United Nations Development Programme

Botswana

GROWTH FOR THE MILLENNIUM DEVELOPMENT GOALS

THE CASE OF SOUTHERN AFRICA

THROUGH THE BOTSWANA EXPERIENCE

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I am happy to be here, representing UNDP and coming from a small country that is presently struggling with monumental development challenges, foremost amongst these: HIV/AIDS, unemployment, poverty, and the threats associated with globalisation and environmental stress. I am also proud to represent a country that demonstrates that it is indeed possible to make solid progress that benefits ordinary people in a part of the world, Southern Africa, that many now consider to be a lost cause because of the devastating confluence of disease, drought, conflict and governance failure.

Taken at face value, the development crisis in Southern Africa may appear to support the "Lost Cause" thesis. After all, Southern Africa is the epicentre of the HIV/AIDS epidemic and half of its people have less than 1 dollar a day each to spend on food, shelter, clothing, health and other essentials. Furthermore, peace and governance failures in several countries, most recently in Zimbabwe, the region's second largest economy and a country which otherwise has great economic and human development potential, compound the situation. Zimbabwe has the capital, natural and human, necessary to become a development success. Peace and governance failures in any one state induce destabilising region-wide economic migration, pollute the regional investment climate, and frustrate growth employment creation efforts.

A significant part of the sub-region, including Botswana, has some of the harshest physical conditions in the world, and because of that, the countries are vulnerable to recurring droughts. The region also has, as does the rest of the developing world, to contend with a generally unfair international trade regime, the effects of which will be worsened by the rapid pace of liberalising trade and investment reforms that Southern Africa is undertaking as part of a strategy for coping with the current phase of the internalisation of production and finance.

I will return to this later. What I wish to emphasise at this juncture is that despite the wide array of development problems facing Southern Africa, the decisive blows against the development process in this sub-region are being struck by HIV/AIDS. Had it not been for this nemesis, there would be no major need for alarm in countries such as Botswana, South Africa and Namibia. In the absence of HIV/AIDS, even post conflict Mozambique and Angola would have exceptional development prospects.

So where then is Southern Africa with regard to the Millennium Development Goals?

THE DEADLY CHALLENGE OF HIV/AIDS IN SOUTHERN AFRICA

Overcoming infectious diseases, especially HIV/AIDS, Malaria and Tuberculosis, is the fundamental basis for achieving the Millennium Development Goals in Southern Africa. HIVAIDS in particular threatens to put the region in a state of paralysis.

The ten countries of Southern Africa are home to 11.9 million of the world's 42 million strong population of People Living with HIV/AIDS (PLWAs). This is the equivalent of 10% of their combined population and more than 28% of the world's total population of PLWAs. Seven of the 11 Southern African states have adult HIV/AIDS prevalence rates of 20% or more, with Botswana and Swaziland both too close to the 40% threshold. Across the region health related indicators of wellbeing – life expectancy at birth, infant and child mortality, maternal mortality etc - are deteriorating.

Therefore, unless significant progress is made against HIV/AIDS, the MDGs are not a viable proposition for Southern Africa in the foreseeable future, and certainly not within the 2015 time frame.

Table 1. Adult National HIV/AIDS Prevalence Rates in Southern Africa (2001)

Country	Adult Prevalence	Country	Adult Prevalence
Botswana	38.8	Malawi	15.9 (1999)
Swaziland	33.4 (2002)	Mozambique	13.0
Zimbabwe	25.6 (1999)	South Africa	19.9 (1999)
Zambia	19.9 (1999)	Namibia	19.5 (1999)
Lesotho	23.6 (1999)	Angola	2.8 (1999)

Source: World Fact book 2002

The HIV/AIDS problem reaches much further than the prevalence statistics, the infected people, and the health sector. Across the sub region, HIV/AIDS has wrought unprecedented devastation on the human condition, the social fabric, government budgets and the macro-economy as a whole.

