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News

Workshops for Dissemination of PRSP Books

Following the final phase activities of the ADB-financed “Assessment of Poverty Reduction Strategies in sub-Saharan Africa: The Cases of Ethiopia, Kenya, Malawi, Rwanda, Uganda and Zambia” project, workshops for dissemination of the published books were held in two of the project countries.

The Ethiopian PRSP Book Dissemination Workshop

The OSSREA Ethiopia Chapter held a one-day PRSP Book Dissemination Workshop on 4th April 2008 at Semien Hotel in Addis Ababa, Ethiopia. Thirty-three participants drawn from the academic, government, advocacy groups, and the NGO sectors attended the workshop. The workshop was officially opened by Mr. Eskinder Alemseged, Infrastructure Specialist, African Development Bank, who represented the Resident Representative of ADB who was to open the workshop.

The guest of honour discussed the crucial role of researches to the development of Africa in general and to Ethiopia in particular. He retrospectively related the Workshop with the 3rd October 2005 when the three research findings were presented along with other studies in a regional conference held in Nairobi, Kenya. In line with that, the objective of the Workshop, as he pointed out, was to officially disseminate the publication of the three articles in a book entitled *Assessment of Poverty Reduction Strategies in Sub-Saharan Africa: The Case of Ethiopia*. In addition, the Workshop was expected to assess the core elements of poverty reduction strategies, analyze their feasibility, assess the monitoring and evaluation indicators, and finally to analyze the role of IMF conditionalities and other regional and global issues related to it.
He further reiterated the importance of disseminating the book among institutions, scholars, researchers, etc. to achieve the targeted objectives. On behalf of African Development Bank he reassured the continuation of funding OSSREA to other similar ventures in the future, and finally announced the official opening of the Workshop.

After the opening speech, the researchers presented their research findings. These were: Dr. Kassahun Berhanu of Addis Ababa University, Dr. Haile Kebret of the Ethiopian Economic Association and Mr. Getachew Adem, Head, Development Planning and Research, MoFED. Following the presentations, a resource person,
Dr. Gebre Yntiso of Addis Ababa University who had critically read the book, presented his assessment. At the end of the deliberations all participants agreed on the need for collaboration of researchers and policymakers to work together. The workshop was officially closed by Prof. Habtamu Wondimu, Resident Vice President of OSSREA.

The Rwandan PRSP Book Dissemination Workshop

The OSSREA Rwanda Chapter organized its one-day dissemination workshop on the 30th April 2008, at Petit Prince Hotel, in Butare, Rwanda. Over 70 participants drawn from the academic, government, advocacy groups and NGO sector attended it.

The programme started with brief welcoming remarks by Dr. Herman Musahara, Liaison Officer of the OSSREA Rwanda Chapter. Dr. Musahara expressed his appreciation, thanked the participants for accepting the invitation and attending the workshop, and then introduced the programme of the workshop.

The workshop was officially opened by Mr. Leonard Rugwabiza, National Economist, African Development Bank, who represented the Resident Representative of ADB.

Prof. Martin O’Hara, Vice Rector of Academic Affairs, representing Prof. Silas Lwakbamba, the Rector, gave a keynote address in which he highlighted the importance of hosting OSSREA- Rwanda Chapter at the National University of Rwanda and working as partners. He also emphasized the key role that research play both in enhancing the transfer of knowledge at the universities and for effective policy designing.

Dr. Akim Mturi, OSSREA’s Acting Executive Director, underscored in his speech the importance of research in enabling policymakers to make informed decisions that could bring about the desired impact on the society.

Subsequent to the opening remarks, the three researchers, who contributed their respective
chapters to the book, presented their papers: These were: Dr. Herman Musahara of the National University of Rwanda, Mr. Rutikanga Bernard of the National University of Rwanda and Mr. Rwamucyo Ernest, who was coordinator of Rwanda’s Poverty Reduction Paper at the time when the research was conducted. Following the presentations, a resource person who had critically read the book presented his assessment. The resource person was Dr. Jose, from the National University of Rwanda.

In the deliberations the participants noted that Rwanda’s PRSP has now entered the second phase and this research that focused on the first phase would form a basis to focusing on the monitoring and evaluation process of the achievements of poverty reduction strategies.

The Workshop was officially closed by remarks from Mr. Enemanachew Yimamu, Senior Research Coordinator of OSSREA.
Participants of the Rwandan PRSP Book Dissemination Workshop, 2008
**A Farewell for Dr. Meshesha Shewarga**

Dr Meshesha Shewarega, who has worked at the OSSREA Secretariat for the last two years has now departed to take up a Directorship post at CRDA. During his stay at OSSREA as Senior Programme Officer/Research, Dr Meshesha accomplished a number of undertakings.

Dr Meshesha initiated and coordinated a project founded by the International Development Research Centre (IDRC), in collaboration with the Dakar-based partnering institution - the West African Rural Foundation (WARF). The project was the first of OSSREA’s collaborative ventures with a French-speaking organization. This capacity building workshop was intended to boost the research capacity of researchers in the areas of climate change adaptation.

Dr Meshesha who was also coordinating the activity of the various Chapters of OSSREA has also initiated another capacity building project for Lusophone Africa to be implemented in Maputo Mozambique.

Dr Meshesha was also actively involved in developing concept papers with regional and pan-African dimensions, touching upon conflict, NEPAD and the MDGs. Dr Meshesha designed various research projects to widen the donor base of OSSREA and various research capacity building programmes.

Dr Meshesha was given a farewell lunch on the 9th May 2008 whereupon the OSSREA Secretariat wished him all the best in his future endeavours.
OSSREA Appoints a New Director of Publications and Dissemination

Dr. Abiye Daniel has joined the OSSREA Secretariat as Director of Publications and Dissemination as of the 1st of May 2008. Dr. Abiye has a BA in English, and an MA in Literature from Addis Ababa University, and also an MA in Stylistics from Nottingham University. Dr. Abiye got his PhD in Literature and Language Teaching through a joint programme between Addis Ababa University and The University of London in 1998.

Before joining OSSREA, Dr. Abiye worked for Addis Ababa University, in the Department of Foreign Languages and Literature for twenty five years. Dr. Abiye begun as a Graduate Assistant and worked his way up to the rank of Assistant Professor. During his stay at the university he worked in several positions, including as Sophomore Co-ordinator, Secretary of the Academic Commission, the Secretary of the Staff Affairs Committee, and as Organiser of the ILS Conference.

Regarding research and publications, Dr. Abiye has had a lot of experience in writing articles, proof-reading and editing. At present his interests are in Ethiopian Literature in English where he has been doing research and publishing. The OSSREA team welcomes Dr. Abiye aboard.
Regional Economic Integration: The Key to Africa’s Development in the 21st Century

Jephias Matunhu*

Abstract
The end of colonialism in Africa has allowed newly independent countries to play a pivotal role in fighting underdevelopment and poverty. However, current efforts have been flawed in that they are hinged on foreign ideas. Africa needs the free market economy at regional level under the banner of ‘regional economic union bloc integration’. The economic integration of Africa has to be rooted in a true African values system of communal life as opposed to the global free market economy.

Introduction
Since time immemorial, nations all over the world have found strength and power in group effort. World wars were fought by alliances. Similarly, the search for economic prosperity challenged the formation of the European Union, the G8, North American Free Trade Agreement and such other groupings. Africa’s regional integration has followed a similar path particularly as the continent tried to chisel out a sustainable formula to economic prosperity. The past two decades have witnessed a race in either the formation or expansion of the regional integration arrangements. To date, most countries belong to at least one regional integration arrangement. The intriguing question raised, “Is integration omnipotent in solving poverty ills and what type of integration would be most applicable to Africa?” This brief article examines the efficacy of economic integration in fighting poverty in Africa from a social science perspective. Economic integration is herein defined as a preferential agreement among countries to reduce barriers to economic and noneconomic transactions between member States (Mistry 1995). It is also construed as the rise of international trade through cross-country links in the market for goods, services and some factors of production. The paper holds the

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opinion that regional economic integration can either reduce or exacerbate underdevelopment in Africa depending on the continent’s level of solidarity, commitment and unity of purpose. The paper is premised on the integration of African countries for Africa on a regional bloc basis because there is better complementarity of these countries. Any other integration or trade linkage would be negotiated not by individual countries but by their regional integration bloc.

**Theoretical Framework**

The current economic integration arrangement appears to be skewed in favour of the West forcing Africa to depend on the metropolitan for its technological, political and financial support. This arrangement can be explained in terms of the dependency theory as read with the motives of the ‘historic’ partitioning of Africa, globilisation and the global free market economy. According to the dependency theory at the centre of the economic world are the wealthy states while the periphery is occupied by the poor states (Andre 1981). The arrangement is exploitative in that human and non-human resources are extracted from Africa and shipped to the rich and more powerful states under the guise of modernization. In the process, Africa is forced to sell its products and raw materials at low prices while buying the core’s raw materials and value-added goods and services at comparatively high prices. Worse still, Africa is strategically positioned as a market destination for obsolete technology, ill advice, substandard goods and services. The dependency theory can also be contrasted to the views of the modernistic free market economists who argue that the periphery is progressing on a path to full integration. The concept of free market is misleading and hegemonic. How 'free' is the free market economy considering that the economic market is dominated and monopolized by foreign multinational companies? The richer countries also control Africa through the power of ‘AID’ and their interference with Africa’s growth path. Efforts by the dependant Africa to resist this interference often trigger economic sanctions, the elimination of resisting leaders or military invasion and control.
Envisaged Economic Integration Arrangement for Africa

Economic integration arrangements can take various forms, depending on the way discrimination is applied to non-members and the depth and breadth of the integration. Differences also exist in the discretion they allow members to set policies, particularly commercial policies (Monyai 1997). The paper advocates for the economic union (EU) of Africa, where regional blocs have a common monetary and fiscal policy for member countries. The economic union integration enhances trade creation, which in turn encourages industry competition. Such competition may lead to more efficient means of production resulting in better remuneration and lower prices as shall be analyzed under the next sub-heading. The political union needs to be achieved through the proposed United State of Africa (USA). It becomes imperative then to ask the question, “What benefits will Africa enjoy by engaging in regional bloc economic union integration?”

