance and accountability as well as the existence of sound institutional arrangements that include performance measurement as well as communications and visibility and strong partnerships.

3.1 Governance and Accountability

In accordance with Article 7 of the SACU Agreement, several Institutions have been established through which SACU is administered. These are the: (i) Summit of the Heads of States or Government; (ii) Council of Ministers; (iii) Customs Union Commission; (iv) Technical Liaison Committees (TLCs), covering Agriculture, Customs, Trade and Industry, Transport and Finance sectors; (v) Secretariat; (vi) Tariff Board; and (vii) *ad hoc* Tribunal. The Tariff Board and the Tribunal are yet to be operationalised. Decisions of the Institutions of SACU are made by consensus, with the exception of the *ad hoc* Tribunal. **Table 2** opposite provides details on the composition and functions of these Institutions.

Table 2: SACU's Institutional Structure

| Name of Institution | Members of the Institution | Role of the Institution |
|--|---|---|
| Summit of the Heads of State or Government (Article 7A) | Heads of State or Government of the Member States. | <ul style="list-style-type: none"> ✓ Provide the political and strategic direction and priorities of SACU. |
| Council of Ministers (Article 8) | Ministers responsible for Finance and Trade from each Member State. | <ul style="list-style-type: none"> ✓ Decision-making on the overall policy direction and functioning of SACU Institutions, including formulation of policy mandates, procedures and guidelines for the SACU institutions. ✓ Make certain recommendations to the Summit. |
| Customs Union Commission (including the Finance and Audit Committee, which is a sub-committee of the Commission, identified as the Governing Body under the Risk Management Policy and Procedures of the Secretariat). (Article 9) | Senior Government Officials at the level of Permanent Secretaries, Directors-General, Principal Secretaries, Executive Directors or other officials of equivalent rank, from each Member State (Finance and Trade). | <ul style="list-style-type: none"> ✓ Ensure implementation of the decisions of the Council. ✓ Oversee the management of the common revenue pool. ✓ Supervise the work of the Secretariat. |
| Secretariat (Article 10) | Headed by an Executive Secretary appointed by the Council, Staff of different professional expertise and support staff recruited from within the Member States. | <ul style="list-style-type: none"> ✓ Day to day administration of SACU. ✓ Coordinate and monitor implementation of the Decisions of the Summit, Council and Commission. ✓ Coordinate activities of the SACU institutions and meetings. |
| Tariff Board (Article 11 not yet operationalised) | Members appointed from each by the Member Council State. | <ul style="list-style-type: none"> ✓ Make recommendations on the level and changes of tariffs and related trade measures in the CET. |
| Technical Committees. Liaison (Article 12) | Technical experts from each Member State. | <ul style="list-style-type: none"> ✓ Five (5) Committees assisting and advising the Commission in the areas of (i) Agriculture, (ii) Customs, (iii) Trade and Industry, (iv) Transport and (v) Finance. |
| <i>ad hoc</i> Tribunal (Article 13 not yet operationalised) | Members are appointed by the Council. | <ul style="list-style-type: none"> ✓ Adjudication of disputes arising under the SACU Agreement. |

With the exception of the Summit that convenes once a year, the SACU Commission and Council hold their statutory meetings on a quarterly basis. The Secretariat coordinates the SACU Programmes and activities and ensures that the decisions of the SACU Institutions are implemented.

The Meetings of the Ministers of Finance, and Trade and Industry are convened as and when the need arises and are usually preceded by the Meetings of the Senior Finance and Trade Officials, respectively. The Senior Finance Officials meet at least once a year whilst the Senior Trade Officials meet at least twice in a Financial Year or as the need arises.

To support the work of the SACU Institutions, the Secretariat is organised into four Directorates namely: Office of the Executive Secretary; Policy Development and Research; Trade Facilitation and Revenue Management; and Corporate Services.

3.2 Institutional Arrangements

The implementation of the SACU Agreement and the SACU Work Programme is supported by various SACU Institutions that were established by the Agreement to advance the interests and objectives of the region in different ways. These Institutions provide vital support and guidance to the Member States from the strategic and operational perspectives and are outlined below.

3.2.1 SACU Secretariat

The Secretariat is responsible for the day-to-day administration of SACU. The Secretariat's functions are centred around coordinating and supporting the Member States through research and analysis and undertaking technical work in the following key areas:

- a. Trade Facilitation;
- b. Trade Negotiations;
- c. Revenue Management;
- d. Policy Development;
- e. Research;
- f. Coordination of the implementation of tariffs and trade remedies;
- g. Legal and Institutional Arrangements; and
- h. Corporate Services.