It may yet produce failed states because it is paralysing institutions of service delivery across sectors and eroding the government's revenue base even as it imposes additional demands on the government budget. With the exception of South Africa and Botswana, Southern Africa already needs donor assistance to fund the Government budget. HIV/AIDS will exacerbate this dependency and shift government expenditure priorities away from expansion of the production base to replenishment of eroding human resource capacity.

But it would be wrong to give up on Southern Africa. The development community needs to stay the course of supporting the bold initiatives that countries such as Botswana have put in place to turn the tide against this nemesis and to support others who lack the resources Botswana has, to expand and sustain their own prevention, treatment and care initiatives. This, we should commit to, not as a humanitarian proposition, but rather because Southern Africa is not fundamentally a lost cause.

The failure of the political leadership in the North to avail the resources necessary to sustain viable prevention, treatment and care programmes, the ineffectual advise given to these countries in the 1980s and the early 1990s when decisive action could have prevented today's catastrophic situation, and the failure of the leadership in Southern Africa to make some hard decisions may explain the pervasive sense of despair that is now emerging. But it does not excuse it!

We know from the experience of countries such as Uganda and Zambia that it is possible to bring down the incidence of HIV/AIDS and reduce prevalence through a combination of well thought out interventions and the natural evolution of the disease itself. More recently, the outbreak of the Severe Acute Respiratory Syndrome (SARS) has not only taught us that the early advice and strategies on HIV/AIDS were flawed, but also that those who dispense development advice have learnt a lot from the weaknesses of these strategies.

One possible Achilles Heel of prevention strategies in Sub-Saharan Africa has been the emphasis on individual human rights, enshrined in various UN conventions and numerous international conferences, that has made it difficult for Governments to effectively and expeditiously protect the public health objective. We also know that more than 80% of the Southern African population, many of them children, are free of HIV/AIDS. Which means that we have a constituency to help. I cannot imagine a greater show of lack of concern than for the development community to condemn these people, through inaction, to a fate to be determined by the capabilities of their poorly resourced governments.

Turning the tide against HIV/AIDS in Southern Africa, and indeed everywhere else, will require at least three bold measures.

The first is a genuine realisation on the part of the countries of the South that an emergency such as HIV/AIDS necessitates close consideration of the ethical dilemma of the rights of the individual versus the rights of society, the unborn child, the potential orphan, the wife, etc. That is what it took to stop SARS. Ethics and human rights count for little if they give an otherwise manageable health problem a window to develop into a crisis. Is it ethical for instance, for a doctor in Botswana to test a pregnant woman for HIV, discover she is infected, and then let her go without alerting her to the risks to both herself and her unborn child, when there are accessible measures that can significantly reduce the risk of HIV infection for the unborn child and to improve the quality and duration of the mother's own life?

Had Southern Africa adopted routine HIV-testing in the late 1980s or the early 1990s, there would most possibly not be an HIV/AIDS epidemic in the region, although certainly still a problem.

Botswana has now, just a few weeks ago, decided to settle for routine HIV-testing, which it hopes shall deliver universal HIV-testing. The most significant benefit of this measure is that it empowers individuals to act responsibly once they know their status. Knowing one's HIV status can completely change one's perspective on reproductive health, for instance, from indifference to jealous protection of one's health. For more than ten years, Botswana has been testing pregnant women for HIV and letting them, including those who test positive, leave health facilities ignorant of their status. The new position has been decided upon after intensive consultation among all stakeholders, including the UN family of agencies. I would even say that we have played a critical role in ensuring that the decision involves a recognition of the international human rights regime, which means that we all share a responsibility to inform people.