The antithesis to the dependency theory is the African Renaissance theory- on which this paper is premised. The theory militantly rejects the mainstream growth and dependency paradigms. It empowers Africa to act in a world that is dominated by the metropolitan states by suggesting that micro-level development should be the primary focus. The theory argues that micro-level (rural areas) growth should take precedence and determine the type of economic integration and poverty reduction initiatives that the State should follow. Whatever strategy the State adopts, it must therefore be informed by the African values like ‘Ubuntu’ in South Africa, ‘Humwe’ in Zimbabwe and 'Harambee' in Kenya. The theory opposes the ‘systems maintenance’ capitalistic economic integration models, which are believed to perpetuate poverty, unemployment and social alienation. The antithesis emphasizes local solutions, pluralism, community-based solutions and reliance on local resources. The African Renaissance theory is guided by the belief that human beings must have the opportunity to live full lives. But the question to ask is, “What integration options are available for the Africanisation of development and poverty reduction initiatives?”
**Benefits of Deep Economic Union (EU) Integration to Africa**

Poverty is endemic in Africa, and to think of Africa has become the same as to think of poverty (O’Connor 1991, 1). The potent question is, "Why is the continent reeling in the doldrums of economic poverty while endowed with a diversity of natural resources?" and also, "Why is Africa unable to take advantage of the current technological break-through to accelerate economic development?" The paper argues for the deep regional economic integration of Africa by Africans. The benefits of this economic integration are many and varied. Countries from different ideological backgrounds have come together to benefit from mutual independence, to enhance their bargaining leverage and to gain some degree of international political influence. Africa needs to adopt this EU status to avoid losing out in the global competition for export markets and investment (FDI).

The economic integration of Africa is likely to facilitate the attainment of the New Millennium Development Goal of reducing poverty by 50% by 2015. More so, countries integrate because they realize that their lives and economic options are being determined not only by themselves but also by an international environment over which they have very little control, and that the inherent risks can be minimized through group efforts and not individual country’s action. The other salient benefit is that the EU regional economic integration arrangement reduces barriers to trade among member states. The economic theory predicts that economic union empowers welfare by enabling citizens to produce goods and services from the cheapest source leading to the reallocation of resources based on comparative advantage. However, the EU generates welfare gains only when trade creation dominates trade diversion - an outcome that can be determined in advance.

The increasing role of FDI, international capital and capital markets in supporting higher growth, higher employment and the exports of several countries reflect some of the tangible outcomes of deep EU integration across Africa. Such an economic integration leads to lower consumer prices because of increasing allocative efficiency.
through production structures which are based on comparative advantage, the exploitation of economies of scale in the bigger domestic and international markets and the adoption of new technologies. Poverty is attended to in that the poor are likely to get goods and services at lower prices. Notwithstanding the possibility of dysfunctional distributive contradictions of the EU gains, the poor are likely to benefit from an enhanced social service. There is evidence to support that deeper EU has played an important role in accelerating growth and reducing poverty in an increasing number of developing countries (Dollar and Kraay 2002). By banding together under EU regional blocs, Africa increases its economic bargaining power with the rest of the world. An economic integration of Africa is also likely to strengthen Africa against its foes. This economic integration puts a high premium on good governance, which is democratic. It emphasizes local participation in fighting poverty. In a sense, such a government would be expected to facilitate the formation of micro-finances to fund locally-initiated poverty reduction projects. The contemporary view is where they themselves are fully involved in shaping their future and where they are given room to live their lives to the full.

Economic integration encourages competitive market, which leaves little room for corruption – a factor that adds to transaction costs. Through deep EU, Africa is rendered more accountable to its citizens, technological gains, and shifting geopolitics. There is ample room to conclude that such integration will enhance the installation of cheaper communications which will create tremendous opportunities as well as lifting barriers to global knowledge and problem solving. Regional integration can benefit member countries through increased trade creation and competition, usually when countries, their endowments or both are small and market size is limited (Bank 2007). More competition and the increased possibility of bankruptcy may induce firms to eliminate internal inefficiencies and raise productivity. The consequent staff resizing and intense competition can increase worker productivity, an attractive benefit to small and low-income countries in Africa. The similarities
and differences embodied in Africa can make regional integration and cooperation beneficial.

Many African countries share common resources such as rivers, and problems such as HIV/AIDS and low productivity. But they also exhibit important differences particularly in their endowments. Though they have limited resources some have a well-trained work force; some are endowed with rich oil deposits; some have water resources suitable for hydroelectric generation while some have excellent academic institutions and capacity for improving research and development. By pooling their resources and exploiting their comparative advantages, integrated countries can devise common solutions and use resources more efficiently to achieve better outcomes. The opening up of new businesses creates new business opportunities. By stimulating trade, regional integration can accelerate the rate of technological progress over that under autarchy.

Still further, regional economic integration arrangements promote cooperation. Such arrangements provide a framework for cooperation in using resources such as rivers, roads and rail links and electricity grids. Take for example the SADC’s support of the Southern African Power Pool which provides for regional exchanges of electricity. The savings from the Southern African Power pool over 1995-2010 are estimated at US$785 million (World Bank 2000b). At the same time, regional integration calls for sacrifices for there is a possibility of some countries benefiting more than others.

Possible Challenges to the Economic Integration Initiatives in Africa

It is tempting and equally erroneous to conclude that EU arrangements will always generate welfare. EU has its own problems like financial instability, disease transmission and cross-border criminal activities. Deep EU integration of Africa can also be a source of conflict. Conflicts occur in that the envisaged integration disturbs the current socio-economic and political status quo that is tilted in favour of the metropolitan countries. Such countries are likely to work against the envisaged integration through AID
countries’ reluctance to adhere to economic integration programmes, including the elimination of tariffs, insufficient technical and analytical support, divergent and unsustainable national micro economic policies, is yet another challenge which could also emanate from multiple memberships to integration arrangements. A limited network of paved roads also constrains poverty reduction in Africa for such infrastructure will fail to support the movement of goods and services within the economies. This scenario is exacerbated by the fact that telephone communications have limited capacity in Africa with an average of just 14 telephones per 1000 Africans in 2000. Twenty-four countries have fewer than 10 telephones per 1000 people while in advanced economies there are more than 450 telephones per 1000 people (UNCTAD 1995).

Many African economies suffer from a lack of diversity in production and exports which could be attributed to inadequate infrastructure, small
physical and human capital stocks. Though the average share of agriculture in Africa GDP fell from 40% in the 1960s to 20% in 2000, it still accounts for more than 40% of GDP in some countries and for more than 30% in many (UNCTAD 1995). Cross-border and civil conflicts remain a tragic reality or constant threats in many parts of Africa. Political instability and conflicts in turn erode institutional capacity and worsen economic performance, creating a vicious cycle. Africa’s poorest economic performers have a history of conflict (ECA 2004). Conflict can undermine an economy by destroying physical and human resources, causing social disorder, which increases the cost of doing business as private citizens divert scarce resources to protection and self insurance and the misallocation of financial and human resources to war efforts rather than to useful production activities.

Regional integration reduces government revenue from tariff cuts among member countries. The cost of this loss depends on how easily members can switch to alternative ways of raising funds but it can be higher in countries that rely heavily on tariff revenue. The cost of reducing tariffs could see Zimbabwe and Zambia loosing half of their revenue if free trade is introduced in the South African Development Community (SADC). Customs revenue provides 6% of government revenue for Zambia and 10% for Zimbabwe. The problem is expressed by Buthelezi (1997,6) who argues, “African countries today instead of complementing each other are busy competing for the market of raw materials.” Perhaps, it is high time Africa exported value-added goods instead of concentrating on raw materials. Africa has to reduce its dependence on the western market because it is this dependence that imprisoned the continent.

Conditions for Successful Economic Integration in Africa

First and foremost the African continent has to persevere its long-standing ambition for deeper integration. Africa needs to draw up a
(Notshulwana 1997,19) consensual plan on investment priorities which runs in a linear direction starting from infrastructure, then move to agriculture and the manufacturing industry. The strategic goal for each regional integration bloc should go beyond short-term growth ensuring a fundamental change of position in the international division of labour, away from primary commodity production. The economic integration process should not be viewed as an event but a process which takes into account the political, social and economic development of the member states. This is because fast-tracking the continental integration may choke and stifle the whole essence of economic development in Africa. For integration to succeed, political efforts must be made to promote equitable distribution of integration, costs and benefits. There is also need for governments to provide technical and financial support to economic integration programmes in the continent. Africa’s integration agenda must be compatible with external obligations, such as the arrangement for the WTO and the Cotornou Partnership between the European Union and Africa, Caribbean and the Pacific countries, but only as long as they do not undermine the socio economic and political sovereignty of Africa. There is also need to ensure compatibility among regional integration schemes. This implies elimination of inconsistencies arising from overlapping membership.

