

## Intervention 1: Capacity building during institutional reform

### Context

For several years SADC Secretariat has been engaged on a process of institutional reform and upgrading of its administrative and management systems, processes, procedures and internal controls. This reform process is actively supported by senior management and is led by the SADC Executive Secretary. A key driver for the reform has been the new Secretariat Institutional Reforms Co-ordinating Committee (SIRCC, established in 2010), an innovation of the Executive Secretary, to progress and co-ordinate the reforms by engaging all key stakeholders in the process, maximising synergy and impact.

To support the SIRCC, and to maximise engagement and interaction between the Secretariat's technical staff and external technical assistance funded by the EU and Germany through GIZ, a number of Technical Working Groups (TWGs) were established. The TWGs have proved highly effective in integrating technical advice and guidance, at the same time building increased and sustainable capacity and skills within the Secretariat.

### Nuts and bolts

An institutional assessment was undertaken in 2010 which defined the 'roadmap' to be followed for SADC to secure compliance with the international benchmarks in accounting, audit, internal controls, and procurement.

The extent of the work which needed to be undertaken by the Secretariat to meet these requirements required an intensive, all out, approach, supported by external technical assistance, to build in-house capacity and to achieve early institutional compliance.

As a new oversight committee, the SIRCC was identified as the best means to monitor the achievement of reform and compliance. With support under the EU-funded Capacity-building for Regional Integration (CBRI) project, which completed its activities in December 2012, and the GIZ programme Strengthening the Reform Agenda and Management Structures of SADC Institutions, the necessary financial and technical assistance was provided to the Secretariat to upgrade and transform its policies, processes and procedures. Throughout this process SIRCC met over 30 times, serving as the programme steering committee, and overseeing CBRI and GIZ interventions to ensure maximum impact and benefit to SADC.

The SIRCC was charged with driving forward the reform agenda while addressing the SADC Secretariat Capacity-Development Framework. This Framework outlines the context for the institutional reforms, with the Secretariat being a core support to the regional integration process which assigns priority to poverty eradication, sustainable economic growth, deepening economic integration and stable political co-operation. The SIRCC brings the key SADC Secretariat Directorates together with the EU and GIZ.

SIRCC recognised the need to establish TWGs to ensure greater involvement of the Secretariat staff in the reform process, to sustain the momentum of reform, and to foster staff 'ownership' of the changes being embedded in new policies, systems and procedures. The TWGs were established to advise the SIRCC on relevant technical areas, provide technical expertise and advice on protocol implementation, review technical assistance submissions,



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and undertake annual planning. TWGs were established in the following technical areas:

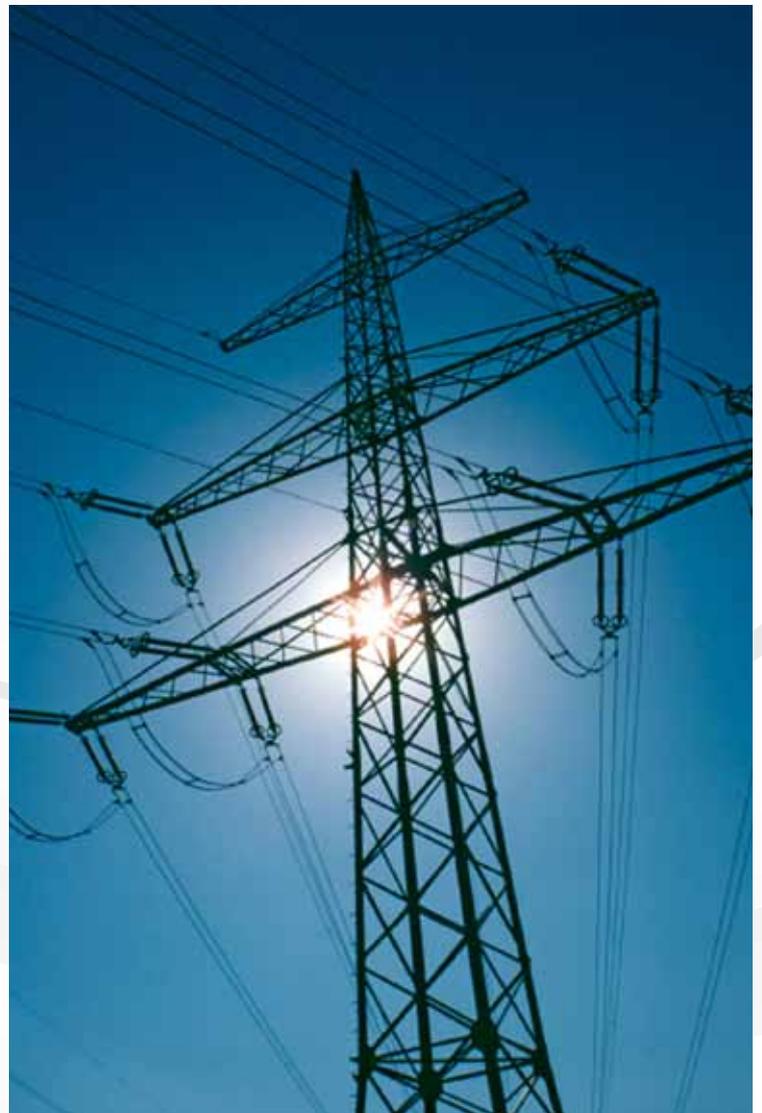
- Risk Management
- Human Resources
- Accounting and External Audit
- Statistics
- Procurement
- Internal Audit
- Planning, Budgeting and Monitoring
- Resource Mobilisation
- IT Development