Second, the political leadership in the South must realise that HIV/AIDS is a national security threat and rise to the challenge. The HIV/AIDS crisis requires the personal attention of the political leadership at the highest level, and the willingness to make very tough decisions. Decisive action by Yoweri Museveni and Fidel Castro produced desired results in Uganda and Cuba. Yet, and rather paradoxically, an extended period of academic discussion in Southern Africa has allowed the epidemic to flare up. When more than 20% of a country's population is earmarked for death, a security crisis obtains because, as studies so frequently conclude, the collapse of the economy and government is a real possibility.

The third measure is for the countries of the North to avail resources – money, technology and skills - at the level and in a manner required to make a difference as envisaged under MDG Goal 8. It is regrettable that very few developed countries are meeting the Official Development Assistance target of 0.7% of GDP. It is even more regrettable that at a time when the Global Fund for HIV/AIDS, Malaria and Tuberculosis is unable to fund sound programmes developed in developing countries, some developed nations are delaying needed assistance by setting up their own initiatives with separate and costly bureaucracies. Developed countries should demonstrate willingness to cooperatively deliver development resources. They should also tear down the Intellectual Property walls that deny developing countries access to essential prevention and impact mitigation technologies, especially drugs. Some progress has been reached in the context of the WTO, but why should it take so long?

POVERTY: A CAUSE AS WELL AS A CONSEQUENCE

A cofactor in the spread of HIV/AIDS in Southern Africa is poverty. As we struggle to contain the epidemic, our efforts are blunted everywhere by poverty because the survival imperative render our messages inoperable.

In Botswana, prevalence does not vary significantly across socio-economic groups. I believe this is true across Southern Africa. And I would argue that it in part reflects the cost of the window of ignorance that was allowed an extended existence by flawed advice given to Governments in the early stages of the epidemic rather than lack of causality between poverty and HIV/AIDS. The relationship between Poverty and HIV/AIDS is one of mutual exacerbation, whereby poverty is both a cause and a consequence of AIDS. Poverty aids the spread of HIV in at lest three critical ways.

First, poverty is a barrier to information on HIV/AIDS. Some of the most powerful vehicles for disseminating information on HIV/AIDS - the internet, television, the radio and the print press - are not always accessible to poor people, either because they cannot afford them or because they lack the capability, say literacy in the case of newspapers, to use them. Thus many poor people depend on others for information on HIV/AIDS. If the source is not an informed HIV/AIDS educator or a health professional, the message may be distorted. This is how destructive myths such as *'sex with a virgin may cure AIDS'*, or *'washing genitalia immediately after sex may prevent infection'*, gain currency. One can imagine that in a vast country such as Botswana, there may be remote rural areas and specific groups, who are relatively insulated from HIV/AIDS information because of their forms of livelihood.

Second, poverty creates emergencies more immediate and intense than the risk of infection with HIV and dying of AIDS some 10-20 years later. Women and girls with adequate information on HIV/AIDS may trade unprotected sex for money to meet more immediate needs such as food and school fees. There are recent reports about women in Zambia who charge double the going safe sex rate if a client wants unprotected sex and who, according to a Zambian medical officer, *"… would rather die of AIDS than Hunger"*. So, even when poor people receive HIV/AIDS information, they may not act upon it, choosing instead to risk infection with HIV/AIDS if there is a chance they may be able to meet a more pressing and current need.

Third, access to very basic prevention technologies, including the male condom, is still constrained by lack of income. In some Southern African countries, large proportions of the population still have to buy condoms, at prices as high as $1. The female condom, so important in giving women control over whether sex is protected or not, is largely out of reach for an overwhelming majority of the women of Southern Africa. If, as so many believe, the war against HIV/AIDS will be won primarily on the back of effective prevention, an integral part of which is correct and consistent condom use, then poor people's lack of access to condoms is a major weakness in the war. The development community can and should fill the resource gap that denies poor people in developing countries access to condoms.