Africa should promote interaction among regional economic communities and specialized development institutions. The private sector, including banks, must be positioned at the centre of the economic integration and poverty reduction agendas. The continent should strive to foster the competitiveness of regional economic communities and of Africa as a whole. Further, to achieve economic integration, the continent needs to set up an economic integration ministry, relevant sub-national structures or an appointed coordinator with full authority and capacity. The ministry can be located in the African parliament under the proposed continental body (United States of Africa).
The continent needs to adopt a rule-based system of implementing its regional integration agenda to enforce standards and commitments for integration at all levels. The need to develop a rigorous coordinating and monitoring mechanism to track progress on integration at all levels cannot be ignored, just like the need to build a comprehensive civic awareness of integration among the African people as well as involving them in the process. Furthermore, the continent must be able to hold member states accountable to the common values embedded in the rule of law, constitutionalism, good economic and political governance and respect for human rights. The continent is also supposed to institutionalize the involvement of the private sector in the structures of the African Union’s decision-making, and provide technical and financial support to integration’s benefits. However, concerns are raised about whether there is sufficient political will to convert words into action and about the daunting financial and investment challenges.

For an effective economic integration to take place, Africa should see and learn, how regional economic integration benefited the economies of Hong Kong, Taiwan, Korea and China, and the original five ESEAN member countries which include Indonesia, Malaysia, the Philippines, Singapore and Thailand. These Asian countries were able to expand their share of global trade from 5.4% in 1975 to 18.7% in 2001 while their share in manufactured exports increased from 52% in 1981 to 88% in 2001 (UNCTAD 1995). Alongside this economic growth, there has been a notable expansion on intra-regional trade in these countries. In fact, their intra-industry growth increased by sixfold, and the share of intra-regional trade in East Asia total trade rose from 23% in 1980 to 41% in 2001. These increases in intra-regional trade and investment were a natural process of economic development because economies in close proximity tend to grow together by taking advantage of economies of scope and scale.

By the same token, Africa needs to guard against emulating other regions just for the sake of it. The ASEAN community may have taken advantage of the absence of copyright laws during their time of growth; but the situation has
since changed. Africa’s poverty reduction and development path has to be founded on African values like communalism. Africa’s future also depends on the quality of its top leadership. In the absence of inspired leadership, weak reform coalitions become the rule. The emphasis should be on creating a high quality administrative system to manage a globalized and more complex environment. Africa has to speak with one voice and refrain from accepting prescriptions from external forces and the need for a superior regional association through economic integration initiative has to bind Africans together.

Since the economic integration process requires political support, member states will need to subordinate their individual interests to those of the entire grouping. The future of Africa is hinged on deep economic integration for poverty reduction and economic prosperity. To achieve this objective, there is need to reinforce bilateral and multilateral free trade agreements within the continent. There is also need to engineer financial arrangements, regional and continental cooperations as a matter of priority whenever policymakers, academia and thinktanks come together. On the whole, there should be serious input from people from all walks of life (Notshulwana 1997, 22). In its effort to achieve this goal, Africa has to be careful to avoid social disintegration. It needs to put in place mechanisms to deal with the challenges of inevitable conflicts between civic societies through a robust education system that is developed by Africans for Africa. It is by using the right quantity and quality of education that Africa can transmit the correct value systems for the emancipation of the continent from poverty and liberate itself from dysfunctional influences from outside. Africa should therefore aspire, draft and implement policies that go beyond economic prosperity and ensure good governance, social equity, cohesive families, cultural achievements, care for the environment and quality of life. The economic integration process should also be founded on the principles of accountability and transparency at all public systems. The intriguing question that still remains is, “What strategy should Africa adopt to expedite poverty reduction through
be at the very front of world development rather than racing to catch up with the self-styled developed nations. After about 50 years of following the western model of development, Africa is still no farther forward even in economic terms; instead it has gone down. Hence it is time for Africa to get out of the notion imbedded by years of European occupation that western culture provides the benchmark for a civilized, developed society. What is more, the struggle can be successful if Africans are masters of their own destiny.

Concluding Remarks
In sum, the envisaged deep regional economic integration and poverty reduction initiatives should be based on African values, and the process should be about creativity, cohesion and civilization. Africa has to learn from the successes of other regional integrations. Drawing experiences from the East Asian’s rapidly growing economies can restore hope and possibility in our poverty reduction strategies. Consequently, this will also strengthen the argument against the increasing tendency of foreign donors of providing Africa with loans instead of outright grants and towards tying aid to exports of the donor countries, which has saddled many countries with a debt repayment burden. Agreeably, Africa, which is currently impoverished by corruption, political and economic mismanagement, is positions off in a difficult situation. Nevertheless, if her enormous natural and human resources are properly harnessed it would lead to equitable and sustainable growth of the continent. Africa has to

REFERENCES


Export Diversification: Sine Qua Non for Botswana

Gaotlhobogwe. R. Motlaleng*

Abstract

The purpose of this paper is to demonstrate why it is important for Botswana to diversify her export structure. The analysis is conducted by comparing Botswana’s terms of trade with those of the Republic of South Africa (RSA). It is shown that terms of trade are volatile in Botswana than in the Republic of South Africa. This is explained by the fact that Botswana exports primary commodities whose prices are unstable while the RSA exports mostly manufactured goods with stable prices. The survey further shows that changes in terms of trade affect output growth. This finding corroborates empirical evidence by Mendonza (1995) and Kose (2002) that almost half of output volatility in developing countries can be accounted for movements in their terms of trade. Therefore, any development strategy in Botswana must be geared towards export diversification from raw materials to manufactures whose prices are less volatile. It is also argued that the exchange rate policy regime of any country affects the impact of terms of trade on output. Additionally, export diversification in Botswana is a matter of urgency in light of the forthcoming trading arrangements and rules under the SADC Trade Protocol and the Economic Partnership Agreements.

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This study aims to show why there is a need for Botswana to diversify her export structure. Currently, Botswana exports mainly primary products, particularly diamonds, copper-nickel and beef. On the other hand the Republic of South Africa exports manufactured goods. Furthermore, the RSA has a floating exchange rate policy while Botswana has a crawling peg system. Given this, the two nations’ output growth would be differently affected by changes in their terms of trade.

It is argued that most developing countries encounter fluctuations in the price of commodities they export (Khan 1986). Such swings are unwelcome since they contribute to a decline and increased volatility in the growth of a country’s output. For instance, Kose (2002), among others, concluded that changes in the terms of trade can account for half of output volatility in developing countries. This implies that external shocks, such as worsening terms of trade, pose serious macroeconomic management problems for policymakers in developing countries.

The paper proceeds as follows. Section 2 outlines the importance of the terms of trade and
export structures of Botswana and the RSA. Section 3 summarizes terms of trade movements and output growth in Botswana and the RSA. In Section 4 the relations between exchange rates, terms of trade and output are discussed. Section 5 discusses the implications of the SADC Trade Protocol and Economic Partnership Agreements (EPAs) on regional economies, while the last section concludes the study.

2. Terms of Trade and Export Structures of Botswana and the RSA

2.1 Importance of the Terms of Trade

Terms of trade, the price of exports relative to the price of imports, matter significantly for any country for the following reasons. Firstly, increases in the price of exports boost the country’s export revenues and constitute an improvement in its terms of trade and trade account. Secondly, increases in the price of imports worsen the terms of trade since the country pays more for its imports which may lead to balance of payments deficits. Baxter and Kouparitsas (2000) concluded that terms of trade fluctuations are twice as large in developing countries as in developed countries. This divergence is attributed to the following factors. Firstly is the heavy reliance of developing countries on commodity exports whose prices are volatile than those of manufactured goods exported by developed countries. Secondly, developing countries are generally open to international trade, hence terms of trade shocks are likely to have a marked impact on their economic growth and development. Thirdly, developing countries are further exposed to adverse effects of terms of trade shocks since they are price takers in global markets. Lastly, terms of trade fluctuations in developing countries are exogenous, unlike in developed countries and oil exporters who have a substantial influence on their export prices. Empirical evidence by Mendonza (1995) and Kose (2002) indicates that almost half of output volatility in developing countries can be attributed to movements in their terms of trade. From the foregoing, it is apparent that each developing country must strive to avoid the
worsening of its terms of trade in order to tackle the problems of poor economic performance, poverty, unemployment and inequality which normally characterize them. Therefore, any development strategy in developing countries (such as Botswana) must be geared towards diversification of their production structures from raw materials to manufacturers whose prices are less volatile, are more job and income generating and are also associated with increasing returns.

2.2 Export Structures in Botswana and the RSA

Botswana is a relatively open economy and has experienced a remarkable growth of its foreign trade. Botswana’s trade relationships are dictated by her membership of the Southern African Customs Union (SACU) and other trading arrangements. These trading arrangements have influenced her trade policy, structure, pattern and direction of trade. The major export commodities of Botswana are diamonds copper-nickel and beef. While diamonds are currently the main export (Table 1), Botswana’s exports are destined to the UK, Europe, the Southern Africa Common Customs Area (CCA) and Zimbabwe. The main source of Botswana’s imports is the CCA and the main imports are vehicles and transport equipments (Veh Trans), mechanical and electrical equipments (Mach & Elec), food, beverages and tobacco (FoodBT), fuel, textiles and foot-wear, (TextileFW), wood and paper products (Wpaper), and chemicals and rubber products (ChemRub) (see Table 2 for more details). Botswana’s balance of payments has recorded surpluses over the years due to the good performance of the trade account resulting from the diamond exports earnings.