Through the TWGs, the Secretariat management has been able to engage with stakeholders for their valuable inputs and active participation, and has supported the capacity-building that has been an invaluable product of the working group modality.

## Result

The institutional strengthening and capacity-building undertaken to-date have focused on reforms in accounting, audit, internal controls and procurement, along with the development of internal control frameworks in policy development, planning, monitoring and evaluation, statistics, international co-operation, risk management and governance.

During 2010-13 the oversight and guidance provided by the SIRCC, with the active support of the TWGs, has proved invaluable to the reform process. The mechanism has facilitated high-impact institutional strengthening and capacity-building and secured SADC's recognition as being institutionally compliant within a 2-years time-frame, an achievement of which SADC can be justifiably proud.



## Intervention 2: Audit and Risk Management

### Context

In the successful institutional reform process undertaken during the past three years, SADC Secretariat has striven to reach international best practice standards in accounting, audit, internal controls, and procurement. As one part of the reforms the Secretariat adopted a new approach to financial management and financial reporting, to strengthen the finance function which led to improved transparency, accountability, probity and equity.

The Secretariat's new approach to financial management is encapsulated in the following institutional developments:

- the Audit Committee and its Terms of Reference
- the revised Internal Audit Charter
- elaborated Terms of Reference for the external audit of SADC Secretariat and Institutions
- a new policy on Enterprise Risk Management
- a new Enterprise Risk Management Framework.

### Nuts and bolts

The Terms of Reference of the Audit Committee, approved in March 2011, allocate the following oversight responsibilities to the Audit Committee:

- financial reporting
- internal controls and risk management systems
- internal audit
- external audit
- economy, efficiency and effectiveness measures
- regulatory, compliance and ethical matters
- relationships in and between Secretariat Management and the Finance Sub-Committee (which reports to the Council of Ministers).

Internal audits now comply with the Statements on Internal Auditing Standards issued by the Institute of Internal Auditors. Internal Audit now reports functionally to the SADC Audit Committee, and administratively to the Executive Secretary.

SADC Secretariat, supported by the EU-funded Capacity Building for Regional Integration (CBRI) project which ended in December 2012, provided the Internal Audit Unit with technical assistance to ensure that its operations were compliant with the Statement of Internal Audit Standards and with best practice. The Secretariat developed the following instruments to ensure quality assurance and benchmarking against international standards:

- the Internal Audit Manual
- the Internal Control Questionnaire Manual
- the Risk-Based Audit approach

The Internal Audit Unit now provides standardised audit reports based on, linked and cross-referenced to, standard working papers and comply with international standards. The recommendations in these audit reports, and those in the external audit reports, are now updated quarterly and reviewed by the Audit Committee.

In preparation for these changes, the Internal Audit Unit developed a new instrument, the Risk-based Internal Auditing Manual, which will be tailored and aligned to the Enterprise Risk Management Framework and the risk assessment profile to be developed by SADC.