Finally, poverty increases susceptibility to infection when people are exposed to HIV. For instance, according to studies, deficiencies in some micronutrients, e.g. vitamins A, B and C, undermine the body's natural defence against infections, including HIV. For instance, they may compromise the integrity of skin and mucous membranes and so facilitate infection. Other conditions that are common to poor people and facilitate infection when people are exposed to HIV include the incidence of sexually transmitted diseases and infections such as Malaria, Bilharzia and intestinal parasites.

We also know that HIV/AIDS causes poverty. Its principal victims are able-bodied people, breadwinners who in the context of Southern Africa often support extended families. The long period between infection and death is a period over which the productive and earning capacities of the infected person and those who care for them are compromised. It is also a period over which medical expenses erode household savings and physical assets, plunging scores of otherwise prosperous families into poverty. Studies on the basis of work in the Free State province of South Africa conclude that households affected by HIV/AIDS experience disproportionate employment losses and that PLWAs migrate to households with pensioners. Botswana is undergoing a similar experience, whereby sick sons and daughters who can no longer work return home to their aged mothers to be cared for.

An especially vulnerable and fast growing group of people recently impoverished by HIV/AIDS in the region is that of orphans. Being an orphan in Southern Africa is itself an indicator of vulnerability to both poverty and HIV/AIDS. The traditional mechanisms that used to protect and care for orphans, for instance the extended family, have largely collapsed under pressure from HIV/AIDS and poverty. Orphans whose parents had assets often lose them to relatives turned plunderers. Often, adolescents affected by HIV/AIDS, in particular girls, assume the headship of households that have lost one or both parents. This has led to marked deterioration in their educational performance and that of their siblings. It is also not uncommon for girls affected by HIV/AIDS to resort to risky strategies for supporting their households. These may include early marriage, sexual relations with an older person or maintenance of multiple sexual relations, all for economic reasons.

HUMANITARIAN CRISIS: AIDS, FOOD AND GOVERNANCE

The crisis in Southern Africa is primarily threefold. In addition to an HIV/AIDS crisis, there is a food crisis, occasioned by drought and in the case of Zimbabwe, exacerbated by a poorly designed and poorly managed land redistribution programme. Six countries in Sub Saharan Africa – Zimbabwe, Malawi, Lesotho, Swaziland, Zambia and Mozambique - were especially hard hit by the crisis. An estimated 12.2 million people in these were considered to be in need of urgent food aid by the World Food Programme in 2003.

The Governance crisis is in some instances political, in some a post-conflict problem and in others a function of the HIV/AIDS epidemic.

Whilst Zambia is struggling to restore faith in its democracy and institutions, institutions of democracy are under threat in several Southern African countries. In Swaziland, the press, trade unions, the political opposition, and the judiciary, all of them key institutions in a democracy, are severely constrained. In both Malawi and Namibia, there have been growing concerns that the incumbent Presidents would amend the constitutions to pave way for extended tenure in office. In Zimbabwe, the Government has actively promoted lawlessness in a deliberate political strategy and has run the economy down through bad policies, the most spectacular being the maintenance of an overvalued currency and the pursuit of a land reform programme that has all but crippled agriculture, the mainstay of the economy.

The significance of the regional failure to resolve the Zimbabwean crisis or, at the very least, to adopt a credible stance on Zimbabwe could have a negative impact on the credibility of the New Partnership for Africa's Development (NEPAD). The defining attribute of NEPAD is, after all, a commitment to restoring good governance, which Africa can and should deliver on to silence sceptics.

But these contradictions notwithstanding, NEPAD is still a viable proposition, and President Mbeki is by far the African leader with the political clout to lead it, and to provide continental leadership. [In fact, to digress for a little, the war on HIV/AIDS is poorer because President Mbeki is not pushing it with as much zeal as he is pushing other continental issues.] And back to Zimbabwe: there are signs that President Mbeki may yet change tactics, as have several other players. For instance, Nigeria did not invite Zimbabwe to a recent Commonwealth meeting, and Botswana's Foreign Affairs Minister was recently unapologetically explaining to the press that Zimbabwe has been suspended from the Commonwealth.