Due to the recession in the industrialized countries in 1981, the demand for uncut gemstones (diamonds) fell drastically. This resulted in a fall in export earnings from diamonds and a balance of payments deficit which was realized in 1981. However, by 1982 the world market for diamonds had recovered and a balance of payments surplus
was recorded. Again, in 1998/99 a trade account deficit was recorded because of poor performance in the diamond market due to the Asian financial crisis at the time. The openness of the Botswana economy and her dependence on diamond export earnings suggest that fluctuations in terms of trade are likely to have a significant adverse impact on her output growth as it did in other developing countries'. This implies that Botswana should try to diversify her export structure from raw products into processed and manufactured products whose prices are less volatile than that of raw materials (Tables 1 and 2 below show Botswana’s exports and imports). It must be noted that over 80% of Botswana’s imports are actually RSA’s exports to Botswana. It can be concluded from these data that Botswana exports mostly raw commodities while the RSA exports manufactured goods.
Table 1. Distribution of Botswana’s exports: 1997-2006 (P millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Diamond</th>
<th>Copper/Nickel</th>
<th>Beef</th>
<th>Textiles</th>
<th>ShodaAsh</th>
<th>Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>7675.3</td>
<td>343.4</td>
<td>248</td>
<td>248.4</td>
<td>155</td>
<td>1058.6</td>
</tr>
<tr>
<td>1998</td>
<td>6216.6</td>
<td>307.2</td>
<td>313</td>
<td>302.5</td>
<td>166.1</td>
<td>955.4</td>
</tr>
<tr>
<td>1999</td>
<td>9800.6</td>
<td>405.2</td>
<td>270</td>
<td>248.4</td>
<td>196.7</td>
<td>666.9</td>
</tr>
<tr>
<td>2000</td>
<td>11397.5</td>
<td>551.6</td>
<td>278</td>
<td>243.7</td>
<td>207.7</td>
<td>270.2</td>
</tr>
<tr>
<td>2001</td>
<td>11260.1</td>
<td>409.7</td>
<td>427</td>
<td>193.3</td>
<td>225.4</td>
<td>298.9</td>
</tr>
<tr>
<td>2002</td>
<td>12478.5</td>
<td>482.4</td>
<td>277</td>
<td>183.3</td>
<td>268</td>
<td>407.8</td>
</tr>
<tr>
<td>2003</td>
<td>11707.2</td>
<td>694.6</td>
<td>260</td>
<td>226.7</td>
<td>229.6</td>
<td>422.8</td>
</tr>
<tr>
<td>2004</td>
<td>13133.1</td>
<td>1578.3</td>
<td>284</td>
<td>560.9</td>
<td>250.8</td>
<td>556</td>
</tr>
<tr>
<td>2005</td>
<td>16979.6</td>
<td>2300.9</td>
<td>310</td>
<td>1117</td>
<td>332.1</td>
<td>569.7</td>
</tr>
<tr>
<td>2006</td>
<td>19712.7</td>
<td>3822.6</td>
<td>363</td>
<td>914.7</td>
<td>462.8</td>
<td>178.6</td>
</tr>
</tbody>
</table>


Table 2. Distribution of Botswana’s imports: 1997-2006 (P millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>FoodBT</th>
<th>Fuel</th>
<th>TextileFW</th>
<th>Wpaper</th>
<th>ChemRub</th>
<th>Mach&amp;Elec</th>
<th>VehTrans</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>1083</td>
<td>465</td>
<td>533</td>
<td>512</td>
<td>749</td>
<td>1453</td>
<td>1648</td>
</tr>
<tr>
<td>1998</td>
<td>1247</td>
<td>433</td>
<td>570</td>
<td>653</td>
<td>843</td>
<td>2019</td>
<td>1546</td>
</tr>
<tr>
<td>1999</td>
<td>1412</td>
<td>495</td>
<td>596</td>
<td>819</td>
<td>941</td>
<td>2142</td>
<td>1374</td>
</tr>
<tr>
<td>2000</td>
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<td>523</td>
<td>617</td>
<td>817</td>
<td>1033</td>
<td>2356</td>
<td>1315</td>
</tr>
<tr>
<td>2001</td>
<td>1476</td>
<td>712</td>
<td>494</td>
<td>928</td>
<td>1090</td>
<td>2078</td>
<td>1285</td>
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<tr>
<td>2002</td>
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<td>768</td>
<td>585</td>
<td>921</td>
<td>1366</td>
<td>2366</td>
<td>2024</td>
</tr>
<tr>
<td>2003</td>
<td>2031</td>
<td>824</td>
<td>580</td>
<td>1050</td>
<td>1428</td>
<td>2211</td>
<td>1476</td>
</tr>
<tr>
<td>2004</td>
<td>2202</td>
<td>1783</td>
<td>732</td>
<td>1463</td>
<td>1792</td>
<td>2634</td>
<td>2167</td>
</tr>
<tr>
<td>2005</td>
<td>2244</td>
<td>2205</td>
<td>792</td>
<td>690</td>
<td>1983</td>
<td>2714</td>
<td>2079</td>
</tr>
<tr>
<td>2006</td>
<td>2467</td>
<td>3068</td>
<td>898</td>
<td>747</td>
<td>2354</td>
<td>2984</td>
<td>1698</td>
</tr>
</tbody>
</table>

3. Terms of Trade Movements and output Growth in Botswana and The RSA

As shown in the Tables terms of trade are more volatile in Botswana than in the RSA. The implication is that raw material prices are unstable as compared to those of manufactured goods. Figures 1 and 2 show movements in terms of trade and output growth. In both countries upward movements in the terms of trade are accompanied by positive growth of output. For instance, in Botswana an improvement in Terms of trade from 1991/92 to 1994/95 resulted in higher output growth in that period, and a deterioration in the terms of trade in 1990/91 and in 1998/99 resulted in minimal output growth. In Botswana where terms of trade are more volatile, output growth is not smooth and even. This can pose a problem for policymakers since such changes in output have an effect on other macroeconomic variables such as employment. This suggests the need for Botswana to diversify her export structure into manufactured products with stable prices. These findings are in line with empirical evidence from the literature that movements in terms of trade have a significant impact on output growth (see Figure 5 which compares trend and variability in output growth in Botswana the RSA).
Figure 1. Trends in Terms of Trade in Botswana (TOTBOT) and the RSA (TOTRSA), by year


Figure 2. Trends in Changes in Terms of Trade in Botswana (CTOTBOT) and the RSA (CTOTRSA), by Year

Figure 3. Trends in Output Growth in Botswana (CGDPBOT) and Changes in TOT (CTOTBOT), by Year


Figure 4. Trends in Output Growth in RSA (CGDPRSA) and Changes in TOT (CTOTRSA), by Year

Figure 5. Trends in Output Growth in RSA (CGDPRSA) and in Botswana (CGDPBOT), 1980-2004

4. Exchange Rates, Terms of Trade and Output

Economic theory stipulates that countries with flexible exchange rate regimes are better able to adjust to terms of trade shocks. This is because the exchange rate’s own fluctuations absorb the effects of the shock. The argument is that a country with a flexible exchange rate regime adjusts through a currency depreciation that offsets the shocks' adverse effects on output growth\(^1\). When the terms of trade worsen the domestic currency depreciates. Botswana's exports are likely to become competitive in world markets, and this would lead to an increased output, production and activity in the export sector due to depreciation. Therefore, the flexible exchange rate operates as an automatic stabilizer through its own changes resulting from the fluctuations in the terms of trade. On the other hand, a country with a fixed exchange rate adjusts to adverse terms of trade shocks through a contraction in output growth as the currency looses value. Under this regime an adverse terms of trade shock requires the monetary authorities to intervene, who would then purchase the domestic currency in the foreign exchange market in order to protect the value of the domestic currency. The effects of this contractionary monetary policy are likely to reduce output growth, the amount of money and credit for investment. Therefore, with a fixed exchange rate regime an adverse terms of trade calls for a tight monetary policy which results in low output growth and employment.

The reduction in output growth may result in a decline in income of the country’s exporters. This may lead to a fall in performance and employment in the exporting sector. Therefore it can be argued that, first, adverse terms of trade shocks will have a contractionary effect on output growth under a fixed exchange rate regime whereas they have an expansionary effect on both output and export growth through the depreciation of the domestic currency under the flexible exchange rate regime (Broda 2003; Broda and Tille 2003).

The discussions in the preceding section are supported by the above arguments. This is because changes in terms of trade caused larger variations in output growth in Botswana with a
member of SADC which started implementing a free trade agreement on 1 September, 2000. The accord will cut tariffs on 12,000 defined product areas in the SADC region. By 2008, implementation of the liberalization of products considered less sensitive will lead to freeing 85 per cent of intra-SADC trade from tariffs. From 2008 to 2012, the sensitive products will be liberalized, creating a Free Trade Area (FTA) by 2012. For a trade protocol to be acceptable under the rules of the WTO, it must cover substantially all goods, usually interpreted as over 80 per cent.

5. SADC Trade Protocol and Economic Partnership Agreements (EPAs)

**SADC Trade Protocol**

The SADC trade protocol is regarded as a policy instrument to eliminate the structural problems of lack of diversified and complementary productive structures in the economies of Southern Africa, i.e. the trade protocol is viewed as a means to bring about structural change. The Southern African Development Community (SADC) trade protocol attempts to tackle the current problem of inequitable trade relationship in the region by removing obstacles to a free trade area/intra-regional trade. Botswana is a member of SADC which started implementing a free trade agreement on 1 September, 2000. The accord will cut tariffs on 12,000 defined product areas in the SADC region. By 2008, implementation of the liberalization of products considered less sensitive will lead to freeing 85 per cent of intra-SADC trade from tariffs. From 2008 to 2012, the sensitive products will be liberalized, creating a Free Trade Area (FTA) by 2012. For a trade protocol to be acceptable under the rules of the WTO, it must cover substantially all goods, usually interpreted as over 80 per cent.

The main objectives of the SADC protocol on trade are as follows. Firstly is to further liberalise intra-regional trade in goods and services on the basis of fair, mutually equitable and beneficial trade arrangements complemented by Protocols in other areas. Secondly, it aims to ensure efficient production within the SADC, reflecting the current and dynamic comparative advantages of its Members. Thirdly contributes towards the improvement of the climate for domestic, cross-border and foreign investment. The fourth objective is to enhance the economic
development, diversification and industrialisation of the region. Lastly, it aims to establish a free trade area in the SADC region (SADC Protocol on Trade 1996).