The External Auditors (the Board of Auditors) for SADC Institutions are appointed in accordance with the provisions of the relevant legal instruments under the oversight of the Audit Committee. The external auditor is bound by the provisions of the Terms of Reference for External Audit of



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SADC Institutions. By agreeing to these Terms of Reference the external auditors confirm that they possess the relevant experience and competence. The Terms of Reference under which the external auditors are appointed have been strengthened to include the oversight function of the Audit Committee.

Risk Management is the identification, assessment, and prioritisation of risks, defined in the relevant international standard as: “the effect of uncertainty on objectives, whether positive or negative, followed by the coordinated and economical application of resources to minimise, monitor, and control the probability and/or impact of unfortunate events or to maximise the realization of opportunities.”

Risks can come from uncertainty in financial markets, project failures, legal liabilities, credit risk, accidents, natural causes and disasters as well as deliberate attacks from an adversary, or events of uncertain or unpredictable root-cause. The Council of Ministers approved the SADC Enterprise Risk Management Policy in March 2012 and the Secretariat developed a Risk Management Framework.

The management of SADC are now responsible for:

- identifying risks
- assessing risks
- ensuring an appropriate response to risks
- informing Council about unacceptable risks
- assuring Council that it is monitoring the system of internal control which brings the remaining risks to within acceptable levels.

## Result

Revised Financial Regulations were approved by Council in August 2012, contributing to the available information about SADC’s priority setting and resource allocation. The improvements will enhance financial management and contribute to good governance through greater transparency, accountability and sound internal controls. The approved amendments to the Financial Regulations will facilitate the maintenance of the highest compliance rating in the institutional assessment benchmarks in accounting, audit and internal controls.

Improvements in resource allocation decisions should result from this, and therefore support the task of poverty alleviation in the region, one of SADC’s prime objectives. There will now be increased coordination in planning, budgeting and execution, with improved monitoring and reporting to provide the necessary feedback for future planning and resource allocation.

The separation of responsibilities between oversight bodies and management is a key feature of modern public finance management. The system holds management accountable to governance structures for the achievement of objectives within an approved budget. Equally, however, management is provided with some discretion to manage resources within their area of authority.

The provisions on the fiduciary duties of officers and the power to make delegations have been strengthened, requiring the Accounting Officer to develop and regularly review the system of delegations, including the maintenance of a Delegations Register maintained by the Director of Budget and Finance

## Intervention 3: Management by Results

### Context

The prime mover in changing the Secretariat’s management approach was the SADC Council of Ministers which in 2007 requested more emphasis on results, and defined the need for SADC to move towards a general system of results-based management.

It had become clear to the Council of Ministers that, while progress had undoubtedly been made in the political and regulatory environment to attaining the prime goal of regional integration, not all the Member States were realising the benefits at the same rate. Social and economic disparities in the region were not being sufficiently reduced, and sufficient progress was not being made towards regional integration, the Customs Union, Monetary Union etc. as envisaged in the Regional Indicative Strategic Development Plan (RISDP) and the Strategic Indicative Plan for the Organ on Defence, Politics and Security (SIPO) as the blueprints for development in the SADC region.

A new management approach was called for, focusing not on activities and processes as previously, but on outcomes and tangible results. This results-based management (RBM) approach is at the cutting edge of international good practice, and targets clearly defined and measurable outcomes for every organisational project. It provides an effective and transparent platform to demonstrate accountability, results and impact, and aims to secure and demonstrate results at all stages of the program cycle.

### Nuts and bolts

In 2006 Germany, through GIZ, supported the SADC Secretariat in developing an approach to results-based corporate planning and the Programme Management Cycle approach, with appropriate guidelines and tools for planning, budgeting, monitoring and reporting.

The decision to adopt Results-Based Management (RBM) was included in the Strategy, Planning, Monitoring and Evaluation (SPME) policy approved by SADC Council of Ministers in 2012. RBM is a vehicle, a set of tools, to strengthen the Secretariat’s move to management by results, which is itself only one stage on the road to being able to demonstrate full accountability to partners and stakeholders.

With the assistance of the EU-funded Capacity-building for Regional Integration (CBRI) project these developments were built on during 2010-12, and Planning Officers were recruited in each of the SADC Technical Directorates. Germany, through GIZ, provided advisory support during the entire institutional assessment process. The move towards RBM was deepened and appropriate guidelines, procedures and tools were developed for each Directorate, with Secretariat staff being trained in their application.

### Result

The Secretariat now has a functioning, planning-by-results management framework to produce the SADC Corporate Plan, the Directorates’ Operational Plans, and Quarterly and Annual reporting focusing on results.