The Secretariat further coordinates, supports and monitors the implementation of all decisions of the Institutions of SACU including the Committees of Senior Trade and Finance Officials and various Technical Committees and Experts Working Groups. In addition, the Secretariat assists in the harmonisation of national policies and strategies of the Member States in so far as they relate to SACU. The Secretariat is also responsible for keeping a record of all transactions into and out of the Common Revenue Pool and coordinates and assists in the negotiation of trade agreements with third parties. The Secretariat is the depository of all records of SACU. It also arranges meetings, disseminates information and keeps the Minutes of the Meetings of the SACU Institutions as well as Technical Committees.

3.2.2 Interim Arrangement

Following the review of the SACU Work Programme in September 2020, the Council approved an interim arrangement for the implementation of the refocused SACU Work Programme. This decision took into account the need to streamline the SACU Work Programme, including the possible optimal institutional structure to support the implementation of the agreed priorities emanating from the 4th Ministerial Retreat. In this regard, the Council established the following structures, in addition to the existing Institutions, to support the implementation of the refocused Work Programme, for an interim period of twenty-four (24)-months from the 15th July 2021: (i) Ministers of Finance; (ii) Ministers of Trade and Industry; (iii) Senior Trade Officials; (iv) Senior Finance Officials; (v) Technical Committee of Senior Officials on Industrialisation, Investment and Export Promotion; (vi) Technical Committee of Senior Officials on Trade Facilitation and Logistics; and (vii) Commissioners-General's Forum.

The Ministers of Finance and Trade and Industry report to the Council of Ministers, while the Senior Officials report to the SACU Commission. The Council also approved a reduction in the number of Meetings of the Council and the



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Commission to two (2) each per annum, to be held in June and November/December, taking into account the limited resources of the Member States as well as the effects of COVID-19. The Council further directed that pending the development of a detailed Work Programme, the interim arrangement will be reviewed after a period of up to twenty-four (24)-months. There is also a directive for the review of the Terms of Reference for the Technical Liaison Committees.

3.2.3 Secretariat’s Organisational Structure

The role of the SACU Secretariat as the key institution responsible for the day-to-day administration of the union, including coordination and oversight over the implementation of all decisions of the Council and the Commission, cannot be overstated. For the Secretariat to be able to execute its support and advisory mandate efficiently and effectively, its organisational structure must be appropriately specified to achieve this.

In light of the above, the Secretariat’s current Organisational Structure has been reviewed to ensure that it is closely aligned with the key priorities identified within this Strategic Plan, and the revised structure will be finalised once the Strategic Plan has been approved. The Organisation Structure review process was guided by the following broad principles:

- ✓ consultations with both the Secretariat and the Member States;
- ✓ consideration and understanding of the Secretariat’s mandate and current work arrangements and the extent to which they are meeting the Member States need and the Regional integration agenda;
- ✓ the refocused Work Programme is now expanded;
- ✓ harmonising the Secretariat and other SACU Institutions and ensuring that they are not overlapping or duplicating duties and functions but rather are exploiting synergies and leveraging on available resources and skills;
- ✓ a lean but fit for purpose structure but should not be at the expense of the effectiveness and efficiency of the Secretariat in carrying out its mandate; and
- ✓ responsiveness and flexibility to the external environment and the needs of both internal and external stakeholders.

This process will result in a revised Organisational Structure for the Secretariat that should effectively support the implementation of the Strategic Plan going forward. The proposed revised Organisational Structure will be implemented in phases beginning with elements that do not require financial resources and which can be implemented immediately. This will then be followed by detailed skills audits and a workload analysis for each of the new Directorates and Units to determine optimal staffing levels.

3.2.4 Performance Measurement

For SACU to achieve success in the execution of its mandate through its Work Programme and other interventions, it is necessary for the region to have appropriate mechanisms in place to measure its performance against the objectives that have been set out within this Plan. To this end, a Results Framework will be used to monitor the effective implementation of the Strategic Plan. The Results Framework comprises the Expected Outcomes, Intermediate Outcomes, Key Performance Indicators, Baselines, Targets and Sources of Verification that are aligned to the Strategic Objectives under each of the Strategic Pillars. This will be supported by a monitoring plan to be developed as part of the implementation plan.

Key to the effectiveness of the performance measurement that will take place is the requirement that all SACU stakeholders comply with the need to submit reports and other inputs on the various interventions that will be implemented timeously and consistently. This will ensure that accurate information on the progress made is provided on an ongoing basis, which will also inform strategic and operational decision-making.

3.2.5 Mid-term Evaluation of the Strategic Plan

A Mid-term Evaluation will take place midway through the implementation of the Strategic Plan. The evaluation will reflect on the progress made, achievements and lessons learnt from the region's implementation of the Strategic Plan. Importantly, it will also offer the Member States an invaluable opportunity to reflect on any issue of common interest to the Member States, including the work related to the formulation of common policies, tariff setting, regional financial integration, review of the Revenue Sharing Formula and the operationalisation of the Institutions set out in the SACU Agreement that has been deferred in the medium term by decision of the Council.