The SADC FTA is governed by principles of asymmetry, which give the weaker economic partners more time to implement onerous obligations of the agreement than are allowed the stronger ones. Regarding time frame, pace of tariff reduction and coverage of the SADC FTA, the agreement is structured in such a way that the Southern Africa Customs Union (SACU) member states will front load (i.e., open their markets faster). Mauritius and Zimbabwe (the non-SACU SADC developing countries) will mid-load, while the least developed member states (Angola, Malawi, Mozambique, Tanzania and Zambia) will backload.

The protocol is structured into three categories:

(a) **Immediate liberalization:** Effective September 1, 2000, tariffs were reduced to zero on products that attract less than 17% of import duty. Products in this category include copper, iron products and steel, wood and articles made of wood, machinery and appliances and paperboard, and printed materials, hides, skins and leather.

(b) **Gradual liberalization:** Tariffs would be removed within three years of implementation on products that attract import duties between 18% and 25% (by 2003). Products in this category include furniture, bedding, selected chemicals, paper products, machinery and appliances. Products that attract duties above 25% would be duty free within 5 years of the implementation of the FTA (by 2005). Products in this category include articles of leather, rubber, selected textiles, vehicles, selected footwear, cutlery, ceramic kitchen and tableware.

(c) **Sensitive list:** Sensitive products are to be liberalized more gradually, starting in 2008 and fully liberalized by 2012. These are largely textiles, clothing and footwear products that were the subject of disagreement and outstanding negotiations among the SADC member states.

Disagreements among the member states arose, firstly, out of the production, manufacture and retailing of fabrics and how they ought to be traded. Secondly was on the originality of fabrics and what quantity should be imported. A new formula resolving the rules of origin was agreed upon, allowing SADC’s least-developed countries (Malawi, Mozambique, Tanzania and Zambia) to apply a less stringent system for
challenged the SADC protocol on trade by arguing that the removal of barriers to intra-regional trade is a necessary but not sufficient condition for regional industrial development. First, they contended that, in the absence of supporting supply-side measures, member states may not have the ability to exploit opportunities such as economies of scale due to an enlarged market, i.e. no provisions are made for supply-side measures to encourage industrial restructuring and diversification. To them, the critical constraint to intra-regional trade is structural in nature. These structural rigidities are lack of diversification in all the SADC countries, except for South Africa (and Zimbabwe), and the concomitant lack of complementarity in their productive base. These structural rigidities, they argue, can be overcome if the region collectively endeavours to foster industrial development.

Secondly, provisions to foster equitable industrial development in the region are inadequate and there are no compensatory mechanisms. Thus, the trade protocol does not include measures to compensate member states...
that may incur costs in the form of de-industrialisation as a result of its implementation, as economic development is likely to be polarised in the more advanced member states of the community. If this scenario comes out, industrial development, as the primary rationale for regional integration in developing countries, would not be accomplished in Southern Africa.

Partnership Agreements (EPAs)

Botswana’s trade relations with the EU have now been complicated by the EU-SA Trade and Development Cooperation Agreement (TDCA). On the one hand, as a signatory to the Cotonou Agreement, Botswana has non-reciprocal access to the EU market for most of its products. On the other hand, because of the EU-SA TDCA and the strong economic ties with South Africa, Botswana ends up participating in a reciprocal FTA with the EU.

On 23 June 2000 the EU and 77 African, Pacific and Caribbean (ACP) countries signed a new partnership agreement in Cotonou, Benin, replacing the Lomé IV Convention. The Cotonou Agreement is based on five interdependent pillars: (i) a comprehensive political dimension, (ii) participatory approaches, (iii) a strengthened focus on poverty reduction, (iv) a new framework for economic and trade cooperation, and (v) reform of financial cooperation.

The Cotonou Agreement is actually an agreement to negotiate how to replace the non-reciprocal preferential (Lomé) regime with WTO compatible Economic Partnership Agreements (EPAs). The Cotonou Agreement is a 20-year accord, under which the current Lomé trade terms will be extended at least through 2008. From 2002 until December 2007, the ACP and the EU will negotiate a WTO compatible and reciprocal free trade agreement to be gradually implemented from 2008 to 2020.

The SADC countries are divided in their choices of regional negotiating groups: Angola, Botswana, Lesotho, Mozambique, Tanzania and Swaziland will negotiate as SADC, while Malawi, Mauritius, Zambia and Zimbabwe have opted to negotiate as Eastern and Southern...
economic integration and regionalism in southern Africa. Critics to the REPA model argue that REPAs may actually do harm than good to the process of regional integration by fragmenting the regimes applying to imports from the EU and by impeding the adoption of common external policies. Thus, to them the new EU’s strategy of free trade areas promoting regional integration as a mechanism to achieve trade liberalization, linking Europe with regional groupings of the ACP states has the potential to damage the cause of regional solidarity among developing countries of southern Africa (Gibb 2000). The EPAs will take the form of free trade areas between the EU and ACP countries and will involve an almost reciprocal-basis trade in goods and services. The objective is abolition of both tariff and non-tariff obstacles to trade. Further, the aim of the EPAs is to foster the smooth and gradual integration of the ACP countries into the world economy. This is expected to help the ACP countries to manage the challenges of globalization.

6. Conclusion
This study outlined why it is necessary for
Botswana to diversify her export structure. The analysis was conducted by comparing changes in Botswana’s terms of trade and those of the Republic of South Africa. It is shown that terms of trade are volatile in Botswana than in the Republic of South Africa. This is because Botswana exports primary commodities whose prices are unstable while the RSA exports mostly manufactured goods with stable prices. Therefore, any development strategy in Botswana must be geared towards export diversification from raw materials to manufacturers. It is also noted that the exchange rate policy regime of any country affects the impact of terms of trade on output. Furthermore, export diversification in Botswana is necessitated by the forthcoming trading arrangements under the SADC Trade Protocol and the Economic Partnership Agreements.

Acknowledgements

I am grateful to the participants at the Departmental Seminar on March 2007 at the University of Botswana for their constructive comments and suggestions on an earlier version of this paper. Naturally, all remaining errors are mine.

Notes

1 See, for instance, Edwards (1988); Sodersten and Reed (1994); Hinkle and Montiel (1999).


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Features of Human Development in sub-Saharan Africa (1993-2005)

Mutasim Ahmed Abdelmawla Mohamed *

Abstract

Compared to other regions of the world, sub-Saharan Africa (SSA) is lagging behind in terms of human resources development. The average human development index (HDI) for SSA in 2005 (HDI = 0.493) was less than the average HDI for the developing countries (0.691) and the Arab States (HDI = 0.699). One of the major challenges facing the African continent to realize the Millennium Development Goals (MDGs) is to achieve sustainable, equitable and high human development. Thus, it becomes highly important to shed light on this issue.

1. Introduction

The United Nations Development Programme (UNDP 1990) asserts that people are the real wealth of nations. The basic objective of development is to create an enabling environment for people to enjoy long, healthy, and creative lives. This may appear to be a simple truth. But it is often forgotten in the immediate concern with the accumulation of commodities and financial wealth.

Sub-Saharan Africa (SSA) is the term used to describe the area of the African continent which lies south of the Sahara desert. Geographically, the demarcation line is the southern edge of the Sahara Desert. SSA covers an area of 24.3 million square kilometres. The population of SSA was 770.3 million in 2006, with a population growth rate of 2.3% in 2006. The UN predicts for the region a population of nearly 1.5 billion in 2050 (World Bank 2007).

There are forty-two countries located on the sub-Saharan African mainland and six island nations. According to this classification, the countries of SSA include Central Africa (Democratic Republic of Congo, Republic

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of Congo, Central African Republic, Rwanda, and Burundi); East Africa (Sudan, Kenya, Tanzania, Uganda, Djibouti, Eritrea, Ethiopia, and Somalia including Somaliland); Southern Africa (Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia, and Zimbabwe); West Africa (Benin, Burkina Faso, Cameroon, Chad, Côte d'Ivoire, Equatorial Guinea, Gabon, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Sao Tome and Principe, Senegal, Sierra Leone, and Togo); and, The Island nations which include Cape Verde (West Africa), Comoros (Southern Africa), Madagascar (Southern Africa), Mauritius (Southern Africa), São Tomé and Príncipe (West Africa), and Seychelles (East Africa).

Generally, SSA is the poorest region in the world, suffering from the effects of economic mismanagement, local corruption, inter-ethnic conflicts and the legacy of colonialism. The region contains many of the least-developed countries in the world. In particular and compared to other regions of the world, SSA is lagging behind in terms of human resources development. For instance, the average human development index (HDI) for SSA in 2005 (HDI = 0.493) was less than the average HDI for the developing countries (0.691) and the Arab States (HDI = 0.699).

Human development is not only a crucial input for the development, but also a prerequisite for employability and an instrument for fighting social exclusion and gender discrimination. Thus, improving human development indicators can play a role in realizing the Millennium Development Goals (MDGs). UNDP (1994) argued that failed or limited human development can lead to human deprivation, poverty, hunger, ignorance, disease and persisting
disparities between communities or between regions. These in turn can lead to violence. One of the major challenges facing SSA in the new Millennium pertains to achieving equitable and sustainable human development.

This study tries to shed light on features of human development in SSA, and to calculate from an empirical point of view the Ordinary Least Squares (OLS) growth rate of HDI for SSA over the period 1993-2005. This growth rate will then be used for forecasting the HDI for the coming decades.

The secondary data employed in the study are collected from an official source namely, Human Development Reports of the UNDP.