The capacity of Secretariat staff has been substantially developed and is steadily growing as they become more familiar with the new planning and monitoring guidelines and templates.

Moving to results-based planning has had a positive effect on the way that the Secretariat goes about its business, introducing a new level of collaboration and co-ordination between the various Technical and Support Directorates. It has enabled development of a new framework which allows planning, budgeting, monitoring and reporting to be results-



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based. Most importantly management /business processes in the Secretariat are now clearly results-based. At every level of the business cycle the demonstration of results is now emphasised.

At the operational level RBM and the SPME policy are now breaking down organisational silos by introducing systems-thinking and cross-functional matrix planning. This is evidenced by the Secretariat Directorates collectively formulating a Medium Term Strategy aligned to the RISDP but taking a strategic and pragmatic view of what can be achieved in a realistic period of time. In the Medium Term Strategy the focus and direction for SADC are agreed and catalytic outcomes are identified. The Secretariat is then better able to organise its resources in a coherent and systematic manner.

Implementing RBM is a process and not an event, and having committed to it, the RBM system needs to be implemented consistently, with a continuing programme of capacity building as staff become more experienced in the new system

All Secretariat planning, budgeting, monitoring, evaluation and reporting is now results-based, and SADC is able to demonstrate the tangible results attained as it implements its regional integration agenda. Furthermore the process of implementing RBM has encouraged impressive synergies among different staff and stakeholders, and has enabled clear prioritisation to be applied at every stage of the management cycle. Policies are now based on demonstrated results and priorities, and scenario planning focuses on impact.

The system encourages regular reviews of progress, and reviews of strategies if the expected results are not forthcoming. There has been an impressive development of staff skills in planning, budgeting, monitoring and evaluation, and reporting. These developments will be enshrined in the new, web-based SADC Integrated Management System that was piloted during 2013-2014.

In 2011 SADC Secretariat applied these new competences during the development of the RISDP Desk Assessment as an internal evaluation of RISDP implementation. SADC has also carried-out its first, scenario-based, strategy design

process, responding to the uncertainties presented in today's global environment. Risk and uncertainty are more unpredictable than ever, and they can manifest themselves rapidly. The Secretariat is learning to adapt to these risks and uncertainties. The concept of Enterprise Risk Management has been introduced to the Secretariat, and the Risk Management Policy has been developed and approved. A third of SADC staff have been familiarised with risk identification and risk management, and risk registers have been completed.

The process of aligning planning to strategy has been started, with the Policy, Planning and Resource Mobilisation Directorate piloting an approach and methodology for co-ordinating its activities with SADC's medium-term strategic priorities. 2012 was the first year in which all the Support Directorates actively contributed to the sector planning process, and further progress in this direction can be expected in the next two years.

As a result of much hard work over the past two years SADC has created a stable organisational platform and laid the foundation for continuous improvement in the years to come. The purpose of the entire change in management approach has been to strengthen SADC's decision-making processes for priority-setting, resource allocation and programme management in order to improve its performance in achieving its regional objectives. The further development of an integrated planning system, underpinned by effective monitoring and evaluation, is a SADC priority, as a basis for the orientation and monitoring of its progress towards regional integration and for the realisation of the vision of "a common future, a future in a regional community that will ensure economic well-being, improvement of the standards of living and quality of life, freedom and social justice and peace and security for the peoples of Southern Africa".

## Intervention 4: Independent Procurement Unit

### Context

SADC Secretariat has adopted a new and integrated approach to Procurement. This new approach has enabled the Secretariat to strengthen its procurement function, improve perceptions, achieve good value, and minimise the possibility of corruption or conflicts of interest. The new procurement system, including a new Procurement Unit, was approved by Council in August 2011, together with the new Procurement Policy and the Procurement Guidelines.

Up to 60% of all annual expenditure by SADC (€18 millions) is through a procurement process, so having an efficient procurement system ensures that funds are effectively spent and that good value is obtained. Improvements in the procurement system have a direct and beneficial effect on the overall day-to-day operations of the institution, as procurement systems are the bridge between the institution's requirements and the private-sector providers. The Secretariat provides mainly services, some goods and some works to meet a variety of needs and to facilitate the regional integration agenda. These items are obtained from external suppliers, a process which must be managed objectively and transparently.