And whilst political governance may seem wanting, Southern Africa as whole is positively reformist on the economic front and is producing good results, albeit at a pace slower than that envisaged by the MDG agenda, if we are to achieve all the goals and targets.

PATTERNS OF GROWTH IN SOUTHERN AFRICA

Over the period 1990-2015, the MDG agenda envisages a real GDP growth rate of 7% for Sub Saharan Africa if the region is to halve poverty by 2015. This is a fundamental assumption and precondition.

But the statistics tell us that Southern Africa will not meet this ambitious target, even though there are several countries that have posted reasonably decent growth rates – Mozambique, Botswana, Malawi, Lesotho, Angola and Swaziland have all posted growth rates in excess of 3% and above their population growth rates – over the last half-decade. It is also true that the region continues to outperform continental Africa. The sub-region's laggard is Zimbabwe, whose economy shrunk at an annual rate of 2.6% between 1995 and 2002, primarily because of poor political and economic governance. Zimbabwe is an example of how destructive governance failures can be.

Southern Africa: Average GDP Growth Rates (1995-2002)

Country	Growth Rate	Country	Growth Rate
Mozambique	6.9	Angola	3.1
Botswana	5.6	Swaziland	3.0
Malawi	4.2	South Africa	2.7
Lesotho	3.4	Zambia	2.4
Namibia	3.3	Zimbabwe	-2.6

THE GROWTH EXPERIENCE OF BOTSWANA: THE FACTS

Powered by diamond mining for the most part and judicious macro-economic management, Botswana's post independence growth performance and structural transformation have been something of a fairy tale.

Between 1966 and 1996, real GDP growth averaged 9.2%, the highest sustained growth rate by any country in the world over this period and matched only recently by reformist China's in the 1990s decade. By 2001, Botswana's real per capita GDP was, at US$ 4,049 in 1993 prices, 6.8 times the per capita GDP at independence. This rapid growth raised well-being in terms of both public and private provisioning for human needs and development of essential functional capabilities. Three critical public investment sectors, viz., infrastructure, education and health, were accorded utmost priority.

Throughout the post independence period, the primary sources of growth were mining and Government, with Government serving as the conduit through which diamond receipts were used to develop other sectors and to diversify the economy.

The effect of this growth, virtually all of it originating from mining, was to completely transform the structure of the economy, from an agrarian economy to a mining economy. In 1966, Agriculture accounted for 40% of GDP and mining was virtually inexistent. By 1983, the mining share of GDP had risen to 52.6% whist that of Agriculture had fallen to 8.8%. Overall growth has now moderated to a more sustainable 6.4% over the period 1996-2002 and is projected to average 5.5% from 2003/4 to 2008/9.

Growth and Good Governance

Although mining is correctly credited for Botswana's growth, due credit must also go to good political and economic governance. Botswana's political stability, a credible system of laws, an independent judiciary, competent institutions of service delivery and a capable state, provide a solid foundation for a viable mixed economy and growth. Her disciplined conduct of fiscal and monetary policies has earned her deserved credit and established a competitive incentive framework for investment and growth. Botswana has the region's strongest currency; no debt problem; has managed to keep the rate of inflation moderate; and has excellent government budget, balance of payments and foreign exchange reserve positions.

Conventional wisdom is that had Botswana not disciplined spending in the 1980s and 1990s, when she consistently turned out budget surpluses, she could have long overheated the economy and compromised growth and development. A similar view obtains with regard to exchange rate and monetary polices, the former being used to avert runaway appreciation of the Botswana Pula and the consequent strangulation of the export sector.

Unlike most of her neighbours, Botswana has never engaged in costly experimentation with state monopolisation of the economy. On the country, the country took the pragmatic route of choosing public investments carefully to complement, complete and nurture the market. Thus, the creation of State Owned Enterprises was based more on need than ideology, for instance power, water, rail, electricity and development finance. In the current phase of mass restructuring of state assets, Botswana is again acquitting herself well through a measured approach that contrasts sharply with the rapid restructuring that several countries now look back to with serious doubt.