The average HDI for SSA over the period (1993-2005) is estimated at (0.468) indicating that the region is characterized by low human development. The contributions of health, education and income to human development over the same period are estimated at (27.71%), (38.89%) and (33.40%), respectively. The low contribution of health may be due to high rates of HIV/AIDS and other diseases in the region. No doubt, these diseases reduce life expectancy at birth. The results also reveal that the growth rate of HDI for SSA over the period (1993-2005) is estimated at 0.516% per annum. With this growth rate, HDI for SSA is expected to be (0.519 in 2015), (0.546 in 2025), (0.621 in 2050), and (0.804 in 2100). Thus, if the countries of SSA do not adopt comprehensive strategies to improve human development indicators and accelerate the growth of their HDI, SSA will be characterized by high human development only in 2100.

The remainder of the paper is organized as follows: section 2 reviews the literature on the concept and measurement of human development, and section 3 illustrates the methodology and data used in the study. Section 4 discusses the empirical results and policy implications of the findings. Finally, some concluding remarks are reported in section 5.
2. The Concept and Measurement of Human Development

The concept of human development was brought to public attention following the publication of the first Human Development Report by UNDP in 1990. The period preceding the nineties witnessed the virtual collapse of the economy of many developing countries and their subsequent adoption of various structural and economic stabilization programmes initiated by the World Bank and International Monetary Fund. This period has been described as one of crisis and retrenchment, whereby concern for people was increasingly replaced with a concern for balancing budgets and payments (Streeten 1999). So great was the preoccupation of adjustment programmes with institutional reforms in fiscal management, exchange rates, external trade, agricultural prices and marketing, civil service and public enterprises among others, that they were seen to lack a ‘human face’.

The Human Development Reports have helped to refocus attention on people as the centre of development.

Human development is the process of enlarging people's choices. These choices are created by expanding human capabilities to the fullest and putting these capabilities to their best possible use in all spheres – economic, social, cultural and political, among others. These capabilities are to lead a long and healthy life, to be knowledgeable and to have access to resources required for a decent standard of living. Human development is also defined as the development of the people for the people by the people (UNDP 1993).

Ali (2007) stated that, the HDI takes into account the capabilities of living longer (as reflected by the life expectancy at birth), of being able to read and write (as reflected by the adult literacy rate and the combined gross enrolment rate) and being able to live a decent life (as reflected by per capita income). Apart from the income dimension, the HDI is clearly concerned with health and education capabilities. The HDI is an
index that ranges from zero (for no capability achievements) to unity (for highest achievements). On this index three country groupings are used to rank and compare countries: high human development group (with an HDI of 0.80 and above), medium human development group (with an HDI of 0.50 up to 0.79) and low human development (with HDI less than 0.50). For each capability, and each country, region or state, a normalized indicator, $I_{ij}$ is obtained as follows, where $X$ is the value of the indicator of capability and $X_{\text{max}}$ and $X_{\text{min}}$ are respectively the maximum and minimum values of these indicators:

$$I_{ij} = \frac{X_{ij} - X_{\text{min}}}{X_{\text{max}} - X_{\text{min}}}$$

For the income dimension, it is the logarithm of income that is used in the computation of the index. According to UNDP (2003) “income serves as a surrogate for all dimensions of human development not reflected in a long life and in knowledge. Income is adjusted because achieving a respectable level of human development does not require unlimited income”.

The HDI for country $j$ is obtained as the simple average of the normalized capability indicators as follows:

$$\text{HDI}_j = \frac{1}{3} \left( \sum_i I_{ij} \right)$$

According to UNDP (2005), the goalposts for calculating HDI are as follows:

- Life expectancy at birth (years) : max = 85; min = 25;
- Adult literacy rate (%) : max = 100; min = 0;
- Combined gross enrolment ratio (%) : max = 100; min = 0;
- GDP per capita (PPP US$) : max = 40000; min = 100.

3. Methodology and Data

As pointed out earlier, this study tries to reflect on features of human development in SSA and to calculate, from an empirical point of view, the Ordinary Least Squares (OLS) growth rate of human development
for SSA over the period 1993-2005. For this purpose, annual time series data (see the appendix) were compiled from human development reports of the UNDP, which were used to estimate the time trend of HDI for SSA. The trend estimate is based on the standard inverse semilogarithmic (log – lin) trend equation in the natural logarithm. The growth rate \((g)\) of HDI is then calculated as follows:

\[
g = (e^b - 1) \times 100
\]

Where \((e = 2.71828)\) is Euler’s constant and \(b\) is the trend coefficient. In the next section we report the empirical results of the study.

4. Empirical Results

The human development indicators for SSA (2005) read the following: HDI = 0.493, life expectancy at birth (49.6 years), adult literacy rate (60.3%), combined gross enrollment ratio for primary, secondary and tertiary education (50.6%), and GDP per capita adjusted according to purchasing power parity (US$1998). In spite of the fact that HDI in SSA is better than the average HDI for low human development category, the table below shows how SSA is lagging behind other regions in terms of human development.
The average HDI in SSA for the period (1993-2005) is estimated at (0.468) indicating that the region is characterized by low human development. The contributions of health, education and income to human development over the same period are estimated at (27.71%), (38.89%) and (33.40%), respectively. The low contribution of health may be due to high rates of HIV/AIDS and other diseases in the region. SSA remains the most affected region in the global AIDS epidemic. According to the World Bank (2007), the prevalence of HIV for the age group 15-49 was 5.8% in 2005.

Figure 1 illustrates the HDI for sub-Saharan Africa over the period 1993-2005.
By applying (OLS) technique to the data for the variable of our interest, we estimated the trend equation for the HDI in SSA over the period (1993-2005). The estimation results are given below, where the figure between brackets is the t-ratio of the estimated trend coefficient.

### Table 2. Estimated exponential function of the Human Development Index for sub Saharan Africa (1993-2005)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Constant a</th>
<th>Coefficient b</th>
<th>$R^2$</th>
<th>F</th>
<th>D.W.</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDI</td>
<td>3.81</td>
<td>0.00515</td>
<td>0.85</td>
<td>60.87</td>
<td>0.97</td>
</tr>
<tr>
<td></td>
<td>(7.80)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The estimation results above show that HDI in SSA exhibited a positive trend. Furthermore, the trend is statistically significant at 1% level. However, the magnitude of the trend coefficient is so small. In view of the estimated F-ratio, it is clear that the regression equation is significant at 1% level. Thus, as with simple regression, it is natural to observe that the trend coefficient is significant at 1%. The Durbin – Watson statistic indicates that the test for a serial correlation problem is inconclusive at 1% level.

According to the results of Table 2, the compound growth rate of HDI in SSA over the period 1993-2005 is estimated at 0.516% per annum, which is quite small. With this growth rate, HDI for SSA is expected to be 0.519 in 2015, 0.546 in 2025, 0.621 in 2050, and 0.804 in 2100. Thus, if the countries of SSA do not put the human development indicators as high priority and work hard to accelerate the growth of their HDI, SSA will be characterized by high human development only in 2100.

These results support the need for SSA to adopt comprehensive strategies and measures to improve human development for all people, which requires, among other things, considerable investment in education, health, and nutrition. The result will definitely be a healthier and better-educated population that is capable of being economically more productive.

5. Concluding Remarks

This study attempted to look into the features of human development in SSA, and to calculate from an empirical point of view, the Ordinary Least Squares (OLS) growth rate of HDI for SSA over the period 1993-2005. For this purpose, annual time series data were compiled from human development reports of the UNDP. The average HDI for SSA over the period 1993-2005 was estimated at 0.468 indicating that the region is characterized by low human development. The contributions of health, education and income to human development over the same period were estimated at 27.71%, 38.89% and 33.40%, respectively. The compound growth rate of HDI for SSA over the period 1993-2005 was estimated at 0.516% per annum, which is quite small. With this growth rate, and unless the
countries of SSA work hard to improve and accelerate the growth of their HDI, SSA will be characterized by high human development only in 2100. The study recommends that the countries of SSA adopt comprehensive strategies and measures to improve human development for all people, which requires, among other things, considerable investment in education, health, and nutrition.

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### APPENDIX

Life Expectancy Index, Educational Attainment Index, Standard of Living Index, and HDI for Sub Saharan Africa (1993-2005)

<table>
<thead>
<tr>
<th>Year</th>
<th>Life Expectancy Index</th>
<th>Educational Attainment Index</th>
<th>Standard of Living Index</th>
<th>HDI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>0.433</td>
<td>0.507</td>
<td>0.427</td>
<td>0.456</td>
</tr>
<tr>
<td>1994</td>
<td>0.420</td>
<td>0.510</td>
<td>0.440</td>
<td>0.457</td>
</tr>
<tr>
<td>1995</td>
<td>0.392</td>
<td>0.536</td>
<td>0.450</td>
<td>0.459</td>
</tr>
<tr>
<td>1996</td>
<td>0.398</td>
<td>0.530</td>
<td>0.456</td>
<td>0.461</td>
</tr>
<tr>
<td>1997</td>
<td>0.398</td>
<td>0.536</td>
<td>0.456</td>
<td>0.463</td>
</tr>
<tr>
<td>1998</td>
<td>0.398</td>
<td>0.530</td>
<td>0.464</td>
<td>0.464</td>
</tr>
<tr>
<td>1999</td>
<td>0.397</td>
<td>0.537</td>
<td>0.467</td>
<td>0.467</td>
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<tr>
<td>2000</td>
<td>0.395</td>
<td>0.550</td>
<td>0.472</td>
<td>0.472</td>
</tr>
<tr>
<td>2001</td>
<td>0.360</td>
<td>0.560</td>
<td>0.490</td>
<td>0.470</td>
</tr>
<tr>
<td>2002</td>
<td>0.355</td>
<td>0.568</td>
<td>0.482</td>
<td>0.468</td>
</tr>
<tr>
<td>2003</td>
<td>0.350</td>
<td>0.580</td>
<td>0.490</td>
<td>0.473</td>
</tr>
<tr>
<td>2004</td>
<td>0.350</td>
<td>0.590</td>
<td>0.500</td>
<td>0.480</td>
</tr>
<tr>
<td>2005</td>
<td>0.410</td>
<td>0.570</td>
<td>0.500</td>
<td>0.493</td>
</tr>
</tbody>
</table>

**SOURCE:** Compiled from Human Development Reports UNDP (various issues).
Sanctions Against Zimbabwe in the New Millennium: Smart or Blanket?