The key components of an efficient and effective procurement system include the following elements:

- Procurement Legislation, Regulations, Standard Bidding Documents (SBDs) etc. to guide all procurement activities;
- Procurement Structure, the Procurement Unit, Tender Committees and Requisitioning Units, that undertake all procurement activities;
- Procurement People, a Procurement Unit staffed by professional people that manage all procurement activities;
- Procurement Oversight, Governance structures and internal controls that ensure all procurement activities take place as they should;
- Procurement Data, Information and Reporting, to determine the procurement priorities and to underpin good decision-making.

A procurement system lacking these components is a procurement system that may not be performing as it should. In the case of the SADC Secretariat, these components are all now fully functional and effective.

The change process started in late 2010 when an Institutional Assessment identified a number of components of the Secretariat's procurement process as being in need of significant strengthening. Key initial initiatives, which were assisted by the EU-supported Capacity-building for Regional Integration (CBRI) project, involved building the procurement legislation, regulations and standard bidding documents to guide all procurement activities. In August 2011, Council approved the new procurement Policy and Guidelines. Following approval of these key documents there was a focus on establishing and operationalising the new system which is also accessible through an online-application on the new SADC website.

### Nuts and bolts

A key feature was the establishment of a new Procurement Unit and its subsequent operationalisation as a stand-alone unit. This required its conceptualisation and design, approval, funding, staffing and recruitment. It also required separation from the Administration Unit and the transfer of tasks to appropriate staff. It also required physical relocation to ensure a clear delineation for Procurement from Administration and to establish the new unit as a coherent and unified team. It required development as a new operational team and a change in its reporting lines, including the establishment of linkages between the Procurement Unit and the appropriate SADC Committees and Technical Working Groups. The process was often difficult and disruptive, and impacted many parts of the SADC Secretariat.



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This was all being done while the new SADC Secretariat procurement system was being operationalised, the two SADC Secretariat Tender Committees were being reconstituted, procurement training was being delivered, and the day-to-day operational procurement for SADC Secretariat was being undertaken. This was a major organisational effort and a milestone in strengthening the Secretariat's financial and internal controls.

SADC Procurement Unit exists to provide the best service possible to the institution in a fair and equitable manner and to protect the interests of the SADC and the International Cooperating partners. The Procurement Unit is tasked with acquiring from appropriate suppliers the works, goods and services needed by the institution in a timely and cost-effective manner, while adhering to established policies and procedures. The new Procurement Unit is composed of 8 staff members. .

A key element in the new system is its two Tender Committees, External and Internal. They adjudicate all procurement activities valued at US\$ 10,000 and above. These are permanent bodies of executive professionals appointed by the Executive Secretary to represent the Secretariat and the Executive Secretary in all procurement processes. The Procurement Unit provides secretariat services to the Tender Committees.

## Result

Since Council's approval of the new Procurement Policy and Guidelines in August 2011, all SADC procurement activities have used the new system, so significant institutional change has taken place. A strengthened procurement system is

now capable of procuring using International Co-Operating Partners' funds, and SADC is now able to procure using its own rules and procedures.

There is a greater understanding of the importance of the procurement function and process in SADC. Faster procurement is now possible through procurement planning, the use of standardised processes and documents, appropriate professional advice and support, and better trained staff. There is now a greater capacity to control procurement costs, reduce costs, contain costs and avoid unnecessary costs. Procurement risk is reduced as fewer people are now dealing with suppliers, resulting in better adjudication and increased oversight. There have been no appeals against the new SADC Secretariat procurement system since it came into use in April 2012.

Building capacity in the new procurement system is a critical current activity, an on-going and cumulative process of improvement. Much of the future training will be demand-driven, focusing on the procurement needs of specific Directorates and Units and undertaking specific procurements during the training process. The training will focus on developing specifications, pre-bid meetings, evaluating bids, preparing evaluation reports etc.

## Intervention 5: Regional Statistics

### Context

SADC Secretariat has developed and prepared the publication of the SADC Statistical Yearbook focusing on the year 2011, and it is intended that a similar volume will be prepared each year from now on. This is a major and significant output of SADC's framework for the collation and dissemination of reliable regional statistics, based on a harmonised and integrated approach to data collection and collation at the Member State level.

The establishment of reliable, year-on-year economic and social statistics across the SADC region will help to identify trends, establish comparative analyses and strengthen decision-making as it relates to economic and social policy-making in advancing the regional integration agenda.