But the challenge of economic governance has become considerably more complex, thanks to the challenges of the current wave of globalisation, which continues to reduce the potency of traditional tools of economic management.

Growth and distribution: Poverty Reduction Strategy

Despite great progress in providing public goods and services to a dispersed population in a country as large as France, Botswana remains with around one third of the population below the poverty datum line, down from around 40-45% in the last household survey in the 90'ies. This is recognised as being unacceptable, which has been clearly spelled out in the collective National Development

Compact called Vision 2016, adopted in 1997 after extensive consultation at all levels of society.

The government therefore asked UNDP to help develop the background for a new Poverty Reduction strategy. The study was finalised in 2002, and the strategy was approved by Cabinet in February 2003. It sets out a number of what you could call *affirmative actions*, targeting the most vulnerable groups of the population, and recognising the impact of HIV/AIDS on the entire fabric of society. And the strategy is based on the following conceptual understanding of poverty: *income and income generating opportunities; capabilities like knowledge, skills and health; participation as a recognition of the importance of inclusion in decision-making processes.*

All of this is part of what I call the National Compact between different stakeholders, and in the context of the Vision 2016 – as mentioned developed before the idea of the MDG's emerged. Let me – as a small contribution to the strategy – mention a joint effort of the GoB and UNDP to develop what we have called a *Community User Information System*. This is presently being set up in three rural districts, with the objective of utilising information from the web to improve income and employment in rural areas.

DIVERSIFICATION AND THE GLOBAL TRADE REGIME

One of Botswana's main economic challenges therefore is diversification for purposes of improving the economy's resilience. The Botswana economy revolves around the diamond industry. Diamonds account for about a third of GDP. They are the main source of Government revenue, accounting for 50% of annual Government receipts. Diamonds also account for more that three quarters of Botswana's foreign exchange earnings and in effect determine the country's exchange rate. This heavy dependence on a single commodity produces two kinds of vulnerabilities that Botswana would like to overcome urgently.

One is vulnerability to price fluctuations in the international market. Botswana is aware that the decline in Zambia's development fortunes can be traced back to the crash in world copper prices in the 1970s. Other commodity dependent economies have also experienced destabilising shocks in commodity prices. For instance, oil producers suffered sharp revenue declines during the oil price shocks of the 1970s. Botswana is thus keen to diversify both her production and export bases to make the economy more resilient to external shocks.

The second vulnerability is the prospect of the so called "Dutch Disease", which occurs when strong performance by a single export commodity induces currency appreciation to levels that make it difficult for the non traditional export sector to develop. The "Dutch Disease" effects may not be obvious, but Botswana's approach to exchange rate management, which deliberately restrains the Pula's appreciation, in particular against the South African Rand, suggests acute awareness of the threats of this phenomenon. It would be ideal to have a diversified export base rather than one commodity determine the exchange rate and the fate of the export sector.

With a population of only 1.7 million, Botswana's diversification prospects rest primarily on increased penetration of the export market. In this regard, two issues, both of them common problems for developing countries, and both of them difficult to resolve, require attention.

One is raising domestic competitiveness, which nations can do something about in the medium to the long term.

The second, which Botswana and individual developing countries have no capacity to influence, is fair trade rules. The Doha Development held great promise for improving market access for developing countries such as Botswana to diversify their economies and trade their way to development success. But it was not be, as the WTO Ministerial Conference that could have advanced the Doha agenda collapsed in Cancun.