Peter Makaye and Constantine Munhande*

Abstract

The paper examines sanctions that have been imposed on Zimbabwe by the West since the turn of the new millennium. From independence up to the mid-1990s relations between Zimbabwe and the West were cordial; but they began to deteriorate from about 1998 following Zimbabwe’s participation in the DRC crisis. Relations reached a nadir following the fast-track land reform programme and the disputed 2000 and 2002 general and presidential elections respectively. With the freezing of relations the West imposed sanctions on the country in order for it to return to democratic, free and fair elections. This article analyses the sanctions that have been imposed on the country, their nature, justification and effectiveness in meeting their objectives. The article argues that the sanctions have failed to meet their objectives because not only that the leadership has turned East as a survival strategy but also that the sanctions have brought untold suffering on the generality of the populace and not on the intransigent leadership.

Introduction

Debate on the type of sanctions against Zimbabwe is as old as the sanctions themselves. The debate centers on whether the sanctions are smart or blanket. Smart sanctions are those that are imposed on particular persons in a country while blanket sanctions are those that are imposed on the country as a whole, affecting both the perpetrators of the crimes for which sanctions are applied and the victims. After enjoying nearly 18-years of good international relations with the West, Zimbabwe fell out of favour with them and punitive measures were imposed on it. The paper seeks to analyse the type of sanctions applied on the country by the Western powers and the reasons for their imposition, and evaluates their effectiveness in meeting their objectives.

Evolution of Zimbabwe’s Post-Colonial International Relations

At independence Zimbabwe enjoyed generally cordial relations in the sub-region...
and the world at large. It was a member of the then Southern African Development Co-ordinating Committee (SADCC) now Southern African Development Community (SADC), the Organisation for African Unity (OAU), now the African Union (AU) and the Non- Aligned Movement (NAM), among others. It was also a darling in the eyes of the West. The pouring of about US$1000million for post-war reconstruction at the ZIMCORD Conference is testimony to this fact (Moyana 2002). This was on the back of R.G. Mugabe’s enunciation of the policy of racial reconciliation despite the widely expected backlash on the whites. In the new independent Zimbabwe friend and foe were supposed to join hands in the arduous task of rebuilding a country that had been ravaged by war for over a decade. Due to this policy many in the world saw Mugabe as a shining example of an African statesman. The country enjoyed good relations with other countries in the region and beyond.

The situation was very much the same up to the mid-1990s. However, this is not to suggest that everything was rosy. In regional terms the country faced so many acts of destabilization from apartheid South Africa until its independence in 1994. Even upon attainment of South Africa’s independence relations with President Mandela were not always warm (Sachikonye 2003, 18). There appeared to have been some rivalry between the two especially with respect to leadership of the SADCC Organ on Defence, Peace and Security.

Zimbabwe’s relations with the international community reached its lowest point following its intervention in the Democratic Republic of Congo (DRC) war from August 1998. Mugabe committed, at the peak of the war, close to 11,000 troops to keep Laurent Kabila in power, after he had fallen out of favour with his former allies namely Uganda and Rwanda (Ibid.). After Rwanda
and Uganda had invaded the DRC to back the Wamba- di- Wamba- led rebels SADC, as a regional body, ruled that the territorial integrity of a fellow member has been infringed. Zimbabwe, Angola and Namibia took a principled stance against invasion and committed personnel and material resources to save Kabila. The moral justification of a move to support somebody who had come to power through the barrel of a gun is subject to debate but what is clear is that the intervention was at great cost to the country’s economy and its international image. Multilateral financial institutions began to withhold their Balance of Payments (BOP) support arguing that they could not advance money to a country for use in war. It is thus possible to discern the ‘invisible hand’ of the major international powers behind Rwanda and Uganda’s invasions. With the major powers’ vested interests in the DRC’s mineral wealth it is not surprising therefore that Zimbabwe fell out of favour with them since it stood in their way.

The country’s international image reached an all time low in 2000. This came in the wake of the Mugabe regime’s embarkation on the fast track land reform programme. Intense scholarly debate is still going on the real intentions behind this programme. We need not be bogged down by the nitty-gritties of this land reform. Suffice to say that it saw the take-over of most of the large-scale commercial farms from about 4,500 whites for re-distribution among 134,452 black farmers (Masiiwa and Chipungu 2004, 20). In some circles the land reform has been seen as a genuine strategy to decongest the rural areas and economically empower the black majority. Others have seen it as an exercise in retribution. It was meant to punish the commercial farmers suspected of having campaigned for the No vote in the February 2000 referendum, which the ruling party lost. The “jambanja” type of land reform has also been attributed
to ZANU PF’s desire to insulate the commercial farms from the reach of the emergent opposition Movement for Democratic Change (MDC) party.

The violence accompanying the land reform exercise, the deaths on the farms and the allegations of human rights abuses on the part of the ZANU PF government were enough bases for the West’s imposition of sanctions against the country. Firstly it was Britain and its talk of regime change in Zimbabwe and the United States (US), the Nordic countries, Australia and most of the Western powers. America came in with the US- Zimbabwe Democracy Bill of 2000. It became the Zimbabwe Democracy and Economic Recovery Act (ZIDERA) of 2001. The hotly disputed 2002 Presidential election in which MDC leader, Morgan Tsvangirai narrowly lost to the incumbent R.G Mugabe was to further pour grit into the country’s relations with the West that were already frosty.

Mugabe’s regime might have committed human rights abuses but a close analysis of the West’s intervention reveals that the sanctions were not meant to save blacks from human rights violations but rather because the commercial interests of the whites were threatened. This analysis finds resonance in Professor Chomsky’s (cited in Froese 2006, 8) articulation of the interests of the US in developing economies. He states that:

The main commitment of the United States, internationally in the Third World, must be to prevent the rise of nationalist regimes (and populists as their leaders) which are responsive to pressures from the masses of the population for improvement in low living standards and diversification of production, the reason is, we (the US and its allies in imperialism) have to maintain a climate that is conducive to investment, and to ensure conditions which allow for adequate repatriation of profits to the West.

Not only were property rights infringed but the country had also become an unsafe destination for Western investment. The cardinal principle governing the West’s international relations is that they have
‘permanent interests and not permanent friends’ (Kissinger cited in Froese, 8).

The West’s Sanctions Against Zimbabwe

The West, led by Britain and the United States, imposed sanctions on Zimbabwe ostensibly to force the country’s political leadership to return to democracy, free and fair elections and to respect basic human rights. These countries felt that these basic tenets of democracy had been infringed upon in the run up to the 2000 and 2002 general and presidential elections. While this holds water, it appears logical to argue that by radically re-distributing land to the blacks the Zimbabwe government was setting a bad precedent to its neighbours. The Zimbabwean peril therefore had to be checked. Britain, as the former colonial power, set the tone of what was to follow by withholding funds meant for compensation to whites that had lost their land. It was at this stage that sanctions were imposed first by the UK and then the US. The other Western powers followed suit after taking a clue from these two.

Targeted Sanctions

Smart/targeted sanctions are sanctions whose impact should be felt by the targeted individuals. In checking the Zimbabwean peril the US published a long list of the political leadership of the country who were barred from traveling to it. Travel bans were imposed on Mugabe’s cabinet ministers such as David Karimanzira, Emmerson Mnangagwa, Didymus Mutasa, Chinamasa, Olivia Muchena, M. P Mangwana and many others. Deputy ministers and senior civil servants were also included. The list was extended at some later time so as to capture more ZANU PF sympathizers who had been missed by the first net. The only surprise inclusion on the list was Dr Eric Block, a Bulawayo-based economic analyst who is often quite critical of government policies. Since these targeted particular party
functionaries there is merit in arguing that these were targeted or smart sanctions.

The US in 2000 came up with the US – Zimbabwe Democracy and Economic Recovery Bill, which became an Act in 2001. Today the Act is abridged as ZIDERA (Harold-Barry 2004). Basically this was a carrot- and- stick instrument that was dangled to the Zimbabwean leadership. Among others, the Act promised so much money for post- sanction reconstruction of the economy if the country returned to democracy. If it did not the sanctions would remain in force. Emphasising the return to democracy as the basis for the lifting of sanctions on the country, the US Assistant Secretary of State, Ms Jendayi Fraser, said: *Unless and until Zimbabwe returns to democratic free and fair elections that engender the free expression and rights of the individual sanctions on the country will never be lifted.*

Towards the end of 2007 Australia repatriated to Zimbabwe children of top bureaucrats who were studying in that country. Some of the government officials whose children were sent back home are RBZ Governor, Gideon Gono, Police Commissioner- General Augustine Chihuri and Rural Housing Minister Emmerson Mnangagwa, among others. Ironically, from South Africa to Harare International Airport these children boarded the same plane with Morgan Tsvangirai who was agitating for their repatriation. This repatriation raised so much debate on whether it was moral to fight fathers through their children, but close analysis reveals that it can be justified. Local politicians boast that Zimbabwe has some of the best education in Africa, if not the world. Their children should therefore enjoy some of this ‘best’ education in the sub-region.

1. Jendayi Fraser, addressing a group of academics from the Southern African region gathered for the inaugural University of Pretoria- University of Indiana US Studies Seminar Series in Pretoria, 26-30 September 2005. This writer was part of that grouping.
Blanket Sanctions

Blanket sanctions are sanctions that are imposed on the whole country affecting both perpetrators of the ‘crimes’ for which sanctions are applied and victims alike. These are usually of an economic nature where trade with the imposing countries is scuttled. They involve withdrawal of trade and abrogation of financial relations including technical assistance. In that regard the whole country suffers directly and/or indirectly under the weight of the sanctions, the culprits and the common man in the street.