### Nuts and bolts

The Yearbook is a direct response to the demands of users requiring reliable statistical information and indicators to analyse various dimensions of regional development. Its target audience includes all those interested in the SADC region, its people, the economies of the Member States and their environment. It is a rich source of statistical information and indicators covering many aspects of the Secretariat's work. It provides time-series and summaries of statistical information pertaining to SADC and its Member States on many subjects, including economy and finance, population, health, education and training, the labour market, living conditions and social protection, industry, trade and services, agriculture, forestry and fisheries, international trade, transport, the environment, energy, science and technology. It also includes data on the cross-cutting issues poverty, the environment and gender.

The organisational framework for compiling and sustaining the Yearbook comprises the Secretariat and the national statistical systems of the Member States, with the National Statistical Offices (NSOs) in the Member States coordinating the national data collection.

The Yearbook can be viewed as a menu-based Information system, and can be accessed online from the SADC Website. It is designed to be the leading publication for reliable statistics in the region, showing trends and developments in the economies, societies and the environment, containing the most up-to-date available data on international trade, foreign direct investment, finance, macro-economic factors, employment patterns, and tourism in the region and the Member States.

The main challenge was to bring together the extensive but fragmented data that existed in each Member State and to collate it into one overall integrated data bank. The existing data was often fragmented, with gaps, was in different formats, and used different techniques and analyses in its collection and interpretation. All of this needed to be streamlined and a common framework adopted.

The development of the SADC Statistics Yearbook received technical and financial support from the EU-supported Capacity Building for Regional Integration (CBRI) project. Under this project support was also given to the development of the SADC Regional Strategy for Development of Statistics 2013-2018 and the design and establishment of an integrated Trade Statistics Database

The preparation of the Yearbook involved all Member States and was undertaken in the framework of the SADC Statistics Committee, whose members are the Heads of the NSOs of the 15 Member States. At the 18th SADC Statistics



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Committee Meeting held in Maseru, Lesotho in June 2011 it was resolved that each NSO should appoint focal points to co-ordinate with the Statistics Unit at the Secretariat in the compilation of the Yearbook.

A Validation Workshop was held in Johannesburg in September 2012, attended by two NSO representatives from each of the Member States, and all professional officers of the SADC Statistics Programme. The key workshop objectives were:

To introduce the overall concept of the Yearbook to a core group of professional staff in the NSOs;

- To confirm and validate the data and data sources;
- To ensure data consistency between data held by the Secretariat and that held by the Member States;
- To ensure the provision of meta-data to facilitate appropriate interpretation and utilization of information;
- To obtain relevant inputs for improving the Yearbook table formats, to make them more user-friendly;
- To ensure that data contained in the Yearbook meets the real needs of data-users, and to ensure that the information correctly describes the phenomena it is designed to measure;
- To facilitate the sharing of experiences among Member States in relation to good practices, key challenges and recommendations for sustaining data collection for the Yearbook;
- To agree on mechanisms for publishing an annual SADC Statistics Yearbook.

Significant capacity building has mainly focused on two groups. The core team at the SADC Secretariat, who contributed to the compilation of the various subject-matter components of the Yearbook (this essentially entailed learning by doing for each compilation), and the NSO focal points. During the Yearbook's development the NSO focal points came across data-sets within their National Statistical Systems that they had hitherto not been aware of. These

focal points were also exposed to a wider range of statistical techniques and issues than those they were used to. It is evident that capacity-building is needed to equip the end-users of statistics with some basic data-analysis and data-handling skills. Training for this is now proposed for the first half of 2013, targeted at the Secretariat's professional staff and key professional staff in the Ministries of the Member States.

## Result

The Yearbook provides stakeholders with a comprehensive set of reliable and sound data relating to the socio-economic profiles and development of the SADC region and its Member States. The Yearbook is intended to:

Provide convenient access to regular, accurate, standardized and comprehensive information to enhance understanding of key development issues of SADC and its Member States;

- Steer policy and evidence-based decision-making for the region's economic co-operation and integration;
- Serve as a tool for identifying major gaps in existing regional statistics and provide input for the future Regional Statistical Programmed;
- Serve as a tool for the co-ordination of the SADC Statistics Harmonization Programmed, with Yearbook tables typically designed to facilitate comparisons between the Member States.