The major trade and diversification concern of developing countries is that trade rules unjustly obstruct their industrialisation efforts. Not only do developing countries have little say in the development of trade rules, but the rules also allow developed countries to maintain competitive advantages through administrative measures. It is impossible for developing nations to diversify into value-added activities when, through a combination of subsidies, tariff escalation and non tariff barriers, developed countries confine developing country exports to raw materials in order to support their own uncompetitive manufacturing and processing industries. In both Europe and North America, steep farm subsidies deny poor countries jobs in the farm sector.

Developing countries are also under pressure at the WTO to liberalise their services sectors and government procurement in order to raise their appeal to foreign investors. For the same reasons, they are also required to further open up their trade and investment regimes. Though not inherently bad, these measures have two defects at the level of operation.

One is that their very uncertain gains – export markets, jobs, growth, technology transfer etc are over-emphasised and their costs understated.

Second, they are sold as if the pace of reform is unimportant.

We know otherwise. In some countries, liberal reforms may indeed produce substantial gains as envisaged, but other are not so predisposed. Reforms may raise imports, slow down the pace of industrialisation and raise joblessness. We also know that the pace and sequencing of reforms matters.

This is an area that UNDP has advised Botswana on, just like we have contributed to increased capacity for the government to negotiate global trade rules and bilateral trade agreements.

THE ROLE OF REGIONAL INTEGRATION AND NEPAD

The New partnership for Africa's Development (NEPAD) has emerged in the last half decade as perhaps the most credible framework for engaging Africa on development. It derives its legitimacy primarily from being a truly African initiative setting a common vision for Africa's development on the basis of shared convictions. Developing and developed countries alike can both relate to NEPAD. It is, foremost, about eradicating poverty and putting an end to Africa's marginalisation, is firmly grounded in the principles that underpin the MDGs, and responds well to the conditions that donors frequently set for ODA, for instance democracy, governance and commitment to reform.

As an instrument for pursuing a development agenda such as the MDGs, NEPAD has three critical attributes. It is a strategic framework for Africa's socio-economic development; a statement of commitment to Africa's development by African leaders; and a framework for partnership with the rest of the world. Furthermore, NEPAD has three simple goals that the development community can easily relate to: promoting accelerated growth and development, eradicating poverty and halting the marginalisation of Africa.

In the NEPAD process, regional cooperation and integration play a significant role in the development, especially in relation to:

[a] Building bigger markets to harness economies of scale and gain regional competitiveness as FDI destinations and as producers and exporters of goods sand services.

[b] Managing public goods, and public bads. The critical public goods are harmonisation of policies and incentives, joint marketing of the region and a unified approach to multilateralism. This approach yields two direct benefits: it avoids destructive intra-regional competition - for instance, in liberalising fiscal, investment and trade reforms - and avoids duplication of effort. Regional integration may also help improve both the incidence and the management of regional externalities, including those associated with governance failure, economic failure, and natural resources.

[c] Collaboration on high yield high cost projects with cross border benefit incidence. These can be found in infrastructure – transport, energy, telecommunications, water etc. and are essential to unlocking a region's economic potential.

[d] Establishing viable local markets. Whereas import substitution may not be an attractive strategy for a small economy such as Botswana's, it is considerably more viable for a US$232 billion regional economy such as Southern Africa.

WILL SOUTHERN AFRICA ALSO BE A LOST CAUSE IN 2015?

Southern Africa will not achieve the millennium development targets by 2015. Growth is too low, as are governance reforms and international development assistance. The full impact of the HIV/AIDS epidemic is still to be felt, so health related indicators will move in the wrong direction for the foreseeable future. Furthermore, peace, governance and security remain formidable challenges.

But Southern Africa need not be a lost cause in 2015. These challenges are not insurmountable.

If Southern Africa can muster the political will to deal decisively with HIV/AIDS and its governance problems, the region's fortunes could be transformed profoundly in a few years time.

Another essential requirement for Southern Africa to succeed is a more development friendly form development cooperation. Southern Africa needs an international trade regime that is development friendly.

Southern Africa needs you! It needs us!

Thank You!