To the extent that the West has frozen most of its technical co-operation and assistance to the country, sanctions on Zimbabwe can be argued to be blanket. This fact can be gleaned from a close scrutiny of some sections of the US- Zimbabwe Democracy and Economic Recovery Act. Section 4 (c) Subsection 1 of the Act clearly indicates that sanctions on the country are blanket. It reads:

--- allows US executive director to each international financial institution to oppose the vote against any extension by the respective institution of any loan, credit, or guarantee to the Government of Zimbabwe, or any cancellation or reduction of indebtedness owed by the Government of Zimbabwe to the United States or any international financial institution (Zimbabwe Democracy and Economic Recovery Act 2001).

Another indication of the fact that sanctions against the country can generally be viewed as blanket is the number of non-governmental organisations (NGOs) that have moved their operations out of Zimbabwe to neighbouring countries like Malawi and Mozambique since the enactment of ZIDERA in 2001 (RBZ 2006, 4). Other companies such as Unilever have not only scaled down operations in Zimbabwe but have shifted their regional head offices out of the country.

Impact of Sanctions

There is no doubt that the Western sanctions against the country have had a debilitating
impact on socio-economic life of the people. With the aid of international news agencies such as CNN and BBC News the country’s image has been tarnished to such an extent that much of the West has been convinced that Zimbabwe is an unsafe investment destination. Foreign direct investment (FDI) into the country has almost dried up since 2000, save for little from the Chinese.

Reflecting on the shortage of foreign exchange in the country the RBZ noted that there has been a significant build up in external payments arrears since the onset of the crisis. At the end of 1999 total foreign payments arrears amounted to US$109 million and they increased astronomically to US$2073.7 million by the end of 2005 (Ibid.). This scenario can be attributed to a number of factors. Firstly, there is low capacity utilization in industry, thereby affecting foreign exchange earnings into the country. Capacity utilization is low because of shortage of money to buy essential inputs and a general dearth of relevant personnel. Second, the country’s creditworthiness took a major knock as its risk profile heightened since 2000. External finance from the traditional donor community dried up. Thirdly, Balance of Payments (BOP) support to Zimbabwe from multilateral financial institutions was drastically reduced or suspended altogether.

General shortage of foreign exchange has had a spin off effect on other aspects of economic life. There is a general shortage of basic goods like maize meal, cooking oil, sugar, meat and soap due to the low capacity utilization in industry. Fuel is critically in short supply. With unemployment around 70 per cent it has reached an all time high. Inflation has reached stagflation levels, at 100 000 per cent (March 2008) (New Zimbabwe. Com 24 February 2008) it is inarguably the highest in the world. Not all of these economic challenges are to be
attributed to sanctions since some of them are due to gross mismanagement of the economy.

The social sector has also suffered terribly as a result of the sanctions. Staff morale has been at its lowest ebb since the onset of sanctions. The deterioration in the purchasing power of the Zimbabwe dollar in the context of ever increasing prices of basic necessities has forced many professionals, academics, doctors and artisans to vote with their feet to countries in the sub-region and beyond. South Africa alone is home to an estimated 3 million Zimbabweans with the bulk of them being skilled labourers. The other common destinations are Botswana, Namibia, the UK, US, Canada and Australia. The attendant brain drain has put into serious doubt the country’s ability to turn around its economic fortunes.

It is with respect to HIV/AIDS that the greatest impact of sanctions has been felt. Since the souring of relations with multilateral financial institutions inflows into the sector have progressively dwindled. The Sunday Mail of 25 November 2007 reported that the UN Global Fund had turned down Zimbabwe’s application for US$60 million under round 7 in its bid to fight AIDS, TB and Malaria (Sunday Mail, 25 November 2007). With the HIV/AIDS prevalence rate declining marginally from 18.1% to 15.6% over the period 2004 to 2007, the country deserved to get funding from the Global Fund (Ibid.). This is so because despite the negative growth in the infection rate the country still has one of the highest rates of infection in the sub-region. Notwithstanding the lack of external funding the country has done quite well in using local initiatives and resources to combat the pandemic.

**Busting Sanctions**

Plucking a leaf out the Smith regime during the Unilateral Declaration of Independence (UDI) period the Mugabe regime has used
levels. The imperialism spectre has been brought to the fore and joint efforts to thwart it emphasized. Bilateral relations with almost all countries in the Southern African region have been re-invigorated between 2000 and 2008.

At government level Zimbabwe’s participation at such regional organizations as SADC, COMESA and the African Union (AU) has been given much importance. Zimbabwe has taken part in almost all these regional forums and activities, and its participation has been at the highest possible level. Robert Mugabe has not missed an opportunity to attend and address these regional fora. Each time he has lectured the other regional leaders on the need to be wary of re-colonization by the West. Anti imperialism has therefore been one of Mugabe’s trump cards in his efforts to find external supporters and sympathizers.

every trick in the book to bust the Western sanctions against it. An analysis of the sanction-busting measures reveals that regional and international partners have been used to survive the sanctions. These measures have put into question the effectiveness of sanctions as an instrument of applying pressure on a country to force it to return to democracy.

The anti-imperialism drum has been beaten in order to foster linkages with other countries in the sub-region. In this regard countries such as Mozambique, Botswana, Namibia, South Africa and Angola have been approached. The ZANU PF government’s historic ties with revolutionary parties and governments in these countries have been revived and strengthened. Relationships with SWAPO of Namibia, ANC of South Africa, FRELIMO of Mozambique, MPLA of Angola and Chama-Chapunduzi of Tanzania have been revived at party and government levels. The imperialism spectre has been brought to the fore and joint efforts to thwart it emphasized. Bilateral relations with almost all countries in the Southern African region have been re-invigorated between 2000 and 2008.

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On the international front, the Mugabe regime has turned its back on the West and therefore looked East. Zimbabwe has fostered economic and technical relations with a number of countries in the Far East, such as India, Pakistan, Malaysia, Singapore and, above all, China. Growing relations are predicated on the recognition that China has the fourth biggest economy in the world after the US, Japan and Germany (The Herald, 11 November 2006. p. 6). In the week ending 23 February 2008 Zimbabwe signed two agreements with China worth US$44.5 million aimed at deepening the trade and investment relations between the two countries. At the signing ceremony China was represented by its Vice Minister of Commerce Gao Hucheng while Zimbabwe was represented by RBZ Governor, Gideon Gono and Trade Minister, Obert Mpofu in the first and second agreements respectively (Sunday Mail, 24 February 2008). Indeed the country has been able to get agricultural machinery and inputs, electrical appliances and spare parts, and forex, among other things, from China.

Noteworthy is the fact that the deepening Sino – Zimbabwe relations have not been without cost to the country. The textile sector is a case in point of the price that Zimbabwe has had to pay as a result of the tightening of links between the two countries. This sector has been hard hit by company closures due to the influx of cheap manufactured textiles from China. These clothes, which hardly last, have been caricatured Zhing-Zhong or Zhin’as, words which roughly derive from the Chinese names or language.

Mugabe has also missed no opportunity to attend the Forum on China-Africa Co-operation and also the Lankawi Dialogue. While addressing the China-Africa Summit of 2006 in Beijing Mugabe criticized "globalization for perpetuating imbalances between the haves and
have-nots" (The Herald, 11 November 2006). At these fora Mugabe has relentlessly attacked the West, thereby winning many friends from the developing world. Under the banner of South-South cooperation the Zimbabwe government has been able to find many allies who have proved handy in their sanction busting measures.

Conclusion

A close analysis of the Western sanctions against Zimbabwe reveals that both smart and blanket sanctions have been applied on the country. Individual persons aligned to the Mugabe regime have been targeted while at the same time the whole country has been denied external financial support. In the latter case, both perpetrators of the crimes for which sanctions have been applied and victims have suffered as a result of the sanctions.

Whatever the nature of the sanctions that have been imposed on the country, the fact of the matter is that they have had a debilitating effect on the whole country. Not only have they impacted on their primary targets but they have even weighed more heavily on the lower rungs of society. It is the common man in the street and not the top bureaucrats who has borne the brunt of the economic meltdown caused by sanctions.
The social effects of sanctions are also felt more acutely by the poor who cannot afford regional trips to shop there. The Mugabe regime, just like the Smith regime before it, has used a number of strategies to bust the sanctions against it. It has fostered closer co-operation with other countries in the sub-region and common understanding with other revolutionary movements has been emphasized. Internationally the regime has adopted its much-publicized Look East Policy by which it has deepened its historic linkages with the Chinese, among others. Overall this puts under the spotlight the effectiveness of sanctions as an instrument to whip errant leaders into line.

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Since the February 2003 issue of its Newsletter, OSSREA has been publishing short articles on topical issues concerning the transformation process in Africa. The African Union and NEPAD have been among such topics dealt with from various angles. Our aim is to provide members of the academic and research institutes with a lively forum for debate and reflection on matters of critical concern for the people of the continent.

In the January 2009 issue of the OSSREA Bulletin, we plan to publish a few articles on issues of interest to the continent. Accordingly, OSSREA members and other interested scholars are invited to contribute articles.

Articles should be 6-8 pages in length, including a brief abstract. Authors are advised to include their full address and send their contributions by e-mail before 10 September 2008 to:

The Editor  
OSSREA Bulletin  
OSSREA, P.O. Box 31971  
Addis Ababa, Ethiopia  
E-mail: pubunit@ossrea.net

Readers wishing to respond to or comment on the articles in this Bulletin should also send their papers to <pubunit@ossrea.net>
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