3.2.6 Communication and Visibility

The successful achievement of SACU's Vision and Mission is, to a large extent, dependent on whether the region is able to effectively disseminate and communicate information on its interventions and their related progress milestones to its stakeholders. In this regard, increased visibility and awareness can be obtained through effective Communication and Visibility (C&V) practices, and this can have a number of positive benefits for the region. On the one hand, it can assist in maintaining a high level of buy-in and support from the Member States by highlighting the region's mutually beneficial positive impact by highlighting the region's achievements on a regular basis.

On the other hand, the implementation of effective C&V practices can also assist SACU in facilitating resource mobilisation, collaboration and other useful opportunities from new and existing sources. This would be underpinned by the development and strengthening of strategic partnerships across all levels. To this end, SACU will employ a C&V strategy to support the implementation of the Strategic Plan, which will be guided by the following objectives:

- ✓ strengthen SACU's position as an economic community with equitable and sustainable development that is also at the centre of Regional Economic Integration;
- ✓ effectively communicate the services and benefits of the region to its stakeholders and strategic partners, both present and future;
- ✓ highlight the region's successes, lessons learnt and opportunities; and
- ✓ establish and maintain high visibility for SACU's Work Programme through a variety of media platforms.

The region will also leverage mainstream media to disseminate articles in newspapers, online publications, radio and television, and other communication platforms including social media, to highlight key messages about SACU's progress, achievements and events, in collaboration with its strategic partners.

3.2.7 Stakeholder Roles and Partnerships

SACU, as an economic community with various ambitions and objectives espoused, cannot succeed without leveraging strong levels of partnership and collaboration. These are fundamental requirements both within SACU through the partnership and collaboration that takes place between the Member States, Secretariat and other SACU Institutions; and externally through its partnership with States, organisations or entities that have shared strategic orientations or interests, regardless of their geographic location. Given the importance of the work on the industrialisation agenda and the fact that SACU will implement the SADC Strategy and Road Map for industrialisation, collaboration mechanisms

will have to be established to ensure complementarity and synergy in the programmes. A list of the categories of key stakeholders and partners that SACU will engage with as part of the implementation of its Strategic Plan, as well as their potential roles, is provided in Table 3 below.

Table 3: SACU Stakeholders, Partners and Roles

| Stakeholder/Partner | Role |
|--|---|
| SACU Member States | SACU Beneficiaries; Resource Mobilisation |
| Other States (African and International) | Strategic Partnership; Resource Mobilisation |
| Other Customs Unions and Economic Communities (Regional and International) | Strategic Partnership; Networking; Knowledge sharing |
| International Cooperating Partners | Networking; Resource Mobilisation |
| Research Institutions; Think-tanks; and private sector | Research; Networking; Capacity Building; Technical Assistance; Collaboration; Resource Mobilisation |
| Media | Publicity; Information Dissemination; Networking |

SACU will undertake continuous efforts to consolidate and strengthen its existing and strategic partnerships and agreements, while also seeking to establish new partnerships. Such engagements can also provide the opportunity for the region to collectively engage in dialogue that can provide some insights that include lessons learnt and best practices that can improve the implementation of the SACU Work Programme, as well as inform the development of new interventions that can contribute to the achievement of the SACU Vision and Mission.





4. CONCLUSION

SACU Strategic Plan, 2022-2027, is the product of extensive collaboration and consultations amongst the region's Member States. The achievements, milestones, lessons learnt and challenges that the region encountered over the last ten (10)-years have provided a solid foundation to build on the progress that the region has made towards the Vision and Mission. As a result of this, the Strategic Plan functions as the region's shared strategic guiding post for the implementation of the refocused SACU Work Programme for the next five (5)-years.

The Plan, through its Strategic Pillars and the key priorities that have been identified, also provides its Member States and strategic partners at the regional, continental and international levels with a clear understanding of the strategic direction that the region will adopt over the medium-term to advance its collective interests. This will facilitate improved coordination and partnership going forward on these priorities and other areas of strategic or common interest, underpinned by cross-cutting considerations.

Further, guided by the Results Framework and with the support of the Secretariat's revised Organisational Structure, SACU is well-placed to make substantial progress towards achieving its trade, industrialisation and development objectives. In addition, the Strategic Plan will also allow the region to take advantage of the opportunities that have arisen through its Member States' participation in a wide range of Trade Agreements that include the AfCFTA, as well as to effectively respond to emerging regional and global issues that include COVID-19 and Climate Change.



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